

# THE COST OF POOR EMAIL DELIVERABILITY

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# How Much Does it Cost to Not Clean Your Email List?

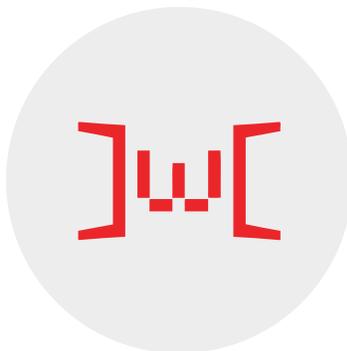
Despite rumors of its death, email is alive and well. With an average ROI of \$44 per dollar spent<sup>1</sup>, email as a marketing channel is certainly worth your attention. It's low-cost, measurable, and easy to segment, personalize, and customize.

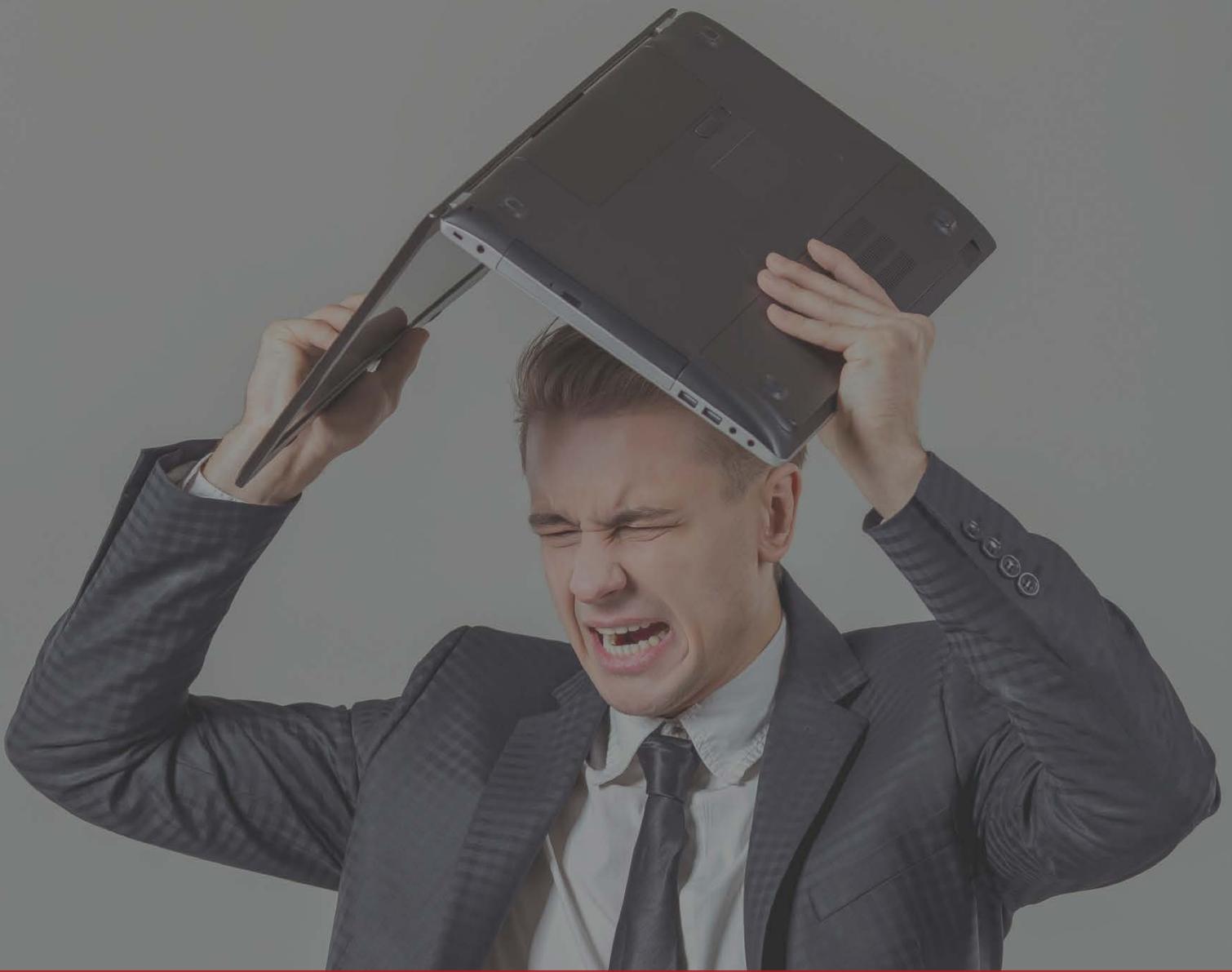
The effectiveness of email diminishes significantly, however, when deliverability issues arise. Threats lurking in your list can hurt your sender reputation. Your customers and prospects might not receive your offers. Worse still, you could end up on the blacklist, resulting in few if any of your emails reaching their targets (even transactional emails like e-receipts). While all these potential problems might seem nebulous, there are real costs associated with poor deliverability—in the form of actual spend, lost opportunity, and remediation.

All this scary stuff is enough to make a marketer think twice about email. But things aren't as bleak as you might think. Maintaining a clean email list and following sender best practices will prevent deliverability troubles and ensure you get maximum ROI for your campaigns.

In this whitepaper we'll address the costs of poor email deliverability, including:

- Wasted time, resources, and money on brand and campaign development
- Lost opportunities in the form of leads and sales from customers and prospects never reached
- Declining sales from unhappy customers due to poor customer service
- Blacklist fines and remediation
- Downtime while you fix problems or change providers





## THE SITUATION:

### Poor deliverability can cost you.

When it comes to email, the better you do the more money you make. That's why companies spend significant resources on messaging, design, and campaign deployment. They acquire bigger lists and send more frequently. Despite careful planning, however, many companies overlook one very important email marketing essential: list hygiene.

Not keeping your list clean could end up costing you big—in wasted efforts, lost opportunities, and blacklist remediation. In the worst case scenario, you could be forced to purchase a new domain name and reestablish your entire online identity. The good news is that there are steps you can take to reach your targets, stay off the blacklist, and take full advantage of your robust list to maximize revenues.

# The Cost of Campaign Resources



Regardless of the size of your list, costs for launching an email campaign include brainstorming or consulting, copywriting, design and images, your ESP subscription, data analysis and list segmentation, landing page creation, and more. You could easily have thousands of dollars tied up in a single email. But the costs don't end there.

Your domain has a value based on traffic, backlinks from other sites, search engine rankings, brand recognition, e-commerce value, and more. Domain names are hot commodities, with companies paying in the high six figures for sought-after names that inherently drive revenue. You can get an idea of the dollar value of your domain by visiting Estibot, Valuate, or Website Outlook.

**\$44.25** *ROI*  
**per \$1 spent**  
**(avg.)**



Consider also the resources you put into developing your brand's reputation as a credible, trustworthy company. Initially, you might have hired a creative team, executive leadership, or consultants to pin down your exact identity and promote it to the world. You've spent years getting customers to know, like, and trust you—and most importantly, buy from you (again and again). A look at purchase history will tell you the potential lifetime value of your customers. All this brand equity is riding on each email you send.

If your emails land in customers' inboxes, great! All the resources above are being put to good use generating sales and growing your business with a healthy ROI. That doesn't mean your next campaign is safe though. If your emails don't reach the inbox...Well, that's where you run into trouble. Not only did the thousands of dollars you spent on a particular campaign go to waste. You're also damaging your reputation as an email marketer and as a trustworthy business. The cost of lost opportunities—in the form of leads and sales—can be huge. In the worst case scenario, you'll need to purchase a new domain name and rebuild your brand.

# Opportunity Cost



Marketers often get caught in the crossfire between ISPs, ESPs, blacklist providers, and the spammers everyone is trying to halt. That means even if you mail to an opt-in list, your customers and prospects might not receive your email. This could be due to your sender reputation as well as active and inactive threats in your list.



A recent report from France-based ESP Mailjet estimated the cost of “false positive” junk mail at €19.4 billion in Europe alone (that’s about \$21 billion). While no one has yet to calculate a similar figure for the U.S., it’s safe to assume marketers are leaving a lot of money on the table in customers they never reach.

If you think your company is immune to deliverability issues, think again. Deliverability is harder than ever because providers like Google and Yahoo have tightened their filtering technology to protect users from spam. An estimated 1 in 5 commercial emails worldwide never reaches the inbox<sup>2</sup>. In the U.S. that number is even worse—1 in 4. That’s potentially 25% of your list not receiving your emails. Keep in mind these include opted-in contacts who want to hear from you. They represent real potential for sales that simply aren’t happening, either because your email went to the spam folder or was blocked altogether.

## What does that translate to in lost sales?

Webbula estimates revenue per email at around \$0.07 each. Based on this figure and assuming you have 100,000 people on your list, you might expect to make \$7,000 from a single promotional email. However, if 20% of your emails never reach their recipients, you can shave off \$1,400 per campaign regardless of your message. If you send a weekly email, your losses could total \$72,800 annually simply due to deliverability issues.

If you get blacklisted, the cost of lost opportunities is even more severe. Prior to working with Webbula, one customer with a good sender reputation hit a spam trap that sent deliverability rates plummeting from 97% to 25% overnight. Assuming the same figures as our above example, that represents potential lost revenues of \$273,000 annually.

# Fines and Remediation



Blacklisting means some or all of your emails are being blocked because your sending habits indicate you might be a spammer. This can happen instantly by hitting even one honeypot, an email address that's actually a spam trap created by ISPs and blacklist providers to catch spammers.

As a penalty, some blacklist providers and ISPs may block your IP address for a brief period of time, say five days, before resuming your service as usual. Others require written requests and sometimes fees to remove you, a process which can take weeks. You might need to hire a tech professional to help you navigate this process. The federal CAN-SPAM Act allows for up to \$16,000 in fines for each offending email\*. Additionally, blacklisting exoneration can cost you as low as \$103 and as high as \$500,000 per IP, depending on your list.

**\$16,000**



**PER EMAIL**  
(CAN-SPAM ACT)



**\$10,000**

**AVG. BRAND  
DOMAIN VALUE**

AS MUCH AS  
**\$500,000**  
**PER IP**

(BLACKLIST FINE)

IP

Violating proper email sending practices can also open you up to costly lawsuits from recipients. One example of recent consumer-led legal action involved Papa John's. The pizza chain settled a \$16.335 million lawsuit for sending unsolicited text messages to customers<sup>3</sup>. The Telephone Consumer Protection Act allows for fines up to \$1,500 per unsolicited message. Because your email messages are sometimes delivered as text messages, you could be subject to these fines as well.

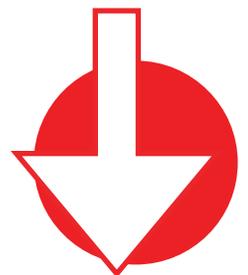


As an additional consequence, your ESP might decide to drop you to preserve its own reputation. You could try switching to a new ESP, but the transition and related downtime will cost you. What's more, if you don't change your sending habits, you'll probably need to switch again in the future. You'll soon run out of ESPs. The blacklist provider or ISP might also decide to block your domain name to preserve its own reputation. If you can't resolve the issue, you may need to purchase a new domain and rebuild your online brand from the ground up. A new domain that's relevant to your business could cost you \$10,000 or more. Highly sought-after domains have sold for over \$1 million. These costs don't include lost clients, acquiring new ones, rebuilding your reputation and brand equity, or the resources you'll need to launch a new site. The downtime costs would also be significant.

## Downtime Costs

Imagine not being able to send any emails to your base for even one day—no customer service, no e-receipts, no invoicing, no communication, and no email marketing. A recent UK-based census suggests that businesses rely on email marketing for around 20% of annual sales<sup>4</sup>. While your email is down, you're not driving those sales. Consider this example from Zulily. In 2014, CEO Mark Zadoron blamed poor Q3 performance on the company's inability to send daily marketing emails due to a problem with their ESP. After this announcement, Zulily's stock value dropped 15%.

Customer service also suffers while your email is inaccessible. Seven out of 10 customers with complaints are likely to purchase from you again if their complaint is resolved. But you likely won't make another sale with a customer whose inquiries go unanswered. U.S. businesses lose an estimated \$83 billion each year because of poor customer service experiences<sup>5</sup>.



\*List Hygiene does not make you Can-Spam compliant or help you avoid fines

# THE SOLUTION:

## Clean your list to improve deliverability

It's important to identify the root cause of being blacklisted to avoid ending up there again in the future. Were your servers hacked? Did you mail to purchased lists? When was the last time you removed bounces and inactive contacts? Even if you've never been blacklisted, it's important to follow a few sender best practices so you don't end up there. Monitoring deliverability rates, removing bounces, and sending only to opt-ins are staple best practices. Here are other essentials to ensure email success:



# How to Avoid Deliverability Issues and Blacklisting



1

## Regularly clean and verify your list

Active threats like malicious moles, spam traps, and seeded trackers could be lurking on your list. Don't forget that all active threats can receive email and some have the ability to open and click on your email's call to action, so measuring deliverability rates (bounces) alone doesn't mean you're safe. Even email addresses your customers provided can contain errors and turn into spam traps. Routine list hygiene and verification is the only way to ensure your list is free and clear of threats and undeliverable email addresses.

2

## Never buy a list

A purchased email list is a bad idea. Email addresses on a purchased list might have been scraped from the web. They could be pure spam traps just waiting to ruin your sender reputation. You also have no way of knowing if these people are interested in hearing from you, so your ROI isn't likely to be high even if your emails get delivered.

3

## Remove inactive subscribers

As time goes by, even opted-in email addresses can turn into spam traps. Additionally, email providers consider user engagement as part of your sender reputation. If a user hasn't opened or clicked on your emails over a period of time you need to calculate the risk versus reward and their chances of making a purchase. Remember, more isn't necessarily better when it comes to email. Routinely removing "dead weight" can boost deliverability to the rest of your list.

### Why Deliverability Matters

Improving your email practices will not only save you from the headaches of blacklisting and poor deliverability and their associated costs. It will increase campaign ROI and drive revenues. Take for example SkinCareRx.com, whose campaign performance improved tremendously after a thorough list scrub that removed many contacts from their list. Marketing to this smaller list resulted in a 12% boost in year-over-year holiday sales in November 2012<sup>6</sup>. The big lesson: list quantity doesn't get you more results, list quality does.

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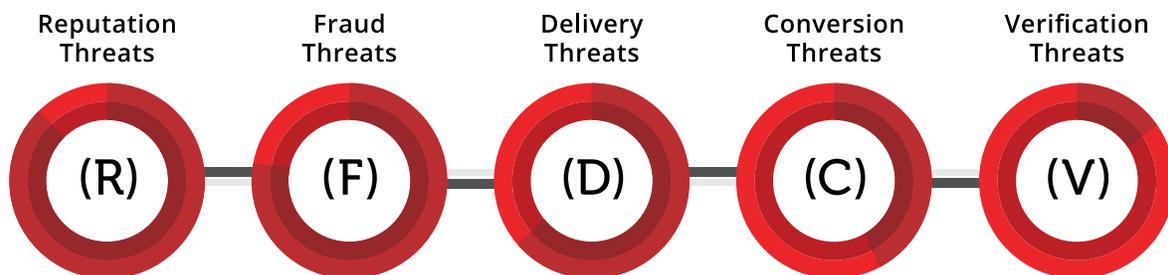
# ]webbula[ To The Rescue!



Email list hygiene and verification are essential to ensuring deliverability, positive sender reputation, and email hazard protection. Maximize the ROI of your campaigns and avoid costly mistakes with help from Webbula.

## Webbula CloudHygiene

provides a comprehensive bundled approach to real-time hygiene and verification flags:



# Find out how ]webbula[ can benefit your company today



+1 (888) 993-2285



info@webbula.com

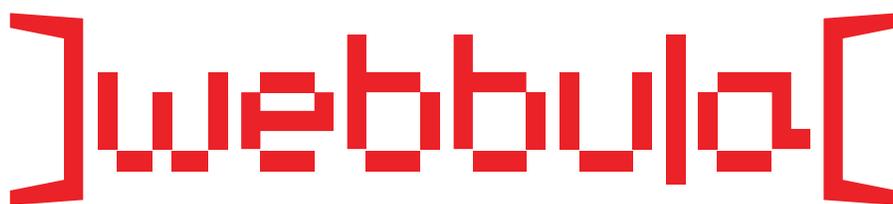


Share



Webbula's data technology enables marketers to mitigate email delivery threats, enhance email lists, and create actionable audiences for ad serving.

Headquartered outside of Pittsburgh, Pennsylvania, Webbula delivers data quality to brands ranging from small businesses to Fortune 100 companies.



THE MOST COMPREHENSIVE  
DATA QUALITY SOLUTION

#### Footnotes:

1. Email Expert, 10 Must-Know Email Marketing Stats 2014
2. ReturnPath 2015 Deliverability Benchmark Report
3. Klein Moynihan Turco "Papa John's To Pay \$16.335 Million To Settle TCPA Class Action"
4. Adestra 2015 Email Marketing Industry Census
5. Entrepreneur magazine The Skyscraping Cost of Bad Customer Service (Infographic)
6. DMNews.com case study: SkinCareRx.com's Email Program Gets a Makeover