



The State of The Inbox and The Adoption of Panel-Based Measurement

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Key Questions

- What impact is email marketing having on revenue?
- Is inbox delivery improving? If not, what tools can marketers use to remedy the situation?
- Which tactics and methods are email marketers utilizing to manage email deliverability?
- Are marketers turning to panel data over seed data to measure inbox rates?
- Does the utilization of panel-based methods correlate with improved business results?

Key Takeaways

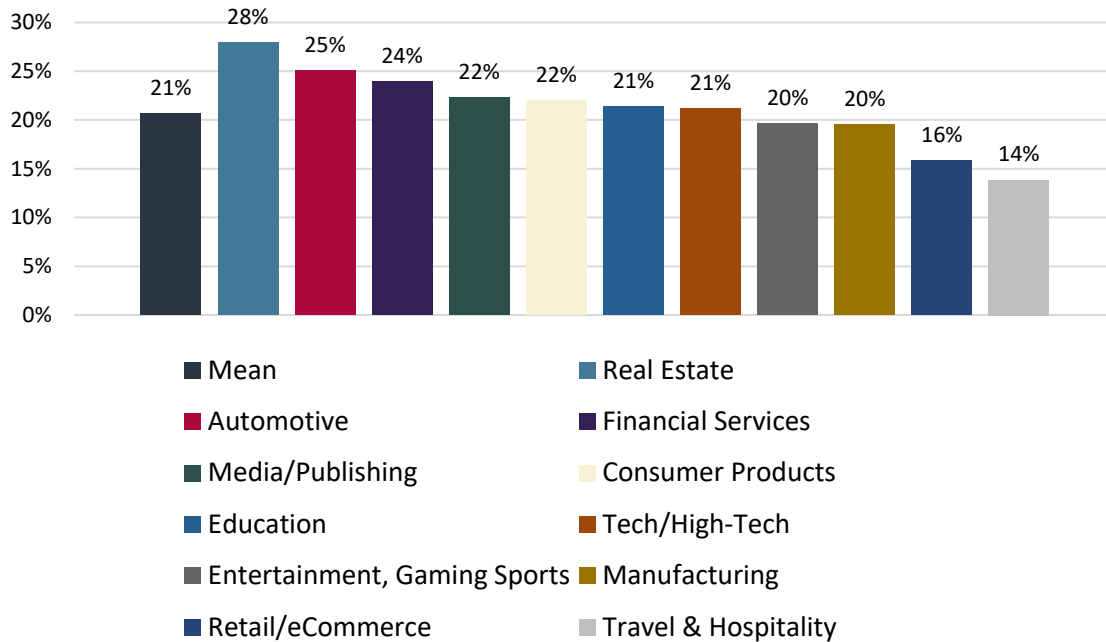
- Email has become a critical tool for marketers across verticals to drive business goals. In Q2 2017, email has been responsible for driving more than 20 percent of total revenue for mean respondents, up from 17 percent a year ago.
- Executive marketers report mean delivery rates of 87 percent with some variance by vertical and sector, signifying that email delivery issues persist for huge percentages of brands and marketers.
- Forty-three percent of marketers have resources on staff to manage email deliverability, but upwards of 70 percent do not have requisite email authentication in place or subscribe to ISP feedback loops.
- More marketers today are using panel data than seed list data to measure inbox rates, with 31 percent of marketers reporting that they leveraged a panel vs. 26 percent who reported using seed based methods.
- The use of panel-based methods is correlated with programs that enjoy higher customer lifetime value than those who use seed-based methods.

The State of The Inbox: Revenue is Up, Yet Deliverability is Down

As marketers look towards the second half of 2017 and begin to make decisions about how to best allocate resources to drive maximum business results, many are looking closely at how best to optimize returns through their most effective marketing channel: email. Email is driving huge percentages of overall revenue for businesses across verticals, and for some, it has become the workhorse they rely on to drive over a quarter of their overall revenue.

In the summer of 2016, executive marketers reported that at that time email was driving 17 percent of their overall revenue, and by the spring of 2017 that number has risen to over 20 percent. The Relevancy Group's Q2 2017 Executive Survey reveals some variance by business vertical, but not as much as one might imagine (Figure 1). Marketers in the Automotive, Education, Financial Services, Media & Publishing, and Real Estate verticals all report revenue contribution from email above the mean 21 percent. These are staggering numbers that point to the tremendous power of the email channel and indicate that businesses across verticals have come to rely on email as a major driver of revenue and a critical source of fuel for their business.

Figure 1 – Percentage of Overall Revenue Attributed to Email Marketing Initiatives



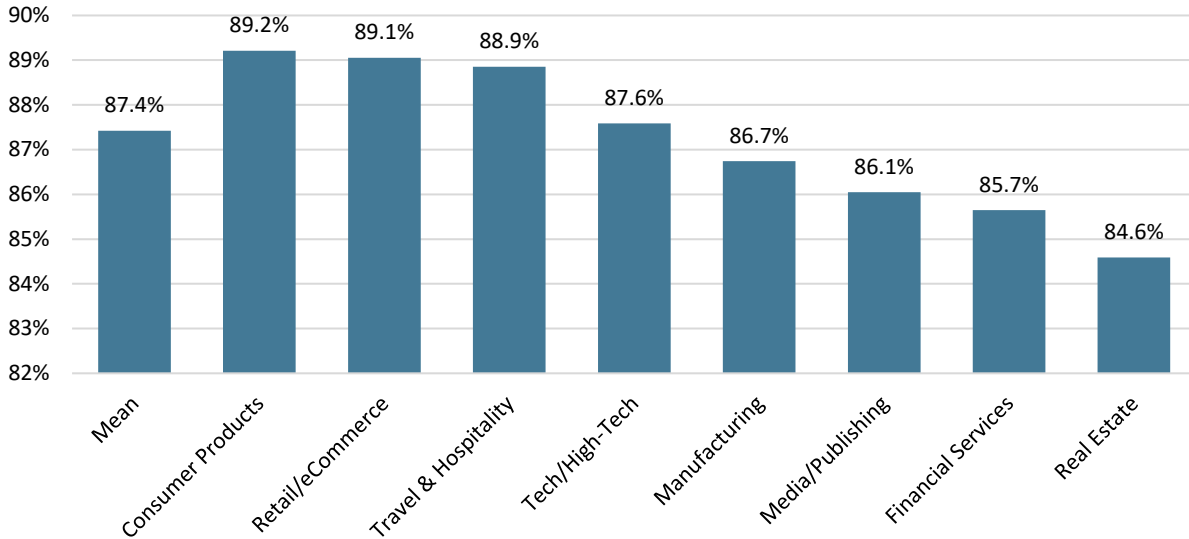
Question: What percentage of your overall revenue is attributed to your email marketing initiatives? (Select one)
 Source: The Relevancy Group Executive Survey, 4/17 n=350, U.S. Only

Significant Email Delivery Challenges Persist for Many Marketers

Businesses across verticals still struggle to get their messages delivered into the inbox. The Relevancy Group survey data documents a slight dip in mean delivery rates, with the mean respondent reporting an average deliverability rate of 87 percent. The mean send volume for survey respondents was 33.23 million messages per month. The declining delivery rate reveals that nearly 52 million of the email messages a marketer sends annually never reach the inbox. This represents significant opportunity cost and lost revenue for marketers, but data indicates that the issue is even more acute for many of those who rely on the channel the most (Figure 2). Marketers in the Financial Services, Media/Publishing, and Real Estate verticals all report delivery rates below the mean, which based on the importance of the channel to their business, has a disproportionately larger financial impact.

In an age where revenue contribution from email is increasing, marketers need to make requisite investments in the people, process, and technology to better manage email delivery issues in real time. Challenges must be addressed proactively before they negatively impact sending reputation and drive delivery rates lower. Marketers who fail to so improve deliverability will drive their own demise. They will struggle to reach over 10 percent of their intended audience, resulting in significant negative financial impact.

Figure 2 – Delivery Rates by Business Vertical – Mean = 87%



Question: What is your average deliverability rate, (inbox placement) for newsletter or promotional email marketing mailings? (Select one) Source: The Relevancy Group Executive Survey, 4/17 n=350, U.S. Only

Addressing the Challenges

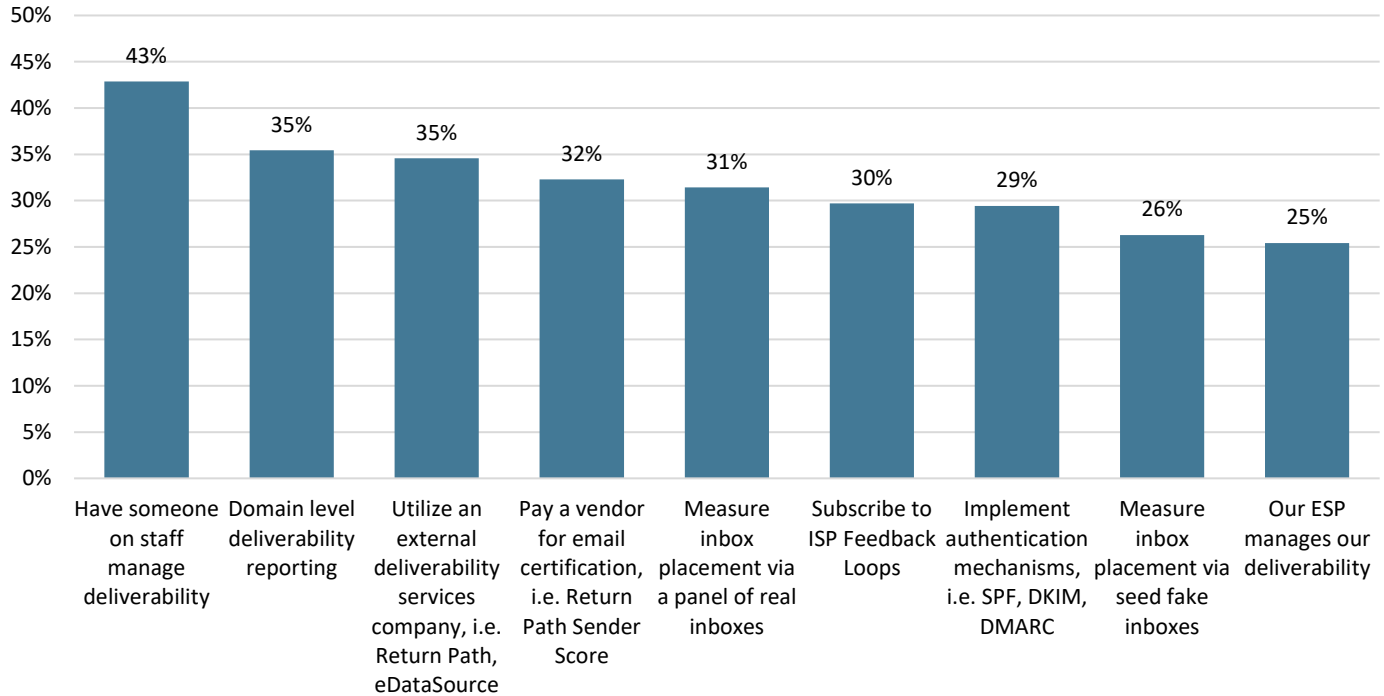
Many marketers realize the implications of low email delivery rates and are increasingly allocating resources towards strategies and tactics that address the issues. Forty-three percent of survey respondents reported that they have someone on staff to manage email deliverability (Figure 3). Thirty-five percent of executive marketers are leveraging an outside deliverability vendor to help provide data and insight, 32 percent are paying for some form of email certification, and between the 31 percent measuring inbox rates via panel and the 26 percent measuring via seed, a majority of marketers are now at the very least, measuring inbox rates.

Somewhat troubling are the high number of marketers ignoring some of the basic deliverability tenets:

- Feedback loops: Upwards of 70 percent of marketers fail to subscribe to feedback loops. This is a valuable resource where complaint data is surfaced and mitigated.
- Authentication: The same number of marketers do not have basic technology in place to authenticate their mail streams. This is a necessary component to manage sender reputation and identity. Moreover some ISPs (Internet Service Providers) are beginning to require such authentication for the mail to reach the primary inbox.

The negative impact on sending reputation and delivery rates of these two missteps can be significant. Neither tactic is costly or labor intensive. Marketers ignoring these basic tactics must address them now or face undue risk.

Figure 3 – Deliverability Tactics Utilized



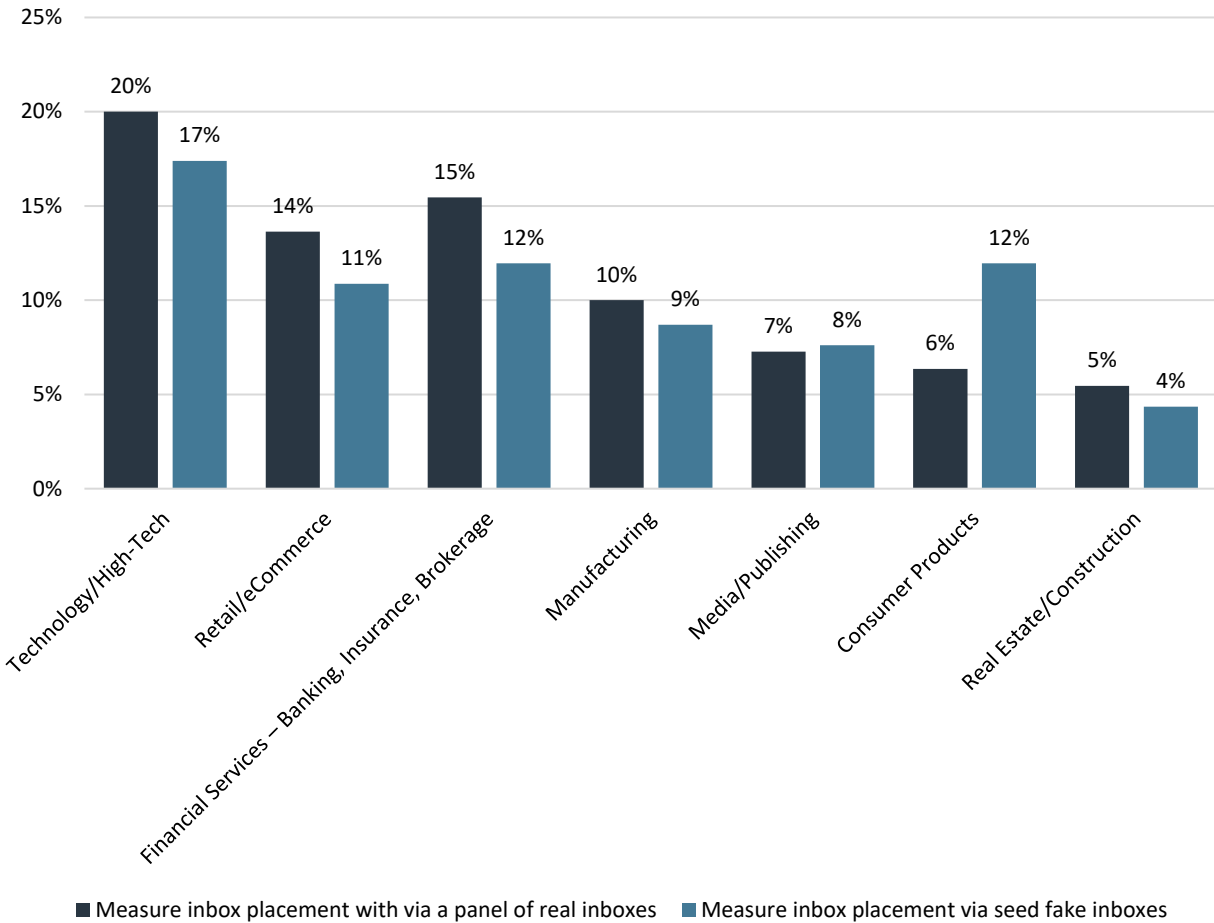
Question: Which of the following deliverability tactics do you utilize? (Select all)
 Source: The Relevancy Group Executive Survey, 4/17 n=350, U.S. Only

Panel-Based versus Seed-Based Measurement

Measurement is one of the most critical components of email deliverability management and most marketers make a choice between seed- or panel-based methods. Seed-based methods rely on a list of artificial/fake email addresses that marketers include on each send, usually several per ISP. They then use software to measure the placement of addresses within these accounts to determine an inbox rate per ISP. Then they extrapolate these findings against their list makeup to determine an inbox rate per campaign. Panel-based methods rely on a panel of email subscribers who are subscribed to a marketer’s own email marketing database and use software that measures inbox placement and engagement, and feeds that information back to the marketer. Panel-based methods are newer. Data from The Relevancy Group’s Q2 Executive Survey indicates that these methods have now overtaken seed-based methods in popularity, especially in some business verticals. Thirty-one percent of marketers are using panel-based methods, while 26 percent reported using seeds. These numbers are promising because they indicate an increasingly large group of marketers understand the value of email delivery data, and that more are using panel-based methods of measurement.

The preference for panel-based methods isn’t relegated to any specific business vertical (Figure 4). Many marketers across sectors have begun to rely more on panel data than seed. In fact, many of the industries that rely most heavily on email to drive revenue, use panel-based methods.

Figure 4 – Panel-Based v. Seed-Based Measurement Usage by Business Vertical



Question: Which of the following deliverability tactics do you utilize? (Select all) – Selected, Measuring Inbox Placement
 Source: The Relevancy Group Executive Survey, 4/17 n=350, U.S. Only

Marketers That Use Promotional Email to Drive Growth Use Panel Measurement

The preference for panel-based reporting methods is most stark among email marketers who use the channel to drive new customer acquisition. More marketers who reported using promotional email to drive growth, choose panel-based methods over seed. Seventy-five percent of marketers report using a panel, versus 68 percent who report using seeds (Figure 5). Data indicates that those focused at the top of the funnel prefer panel-based reporting to seeds.

Figure 5 – Panel-Based versus Seed-Based Measurement – Promotional Email Marketers

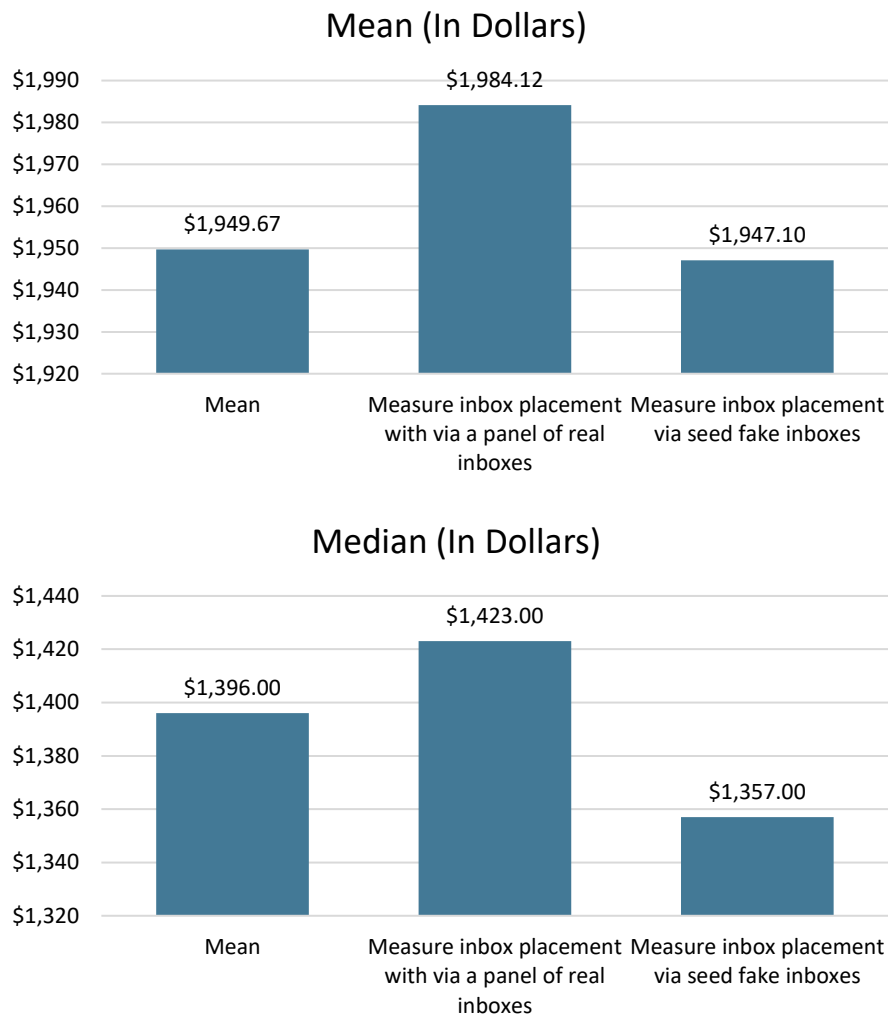


Question: Which of the following deliverability tactics do you utilize? Selected, Measuring Inbox Placement, Promotional Email
 Source: The Relevancy Group Executive Survey, 4/17 n=350, U.S. Only

Panel-Based Measurement Correlates with Higher Customer Lifetime Value

Looking lower in the funnel reveals a potential preference for panel methods too. Marketers in the aforementioned survey enjoy a mean customer lifetime value of \$1,950 and median customer lifetime value of \$1,396. When viewing this data by inbox measurement methods utilized, gaps emerge (Figure 6). Those that utilize panel-based methods to measure email delivery have a \$37 higher mean customer lifetime value than those who leverage seeds. The median customer lifetime value for marketers that leverage panel data measurement was \$66 higher than those who utilize seeds.

Figure 6 – Panel-Based versus Seed-Based Measurement – Mean and Median Customer Lifetime Value



Question: What is your average customer lifetime value (CLV)?
 Source: The Relevancy Group Executive Survey, 4/17 n=350, U.S. Only

Data indicates that marketers across segments and business verticals are adopting panel-based measurement in greater numbers...Why?

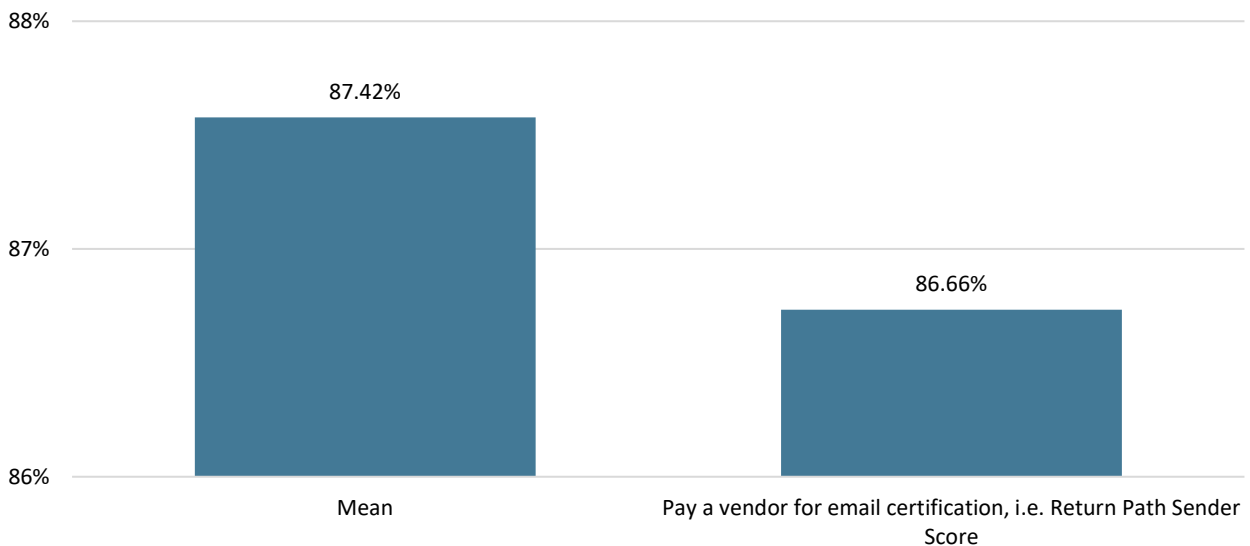
The Potential Advantages of Panel-Based Reporting

- **Accuracy.** Panelists are actual subscribers who react to messages. ISPs often leverage campaign response data as a factor to determine inbox placement and the behavior of panelists can serve to provide a more accurate view of actual inbox rates.
- **Scale.** Seed addresses are limited in number, usually representing several email addresses per ISP. Seed lists can't get too large, or else they could potentially have a negative impact on delivery themselves by lowering overall response metrics. Whereas for many enterprises panel data is vast and represents huge, statistically significant samples of live subscribers.
- **Richness of Data.** The data available from an artificial/fake seed address is limited, while panel data reports human engagement. Data points such as read times, message movement, as well as basic response rates can all be captured and leveraged to fuel ongoing delivery management, strategy, and tactics.

The Impact of Email Certification on Email Deliverability

As reported above, 32 percent of executive marketers report leveraging email certification, while only 29 percent report authenticating their email. While The Relevancy Group strenuously suggests that every senders authenticate email streams through all methods, data suggests that email certification isn't as easy of a call. Data from this survey indicates that marketers that leverage email certification actually have slightly lower mean delivery rates than those who do not (Figure 7). These data points are by no means definitive (they are within the margin of error), but they do point to the fact that email certification may not drive much value for many marketers. The decision to implement authentication is easy: it's easy and close to free. Certification, however, is costly and sometimes requires incremental resources up front for setup and implementation.

Figure 7 – Email Delivery Rates – Mean versus Certified Mail Streams



Question: What is your average deliverability rate, (inbox placement) for newsletter or promotional email marketing mailings?
 Which of the following deliverability tactics do you utilize?
 Source: The Relevancy Group Executive Survey, 4/17 n=350, U.S. Only

Conclusion

Brands and marketers rely on the email channel today more heavily than they have in the past, yet still face significant challenges reaching more than 10 percent of their audience on every send. Many are implementing tools and tactics to monitor and measure delivery in real-time, and data indicates that many of those who rely most heavily on the channel, choose panel-based measurement methods over seed-based approaches. To reach their entire audience and maximize all revenue opportunities, marketers must get serious about email delivery and embrace authentication, panel-based measurement, as well as the necessary investment in analytical deliverability experts.

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eDataSource is the leading global provider of performance insight and analysis for email marketing, inbox delivery and eCommerce activity, based on real-time monitoring of 1.5 million active consumer inboxes and 90,000 brands. eDataSource empowers marketers, email service providers and digital agencies with the deepest, most accurate and easily accessible information needed about their own email campaigns and those of 90,000 other brands. This provides eDataSource clients with unparalleled access to competitive data to improve critical success metrics and drive more revenue.

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As CEO of The Relevancy Group, David directs market research and advisory services essential to digital marketing. Direct Magazine said David is “one of the most influential experts in email marketing, if not the most influential.” In 2017 David was named Email Marketing Thought Leader of The Year by the DMA’s email experience council. Co-author of the book *‘Email Marketing An Hour A Day’*, David has held senior level positions at Forrester, JupiterResearch, Apple, Anthropologie and other top brands. David is also the President and Publisher of [The Marketer Quarterly](http://TheMarketerQuarterly.com) a digital magazine and app for marketers by marketers available for free with registration online and via the Apple, Google, Amazon [app stores](#).

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Nick is VP of Research and Principal Analyst at The Relevancy Group. He managed worldwide email marketing operations and customer relationship management for RealNetworks and subsequently served for five years as VP of Deliverability & Strategic Services for a prominent Email Service Provider (ESP). He has led customer success management, development, email strategy, implementation, and social marketing teams at several organizations, and is a recognized thought leader in the areas of email and social marketing. Nick received his BA in Anthropology & Sociology from Kenyon College and MBA from the University of Washington.

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Measuring consumer and executive behaviors, The Relevancy Group (TRG) provides market research and advisory services that deliver strategies to optimize a return on marketing investments. Each Analyst has a minimum 15 years of experience in digital marketing and many are highly sought after public speakers. In addition to working with some of the top brands and vendors in the digital marketing economy, TRG produces dozens of surveys, research reports and webinars each year. TRG offers a research subscription service that includes dozens of original research reports. TRG also publishes the digital magazine for marketers by marketers, [The Marketer Quarterly](http://TheMarketerQuarterly.com).

About The Research | The Methodology

In March 2017 The Relevancy Group conducted a survey that resulted in 350 completed and qualified advertising and marketing executives. We qualified respondents based on the size of their customer database, email sending volume, familiarity of their company's marketing efforts, and other attributes such as the individuals’ role/title. Respondents self-identified their company size and market sector category. We collected descriptive information about these organizations including revenue, email marketing, tactics and performance data. The survey utilized skip ordering and randomization and screener questions. The survey design and final analysis was developed by a team TRG of analysts.

For more information on The Relevancy Group’s services, visit www.therelevancygroup.com, call (877) 972-6886, email info@therelevancygroup.com or on twitter @emaildaniels or @relevancygroup

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