

Lifecycle Benchmark

Insights on new subscriber engagement throughout the first year

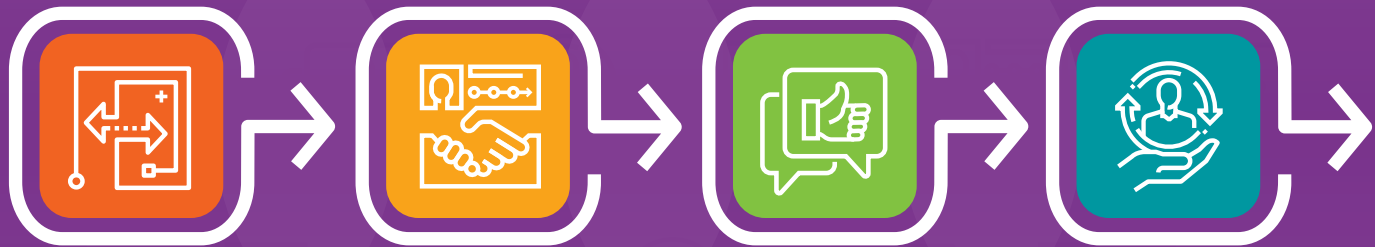


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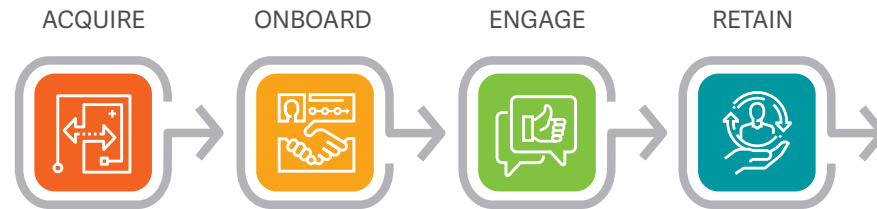
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INTRODUCTION

Keeping subscribers interested and engaged with your program is an ongoing process. While it is valuable to measure how subscribers interact with each campaign, it doesn't provide insight into how customers engage with your brand over time. Customer relationships don't remain static, so it's important to keep an eye on engagement at different stages of the subscriber lifecycle.

At Return Path, we think about the subscriber lifecycle in four distinct stages:



Measuring data through the four lifecycle stages provides valuable insights such as:

- When do customers typically start to disengage with a new program?
- How much does email performance with new subscribers change over time?
- How many new subscribers are retained after 12 months and how many leave?

In this report, we take a look at how new subscribers interact with an email program throughout the first year of their relationship with a brand. We assign different metrics to each stage to measure how well marketers are able to acquire, onboard, engage, and retain their new customers throughout the first year. Use these metrics to evaluate your own program and identify areas where you may need to improve.

ACQUIRE

The subscriber relationship begins with acquisition—when the customer first signs up for a brand’s email program. At this stage, marketers need to ensure that they are acquiring good quality email addresses and that subscribers are positively engaging with their messages.

The success of acquisition is measured by whether new subscribers are providing active email addresses, and how they engage with your initial email messages. The metrics we associate with the “Acquire” stage are:

Subscriber quality: Subscriber quality measures whether this email address is actively used or rarely checked. High quality email addresses are obviously more desirable, as messages sent there are more likely to be read and acted on.

Activated subscribers: This metric measures the percentage of subscribers reading at least one email from a sender’s email program during the first 30 days. Low activation rates can be an indicator of poor list quality or unengaging content.

Complaints on initial message: This measures the percentage of subscribers who made a spam complaint about the first message they receive from a sender. The rate of complaints on the initial message can provide key insights into potential risks and vulnerabilities with the acquisition process. Complaints can be an indication that either subscribers don’t remember signing up for an email subscription or messages are not meeting their expectations.



ACQUIRE *continued*



Acquire

Top 10 percent

53%

71%

0%

Average

47%

49%

4%

Bottom 10 percent

39%

26%

8%

Our research shows that average subscriber quality is quite low, with just 47 percent of subscribers using active email addresses for email signups. This aligns closely with the activated subscriber results, which show that on average, just 49 percent of new subscribers interact with a message during the first month. Complaints on the initial message are quite high at four percent — well above the overall average complaint rate of 0.17 percent.



Marketers have a long way to go to optimize their email acquisition. Even the top ten percent of senders get only 53 percent quality subscribers, so it's clear that marketers need to focus on gathering active email addresses. The quality of newly acquired subscribers will impact the entire program going forward, as sending mail to inactive users who are essentially "dead weight" will drag down every performance metric. For tips on gathering high quality subscribers, download our guide: [50+ Ways to Grow Your Email List](#).

ONBOARD

Getting people to sign up for your email program is just the beginning. In order to improve engagement from the start, you also need to onboard them. Onboarding is a key stage as it is the first experience subscribers have with your email program.

The success of onboarding is measured by whether the program is providing value during the first 30 days, and how subscribers react during that time. Metrics associated with the “Onboard” stage are:

First touch read rate: This indicates whether customers are taking action with the initial email and showing interest in the program.

Read rate first 30 days: This metric shows whether a program is able to maintain subscriber interest past the first message. It’s calculated by finding the average read rate over the first 30 days of the subscriber’s experience.

Complaint rate first 30 days: Looking at the average complaint rate over the first 30 days of the subscriber’s experience provides insight on whether a program has been able to reach subscriber expectations, or if subscribers are beginning to disengage.

Churn rate first 30 days: This looks at the percentage of subscribers leaving the email program during the first 30 days. It measures how many new subscribers chose to actively withdraw from receiving additional messages.



ONBOARD *continued*



Onboard

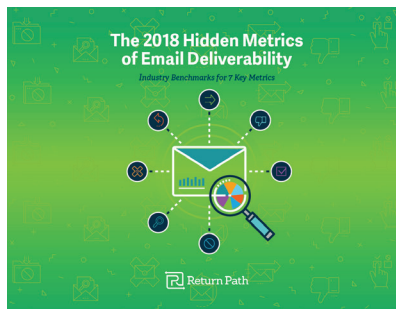
Top 10 percent

Average

Bottom 10 percent

	First touch read rate	Read rate first 30 days	Complaint rate first 30 days	Churn rate first 30 days
Top 10 percent	63%	61%	0%	10%
Average	39%	35%	2%	34%
Bottom 10 percent	19%	18%	3%	61%

Our data shows that the average first touch read rate is quite high at 39 percent (compared to an overall average read rate of 22 percent). However, average read rate over the first 30 days takes a slight dip to 35 percent—still well above the standard for read rate. Complaints over the first 30 days are significantly lower than complaints on the initial message (two percent vs. four percent), but still well above the overall average complaint rate of 0.17 percent. Marketers also lose a full 34 percent of newly acquired subscribers within the first month.



The first 30 days of the subscriber relationship is a key time when marketers should be investing significant time and effort. To make the most of this “honeymoon period,” marketers need to have a clear understanding of engagement metrics like read rate, complaint rate, and more. For a full description of these metrics and overall performance benchmarks, download our [2018 Hidden Metrics of Email Deliverability](#) report.

ENGAGE

The next stage of the subscriber lifecycle is focused on engagement—building a long term relationship and proving the value of your email program. At this stage, the novelty of your program has worn off, so your challenge is to make sure the subscriber becomes a lasting brand advocate by providing relevant, engaging content.

The success of engagement is measured by looking at how subscribers react to your email over the first 12 months. The metrics we use to evaluate the “Engage” stage are:

Read rate first 12 months: This measures the average read rate over the first 12 months of the subscriber experience. This metric, compared against the read rate of the initial message and of the first 30 days, gives an indication of how well a program has managed to keep subscribers interested.

Complaint rate first 12 months: This metric looks at the average complaint rate over the first 12 months of the subscriber experience. Looking at complaints over a variety of time frames can help you to understand where you might be losing subscriber interest.

Engaged subscribers: This measures the percentage of subscribers who remain engaged with a program over the first 12 months. This metric identifies the percentage of new subscribers who continue to interact with the email program after 12 months, as opposed to those who are not interacting with any messages sent to this email address and those who are only engaging with other brands.



ENGAGE *continued*



Engage

Top 10 percent

59%

0%

48%

Average

32%

1%

31%

Bottom 10 percent

16%

2%

13%

On average, marketers are able to maintain a 32 percent read rate with new subscribers over the first 12 months of their relationship. The average complaint rate drops to one percent over the first year—likely due to the fact that subscribers who complain early on are removed from the list, leading to fewer future complaints. On average, 31 percent of new subscribers continue to interact with an email program after 12 months.



To keep your program interesting for subscribers, it's important to consistently provide value with each campaign. Try incorporating different campaign types into your program to keep subscribers engaged. Check out our [2018 Email Marketing Lookbook](#) for inspiration from top performing campaigns.

RETAIN

Retention is the critical ongoing stage of the customer lifecycle. A marketer's actions during this stage will determine whether the email program manages to keep new subscribers interested, or if subscribers begin to disengage.

The success of retention is measured by how many new subscribers remain at the 12 month mark, as well as their level of engagement. Metrics associated with the "Retain" stage are:

12-month retention: This measures the percentage of newly acquired subscribers who have not unsubscribed after 12 months.

Average day of churn: This metric identifies the average number of days before a subscriber churns, among subscribers who leave the email program during the first 12 months.

Average days since last read: This metric evaluates the subscribers retained after 12 months and looks at the average number of days between the last read message and last received message. This helps to identify the period in which subscribers disengage with a program, yet are still receiving mail.



RETAIN *continued*



Retain

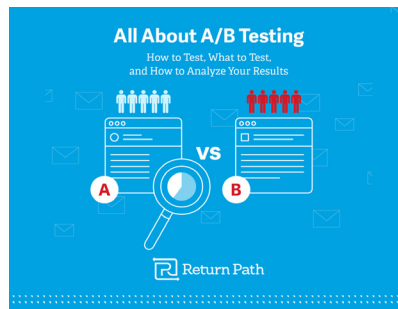
Top 10 percent

Average

Bottom 10 percent

	12-month retention rate	Average day of churn	Days since last read
Top 10 percent	84%	56	247
Average	56%	33	259
Bottom 10 percent	26%	12	270

On average, 56 percent of new subscribers remain on a program's email list after 12 months. It's important to remember, however, that marketers lose an average of 34 percent of new subscribers within the first 30 days—so the collective churn over the next 11 months is just 10 percent. Subscribers who unsubscribe during the first year do so after 33 days, on average. This clearly indicates that the first month is a key period for marketers to prove the value of their email program. The data also shows that the average marketer continues sending mail for a full 259 days (more than eight months) after a subscriber disengages with the program.



To retain your new subscribers you need to make sure you are providing a relevant, engaging content. Before you send, try testing out various elements of your email campaign to find what content resonates best with your subscribers. To learn how and what to test for your email program, download our guide—[All About A/B Testing](#).

MEASURING PERFORMANCE

Measuring performance from the lifecycle perspective provides marketers with new insights on how their email program resonates with subscribers over time. Based on the lifecycle data shared in this report, here are a few tactics marketers should implement into their program for better results.



Validate email addresses

While you may be tempted to get all the new subscribers you can, ensuring the quality of each subscriber is important to the long term health and success of your email program. With an average subscriber quality of just 53 percent for even the best of senders, marketers need to be more proactive about verifying the quality of the addresses they are adding to their list.



Get adequate consent

Make sure new subscribers are actually interested in your program by optimizing the opt-in process for your email program. Your opt-in should make it clear what the subscriber is signing up for, with no pre-checked boxes or auto-fill fields. This will help increase your activated subscribers and also limit the number of complaints on the initial messages.



Set expectations

Your initial emails should truly onboard subscribers by letting them know what to expect from your program. Be clear and upfront about what your email program entails and showcase the value they will get by remaining a subscriber. This will help cut down on complaints and though it might increase unsubscribes in the beginning, it will help your list remain healthy in the long term.



Track subscriber engagement

As soon as you add new subscribers to your program, start tracking how they interact with your messages. Are they complaining a lot? Is your content enticing them to open? Monitor how they perceive your program and adjust your content accordingly. Don't wait until it's too late.

MEASURING PERFORMANCE *continued*



Segment your list

The longer your subscribers remain active on your list, the more opportunities you have to learn about them. Start tracking how subscribers interact with different emails and build different segments based on behaviors and preferences. By breaking your list into segments you can build more targeted content and provide a more personalized experience for your subscribers.



Take advantage of a variety of campaign types

While email is a great channel for ROI, not all of your messages should be promotional. Your email program should be focused on building a long term relationship with subscribers, so take advantage of milestones and vary your content to maintain interest. Birthday messages, holiday newsletters, feedback surveys, and other types of campaigns will help to build an engaging experience for subscribers.



Send win-back emails

Eight months is a long time to continue sending email to disengaged subscribers. Rather than standing by and watching subscribers ignore your messages, marketers should begin re-engaging customers with win-back campaigns. Our research shows win-back campaigns have an average read rate of 20 percent, which means that one in five inactive subscribers are once again engaging with the brand's email program.



Monitor lifecycle data

As we've shown in this report, lifecycle data provides insights that are unique and different from your campaign based data. To track how your new subscribers are interacting with your program and identify any vulnerabilities, reach out to our [consulting team](#) for a report that measures your lifecycle performance and benchmarks it against the average.



Report Methodology

This report analyzed 1,387 brands across all verticals using Return Path's Consumer Network data for Microsoft, AOL, Gmail, and Yahoo subscribers between July 1, 2016 and June 30, 2018. This analysis maps the lifecycle from the initial email received from the brand through the first 12 months of subscription.

Learn more about Return Path

Return Path uses our unparalleled data and advanced analytics capabilities to work to solve the problems email marketers face every day. Powered by [EmailDNA](#), our solutions are built to improve your email marketing and increase ROI.



Visit our website. There's no better place to find out about Return Path! Browse our resource library, check out our customer success stories, and learn more about our products and services at returnpath.com.



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