



Email Marketing Metrics: Optimizing your Goals, Benchmarks, and Statistics

By Megan Ouellet, Director of Marketing • Listrak, LLC • May 25, 2007

More and more companies are embracing email marketing as it provides a way for marketers to communicate important company news to their subscribers immediately and inexpensively. Plus, unlike other direct marketing initiatives, email marketing provides an easy way for marketers to track deliverability, set benchmarks, and generate reports on subscribers' usage and response. And, because many email marketing products are now integrated with web analytics packages, such as Google Analytics, the amount of information available to marketers is greater than ever before. While this is great news for marketers, it can be somewhat confusing at first.

Currently, there is no standardization in the email marketing industry for measuring and reporting on metrics. However, in April of this year, the Email Measurement Accuracy Coalition was formed to establish consistent methodologies in calculating email marketing metrics. This is good news for email marketers as email service providers all have their own way of tracking results.

Recently, the Email Experience Council, a member of the EMAC, conducted a study of 329 mailers and 25 email service providers and they found that companies use conflicting metrics when it comes to delivery, open, and click-through rates. It also found inconsistency in bounce data provided by ISPs, corporate domains, and other email receivers, as well as inadequate bounce management and confusion surrounding the key processes effecting deliverability. Most alarmingly, the survey also found a discrepancy in the definitions that each ESP applies to the metrics. So not only are they tracking them differently, they have a completely different view on which each metric means.

As a marketer, you depend on these numbers to determine subscriber preferences so your future campaigns are relative,

informative, and delivered in the way that best suits your customers. You also depend on these numbers to determine the effectiveness of each campaign as well as your return on investment.

Listrak, an award winning provider of email marketing services, has put together the following white paper to help you learn how to set practical goals, track campaign results correctly, build effective benchmark reports, and increase your overall results using the statistics collected through each campaign.

Know Your ESP

Until the standards are in place, it is of utmost importance that you know how your email service provider tracks results, and you must be sure to track the same data in the same way across every campaign in order to get an accurate comparison. Or, at the very least, you must be sure that you completely understand the measurement of each metric so you can make a true "apples to apples" comparison.

For example, if you are tracking the number of emails that were delivered from a particular campaign, you must know how your ESP counts a message as being delivered. According to the Email Experience Council, 11 percent of ESPs count every single message that was sent as being delivered. Another 63 percent, including Listrak, subtract the total number of failed messages (hard and soft bounces) from the total number of emails sent to provide more accurate results. However, there are additional programs available that can also track the number of messages that are filtered by ISPs or delivered to recipients' junk mail folders. Only 10 percent of ESPs have integrated these programs at this time, though.

As you can see, the numbers for each method would be drastically different, and in order to track your exact deliverability rate, you must know how your ESP calculates this metric as every other metric is based on this number.

It is not just deliverability that is calculated differently. ESPs also differ in the way they determine the number of emails sent. Some ESPs, like Listrak, count the number of unique email addresses the email was sent to while others count the number of attempts made to deliver the message to each address. If you sent an email to 5,000 subscribers, the number of emails sent could be 5,000, or it could be 15,000 if it took three attempts to each subscriber before the message went through. For accuracy, you should only count the number of unique email addresses your message was delivered to. However, be sure to find out which method your ESP uses because you might be charged per email send and the numbers can quickly grow out of control if you are paying to send messages two or three times.

Another major metric that causes confusion is the click-through rate. 42 percent of ESPs, including Listrak, calculate the click-through rate by dividing the number of unique subscribers that clicked on the message by the total number of emails delivered. 25 percent calculate it by dividing the number of unique subscribers that clicked on the message by the total number of subscribers that have opened the message. And another eight percent calculate it by dividing the number of unique subscribers that clicked on the message by the total number of emails that were sent. However, as we just learned, the number of emails sent and the number of emails delivered are calculated in different ways, too. Because all of these numbers are used in accordance with one another, you must know how each number is calculated in order to receive accurate results.

While it is easy to see how the numbers can quickly spiral out of control, all hope is not lost. If you are using an ESP, you can rest assured that the numbers will be calculated in the same way with each email campaign you send, which means that you will be comparing the results that were generated in the same way. You simply have to work with your ESP to learn how they calculate their results in order to achieve the most accurate data as possible.

It is also very important for you to build your own benchmarks instead of relying on industry data. If you read a report stating that the average open rate for email campaigns in your industry is 20 percent and the average click-through rate is three percent, you should not hold yourself to those standards. Not only could there be a discrepancy in the way you and the other companies are calculating results, but each company has its own way of sending emails. Some use a very targeted, dynamically-driven approach while others just send a general broadcast email to all of their subscribers at once. These different approaches garner much different results. The only way to gauge the effectiveness of your campaigns is to track them against your own benchmarks, which we will discuss later in this paper.

What Metrics to Measure

First, it is important to know which metrics you should measure for each email campaign. Keeping in mind that each ESP has different ways to measure these numbers, here is a list of the metrics that matter most.

Delivery rate: According to a report by ReturnPath, up to 22 percent of all permission-based emails are not delivered to the intended mailboxes. This is an astonishing number that affects every other campaign metric, but many companies

do not realize that their number of undelivered emails is this high because they only monitor specific metrics such as hard and soft bounces. While this is important information to track, it does not account for the emails that are delivered to a junk mail folder or filtered by ISPs. To accurately track your deliverability rate, you must account for all of these things.

Abuse report rate: Many email clients allow users to report a message as spam without even opening the message, even if the user has subscribed to your list and has requested to receive emails from you. You should monitor this metric very closely as a high spam rate will ruin your reputation and will cause severe deliverability issues in the future.

Read rate: Read rate differs from open rate and some email marketing tools do not measure the difference even though it is substantial. The open rate tracks emails that were viewed in the preview screen of an email client as well as emails that were opened just to be immediately deleted or closed. The read rate tracks emails that were opened and remained open for five seconds or longer, giving the reader time to at least scan the email to see if any headlines capture their attention. While five seconds might not seem like a great amount of time, it is almost twice as long as the general marketing standard of three seconds. Measuring the read rate instead of the open rate will give you a more accurate impression of the number of subscribers that are viewing the information in your email campaigns.

Unsubscribe rate: With every email that you send, a number of recipients will unsubscribe to your list. However, it is imperative that you closely monitor the number of recipients that opt-out of your list as it could be a sign that your emails are not relevant to your subscribers. You should measure your unsubscribe rate with every email you send and monitor it over time. That way, you will notice any spikes in your unsub-

scribe rate and you will be able to take action immediately.

Forward rate: Many email service providers offer an easy way for subscribers to forward the email to a friend or colleague. This feature is a great way to expand your marketing scope and reach customers you might not have found through traditional marketing methods. When tracking the forward rate, it is important to look at the overall number of forwards as it confirms that you are sending relevant, interesting messages. However, it is more important to capture the email addresses that your subscribers forward the messages to. That way, if the person converts you will know the exact marketing source that generated the business.

Click-through rate: The click-through rate is extremely important as it measures the relevancy of your email offering. However, it is not a measure of end-goal conversion and it should not be treated as such. When tracking this number, you must count the number of unique click-throughs instead of the overall number of click-throughs as it will give you a false impression and could lead you to make assumptions about your campaigns that are not true.

Goal Conversion rate: Integrating web analytics with your email marketing tool gives you an easy and quick way to track the metric that matters most – goal conversion. Google Analytics allows you to set four different goals (such as brochure download, customer representative contact, online demo, and online sale) and, when used in accordance with email marketing, you can track the individual subscribers that clicked-through your campaign to see which ones converted by completing your end goal. This measures the exact success rate of each email campaign. To learn more, read Listrak's white paper [Using Google Analytics to Increase Reporting Capabilities of Email Marketing Campaigns and Boost Relevancy and Response](#).

Return rate: Because web analytics allows you to tie goal conversation back to a specific email address or campaign, it is easy to measure the metrics that directly affect your bottom line, such as revenue per subscriber and return per email campaign. To figure out what your return is, take the total amount it cost you to create your message, including costs for designers, programmers, and other members of the creative development team. Next, add it to the cost per message fees you are incurring from your ESP. If your ESP charges for undelivered messages, include these fees in your total costs. Finally, divide the total number of emails sent by the total costs and you will have the cost per message. Knowing what it costs to send each message will help you determine what your overall return on investment is. From there, you can break it down to revenue per subscriber and return per email campaign.

How to Build Effective Benchmarks

There are three different tiers of email marketing benchmarks, horizontal, vertical, and historic. Horizontal statistics are gathered from industry groups, such as MarketingSherpa, or analysts, such as the Gartner Group. They survey hundreds or thousands of companies and millions of emails to gather, interpret, and produce email marketing data across industries and scopes. Vertical statistics compare data across one industry and sometimes even go so far as comparing data between like campaigns. While these first two methods provide useful information on the data collected from other companies, this information should only be used as a high level guide and not as a standard that you must hold yourself to.

The third tier, however, is based on your internal historic data gathered from actual campaigns you created and deployed. These benchmarks are an average of your campaign data over time and they give you unequivocal proof that your cam-

paigns are either over- or under-performing.

To build your benchmarks, you must first identify the areas you want to study, such as the growth rate of your subscriber base or your conversion rates. Next, you must specifically define how you will gather information, select a control group, and determine the amount of time to conduct your study. Finally, you must research key factors and variables you will use to measure the benchmarks.

For example, if you are benchmarking your subscriber growth rate per month, you must determine your growth strategy and you must closely monitor the rates that subscribers are opting in and out of your email list. The first two weeks of the study should be used to simply monitor the amount of people that naturally opt in or out of your list, without any marketing pieces or other outside influences that could cause spikes in the data. This will give you a good idea of the number of subscribers and unsubscribers that you could expect on a normal business day.

The third week of the study should include an announcement or email newsletter so you can gauge the spike in subscriptions and opt-outs. The final week of the study should include a special offer for contacts that forward the email to a friend to encourage them to sign up. These two weeks will give you the data you need to compare the results from the first two weeks where data was gathered naturally. Analysis of these figures will allow you to accurately set your benchmarks.

It is important to remember that benchmarks are not static; they are always changing and must be monitored, reviewed, and updated continuously. Outside factors, such as the time of year, can greatly affect these numbers. As you build subscriber profiles and generate campaigns that are tailored

to specific groups rather than your entire list, the benchmarks will help you quickly realize the campaign tactics that work best.

Knowing what your benchmarks are for the metrics that directly affect your budget, profit, and business processes will help you make accurate projections for future campaigns.

How to Set Realistic Goals

Setting accurate goals prior to deploying an email campaign will streamline your costs and increase your return on investment. Email marketing goals should fit into your overall business objectives, and they must align with previous performance rates and benchmarks in order to remain reasonable and achievable.

The goals of your campaign should be incremental to the results from your previous campaign, taking into account your list growth, conversion rate, and return. These goals should be used to determine the necessary logistics and to put everything in place to manage the responses. This includes scheduling the appropriate staff members to be available during the campaign launch, having the correct amount of inventory on hand to accommodate the expected response rates, ensuring websites and landing pages are updated and servers can handle the high increase in traffic the day of the launch, etc. Having these items in place will ensure that your email campaign is a success.

If you do not achieve your goals with a particular campaign, you must analyze the results to find out what went wrong. If your click-through rate was up but your conversion rate was down, you can pinpoint the problem to the landing page. After all, subscribers were interested enough to click-through

your email to learn more, however, the landing page was not engaging enough to convert the subscriber. This information will help you build even greater, more relevant campaigns in the future.

About Listrak

Listrak is a leading provider of hosted email marketing software, allowing permission-based marketers to manage, send, track and grow their email marketing investment. We deliver email marketing intelligence through our intuitive web-based application. Leading marketers have come to rely on this intelligence to better manage email in their multi-channel marketing mix.

Listrak software helps companies, agencies and associations better manage customer relations in their marketing campaigns. Its web-enabled interface helps marketers engage their customers using an advanced profiling and personalization engine. Listrak's world-class support and professional services assist clients with enterprise integration. Its clients include L'Oreal, Motorola, Jeep, Pearle Vision, PR Newswire, The Islands of the Bahamas, and the Pennsylvania Department of Health.

To learn more about the many ways Listrak can strengthen your email marketing campaigns, or to sign up for a 20-minute web-based tour, visit www.listrak.com.