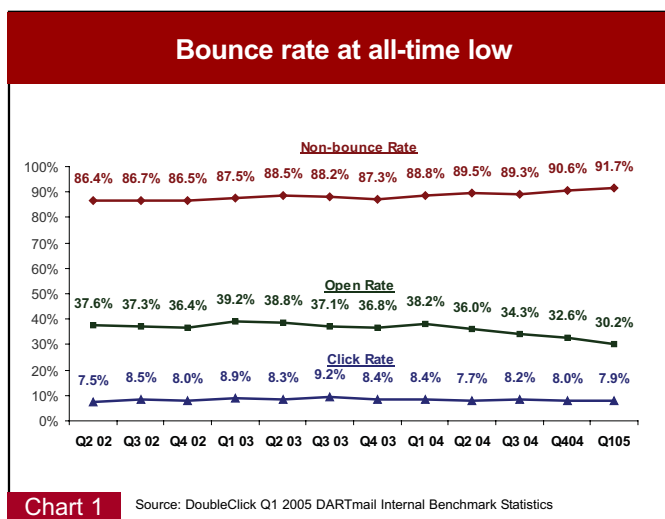


# DoubleClick Q1 2005 Email Trend Report

## Executive Summary

Q1 2005 DoubleClick DARTmail data continue to show that permission email remains a strong channel, indicated by key metrics such as click-through rates, bounce rates, click-to-purchase conversion rate and orders per email delivered. Bounce rates reached an all-time low in Q1 2005 for the 12 quarters DoubleClick has been tracking email performance trends. Click rates fell slightly in the past two quarters but still remain higher than historic lows. Conversion rates were high this year compared to the average for the first quarter over the last three years.

### Q1 2005 Overall Performance



- The average bounce rate fell to an all-time low of 8.3%, a year-over-year improvement of 25.75% from Q1 2004 (11.2%), and an improvement also over Q4 2004's 9.4%, the previous all-time low.
- The average open rate (30.2%) declined 26.5% from Q1 2004 (38.2%).
- The average click-through rate (7.9%) decreased 6.3% from Q1 2004 (8.4%).
- The average click-to-purchase rate (4.1%) increased 24.2% from Q1 2004 (3.3%).
- The average orders-per-email-delivered rate reached an all-time high of 0.26%, up 18.2% from Q1 2004 (0.22%) 34.6% from Q4 2003 (0.26%).

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## Bounce rates down to 8.3%

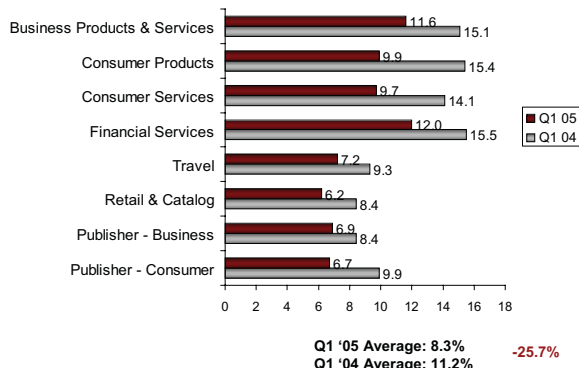


Chart 2 Source: DoubleClick Q1 2005 DARTmail Internal Benchmark Statistics

## All categories see a decline in open rates

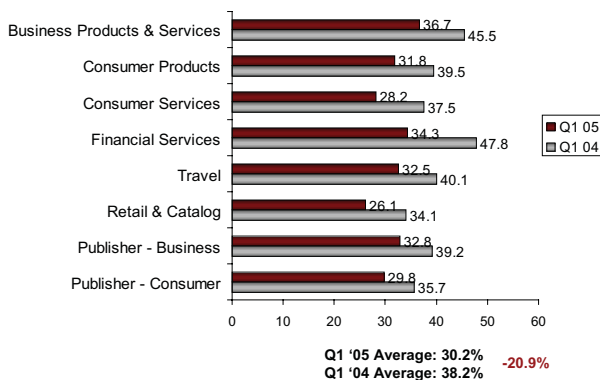


Chart 3 Source: DoubleClick Q1 2005 DARTmail Internal Benchmark Statistics

## Click rates remain fairly stable across industries

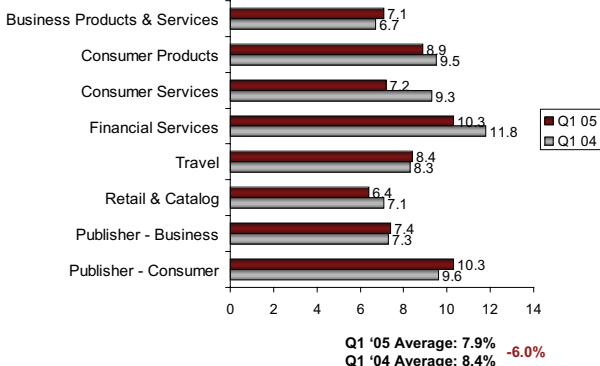


Chart 4 Source: DoubleClick Q1 2005 DARTmail Internal Benchmark Statistics

## Overview of Data

The DoubleClick Q1 2005 Email Trend Report contains aggregate data from DoubleClick's DARTmail email delivery technology. The Q1 data are based on more than 2.5 billion email messages sent by hundreds of clients using DARTmail. All categories/data reported represent a significant sampling of customers. The performance metrics by category measure averages across all companies in a category (an unweighted average, not reflective of mail volumes by any individual company). This is done to provide a measure of average company performance in the category, removing the effect that large mailers can have on category averages.

## Key Findings

According to traditional metrics, email marketing remained stable in Q1 2005. Bounce rates, which were at an all-time low at 8.3%, declined in every industry category that DoubleClick tracks. Although open rates declined from 38.2% in Q1 2004 to 30.2% in Q1 2005, click rates remained relatively stable, dipping slightly from 8.4% to 7.9%. This relative stability in click rates, despite the decline in opens, mirrors the HTML click-to-open ratio (which has increased from 26.6% to 30.2% from Q1 2004 to Q1 2005). These data demonstrate that content remains effective in driving click response once an email has been opened. The data also suggest consumers respond to email when they are cyclically "in market" for particular content for which they have subscribed.

The challenges in maintaining open rates include the adoption of image blocking filtering mechanisms among many major ISPs and email programs (such as Outlook) as a response to protect readers from potential viruses or

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offensive graphical content in spam messages. A side effect of this change, however, is a reduction in the calculated open rate of emails due to the inability to identify the email as opened unless the images render. Other technological factors that may be affecting open rates include the growth of webmail mailbox size limits spurred by Gmail, and consumer adoption of bulk and “favorite” folder/filter rules to manage their increasingly crowded inboxes.

## Industry Performance

- Retail and Catalog (6.2%), Consumer Publisher (6.7%) and Business Publisher (6.9%) recorded the lowest bounce rates last quarter.
- Business Products and Services (36.7%), Financial Services (34.3%) and Business Publisher (32.8%) recorded the highest open rates last quarter.
- Click rates remained relatively stable versus the previous year, with half of the categories that DoubleClick tracks reporting increases and half declining.

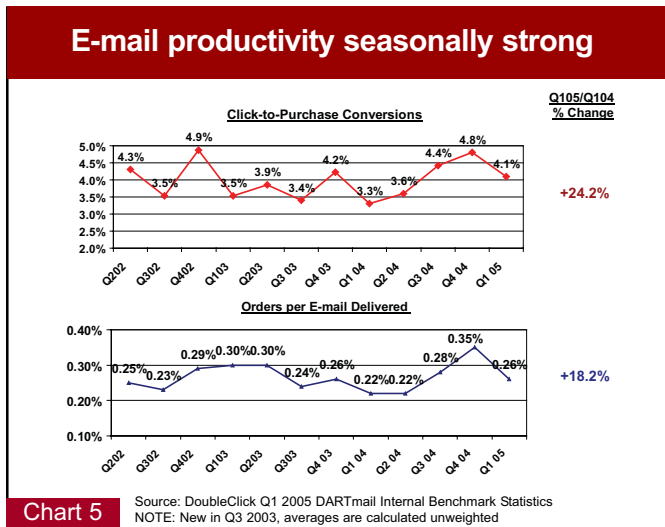
- Financial Services and Consumer Publisher (both 10.3%) had the highest click rates last quarter followed by Consumer Products (8.9%) and Travel (8.4).
- Business Products and Services had the highest open rate, at 36.7%.

## Conversions

Momentum from a strong holiday retail season carried forward to Q1 for email marketers, with year-over-year conversion metrics exhibiting double-digit growth. For Retail and Catalog customers that track purchase activity through DARTmail, Q1 conversion metrics remained strong, despite a decline in open rates

- The click-to-purchase conversion rate rose 24.2% (from 3.3% to 4.1% versus Q1 2004).
- Orders per email delivered rose 18.2% (from 0.22% to 0.26% versus the previous year).
- Meanwhile, average order size remained stable (\$92 in Q1 2004) at \$91 in Q1 2005.

Overall, the data show that despite a dip in open rates, conversions have held steady demonstrating that when customers are “in-market” they are continuing to convert on email offers.



## Summary and Conclusions

As email marketing becomes more mainstream, file aging may also have an impact on open rates. Newer names on a customer file tend to be more responsive early on, and at the same time some long-term subscribers are frequently engaged and responsive. Understanding these age cohorts on file is a good step toward understanding increases and declines in open rates and enables marketers to tailor content

## DoubleClick Q1 2005 Email Trend Report

appropriately. Marketers should also test different content, subject lines and offers to these different profiles, and should evaluate how response rates are indicative of customer value, to maximize the value they receive from the channel.

This quarter's data demonstrate the continuing effectiveness of email for communicating with and marketing to customers. DoubleClick consistently sees that our best-performing mailer clients are leveraging historical response data and all available customer profile data to target customer mailings to more relevant audiences and segments, while enhancing response and conversion data through more timely and relevant messages through dynamic personalization and event-based triggers.

### **Methodology/Data Included**

1. The data have been aggregated on an overall industry level and category level: Business Products and Services, Consumer Products, Consumer Services, Financial Services, Travel, Retail and Catalog, Publisher – Business Audience and Publisher – Consumer Audience.
2. Bounce backs are a combination of soft (unsuccessful delivery for reasons such as full inbox) and hard bounces (received when an email address is no longer valid, often reflecting a switch to a different email address due to a change of job or ISP).
3. Open Rate is defined as HTML Opens divided by (HTML Delivered + Multi-Part). Click-Through Rate is Total Clicks divided by Emails Delivered. Bounce Rate is Soft Bounces plus Hard Bounces divided by Emails Sent.

For information on DoubleClick's email marketing solutions, please call: 1.866.459.7606. DoubleClick clients receive a quarterly account review, which includes access to this data. The DoubleClick Strategic Services Group is available for email marketing audits that include benchmarking your own results against category performance. For more information, contact: [strategicservices@doubleclick.net](mailto:strategicservices@doubleclick.net)