

THE AUSTRALIAN EMAIL BENCHMARK REPORT 2018



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*the
Orchard*

IN PARTNERSHIP WITH

smartcompany



EMAIL MARKETING.

It's been called everything from an 'untapped goldmine for business growth' to 'marketing's best-kept secret' - and research has consistently shown that it has the best ROI of any online marketing strategy.

It's fair to say that if you're not doing email marketing - and moreover if you're not doing it well - you're basically gifting market share to a competitor who is.

Still, it remains one of the most misunderstood marketing tools in Australia.

The Orchard Agency was founded in 2009 and has grown to become a respected authority across the email marketing landscape for Australian businesses. We understand the importance of email, and its integral role in the overall marketing mix and when used successfully, its ability to be both a relationship building and profit building tool. I'm sure by now you realise that email is definitely not dead, but it is getting harder to do well, and companies are still not investing in email marketing half as much as they should be.

So, In partnership with SmartCompany, we decided to find out what was really going on.

Welcome to our inaugural email marketing report: Email marketing - where is it at and where is it going? In this report, you'll find two things:

Firstly, you'll see the results of a survey from over 400 Australian businesses of various sizes and across multiple industries on all things email marketing, including email platforms used, number and type of emails sent, level of automation used, and mobile optimisation. If you ever wanted to benchmark your approach to that of other businesses, here's your opportunity.

Secondly, and perhaps more importantly, we've included insights into the DNA of a successful email marketing strategy with practical advice within.



**SO TELL ME...
HOW AM I GOING?**

If you're here, the first thing you'll want to know is:
how well am I doing email marketing?

We're glad you asked. Here's the answer.

COMPARE YOURSELF!

We surveyed over 400 Australian businesses, and they told us
that on average they achieved the following top-line metrics:



20.89%

Average open rate



6.46%

Average click rate



\$22.78

ROI for every \$1 spent

They also said that their open and click rates, as well as ROI per dollar spent,
had remained stable over the past year...

...However over **1 in 5 companies did not know their average open rate**,
and nearly **1 in 3 did not know their average click rate**.

What was most concerning was the fact that **83.9% of businesses could not
measure their ROI** of their email channel at all.

This tells us that many businesses simply don't know, or don't have the resources,
to take their email marketing to the next level.

*Click rate measured as a percentage of total emails opened, not total emails sent.



theorchardagency.com.au

P +61 3 8547 0003

E info@theorchardagency.com.au

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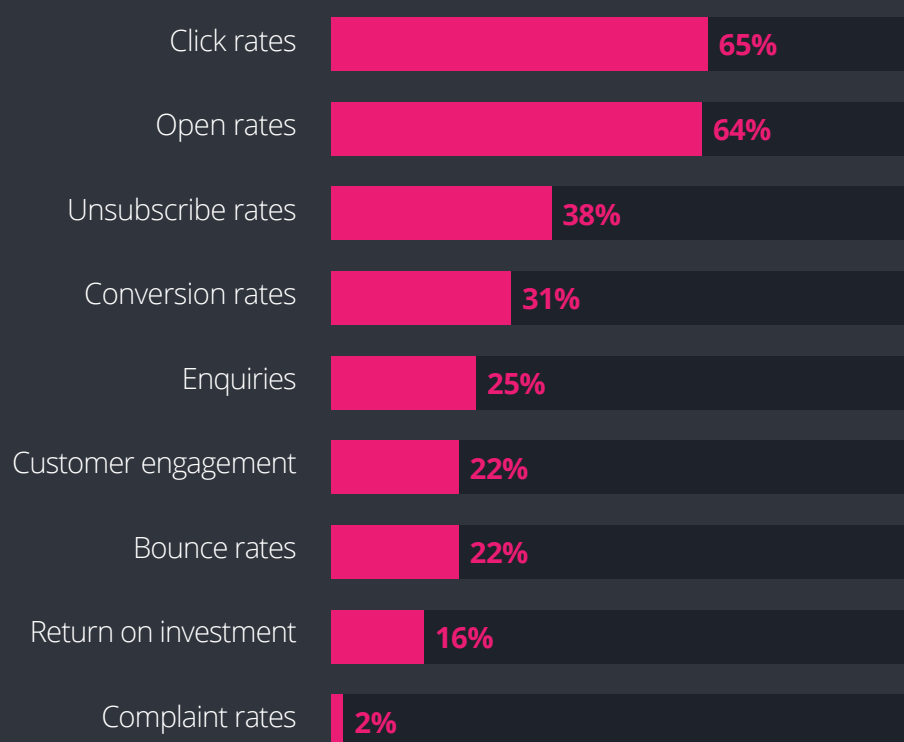
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EMAIL METRICS MOST FREQUENTLY USED

What do Australian businesses measure to chart their success?

We found that most Australian businesses use click rates (65% of all businesses used this) and open rates (64%) to measure a campaign's success. These statistics make sense, as they are the most easily accessible sets of reporting available from email marketing. Unsubscribe rates (38%) and conversion rates (31%) rounded off the top 4 methods.

Other less popular but by no means less critical metrics used include customer engagement (22%), bounce rates (22%), enquiries (25%), return on investment (16%), and complaint rates (2%).



It seems like most businesses are on the right track, but very few are nailing it. However, there were some concerns in these statistics;

Only 22% of businesses we surveyed used Customer Engagement as a success metric.

This means less than 1 in 4 of businesses are measuring how engaged their database is. Measuring email engagement is crucial because if your database isn't engaged (i.e. a significant proportion of them don't open or engage with your emails), there's a much higher risk that your emails and your domain may experience increased deliverability issues making it more difficult to land in the inbox versus the spam folder (or not at all!)

Only 16% of businesses track ROI meaning **84% of businesses are investing** in an email strategy, but are not even sure what they're getting out of it!



WILL YOU SPEND MORE OR LESS?

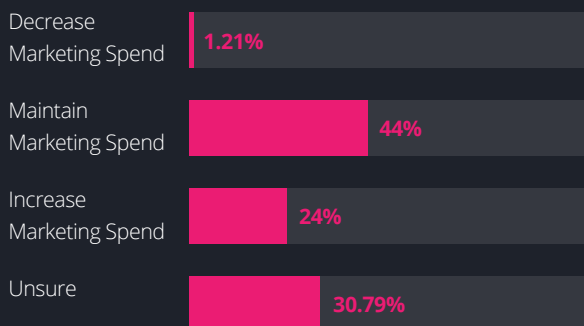
Is your business pushing you to decrease your email marketing spend? If so, let them know that no one else seems to be doing this: only 1.21% of the businesses we surveyed wanted to invest less on their email marketing!

Most businesses we surveyed wanted to increase their email marketing spend (24%) or at the very least, maintain it (44%).

From comparative research, global brands spend an average of 15% of their marketing budget on email, yet email accounts for 23% of total sales. Companies that invest 20% or more of their marketing budget on email are eight times more likely to see sales boosted by 50% or more. In addition, brands with a dedicated email marketing resource see an average jump of 17% in ROI.*

* Reference: Adestra and Econsultancy, 2016

Most businesses surveyed wanted to:



ORCHARD AGENCY TIP:

Measurement is the first step to success, and one of the most important metrics to measure is Customer Engagement, so if you're not measuring it...start now! Measuring Customer Engagement will help you identify the non-actives on your list so you can re-engage or remove them. By doing so, you can potentially save your emails from the dreaded spam folder.

HOW DOES YOUR EMAIL MARKETING RESULTS STACK UP AGAINST THE BUSINESSES WE SURVEYED?

If you didn't do as well as expected, or if you want to do better still, here are 8 lessons from us to you, integrating what we learnt from the businesses we surveyed, that will help your email marketing strategy thrive this year and beyond.



LESSON #1:

MYTH BUSTED:
SENDING TOO MANY
EMAILS ISN'T ALWAYS
A BAD THING



MORE EMAILS = BETTER RESULTS

The answer is yes, but there are some conditions attached.

Firstly, the numbers. We asked our survey participants how often they sent an email every month. From there, we matched their send frequency with their ROI responses.

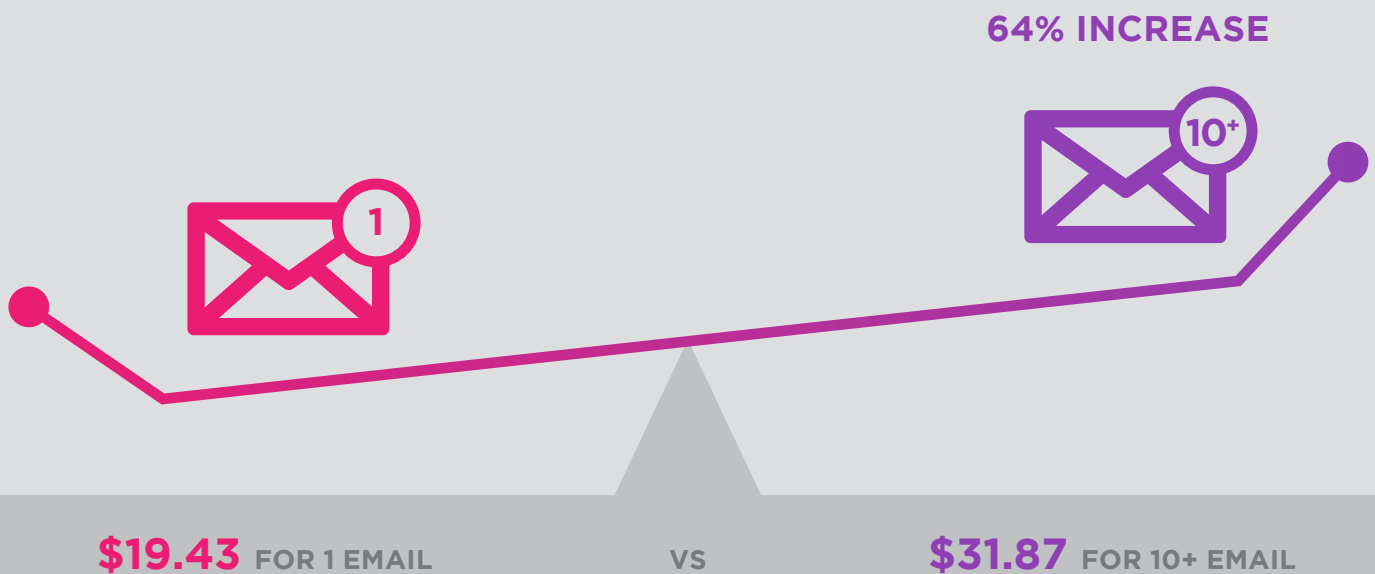
At first pass, it looks like the more emails you send, the better. In fact, the more emails you send, the more likely you'll be able to calculate an ROI at all.

Number of emails /per month	ROI value for every \$1 spent
None	\$0
1 or less	Can't calculate ROI
1	\$19.43
2-5 per month	\$21.07
6-9 per month	\$24.34
10 + per month	\$31.87

As you can see, by sending more emails, you're not only more likely to be able to calculate ROI, but you're able to achieve a better ROI.



DOES MORE EMAILS MEAN MORE ROI?



When you look deeper into the data, however, it seems like businesses that are sending more emails - and getting a better return on those emails - are also better at email marketing altogether. But it's not just about the volume, there are traits in those businesses that have led them to achieving better results and ROI:

- Of the businesses that send 1 or fewer emails per month, over 89% said they couldn't calculate their ROI simply because they didn't know how.
- Businesses that sent 1 or less emails per month were far less likely to optimise their campaigns, with only 39% of this group conducting some level of email optimisation. Alternatively, 85% of organisations sending 10+ emails per month performed some level of optimisation on their campaigns.
- Only 21% of businesses that sent 1 or fewer emails per month applied some level of personalisation to their emails. This was in contrast to businesses that sent 10+ emails per month, with 51% using some level of personalisation to their campaigns.
- Marketing automation is now becoming increasingly critical for businesses. However, only 29% of businesses sending only 1 or fewer emails per month had some level of automation applied. Whereas 57% of companies sending 10+ emails per month implemented automation in their workplace.



DOES MORE EMAILS MEAN MORE ROI?



SEND 1 OR LESS PER MONTH

39% OPTIMISE THEIR EMAILS

21% PERSONALISE THEIR EMAILS

29% AUTOMATE THEIR EMAILS



SEND 10+ PER MONTH

85% OPTIMISE THEIR EMAILS

43% PERSONALISE THEIR EMAILS

57% AUTOMATE THEIR EMAILS

Like any marketing campaign, it takes time and resources to create, manage and send an email. Still it's clear that those that invest more into email marketing yield a better return.



ORCHARD AGENCY TIP:

A common question raised by marketers is how frequently should I email my database? Unfortunately, two of the core reasons audiences disengage is due to receiving too many emails and irrelevant content, resulting in subscribers deleting your email, marking as spam, unsubscribing or not even opening the email.

Avoid this by creating engaging and targeted content catered to the viewer through a combination of good email practices, optimisation, personalisation and marketing automation.

It's about the relevancy of your emails as opposed to the frequency of send. **Sending more relevant and targeted emails results in better engagement and ROI.**



LESSON #2:

EMAIL PLATFORMS
INFLUENCE
RESULTS



EMAIL PLATFORMS INFLUENCE RESULTS

With so many email platforms out there these days, it feels like an impossible task to choose between them.

Questions clients often ask us include:

- Do I really need all this complex functionality?
- How important is automation?
- Is price indicative of functionality?
- Is a more expensive platform going to produce a greater ROI on my email campaigns?

The results are in, and it seems like the answer to the price question, at least, is a resounding yes. We discovered that those that invest only in a basic platform repeatedly got lower levels of engagement and overall return on investment.

You're probably thinking, if I invest my money in a top tier platform can I expect to see a greater ROI?

According to our findings, the answer is more often than not - yes.

We asked businesses which email platform they were using and benchmarked performance results by dividing the platforms into three distinct tiers:

Top-tier Platforms:

Marketing automation platforms with advanced trigger-based messaging based on behaviors and actions via an integrated CRM, website and database or eCommerce store.

Mid-tier Platforms:

Email marketing platforms with automation capabilities but limited integration with either a CRM, website or an external database.

Entry-level Platforms:

Email marketing platforms with no CRM or website integration.

As you can see, the top-tier platforms performed better on all metrics than did the mid-tier and entry-level ones:

	Entry-level platform	Mid-tier platform	Top-tier platform
Open rate	18.79%	21.46%	22.83%
Click rate	5.41%	6.79%	8.12%
ROI	\$20.65	\$24.08	\$28.53



EMAIL PLATFORMS INFLUENCE RESULTS

Before you rush out and invest in the most expensive platform you can find, note this: while the platform *does* matter, it's also how you utilise it. We discovered some stark differences between businesses who use entry-level platforms and those that use top-tier systems, including:

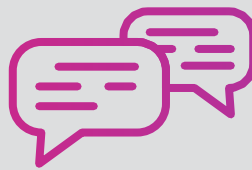
Automation



Only 31%

of those using entry-level platforms use automation, compared to 65% for top-tier platforms.

Personalisation



87%

of those using entry-level platforms don't personalise their email. On the other end of the spectrum 53% of businesses that use a top-tier platform actively engage in some level of personalisation for their campaigns.

Optimisation



A huge 59%

of businesses using entry-level platforms don't optimise their campaigns, as opposed to only 12% of businesses using top-tier platforms.

If you are investing in an entry-level platform, more likely than not, you are not taking advantage of its full functionality available. Even at the basic end of the scale, there is undoubtedly room for improvement for many organisations.

Although more sophisticated email and marketing automation platforms can enable a business to deliver smarter and more targeted campaigns, it still doesn't mean an entry-level system cannot perform some level of automation and content personalisation. The survey results also make it quite evident many businesses are still not getting the most out of the tools available to them, whether it is a simple email platform or an enterprise level system.



ORCHARD AGENCY TIP:

Email platforms are developing fast right now, which is excellent news for businesses of all sizes. Over the last 2 years, we've noticed that the gap between the functionality of entry-level and top tier platforms is narrowing significantly.

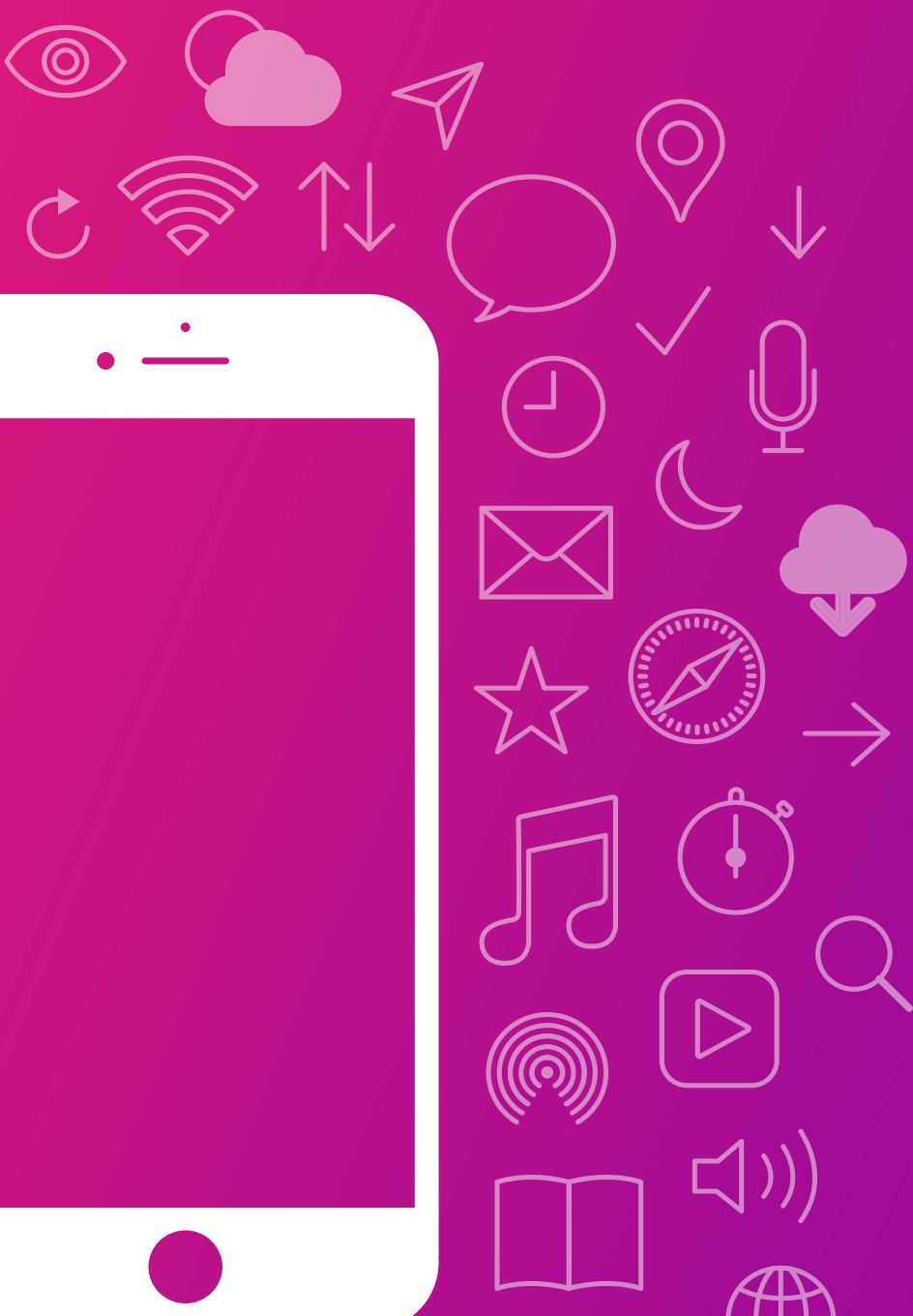
What this means is that many newer marketing automation platforms have advanced tools and functionality at price points that are affordable to small and medium sized businesses.

We strongly advise all businesses to regularly audit their platform's functionality to ensure they are getting the best possible bang for buck.



LESSON #3:

MAKE IT MOBILE FRIENDLY



MAKE IT MOBILE FRIENDLY

If you haven't received the memo: The digital world has experienced a huge mobile transformation due to the explosion of iPhone, Android and tablet devices. Desktop computers are no longer the sole way people view and interact with emails.

No, seriously, we mean it - 66% of all emails are now read on a mobile, and that amount is climbing year-on-year hence why responsive design is so important. It's fair to say that if your emails are not mobile-optimised, you're doing your audience a major disservice by providing a suboptimal user-experience.

Don't believe us? Here's the proof:

Mobile Optimisation	Open rate	Click rate	ROI
Yes	21.89%	6.88%	\$23.21
No	19.03%	5.33%	\$19.22

As you can see, emails that are not mobile optimised suffer from engagement across the board!

HOW DO YOU OPTIMISE AN EMAIL FOR MOBILE?

Great question!

We're glad you asked. So let's start with what a mobile-optimised email isn't.

Have you ever tried to open an email (or a web page for that matter) that has tiny writing, images you can't see, and links you couldn't possibly click unless you put your finger in a magic shrinking machine? We're betting that the email wasn't mobile optimised!

Cue a mega frustrating experience for the user: they'll have to zoom in, read different chunks at a time (if they can) and repeatedly try to click the links.

More likely though, they'll just give up on your email (and your business) altogether.

Great news though, this can be avoided!

By using a combination of mobile optimised HTML and CSS code you can create emails that look equally as exquisite and are just as functional across mobile and desktop environments.



ORCHARD AGENCY TIP:

Mobile optimisation is critically important - so don't let it stop just with your emails. Carry out mobile-optimisation across all your digital touchpoints - your website, landing pages and data capture forms. We promise your audience will internally thank you regardless of whatever device they choose to engage your brand with.



LESSON #4:

AUTOMATION IS
EVERYTHING



AUTOMATION PAYS OFF

Automation. It sounds great because it is. After all, who has time to manually send hundreds or even thousands of individual emails?

Automation can look after the heavy lifting of tasks such as delivering welcome emails, abandoned cart reminders, transactional receipts, etc.

Surprisingly, only 40% of businesses we surveyed said they automated their emails. That means more than 3 out of 5 businesses are not getting in on the marketing automation revolution!

Unsurprisingly, those that did automate their emails benefited immensely, and not only from all the extra time they had. Businesses that automated their emails received a whopping 35% better ROI than those that didn't.

Metric	With Automation	Without Automation
Open rate	24.34%	19.11%
Click rate	7.49%	5.71%
ROI per dollar spent	\$28.13	\$20.89

Keep in mind, these results clump together all types of emails (both manually launched and automated). Therefore organisations implementing automated emails are most likely seeing even better results purely from their automated communications.



ORCHARD AGENCY TIP:

While the type of automation/trigger campaign you should use will depend on your business, the most crucial type of automation for all businesses is a welcome/onboarding series. Setting up the right welcome email creates a positive, memorable and lasting impression and sets the stage for a better relationship with your customers.

WHAT TYPE OF AUTOMATION/TRIGGER CAMPAIGNS ARE BUSINESSES USING?

Among those who automated their emails, a few types of automation/trigger campaigns were used the most:

- 39% of businesses used welcome/onboarding emails
- 25% of businesses used transactional emails
- 14% used lead nurture emails
- 13% used post-download emails

They were welcoming/onboarding emails (used by 39% of businesses) followed by transactional emails (25%), lead nurture emails (14%) and post-download emails (13%).

Other automated campaigns were used less frequently. 10% of businesses used time-sensitive emails (which includes anniversary, birthing or offer expiry emails. 8% of businesses also used review request emails and 6% used loyalty program emails.

Obviously, there is a wide variety of emails that can be automated and these will also depend on which industry your business is in.

WHY DOES AUTOMATION WORK?

Marketing at its core is about two things. Relevancy and timing. If you can get those two concepts right, your marketing is going to work a whole lot better. Nowadays, marketing automation tools can now pool both your email and website data together to develop sophisticated email campaigns that are triggered based on behaviour rather than manual execution.

By learning how your customers interact with your brand, you can deliver better converting campaigns that are sure to outperform any bulk delivered campaigns you're currently doing.



LESSON #5:

PEOPLE
WANT TO GET
PERSONAL



PEOPLE WANT TO GET PERSONAL

The days of getting excited about a shiny new email in your inbox are all but over. In fact, studies show that we receive approximately 121 emails per day and send 40 more on top of that!

So how do you make your email stand out in a crowded inbox? By personalising it, of course!

TELL, DON'T SELL!

Email marketing is, in so many ways, like a relationship.

Consumers have come to demand and expect relevant and personalised content. Businesses nowadays need to leverage email personalisation to meet and exceed customer expectations to set them apart from the competition

Unsurprisingly, businesses that understand this and send relevant and personalised messages reap the benefits and get results.

Personalisation is a proven way to increase your open and click-through rate. In fact, businesses that personalised their emails received a 32% higher click through rate and a 28% better ROI than those without. Think about that...just how many conversions could that lead to?

Metric	With Personalisation	Without Personalisation
Open rate	24.78%	19.43%
Click rate	8.06%	6.12%
ROI per dollar spent	\$27.56	\$21.53

WHAT TYPE OF PERSONALISATION ARE BUSINESSES USING?

Businesses that personalised their emails were most likely to personal with a basic salutation (64% of businesses did this). Other types of personalisation commonly used included customer profiles (24%), purchase history (14%), customer behaviour (14%), email engagement (13%) and mail-merging CRM data (13%).

Other personalisation tactics that were less well-used included recipient location (11%), dynamic content (9%) and website engagement (8%).

Organisations that utilised location data, dynamic and website engagement really shined! They easily outperformed the rest of the pack, as this level of personalisation truly helps create a unique and rewarding experience for their customers.

Metric	With Advanced Personalisation
Open rate	26.12%
Click rate	8.73%
ROI per dollar spent	\$31.14



ORCHARD AGENCY TIP:

Great personalisation relies on the data you have obtained. Make sure your data and data collection practices are continually being audited and reviewed. Your ability to run purposeful and relevant campaigns will rely heavily on its quality and reliability.

Fortunately, features like dynamic content and website engagement can easily be obtained and implemented for businesses of all sizes! Meaning there is no reason not to get into the marketing automation and personalisation game.



LESSON #6:

OPTIMISE,
OPTIMISE,
OPTIMISE



OPTIMISE, OPTIMISE, OPTIMISE

One of the biggest benefits of email marketing is the ability to see, in real-time, how well your campaign is performing, down to an individual level. The real power in email marketing is not just seeing how you're going, but being able to optimise your campaigns so you can drive up your ROI. Which is undoubtedly what every business wants at the end of the day.

Unfortunately, many businesses are yet to realise the benefits of optimisation, with 58% of businesses we surveyed admitting that they don't optimise their emails. It's the classic example of not enough time or resources, but it also means many businesses are leaving a lot of opportunities or conversions at the table.



ORCHARD AGENCY TIP:

If you've been sending emails for longer than 36 months (or in some cases less), you'll have a treasure trove of data on how you can optimise your campaigns. It may sound basic, but many of us forget: past performance data is exactly what we should be using to review and optimise our emails.

Make sure you regularly put aside time to review what worked and what didn't in your past campaigns. Identify key subject lines, keywords, the day of send, time of day, content and CTAs that delivered the best results to implement in future campaigns.

And don't forget to A/B test!

USE EVERY OPPORTUNITY TO IMPROVE YOUR EMAILS

Like personalisation and automation, optimisation can have a profound effect on your results. Businesses that optimised their emails (specifically, those that optimised their design, call to action, email copy, landing pages and database) received a 27% better ROI than those that didn't.

Metric	With Optimisation	Without Optimisation
Open rate	25.12%	20.43%
Click rate	8.11%	6.78%
ROI per dollar spent	\$26.43	\$20.88

OPTIMISE HOW?

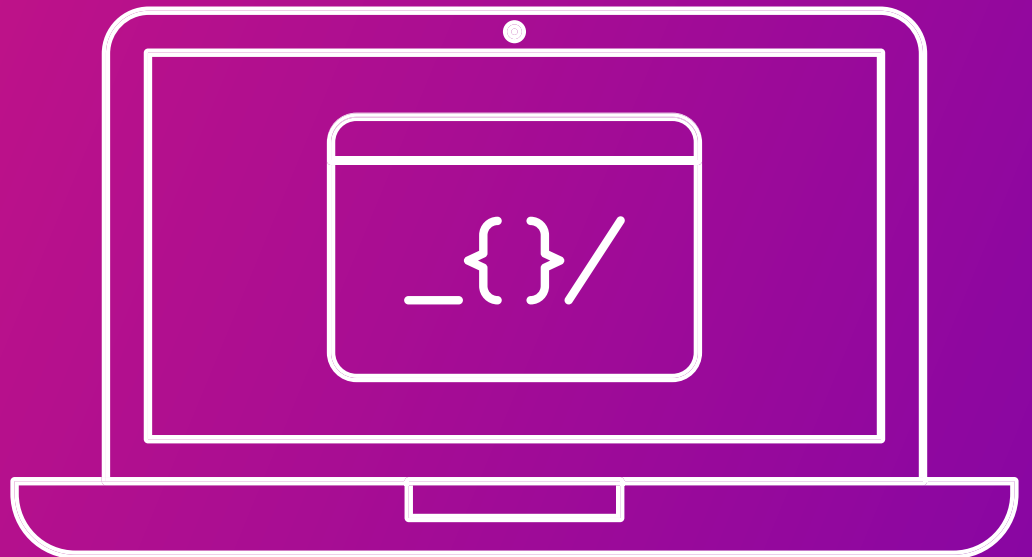
Those businesses that did optimise their emails did so most often by testing different subject lines (46% of businesses did this) followed by calls to action (39%), the time when they sent the email (30%), design (17%) and email copy (25%).

Less popular (yet not necessarily less effective) forms of optimisation included landing page optimisation (17% of businesses did this), followed by email length (15%), send frequency (14%), database (11%) and from name (11%).



LESSON #7:

OUTSOURCING PAYS OFF



OUTSOURCING PAYS OFF

Creating wildly successful email campaigns is really fun. At least, we think so.

The good news is that if you don't agree, don't have time, or don't know how, it actually pays off to outsource your email campaigns. Of the businesses we surveyed, those that left emailing to the experts got considerably better results, both from engagement and their Return On Investment.

But don't just take our word for it. Proof below!

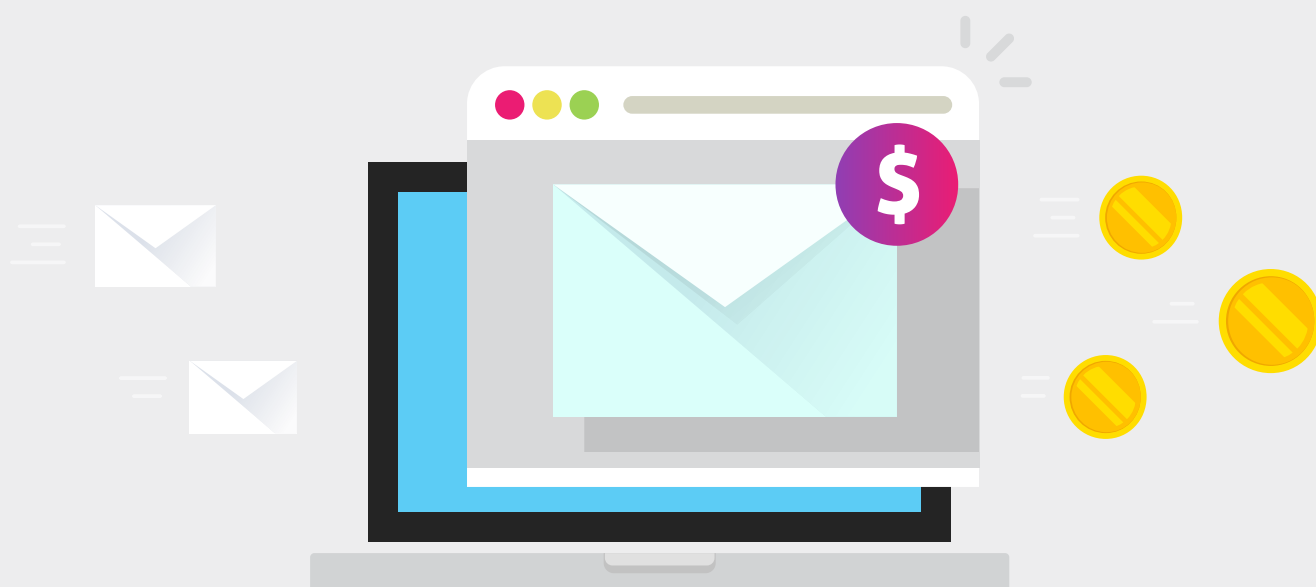
Metric	Digital Agency	Brand, Marketing or PR Agency	Self-administered
Open rate	24.3%	21.8%	19.88%
Click rate	7.36%	6.97%	5.93%
ROI	\$26.13	\$25.78	\$21.17

As you can see, if you outsource your email campaigns, you're far more likely to get better results all-round, including a huge 23% better ROI on your campaigns.

Engaging in professional help typically leads to yielding better results. Organisations that sought the assistance of Digital Agencies were 63% more likely to implement some level of personalisation, 48% more likely to optimise their campaigns and 45% more likely to have adopted some level of marketing automation.

Without giving away all of our trade secrets, we're confident in saying that some things that are essential to improving email marketing success - for example, personalisation and optimisation - are actually i) quite technical and ii) very time consuming.

Outsourcing allows your organisation to bring in a wider set of skills and resources, therefore allowing a business to focus on their core strengths and leaving email marketing to the experts.



LESSON #8:
MEASURING
ROI



MEASURING ROI

The last section on outsourcing showed us some impressive stats on the difference in ROI between digital agency led and self-administered email campaigns. But it also showed us that a lot of businesses (72%, in fact) are still struggling to calculate the ROI on their email campaigns.

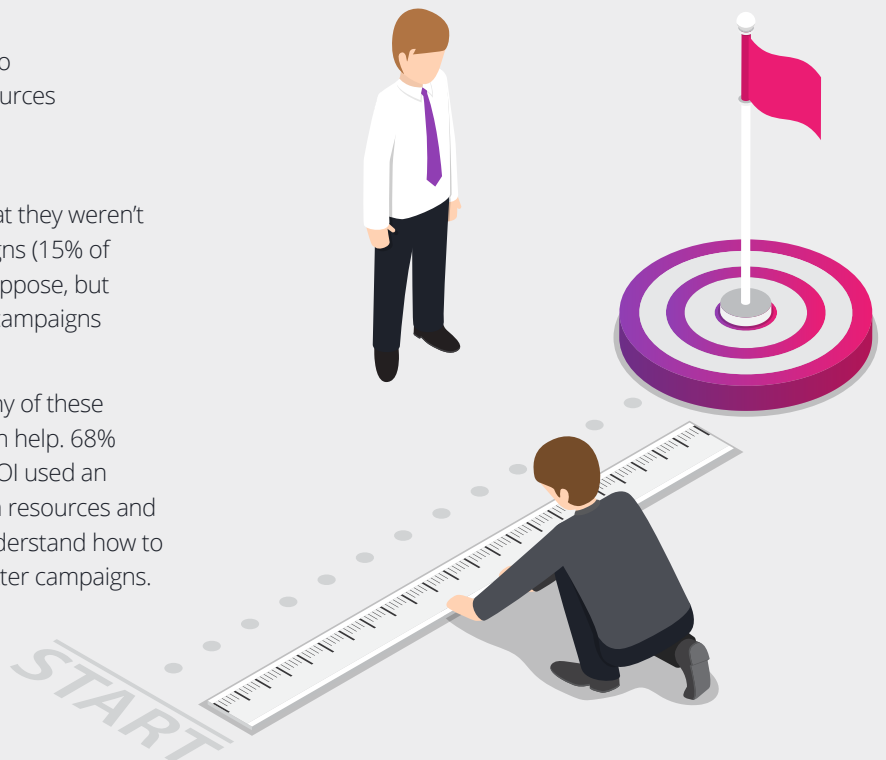
Why?

We discovered there were a number of reasons businesses weren't able to qualify ROI:

- 37% of businesses simply didn't know how to
- 21% of businesses lacked the time and resources
- 10% of businesses lacked data
- And 9% of businesses lacked visibility

Some of the businesses we surveyed told us that they weren't required to show an ROI on their email campaigns (15% of businesses admitted this). That's a luxury, we suppose, but wouldn't it be great to show just how well your campaigns were working?

The good news is that if you're suffering from any of these problems, outsourcing your email marketing can help. 68% of businesses who were able to quantify their ROI used an external provider (Digital Agency, etc.). The extra resources and expertise available helped many businesses understand how to calculate their ROI and consequently deliver better campaigns.



ORCHARD AGENCY TIP:

Calculating ROI can be hard, we know. But that shouldn't stop you from trying!

One of the most effective formulas we use to help clients calculate ROI is:

$$(\text{Lead generation} + \text{marketing} + \text{email platform costs}) \div \text{Sales generated (or no. of subscribers)}$$

If you have trouble sourcing or making sense of these figures, however, don't hesitate to reach out to us.





It's clear that email marketing is here to stay.

What is also clear is that if you're not currently maximising ROI from your email marketing channel, your business is missing out on plenty of opportunities.

However, we've listed a summary of key points to help get you back on track:

- Send more emails! But remember, you will only get better ROI from them if you optimise, personalise and automate them. Quantity is great, but quality is always better.
- Regularly review your email marketing platform. Nowadays, it isn't uncommon to get advanced functionality for a reasonable price, so always make sure you're getting the best ROI from your subscription.
- Audiences are predominately using their mobile, so make sure your email looks and works perfectly on one.
- Automate your welcome email series! And after you've finished that, automate everything else! It will save you considerable time and money, plus drastically increase your email ROI.
- While you're at it, personalise your emails! And make sure you collect and continually audit the data required to be as personal as possible. No one likes receiving emails that aren't relevant to them. Personalisation will help develop a unique individual experience.
- Optimise, optimise, and then optimise again. Use everything you've learnt from past campaigns to increase the ROI on all future campaigns, and don't forget to A/B test.
- If you want the best results... leave it to the experts. It will save you time, money and stress and ensure you double or even triple your email marketing ROI.

They say that email marketing is the future... but we know that the future is already here.
Make yours count.

NEED SOME HELP?
GET IN TOUCH.

