

# How Do Your Email Marketing Activities Stack Up?

## Compare Your Results to Bronto's New Industry Statistics

In this first of a series of ongoing quarterly reports, Bronto Software examines email marketing statistics across more than a dozen industries. Bronto compiles these statistics to provide marketers with valuable benchmark data, allowing them to measure their campaign results versus industry averages.

The Bronto Industry Statistics Report complements a new statistics site (<http://bronto.com/stats/>), which provides weekly updates to our email marketing statistics based on (trailing three-month data). Marketers, journalists and researchers now have access to the latest email marketing industry data to evaluate performance and identify emerging trends.

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Industry	% Delivered	% Opened	% Clicked
Advertising/Marketing	95.8%	21.4%	3.5%
E-Commerce/Retail	97.8%	17.2%	3.9%
Education	91.1%	20.5%	4.2%
Financial Services	94.1%	26.4%	3.3%
Government	96.6%	34.9%	6.4%
Healthcare/Insurance	95.5%	36.1%	6.2%
Legal Services	95.3%	28.1%	5.3%
Manufacturing/Distribution	96.7%	36.7%	3.4%
Non-Profit/Association	96.5%	34.2%	5.6%
Publishing/Media	97.1%	26.3%	5.8%
Real Estate	96.1%	28.7%	3.1%
Services/Consulting	93.9%	31.3%	8.8%
Technology	89.4%	23.7%	2.7%
Travel/Hospitality	94.7%	34.4%	5.8%
<b>Weighted Average</b>	<b>95.5%</b>	<b>24.2%</b>	<b>5.0%</b>

### Bronto Industry Statistics for the Three Month Period Ending November 20, 2005



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The Bronto Industry Statistics Report was drawn from a sample size of over 20 million emails sent during the three-month period ending November 20, 2005. Bronto aggregated this data to calculate the statistics for over a dozen industries using a methodology described in “The Science Behind the Math” in the appendix.

In presenting the results, Bronto organizes the report according to the progression through a typical mailing’s activities (delivered, opened, clicked). For each activity, we assessed the impact of three key drivers on a mailing’s success: list quality, relationship quality and call to action quality). Bronto found some interesting takeaways, which could impact your results and how you communicate with different industry audiences.

#### **% Delivered = Quality of Lists**

In the early stages of executing an email marketing campaign, marketers face the challenge of getting their messages delivered. Keeping email contact lists up-to-date and navigating Internet service providers and corporate email systems can prove to be daunting.

From our industry statistics, Bronto finds that marketers across most industries

have been successful at email delivery. Our industry statistics show an average delivery rate (% delivery) of 95.5%, indicating that organizations put a high value on list management practices. In speaking with customers, Bronto finds many activities contribute to successful delivery rates. Some include:

- Defining processes for collecting email addresses through an organization’s web site and regular marketing activities
- Encouraging subscribers to add a sender’s email address to their address books
- “Cleaning” lists regularly to remove chronic non-responders and repeated bounced email addresses
- Enabling subscribers to update their own contact information
- Integrating offline activities like direct mail (post cards) to update invalid email contacts

While there has been considerable success with email delivery, Bronto’s industry statistics indicate that

there still remain challenges. Two specific issues jumped-out at us.

- **Turnover:** In industries where the audience is constantly changing, email delivery can prove difficult. Our statistics show that the Education industry with its 91.1% delivery rate is a good example of this. Universities, secondary school systems and executive education programs all face a persistent turnover in students, educators and administrators. Marketers facing this situation and similar ones need to prioritize list management activities and implement best practices such as those listed above.
- **Email filters:** Another challenge facing many industries, but most importantly the Technology industry is email filtering. Bronto’s industry statistics indicate that technology companies on average realize lower (89.4%) delivery rates. Marketers communicating with more technically savvy audiences need to be up-to-speed on delivery best practices and work diligently to establish relationships (and address book real estate) with their email audience.



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## **% Opened = Quality of Relationship**

After getting past the delivery hurdle, marketers face the challenge of convincing their audience to open and read their email communications. This challenge is magnified by the fact that measuring opens can be difficult. Emails involving text messages, turned off images and email filters will potentially go untracked, leading to deceptively low open rates.

Bronto's industry statistics highlight these challenges. They show that on average only 24.2% of messages are opened in comparison to 95.5% being delivered. To maximize open rates, Bronto recommends that marketers focus on building QUALITY sender-recipient relationships.

Here are some considerations:

- **Relevancy:** Regardless of the industry, marketers can optimize their open rates by striving to increase the relevancy of their communications. Bronto finds that creating targeted and localized messages lead to better open rates. This can be accomplished through activities like segmenting email lists according to important criteria such as demographics, location, interests, purchases to name a few.

- **Personalization:** Hand in hand with relevancy goes personalization. This can range from the simple (swapping in personal contact information like "Dear Charles") to the complex (using dynamic content to send personalized versions of messages to each recipient or strategically targeted segments)
- **Conversations:** Another technique for strengthening email relationships is to initiate a two-way conversation using surveys, polls and other embedded forms. This approach provides your subscribers an outlet for voicing their opinions and gives them a stake in the next email communication.

In addition to the overall challenge of improving open rates, there are industry challenges to consider. In looking at the statistics, Bronto notices that open rates for the E-Commerce/Retail industry were a low 17.2% compared to the 24.2% average. We hypothesize that many organizations in this industry sell consumer ("B2C") products and have a difficult time building strong relationships, as well as, measuring their open rates. Given the transactional nature of these sales and the number of players in the industry, we don't find it surprising for this segment to have open

rates considerably lower than the average.

In comparison, there were several industries that exceeded the overall average. Healthcare/Insurance and Manufacturing/Distribution posted higher open rates at 36.1% and 36.7% respectively. We conclude that companies within these industries have the potential to build stronger relationships. Healthcare firms like hospitals and wellness centers communicate very personal, health related content, enabling them to more easily procure reader mindshare. While manufacturing and distribution organizations operate more in the business-to-business environment where relationships have revenue implications.

## **% Clicked = Quality of the "Call to Action"**

With an email successfully delivered and opened, marketers have the opportunity to deliver content to the audience AND trigger actions. Marketers spend considerable energy designing the layout of their email communications to clearly present content and drive specific actions.

Bronto looks at the "% clicked" statistic as a gauge of success with these calls to action. Our Report shows that on average 5% of recipients click



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on links within their messages.

In looking at Bronto's industry statistics, a few industries stand out as having high % clicked through rates- Healthcare/ Insurance (6.2%), Services/Consulting (8.8%), Travel/Hospitality (5.8%) and Publishing/Media (5.8%). Bronto speculates that industries like these are compelled to constantly evolve email design layouts and strategically place links within their messages.

In particular, the Publishing/Media industry, which relies heavily on email newsletters, provides good lessons for email design. Most newsletters and online publications include a link for every article or story. In addition, Publishing/Media newsletters follow the "above the fold" newspaper format of placing the most important content from top to bottom. This format creates a "snapshot" of the most important links in the email browser preview window.

### Summary

Bronto sees several important takeaways from our industry statistics. First, in looking at the three tracked metrics, it appears that most industries have been successful at optimizing their delivery

rates. Over the past several years, companies have instituted sound list management practices to the point where on average, 95% of messages get through.

The same cannot be said for open rates. These statistics show that it is increasingly challenging for organizations to establish strong relationships with recipients. In addition, marketers have difficulty measuring open rates for a number of technical reasons. In looking at the overall average open rate of 24%, marketers should realize that this is a conservative estimate due to the measurement challenges. Bronto views personalized, relevant content developed through segmentation to be the key for success in optimizing open rates.

As for the third metric, Bronto sees marketers increasingly focusing their attention on calls to action. With an average 5% clicked, there is considerable room for growth. Today, marketers are focusing on email design and adding strategically placed links to drive their calls to action.

We are excited to release this first quarterly industry statistics report. In speaking with marketers across a host of industries,

there is a real thirst for timely, industry specific email marketing statistics. Bronto hopes that this report and those that follow quench that thirst and provide timely data for benchmarking your organization's performance. Please visit our Industry Statistics page for weekly updates – <http://bronto.com/stats/>.

### About Bronto

Bronto Software is a leading email marketing software company with clients across North America and Europe. Bronto was founded in 2002 by two former Red Hat executives and is headquartered in Durham, North Carolina. Organizations use Bronto's web-based software to manage email contact lists for sending email newsletters, email surveys and other communications. For more information, please visit <http://bronto.com>.



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## APPENDIX – The Science behind the Math of the Industry Statistics

### What type of mailings make up these results?

- Mailings sent to more than 10 recipients.
- Mailings of current customers according to when the report was run.
- Only the recipients that received the HTML version of a mailing were counted in the number sent. Recipients of text-based messages were not counted because of the limitations in tracking text-based messages.

### How are the delivery, open and click-through rates calculated?

All the rates are based on the number of messages sent.

### What is the delivery rate?

The delivery rate is the number of messages bounced minus the number of messages sent divided by the number of messages sent. Both hard and soft bounces are included in this calculation.

### Why are the open rates so much lower than the delivery rates?

Opens are tracking when a small image in the messages is displayed while the recipient views a message. It is more common these days for the email programs of message recipients to have images turned off by default. This makes it difficult to accurately tell whether a message is being opened or not. For this reason, the open rate should be viewed as a minimum and used not in absolute terms but rather in relative terms to other like statistics. (e.g., comparing the open rates of all industries for a given period of time.) In many cases, HTML and text versions of a message are sent concurrently in a format called Multi-part/Alternative. In the system, these are marked as HTML messages since it is assumed that the recipient will view the HTML version. However, the recipient might have an email client that prefers the text version (e.g., Blackberry, Cellphone, UNIX-based email clients) and hence the system would not be able to track if it were opened.

### Does tracking click-throughs have similar limitations to tracking opens?

No. Click-through works differently and is

a fairly accurate indicator to the number of recipient that clicked on a specific link.

### Are there any other limitations?

The rates only count the intended recipient. For example, if a message goes to Sally and Sally decides to forward the message to ten of her friends then the messages is counted to having being sent to one person, and opened by one person. If Sally and all her friends click on a particular link in the message then only one click-through would be recorded. In our experience, since less than 5% of messages are forwarded, this could potentially increase the open and click-through rate by 5% (e.g., an increase of an open rate of 27.2% by 5% would make it roughly 28.5%.)

### Are these unique or absolute values?

These are unique values, which means that if one recipient opens a message twice then they are counted only once for the purposes of this calculation. This is a more conservative and accurate way to measure such things.

