



# The Correlation of Marketer Sophistication and Deliverability: *Tactics to Improve Inbox Placement*

By David Daniels and Nicholas Einstein, The Relevancy Group

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## Key Questions

- How do marketers view the effectiveness of email marketing and other channels?
- What is the state of data and email address hygiene?
- Is there a correlation between deliverability challenges and marketer sophistication?
- Which tactics are marketers utilizing to improve their sophistication, customer experience and inbox placement?
- What kind of improvements can marketers expect by embracing sophisticated tactics?

## Key Takeaways

- Email marketers that utilize sophisticated relevancy empowering tactics including testing, personalization and panel-based inbox measurement have better inbox performance, engagement and 141 percent higher monthly revenue than those that do not. A monthly revenue improvement of more than \$1.3 million dollars a month.
- Overall, 93 percent of marketers state that email marketing was highly or somewhat effective, an acclamation that was higher than any other channel.
- Email marketers are correctly investing in the necessary hygiene and email validation techniques.
- Overall, 18 percent of email marketers cited email deliverability as a perennial challenge putting it at No. 8 on the list of 10. Data analysis indicates that this pain is more acute for marketers that are less sophisticated, as well as high frequency senders.
- Given the correlation between sophistication, engagement and inbox placement, we have developed a framework to help marketers improve the sophistication of their programs.
- In every way, The Relevancy Group survey data correlates performance and revenue improvement to the tactics prescribed in The Sophistication Framework.

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### Email Marketer Sophistication Correlates with Higher Engagement and Inbox Placement

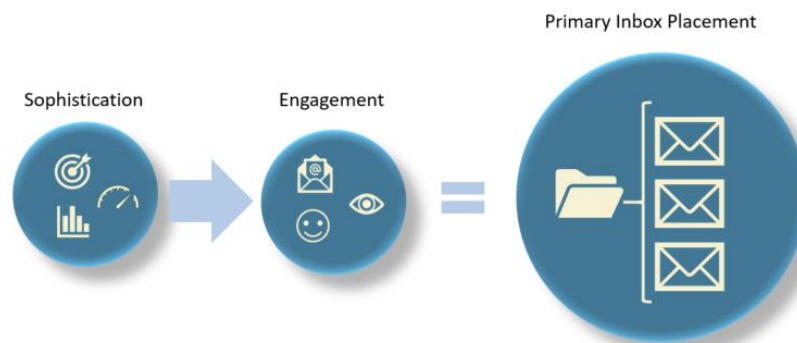
Consumers remain frustrated and ambivalent about email marketing messages that are not relevant or come too frequently. The Relevancy Group Q4 2016 consumer survey found that 75 percent of consumers ignore or opt-out because of frequency overload, and 55 percent state that lack of relevance drives the same behaviors. Nearly a quarter of consumers told us that it is easier to delete the message than opt-out, indicating that a low opt-out rate does not present the full picture of the customer experience.

Why are more marketers with substandard sophistication and relevancy practices citing deliverability challenges? Customer engagement. ISPs are listening to consumers and are aware of their attitudes regarding frequency and relevance. The largest ISPs (e.g. Gmail, Outlook) are looking at inbox engagement to meter inbox placement. This is another reason why panel-based inbox measurement can be more effective than seed-based measurement, as the panel methodology is based on actual human interaction, (see [The State of The Inbox and The Adoption of Panel-Based Measurement](#)).

We find that marketers utilizing sophisticated personalization tactics, including real-time data, adaptive content and machine learning personalization have open rates that are nearly one point higher than those that do not utilize such tactics (Figure 1). For example, email marketers utilizing real-time data for personalization average a deliverability rate of 88 percent, as compared to those that do not at 87 percent. Click and conversion rates were also one to one and a half points higher for these marketers. This research details how improved results correlate with sophisticated tactics. Improving inbox placement requires increasing email sophistication.

*“The Relevancy Group Q4 2016 consumer survey found that 75 percent of consumers ignore or opt-out because of frequency overload and 55 percent state the lack of relevance drives the same behaviors.”*

Figure 1 – Relationship Between Sophistication, Engagement and Inbox Placement



Source: The Relevancy Group 10/17, U.S. Only

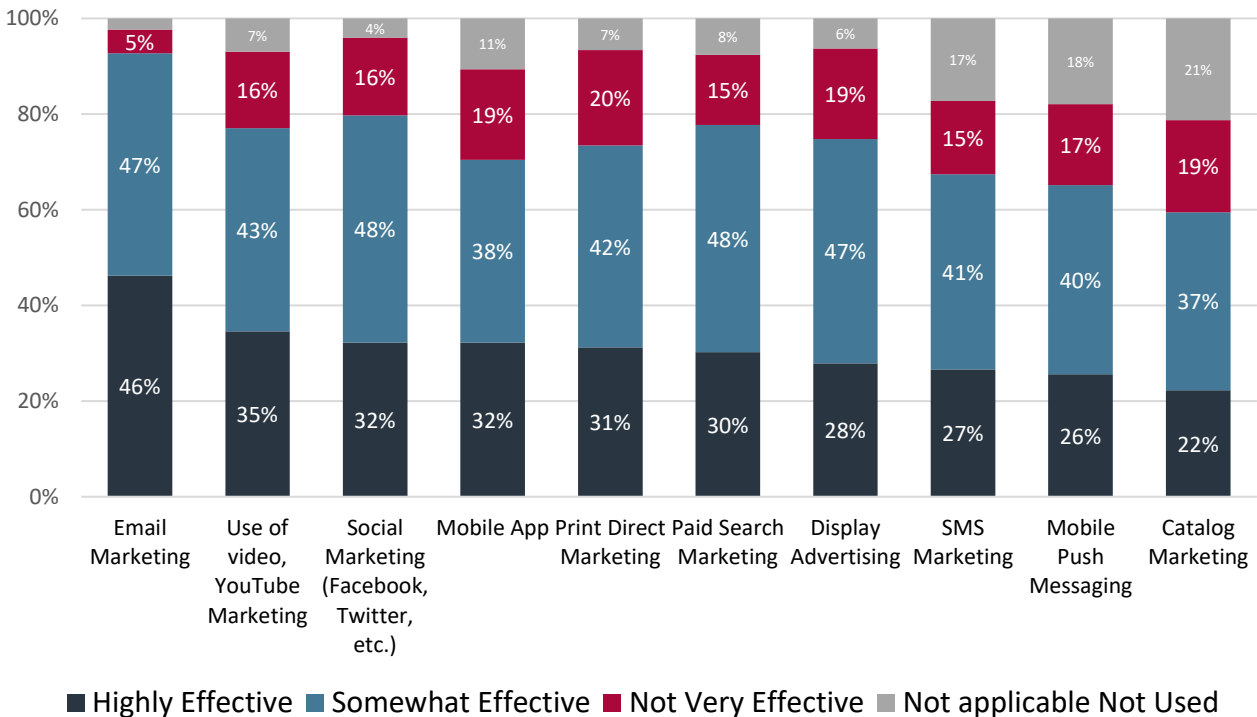
### Marketers Cite Email Marketing as the Most Effective Channel in Driving Revenue

When asked to rate the effectiveness of each marketing channel in terms of delivering revenue and results for their business, marketers overwhelmingly endorsed the effectiveness of email marketing (Figure 2). Forty-six percent of respondents to The Relevancy Group’s August 2017 executive survey stated email marketing was highly effective as compared to 28 percent that said the same of display advertising. Overall, 93 percent of marketers state that email marketing was highly or somewhat effective, an acclamation that was higher than any other channel. These sentiments correlate with actual results. The year-over-year mean email marketing revenue contribution as tracked by The Relevancy Group has increased from 17 percent in Q2 2016 to 21 percent in Q2 of 2017. However email marketing is also the most widely deployed channel, and such volume can lead to clutter, which increases the need for relevance and sophistication.

The following industries and organizations are more enamored with email marketing than others:

- Those with the most effusive praise for email effectiveness: 75 percent of retailers/e-commerce firms stated it was highly effective, as did 60 percent of those in the automotive sector.
- Organizations with large revenue: 57 percent of companies with annual revenues of \$250 million to \$1 billion stated email marketing is highly effective.

Figure 2 – Effectiveness of Marketing Channels - 2017



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

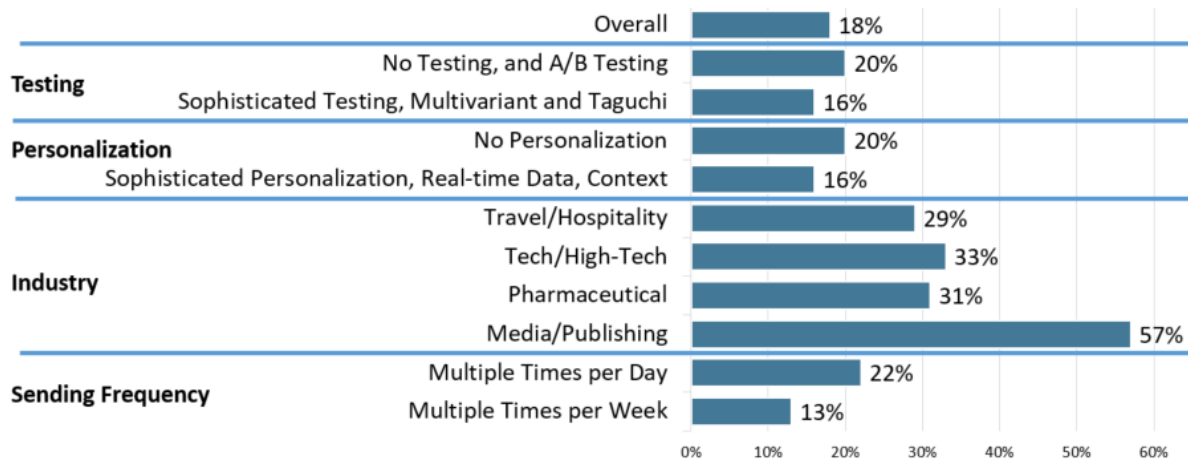
### Email Deliverability, Specifically Inbox Placement, Remains a Top Challenge for Marketers

Despite advancements in inbox placement and deliverability tools, getting email messages into the inbox remains a problem for marketers. In our most recent survey, overall 18 percent of email marketers cited this perennial challenge, putting it at No. 8 on the list of 10. Data analysis indicates that this pain is more acute for marketers that are less sophisticated, as well as for high frequency senders (Figure 3). Here we are measuring sophistication by the tactics that email marketers are utilizing including the following:

- **Testing:** Marketers that don't do any testing, as well as those that practice basic A/B testing are more likely to report that inbox placement is more of a challenge, as compared to their peers that embrace multivariate and sophisticated Taguchi testing methods.
- **Personalization:** Here too we found evidence that marketers that were utilizing sophisticated personalization tactics, such as real-time data for contextual targeting and segmentation, had less of a challenge with inbox placement as compared to email marketers that did not utilize personalization.
- **Frequency:** Nearly one quarter of email marketers that send multiple times per day cited deliverability and inbox placement as a challenge, as compared to 13 percent for those that send multiple times per week.

- **Industry:** Certain industries that send at high frequencies also cited inbox placement as a massive challenge (Figure 3).

Figure 3 – Those Marketers Cite Email Deliverability, Getting Messages into the Inbox as a Top 10 Challenge



Question: What are your greatest challenges when developing marketing campaigns? (Select All)

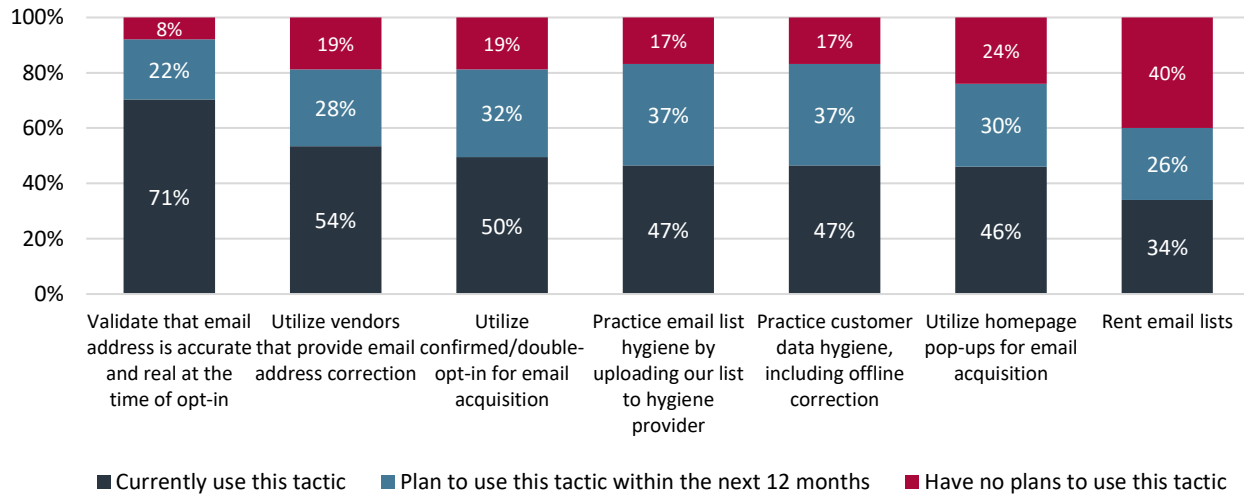
Response: "Email deliverability, getting messages to the inbox" Source: The Relevancy Group Executive Survey n=301 U.S. Only.

### Sophistication Starts with Accurate Clean Data

Lack of data accuracy can lead to poor deliverability and diminished results. Given recent cyber attacks and breaches, the necessity to capture accurate, real email addresses and suppress spam traps, as well as malicious subscribers before they enter your database, has never been more important. Email marketers are correctly investing in the necessary hygiene and email validation techniques. To ensure accuracy, 71 percent of email marketers are now validating email addresses at the time of opt-in and others are using a mix of email and data hygiene solutions (Figure 4).

- **Email Acquisition:** Email marketers must ensure that their acquisition sources are genuine. In addition they must maintain accuracy and train subscriber engagement from the beginning of the relationship. Fewer marketers are renting lists, with more opting to leverage pop-ups on their own website to drive acquisition. By utilizing confirmed/double opt-in, 50 percent of email marketers are training subscribers to immediately check their inboxes.
- **Email and Data Hygiene:** Marketers are correctly utilizing a mix of hygiene providers to provide real-time validation, as well as batch correction to data including offline address correction.
- **Hygiene Correlates With Higher Deliverability:** Email marketers utilizing hygiene solutions, including real-time validation and batch correction have higher deliverability than those that do not utilize these solutions. Marketers utilizing these hygiene solutions have a deliverability rate of 87.39 percent, as compared to marketers not utilizing email address hygiene which reported an email deliverability rate of 85.97 percent.

Figure 4 – Utilization of Email Validation, Hygiene and Acquisition Tactics – 2017



Question: From the following list, please select the appropriate option for each of the following tactics. (Select one for each)  
Source: The Relevancy Group Executive Survey n=301 8/17 U.S. Only.

### Email Marketers Must Implement the Framework to Improve Sophistication

Email marketers need to up their game. Given the correlation with sophistication, engagement and inbox placement, we have developed the following framework to improve sophistication (Figure 5). This framework is built on the following three areas and includes many strategies and tactics to improve inbox placement and overall email marketing results.

**Data Readiness:** These are the foundational elements to improve relevancy and customer engagement.

- **Data Hygiene:** The aforementioned section illustrates that marketers are well on their way to adopting a variety of tools to improve hygiene and develop a data foundation that is built on accuracy. This is paramount for any marketing channel, but particularly so for email since bad addresses can immediately and adversely impact inbox placement.
- **Personalization:** This presumes that marketers have access to their data or could tap into APIs or solutions that deliver real-time behavior or other data that can be utilized for segmentation and targeting. The Relevancy Group has long demonstrated that emails that utilize targeting and segmentation deliver higher engagement and revenue. Unfortunately, most email marketers cling to basic personalization tactics such as first name personalization, adopted by 52 percent of marketers. In addition, more than half of email marketers do not utilize any segmentation, indicating that all subscribers are getting the same message.

**Optimization:** With well-established a data foundation, marketers must then move on to optimization.

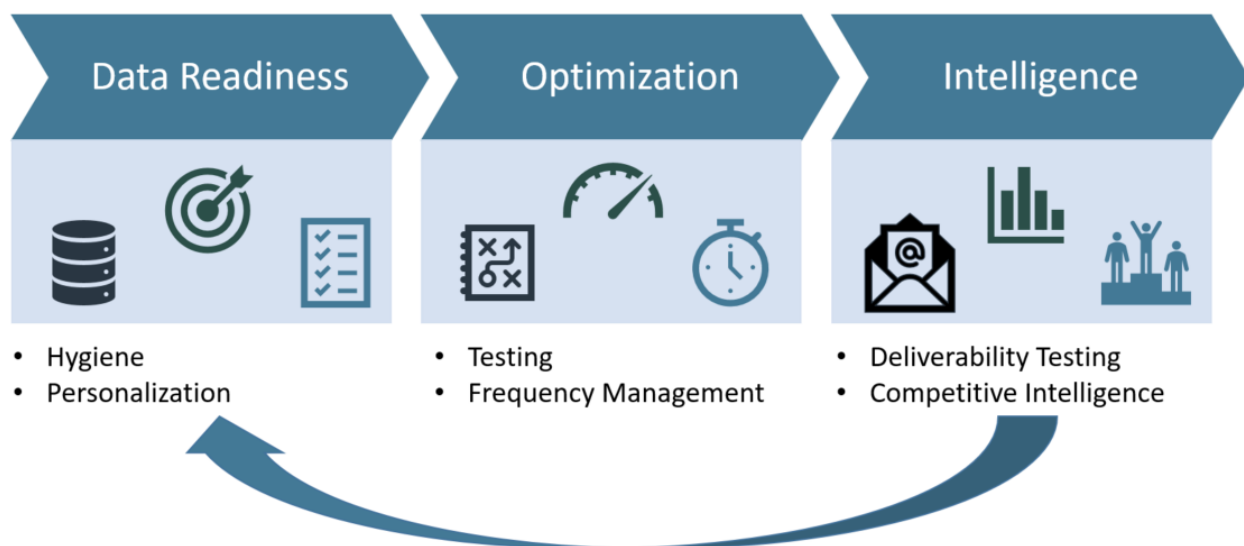
- **Testing:** Here again we find that the majority of the industry (61 percent) only utilizes basic A/B testing. Less than half of email marketers are utilizing multi-variate testing, measuring lift versus a control group or Taguchi testing (which can be extremely useful for optimizing creative). Marketers must institutionalize testing, making it a part of their ongoing workflow versus a one-off experiment, as happens too often. Marketers utilizing sophisticated testing have fewer inbox placement issues and higher engagement. Testing is key to optimizing content, cadence and just about everything that makes up a well-optimized email marketing message.
- **Frequency Management:** There is no optimal frequency, or time of day or day of week to send a message. Or is there? Testing is a required ingredient to frequency management. There is a

correlation to consumer behavior, results and inbox placement challenges. Our survey reveals that most marketers (34 percent) send email 2-3 times a week. Testing and Competitive Intelligence Applications (CIA) are ideal tools to help optimize frequency management. It is also important to understand and design lifecycles and to leverage pre-existing automations for message journeys, i.e. welcome messages, abandoned cart.

**Intelligence:** Analysis is a critical investment for virtually all marketers with insights informing ongoing optimization.

- **Deliverability Testing:** Given the multiple devices, webmail and email clients that consumers are utilizing to engage with email marketing, it is critical to have applications and services partners that facilitate inbox placement testing. This intelligence should include domain delivery analysis and message proofing, but most importantly a mechanism to accurately measure inbox placement. Engagement is driving inbox placement and those providers utilizing a panel-based approach with real human interaction are demonstrating better results than seed-based solutions. Those that utilize panel-based methods to measure email delivery have a \$37 higher mean customer lifetime value than those who leverage seeds, (see [The State of the Inbox and the Panel-Based Measurement](#)).
- **Competitive Intelligence:** The Relevancy Group has already established that there is a revenue benefit for marketers that utilize CIAs, (see [The Value of Competitive Intelligence](#)). The treasure trove of information contained within these solutions is an integral part of improving the sophistication of an email marketing program. Why? You get to see what your competitors are doing and what is working for them and compare it against your own program. These insights can inform frequency, creative, personalization and even signal data hygiene and/or deliverability issues. Here again engagement is front and center. Such metrics can be optimized without CIA, but are done so with one hand tied behind the marketer's back. Driving sophistication and results requires a disciplined approach to implementing every aspect of this framework (Figure 5).

Figure 5 – The Framework to Improve Sophistication



Source: The Relevancy Group 10/17, U.S. Only

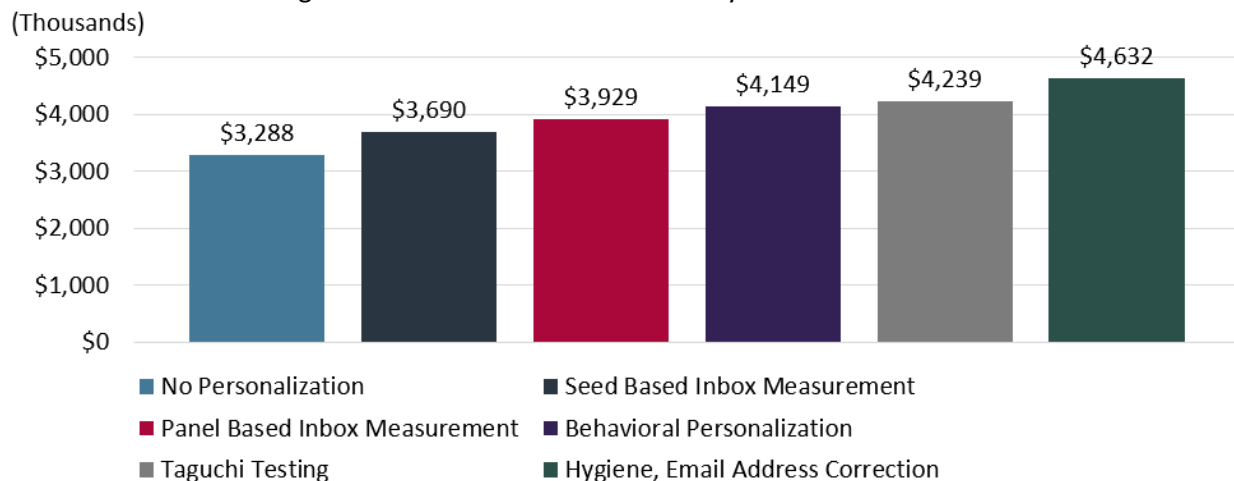


## Increases in Email Marketing Sophistication Correlates with Higher Revenue

Good news, all the effort of taking the more sophisticated path pays off. In every way, The Relevancy Group survey data correlates performance improvement to the tactics that we have prescribed. We looked at the specific performance of the tactics that embody the sophistication framework. We utilized the survey mean monthly sending size of 26 million messages and applied the actual performance metrics that the marketers utilizing these tactics reported to us. The results were immediately evident and are more impressive than the average revenue of those that do not use personalization that reported monthly email marketing revenues of \$3.2 million. The framework tactics we mandate deliver a huge revenue benefit. Each of the revenue results for the following are specific to the tactics utilized and not cumulative (Figure 6).

- **Panel-Based Inbox Measurement:** Tying into the last element of the framework, we found that marketers utilizing panel-based inbox measurement not only had higher engagement, but performance across all metrics resulting in \$3.9 million in monthly email marketing revenue contribution. In comparison those utilizing seed-based measurement results in \$3.6 million in monthly revenue.
- **Taguchi Testing:** Here we dug deep to look at the most sophisticated use of optimization, those email marketers that were practicing Taguchi Testing<sup>1</sup>. Overall, 31 percent of email marketers utilize this advanced approach for the optimization piece of our framework and their efforts are rewarded with \$4.2 million in monthly email marketing revenue.
- **Hygiene, Email Address Correction:** The foundation of data readiness, this aspect of our framework indicates that those email marketers practicing accuracy are benefiting from the greatest engagement and performance measures overall. This segment that utilized hygiene and email address correction gains \$4.6 million in monthly email marketing revenue.

Figure 6 – Tactics Utilized and Monthly Revenue Generated



Question: For each of the tactics currently utilized, we took the all participated mean of 26 million email messages a month and applied the actual performance metrics; Deliverability rate, open, click-through, conversion rate applied to the reported AOV.

Source: The Relevancy Group Executive Survey n=301 8/17 U.S. Only.

<sup>1</sup> [Taguchi Testing](#) is based on statistical methods that can be applied to marketing testing. Taguchi speeds email testing without having to design every possible set of test variables. Marketers can test multiple items at the same time, it is particularly useful for creative and offer testing.



## Conclusion

While this information is based on actual self-reported data, we would not expect the combination of all this sophistication to be additive. In other words: don't shoot for the sum of these figures. But it is not impossible that combining these tactics and improving sophistication will result in engagement and thus improved inbox placement and results. Correlations exist. Marketers must improve their sophistication to remain relevant, improve the customer experience and ultimately improve inbox placement. Doing so requires a network of necessary application and services partners, but such investments are prudent as the revenue upside is well documented.

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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 2.5 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.

**About The Author | David Daniels | @EmailDaniels | David@RelevancyGroup.com**

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](#).

**About The Author | Nicholas Einstein | @OtherEinstein | Nick@RelevancyGroup.com**

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. 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 access to original research reports. TRG also publishes the digital magazine for marketers by marketers, [The Marketer Quarterly](http://TheMarketerQuarterly.com), a digital magazine and app; download it for free [app stores](#).

**About The Research | The Methodology**

In August 2017 The Relevancy Group conducted a survey that resulted in 301 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](http://www.therelevancygroup.com), call (877) 972-6886, email [info@therelevancygroup.com](mailto:info@therelevancygroup.com) or on twitter [@emaildaniels](#) or [@relevancygroup](#)

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