



The Lyris Annual Email Optimizer Report

October 2010

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Executive Summary

An online survey of 1,397 email and online marketers in North America completed in June 2010, revealed:

- How they use online and email marketing tools, techniques and practices
- What they are doing to get better results
- What delivered the best results

The study is unique in that it focused on *results* and what marketers are *doing* to achieve them, rather than on benchmarks or process.

The report revealed the following key finding:

Email and online marketers are not using some of the most basic email marketing tools, techniques and practices as frequently and extensively as they should.

Some of these tools, techniques and practices are fundamental to email marketing campaigns, critical for estimating their impact and important in providing some basis from which to assess effectiveness and optimize marketing campaigns.

Despite the fairly low usage of these tools, techniques and practices, the majority of email and online marketers perceive their current use of these tools and practices to have increased *somewhat or much more* compared to the previous year. While these results reflect a change in the right direction, they also reveal that email and online marketers are still missing opportunities for growth that can optimize the results of their email programs. For example:

Building Opt-in Email Lists

Only two thirds (66%) of those surveyed follow opt-in email list building techniques and practices in an industry where lists are essential to successful email marketing. Of these, the most popular opt-in list building technique is through Web-

site registration, a practice that is probably the most passive of all practices in the industry. Yet a large majority (71%) follow this practice and credit it with driving the greatest opt-in rates.

Other more active and visible practices such as free whitepapers, guides and tools (28%), Webinars/Webcasts (25%), third-party lists (20%), in-store point-of-sale messaging (15%) and retail receipts (7%) are less commonly used as opt-in list building techniques by those surveyed.

ROI Measurement

Only 64% of those surveyed use ROI measurement of email marketing campaigns very often/sometimes. Among smaller companies, i.e., those with fewer than 100 employees, incidence of ROI measurement drops to 58%. And among companies with smaller monthly email volume, i.e., less than 25,000 monthly, ROI measurement is completed by only 47% of respondents. With this limited use of ROI measurement, marketers have no basis on which to determine the impact or return of their campaign efforts. Without some baseline ROI metrics, it will be difficult or even impossible to justify marketing budgets from year to year and from campaign to campaign.

Even more surprising is the perception by more than half of the survey sample (56%) that their current use of ROI measurement is much/somewhat more than the previous year. This clearly suggests that ROI measurement among email/online marketers is still not an integral part of the marketing process and deserves higher prioritization from management.

The ways in which ROI is measured was also surprising. 52% of respondents measure email marketing ROI in terms of increased revenue, 45% in terms of new leads generated and 44% in terms of new customers. Even in light of the current economic slump and resulting pressure for companies to drive increased revenue, few measured ROI based on profit.

An encouraging finding is that the majority of the 64% that measure email marketing ROI acknowledge that email marketing results have improved either significantly or somewhat as a result of ROI measurement.

Web Analytics

As expected, Web analytics is used by a large majority of respondents (71%) and are perceived by most to yield positive results in terms of email marketing campaign effectiveness.

Respondents believed that Web analytics provided additive benefits to their email marketing efforts by providing insights into email marketing initiatives and helping improve their email marketing results.

Email Testing

Findings related to email testing mimic those of ROI measurement. Only slightly more than half (59%) among those sampled use email testing.

More importantly, the extent of email testing among this low proportion of users is surprisingly limited. When asked what percentage of their email marketing campaigns includes some form of email testing, close to half (49%) of marketers who incorporate testing into their email marketing campaigns test only a small fraction (about 10%) of their email campaigns. Similarly, only 11% of email marketers who incorporate testing into their email marketing campaigns test a large majority (75% to 100%) of their campaigns.

This essential marketing best practice is a major missed opportunity for email and online marketers today.

Email Automation

Email automation – the practice of sending out automated email messages, or triggers, that can be highly personalized based on a recipient's demographics, interests and/or behaviors – is implemented by less than half (46%) of

respondents. And only one-third to one-fourth believe that email automation significantly drove company results.

For those marketers who do use email automation, perceptions about its benefits show that only about one-third of respondents (34%) see freeing up staff time as a leading benefit, followed closely by time to execute more campaigns (31%). With the economic downturn making marketing budgets and staff tight, the adoption and implementation of email marketing automation – and the marked benefits that it provides – ranks as another missed opportunity.

List Segmentation

Although close to three-fourths of survey respondents claim to use list segmentation/targeting, the ways in which lists are most frequently segmented are not optimal. Segmenting by demographics – the most popular method – has less positive results than other, less commonly used tactics, such as segmenting by purchase history, click-through rates, type and amount of purchase and online purchase history.

Deliverability Optimization

Less than two-thirds of those surveyed optimize email deliverability. Of this group, less than half follow the very basic practices of cleansing/updating email lists regularly (47%), unsubscribing bounced email addresses (35%), asking subscribers to add email addresses to their address book or safe sender list (10%) and employing email authentication (10%).

Of note, only about one-fourth (26%) rely on a reputable email service provider (ESP) to improve their email deliverability, which represents a competitive advantage for those that do.

Social Media Marketing (SMM)

Current use of social media marketing ranks in sharp contrast to the data on email testing, automation and ROI measurement. Though a less fundamental and more unproven email marketing tool or practice, SMM is used by 63% of those surveyed, only one percentage point less than the proportion that measures email marketing ROI. Of this group, more than half (58%) perceive SMM to have resulted in somewhat/significant improvement in email marketing results, a surprising data point considering that SMM is difficult to measure and quantify, and it is a marketing medium with evolving best practices.

Respondents to the survey stated that the integration of SMM with email marketing generated greater results than integrating email with other marketing channels.

However, to date, many similar claims about the benefits of SMM cannot be validated because the effects of SMM cannot yet be readily measured with consistency.

A related finding shows that a large majority (70%) believes that the current rate of usage of SMM is much/some-what more than a year ago. This perceived increase is much higher than the perceived increase in the use of other email and online marketing tools and practices. This finding may not be all that surprising given the media and marketing focus on SMM in recent years.

Online Marketing Channel Integration

Only 60% of those surveyed integrate email marketing with other online marketing channels. SMM was once again perceived as having the greatest positive impact, as indicated by over a third (34%) of the sample. Conversely, Pay Per Click (PPC)/Search Engine Marketing (SEM) and display advertising integrated with email marketing were both perceived to yield weak results, despite the fact that these channels typically represent a significant portion of marketing budget allocations.

The biggest challenges in integrating email with other online marketing channels were resource-related: limited budget (52%), insufficient staff (46%) and inadequate technology (30%). Taking into account this data, email marketers should consider implementing email automation programs. These programs deliver proven results, both in terms of effectiveness and efficiency.

Background and Objectives

An online survey of 1,397 email and online marketers in North America was completed in June, 2010. This study was deployed and hosted by Decipher, Inc., a third party independent market research company. The survey was sponsored by Lyris, Inc.

The objectives of the survey were to understand:

- How online marketers are using Web analytics, PPC/SEM, SMM, mobile and related online marketing tools to improve email marketing results
- What strategies, tactics and tools email marketers are *using* to generate improved results in today's marketplace
- Which strategies, tactics and tools do email and online marketers perceive as delivering better/best *results*?

Survey respondents had the following profile (this information was self-reported):

- Professional marketers
- Experience in email marketing
- Users of, or familiar with, their company's email marketing solutions
- Purchase decision makers or influencers for email and online marketing solutions

Methodology

Incentives used in the survey to encourage participation were:

- Entry in a drawing to win a free 7-day Caribbean cruise for two
- Entry in a drawing to win one of five Apple® iPads™
- Early access to the final survey results report later in the year
- Download of a free email marketing best practices guide

Survey content areas included:

- Frequency of use of 10 different email marketing techniques/practices
- Perceived improvements as a result of using each technique/practice
- Changes in use of each technique/practice vs. one year ago
- Company Information:
 - Company size, marketing department size, type of industry, market focus, job title, email marketing solution used

The primary focus of the survey was to understand the:

- Extent of use for various email marketing techniques and practices
- Impact of each of these techniques and practices on email marketing results

Email marketing techniques/practices/tools included in the survey focused on:

- ROI measurement
- Opt-in list building
- Deliverability optimization

- List segmentation/targeting
- SMM
- Email testing
- Email automation (triggers)
- Integrating email with other online marketing channels
- Mobile marketing
- Web analytics

Respondent and Company Profile

Respondent Job Titles

About one-fourth of respondents (26%) belonged to top management or were C-level executives. Nearly half (46%) were Directors or Managers. Roughly one-fifth (19%) held Associate or Assistant Managerial titles. And 6% were Email Specialists. 4% had “other” titles.

Question: Which of the following most closely matches your current job title?

JOB TITLE	TOTAL
President/COO/CEO/General Manager	20%
CMO/VP Marketing	6%
Top Management (Net)	26%
Email /Online Marketing Manager/Director	14%
Marketing Programs Manager/Director	11%
Marketing Communications Manager/Director	8%
Direct Marketing Manager/Director	4%
SEO/SEM Manager/Director	3%
Online Marketing Analytics Manager/Director	3%
Customer Acquisition Manager/Director	2%
Customer Retention Manager/Director	1%
Marketing Manager/Director Level (Net)	46%
Email /Online Assistant/Associate Manager	6%
Marketing Communications Assistant/Associate	4%
Marketing Programs Assistant/Associate	3%
Online Marketing Analytics Assistant/Associate	2%
Other Assistant/Associate Manager	4%
Associate/Assistant Manager Level (Net)	19%
Email Coordinator/Analyst/Deployment	6%
Other Titles (Net)	4%

Industry Categories

Companies included in the survey represent a wide variety of industries. The three largest industries represented in the survey were Advertising/Marketing (14%), Computer Hardware/Software (7%) and Retail (7%).

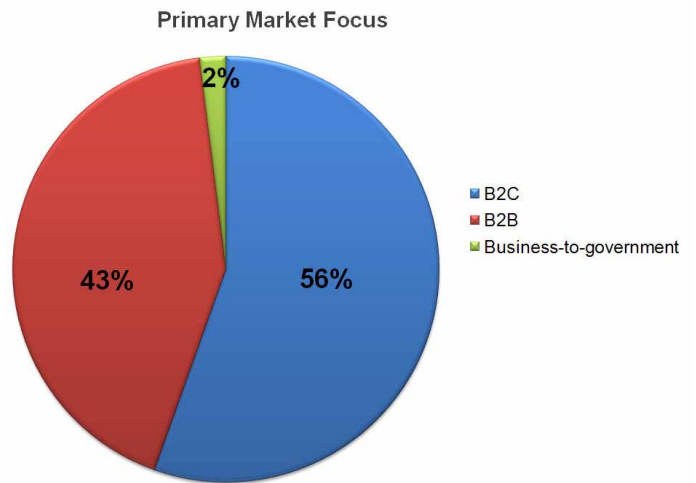
Question: Which of the following most closely matches the industry category of your company?

INDUSTRY	TOTAL
Advertising/Marketing	14%
Computer Hardware/Software	7%
Retail	7%
Financial Services	6%
Publishing	6%
E-Commerce	6%
Professional Services	6%
Not-for-Profit	5%
Education	5%
Entertainment/Travel	5%
Manufacturing	4%
Agency	3%
Media	3%
Healthcare	3%
Service Industry	2%
Consumer Goods	2%
Telecommunications	2%
Other (1% and less)	15%

Primary Company Market Focus

Over half of respondents (56%) belong to companies with a business-to-consumer focus; 43% are from business-to-business focused companies. Only 2% have a business-to-government focus.

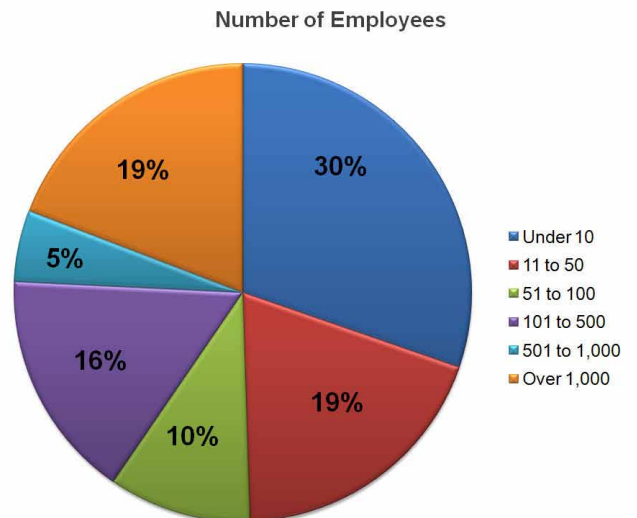
Question: What is the primary market focus of your company?



Company Size

The majority of respondents to the survey (59%) came from companies with 100 employees or less. Of these, about one third (30%) had fewer than 10 employees. Less than half (41%) had over 100 employees, of which less than one fifth (19%) had over 1,000 employees. Median company size was 57 employees.

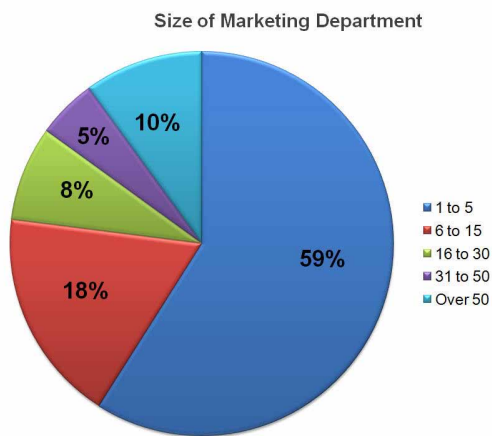
Question: How many employees are in your company?



Size of Marketing Department

More than half (59%) of companies represented in the survey have five or more employees in their marketing department while the remainder (41%) have less than five employees. 10% of survey respondents belong to marketing departments with over 50 employees. Median size of marketing departments is 4.5 employees.

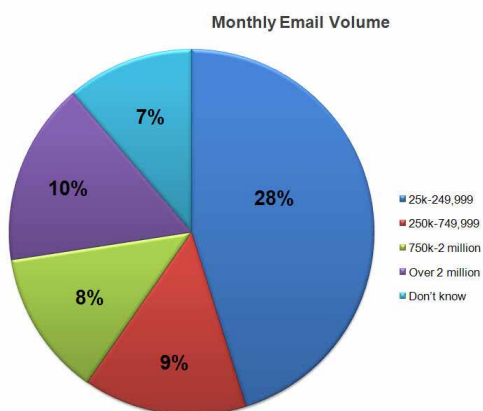
Question: How many employees are in your company's marketing department?



Question: What is your monthly email volume ?

Monthly Email Volume

Over half (55%) of respondents estimate their monthly email volume to be 25,000 or greater, with the median monthly email volume at 95,000.



Use of Email Marketing Techniques and Practices

About three-fourths of survey respondents (76%) use Web analytics *very often/sometimes*. List segmentation or targeting was the next most frequently used marketing technique or practice (69%), followed by opt-in list building (66%).

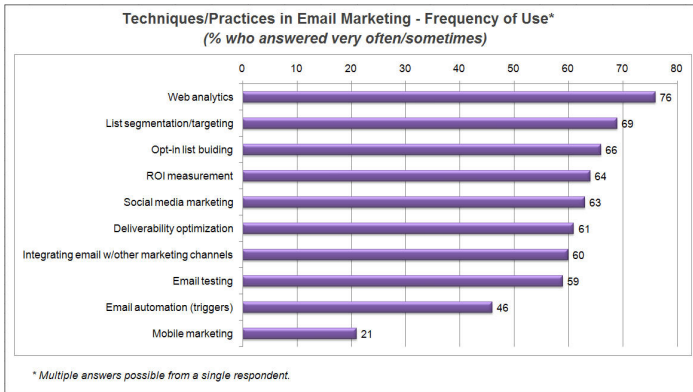
ROI measurement is used *very often/sometimes* by only 64% of respondents, which suggests that *over one-third of email marketers do little to no ROI analysis on their email marketing campaigns*. This is a surprising finding considering that marketing budgets are being scrutinized more closely than ever due to the current economic climate. This finding suggests that marketers are missing a major opportunity to optimize marketing effectiveness and deliver proven results to management.

In contrast, *SMM is used very often/sometimes by 63% of respondents, despite the difficulties that marketers encounter in measuring SMM effectively and accurately*. Deliverability optimization (61%) and integrating email with other marketing channels (60%) are used slightly less in tandem with email marketing.

Surprisingly, *only 59% use email testing, a basic and fundamental best practice to optimize email marketing performance*. Equally surprising is that even less (46%) use some kind of email automation or triggers, another basic timesaving and efficiency-boosting technique in an industry that often laments its lack of staff and resources.

Interestingly, only a minority (21%) of the marketers surveyed use mobile marketing despite recent rapid advances in, and widespread adoption of, mobile technology.

Question: How often does your company use each of the following techniques or practices as part of their email marketing efforts?

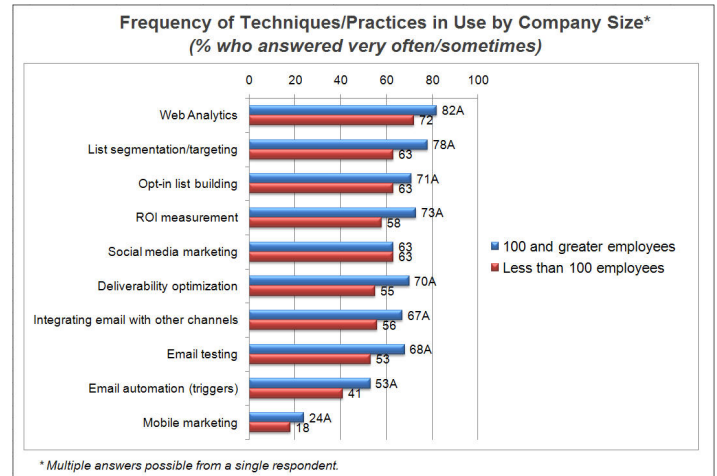


Email Marketing Practices by Company Size

The data suggests that the use of various marketing techniques and practices is dependent upon, and correlates to, company size, with larger companies using a wider variety of marketing techniques and practices more often. This makes intuitive sense as large companies will likely have more sizable marketing departments and more ample marketing budgets, and thus the resources to employ a multitude of marketing techniques and practices with greater frequency.

Question: How often does your company use each of the following techniques or practices as part of their email marketing efforts?

NOTE: Letters next to numbers in the following tables indicate that there is statistical significance between the data in both columns, specifically, that the number alongside the letter is significantly higher than the corresponding number in the column without the letter.



Email Marketing Results Improvement

Only 71% of those who frequently implement list segmentation/targeting and 69% of frequent users of Web analytics perceive these two tools or practices to have improved email marketing results.

Perceived improvements in email marketing results as a result of using other marketing tools or practices are even lower. Only about two-thirds of respondents see improvements in email marketing results as a result of frequent use of deliverability optimization (66%), opt-in list building (64%), ROI measurement (64%), email testing (63%) and integrating email marketing with other marketing channels (60%).

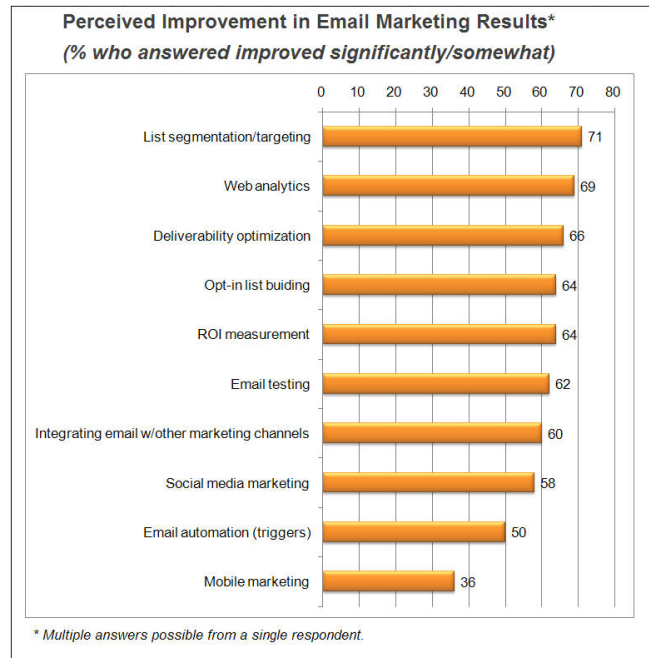
The survey data specific to ROI measurement deserves to be underscored since over one-third of survey respondents (36%) do not frequently engage in ROI measurement. This is despite the fact that ROI measurement includes multiple techniques and is a fundamental and proven best practice across marketing disciplines.

In contrast, SMM is used frequently by about two-thirds of email marketers and is perceived to have improved marketing results by over half (58%) of respondents. This is despite the fact that SMM is a fairly recent marketing practice that has yet to prove its quantitative impact on marketing.

Mobile marketing is used frequently by only one-fifth (21%) of respondents. Of all the online marketing techniques in this survey, mobile marketing is employed the least. This is surprising in that, according to analysts, consumer mobile adoption has been on the rise for the last three years and is estimated to continue on that trajectory into 2011 and beyond.

Mobile is also perceived by a little more than one-third (36%) of those surveyed to have the least impact on improving email marketing efforts. This may suggest that either 1) mobile marketing is still in its infancy and marketers have not optimized this technique alone or in tandem with email marketing or 2) marketers have optimized the use of mobile plus email marketing and have not seen positive results from their programs.

Question: To what extent would you say that your company's email marketing results have improved due to the use of each of these marketing tools or practices?



Improvement in Email Marketing Results by Company Size

Perceived improvement in one's email marketing results due to the use of email marketing techniques/practices also appears to be a function of company size. Companies with more employees (over 100 employees) tended to perceive significantly more improvement in email marketing results due to the use of email marketing techniques and best practices, as compared with smaller companies (i.e., with 100 or fewer employees).

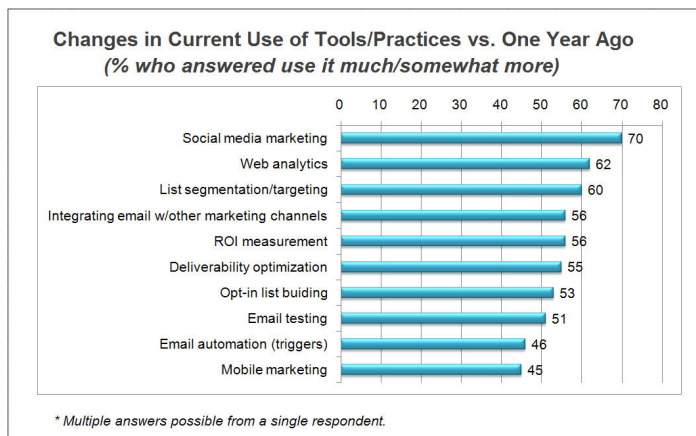
Exceptions to this trend are found among frequent users of social media marketing and mobile marketing. The perception of improvement in email marketing results among frequent users of these two marketing tools was equally low, regardless of company size.

Compared to the previous year's email marketing efforts, respondents generally perceived an increase in their use of email marketing tools and practices.

- 70% believe the current use of SMM combined with email is much/somewhat more than a year ago.
- 51% to 62% believe their current use of other email marketing tools/practices – namely Web analytics (62%), list segmentation/targeting (60%), email integration with other online marketing channels (56%), ROI measurement (56%), deliverability optimization (55%), opt-in list building (53%) and email testing (51%) – is much/somewhat more than a year ago.
- On the other hand, less than half used email automation (46%) and mobile marketing (45%) much/somewhat more than a year ago.

The perception of increased use of email automation and mobile marketing comes as a surprise because current use of these tools/practices is still quite low compared to other emerging and proven tools/practices, such as social media and email. This suggests that the previous use of these tools by email marketers was even lower and less frequent even as recently as one year ago.

Question: Compared to the previous year, how has your company's current use of each of these marketing tools and practices changed?



Measuring Email Marketing ROI

Only 64% of respondents measure email marketing ROI. That means that **36% of email marketers do not measure email marketing ROI.**

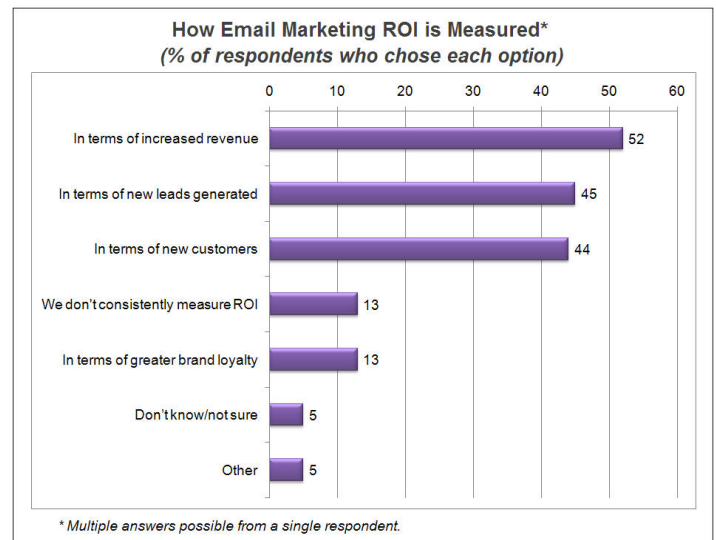
The three leading ways that survey respondents measure email marketing ROI are:

- Increased revenue (52%)
- New leads generated (45%)
- New customers gained (44%)

13% claim to measure email marketing ROI through greater brand loyalty, a difficult and complex marketing metric. Another 13% also admitted to not measuring ROI consistently.

5% did not know how their company measures ROI.

Question: What are the top two ways you measure email marketing ROI?



Opt-in List Building

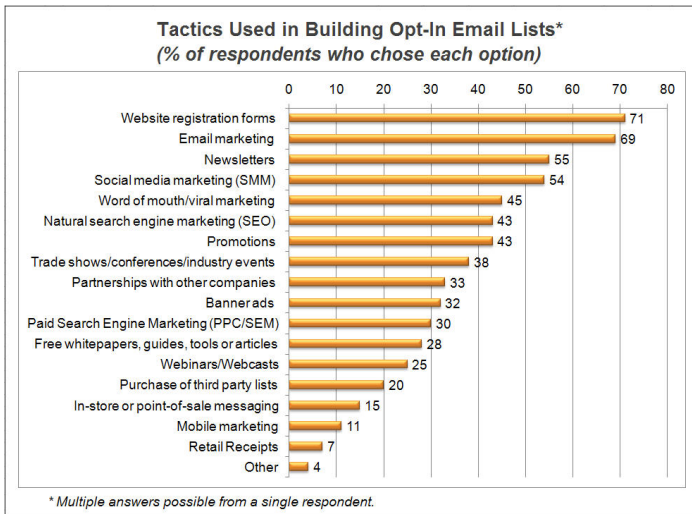
Only 66% of survey respondents use opt-in list building very often/sometimes. That means that 34% of respondents use opt-in list building infrequently, rarely or never. Of these, the use of Website registration forms (71%), a rather passive

approach to building opt-in email lists, is most frequently used. Email marketing (69%), Newsletters (55%) and SMM (54%) are all fairly active means to building opt-in lists, yet are used less frequently.

Less than half use a variety of other tactics to build their opt-in email lists, such as Word-of-mouth or viral marketing (45%), SEO (43%), Promotions (43%), Trade shows/ conferences/ industry events (38%), Partnerships with other companies (33%), Banner ads (32%) and PPC/SEM (30%), Whitepapers, guides, tools (28%) and Webinars/Webcasts (25%).

Third-party lists (20%), In-store/Point-of-Sale (POS) messaging (15%), Mobile marketing (11%) and Retail receipts (7%) are the least used tactics.

Question: Which tactics does your company use to build its opt-in email lists?



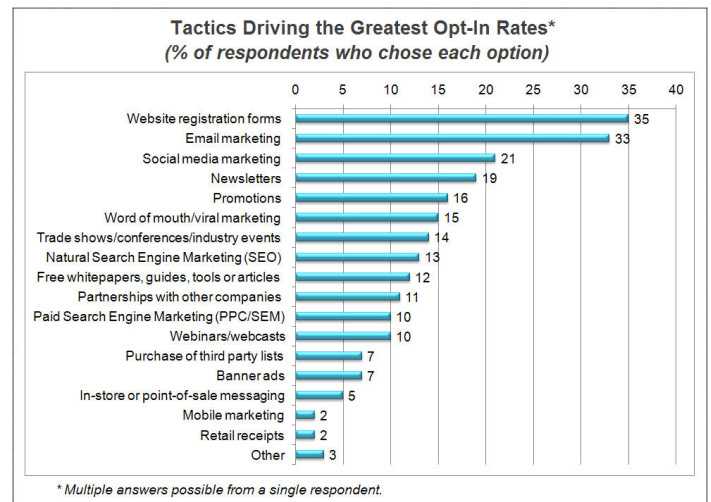
Tactics that Drove Greatest Opt-in Rates

Website registration forms (35%), Email marketing (33%) and SMM (21%) were the top three opt-in list building tactics used by those surveyed. Despite their use by the majority of email marketers surveyed, perceptions of their ability to drive the most opt-in response rates were modest. Website registration forms, used by a majority of email marketers (71%), were

seen as actually driving the growth of opt-in lists by only about one third (35%) of those surveyed. Email marketing, used by 69%, was seen as driving list building by a third (33%) of the sample. *SMM's effectiveness in driving opt-in list growth rates was particularly low – only about one-fifth, or 21% rated SMM effective as a tactic – despite a robust 54% claiming that their company uses SMM to build opt-in lists.*

In-store/POS messaging (5%) and Retail receipts (2%) were once again listed as the tactics that have had the least impact on driving opt-in rates. This may be due to the fact that retailers represented a minority (7%) of the companies sampled in this survey.

Question: What are the top three tactics that you think drove the greatest opt-in response rates at your company over the past year?



Tactics Driving Deliverability Results

Less than two-thirds (61%) of survey respondents optimize their email deliverability results.

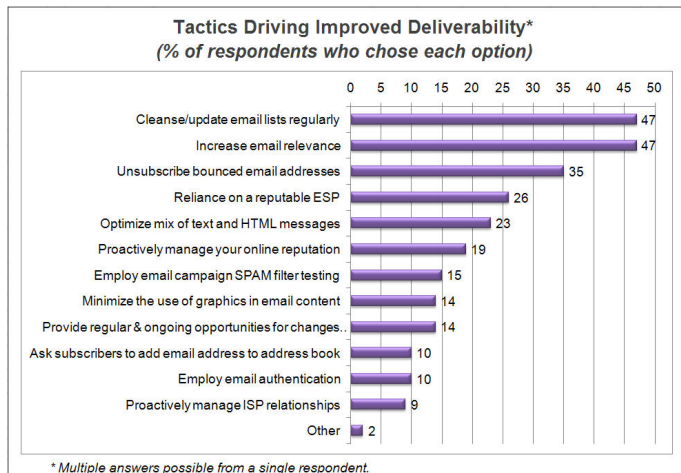
Of this group, the top three tactics that respondents feel have driven improved deliverability rates were Cleanse/update email lists regularly (47%), Increase email relevance (47%) and Unsubscribe bounced email addresses (35%).

Reliance on a reputable ESP (26%), Optimize the mix of text and HTML messages (23%), Proactively manage your online reputation (19%), Employ email campaign SPAM filter testing (15%), Minimize the use of graphics in email content (14%) and Provide regular & ongoing opportunities for changes in email preferences (14%) were the tactics respondents perceived as having the least impact on driving improved deliverability.

Ask subscribers to add company email address to their address book (10%), Employ email authentication (10%) and Proactively manage ISP relationships (9%) were at the bottom of the list of tactics that respondents believe improve email deliverability results.

Interestingly, deliverability experts strongly advise email marketers to use some combination of all of these tactics and practices to improve deliverability rates.

Question: What are the top three practices that you think drove improved deliverability results at your company over the past year?



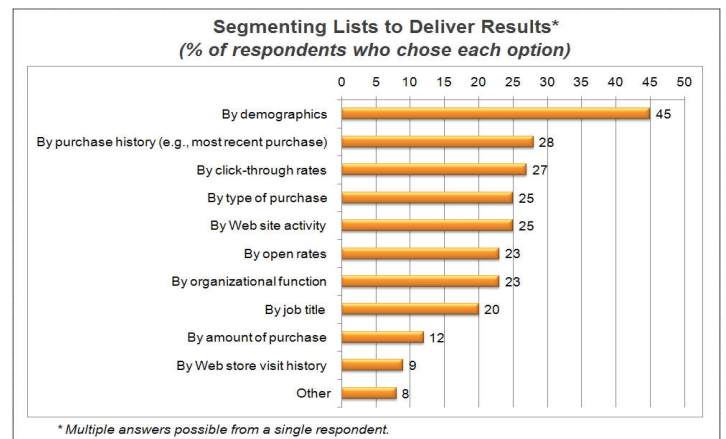
Segmenting Lists to Deliver Results

Close to three-fourths of the survey respondents (69%) use email list segmentation or targeting. Surprisingly, these users stated that the number one most effective method for segmenting email lists to deliver results for their companies was by using demographics (45%).

Other proven ways to segment lists, such as by Purchase history (28%) and Click-through rates (27%), Type of purchase (25%), Website activity (25%) and Open rates (23%) were less commonly used.

Surprisingly, Organizational function (23%), Job title (20%) and Amount of purchase (12%) were the least common ways used to segment lists.

Question: What were the top three most effective ways you segmented lists to deliver results for your company over the past year?



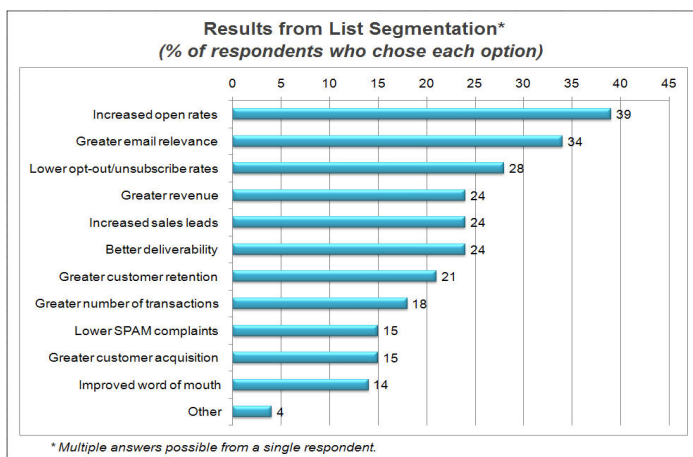
Results from List Segmentation

Among those who segment their email lists (69% of respondents), the top three areas in which results were seen were:

- Increased open rates (39%)
- Greater email relevance (34%)
- Lower opt-out/unsubscribe rates (28%)

Other areas perceived as having improved results were Greater revenue (24%), Increased sales leads (24%), Better deliverability (24%), Greater customer retention (21%), Greater number of transactions (18%), Lower spam complaints (15%) and Greater customer retention (15%). Interestingly, these areas are more measurable than some of the top-rated areas.

Question: What are the top three areas in which your company saw improved results this past year due to list segmentation or targeting?



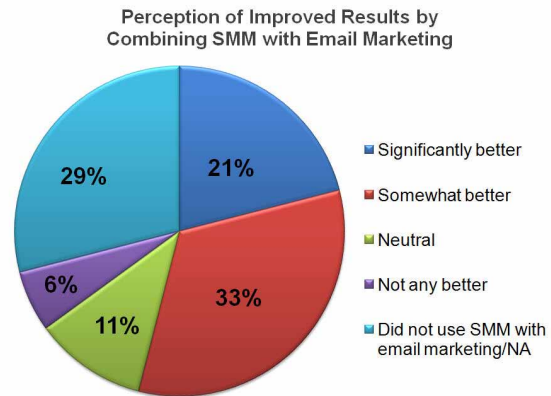
SMM + Email Marketing = Better Results

Among those who used social media marketing (63% of survey sample) combined with email marketing, about half (54%) believed this integration led to better results:

- 21% perceived significantly better results and 33% saw somewhat better results
- 18% saw neutral to negative results

Almost one-third (29%) did not use SMM with email marketing.

Question: If you used social media together with email marketing to get better results this last year, how much better were your results?



Social Media Sites

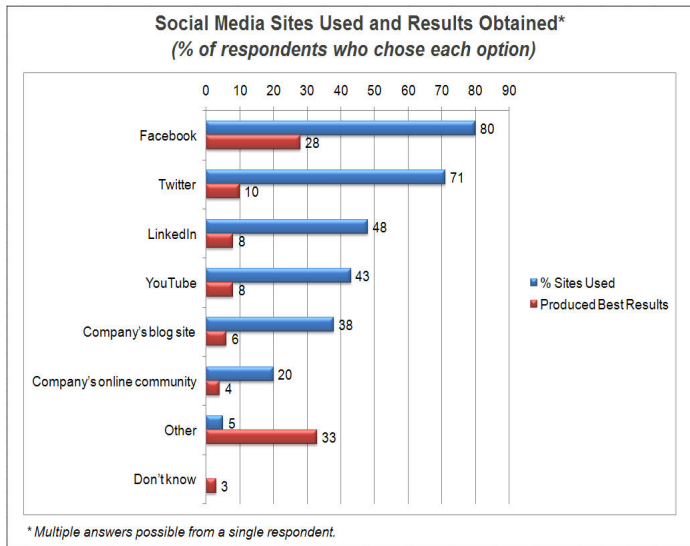
63% of respondents engage in social media marketing. Facebook was selected as the most-used social media site (80%), followed by Twitter (71%).

Other social media sites are used by less than half of respondents' companies: LinkedIn (48%), YouTube (43%), Company blog site (38%) and Company online community (20%).

Facebook is also considered the social media site that produced the best email marketing-related results (according to 28% of respondents) while Twitter was a distant second (10%). These numbers regarding email marketing-related results probably speak to the fact that the measurement of social media's impact is still in its infancy and lacks a long history of validation.

Question: What social media sites does your company use?

Question: Which social media site produced the best email marketing-related results?

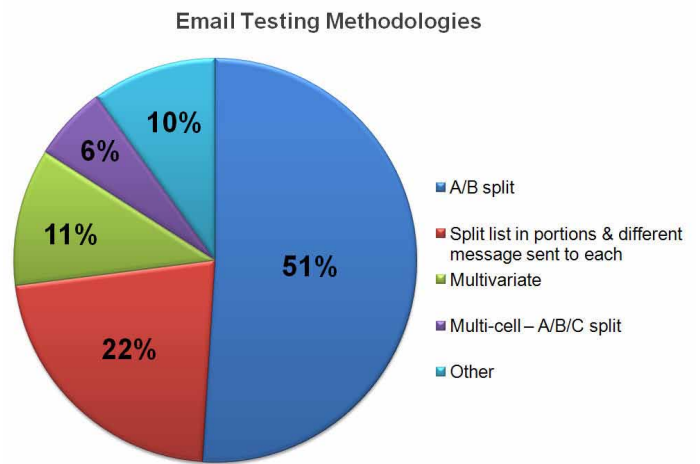


Email Testing Methods

More than half of the survey sample (59%) use some testing methodology as part of their email marketing practice. **But 40% of respondents did not use any kind of testing methodology.**

A/B split is the most frequently used email testing methodology (51%) while Splitting lists in portions & sending a different message to each (22%) was a distant second. Multivariate testing (11%) and Multi-cell testing (6%) were distant third and fourth choices respectively.

Question: What testing methodology do you use most often?



Use of Testing in Email Campaigns

Surprisingly, on average, only 26% of email marketing campaigns include some form of email testing.

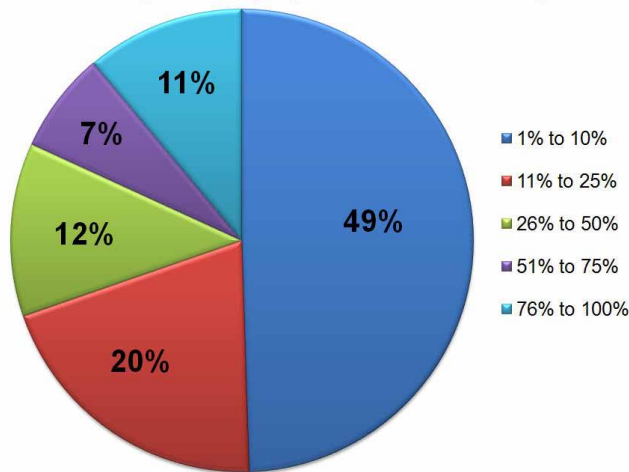
While about half of respondents (49%) incorporate some form of testing in their email marketing campaigns, only 10% or less of email campaigns include email testing. In short, not enough email marketers include testing in their campaigns. And those who do include testing only do so in a small proportion of their company's email marketing campaigns.

More specifically:

- Only 17% include email testing in 51% to 75% of their campaigns
- Only 11% include email testing in 76% to 100% of campaigns

Question: What percentage of your email campaigns include some form of testing?

Percentage of Campaigns with Email Testing



Effectiveness of Email Testing Methods

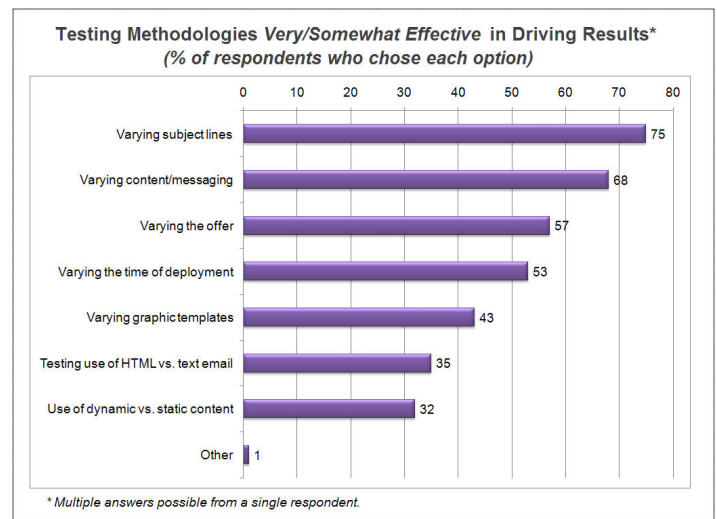
Three-fourths of respondents indicated that Varying subject lines was very/somewhat effective in driving email campaign results, followed by Varying content/messaging (68%).

Varying the offer (57%), Varying the time of deployment (53%) and Varying graphic templates (43%) followed next in terms of effectiveness.

Testing use of HTML vs. text email (35%) was not considered as effective.

Additionally, Use of dynamic vs. static content (32%) was not considered as effective.

Question: Of the following methods of email testing, please indicate how effective you think each method was in driving company results in the past year.



Effectiveness of Email Automation

Less than half of all respondents (46%) use some form of email automation or triggers in their email marketing campaigns. Of these, about one-third to one-fourth of respondents believe that different types of email automation significantly drove company results during the past year.

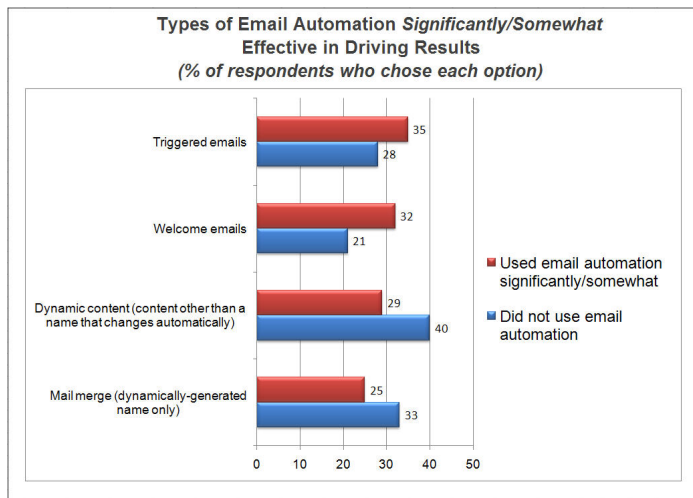
Triggered emails (35%) was considered the most effective type of email automation, followed by Welcome emails (32%), Dynamic content (29%) and Mail merge (25%).

The percentage of respondents not using each of the four different types of email automation were:

- *Dynamic content (40%)*
- *Mail merge (33%)*
- *Triggered emails (28%)*
- *Welcome emails (21%)*

That is surprising given the well documented ability of these mature tools to effectively increase resources and improve results.

Question: Of the following types of email automation, please indicate the extent to which each one drove company results during the past year



Benefits from Email Automation

The top four areas of improved results from the use of email automation were:

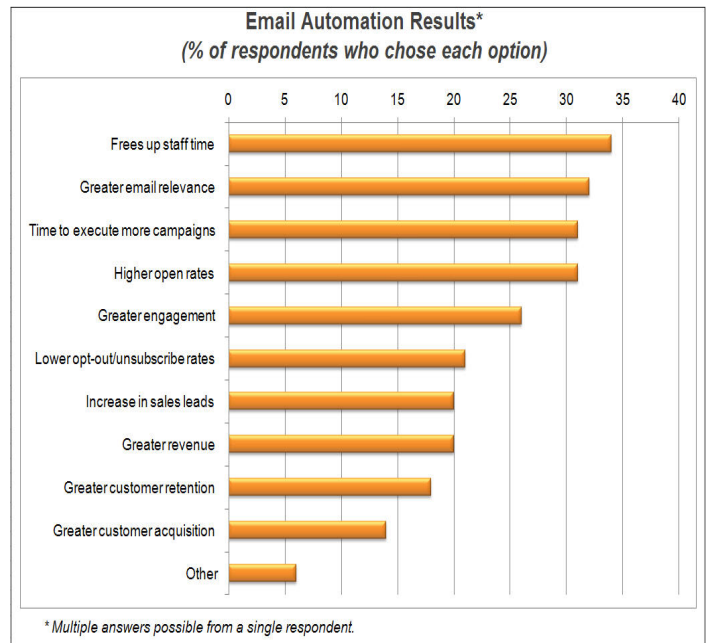
- Frees up staff time (34%)
- Greater email relevance (32%)
- Time to execute more campaigns (31%)
- Higher open rates (31%)

Other areas of improved results were:

- Greater engagement (26%)
- Lower opt-out/unsubscribe rates (21%)
- Increases in sales leads (20%), greater revenue (20%)
- Greater customer retention (18%)

- Greater customer acquisition (14%)

Question: What are the top three areas in which your company saw improved results due to email automation?



Respondents' greatest pain point is the shortage of staff time. The survey data shows that marketers are getting positive relief from email automation, yet few employ this online marketing technique.

Channels Integrated with Email Marketing

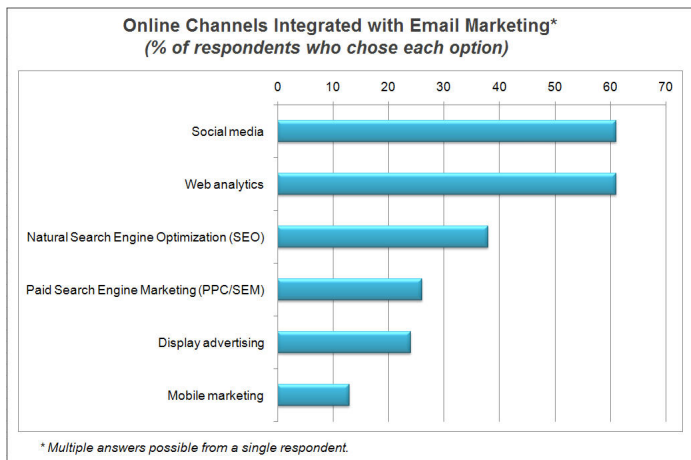
Social Media (61%) and Web analytics (61%) tied as top on-line marketing channels integrated with email marketing by the 60% of respondents who noted that they integrate other marketing channels with email marketing.

Natural search engine optimization/SEO (38%), Paid search engine marketing PPC/SEM (26%) and Display advertising (24%) were integrated with email less frequently.

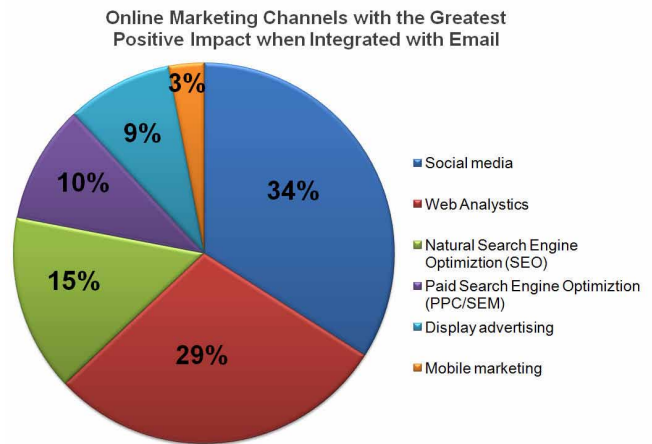
Mobile marketing (13%) was the least cited marketing channel used with email marketing. This is not all that surprising since mobile marketing is used by only a minority (21%) of those surveyed.

Social media (34%) and Web analytics (29%) were viewed as having the greatest impact when integrated with email marketing. Once again, this perceived impact and importance of social media on email marketing remains counter-intuitive since metrics used in social media are still fluid and unproven over the long-term.

Question: Which types of online marketing channels are integrated with your company's email marketing?



Question: Which one of these online marketing channels, when integrated with email marketing, has had the greatest positive impact on results?



Results of Online Marketing Channel Integration

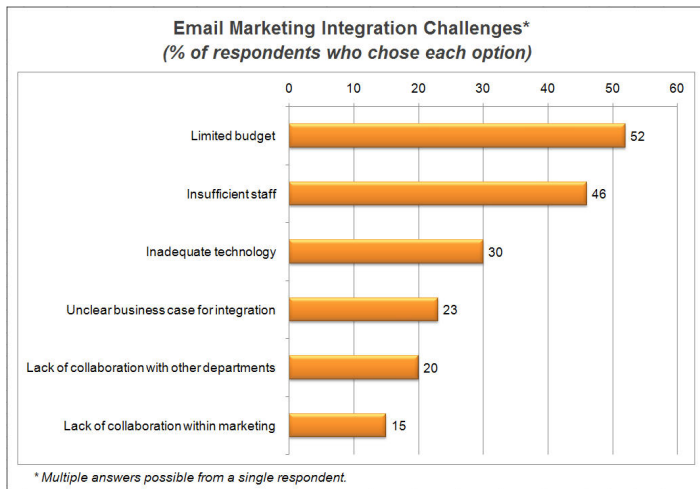
Results seen from integrating email with other online marketing channels appear largely perceptual in nature and less based on hard numbers. Improved brand building/brand awareness (47%) and Greater engagement (35%) were the two most cited results of email integration with other online channels. However, both of these benefits are traditionally difficult to measure.

More plausible were the remaining responses:

- Higher open rates (29%)
- Increase in sales leads (28%)
- Greater revenue (typically the main objective of online marketing channel integration)
- Greater customer retention (22%)

- Greater customer acquisition (22%)
- Lower opt-out/unsubscribe rates (23%)

Question: What results has your company seen by integrating email with other online marketing channels?



Email Marketing Integration Challenges

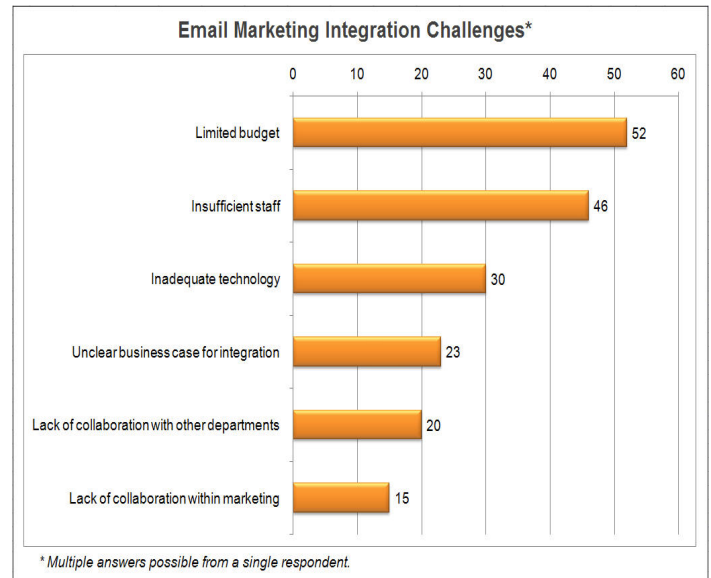
The top three challenges respondents said they face when integrating email marketing with other marketing channels shared a common thread – limited resources:

- Limited budget (52%)
- Limited staff (46%)
- Inadequate technology (30%)

Other, lesser challenges were more organizational in nature:

- Unclear business case for integration (23%)
- Lack of collaboration with other departments (20%)
- Lack of collaboration within marketing (15%)

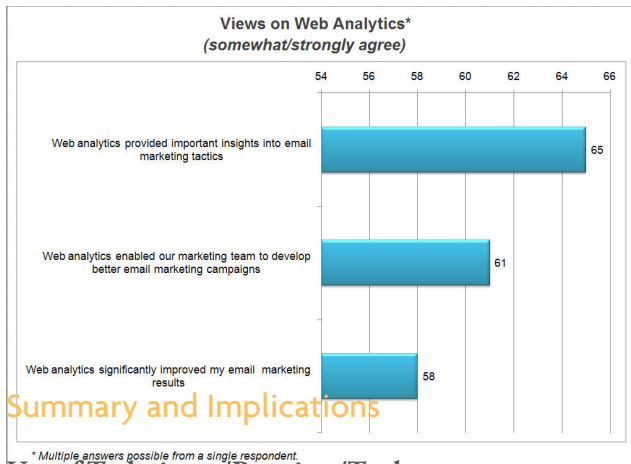
Question: What are the top three biggest challenges in integrating email with other online marketing channels?



Views on Web Analytics

The majority of respondents somewhat/strongly agreed to statements about the benefits of Web analytics, as seen in the following data. This reinforces conventional wisdom within the industry that Web analytics are widely used by email marketers.

Question: What is your level of agreement with each of the following statements about Web analytics?



Summary and Implications

Use of Techniques/Practices/Tools

Among the various techniques, practices or tools used by email marketers, Web analytics (76%) and list segmentation/targeting (69%) top the list (used very often/sometimes). Additionally, Web analytics and list segmentation/targeting are the techniques/practices perceived to have resulted in the most improvements to the company's email marketing campaigns.

Email testing (59%) and email automation (46%) are used very often/sometimes by only about half of respondents. Conversely, a large portion of respondents stated that email testing (41%) and email automation (54%) are used infrequently, rarely or never.

Mobile marketing is the least used (36%) of all online marketing techniques/practices.

Use of SMM very often/sometimes is fairly high (63%). Conversely, over one-third (37%) of respondents employ SMM infrequently, rarely or never. Perception of improvement in email marketing results because of SMM is also relatively high (58%) despite the fact that the impact of social media is difficult to measure.

Use of email testing (59%) and email automation (46%), two fairly basic email marketing techniques, are unexpectedly low and clearly lower than the use of SMM. Perceived

improvement in email marketing results (improved significantly/somewhat) through their use is fairly moderate: 63% for email testing and 50% for email automation.

Web Analytics

Of all of the analytical tools integrated into email marketing, Web analytics is the most frequently used (71%). The perception is that Web analytics yield very positive results (69%).

There is strong agreement to statements in the survey about the benefits of Web analytics, namely providing important insights into email marketing tactics (65%), enabling the marketing team to develop better campaigns (61%) and significantly improving email marketing results (58%).

Despite these fairly strong ratings in favor of Web analytics, over one-third of respondents are neutral to negative about each statement describing the benefits of Web analytics, suggesting that additional training in this area might be needed.

ROI Measurement

The survey found only moderate use of ROI measurement (64%) and similarly moderate perception of somewhat/significant improvement in email marketing because of its use (64%) among those who measure ROI.

13% stated that they do not measure email marketing ROI, and 5% did not know or were not sure; another 18% measure ROI infrequently/rarely.

ROI measurement is most commonly calculated in terms of increased revenue (52%), new leads generated (45%) and new customers (44%); 13% of respondents stated that Greater brand loyalty was the ROI metric they use most frequently. This is interesting in that brand loyalty is a metric that is historically difficult for marketers to measure accurately.

Companies with 100 or more employees are depending on

ROI measurement more than smaller companies. This may suggest that marketers in smaller companies do not feel they have the time, expertise or bandwidth to incorporate ROI measurement into their marketing practice.

Training in different ROI measurement techniques – and the benefits of this type of measurement – might be needed among email marketers.

Building Email Opt-in Lists

Only two-thirds (66%) of respondents follow opt-in list building techniques and practices. A full one-third (33%) follow opt-in list building techniques infrequently, rarely or never.

Of those, 71% of marketers in companies with over 100 employees and 63% of marketers in companies with 100 or fewer employees are leveraging these techniques and practices. Website registration forms (71%) and email marketing (69%) are the most commonly used techniques for building email opt-in lists, while other practices such as Free white papers, guides & tools (28%), Webinars/Webcasts (25%), Third-party lists (20%), In-store point-of-sale messaging (15%) and Retail receipts (7%) were all fairly uncommon.

The three tactics that drive the greatest opt-in rates are Website registration forms (35%), Email marketing (21%) and SMM (21%).

Deliverability Optimization

Only 61% (less than two-thirds) of respondents follow techniques to optimize email deliverability. A shocking 39% of respondents do not follow techniques to optimize email deliverability or follow them infrequently or rarely.

Of those that follow techniques to optimize email deliverability, less than half of these follow specific tactics to improve deliverability, such as:

- Cleanse/update email lists regularly (47%)
- Increase email relevance (47%)

- Unsubscribe bounced email addresses (35%), a surprisingly low percentage for such a fundamental practice

Other proven tactics were used even less frequently, such as:

- Minimizing the use of graphics in email (14%)
- Asking subscribers to add email address to address book (10%)
- Employing email authentication (10%)
- Proactively managing ISP relationships (9%)

List Segmentation/Targeting

Close to one-third (31%) of respondents do not practice list segmentation/ targeting on a regular basis.

Although close to three-fourths of respondents (69%) claim to use list segmentation/targeting, the ways in which lists are segmented to deliver results were not optimal. Demographics (45%) was the most common means by which email lists are segmented, while other more proven tactics such as By purchase history (28%), By click-through rates (27%), By type of purchase (25%), By website activity (25%), By open rates (23%), By amount of purchases (12%) and By Webstore purchase history (9%) were all used significantly less.

Despite this, list segmentation/targeting was perceived as yielding some of the most positive results.

The greatest results from list segmentation, according to those surveyed, were:

- Increased open rates (39%)
- Greater email relevance (34%)
- Lower opt-out/unsubscribe rates (28%)
- Greater revenue (24%)
- Increased sales (24%)
- Better deliverability (24%)

Social Media + Email Marketing

63% of those surveyed use social media with email marketing. Of those, only slightly more than half (54%) feel that they see significantly/somewhat better results. Close to one-third do not use SMM, and 18% think results are neutral or not any better when email marketing and SMM are used together.

In terms of the best email marketing results, Facebook (28%) is the top social media site, followed by Twitter (10%), LinkedIn (8%) and YouTube (8%).

Email Testing

Only 59% use email testing very often/sometimes, with A/B split as the method used most often (51%), followed by Split list (22), Multivariate (11%) and Multi-cell (6%). Close to one-fourth (23%) practice email testing infrequently/rarely and the rest (18%) do not practice email testing at all.

Among those practicing email testing:

- Only 11% of respondents include email testing in most of their email campaigns (i.e., 76% to 100% of email campaigns)
- Nearly half (49%) include some form of email testing in only 10% or less of their campaigns
- 20% do some form of email testing in 11% to 25% of their campaigns
- 12% test in 26% to 50% of campaigns

And a mere 7% test in 76% to 100% of their email campaigns

Varying subject lines (75%), Varying content/messaging (68%), Varying the offer (57%) and Varying the time of deployment (53%) are considered very/somewhat effective email testing methods.

Email Automation

Less than half (46%) use email automation very often/sometimes.

Among email automation users, the perception of the effectiveness of email automation is rather weak, since only one-fourth (25%) to one-third (35%) of respondents believe that it drove significant results for the company during the past year.

21% to 40% do not use any type of email automation.

Triggered emails (35%) and Welcome emails (32%) are seen to significantly drive company results, while Dynamic content (29%) and Mail merge (25%) are seen as less effective in driving results.

The top benefits of email automation are:

- Frees up staff time (34%)
- Greater email relevance (32%)
- Time to execute more campaigns (31%)
- Higher open rates (31%)

Greater training, as well as awareness and appreciation for the benefits of email automation, should be made known to email marketers.

Online Marketing Channel Integration

Only 60% of those surveyed integrate email marketing with other online marketing channels. A full 40% of those surveyed do not integrate email marketing with other online marketing channels.

Social media (61%) and Web analytics (61%) are the marketing channels most often integrated with email marketing, followed by Natural SEO (38%), PPC/SEM (26%), Display advertising (24%) and Mobile marketing (13%).

As one might expect, Social media (34%) is perceived as having the greatest positive impact on email campaign results, followed by Web analytics (29%), Natural SEO (15%), PPC/SEM (10%), Display advertising (9%) and Mobile marketing (3%).

The infrequent integration of PPC/SEM and display advertising with email marketing and the perception of weak results due to this integration is surprising given that these marketing channels typically represent significant budget items as compared to other marketing channels.

The top results seen by integrating email with other online marketing channels are Improved brand building/brand awareness (47%) and Greater engagement (35%), two areas that are quite difficult to measure. About one-fourth selected each of the following results: Higher open rates (29%), Increase in sales leads (28%) and Greater revenue (26%).

The biggest challenges to integrating email with other online marketing channels are resource-related: Limited budget (52%), Insufficient staff (46%) and Inadequate technology (30%).

The perception that email automation yields only low to moderate results is counter to documented results from companies who follow email automation best practices with consistency. The benefits of email automation in terms of time and efficiency should be underscored.

Closing Summary

The Email Optimizer Survey yielded surprising results about what techniques, practices and tools email and online marketers are using, and how. *Most surprising is the relatively narrow adoption of proven best practices that are known to optimize results as well as the effectiveness and efficiency of campaigns. This is the number one pitfall all marketers can avoid.*

The Email Optimizer Survey results represent a real opportunity for email and online marketers. That is, if most professional marketers are not leveraging proven techniques, practices and tools to improve their results, then there is nothing but upside for those who do. By leveraging the best practices noted in this report, marketers can gain a competitive advantage while realizing better results, faster.

About Lyris, Inc.

Lyris, Inc. integrates email marketing with diverse online marketing channels to create more efficient and effective marketing organizations.

All-in-One Solution: The company's flagship offering, Lyris HQ, is an all-in-one SaaS (software as a service) solution that combines email marketing with search, social, and mobile channels, enhanced by embedded deliverability and web analytics. Lyris HQ provides online marketers actionable insights that help them make intelligent decisions and improve results.

Full Service Capabilities: Lyris HQ can be managed by your own in-house marketing team. Alternatively, our full-service account management team can manage your campaigns for you. This seasoned group of experts can manage discrete projects in the areas of deliverability, welcome programs, Web analytics, SEO, PPC and social media. Or we can manage your entire program – as an outsourced extension of your in-house team.

Client Profile: A sampling of our clients include Access Intelligence, The British Museum, Eldorado Hotel Casino, Expedia CruiseShipCenters, Forbes.com, Godiva Chocolatier, GuideStar, Marriott, PC Recycler, Pioneer, Student Advantage, Sainsburys Supermarkets and Visa.

Lyris, Inc.

6401 Hollis Street, Suite 125
Emeryville, CA 94608
(800) 768-2929
lyristeam@lyris.com

Customer Service

(888) 597-4727

Product Sales

(888) 5465-9747

www.lyris.com

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