



Trend Watch Q1 2006: Analyzing Email Marketing Trends by Industry and List Size

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Executive Summary

At VerticalResponse we think of emails campaign as snowflakes - each one is special and no two are exactly alike. But that doesn't mean you can't learn something by comparing your campaigns to the competition. Every year, email marketing grows in popularity and sophistication. That's a good thing. Yet, faced with so much rapid change, many marketers don't know what qualifies as a successful campaign or a dismal failure. That's bad.

We know it's tough to hit a moving target, so we figured we'd take a snapshot of this moment in email marketing. The result is VerticalResponse Trend Watch, a report which analyzes and segments the email marketing industry so companies of every stripe can evaluate their performance. Trend Watch establishes benchmarks for companies not only on the basis of industry category, but according to their size as well, allowing for a more complete – and realistic – assessment. Because while that two-man software startup and Microsoft may be in the same industry, their response rates may not be in the same league. Trend Watch lets companies compare results to their peers, as well as to the Davids and Goliaths of the world.

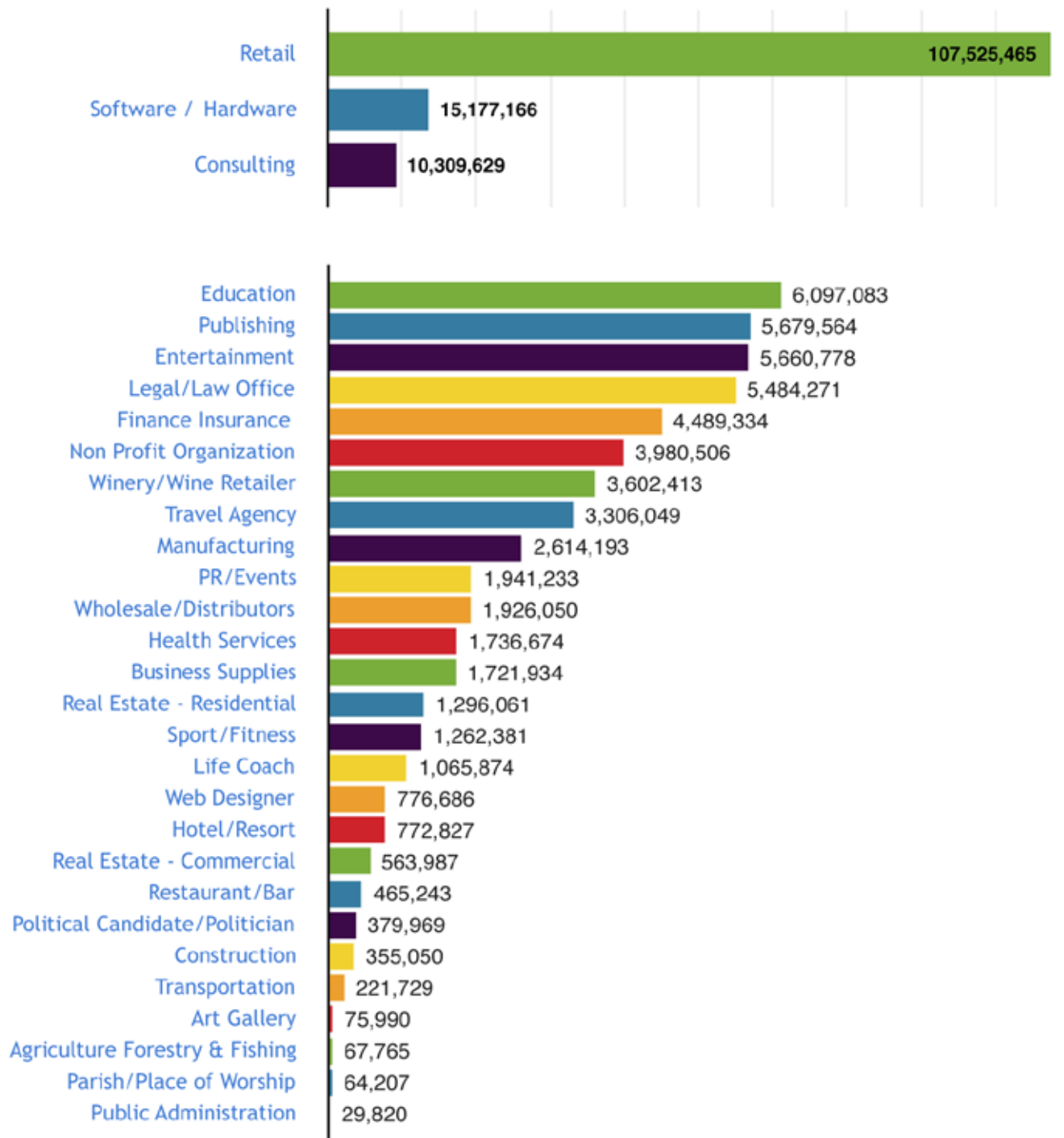
Methodology

VerticalResponse studied our entire customer base, looking at firms that mailed to opt-in lists with as few as 50 members, those that mailed to opt-in lists with more than 500,000 members and all ranges between. Next, we segmented the companies by industry before breaking down campaigns according to size. This was an important step, since we wanted to avoid scenarios where customers with exceptionally large lists skewed the data.

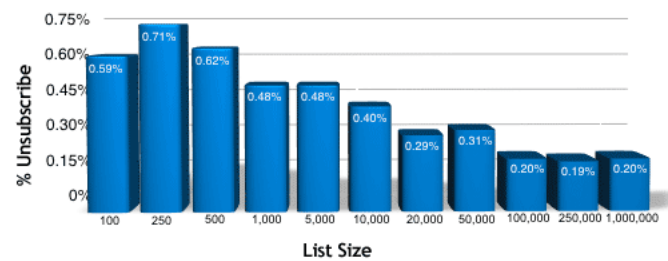
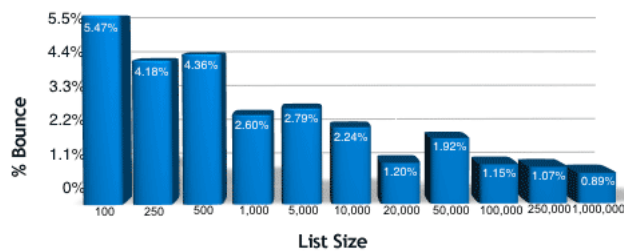
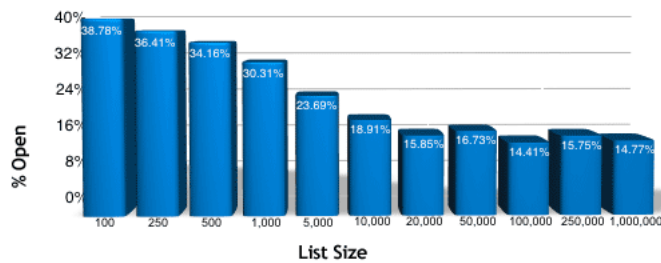
That said, it should be recognized that the data included here represents extremely broad averages and does not take into account certain factors impacting campaign response such as:

- Mailing frequency
- Type of mailing (newsletter, information, etc.)
- Incentives/offer content
- Creative
- Level of audience targeting/segmentation
- Business-to Business mailings vs. Business-to-Consumer mailings

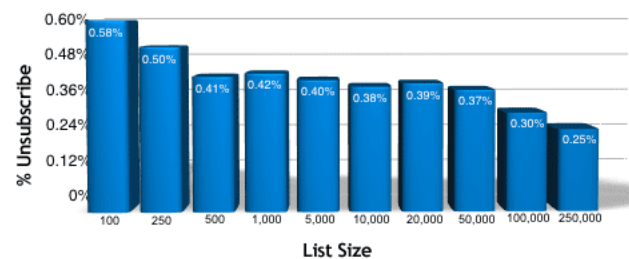
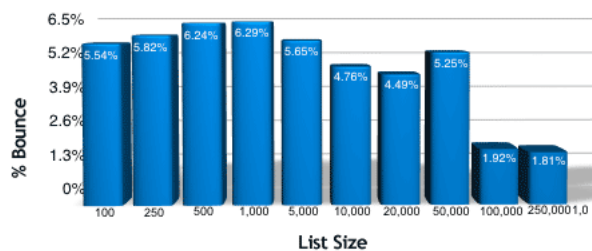
Email Totals by Industry



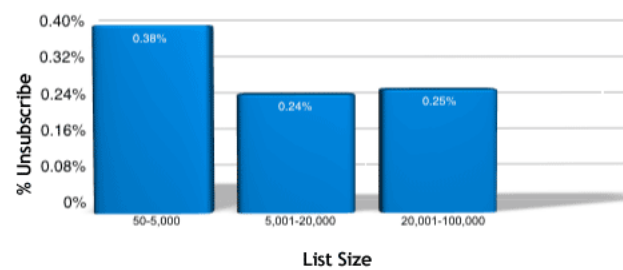
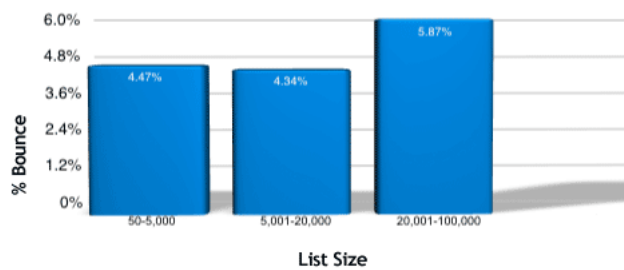
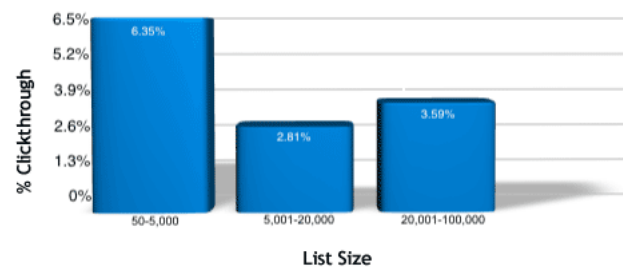
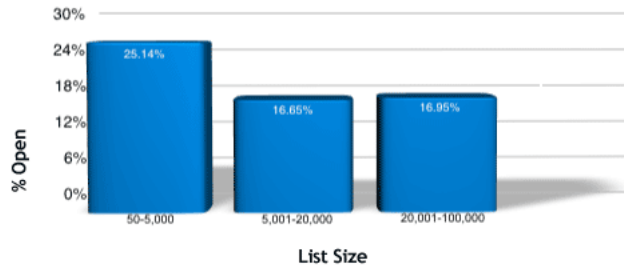
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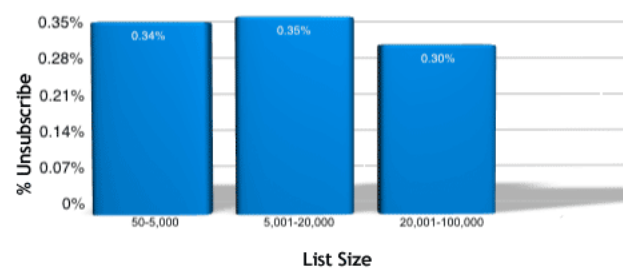
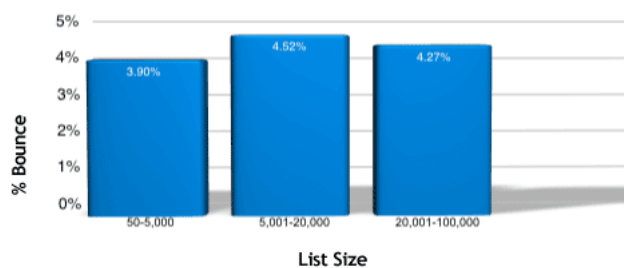
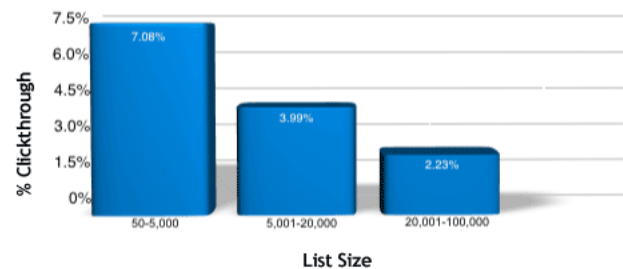
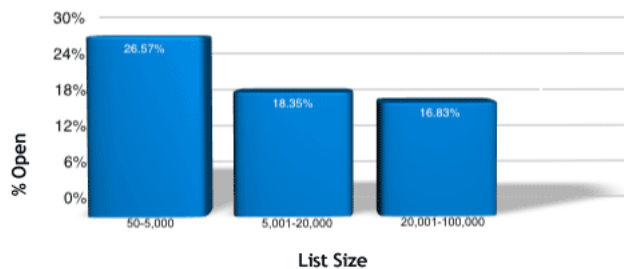
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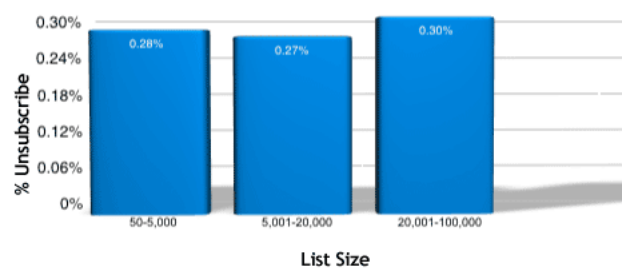
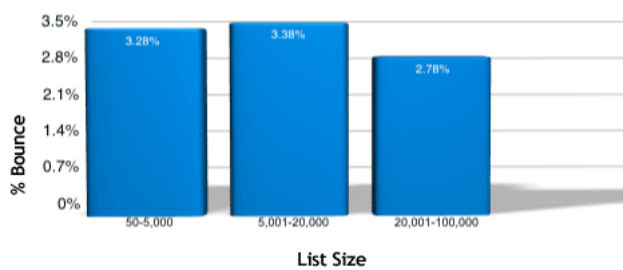
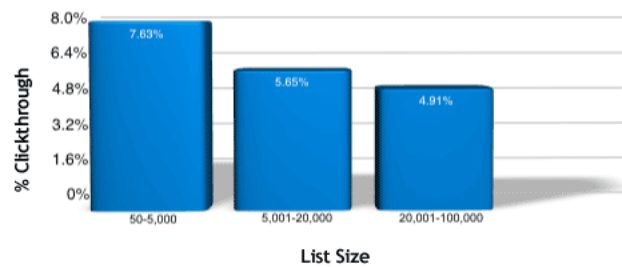
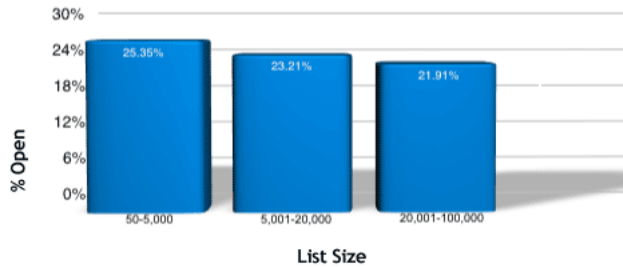
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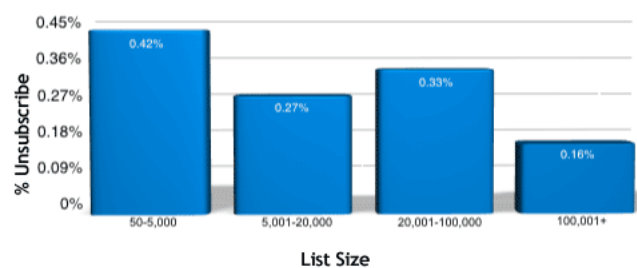
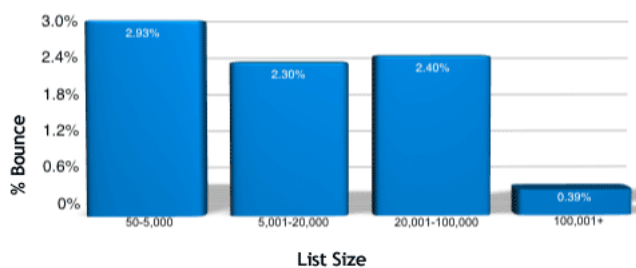
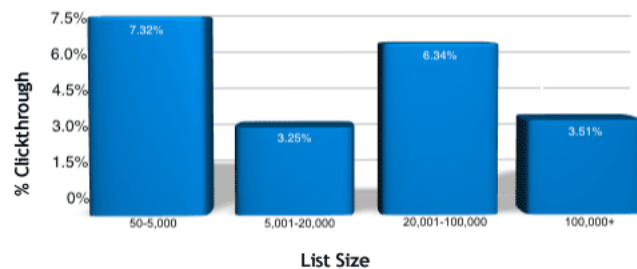
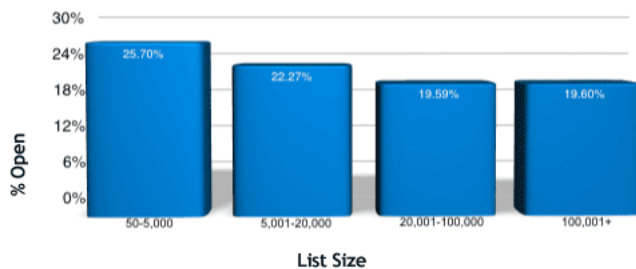
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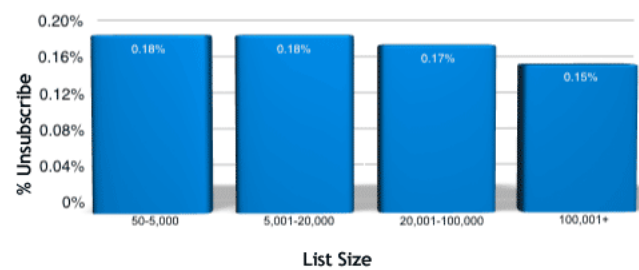
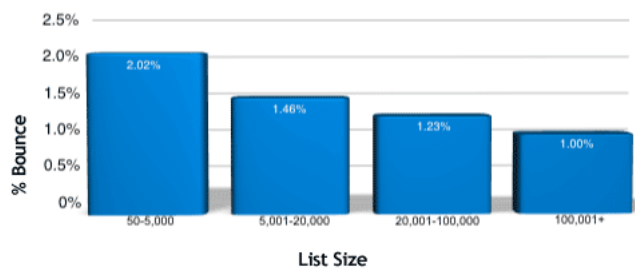
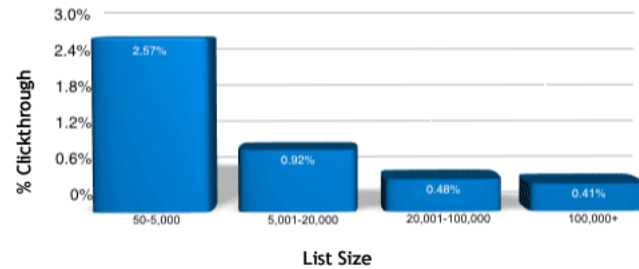
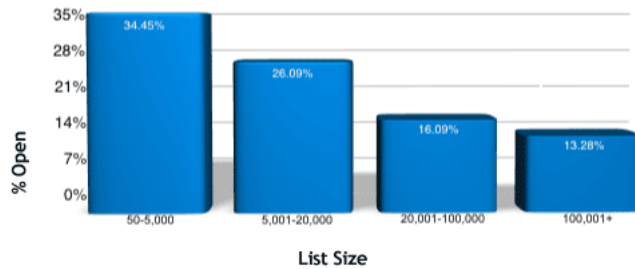
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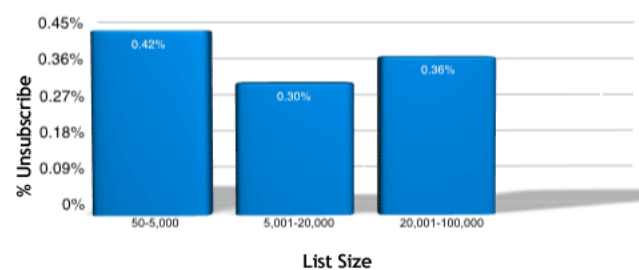
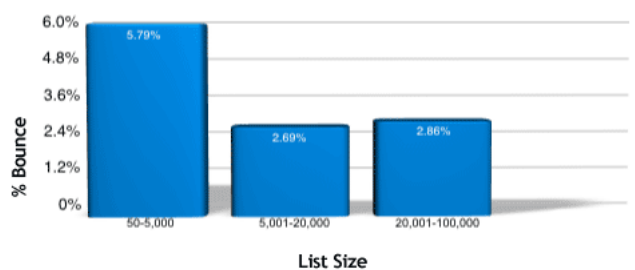
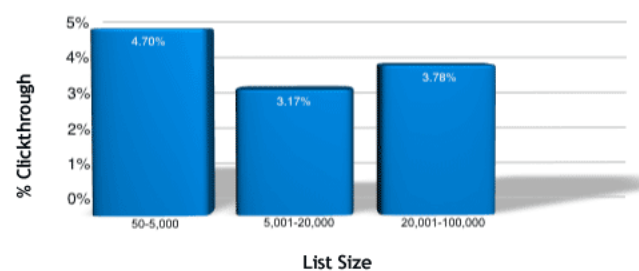
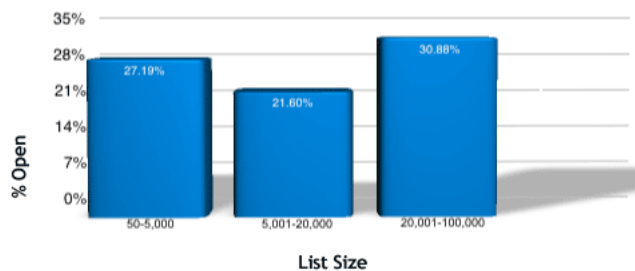
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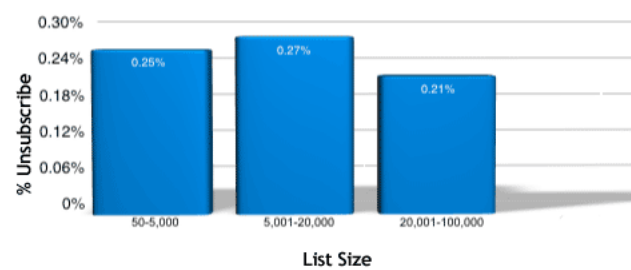
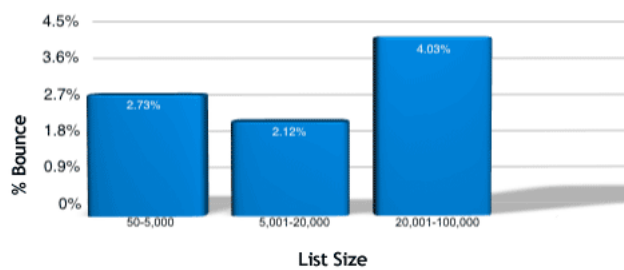
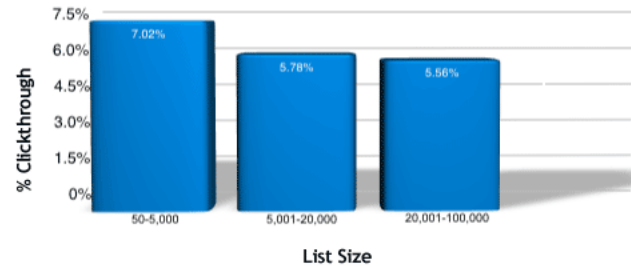
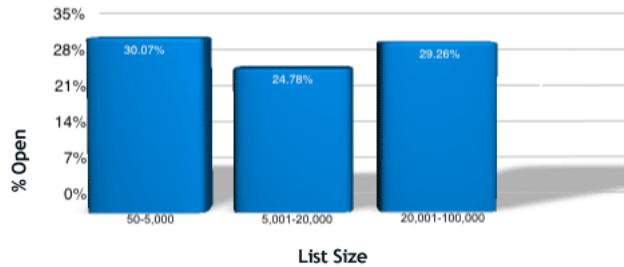
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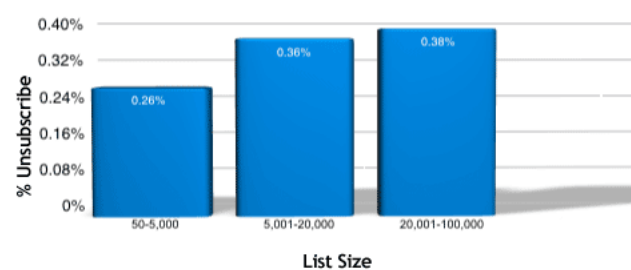
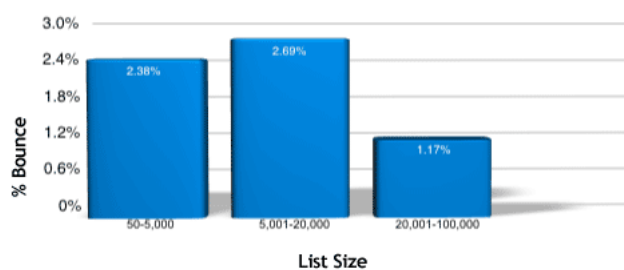
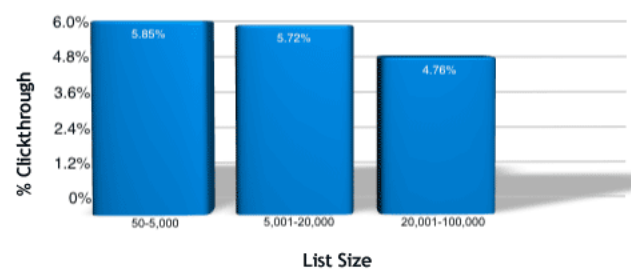
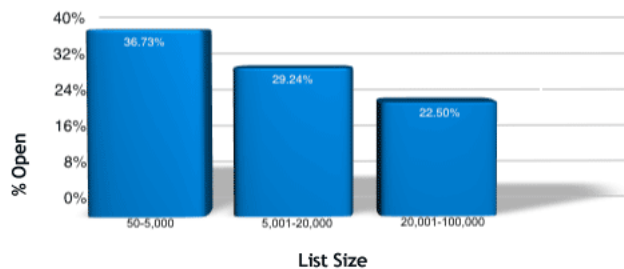
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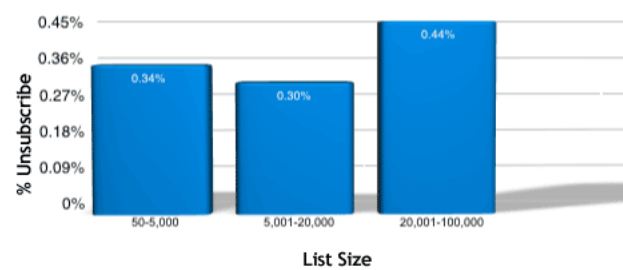
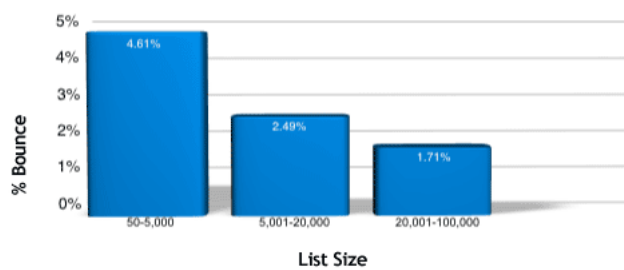
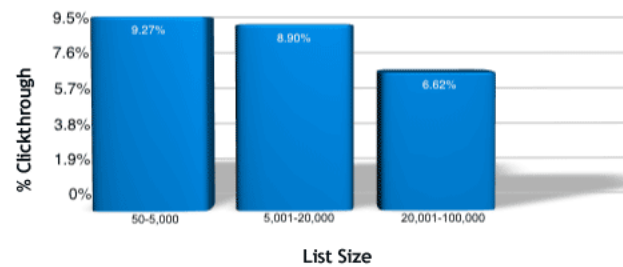
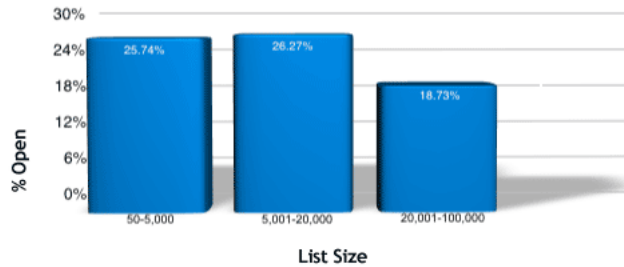
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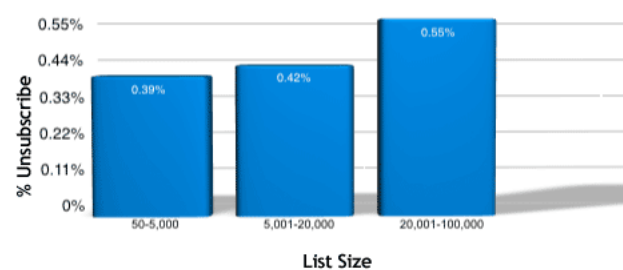
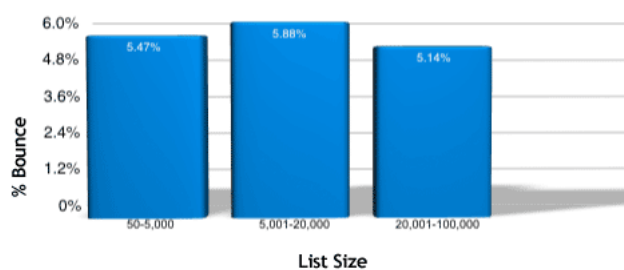
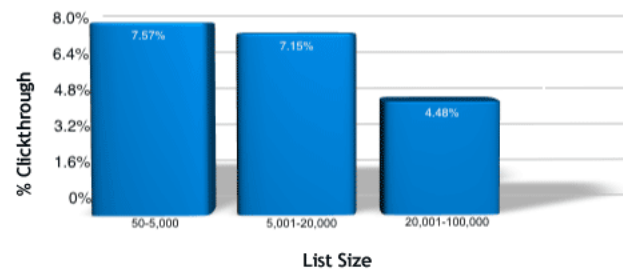
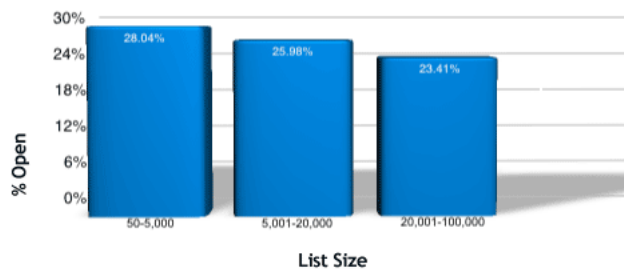
Winery / Wine Retailer



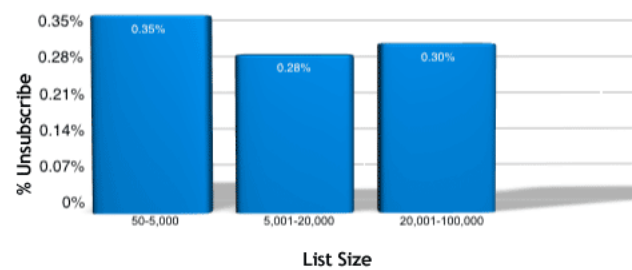
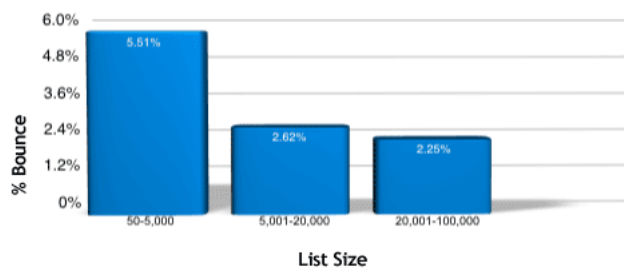
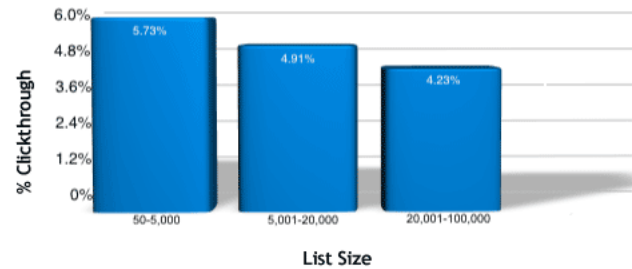
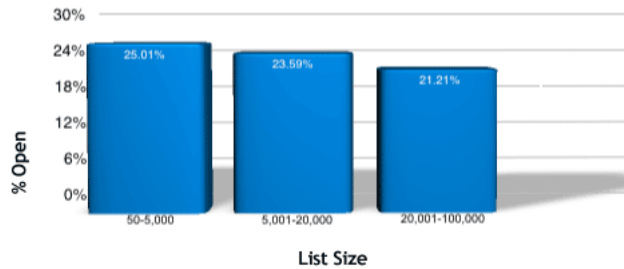
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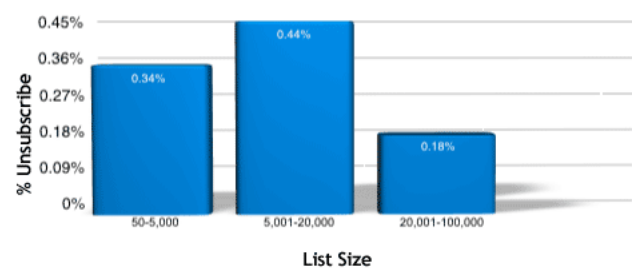
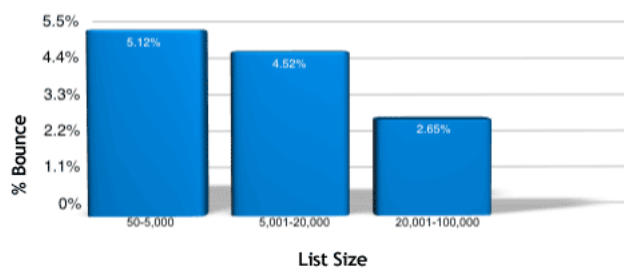
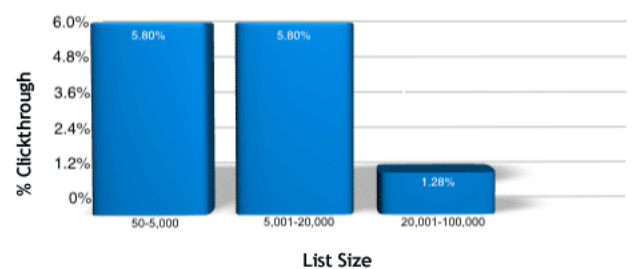
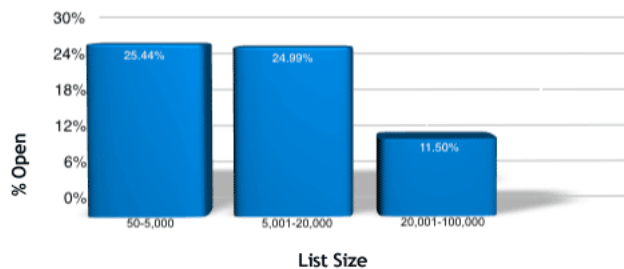
Manufacturing



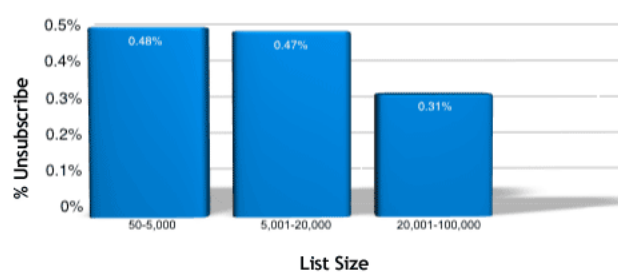
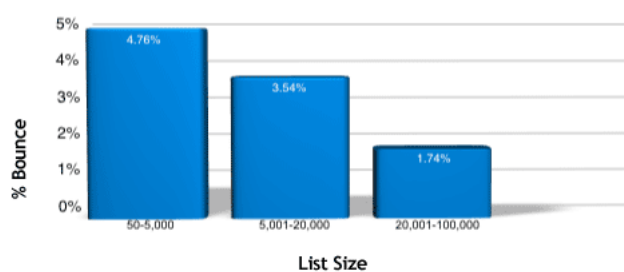
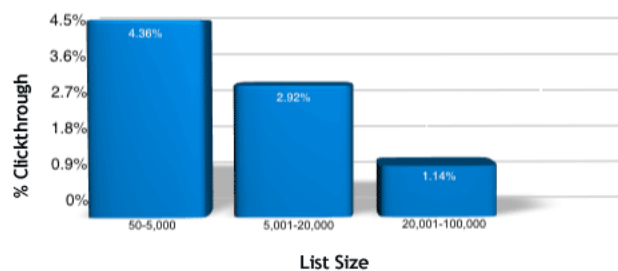
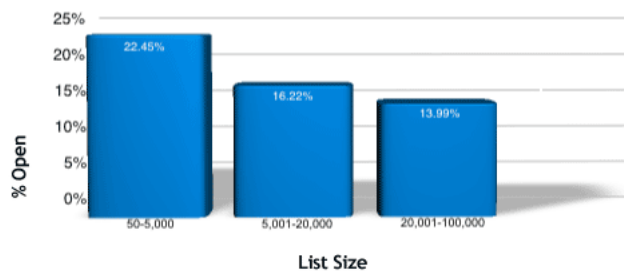
PR / Events



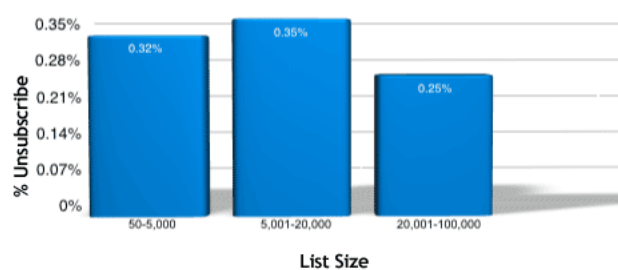
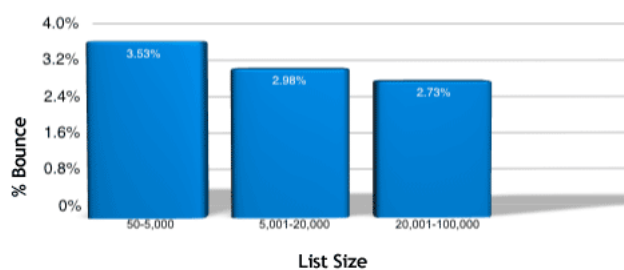
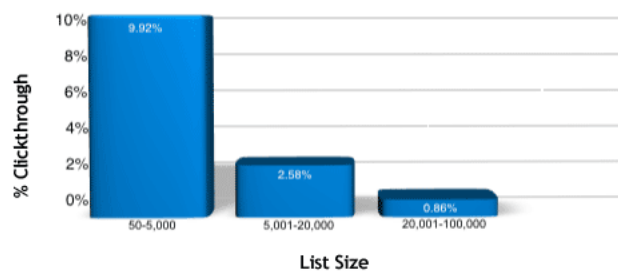
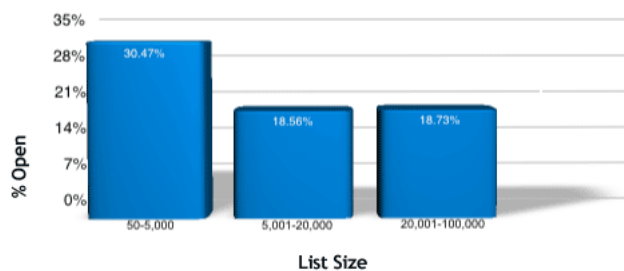
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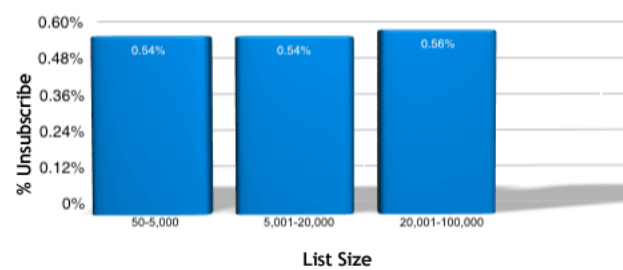
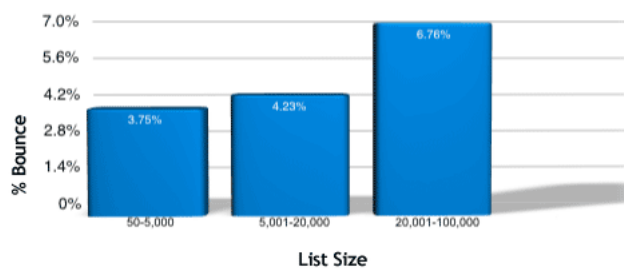
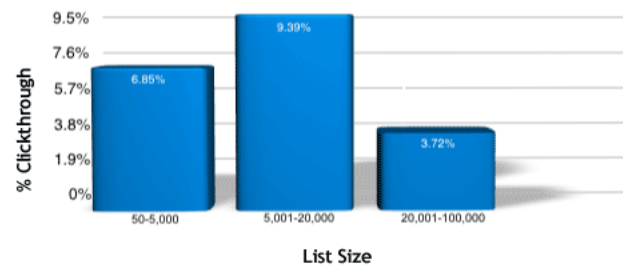
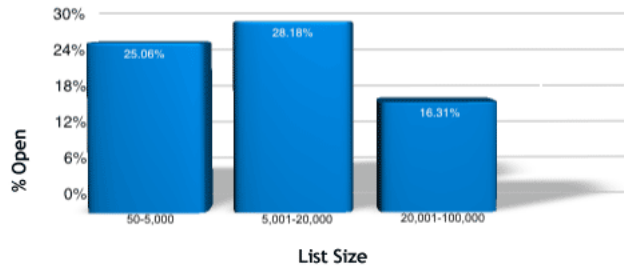
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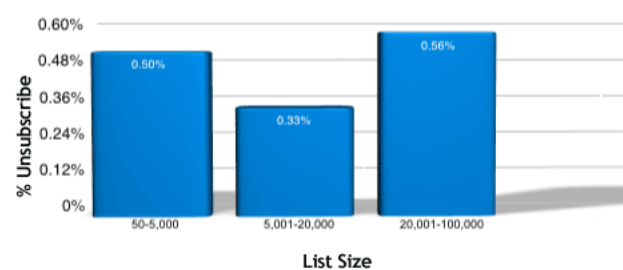
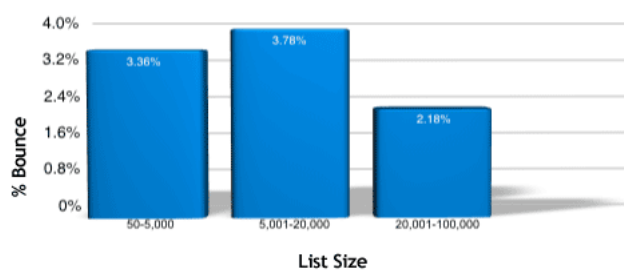
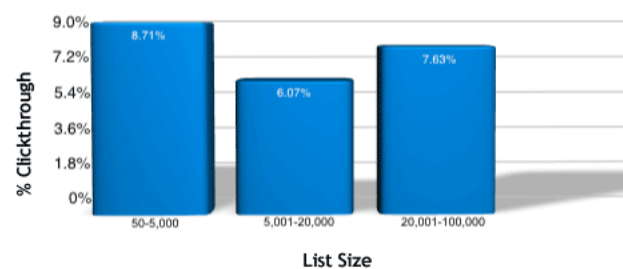
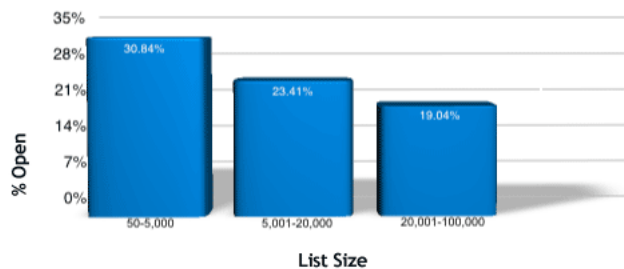
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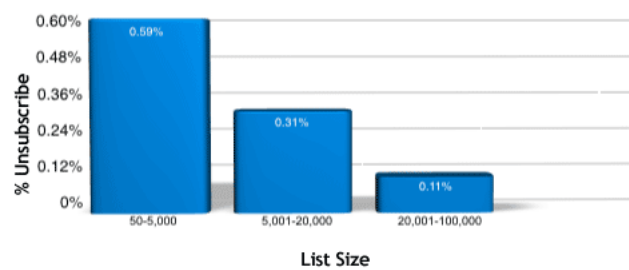
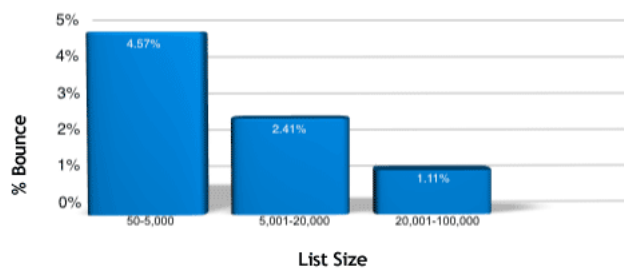
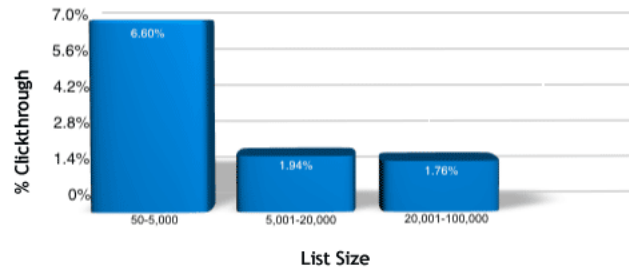
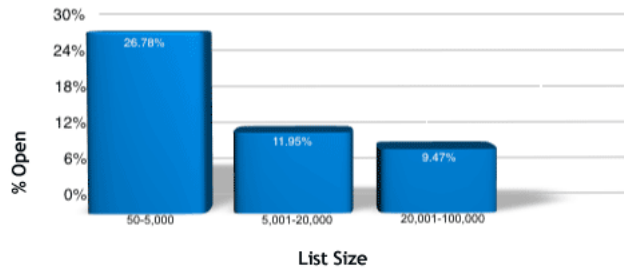
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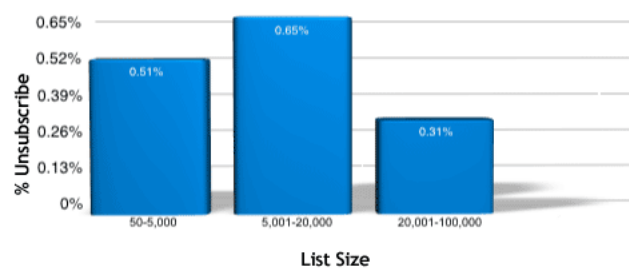
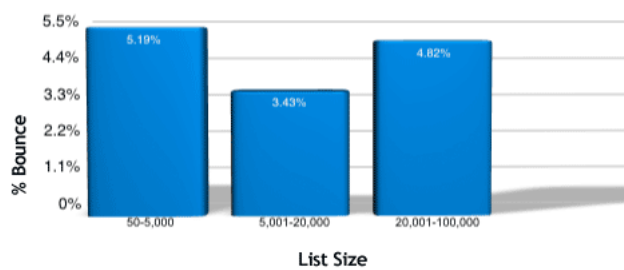
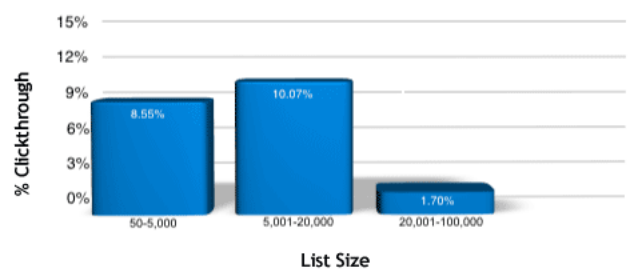
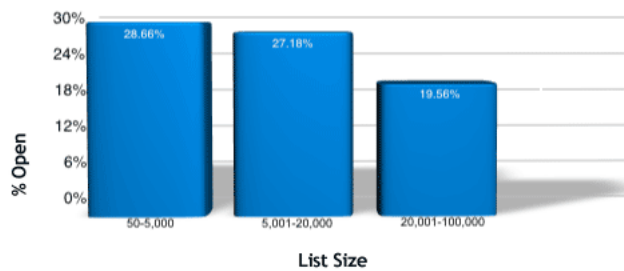
Sport / Fitness



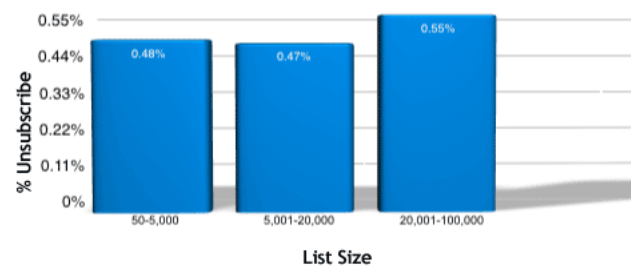
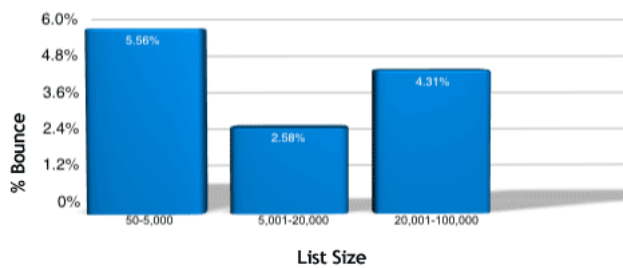
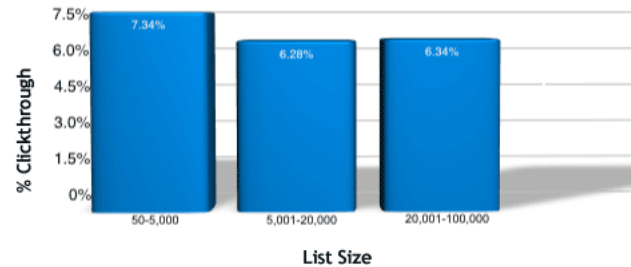
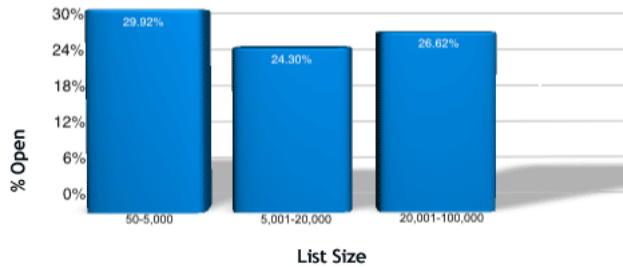
Life Coach



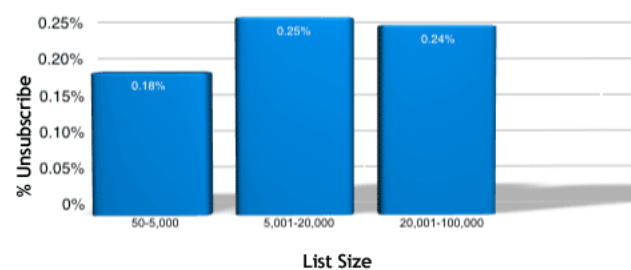
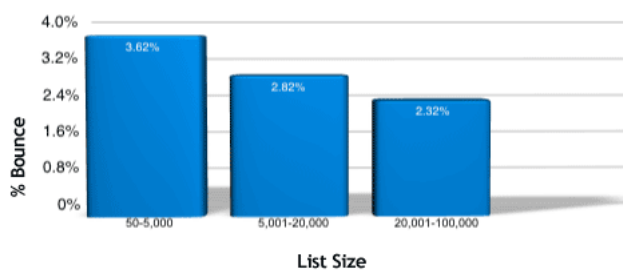
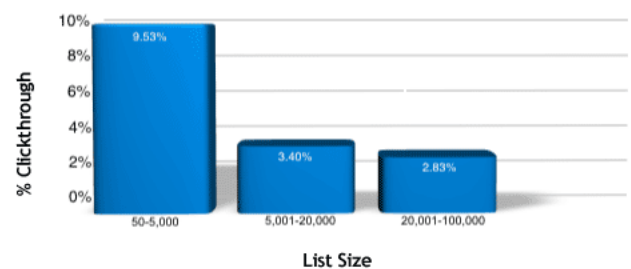
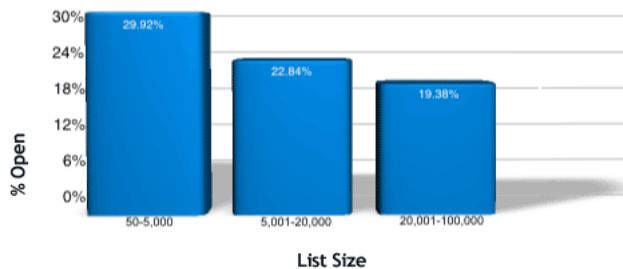
Web Designer



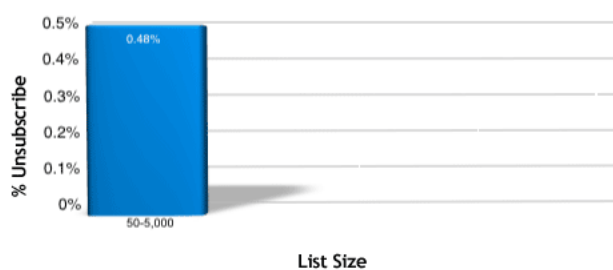
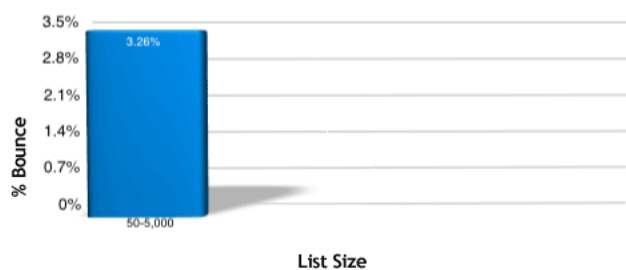
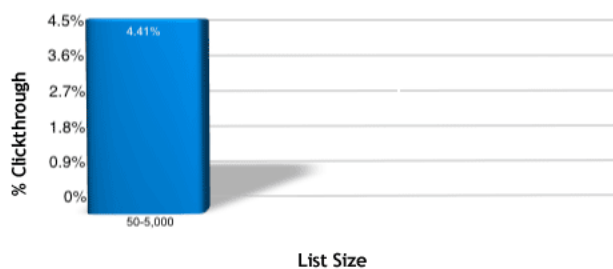
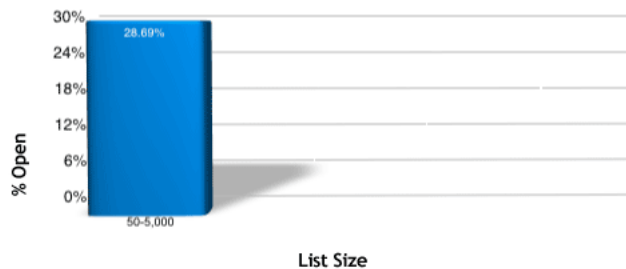
Hotel / Resort



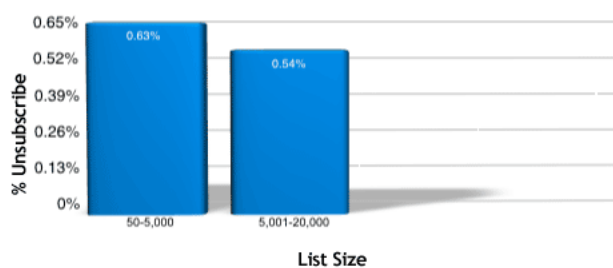
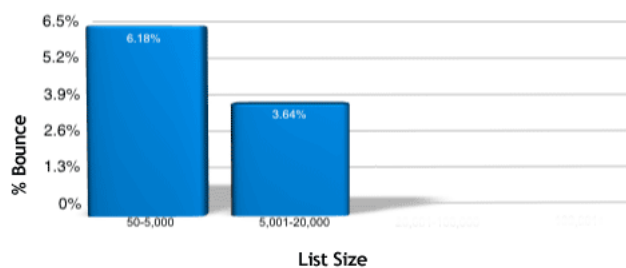
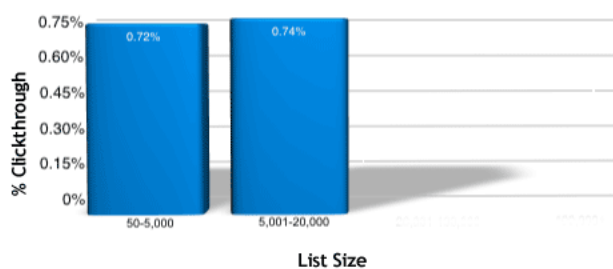
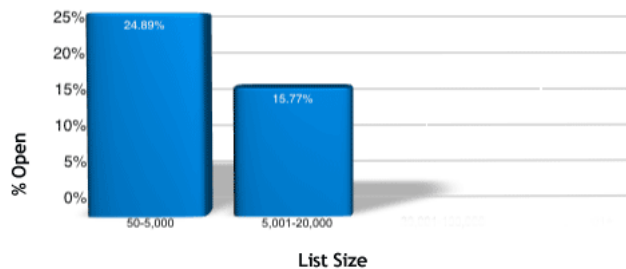
Real Estate - Commercial



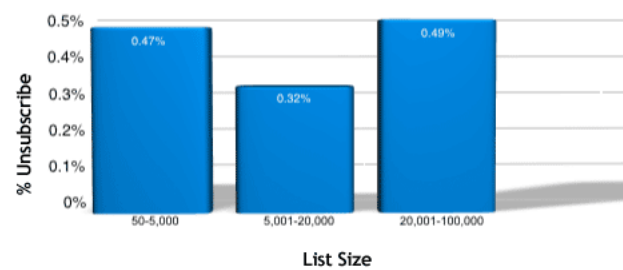
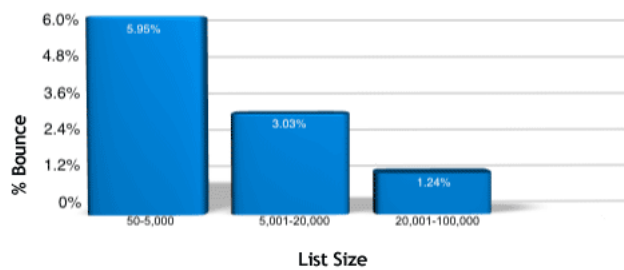
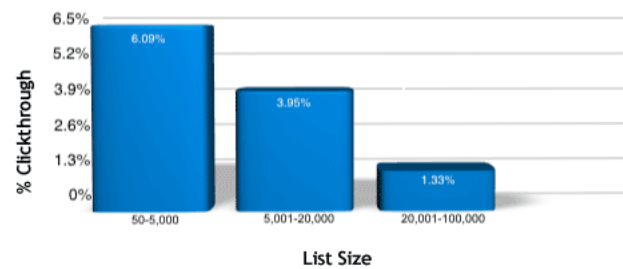
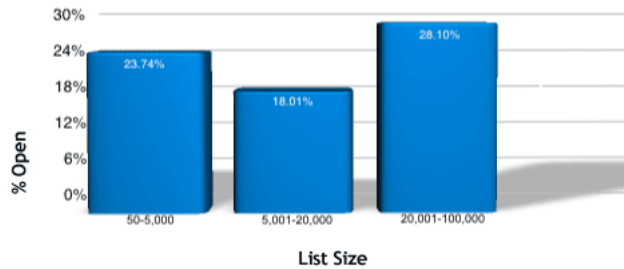
Restaurant / Bar



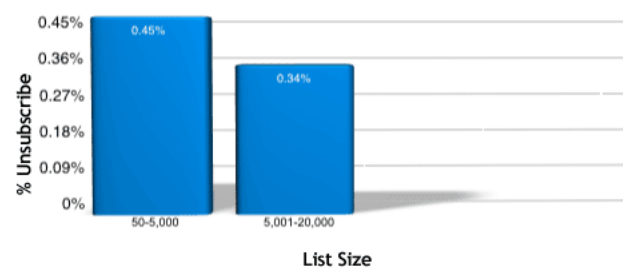
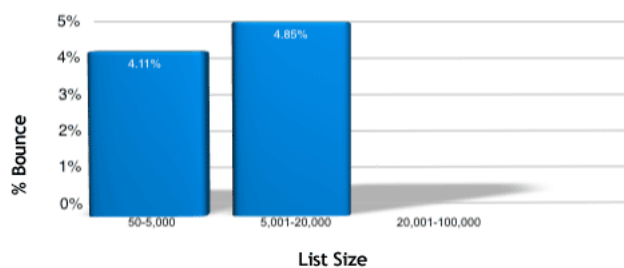
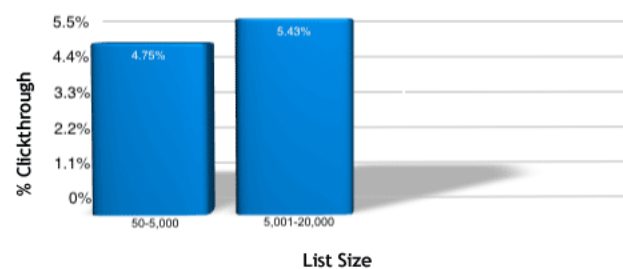
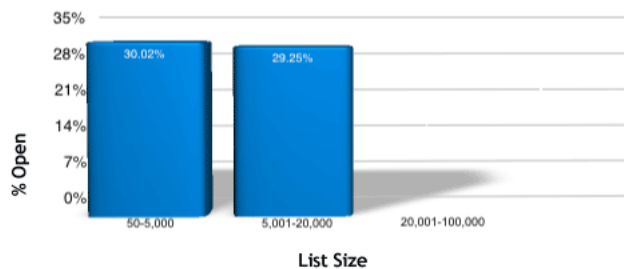
Political Candidate / Politician



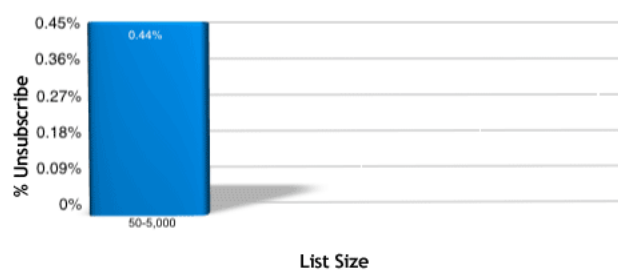
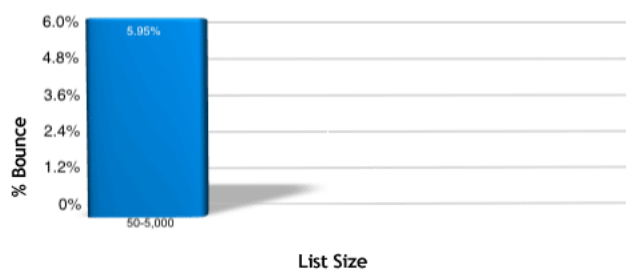
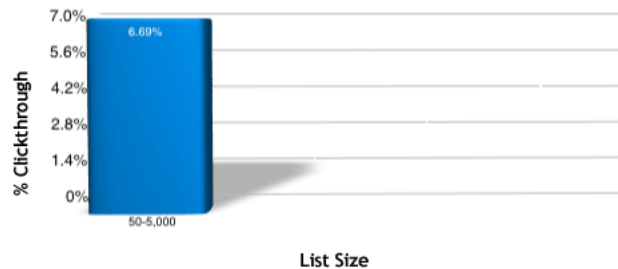
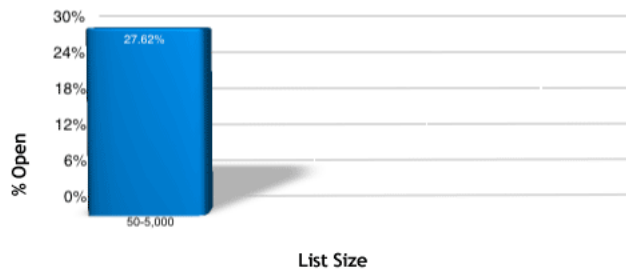
Construction



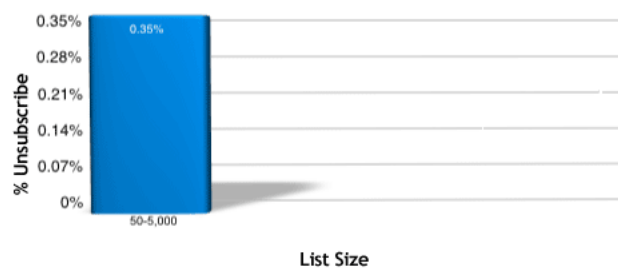
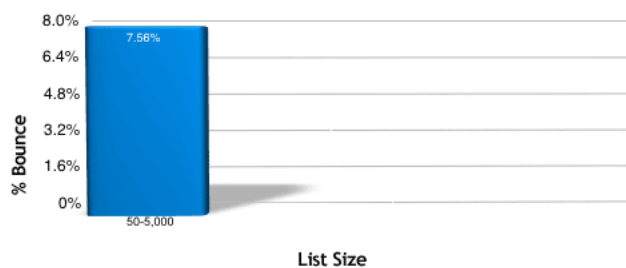
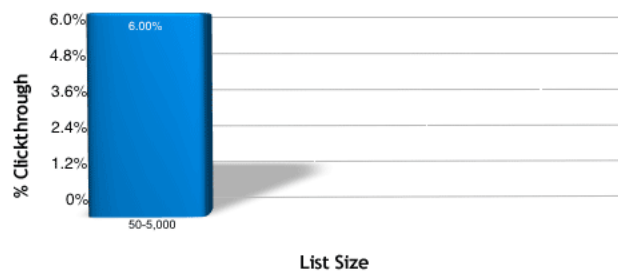
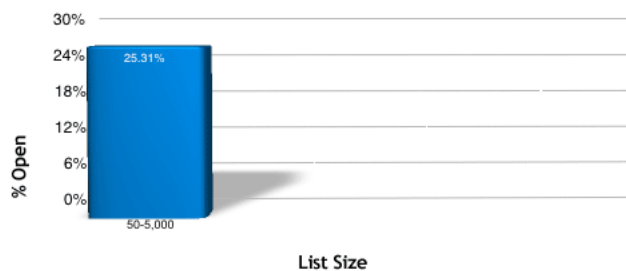
Transportation



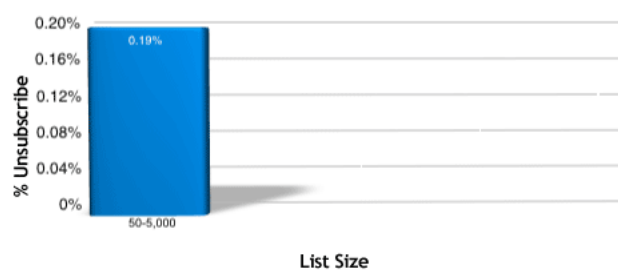
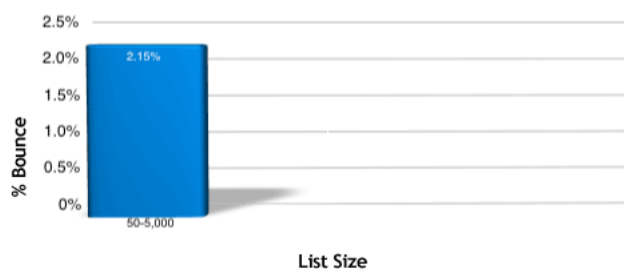
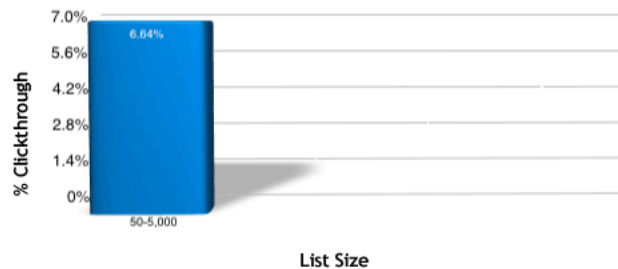
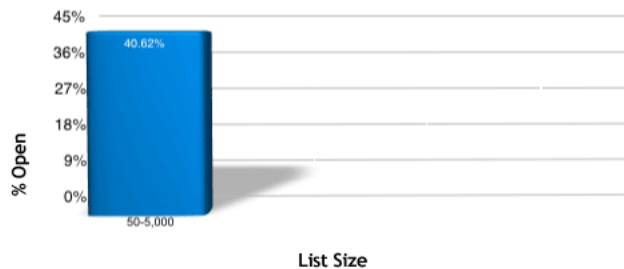
Art Gallery



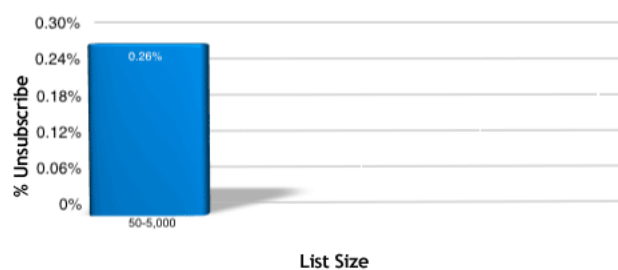
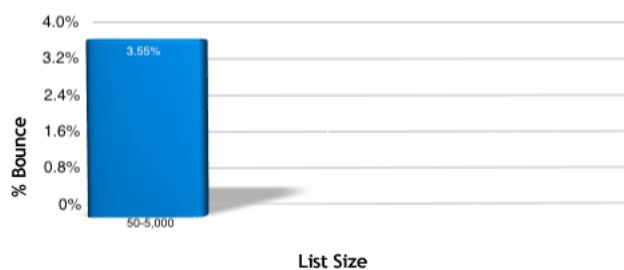
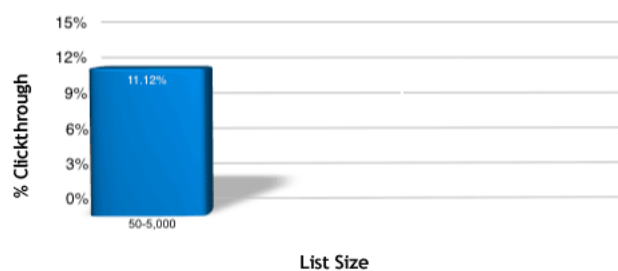
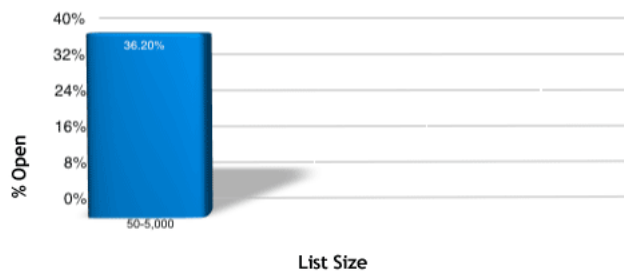
Agriculture Forestry & Fishing



Parish / Place of Worship



Public Administration



Conclusions

Simply put, there is no single magic number for evaluating campaign success across all types of emails, but looking at the results for companies of a similar size in a similar industry is informative as long as marketers remember to consider these other variables. Given this, when reviewing the data below, readers should be careful not to attribute too much significance to minor statistical differences and focus instead on the broad conclusions that can be drawn from large disparities in results. All the data presented here is based on the total number of emails sent and the average rates recorded.

With a customer base comprised of thousands of companies combining to mail hundreds of thousands of campaigns through the VerticalResponse system, we had plenty of material to review when analyzing performance results. Our extensive look at the data for the first quarter of 2006 yielded some interesting conclusions:

- Organizations that cater to enthusiasts such as art galleries, wineries, life coaches, fitness centers and religious establishments typically experienced the best results. This underscores the value of targeting the audience to make sure that your offering, whether it's informational, product-related or discount-oriented, appeals to the recipients' expressed interests.
- Smaller businesses with retail locations that foster a rapport with customers experienced better response rates. For example, companies with operations that lend themselves to intimacy, such as art galleries, real estate, restaurants and wineries generally performed better than companies in more impersonal industries or with a strictly online retail presence.
- Across the board it appears that the normal trend for click and open rates decrease as a list grows large. It may be because many smaller businesses tend to have closer relationships with their recipients so the open/click rates are trending higher and in some cases 30% higher. Some list segments had unusually higher click rates only because their campaigns were very successful. Some of these campaign examples were surveys with incentives that got forwarded multiple times which affected the click rates positively, others were very targeted with great information.

- In all but 5 industries the bounce rate tends to go down as a list grows. In these 5 industries the rate increases with a list sizes over 20,000. This could mean that some businesses in those industries have data input issues or may not email their list as frequently. In general all industry bounce rates for each list size seem close.
- In 16 out of 30 industries unsubscribe rates increase with the larger list sizes. This could mean that as lists grow to a certain size and businesses become less familiar with recipients and they may tend to unsubscribe over time. It also might mean that businesses are not targeting their campaigns enough to keep their recipients interested. Another reason might be that some of the businesses with these lists collecting data may not be using “confirmed opt-in” methods. This would bring this rate down quite a bit. An increase in attrition on larger list sizes is expected.