Optimizing Micro-Deliverability to Improve Email Profitability

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Executive Summary

Email deliverability is a challenge all email marketers face. It's not just about getting to the inbox; it's about getting your email acted on and, in most cases, generating as much revenue as you can from your email program.

Email filters are a fact of life for email marketers. They're needed to filter out egregious spam; but often legitimate email messages are mistakenly filtered as spam – they are the "collateral damage" of filtering.

Many deliverability issues are caused by sender reputation – but some are ESP-specific. It's not that the ESP is doing a poor job, it's a numbers game. The more email sent, the more susceptible they are to deliverability issues. Most are minor and corrected in hours or days, but in the meantime…the email isn't getting delivered.

The top ESPs have good overall deliverability rates, 96% or above. But the small differences in their micro-deliverability rates, their deliverability rates by Domain or ISP, can have a significant impact on your overall inbox rate – and the revenue you generate. These differences exist between ESPs and even within ESPs – one ESP's deliverability to a Domain or ISP can fluctuate on a daily or even hourly basis (see the case study on page 6).

Optimizing your micro-deliverability is now an inexpensive and easy way to increase the revenue you generate from your email program. Until recently, there have been significant obstacles to optimizing your deliverability, including:

▶ Scarcity of Micro-Deliverability Data
▶ Lack of Time
▶ Single ESP Model

But Ongage makes optimizing micro-deliverability easy, by providing real-time micro-deliverability data and allowing you to quickly and easily segment your list and send from multiple ESPs – all from the user-friendly Ongage interface. And they aggregate performance data from each ESP and deliver it to you, right in the Ongage interface.

Read on to learn more about micro-deliverability and how it can help your organization increase revenues from email marketing, including a case study showing how a small increase in deliverability (1.75%) resulted in a 33% increase in revenue generated (page 9).

Why ISPs Filter Email

Nearly a third of email marketers surveyed by MarketingSherpa cited deliverability as a significant challenge to their success.[1] What many email marketers don't understand is the reason that ISPs filter email – and why, even though legitimate messages are often mistakenly diverted from the inbox,filtering is necessary and a benefit to the industry.

According to Symantec nearly 70% of all email sent is spam.[2] That's 7 out of 10 messages. Symantec is looking at a lot of email, over 8 billion email messages a month.

They're doing a front line analysis – the messages they identify as spam will never make it anywhere near the inbox. That's because they're what all of us would consider egregious spam. Phishing messages, malware, email coming from relays and other tactics that professional spammers use to leverage this channel for nefarious purposes.

If no front line filters existed, all this email would be delivered to the inbox. For every potentially legitimate email message in an inbox, there would be two that were egregious spam.
This deluge of phishing messages, malware and obvious spam would render the email channel useless. Finding a legitimate email message to read would be akin to finding a needle in a haystack.

This is why ISPs filter email messages. Now let's overlay data from Return Path. They show that only 76.5% of legitimate email messages were delivered to the inbox in the second half of 2011.[3]

The balance of potentially legitimate email messages were either filtered as spam at a secondary level (15.1%) or delivered to the junk mail folder (8.4%).

Having 15% of legitimate email messages filtered as spam is the collateral damage of spam filtering. But it's a small price to pay to keep the bulk of egregious spam out of the inbox. That's why ISPs filter spam – and why smart email marketers understand that spam filters are necessary, even if they are an inconvenience.

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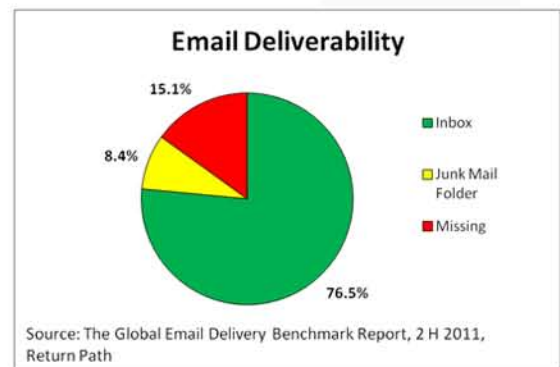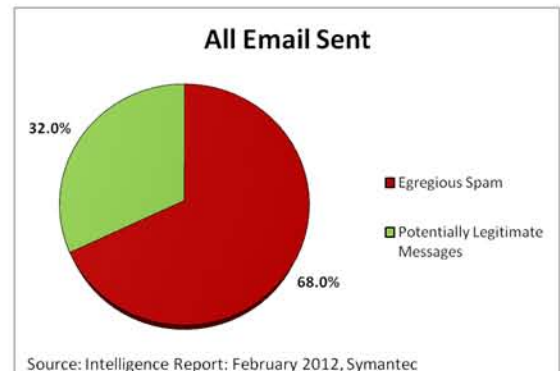
1 - 2011 Email Marketing Benchmark Guide, MarketingSherpa
2 - Intelligence Report: February 2012, Symantec
3 - The Global Email Deliverability Benchmark Report, 2H 2011, Return Path

Causes of Deliverability Issues

There are many reasons that legitimate email messages don't reach the inbox. Some are specific to senders, while others are related to the email service providers (ESPs) the senders are using.

Sender Issues

Your sender reputation is going to determine whether your email reaches the inbox or not. According to Return Path, 83% of deliverability issues are the result of a poor sender reputation. There are a number of different elements that factor into your sender reputation; here are the basics.

Authentication
ISPs rely heavily on authentication to confirm that the stated sender is actually the sender. There are three different authentication technologies in play right now, which are:

• Sender Policy Framework (SPF)
• SenderID
• DomainKeys Identified Mail (DKIM)

All allow ISPs to compare information in an email to information which should be posted in DNS records about the sender. If the information they're looking for isn't in your DNS record, there's a good chance your email will be filtered as spam. If you don't have authentication in place, your sender reputation will suffer.

Spam Complaints
If recipients are reporting your email messages as spam it will damage your sender reputation. Spam complaints should be less than 0.1% of your send quantity on every message. If you consistently have a spam complaint rate of more than 0.1%, your sender reputation is being damaged.

Bounce Management
Repeatedly sending email to addresses that bounce will damage your sender reputation. It tells the ISPs that you aren't keeping your lists clean, that you aren't appropriately responding to their hard and soft bounce messages. The industry standard is to remove hard bounces after one occurrence and soft bounces after three consecutive sends.

Recipient Engagement
This is a relatively new addition to the sender reputation criteria. It refers to the rate at which recipients are opening and clicking on your email messages. If the people you're sending to aren't interested enough to open or click on your messages, your sender reputation will be eroded.

ESP Issues

There are times when issues unrelated to your sender reputation will impact your deliverability. Often these are ESP issues.

The most common ESP issue is related to shared IP addresses. While ISPs are moving toward domain specific filtering, most still filter at an IP level. This means that if an IP is sending email perceived to be spam, all email from that IP address, regardless of the domain it's sent from, will be blocked.

But even if you have a dedicated IP address, one that only your organization sends from, you can experience ESP side deliverability issues.
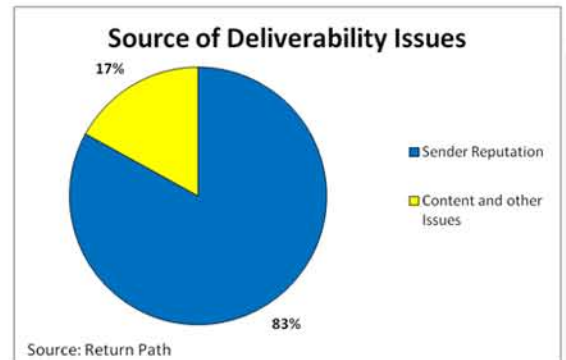
Case Study

The company is sending daily email messages to consumers. The list is 100% opt-in and deliverability had never been an issue.

Open and click-through rates as reported by their ESP dropped significantly on one of their daily sends, which had an immediate impact on their conversion rates and revenue generated.

By drilling down and looking at their performance by email domain, they found something startling. They had no bounces, opens or clicks from one of the consumer domains (ISPs) they were sending to. This domain/ISP accounted for roughly a third of their list.

	Emails Sent		Bounces		Opens		Clicks	
	#	%	#	%	#	%	#	%
Domain/ISP A	700,250	33.2%	-	0.0%	-	0.0%	-	0.0%
Domain/ISP B	573,589	27.2%	170	0.0%	127,895	22.3%	24,643	4.3%
Domain/ISP C	539,982	25.6%	215	0.0%	101,945	18.9%	21,328	4.0%
Domain/ISP D	54,573	2.6%	198	0.4%	10,058	18.5%	3,025	5.6%
Domain/ISP E	24,988	1.2%	20	0.1%	3,758	15.1%	985	3.9%
Other Domains/ISPs	215,538	10.2%	1,700	0.8%	32,345	15.1%	7,402	3.5%

They contacted their ESP, who said they would look into it and get back to them.

A few days passed, and there was still no performance other than send quantities registering from Domain A, which comprised the majority of their list. Performance on the balance of the domains was in the normal range for their sends.

The company was concerned; it relies on email for 100% of its revenue and most of their offers are "daily deals" with strict expire dates. Even a deliverability problem that lasts only a day or two has a significant impact on revenue.

They brought in a deliverability consultant who started investigating. And they decided to do some triage. They contracted with a second ESP and sent that day's email to the Domain A addresses through the new provider.

The results of the triage send were immediate. They were able to see bounces, opens and clicks at a level that was normal for their list. They checked their e-commerce system and found, for the first time in days, sales attributed to Domain A.

The deliverability consultant did some initial investigation and found no issues. No problem with the sender's reputation, no blocks on the IP addresses being used for the send and no widespread deliverability issues reported with regard to Domain/ISP A.

A bit later, their ESP got back to them and said there had been an issue at Domain/IPS A which had delayed delivery. They couldn't provide any detail on the issue, but said that it had been fixed.

The company never did find out what happened. But it's clear that the problem didn't affect every ESP. If it had, it would have been reported as a widespread problem on the deliverability blogs their consultant checked.

They wondered: would this happen again? Should they change ESPs? What if the new ESP had a similar issue? Was this an inherent problem with the single ESP model so prevalent today?

The Micro-Deliverability Concept

Micro-deliverability is a relatively new concept in email marketing. It involves drilling down into deliverability by domain or ISP by ESP and then segmenting your list to take advantage of the best deliverability to each.

Example

100% deliverability is theoretically possible, but difficult to accomplish on a consistent basis. The best ESPs have deliverability rates above 96%. But even ESPs with overall good deliverability have different deliverability rates to different ISPs.

	ESP A	ESP B	ESP C	ESP D	ESP E
Domain/ISP A	98.88%	96.83%	96.83%	96.39%	96.46%
Domain/ISP B	97.12%	96.33%	97.50%	96.52%	97.45%
Domain/ISP C	100.00%	97.54%	98.88%	99.47%	97.53%
Domain/ISP D	97.65%	97.85%	96.80%	96.01%	96.48%
Domain/ISP E	96.56%	96.55%	97.95%	96.67%	97.86%
Overall Deliverability	98.04%	97.02%	97.59%	97.01%	97.16%

If you're sending to Domain A, you'll have better deliverability with ESP A. But if you're sending to Domain B, ESP C is going to get more of your email delivered. And ESP B isn't great at deliverability, unless it's to Domain D, where they're the very best.

By leveraging these fluctuations in deliverability to your advantage, you can increase your revenue. To keep it simple, once again, let's assume your list is split evenly between these 5 Domains. If you're generating $0.50 in revenue for each email that's delivered, your overall revenue will fluctuate depending on which ESP you use.

Domain/ISP	Send Quantity	% of List	ESP A	ESP B	ESP C	ESP D	ESP E
Domain/ISP A	400,000	20%	$ 197,760	$193,660	$193,660	$192,780	$192,920
Domain/ISP B	400,000	20%	$ 194,240	$192,660	$195,000	$193,040	$194,900
Domain/ISP C	400,000	20%	$ 200,000	$195,080	$197,760	$198,940	$195,060
Domain/ISP D	400,000	20%	$ 195,300	$195,700	$193,600	$192,020	$192,960
Domain/ISP E	400,000	20%	$ 193,120	$193,100	$195,900	$193,340	$195,720
TOTALS	2,000,000	100%	$ 980,420	$970,200	$975,920	$970,120	$971,560
Revenue from Optimizing Micro-Deliverability across ESPs			$ 984,360	$984,360	$984,360	$984,360	$984,360
Dollar Boost in Revenue			$ 3,940	$ 14,160	$ 8,440	$ 14,240	$ 12,800
Percent Boost in Revenue			0.4%	1.5%	0.9%	1.5%	1.3%

This analysis assumes a single send of 2 million email addresses. If you're using ESP A, you will generate $980,420, but with ESP D your take would only be $970,120. That's a difference of $10,300 – sending from ESP A would generate 1.1% more revenue than ESP D.

But now look at what optimizing micro-deliverability across ESPs could do for your bottom line. By sending from the ESP with the best delivery to each of your Domains you would generate $984,360. That's a lift of $3,940 (0.4%) over sending from just ESP A; you'd recognize $14,240 more (1.5%) than you would if you were sending from just ESP D.

It may not sound like a lot, but what would a 0.4% increase in your revenue generated, with little to no additional cost, make to your bottom line? A 1.5% increase? More?

This is a very simple example of the power of the micro-deliverability concept. In reality, each ESP's deliverability to each ISP fluctuates on a daily or even hourly basis. So to truly optimize micro-deliverability you have to watch deliverability trends and segment your list appropriately between ESPs. Micro-deliverability isn't a one-time analysis; it's an ongoing tactic that smart email marketers are beginning to use to boost their bottom line profitability.

Why Email Marketers Haven't Optimized Micro-Deliverability – Until Now

There are some very good reasons why email marketers haven't been optimizing micro-deliverability. But the obstacles to doing this are being overcome, to everyone's advantage.

Scarcity of Micro-Deliverability Data

ESPs publish overall deliverability rates by month or by quarter, but none publish their deliverability rates by Domain/ISP. And few would have the resources to publish this on a weekly or daily basis.

Ongage makes it easy to see your own micro-deliverability – and to use that information to optimize it by sending from multiple ESPs (more on that later).

Lack of Time

Email marketers are on an almost constant deadline to get email out. And many have other responsibilities on top of that. So even if the research on micro-deliverability had been available, up until now marketers have been hard-pressed to find time before each send to review it and segment appropriately.

Here's another obstacle Ongage helps email marketers overcome. The micro-deliverability data by ESP and ISP is available for you to see and easily leverage. Just a few clicks lets you segment your list by Domain and assign each group to the ESP of your choice. What would have taken hours now takes seconds, since you have not only the data but also a tool that lets you make use of it, quickly and easily.

Single ESP Model

Ongage partners with some of the best ESPs in the industry. Ongage respects and likes them. Ongage also understands why the single ESP model exists – up until now, it was the best model for the industry. But that's changing.

Learning multiple ESP interfaces, keeping track of which Domain addresses are being sent from which ESPs, and then aggregating the performance data across multiple ESPs is a hassle. A few email marketers have been doing it, but the added time and work made it unfeasible for most.

That was all true, until now. Ongage offers a single, user-friendly interface which allows email marketers to send from multiple ESPs. The Ongage interface keeps track of which Domain addresses were sent from which ESPs and they aggregate all your performance data. Thanks to their comprehensive API integration with all their partner ESPs, there's no need to manually login to each ESP you send from.

Ongage is changing the current relationship between email marketers and ESPs – for the better. Better micro-deliverability and higher revenue for email marketers; better customer relationships and higher revenue, based on leveraging their day-to-day micro-deliverability strengths, for ESPs.

Case Study: Micro-Deliverability and Revenue
A Single-Digit Boost in Deliverability Returns a 34% Increase in Revenue

In his prior role as an email marketer, Ofer Shani, the co-founder of Ongage, leveraged micro-differences in deliverability to his company's advantage.His organization was sending tens of millions of email messages a month to customers and prospects all over the world. All the email was sent from a single platform, as is the common model today.

In looking for ways to boost ROI, Ofer noticed that the performance of campaigns varied widely based on the geographic location of the recipient and the recipient's email domain. He wondered if another ESP would provide better deliverability to the poorest performing countries and ISPs. But he didn't want to sacrifice the good deliverability he was getting from his current ESP to other countries and ISPs.

He knew that ESPs all had about the same deliverability rate, but he wondered: while overall deliverability is about the same across ESPs, are there some with better deliverability to one ISP, and others with better deliverability to another? Are there some ESPs that are better at getting email delivered to one country, and others which would have a better deliverability rate in another?

He theorized that if he could learn the micro-deliverability, by country and/or by ISP, of different ESPs he could use this to optimize his overall deliverability. He decided to test this hypothesis.

He began sending from multiple platforms and dove deep into the deliverability results he was seeing with each. Once he learned each ESPs' strengths and weaknesses in micro-deliverability, he began splitting his sends to optimize. The results were even better than he had expected.

Overall non-bounce deliverability for his sends went up 1.75% when he split them between platforms to optimize. He was hoping for at least a 1.75% increase in revenue generated, but what he got was much more.

Click-through rates increased nearly 50% thanks to the micro-deliverability optimization and revenues increased by more than 33%.

The reason for the huge returns from a 1.75% increase in deliverability is simple. Bounces tell you when an email is rejected by an ISP, but not every ISP sends bounce messages for every rejection and bounces are not an indicator of inbox, versus junk mail folder, delivery. So while non-bounce deliverability was up 1.75%, overall inbox deliverability improved by much more than that.

The only issue with the test was the time and effort it took to optimize micro-deliverability in this manner. This is when Ofer began developing the Ongage concept.
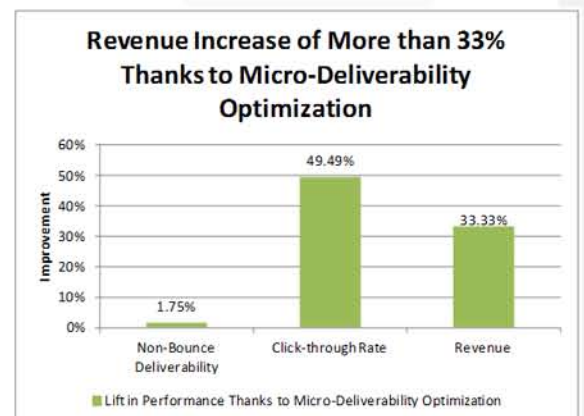
The Ongage Product Offering

There are many reasons that legitimate email messages don't reach the inbox. Some are specific to senders, while others are related to the email service providers (ESPs) the senders are using.

Better for You – and for the ESPs
Ongage gives each email marketer a powerful tool to better manage their own micro-deliverability across multiple ESPs. Is working with multiple ESPs a new concept for the industry? Yes. But one that email marketers and ESPs are embracing as they understand the benefits.

Every ESP knows that their micro-deliverability varies from one month, or even one day, to the next. By joining forces with Ongage they can leverage this to their own advantage – and yours. Ongage allows ESPs to play to their micro-deliverability strengths and gives them "breathing room" to fix their momentary micro-deliverability hiccups, without negatively impacting their customers.

Ongage will change the current relationship between email marketers and ESPs – for the better. Better micro-deliverability and higher revenue for email marketers; better customer relationships and higher revenue, based on leveraging their day-to-day micro-deliverability strengths, for ESPs.

Single Interface – Multiple ESPs – Higher Revenues
Ongage doesn't replace your existing ESP. It provides a single, user-friendly interface that allows you to work with multiple ESPs at the same time. You can segment your list by country, ISP or other factors and send from the ESP with the best deliverability – and the best chance for optimal revenue --for each segment.

Micro-Deliverability Optimization to Improve Overall Performance
Ongage is not an ESP; it's a platform that makes it easy for you to leverage micro-deliverability across multiple ESPs. The Ongage platform gives you insight into micro-deliverability; not just one statistic, but deliverability data by country, ISP or any other criteria you can segment your list by. You can review this data before each send and make changes to your ESP selection(s) on the fly. This makes it easy to optimize your micro-deliverability and your revenue.

All the Benefits of Your Current ESP – And More
The Ongage platform supports all the functionality of every ESP on their system, in one interface. You lose nothing. Even better, Ongage provides a parallel reporting system that aggregates your analytics from multiple ESPs, making it easy to gauge the success of your campaigns. Many companies find that the Ongage reports are more comprehensive than those they receive from the ESPs themselves, which is an added value of using Ongage. Interested in using Amazon SES or other cloud services? Ongage is already integrated with Amazon SES (and with other cloud services), and provides the user-friendly interface and reporting that they don't.

Migration Between ESPs is Seamless
Ongage handles all the API integration with the ESPs, so you can literally be up and running in minutes, not weeks, for ESPs already available on the Ongage platform. Want to work with an ESP not currently available on Ongage? No problem. As long as they offer APIs, Ongage will handle the integration and you'll be up and running quickly – usually much sooner than if you handled the API integration yourself. They'll be no need to work with your technical team on requirements and timelines; Ongage frees them up for other projects.

Cost-Effective Revenue Optimization
As Ofer found out, it takes tremendous time and effort to manually optimize your own micro-deliverability and revenue in this manner. Enter Ongage. There are no set-up or other up-front fees, no additional fees for support or training, no long-term commitment. Just a monthly charge, which should be much less than the increase in revenue you experience, to use the Ongage platform and optimize your micro-deliverability.

Interested?

Let us show you how Ongage can help you improve your micro-deliverability and increase your revenue and ROI. We're happy to answer all your questions about this new edition to the email marketing industry.

Contact:

Danny Tal
VP Sales at Ongage

Email: danny.tal@ongage.com
Phone: 1.866.593.2980
Address: 575 S. Broadway, 4th floor, White Plains, NY, 10601
www.ongage.com