The Power of Email Verification and Multi-Method Hygiene

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Key Questions

- What is the state of email deliverability?
- What are marketers doing to improve the quality of the email marketing lists?
- What framework should marketers use for maintaining clean customer data?
- How confident are marketers in the ability for email hygiene and verification to have an impact on business results?
- Are marketers that are embracing the power of verification and multi-method email hygiene experiencing net improvement in business results?

Key Takeaways

- Email delivery rates have been trending downward over the past three years, and as of the second half of 2018 had dropped to 87 percent.
- When asked about the verification and hygiene methods that marketers were using we found that most are not doing enough.
- Real-time email verification is a necessary tactic to ensure that email addresses are valid, but it is an incomplete defense. To improve deliverability and suppress against multiple threats, marketers need to adopt verification and multi-method email hygiene.
- When asked, 53 percent of marketers stated they were very confident in the ability for verification and hygiene solutions to positively impact deliverability and revenue.
- The Relevancy Group survey data suggests that those that are using verification and multiple methods of email hygiene outperform those that do not. Based on actual performance metrics, the mean annual budget for email verification and hygiene is ROI positive and necessary for advancing revenue.
- Verification and multiple method email hygiene equates to approximately $2 million additional dollars in monthly revenue. Hygiene is not a cost, it is a profit center.

Deliverability Rates in Decline

Email delivery rates have been trending downward over the past three years, and as of the second half of 2018 had dropped to 87 percent (Figure 1). Consumer and corporate inbox providers have their hands full battling the deluge of illegitimate email that floods their servers on an ongoing basis. Each has their own methods of identifying and acting on malicious mail streams, and most quite effectively insulate users from unwanted messages. However, the filters and algorithms that inbox providers leverage to protect recipients often result in false positives. Legitimate messages are often blocked, sent to the bulk folder, or quarantined in such a way as to render them virtually inaccessible to end users, who expect and rely upon these emails. This is a troubling number for marketers who can't afford to leave upwards of 13 percent of their user base in the dark about critical product messaging. It underscores

> *"Fifty one percent of consumers state they like email including products relevant to them and 41 percent say that like email that includes products that they have viewed online."*

the need for marketers to get serious about email verification and hygiene. But relevant engaging emails are important too.

ISPs and mailbox providers are increasingly utilizing email engagement to meter delivery and inbox placement. They reward senders that have high engagement with better inbox placement, while penalizing those who send messages that go unread by relegating these emails to the junk folder. Therefore, sending relevant, engaging emails is critical to ensuring positive email delivery. Lack of relevancy drives 52 percent of consumers to ignore or opt-out of email. Fifty one percent of consumers state they like email to include products relevant to them and 41 percent say they like email that includes products that they have viewed online. When asked how they decide which brands to purchase from, 47 percent of consumers cite the customer experience followed by 30 percent that state the brand provides them with relevant offers and or products. Consumers reward brands that recognize them as individuals across the online experience.

Figure 1 – Four Year Email Deliverability Trend (2015 – 2018)
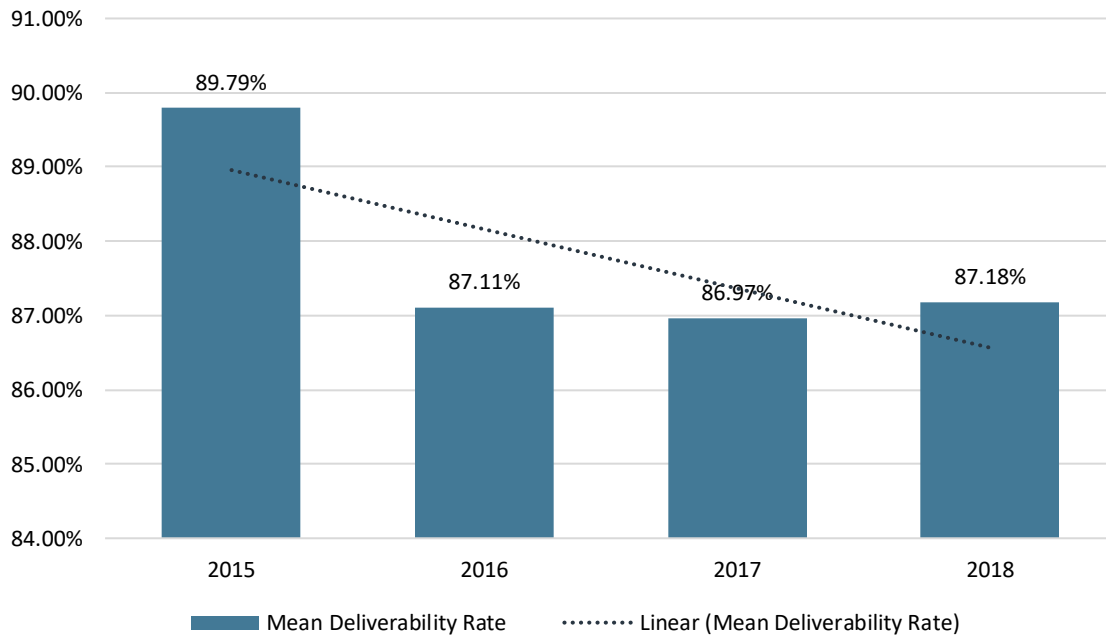
Question Asked: What is your average email inbox delivery rate?
Source: The Relevancy Group Executive Survey, n=402 11/15, n=486 6/16, n=301 8/17, n=406 6/18 U.S. Only

To Improve Deliverability Marketers Must Utilize Verification and Hygiene

When asking about the verification and hygiene tactics that marketers were using, we found that most are not doing enough. Forty-one percent of marketers are utilizing real-time verification at the time of opt-in with another 46 percent planning to utilize this tactic in the next 12 months (Figure 2). Verification adoption is highest among enterprise marketers (more than 1,000 employees) at 46 percent, as compared to mid-market brands (less than 1,000 employees) at 34 percent. [either capitalize Enterprise and Mid-Market or lowercase all). While verification is necessary to ensure that the email is not going to bounce, it does little to guard against malicious reputation and fraud threats that only hygiene can provide. Just 14 percent of marketers state that they are utilizing email hygiene to ensure that the email is not a spam trap or toxic. Marketers appear to understand the looming importance of this threat, as 71 percent are poised to adopt this tactic in the future. Marketers must adopt solutions that provide for multi-method hygiene. Despite the lower adoption of hygiene tactics, marketers are confident in the ability of verification and hygiene solutions to positively impact performance. When asked, 53 percent of marketers stated they were very confident in the ability for verification and hygiene solutions to positively impact deliverability and revenue. To ensure a healthy email marketing program, and maintain that level of confidence, senders must ensure that hygiene solutions are based upon multiple methods.

Figure 2 – Top Three Email Verification and Hygiene Tactics Utilized
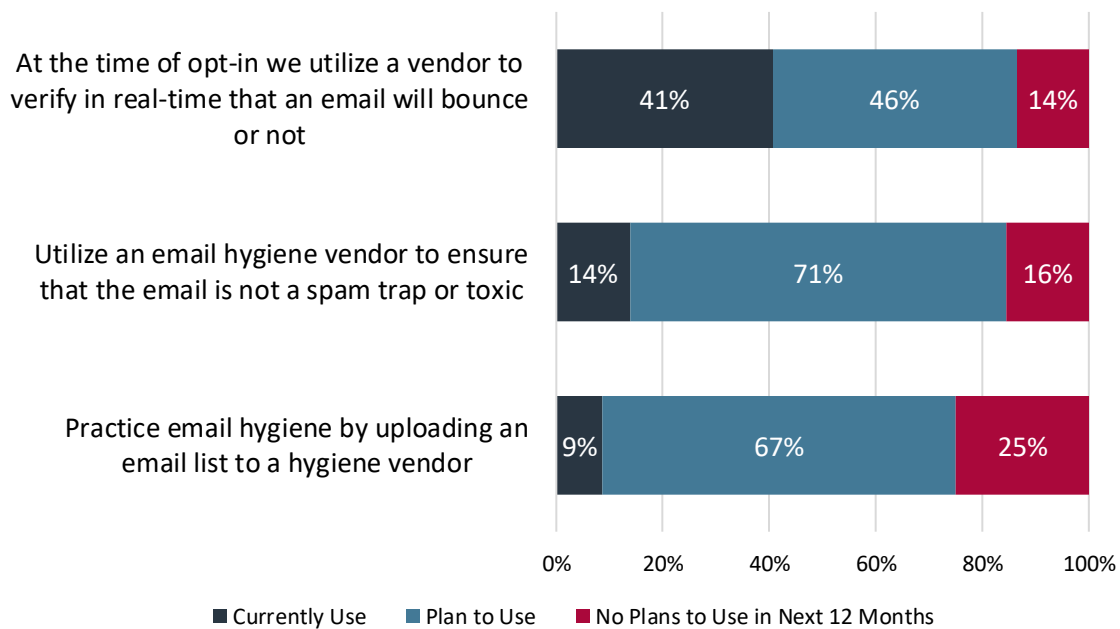
Question: From the following list, please select the appropriate option for each of the following tactics.
Source: The Relevancy Group Executive Survey n=406, 6/18 U.S. Only

Marketers Must Move Beyond Verification and Embrace Multi-Method Email Hygiene

Real-time email verification is a necessary tactic to ensure that email addresses are valid, but it is an incomplete defense. To improve deliverability and suppress against multiple threats, marketers need to adopt verification and multi-method email hygiene (Figure 3). The necessary components include:

- *Email Verification:* This process detects active threats that result in hard and soft bounces, identifying and removing undeliverable email addresses that bounce. This validation must occur in real-time at the time of opt-in to ensure that it is a real email address and not malformed. Lists can also be verified in batch mode.

- *Hygiene to Protect Against Reputation Threats:* This solves for malicious moles, legal and spam traps, honey pots and blacklisted emails. This level of protection ensures that you are not caught by these types of trackers that adversely impact delivery and negatively impact reputation.

- *Hygiene to Protect Against Fraud Threats*: This guards against the insidious bots and content spammers that facilitate phishing scams, fraudulent activities and bogus names. This level of detection keeps the evil doers out and assists in ensuring that the brand is not comprised.

- *Hygiene to Protect Against Delivery Threats*: As with verification, this removes duplicates, improper domains, and invalid addresses. It is an integral aspect to keeping email lists clean and improving deliverability.

- *Hygiene to Protect Against Conversion Threats:* This aspect removes deceased individuals, schools, government officials and domains that are known to complain. Utilizing offline data and matching this to email addresses allows for a level of in-depth knowledge about the subscriber and overall improves the conversion rate of the mailing.

Figure 3 – Multiple Aspects of Email Verification Plus Hygiene
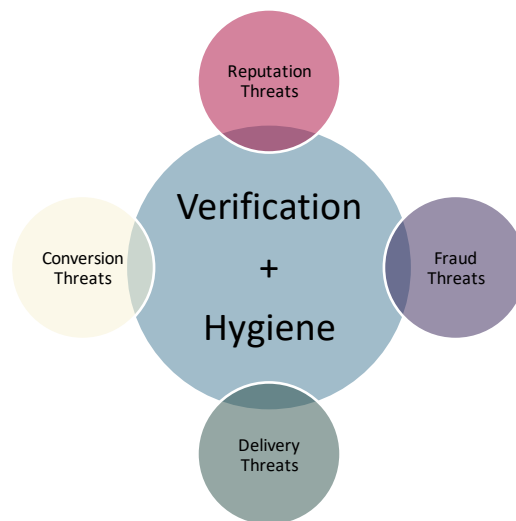
Budget Appropriately for Email Verification and Hygiene

Marketers are setting aside budget for the mission-critical need for email verification and hygiene. Mean reported marketing budget for respondents is $71,150 a year with enterprise marketers spending a mean of $80,680 and mid-market firms budgeting just under $60,000 annually (Figure 4). Spending signals growth for this market sector. Standard pricing for verification and hygiene pricing is based on the number of email addresses being processed, which allows for marketers to easily determine budgets. Marketers state that they plan for an average customer growth of 10 percent in 2018.

Figure 4 – Annual Budget Email Verification and Hygiene by Market Segment – 2018
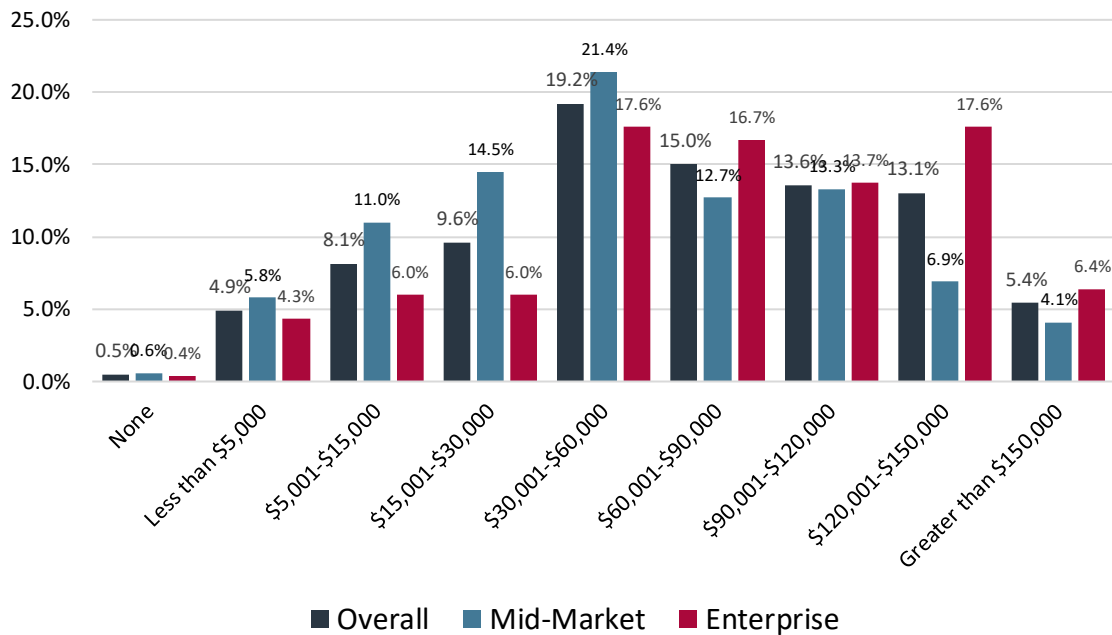
Question: What is your annual budget for email hygiene and verification?
Source: The Relevancy Group Executive Survey n=406, 6/18 U.S. Only

Email Marketers Using Verification and Multiple Methods of Email Hygiene Outperform Those That Do Not

The Relevancy Group survey data indicates that those who are using verification and multiple methods of email hygiene outperform those that do not. Based on actual performance metrics, the mean annual budget for email verification and hygiene is ROI-positive and necessary for advancing revenue.

The Relevancy Group's June 2018 survey collected tactics used and actual performance data. Those email marketers utilizing email verification and hygiene outperformed those that did not utilize these tactics. Those who harnessed the power of email verification and hygiene enjoyed higher delivery, open, click and conversion rates, as well as an email Average Order Value (AOV) that was 3.9 percent higher.

The tangible advantage of utilizing accurate email addresses that represent actual individual prospects and customers lessens deliverability headaches and allows marketers to focus on other tasks. Marketers must take note of these numbers: it is the currency that can clearly fund investments that not only cover these verification and hygiene costs, but also other marketeering innovations.

Our June 2018 Data Indicates:

- *Getting More Out of Larger Send:* Those utilizing these data quality tactics had larger monthly send sizes. Verification and hygiene deliver a higher quality audience and one that has positive delivery and engagement can be mailed at a higher frequency. Marketers using these data quality tactics are driving higher revenue per subscriber.
- *Improved Delivery:* Those that embrace these data quality tactics on average had a deliverability rate that was 1.27 percent higher than those that did not utilize this tactic.
- *Increased Engagement:* Open and click-through rates for data quality-minded senders were on average about one and a quarter to one and three quarters above those operating without hygiene. The conversion difference was just under one half point but still favored those senders spending on verification and multi-method hygiene.
- *The AOV Increased:* The mean AOV overall was $137.21, or 3.9 percent higher for that embrace data quality. This indicates that purging unnecessary and erroneous subscribers puts the focus on more valuable email subscribers.

The Relevancy Group modeled these actual performance results against the all-participant mean monthly email send size of 37 million messages. The results show that utilize verification and hygiene have a 38 percent higher email marketing monthly revenue than those that did not implement the same tactic (Figure 5). This equates to approximately $2 million additional dollars in monthly revenue. Hygiene is not a cost, it is a profit center. While these results are based on self-reported metrics, directionally it shows that there is more than enough benefit to implementing verification and multi-method email hygiene.

Figure 5 – Monthly Email Marketing Revenue of Those Utilizing Email Verification and Multi-Method Email Hygiene versus Those That Do Not

(Thousands)
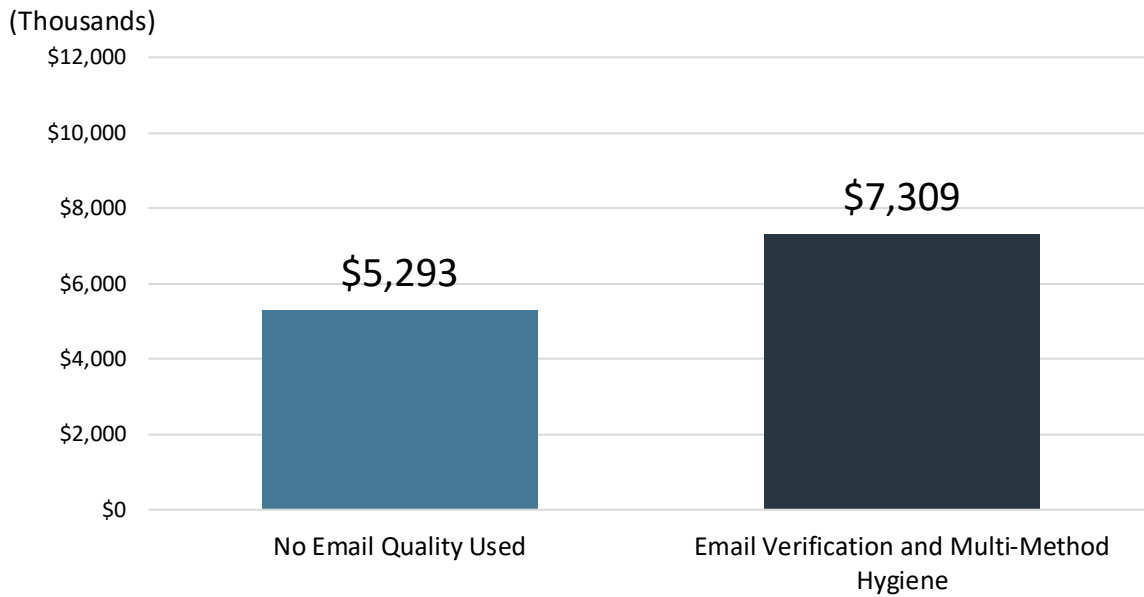
The Relevancy Group Model, based off actual performance data.
Source: The Relevancy Group Executive Survey n=406, 6/18 U.S. Only

Conclusion

Marketers must prioritize the utilization of both real-time verification and multi-method hygiene. One data quality approach is not enough. Marketers must utilize a hygiene cocktail to guard against everchanging threats. Data indicates that those that are embracing these tactics are more successful than those that do not.

About Webbula | https://webbula.com | @Webbula

Webbula bundles industry leading Email Verification and Email Hygiene creating the world's most comprehensive email threat detection solution - cloudHygiene. Since 2009 thousands of email marketers have relied upon cloudHygiene to safeguard their brand reputations and email campaigns, recognizing the hidden threats before they negatively impact their bottom line. Webbula identifies and mitigates email data threats and bounces to protect your sender reputation, defend your marketing ROI, and increase inbox deliverability and conversion.

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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 a digital magazine and app for marketers by marketers available for free with registration online and via the Apple, Google, Amazon app stores.

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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). 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, a digital magazine and app; download it for free app stores.

About The Research | The Methodology

In June 2018 The Relevancy Group conducted a survey that resulted in 401 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.