

# Quarterly Benchmark Study

Q2 2012 — April, May and June

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# Q2 2012 Quarterly Benchmark Study

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# Q2 2012 Quarterly Benchmark Study

## Q2 2012 executive summary

The following report details the overall trends for the second quarter of 2012 as well as the key performance:

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Email volume rose 10% in Q2 2012 compared to Q2 2011, continuing the growth trend we have seen in each quarter for the past 3 years.

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- In general, open rates were very similar to the rates seen in Q2 2011.
- As we saw in Q1, click rates continued to decline year-over-year, but the pace of that decline appears to have slowed. While total click rates dropped 10% year-over-year, there was only a 0.6% drop from Q1 to Q2 2012.
- Transaction rates dropped from 0.11% to 0.10%, and revenue per email declined from \$0.13 to \$0.12. Most of the declines were in the Consumer, and Business Product and Services verticals. Transaction rates remained unchanged for Multi-Channel Retailers, and their revenue per email increased from \$0.13 to \$0.14.

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This month in the "A Spotlight On" section we look at the Email/Social Media Connection

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- Email and social media complement each other as a means to build a fan base, and as an email acquisition source for an ongoing, responsive subscriber segment.
- 'Like us', or 'Follow us' campaigns for Facebook and Twitter have become more popular in the past year, with 70% more brands now sending this type of campaign than in 2010.
- Pinterest is the newcomer, and is generating the highest open and click rates of any of the mailings asking subscribers to 'Like us,' 'Follow us' or 'Pin us'.
- Social campaigns featuring special offers for fans or followers or highlighting fan activities, such as fan favorites, have higher open and click rates than other promotional mailings.

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## A spotlight on: The email and social media connection

In today's digital marketing environment, savvy marketers know that they need to address customers and prospects across multiple channels. Email and social media are two channels that nicely complement each other. Email is a smart way to build a social media fan base, and fans are now being seen as a vibrant segment for targeted email campaigns and offers.

In order to quantify the performance of social media focused email campaigns, this study looked at mailings sent between January 2011 and March 2012 that had a reference to a social media site in the mailing name or subject line of the email. Mailings were identified for Facebook, Twitter, and Pinterest. These mailings were then compared to the performance of all other mailings from the same clients for the same time period.

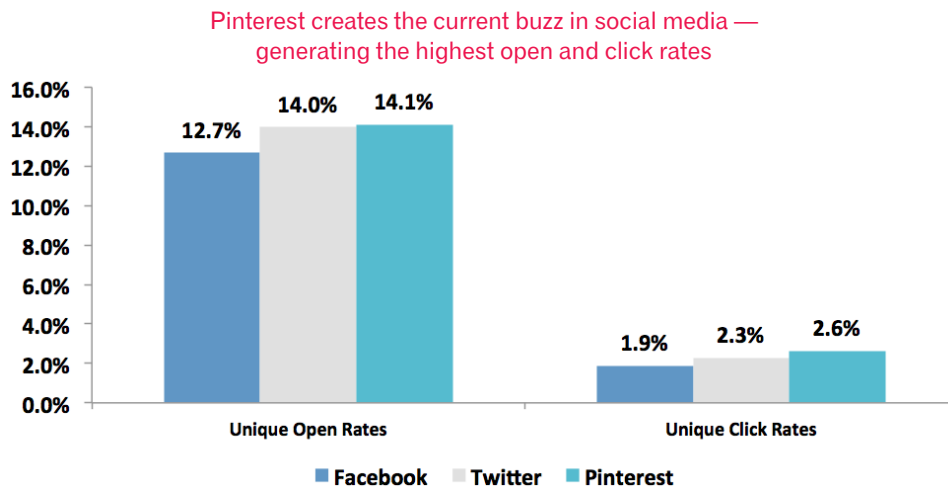
For each social media type, the mailings were further classified by purpose. 'Like us' messages asked subscribers to 'Like' or 'Join' us on Facebook, 'Follow us' on Twitter, or 'Pin us' on Pinterest. 'Social' messages for Facebook and Twitter either targeted existing fans, or used information from or about fans in the subject line ('Free shoes, Free Shipping for Facebook Fans', or 'Facebook Fan Favorites').

## Social Media Email Performance

### **'Like us', 'Follow us' or 'Pin us' messages:**

- The number of brands sending 'Like us' campaigns for all three social media sites has grown. We have seen about a 70% growth rate in brands for each site. Pinterest emails are new in 2012, and we expect to see them increase each month.
- The open and click performance varies by the social media target.

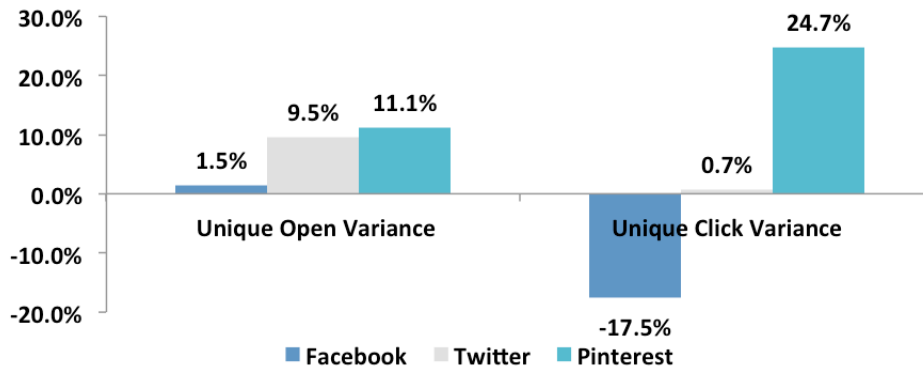
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- How do these rates compare to other mailings from these brands?
  - **Facebook has matured.** 'Like us' campaigns are no longer showing the 10% lift in unique clicks we saw in 2010. Open rates are now similar to all other mailings, and the unique click rates are slightly below the other mailing rates.
  - **A different kind of value.** The value of these emails is not based solely on open and click rates, however. Emails promoting Facebook boost traffic to the brand's websites. Based on Experian Hitwise data, 60% of brands averaged a 27% increase in traffic to their website from Facebook the week following deployment of an email with Facebook in the subject line.
  - **Twitter gets seen.** Unique open rates for Twitter 'Follow us' mailings are 9.5% higher than those for their other mailings, but unique click rates are virtually identical to all of their other mailings.
  - **New kid on the block.** 'Pin us' mailings are generating open rates that are 11% higher than other mailings, and unique click rates that are almost 25% higher.

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The variance between "Like us" emails and other mailings varies by social media type



- 'Like us' campaigns with offers in the subject line:
  - **Offers boost revenue per email.** Looking at offers in subject lines, we considered any offer, contests, coupons, free shipping, free items, price or dollar offers, and percent off campaigns. 'Like us' on Facebook campaigns with any offer in the subject line had higher overall revenue per email than 'Like us' campaigns without offers. Campaigns with coupons did particularly well (e.g. 50% Coupon -- Just Like Our Page on Facebook!). Coupons had over 50% higher click rates and double the revenue per email than campaigns without offers (\$0.08 with coupons compared to \$0.04 without.)
  - **The top performers for unique open and click rates and revenue per email were:**

Top performing offers for "Like us" campaigns



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- **Twitter not as responsive to offers.** 'Follow us on Twitter' campaigns with offers had the same transaction rates and revenue per email as 'Follow us' campaigns without offers (0.04% transaction rates and \$0.03 revenue per email).

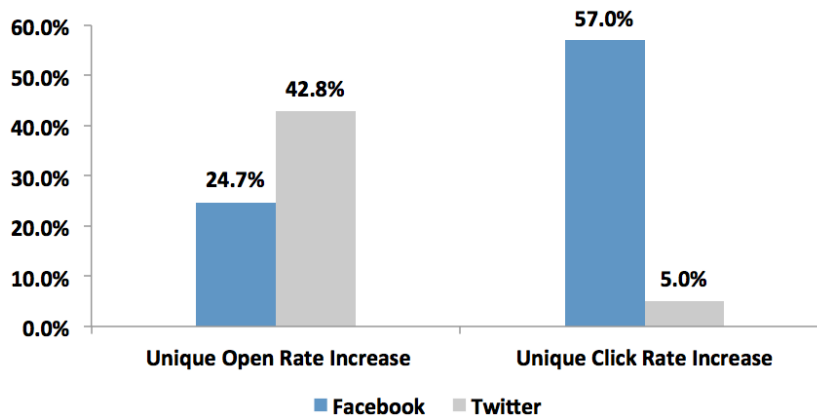
## 'Social' campaigns:

- **The interaction of email and social media continues** with campaigns featuring special offers for fans and followers, as well as mailings highlighting fan activities such as fan favorites or contest winners.

## • The open and click performance for 'Social' emails:

- Lift in open and click rates. While the 'Like us' campaigns have settled in to 'normal' results, 'Social' messages are now showing strong performances with increases in both open and click rates.
- Facebook and Twitter fans show their interest. Facebook 'Social' mailings had a unique open rate of 15.4% compared to 12.5% for other mailings, while Twitter 'Social' mailings had an even higher 18.2% unique open rate compared to 12.8% for their other mailings. This is an indication that interest in social media boosts email engagement.

"Social" mailings highlighting Facebook or Twitter generate increases in open and click rates compared to other mailings



## • 'Social' campaigns with Offers in the subject line:

- For Facebook, offers with free items had the highest click rates, while contests had the highest open rates. However, including an offer in the subject line for these mailings did not boost revenue per email when compared to 'Social' mailings without offers.



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## Top performing offers for "Social" campaigns



– Offers can lift transaction rates. 'Social' Twitter campaigns with offers had higher transaction rates than 'Social' campaigns without offers (0.03% with offers, 0.01% without offers). Revenue per email was the same with and without offers for these mailings (\$0.02).

### Points to remember

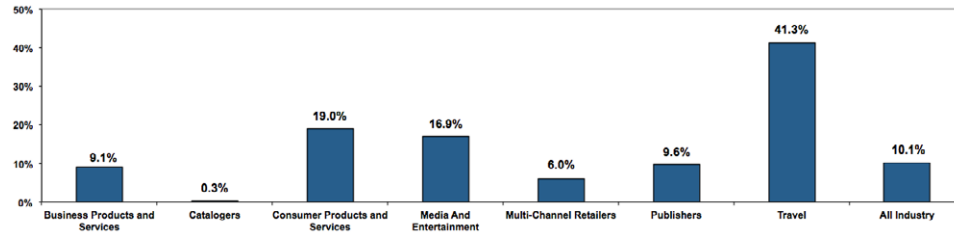
- Email is an effective means of acquiring new fans and followers on social media sites.
- Email is also an effective way of engaging with fans across channels. Be sure to have an easy way for fans and followers to sign-up for emails on your social media sites, and take advantage of those interested fans in your email programs with campaigns targeted specifically for them.

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## Q2 2012 benchmarks

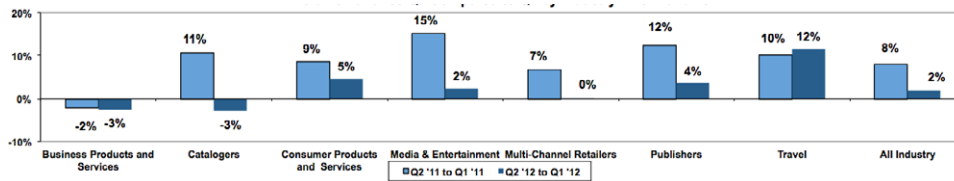
The following benchmarks report on the year-over-year (YOY) trends for the first quarter of 2012 compared to the second quarter in 2011. This quarter, email volume rose 10% compared to Q2 2011.

### Volume variance year-over-year Q2 2012 versus Q2 2011



All industries, except Catalogers, had some gains in volume, with Travel and Consumer Products and Services showing the largest increases.

### Volume variance quarter to quarter

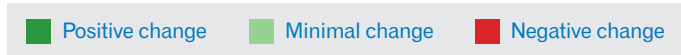


There was only a 2% change in All Industry volume from Q1 to Q2 in 2012. All verticals, except Travel, had less growth from Q1 to Q2 in 2012 than they had in 2011.

# Q2 2012 Quarterly Benchmark Study

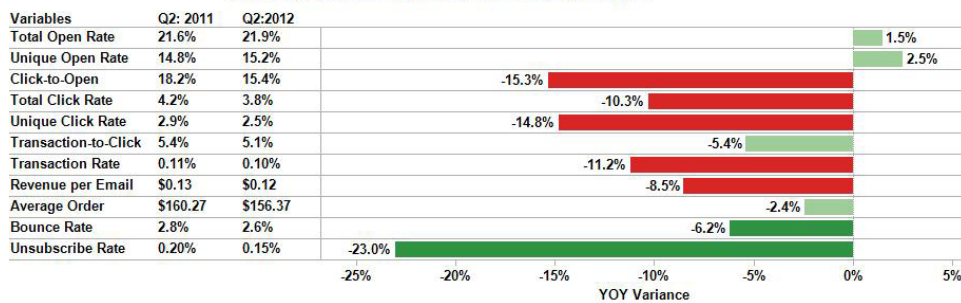
## Performance analysis

In order to enhance our understanding of what's happening by Industry, we have created views that look at all metrics and compare Q2 year-over-year for 2012 compared to 2011. The historical data showing the past 8 quarters is included as part of the appendix to this report. The following is a legend for each of these views:



## All industry

Q2 All Industry Year-Over-Year Performance Analysis

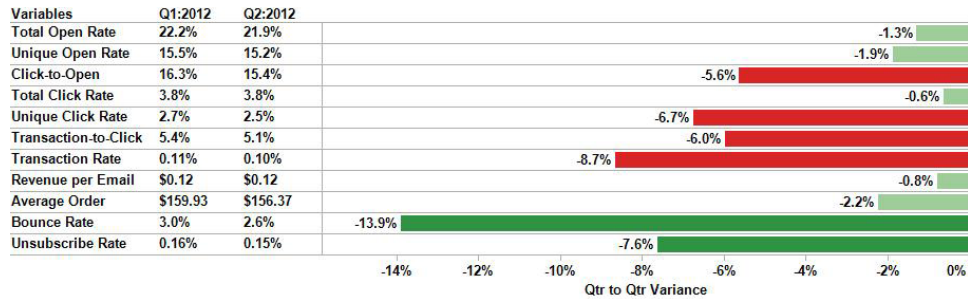


- In Q2 2012, open rates were slightly above the Q2 2011 rates. More than 55% of brands had statistically significant increases in open rates in Q2 2012.
- Unlike the increase we saw in Q1, bounce rates declined year-over-year in Q2. All industries except Catalogers and Media and Entertainment saw decreases in bounce rates.
- While click rates continued to show a year-over-year decline, there is some evidence that the rates are stabilizing. Looking at Q2 2012 compared to Q1 2012, we see a much smaller decline in click rates quarter to quarter (see chart on next page).

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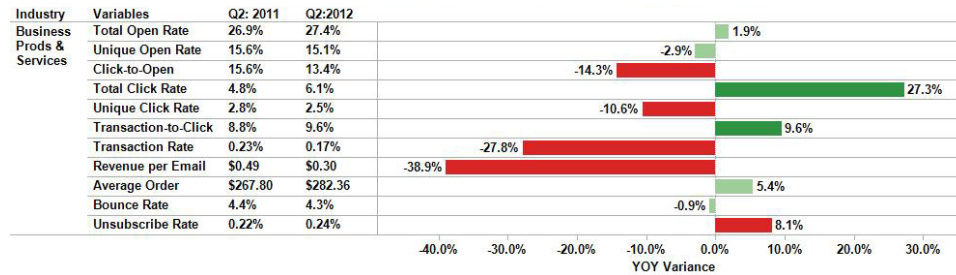
## All Industry quarter to quarter

### Q2 compared to Q1 all industry performance analysis



## Business products and services

### Q2 business products and services year-over-year performance analysis

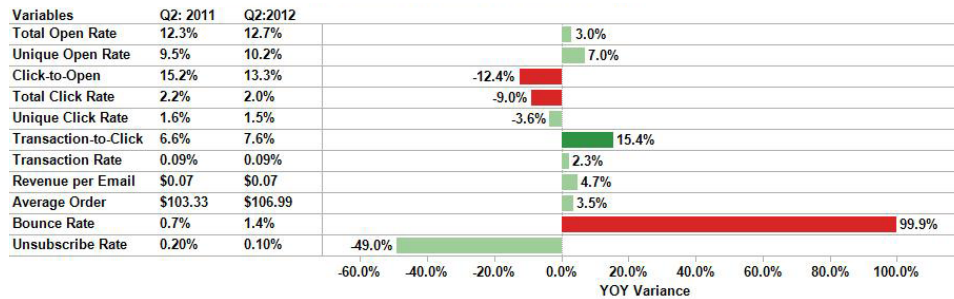


- While the average click rate rose for Business Products and Services in Q2 2012, only 42 percent of brands enjoyed a statistically significant increase. Finance and insurance showed increases in click rates.
- Several brands in office supplies and electronics had a significant increase in volume this quarter, and subsequently had lower transaction rates and revenue per email.

# Q2 2012 Quarterly Benchmark Study

## Catalogers

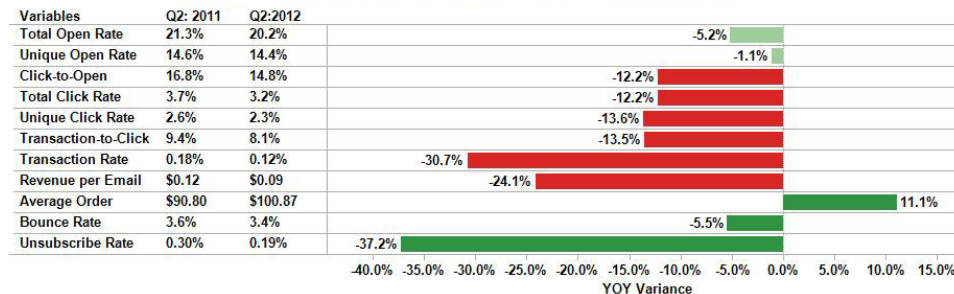
### Q2 catalogers year-over-year performance analysis



- While the bounce rate increased substantially for Catalogers in Q2 2012, it is important to note that the 1.4% bounce rate in Q2 2012 is lower than the 1.6% we saw for Catalogers last quarter.
- Click rates declined for Catalogers as 56% of brands had a statistically significant decline in these rates.

## Consumer products and services

### Q2 consumer products and services year-over-year performance analysis

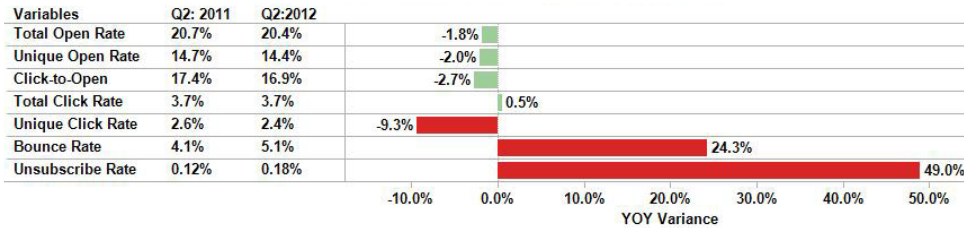


- While open rates saw little year-over-year change, 60% of brands had a statistically significant increase in open rates in Q2 2012. Click and transaction rates declined, however. Over 56% of brands had a statistically significant drop in click rates in Q2 2012 compared to Q2 2011, and 48% had a significantly lower transaction rate.

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## Media and entertainment

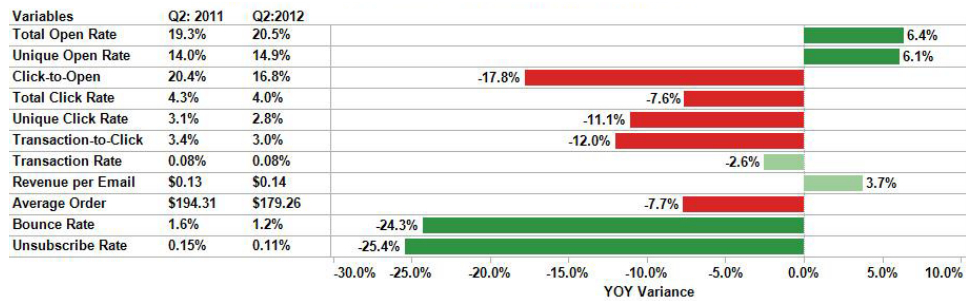
### Q2 media and entertainment year-over-year performance analysis



- Although the unique click rate declined by 9.3% year-over-year, Media & Entertainment had only a 4.2% drop in unique click rates compared to Q1 2012.

## Multi-channel retailers

### Q2 multi-channel retail year-over-year performance analysis



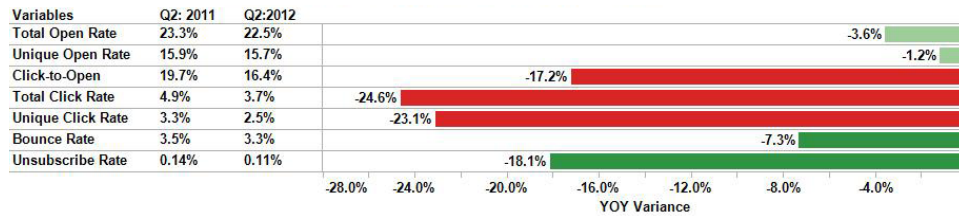
### Trend to watch

While total and unique clicks show a year-over-year decline for Multi-Channel Retailers, they actually increased compared to last quarter (Q1 2012). Total click rates rose 10.9% compared to Q1 2012, and unique click rates increased 4.4%. We will be watching carefully to see if this trend continues in Q3.

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## Publishers

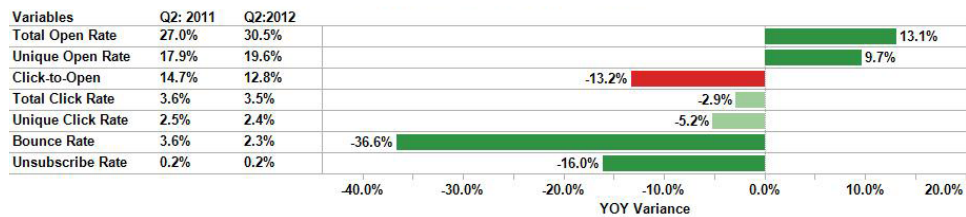
### Q2 publishers year-over-year performance analysis



- As we saw in the Q1 Benchmark Report, two-thirds of Publishing brands had statistically significant declines in click rates year-over-year.

## Travel

### Q2 travel year-over-year performance analysis



- While only 40% of Travel brands showed statistically significant increases in click rates, the overall year-over-year decline for these rates was modest. Many of our travel brands are now reporting transactions in multiple currencies, making it difficult to report on transaction metrics.

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