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Q3 2013 Executive summary
The following report details the overall email marketing trends for the third quarter of 2013 as well as the key performance indicators (KPIs) that shaped the success of Experian Marketing Services clients’ email programs over the past two years.

Email volume rose by 12.7 percent in Q3 2013 compared to Q3 2012.

• Unique open rates were up year-over-year by 6 percent.

• Unique click rates remained at 2.3 percent as they had been in Q2 2013, but this was a decline from the 2.7 percent seen in Q3 2012.

• Revenue per email was $0.09 in Q3 2013 compared to $0.11 last year. However, average order values rose 4.9 percent year-over-year.

This month in the spotlight on section we look at transactional emails:

• Transactional emails are a vital part of the customers’ experience with a brand. Including the brand name in the subject line of shipping confirmation emails boosted open rates by 7 percent.

• Personal connections matter. Transactional emails that personally addressed the customer in the body of the email had 23 percent higher click rates.

• Transactional emails can lead to repeat sales. Order confirmations with cross-sell sections enjoyed transaction rates that were 54 percent higher than order confirmations without cross-sells.
A spotlight on: Transactional emails

There is no question that producing a sale is the ultimate goal of most email marketing campaigns. Rather than being an endpoint in the customer journey, the “sale” can be the beginning of a series of engaging emails that enhance and add value to the customer purchase experience. This can be achieved through transactional email programs that provide each customer with a seamless experience and personalized content, in addition to providing brands with opportunities for repeat sales, upsells and cross-sells, as well as ongoing customer loyalty.

When analyzing best practices for transactional emails, Experian Marketing Services studied triggered/automated mailings from seventy-one (71) brands over a period of thirteen months (March, 2012 – March, 2013). The types of mailings analyzed included order, shipping, and return confirmations, as well as order cancellations.

Key features

Brand name in subject lines

One of the first tactics identified when studying transactional emails, was the inclusion of a brand’s name in the subject line. Use of this tactic varied greatly, as some brands included their name, others did not (“your brand x order has been received” vs. “your order confirmation”).

For order confirmations, order cancellations and return confirmations, we found only minor differences (+/- two percent) in unique open rates with or without the brand name included in the subject line. For shipping confirmations, however, mailings with the brand name in the subject line had a 7 percent increase in unique open rates (47.6 percent with brand names and 44.4 percent without). As shipping always occurs a period of time after the order has been placed, including the brand name may allow customers to identify the shipping notice they have anxiously been waiting for more easily than the more generic subject lines.

Product information

It is an industry standard that transactional emails include information specific to products the customer purchased. Just as we reported in our 2013 Q1 benchmark report which spotlighted e-receipts, transactional emails that enhance this basic information with other features usually benefit from greater customer engagement and more repeat sales.
More clicks were received by transactional emails that featured:

<table>
<thead>
<tr>
<th>Percent increase</th>
<th>Sample</th>
<th>Unique click rates</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Personalization</td>
</tr>
<tr>
<td></td>
<td></td>
<td>With</td>
</tr>
<tr>
<td>Personalization in the body of the email</td>
<td>↑ 26% “Dear ______”</td>
<td>8.8%</td>
</tr>
<tr>
<td>A navigation bar</td>
<td>↑ 23% Women</td>
<td>Men</td>
</tr>
</tbody>
</table>

**Order tracking links**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th>Unique click rates</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>11.6%</td>
</tr>
<tr>
<td>Order confirmations</td>
<td>↑ 46% “Check order status online”</td>
<td></td>
</tr>
<tr>
<td>Shipping confirmations</td>
<td>↑ 62%</td>
<td></td>
</tr>
</tbody>
</table>

Source: Experian Marketing Services

**Tip: Loyalty programs**

Order and shipping confirmations are also potential sources for acquiring loyalty program membership. Click-to-open rates were higher for both order and shipping confirmations that included invitations to join loyalty programs (26 percent higher for order confirmations and 16 percent higher for shipping confirmations compared to the same mailing types without any mentions of a loyalty program).
Upsell and cross-sell opportunities

Although customers have just made a purchase, transactional emails are a great means of obtaining a repeat sale. The highest transaction rates were seen in those emails that included upsell or cross-sell sections.

Mailings with cross-sell sections had higher transaction rates

<table>
<thead>
<tr>
<th>Service</th>
<th>Without cross-sell</th>
<th>With cross-sell</th>
</tr>
</thead>
<tbody>
<tr>
<td>Order confirmation</td>
<td>0.65%</td>
<td>0.97%</td>
</tr>
<tr>
<td>Shipping confirmation</td>
<td>0.47%</td>
<td>0.51%</td>
</tr>
<tr>
<td>Return confirmation</td>
<td>0.33%</td>
<td>0.60%</td>
</tr>
</tbody>
</table>

Source: Experian Marketing Services

Based on transaction rates, the best cross-selling results were achieved by emails that had **dynamic product personalization**, offering products chosen for each customer.
With language addressing the customer, such as "our picks for you" or "for your next order you may want to consider," personalized mailings captured the attention of customers and exhibited transaction rates that were 49 percent higher than transactional emails with static cross-sell items (transaction rates of 0.93 percent for dynamic cross-sells and 0.62 percent for static cross-sells).
Tip: Password reset

One often overlooked transactional email is the password reset response when a customer indicates they have forgotten their password. Instead of sending a bare bones, text-only message, consider including cross-sell items.

Remember, customers generally ask for new passwords when they are ready to make a purchase and this gentle nudge can help you achieve higher transaction rates.

Password reset emails that included cross-sell items had a 93 percent higher transaction rate than those without cross-sell items (8.9 percent with cross-sells and 4.6 percent without cross-sells).

Optimize your transactional emails

Transactional emails are a standard component of most e-commerce programs. By optimizing the features of these emails, brands can generate incremental revenue and increased customer loyalty.

- Test subject lines with and without your brand name (particularly on shipping confirmations) in order to determine which ones provide the best open rates.

- Use transactional emails to invite new customers to subscribe to your email list and enroll in your loyalty program.

- Address customers by name to personalize the transaction.

- Include links for order tracking to boost clicks and provide a better customer experience.

- Include upsell or cross-sell features and use dynamic content for customer specific product offerings to reflect the personal preferences of your customers.

- Be sure to comply with the CAN-SPAM Act and be certain that promotional items are not the main feature or called out in the subject line of any transactional email.
Below is a complete set of metrics for the transactional email types discussed in this report.

**Transactional email metrics**

Transaction email study, March 2013-March 2013

<table>
<thead>
<tr>
<th>Mail type</th>
<th>Total open rate</th>
<th>Unique open rate</th>
<th>Click to open</th>
<th>Total click rate</th>
<th>Unique click rate</th>
<th>Trans. to click</th>
<th>Trans. rate</th>
<th>Rev. per email</th>
<th>Ave. order</th>
<th>Bounce rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Order confirmation</td>
<td>146.3%</td>
<td>46.7%</td>
<td>19.0%</td>
<td>15.7%</td>
<td>8.9%</td>
<td>31.5%</td>
<td>.99%</td>
<td>$0.78</td>
<td>$112.55</td>
<td>3.0%</td>
</tr>
<tr>
<td>Order cancellation</td>
<td>145.2%</td>
<td>50.3%</td>
<td>21.6%</td>
<td>15.5%</td>
<td>10.3%</td>
<td>28.6%</td>
<td>1.86%</td>
<td>$3.17</td>
<td>$165.14</td>
<td>2.9%</td>
</tr>
<tr>
<td>Password reset</td>
<td>100.1%</td>
<td>49.5%</td>
<td>19.9%</td>
<td>14.4%</td>
<td>9.5%</td>
<td>135.1%</td>
<td>3.17%</td>
<td>$6.15</td>
<td>$173.34</td>
<td>1.1%</td>
</tr>
<tr>
<td>Return confirmation</td>
<td>129.7%</td>
<td>50.1%</td>
<td>11.2%</td>
<td>8.7%</td>
<td>6.0%</td>
<td>15.2%</td>
<td>.37%</td>
<td>$0.69</td>
<td>$177.32</td>
<td>2.0%</td>
</tr>
<tr>
<td>Shipping confirmation</td>
<td>149.4%</td>
<td>44.6%</td>
<td>49.3%</td>
<td>25.8%</td>
<td>13.6%</td>
<td>13.4%</td>
<td>.64%</td>
<td>$0.59</td>
<td>$104.80</td>
<td>2.4%</td>
</tr>
</tbody>
</table>
Q3 2013 benchmarks

Year-over-year volume comparison

The following benchmarks report on the year-over-year (YOY) trends for the third quarter of 2013 compared to the third quarter of 2012. This quarter email volume rose by 12.7 percent compared to the same quarter last year (Q3 2012).

Volume variance by industry – Q3 to Q3 (2013 versus 2012)

- Similar to Q2 2013, catalogers had the highest gain in volume, as ninety percent (90%) of brands increased mailings in Q3 2013.

- Almost half of business products and services brands had a year-over-year decrease in volume.

- Seventy percent of multi-channel retailers had increased year-over-year volume, as did 57 percent of publisher brands.
- Except for the business products and services category, there was little change in most industry volumes from Q2 to Q3 in both 2012 and 2013.
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 Q3 year-over-year for 2013 versus 2012. The past eight quarters of historical data is included in the appendix of this report.

All industry

**Q3 all industry year-over-year performance analysis**

- In Q3 2013 total and unique open rates were above those seen in Q3 2012.
- Click rates were lower year-over-year, as 57 percent of brands had a significant decrease in click rates in Q3 2013 compared to Q3 2012.
- Although overall transaction rates declined in Q3 2013, 49 percent of brands had statistically significant increases in transaction rates this quarter compared to Q3 2012.
- Open and click rates were very similar in both Q2 and Q3 of 2013.

**All industry quarter-to-quarter**

**Q3 compared to Q2 all industry year-over-year performance analysis**
Business products and services

Q3 business products and services year-over-year performance analysis

- While transaction rates and revenue per email were down considerably for business products and services in Q3 2013, the decline was not uniform. Seventy-one percent of brands either matched last year’s performance or had significantly positive increases compared to Q3 2012.

Catalogers

Q3 catalogers year-over-year performance analysis

- In spite of large increases in volume, open and click rates rose for catalogers this quarter.
- Transaction rates and revenue per email matched those seen in Q3 2012.
Consumer products and services

Q3 consumer products and services year-over-year performance analysis

- Open rates rose for consumer products and services, as 58 percent of brands had statistically significant increases in total and unique open rates as compared to Q3 2012.

- Beauty and gift brands saw year-over-year declines in transaction rates and revenue per email.

Media and entertainment

Q3 media and entertainment year-over-year performance analysis

- While overall year-over-year click rates were lower, Q3 2013 click rates were the same as they were in Q2 2013.
Multi-channel retailers

Q3 multi-channel retailers year-over-year performance analysis

- Apparel and accessories, department stores, and shoes all had lower click and transaction rates in Q3 2013, lowering the overall multi-channel retail rates as compared to Q3 2012.

Trend to watch: Twitter and Instagram on the rise

Promoting social media sites in email subject lines is an effective cross-channel practice. A year-over-year comparison of this type of subject line shows tremendous growth in the percentage of emails that mention Twitter or Instagram in the subject line.

<table>
<thead>
<tr>
<th>Social media site</th>
<th>Percent of social media mentions</th>
<th>Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Q3 2012</td>
<td>Q3 2013</td>
</tr>
<tr>
<td>Facebook</td>
<td>76%</td>
<td>87%</td>
</tr>
<tr>
<td>Pinterest</td>
<td>9%</td>
<td>5%</td>
</tr>
<tr>
<td>Twitter</td>
<td>8%</td>
<td>41%</td>
</tr>
<tr>
<td>Instagram</td>
<td>3%</td>
<td>30%</td>
</tr>
</tbody>
</table>
Publishers

Q3 publishers year-over-year performance analysis

<table>
<thead>
<tr>
<th>Variables</th>
<th>Q3: 2012</th>
<th>Q3: 2013</th>
<th>YOY Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total open rate</td>
<td>22.8%</td>
<td>25.9%</td>
<td>13.8%</td>
</tr>
<tr>
<td>Unique open rate</td>
<td>16.2%</td>
<td>17.7%</td>
<td>9.7%</td>
</tr>
<tr>
<td>Click-to-open</td>
<td>16.5%</td>
<td>16.3%</td>
<td>-1.2%</td>
</tr>
<tr>
<td>Total click rate</td>
<td>3.8%</td>
<td>4.3%</td>
<td>12.7%</td>
</tr>
<tr>
<td>Unique click rate</td>
<td>2.6%</td>
<td>2.9%</td>
<td>9.4%</td>
</tr>
<tr>
<td>Bounce rate</td>
<td>2.3%</td>
<td>1.3%</td>
<td>-44.6%</td>
</tr>
<tr>
<td>Unsubscribe rate</td>
<td>0.1%</td>
<td>0.1%</td>
<td>-6.1%</td>
</tr>
</tbody>
</table>

• While posting a 15.5 percent increase in volume, open and click rates still increased Q3 2013 compared to Q3 2012 for publishers.

Travel

Q3 travel year-over-year performance analysis

<table>
<thead>
<tr>
<th>Variables</th>
<th>Q3: 2012</th>
<th>Q3: 2013</th>
<th>YOY Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total open rate</td>
<td>31.1%</td>
<td>27.6%</td>
<td>-11.3%</td>
</tr>
<tr>
<td>Unique open rate</td>
<td>19.6%</td>
<td>18.5%</td>
<td>-5.3%</td>
</tr>
<tr>
<td>Click-to-open</td>
<td>14.0%</td>
<td>12.6%</td>
<td>-9.4%</td>
</tr>
<tr>
<td>Total click rate</td>
<td>4.0%</td>
<td>3.5%</td>
<td>-13.3%</td>
</tr>
<tr>
<td>Unique click rate</td>
<td>2.7%</td>
<td>2.4%</td>
<td>-10.6%</td>
</tr>
<tr>
<td>Bounce rate</td>
<td>2.6%</td>
<td>2.1%</td>
<td>-19.9%</td>
</tr>
<tr>
<td>Unsubscribe rate</td>
<td>0.1%</td>
<td>0.1%</td>
<td>-16.5%</td>
</tr>
</tbody>
</table>

• While total click rates showed a decline for the travel vertical in Q3 2013, the results are actually mixed, as 49 percent of brands had statistically significant increases in total clicks compared to Q3 2012.
Appendix I: Metrics definitions

**Total opens**: All opens recorded for the mailing including multiple opens by the same subscriber. Total open rates are (total opens/received)

**Unique opens**: The number of unique subscribers that have opened an HTML-formatted message. Unique open rates are (unique opens/received)

**Total clicks**: Every click on a tracked link, including multiple clicks by a given subscriber. Total click rates are (total clicks/received)

**Unique clicks**: The number of unique subscribers who have clicked on any link. Unique click rates are (unique clicks/received)

**Click-to-open rates**: Unique clicks as a percentage of unique opens (unique clicks/unique opens)

**Transaction rates**: Overall percentage of transactions as related to delivered messages [transactions/(sent - bounced)]. This metric only includes data for clients who have implemented Experian Marketing Services’ Track to Purchase functionality

**Transaction-to-click rates as**: Percentage of transactions compared to the number of unique clicks (transactions/unique clicks). This metric only includes data for clients who have implemented Experian Marketing Services’ Track to Purchase functionality

**Average order value**: Average total amount for each transaction. This metric only includes data for clients who have implemented Experian Marketing Services’ Track to Purchase functionality

**Revenue per email delivered**: Average amount earned for each delivered email [total order/ (sent - bounced)]

**Bounce rates**: The percentage of subscribers that did not receive a mailing because their email addresses hard bounced (bounce/sent)

**Unsubscribe rates**: This reflects the total number of subscribers lost as a result of users unsubscribing from the mailing [unique unsubscribers/(sent – bounced)]