The Big Rewards of Email Deliverability

The Impact on Revenue of Choosing the Right Email Provider

BY LEN SHNEYDER
From new revenue generated by customer marketing to money saved in operational expenses, email has become a strategic component of nearly every company’s business processes—and significant contributor to the bottom line. But that positive impact can only occur when email actually reaches the intended recipient. Delivery is an outcome easy to take for granted, but the objective industry experts at Return Path have measured that 17% of all sent email is rejected by receiving systems or lands in the spam folder—in other words, more than one in six emails never arrives in the inbox!

That’s an astonishing failure, when you consider the real-world impact of undelivered messages—missing revenue, decreased customer engagement, and operational inefficiencies. Ignoring message deliverability quite literally means leaving money on the table, so it’s not wonder that the world’s most effective adopters of email have made message deliverability a key priority.

However, ensuring the successful delivery of email to thousands of mailbox providers and ISPs is no easy task—it requires a highly specialized sending infrastructure built for today’s operational environment. In this guide we’ll explore deliverability in today’s cloud and transactional email services market, the performance differences between delivery platforms, and what those differences mean for a sender’s bottom line.

**KEY TAKE-AWAYS**

- The Direct Marketing Association attributes an average of 18% of total business revenue to email marketing.

- According to Return Path, an average of 17% of all legitimate email lands in the spam folder or doesn’t arrive at all.

- Poor deliverability can be directly correlated to decreased revenue. Conversely, improvement in email deliverability can be shown to lift revenue.

- For the top ten Internet retailers, an 8% increase in message deliverability would yield more than $13 billion in found revenue.

- SparkPost is the industry’s leading email delivery service with nearly 98% inbox placement—15 points higher than the industry average, and 8% higher than the next best cloud infrastructure vendor.

- SparkPost comes from the company whose infrastructure delivers 25% of the world’s legitimate email.

- SparkPost delivers specifically measurable business impact, with both top-line revenue gains and bottom-line operational savings. How much is deliverability worth to your business? We can tell you.

**CONTEXTUALIZING DELIVERABILITY’S BUSINESS VALUE**

From a 360-degree view of the customer to multi-channel journeys, the common denominator of email in the inbox permeates marketing strategies. The pragmatic value of email to increasing user engagement, for example, is apparent in how leading app developers nurture their nascent customer bases through welcome and onboarding messages triggered by specific user actions.
Yet, all the benefit of engagement begins in the inbox—deliverability is where everything starts. No amount of data or analytics used to create one-to-one targeted email will help if your email doesn’t arrive. If it’s in the spam folder, you have a reputation or content problem—or both. More importantly, if it’s in the spam folder, you have a revenue issue, making your choice of email delivery platform a critical one for your business.

Major Internet service providers (ISPs) have made tremendous strides towards simplifying and improving their (and your) customers’ experience with email—notably, in controlling the onslaught of spam and malware. Sophisticated algorithms better identify botnet and spam traffic, authentication standards protect sender identity, and third-party blacklists limit the reach of unscrupulous senders.

Yet, that gain has come at a price for legitimate marketers; a significant proportion of email never arrives in the intended recipient’s inbox. Research from objective experts such as Return Path, IBM, and 250OK report that 17%–25% of legitimate email lands in the junk folder or goes missing.

The sad truth is that the industry has accepted its own futility. Too many marketers are content delivering just 83% of their email to the inbox. Even among senders in the 90th percentile, there’s still significant room for improvement. This deliverability shortfall is nothing short of the willful abandonment of billions of dollars because senders don’t realize there are email delivery solutions that do better—much better.

Think about what 1% of email delivered to the inbox is worth. What about 3%? How about 8%? What would you do to improve your deliverability by 8% if you knew that improvement would be worth $100,000, $500,000, or $1,000,000? To the top ten Internet retailers, an 8% increase could mean upwards of $13 billion!
MEASURING EMAIL DELIVERABILITY IN THE REAL WORLD

From traditional marketing list mailers to pure-API tools for sending high-volume, on-demand transactional messages, email has definitely come of age. However, performance varies widely across providers, sharply affecting revenue and customer engagement.

Before diving into the data, it’s important to step back and understand what we’re looking at. Most companies and marketers use a combination of deliverability seed testing, click-through rate tracking, and conversions as a measure of campaign and email marketing efficacy. All of these are good practices and reasonable proxies for measuring message performance. But none are a substitute for actual customer inbox data.

For this report, we sourced data from an independent, third-party provider to assess the performance of email delivery across the industry. This data tracked real-world, production emails sent by all known transactional email service providers to a broad cross section of North American users to determine if they arrived in the recipient’s inbox, the spam folder, or were never delivered at all. We analyzed more than 75 million unique email records from actual customer inboxes.

Our goal was to understand how deliverability varied from transactional email service provider to provider across the three largest ISPs: Gmail, Yahoo! and Outlook.com (Hotmail). These three mailbox hosts are the largest on the planet and account for nearly 30% of all email accounts globally. Most B2C mailers have anywhere from 40–75% of their database composed of addresses at “the big three.”

Number of Mailboxes by Free Mailbox Provider

Gmail
425,000,000 / 38%

Hotmail
420,000,000 / 37%

Yahoo!
281,000,000 / 25%
Each of the providers we reviewed attempts to solve the challenge of delivering high-volume, on-demand email-at-scale, but they exhibit widely divergent performance, and one provider—SparkPost—significantly outperforms the rest with an incredible 97.8% inbox placement. This puts SparkPost deliverability 8% above the runner-up cloud infrastructure provider, and 15% higher than the industry’s average inbox placement. Senders leveraging SparkPost see more of their email reaching their intended recipients—this deliverability advantage directly translates to a higher return on investment.

SparkPost’s Deliverability Advantage

From purpose-built technology stacks to sophisticated traffic shaping to professional deliverability services, email delivery services employ different approaches to meet their customers’ needs while complying with the complex practices, acceptable use policies, and terms of service that define the many receiving domains hosting the world’s inboxes. The best-performing services deploy multiple techniques to assure message delivery, and this third-party data demonstrates a clear advantage for the inbox performance of the leader, SparkPost, over other transactional email providers.

Maintaining world-class deliverability at scale requires a level of competence in understanding the characteristics of email in transit, the signals ISPs read to identify spam, and architecting systems compliant with industry established best practices. Building on 15 years of industry leadership, robust implementation, and deliverability experience, SparkPost built the Adaptive Email Network (AEN) to help automate delivery to the more than 12,000 global ISPs and mailbox providers. The AEN intelligently categorizes bounces, throttles email traffic in real time in response to sending conditions as they arise, and maintains over 2000 rules that optimize the delivery and sending of email.
CALCULATING DELIVERABILITY’S BOTTOM LINE

We’ve shown how the underlying mechanisms, platforms, and services used to send your email make a material difference in deliverability. But how does that performance difference affect fundamental business metrics? The most cogent answer is in revenue won or lost.

To understand the revenue opportunity embodied by undelivered email, we need to assess the specific contribution email marketing makes to the bottom line. The Direct Marketing Association conducted a study that reported that on average, email contributes 30% of digital business revenues—and 18% of total company revenue.

Now that we have solid, bottom-line metrics on which to base our calculations, we can measure the revenue impact of undelivered email for the ten largest Internet retailers. Consider the following formula:

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\text{Deliverability Opportunity} = \left\{ \text{Total Company Revenue} \times 0.18 \right\} \times 0.08
\]

\[
\text{Total Potential Retail Revenue Due to Improved Deliverability:} \quad \$13,611,888,000
\]
In short: email’s value extends well beyond branding and awareness; email is a direct driver of revenue. An 8% lift in deliverability could translate into more than $13 billion worth of potential sales for just these ten companies! Even a 1% lift in deliverability across the top ten Internet retailers would result in over $1.7 billion of potential revenue.

CONCLUSION

The question that business executives and marketers need to ask is, “How much is deliverability worth to my business?” Frankly, it’s a number that’s hard to overestimate, as our analysis of the impact on revenue for the largest Internet retailers shows.

Ensuring the successful delivery of email to thousands of mailbox providers and ISPs is no easy task—but it’s a challenge solved by SparkPost, with our optimized deliverability and 15 years of industry experience. At SparkPost, we routinely see happy customers enjoying a significant lift in their deliverability and revenue, pushing toward 10%—it’s clear that SparkPost’s advantage over the also-ran service providers yields hard, bottom-line benefits.

In today’s world, technology change isn’t as hard as it used to be. Achieving significant lift with tangible business results can be achieved in short order, even for senders with volumes in the billions of emails per year. SparkPost enables real business impact, with both top-line revenue gains and bottom-line operational savings. What is deliverability worth to your business? A lot. There are big rewards in improved email deliverability.

ABOUT SPARKPOST

SparkPost is the cloud solution from the world’s number one email infrastructure provider, whose customers—including Pinterest, Twitter, CareerBuilder, LinkedIn, Groupon, Salesforce, Marketo, Zillow, and Comcast—send over 3 trillion messages a year, over 25% of the world’s legitimate email. Our service outperforms every other cloud or on-premises alternative, and these companies choose us to provide the deliverability, speed and insight they need to drive customer engagement for their business.

Contact Us Today to learn more about driving revenue impact with your messaging platform. Follow us on Twitter @sparkpost or go to sparkpost.com.