Return Path
Email Intelligence Report
Q3 2012

Return Path

HELO and Welcome

Welcome to the first edition of the Return Path Email Intelligence Report. Our goal is to provide a quarterly look at email trends and performance that marketers and mailbox providers can use to benchmark their own performance.

Our first report focuses on inbox placement, reputation and performance. If you don't reach the inbox, every other aspect of your email marketing strategy and tactics is useless. No inbox, no read, no ROI.

This report sheds light on common issues email marketers face. It benchmarks:
- Inbox placement rates by region, country and industry
- Engagement and performance metrics as well as read rates

The report also provides information and recommendations relating to the most common reputation issues.

Email continues to deliver. Email marketing continues to provide the highest ROI, and people continue to sign up for email marketing offers. Email intelligence gives you the tools you need to get the greatest impact from your email marketing program.

We hope you enjoy our latest report, and like the email servers say, please say HELO next time you see us.

George Bilbrey
Co-founder, President
Return Path

Key Findings

1. ISPs and mailbox providers struggle with spam and abuse from their own networks, as well as from other ISPs, with internal spam complaints comprising 5% of all complaints, and 22% coming from other ISPs and mailbox providers.
2. Marketing emails account for most "this is spam" complaints, 70% in fact, which explains the scrutiny some marketers see applied to their emails.
3. Marketing emails account for only .03% of all unique domains seen by ISPs, but 18% of total email volume.
4. Consumers give marketers permission to send them a lot of email. In fact, 29% of the email that reaches a user's inbox is newsletters – nearly the same amount seen from direct messages and replies ("conversational" email).
5. Less spam in the inbox is both a blessing and a curse for marketers. For emails that are delivered to the inbox, marketers overwhelmingly receive the most complaints– more so than dynamic IP addresses and compromised email accounts.
6. North America saw inbox placement rates decline 3% to 82% in third quarter compared to the same time period last year. Europe experienced a 5% decline with inbox placement rates dropping to 84%. Latin America saw rates drop 11% to 69%, the largest decline in any region.

Methodology

Return Path conducted this study by monitoring data from its Email Intelligence Suite for campaigns delivered from July 1 to September 30, 2012. This study tracks the inbox, blocking, and filtering rates for more than 315,000 campaigns that used the Inbox Monitor seed list system, as well as data from a subscriber panel. For each campaign, Return Path recorded whether the email was missing, received in the inbox, or filtered to the junk/spam folder (for those ISPs that use such a folder). For this report Return Path reviewed data from 241 ISPs in North America, Central and Latin America, Europe, Asia, Australia and the Asia Pacific territories. Percentages may not total 100 due to rounding.

Email is the ROI King

Email marketing is an ROI powerhouse, reaching consumers more effectively than other digital marketing approaches, or print catalogs, and producing the highest ROI.

However, marketers face continued challenges in reaching the inbox and having their messages read. Many marketers also have considerable opportunity to improve the results that email is producing for them.
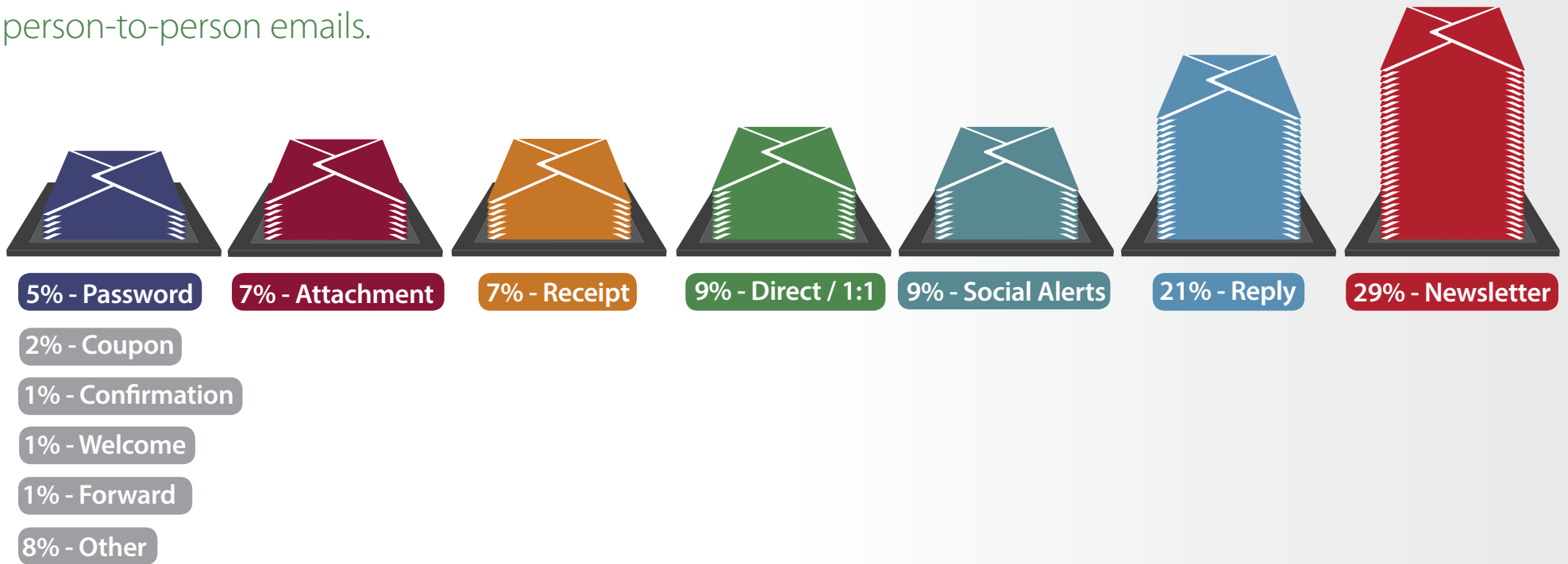
ROI per Dollar Spent, by Channel, 2011

Email $40.56

Search $22.24

Display Ads $19.72

Mobile $10.51

Catalogs $7.30

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Little Big Email

Marketers represent *.03% of all unique domains seen by ISPs, but make up 18% of total email volume.* Why so much email? There's one easy answer: Despite the talk of email overload and email being a productivity killer, consumers really do want it, and continue to sign up for email offers and mailing lists.

In fact, we receive more newsletters than person-to-person emails.

| 5% - Password | 7% - Attachment | 7% - Receipt | 9% - Direct / 1:1 | 9% - Social Alerts | 21% - Reply | 29% - Newsletter |

2% - Coupon

1% - Confirmation

1% - Welcome

1% - Forward

8% - Other

Why Marketers May Be Pummeled by ISPs

Marketers can look like "bad actors" — spammers or worse — to an ISP, even when their only fault is a lack of data on their email effectiveness. Here's why:

"This is Spam" Has Become a Shortcut

Spam complaints are a major obstacle to inbox placement. It doesn't take many "this is spam" complaints to interfere with email delivery from a domain — or even all the mail coming from another ISP.

Commercial emailers account for a disproportionately high percentage of spam complaints — 70% of all complaints as compared with 18% of total email volume. Regrettably, consumers use "This is spam" to report anything they don't want to receive, even if they initially opted-in to receive it (and even if there is an "unsubscribe" link available).

To control this problem, marketers need the data to inform best email practices: to track complaints, to discover the underlying causes and to confirm continued interest or remove people from their lists when they are no longer interested.

Percentage of Subscriber Complaints from Emails That Reach the Inbox

70% - Commercial Mailers

22% - Other ISPs

5% - Internal

3% - Bots/Dynamic

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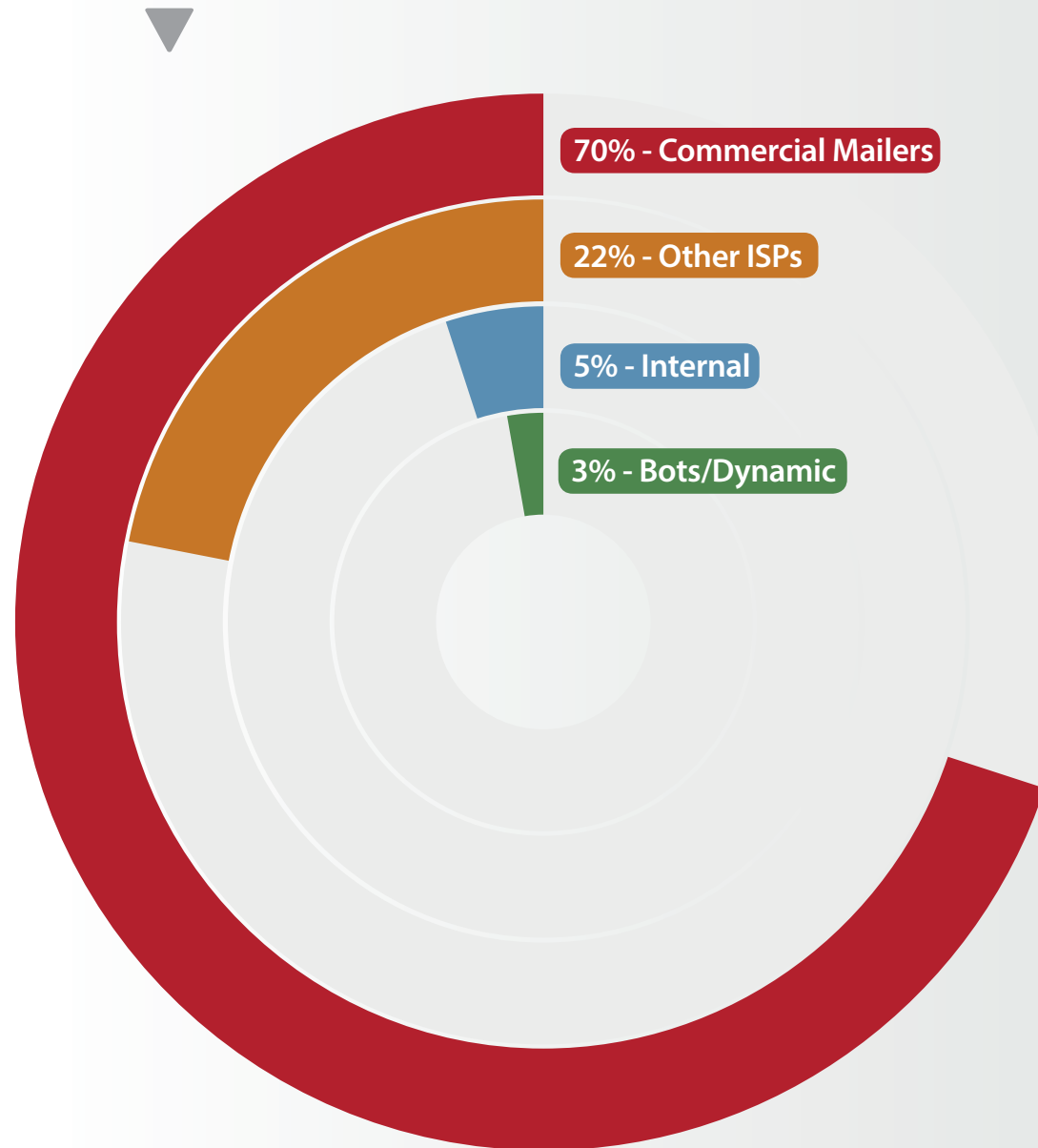
Some Marketers Fall in Spam Traps

As is the case with spam complaints, marketers also account for a disproportionate amount of all email that is caught in spam traps—60%. To an ISP, a spam trap catch is a good indicator that an IP address is sending spam. Marketers who don't follow best email marketing practices can get caught in these traps, although not all are sending true spam.

There are two types of spam traps: pristine and recycled.

Pristine traps are new email addresses that never sign up for email. They exist solely to identify spammers using less than savory methods of collecting email addresses, like web scraping, dictionary attacks, or buying addresses. Legitimate marketers should never have email caught in pristine traps.

Recycled Spam Traps were at one point in time used by a real person, but then abandoned for a period of 18 months or more. Marketers who don't practice good list hygiene, or who use acquired lists, can be caught in these traps. Being caught in a Recycled Spam Trap indicates poor list hygiene (in which case they are not spamming, just not following best practice) or mailing from an acquired list.

Percentage of Total Spam Traps from Sending Source

60% - Commercial Mailers

28% - Other ISPs

11% - Bots/Dynamic

1% - Internal

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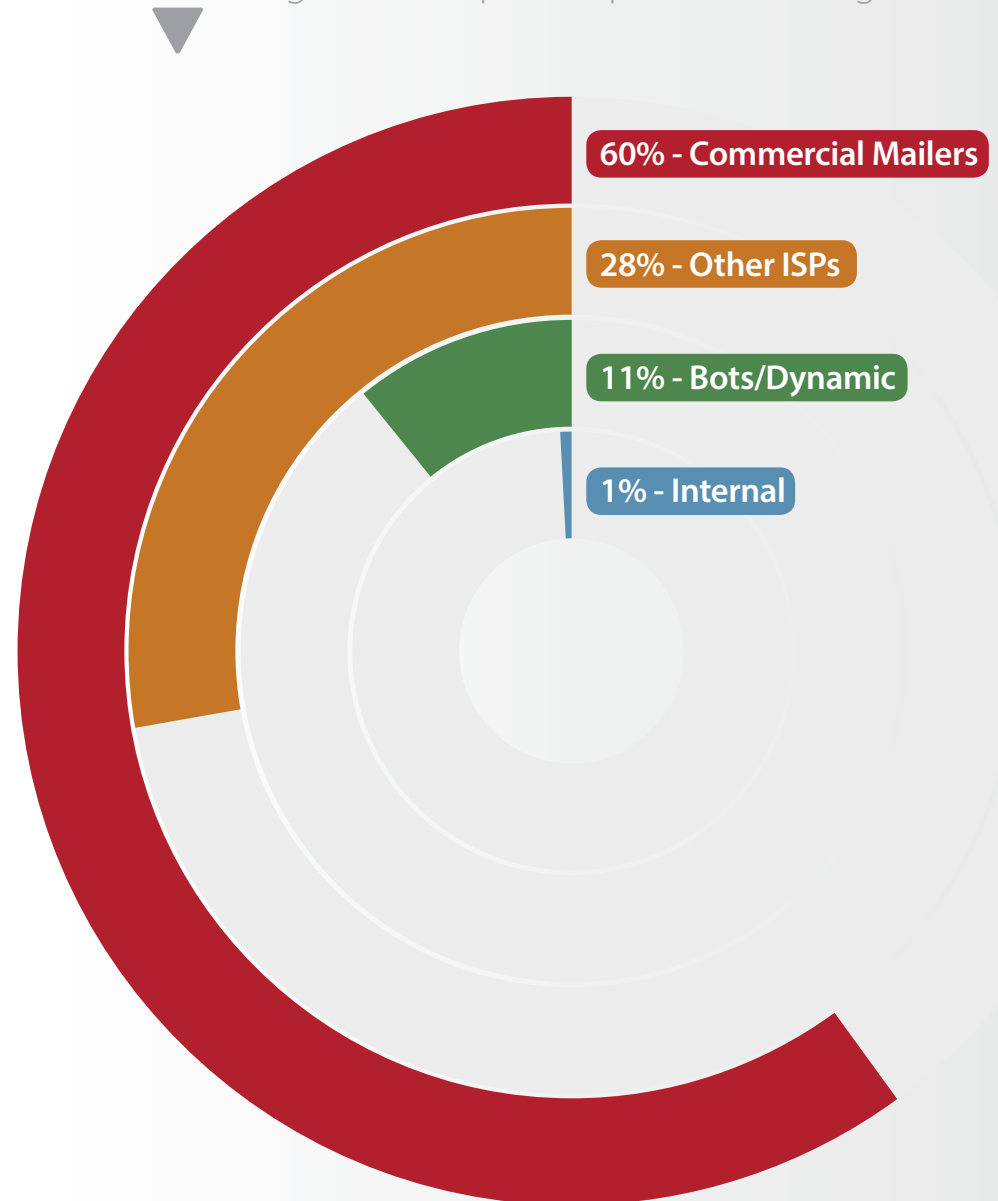
Complaints + Spam Traps = Lower Inbox Placement

Once a marketer's email has been reported as spam or is caught in spam traps, that marketer is on the way to an email sender reputation problem. That in turn will lead to deliverability problems. As can be seen below, those deliverability problems are keeping 16% or more of commercial email from reaching the inbox in every region of the globe, based on data from 241 ISPs.

Inbox Placement Benchmark, Q3 2012

North America
- 13%
- 5%
- 82%

Latin America
- 20%
- 12%
- 69%

Europe
- 13%
- 3%
- 84%

Africa
- 51%
- 49%

Asia-Pacific
- 18%
- 4%
- 78%

Legend:
- Inbox
- Spam
- Missing/Blocked

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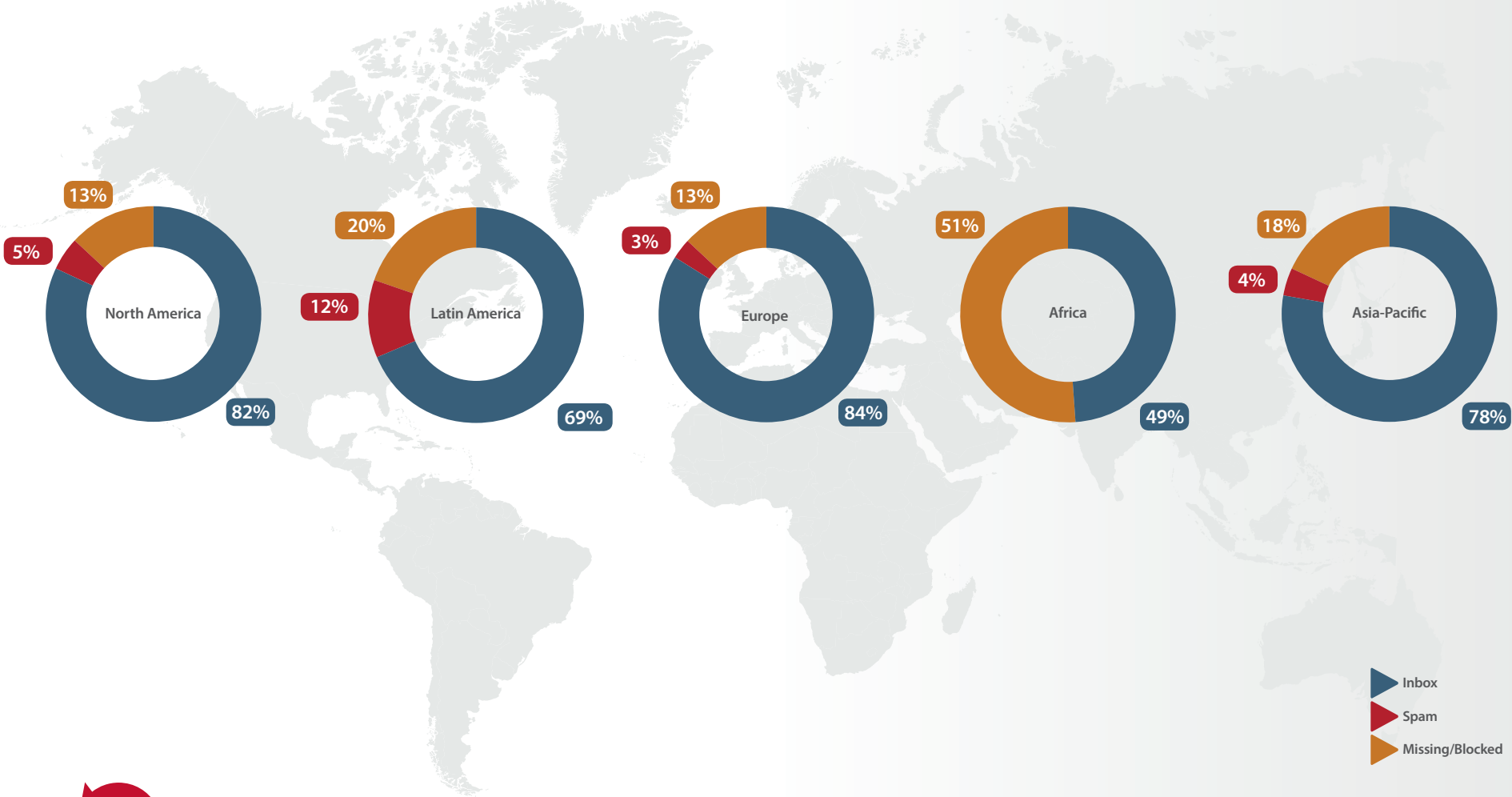
Inbox Placement by Country and Industry

North America

Canada	79%	4%	17%	-4%
Non-Profits	86%	4%	10%	-10%
Consumer Products	81%	1%	18%	-5%
Consumer Services	86%	3%	11%	-12%
Financial Services	85%	1%	15%	-6%
Gaming	N/A	N/A	N/A	N/A
Media	84%	4%	13%	-6%
Retail	94%	1%	5%	4%
Social Media	58%	16%	26%	-25%

USA	84%	6%	10%	-5%
Non-Profits	76%	20%	4%	2%
Consumer Products	96%	3%	2%	-1%
Consumer Services	87%	9%	4%	-9%
Financial Services	99%	1%	0%	1%
Gaming	85%	10%	5%	40%
Media	86%	6%	8%	-1%
Retail	96%	2%	2%	22%
Social Media	72%	17%	12%	-14%

Legend:
- Inbox
- Spam
- Missing/Blocked
- YOY Inbox Variance

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Inbox Placement by Country and Industry

Europe

France

France	86%	3%	11%	2%
Non-Profits	79%	13%	8%	19%
Consumer Products	77%	2%	21%	-21%
Consumer Services	94%	3%	3%	0%
Financial Services	80%	0%	20%	0%
Gaming	90%	6%	4%	36%
Media	93%	3%	4%	4%
Retail	98%	1%	2%	10%
Social Media	85%	6%	9%	1%

United Kingdom

United Kingdom	87%	4%	9%	-1%
Non-Profits	83%	12%	6%	23%
Consumer Products	84%	2%	14%	-11%
Consumer Services	91%	3%	6%	-3%
Financial Services	88%	0%	12%	-4%
Gaming	90%	6%	4%	36%
Media	89%	3%	7%	1%
Retail	96%	1%	3%	7%
Social Media	82%	6%	13%	-4%

Germany

Germany	82%	7%	11%	-6%
Non-Profits	83%	10%	7%	30%
Consumer Products	92%	2%	6%	-4%
Consumer Services	95%	2%	3%	-2%
Financial Services	83%	5%	12%	-1%
Gaming	80%	13%	8%	-20%
Media	85%	5%	10%	-3%
Retail	98%	2%	0%	6%
Social Media	86%	8%	6%	3%

Spain

Spain	76%	2%	22%	-5%
Non-Profits	94%	4%	2%	50%
Consumer Products	87%	2%	12%	7%
Consumer Services	88%	8%	4%	0%
Financial Services	76%	1%	23%	24%
Gaming	68%	28%	4%	26%
Media	89%	4%	7%	3%
Retail	95%	3%	2%	11%
Social Media	79%	8%	13%	-7%

Italy

Italy	73%	6%	21%	-16%
Non-Profits	85%	8%	7%	-2%
Consumer Products	85%	3%	12%	-1%
Consumer Services	98%	2%	1%	0%
Financial Services	70%	0%	30%	-7%
Gaming	N/A	N/A	N/A	N/A
Media	85%	7%	8%	-3%
Retail	99%	0%	0%	5%
Social Media	84%	2%	14%	-5%

Legend:
- Inbox
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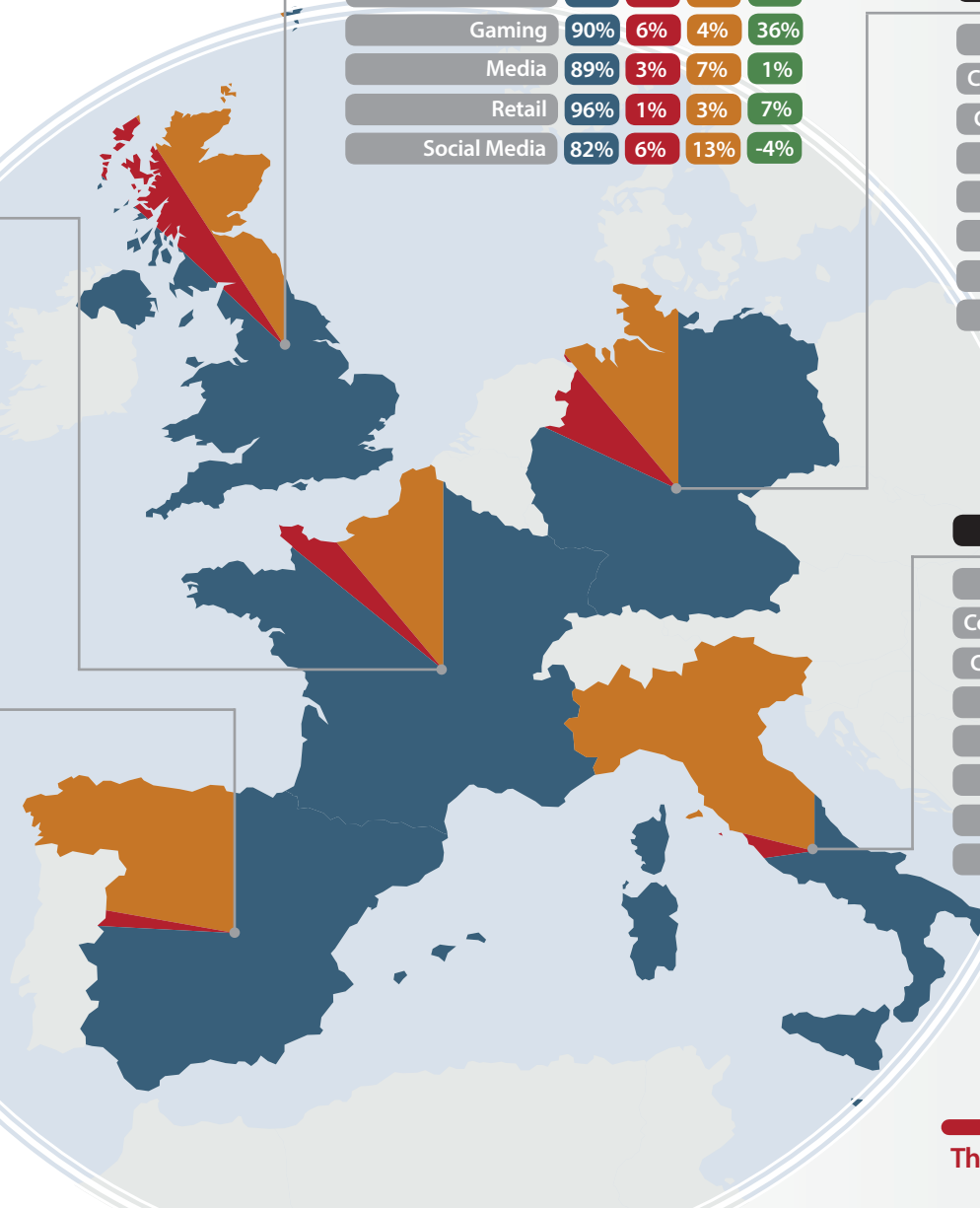
Inbox Placement by Country and Industry

South America

	Inbox	Spam	Missing/Blocked	YOY Inbox Variance
Brazil	63%	19%	18%	-22%
Non-Profits	100%	0%	0%	12%
Consumer Products	67%	11%	22%	-29%
Consumer Services	68%	20%	12%	12%
Financial Services	87%	1%	12%	20%
Gaming	32%	24%	45%	-21%
Media	63%	18%	19%	-23%
Retail	90%	4%	7%	-1%
Social Media	78%	7%	15%	-11%

- ▶ Inbox
- ▶ Spam
- ▶ Missing/Blocked
- ▶ YOY Inbox Variance

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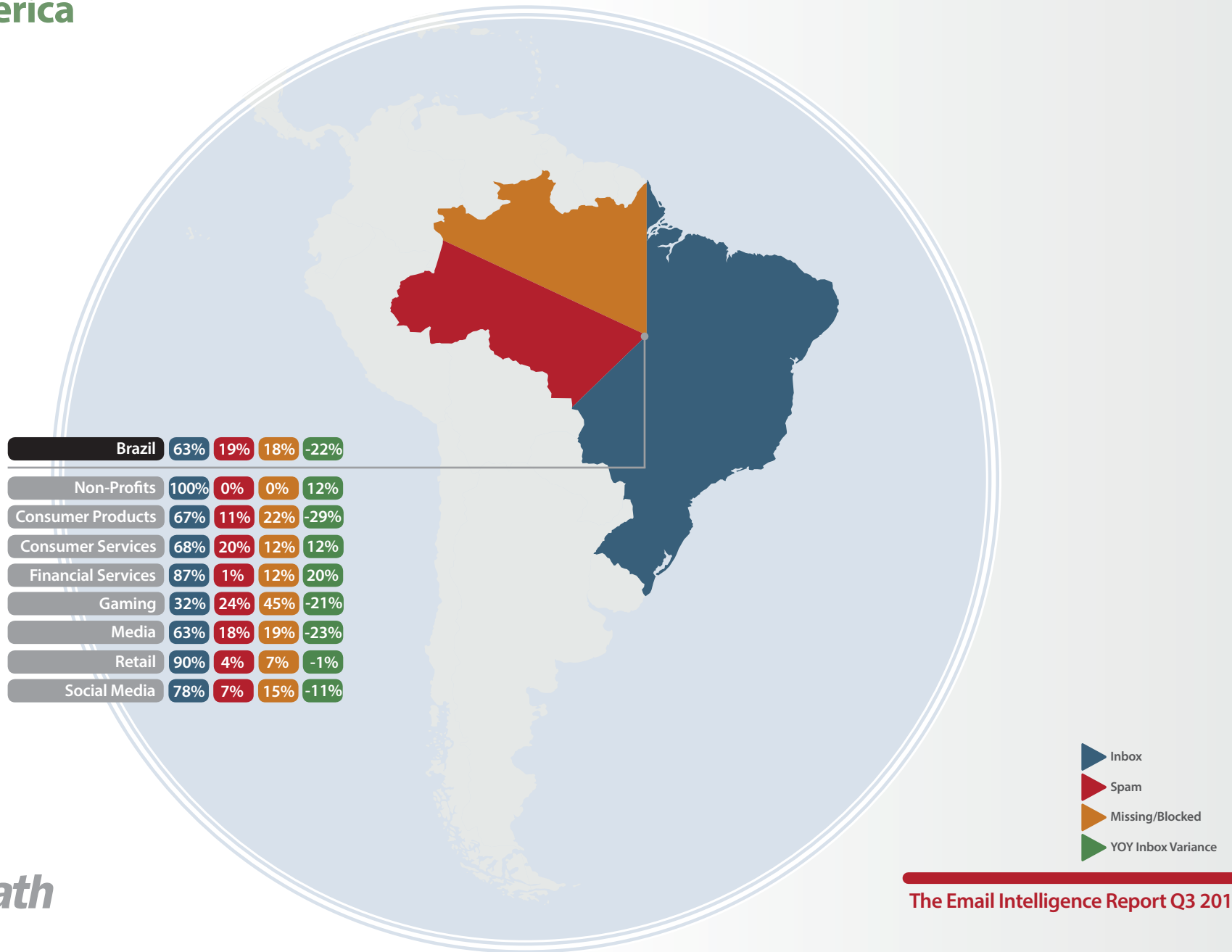
Inbox Placement by Country and Industry

Asia Pacific

China			
Non-Profits	71%	3%	26%	34%
Consumer Products	63%	7%	30%	-55%
Consumer Services	67%	2%	31%	-16%
Financial Services	71%	0%	29%	-11%
Gaming	80%	13%	8%	-26%
Media	57%	7%	35%	-38%
Retail	61%	5%	34%	-32%
Social Media	52%	8%	40%	-54%

China: 52% 9% 39% -56%

Australia			
Non-Profits	88%	5%	7%	47%
Consumer Products	91%	2%	7%	-9%
Consumer Services	89%	1%	11%	-11%
Financial Services	89%	0%	11%	-10%
Gaming	80%	13%	8%	-26%
Media	82%	3%	15%	-19%
Retail	91%	1%	9%	-6%
Social Media	77%	5%	19%	-14%

Australia: 91% 2% 7% -4%

Legend:
- Inbox
- Spam
- Missing/Blocked
- YOY Inbox Variance

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Inbox Placement by Enterprise Spam Filter

B2B marketers face extra hurdles to reach the inbox. Enterprise spam filters use a combination of content and subscriber feedback to classify spam, and in most cases are set up and controlled by the enterprise, not the spam filter provider. Resolving inbox placement issues, therefore, can be challenging. Challenging may be an understatment. Postini, the most widely use spam filter, delivers only 23% of email to the inbox.

Brightmail
1% · 3% · 97%

Brightmail Appliance
100%

Fortimail Appliance
21% · 79%

Go Daddy
2% · 98%

Google Apps
9% · 91%

IBM SmartCloud
13% · 2% · 85%

B2B
9% · 3% · 89%

Mailtrust
49% · 1% · 50%

McAfee SAAS Hosted
100%

MessageLabs
3% · 2% · 95%

MSFT Hosted Exchange
11% · 89%

Postini
44% · 23% · 33%

Proofpoint Appliance
100%

Spamassassin
10% · 90%

Legend:
- Inbox
- Spam
- Missing/Blocked
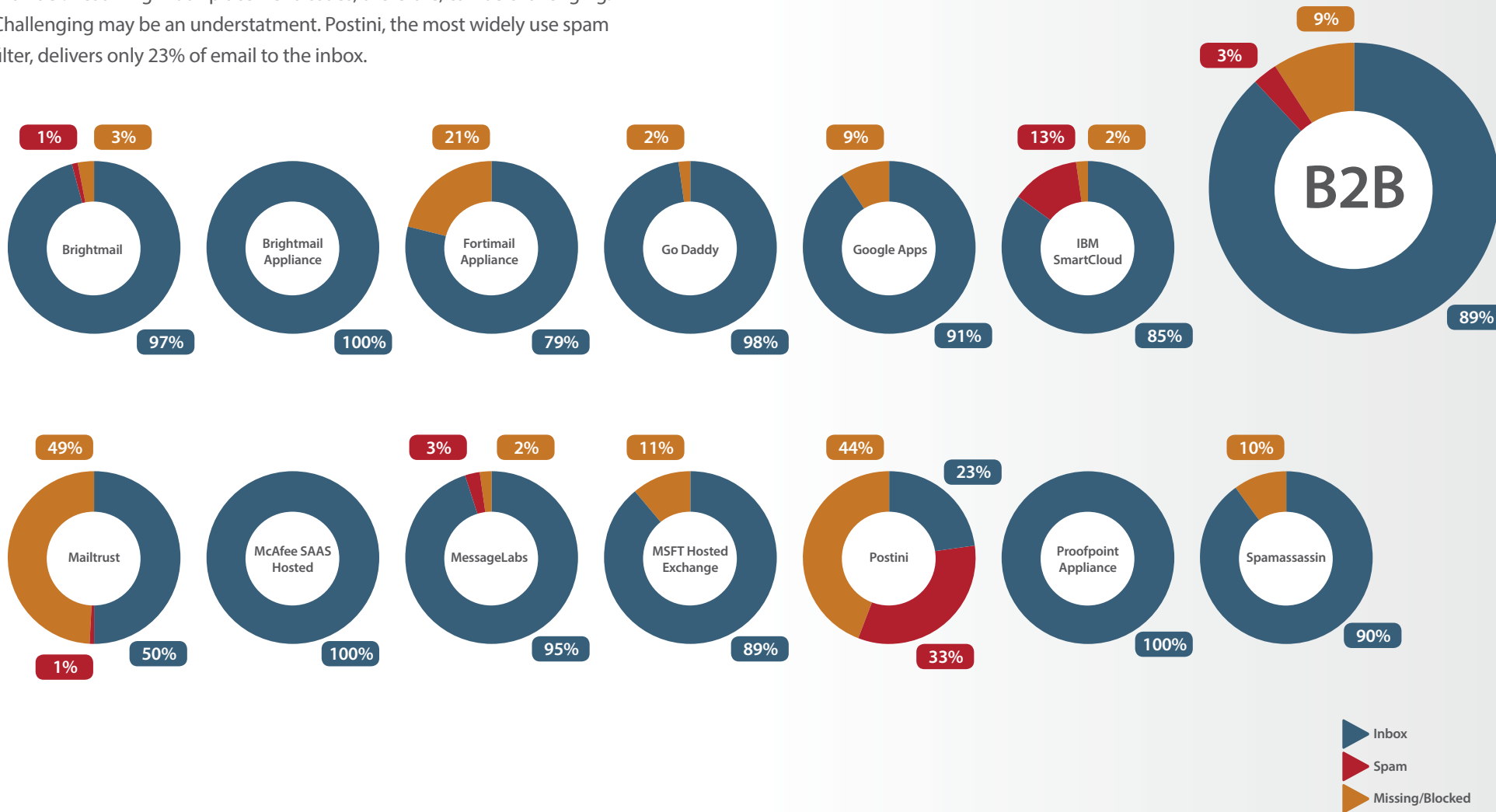
# Subscriber Panel: What's Happening at the Inbox

In 2012, Return Path added subscriber panel data as a way for marketers to gauge their inbox performance based on actual subscriber behavior. This data is based on a panel of more than 2 million real email users.

> The data shows that while some commercial marketing categories are actually achieving high rates of inbox placement, other categories are missing significant opportunities.

Why Subscriber Panels and Seed Lists Are Better Together
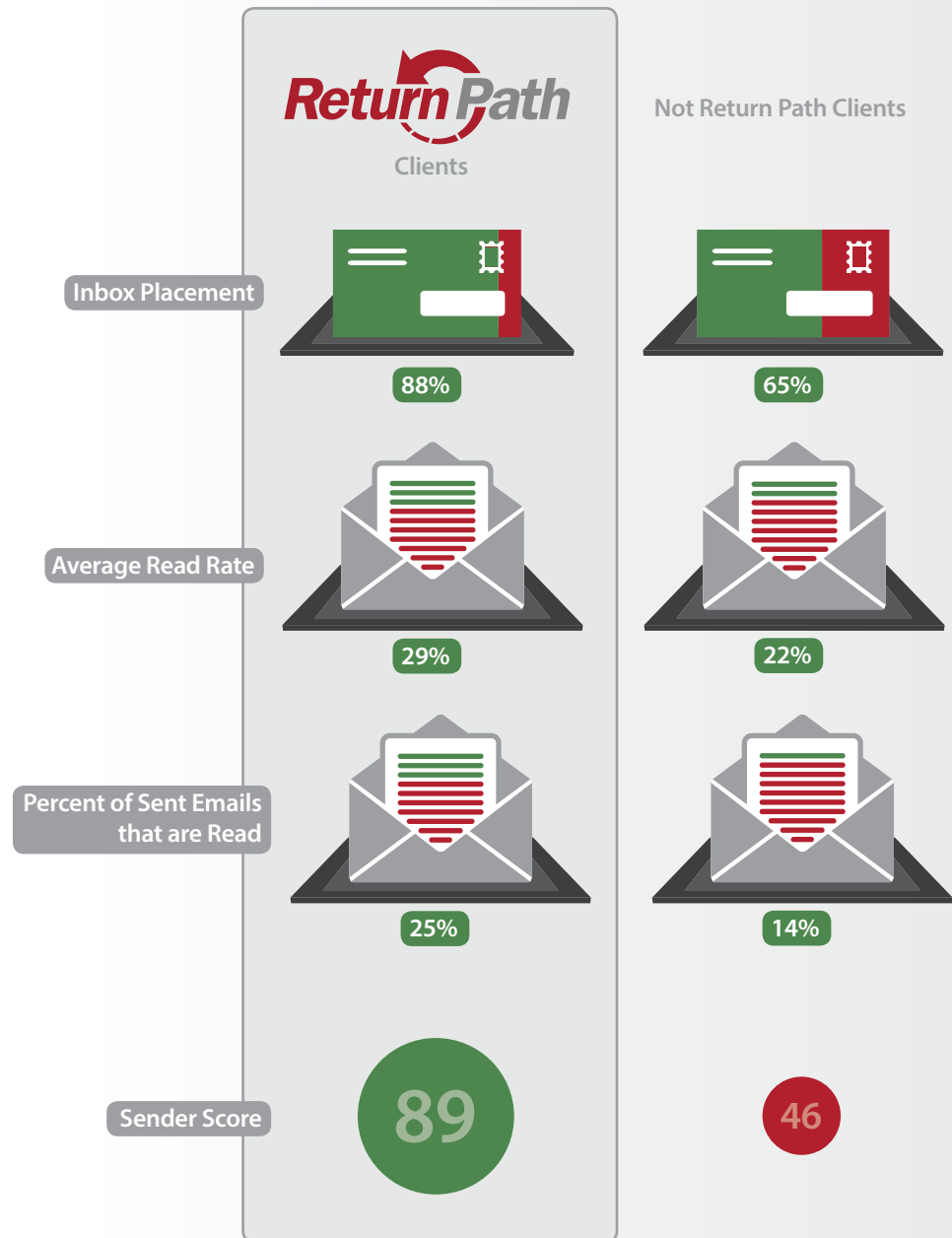
It's a matter of timing.

- Seed lists are important during a mailing to provide real- time feedback on inbox placement issues while deploying campaigns.
- Subscriber panels are a better way to determine a campaign's true performance once the campaign is complete, as it factors in actual subscriber behaviors, such as moving an email to the spam folder.

YAHOO!   Gmail

Inbox Placement

90%   87%

Read Rate

13%   23%

Deleted, Unread

9%   12%
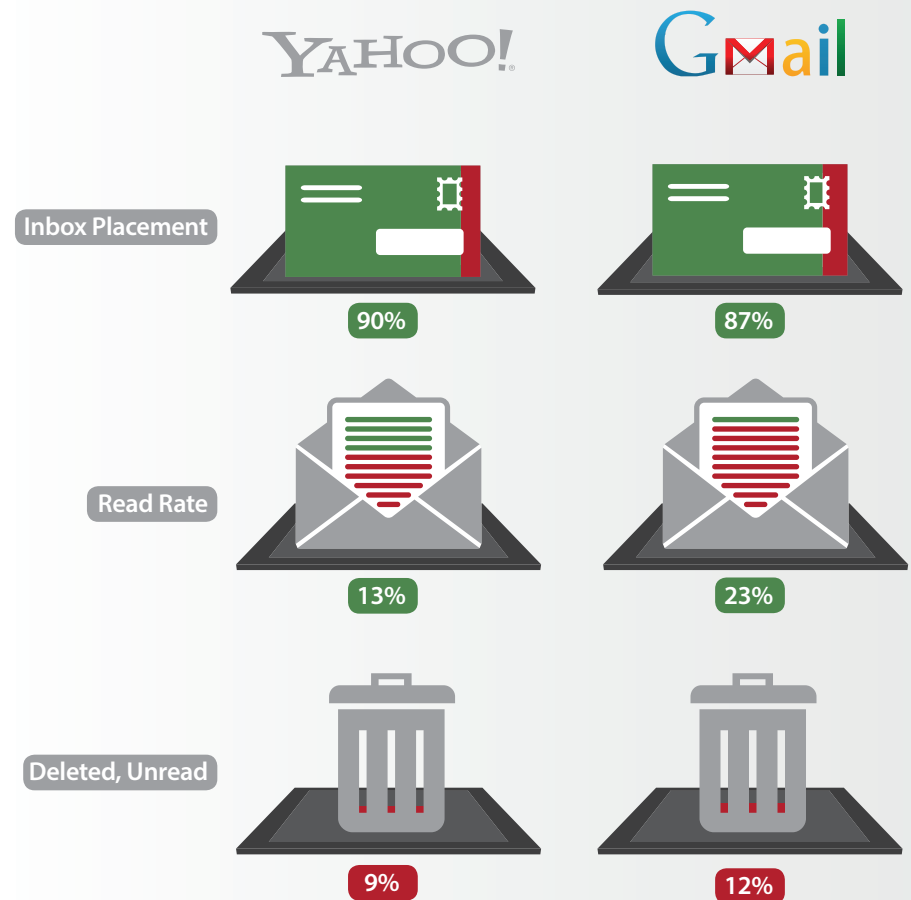
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Email Intelligence Improves Performance

The email intelligence received by Return Path clients positions those marketers for significantly better email performance. Based on data from a panel of consumers, commercial emailers who receive Return Path's email intelligence have higher inbox placement rates, higher engagement rates and better reputation scores. The collective impact is that the percent of sent emails that are read is almost twice as high for Return Path clients as for those who are not clients.

Return Path Clients

Not Return Path Clients

Inbox Placement
88%   65%

Average Read Rate
29%   22%

Percent of Sent Emails that are Read
25%   14%

Sender Score
89   46

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Brazil
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Australia
rpinfo-australia@returnpath.com

About Return Path

Return Path is the worldwide leader in email intelligence. We analyze more data about email than anyone else in the world and use that data to power products that ensure that only emails people want and expect reach the inbox. Our industry-leading email intelligence solutions utilize the world's most comprehensive set of data to maximize the performance and accountability of email, build trust across the entire email ecosystem and protect users from spam and other abuse. We help businesses build better relationships with their customers and improve their email ROI; and we help ISPs and other mailbox providers enhance network performance and drive customer retention. Information about Return Path can be found at:

returnpath.com

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