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rpinfo@returnpath.net

1-866-362-4577

The Global Email Deliverability Benchmark Report, 2H 2011.

Inbox Deliverability Rates Slump in Second Half of 2011. Deliverability a Bigger Challenge for Commercial Email Senders, With Only 76.5% of Email Delivered to the Inbox.

Return Path, the world's leading email certification and reputation monitoring company, reviewed data from over 1.1 million messages, 142 ISPs and 34 countries in North America, Central and Latin America, Europe, Africa, Asia and the Asia Pacific territories from July through December of 2011. The data shows that deliverability - the term used to designate the rate of email placed in the inbox - became increasingly more challenging in the latter half of 2011 than any other year since we began these reports in 2004.

What's Inside:

- Email Blocked and Flagged as Spam Increases 24%
- More than 1 in 4 American Retailers Not Reaching the Inbox
- Reputation, Overload and Confusion Take Their Toll on Deliverability Rates
- Europe, Middle East and Africa Still Seeing Over 15% of Emails Not Reaching the Inbox
- How Senders Can Improve Their Inbox Placement Rates in 2012

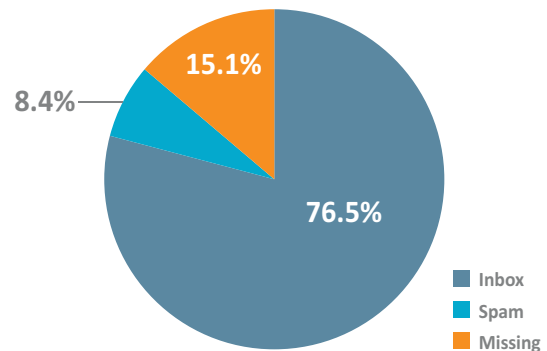
Email Blocked and Flagged as Spam Increases 24%

Historically, inbox placement rates have remained around 80% with 1 in 5 emails being delivered to the spam folder or blocked. However, this is the first time we've seen a major decline. A drop in 6% in the second half of 2011 brought inbox rates to 76.5% globally, compared to 81% in the first half of 2011.

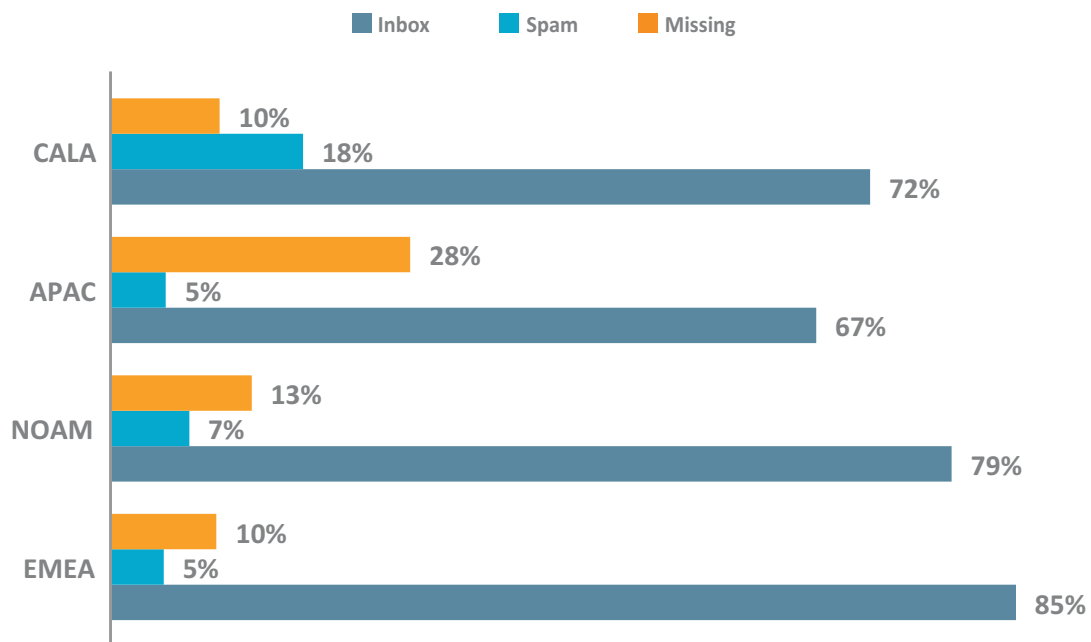
Both spam folder placement and blocked emails rose during this period. Spam folder placement was recorded at 8.4% and emails not being delivered, or essentially being blocked by ISP-level filters, came in at 15.1% – that's

20% worse when compared to the first half of 2011.

Email Deliverability — Worldwide, 2H 2011



Email Deliverability — Global Regions, 2H 2011



Reversing the trend of increasing inbox rates from the first half of 2011, North American inbox rates experienced significant declines this time around with an 8% drop, bringing in inbox placement rates closer to 79%. Spam folder placement jumped 19% to 7.4% in the second half, and missing, or blocked email, increased a whopping 38% (13.3% missing rate) during the same time frame.

European rates saw 15% of email never reaching the inbox, with 5% being identified as spam and 10% being blocked by the ISP.

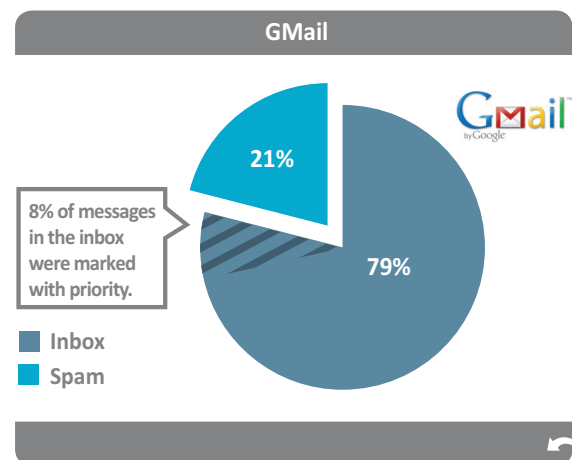
Despite showing gains in the second half of 2011, Central and Latin American commercial email still struggled to make it to the inbox with almost 30% of all email being blocked or classified as spam. Central and Latin America had only 72% of emails delivered to the inbox, and the highest amount of email sent to the spam folder worldwide with 18% of all permission email being banished to the spam folder. Additionally, Central and Latin American senders saw an average of 10% of opt-in commercial emails being blocked. Despite improving from the first half of 2011, Central and Latin America still lagged the rest of the world in its inbox placement rates, coming in only second to the Asia-Pacific region.

The Asia-Pacific region's deliverability rates not only still lagged when compared to other regions worldwide, they actually got worse in the second half of

Priority Inbox is Gmail's answer to the email overload problem. It classifies email messages as important through means of semantic filtering and subscriber engagement. Return Path analyzed a panel sample of over 110 million messages, from over 40,000 Gmail mailboxes from July 1, 2011 to December 31, 2011.

The data showed that:

- Gmail Priority Inbox adoption increased 15% with 93% of all Gmail subscribers now having priority inbox enabled when compared to our last study.
- Gmail inbox rates declined to 79% with 21% of mail being delivered to the spam folder.
- Out of the 79% of mail delivered to the inbox, only 8% were marked priority, a 54% decline compared to our last study.



2011, beating Central and Latin America for the worst placement. The Asia-Pacific region saw inbox placement rates decline by 14% with only 67% of all mail reaching its intended inbox destination. Spam folder placement remained relatively unchanged at 5%. Blocked mail saw the biggest increase – a 75% increase when compared to the first half of 2011 – with 28% of all mail never even making it to its intended recipient.

More than 1 in 4 American Retailers Not Reaching the Inbox

New to this report is deliverability by popular industry types, in this case Gaming, Retail, Financial Services, Banking, Social Networks, and Daily Deal sites. We found that the retail and gaming industries both suffered from low deliverability, especially in North America. Retailers had more than 1 in 4 emails blocked or delivered to the spam folder in this region. Gaming companies fared even worse, with only 1 in 2 emails reaching the inbox.

Email Deliverability — Industry by Region, 2H 2011

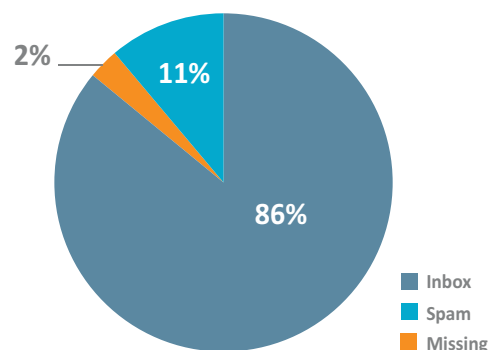
	APAC					CALA					EMEA					NOAM				
	Banking	Daily Deal	Financial Services	Gaming	Retail	Banking	Daily Deal	Financial Services	Gaming	Retail	Banking	Daily Deal	Financial Services	Gaming	Retail	Banking	Daily Deal	Financial Services	Gaming	Retail
■ Inbox	86	79	91	91	85	96	88	75	50	84	89	88	80	73	88	89	95	93	59	77
■ Spam	5	1	3	8	3	4	1	3	17	10	7	3	3	26	2	9	1	2	38	7
■ Missing	8	20	6	1	12	0	11	22	33	6	4	10	17	1	10	2	4	5	4	16

11% of B2B Email Classified as Spam

Delivery into enterprise mail systems increased in the second half of 2011 with 86% of all email surviving the spam filter. Mail being marked as spam through enterprise filters actually increased to 11% during this time frame

while less mail was blocked. Missing or blocked emails from enterprise filters declined to less than 3%. B2B marketers should note that delivery into enterprise systems, despite the high inbox rate, is fraught with perils. Emails generally go through multiple filters before landing in an email client, like Outlook for example, which have their own spam filters. Unlike B2C webmail filters where it's relatively easy to go into the spam folder and look for false positives, most business people rarely go into their quarantine folder at Postini, for example, to look for false positives.

Email Deliverability - B2B, 2H 2011

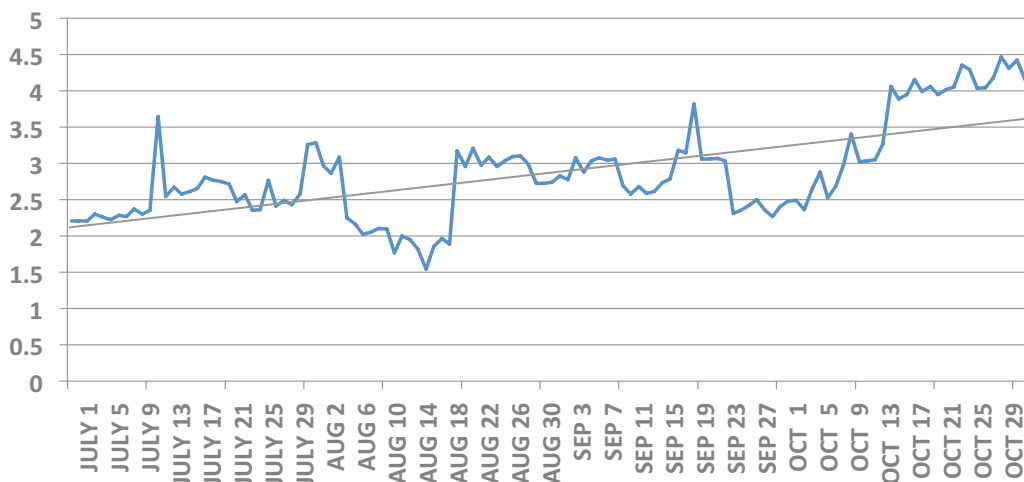


Reputation, Overload and Confusion Take Their Toll on Deliverability Rates

While deliverability rates vary by region, the reasons for the decline are threefold: ISPs are being more rigorous with filtering and blocking, sender reputations are deteriorating and consumers are reacting to email overload.

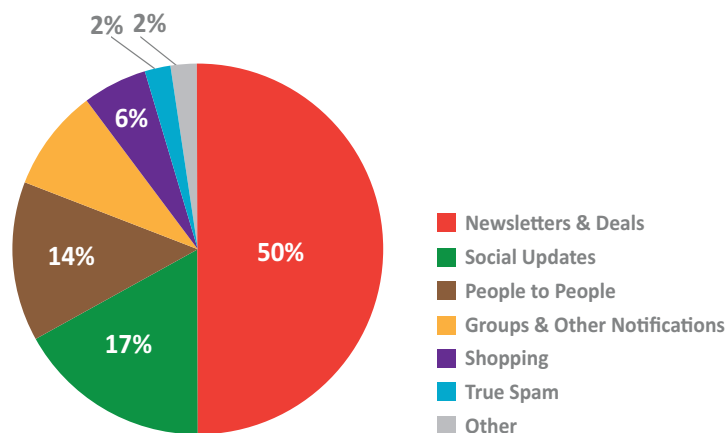
- 1. The ISPs Know What You Did Last Summer.** As we've seen in previous studies, managing a sending reputation has been a challenge during the busy holiday period which starts in mid-summer as the US gears up for back-to-school season. Subscriber complaints and volume fluctuations were the major driver for lower inbox placement rates in the second half of 2011. When looking at the complaint numbers, we saw a huge spike in the overall complaint rate across senders starting in mid-summer and then again in October, when most email campaigns increase their mailing volume to promote Black Friday, the day after Thanksgiving that is the unofficial kickoff to the holiday shopping season in the United States. Due to the sensitivity of spam filters to volume changes, commercial mailers typically see deliverability issues when their volumes dramatically increase for holiday promotions. Despite these challenges, many marketers can handle these issues with the proper planning.

Average Complaint Rates — July 1 - November 1



2. **Email Overload.** According to Microsoft, only 2% of spam, defined as unsolicited bulk email, reaches the inbox, a testament to how far and accurate spam and reputation filters have come. Email marketing seems to be a victim of its own success now. People have opted into so much email that it has become a challenge for them to deal with it. In fact, according to Microsoft, half of all emails received are newsletters and deals with personal emails only accounting for 14% of email in the inbox. Couple that with the

What's in your inbox?



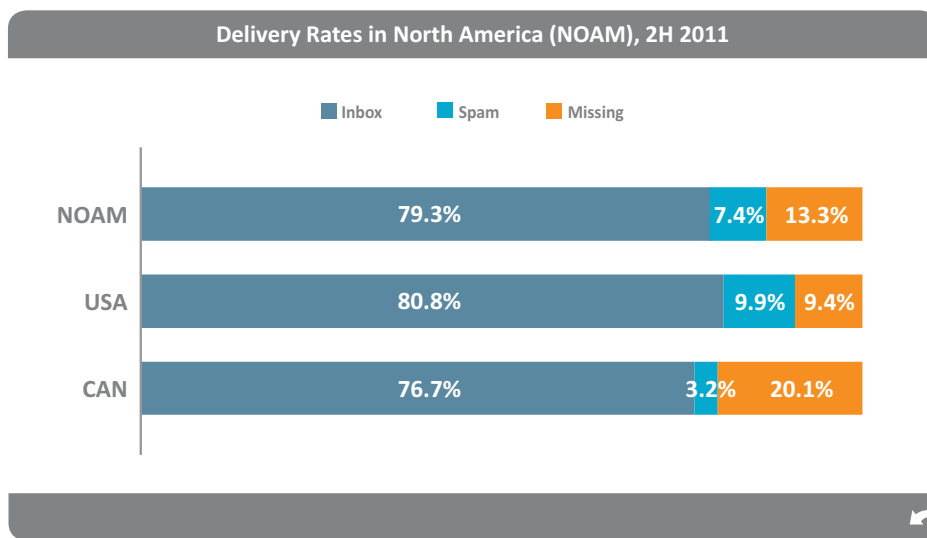
Source: Microsoft

fact that people use the “report junk” button to unsubscribe from emails they opted into (75% in fact, according to Microsoft) to deal with the deluge, and you have a deliverability problem waiting to happen.

- The Path to the Inbox is Confusing.** Part art and part science, deliverability can be a bewildering practice. Each ISP has their own spam and reputation-based filters based on their own users’ feedback in combination with third-party spam filters that have their own set of rules as well. ISPs also use metrics that are generally unavailable to marketers and are constantly using new data to improve the accuracy of their filters. Without the proper monitoring tools to account for these changes, deliverability will continue to be an extremely challenging area.

North America Sees 32% Increase in Spam Folder Delivery

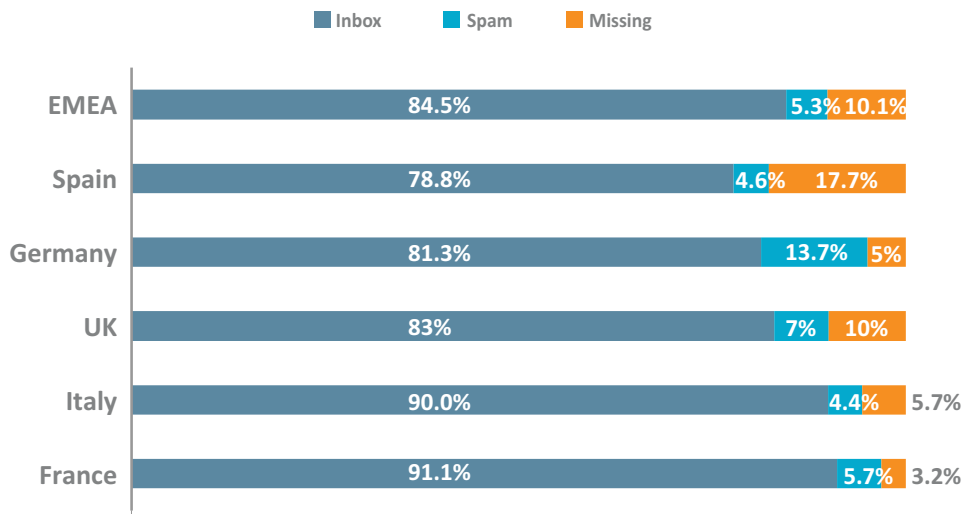
North America saw the largest drop in deliverability at the end of 2011 with inbox placement rates going from 86.5% to 79.3%. We witnessed a 32% increase in spam folder delivery and a 57% increase in blocked emails. Individually, the U.S. and Canada experienced precipitous drops as well with U.S. inbox rates dropping from 86.5% to 80.78%, and Canada falling from 85.2% to 76.7%. The deliverability pain in the U.S. was due to a 30% increase in spam folder delivery and a 57% increase in blocked or missing emails. Canada also experienced a large 25% increase in spam folder delivery when compared to the first half of 2011. Blocked emails increased a staggering 65% in comparison, with 20.1% of emails in Canada being rejected and never reaching the inbox or the spam folder.



Europe, Middle East and Africa Still Seeing Over 15% of Emails Not Reaching the Inbox

Even though we saw little change in the deliverability of European mailers, the picture is far from perfect despite having some of the strictest email spam laws in the world. Commercial email senders saw their inbox placement rates at 84.5%, spam folder delivery rates at 5.3% and blocked or missing mail at 10%. Europe and the UK have significant opportunities to increase their inbox placement rates and revenue from the email channel.

Delivery Rates in Europe, Middle East and Africa (EMEA), 2H 2011



United Kingdom

The UK saw deliverability becoming more of a challenge in the second half of 2011. Deliverability rates declined with only slightly more than 4 in 5 emails (83%) reaching the inbox. Mail delivered to the spam folder increased to 7% and missing or blocked email reached 10% of all mail sent.

Spain

Spain experienced a very low inbox delivery rate of 78%, with most email being blocked (18%), and 5% being classified as spam and being delivered to the spam folder.

Italy

Italy had issues reaching its audience as well with 1 in 10 emails never reaching the intended subscriber. 4% of emails were delivered to the spam folder and 6% were blocked.

Germany

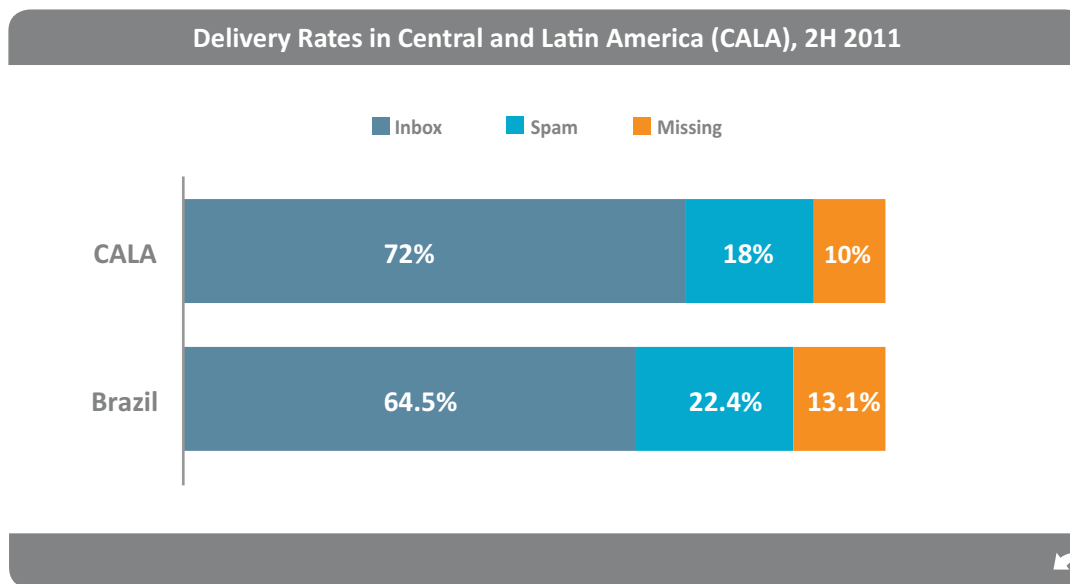
Germany still struggled with deliverability even though its inbox rate remained relatively flat at 81.3%. Spam folder delivery and blocked mail were 14% and 5% respectively.

France

In France, 1 out of 10 emails never reached its recipient. France saw less than 6% of emails being sent to the spam folder, and 3% going missing or being blocked. France was one of the only major markets to actually experience an improvement in deliverability during this time frame, but still has room for improvements.

Central and Latin America (CALA)

Looking at the data in a positive light, Central and Latin America (CALA) deserve the award for “Most Improved” with inbox placement rates going from 62% (almost 6 out of 10) emails reaching the inbox to 72%, or 7 out of 10 emails reaching the inbox. But while it’s no longer the region with the worst deliverability, it’s only slightly better than Asia-Pacific (66.5% versus 71.5%).



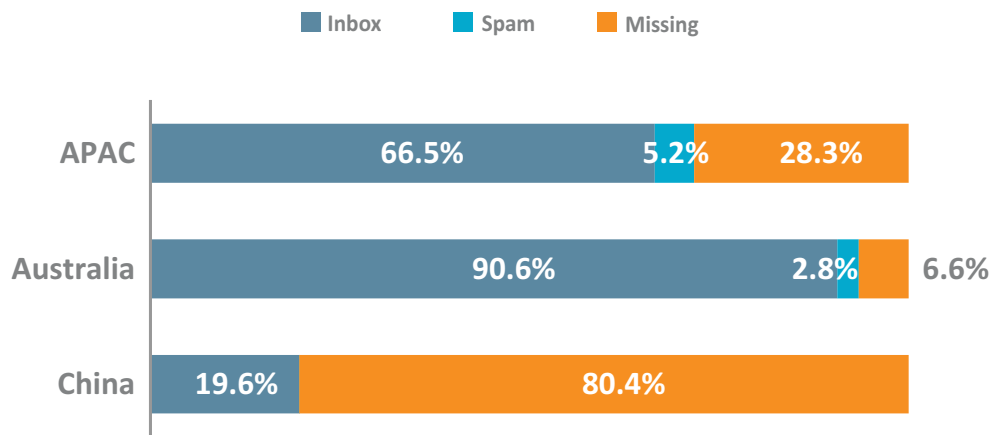
Despite improvements in CALA, Brazil, the largest market in the CALA region, remained relatively unchanged. Inbox rates were at 64.5% compared to 64% in the first half of the year. Spam folder placement decreased slightly to 22.4%, but more mail was blocked by ISPs with missing rates coming in at 13.1%. Taken together, this data is definitely worse news for Brazilian marketers, both because it means that less email is reaching subscribers and signals that email marketers are having a harder time understanding the deliverability landscape.

Australia and Asia-Pacific (APAC)

The Asia Pacific region saw a dramatic decline in its deliverability rates with only 66.5% of opt-in emails reaching the inbox vs. 78% in the first half of 2011. Australia is still experiencing challenges as well with blocked email increasing from 6% to 7%. When including both spam folder delivery and blocked messages, 1 in 10 marketing emails never reached their recipients in Australia.

China had the biggest drag on the APAC region’s deliverability rates. Deliverability into China was abysmal with only 1 in 5 emails (19.6%) ever reaching the inbox. 4 in 5 emails were never delivered at all – either being blocked by ISPs or having IPs blocked from going through Chinese email filters. With so many worldwide marketers trying to reach newly emerging Chinese consumers, there are clearly huge hurdles for email marketers to overcome.

Delivery Rates in Australia and Asia-Pacific (APAC), 2H 2011



Conclusion: How Senders Can Improve Their Inbox Placement Rates in 2012

The second half of 2011 proved to be challenging for most every region. Even regions that saw rates relatively unchanged still have major opportunities to increase revenue through the email channel by simply improving deliverability. There are three areas that marketers and senders should pay close attention to:

1. **Reputation Monitoring.** It sounds simple, but in most cases isn't. If you're using a third party to deliver your email, commonly referred to an email service provider or ESP, it's natural to think that they are monitoring and improving your reputation for you. However, it's the marketer's job to manage their own sending behavior since most deliverability issues occur from a breakdown in the subscriber lifecycle, something marketers have complete control over, such as maintaining low complaint rates, clean lists and engaging content for subscribers. Additionally, most ESPs don't have the metrics that ISPs use to calculate a sender's reputation. Partnering with a third party to provide that data and insight is essential.
2. **Making sense of deliverability data:** Deliverability decisions are data driven, and it can be challenging to find out exactly why you're seeing inbox failure. Doing deeper analysis on your subscriber engagement data can yield huge results. For example, some segments of your subscribers may be more tolerant of higher frequency where others may not. Analyzing subscriber complaints and volume can help determine things such as your IP segmentation strategy. The key with having this data is being able to decipher it.
3. **Staying ahead of the deliverability curve.** Not only are the rules of deliverability complex, they're also always changing. The "cat and mouse" game between spammers and ISPs and spam filtering companies ensures that there will always be new methods to sort the good from the bad. For example, very recently industry leaders like Microsoft, Google, Yahoo and Return Path have joined forces on DMARC, a new way for marketers to stop fraudsters from spoofing their brand which causes a lack of trust from subscribers and brand erosion. Following best practices and staying on top of these new movements can only ensure you're staying in the inbox where you belong.

About Return Path

Return Path makes email work better by scoring and certifying email senders from around the world. We help marketers, publishers and other large-volume email senders increase their response rates by providing the world's leading inbox deliverability solution. We help mailbox providers and email administrators at ISPs and enterprises block unwelcome and malicious email by providing near real-time IP reputation scores and other data-driven tools. Taken as a whole, these tools and services improve the consumer experience of email by protecting them from spam, phishing and other abuse. Return Path offers free access to Sender Score, the email reputation measure compiled through our cooperative data network of ISPs and other email receivers, at our reputation portal: www.senderscore.org. Information about Return Path can be found at www.returnpath.net.

Methodology

Return Path conducted this study by monitoring data from its Mailbox Monitor service for campaigns conducted from July to December 2011. This study tracks the delivery, blocking and filtering rates for more than 1.1 million campaigns that used the Mailbox Monitor seed list system. For each campaign, Return Path recorded whether the email was missing, received in the inbox or filtered to the junk/spam folder (for those ISPs that use such a folder). For this report Return Path reviewed data from 142 ISPs in North America, Central and Latin America, Europe, Middle East, Africa, Asia and the Asia Pacific territories from July to December 2011.

Contact Us

North America

New York

304 Park Avenue South, 7th floor
New York, NY 10010, USA
Phone : +1 212-905-5500

California

100 Mathilda Place, Suite 100
Sunnyvale, CA 94086, USA
Phone : +1 408-328-5000

Colorado

8001 Arista Place, Suite 300
Broomfield, CO 80021, USA
Phone : +1 303-999-3100

South America

Brazil

Av Brigadeiro Faria Lima, 1690 – cj142
Cep: 01451-001
São Paulo – SP

Brasil

Phone: +55 11 3740 8300

Europe

United Kingdom

12 Melcombe Place
London, NW1 6JJ, UK
Phone : +44 (0) 845 002 0006

France

171, Avenue Charles de Gaulle
92200 Neuilly sur Seine, France
Phone : +33 1 82 88 59 75

Germany

Neuer Wall 80
20354 Hamburg, Germany
Phone : +49 (0)40 822 138-438

Australia

Australia

Level 20, 201 Sussex Street
Sydney NSW 2000, Australia
Phone : +61 2 9006 1591



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