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Epsilon Q3 2008 Email Trends and Benchmark

Executive Summary

The *Epsilon Q3 2008 Email Trends and Benchmark* study shows that email performance is relatively stable, with a slight decrease in deliverability. Click rates, although up from the previous quarter, still remain lower than last year during the same period. Despite the lagging economy and CMO's decreasing advertising spend, email continues to deliver a healthy return. This aligns with Epsilon's latest CMO Survey in which CMOs state email is the least likely to be reduced.

The *Epsilon Q3 2008 Email Trends and Benchmark* study was compiled from 6.2 billion emails sent in Q3 (July-September) 2008, across multiple industries and more than 200 clients. This benchmark data¹ should be used only as a guideline - specifics for each company would drive results.

And bracing for budget reductions, they most certainly are. The vast majority of CMOs said recessionary conditions will result in decreased spending on marketing and advertising

Q3 2008 Overall Performance

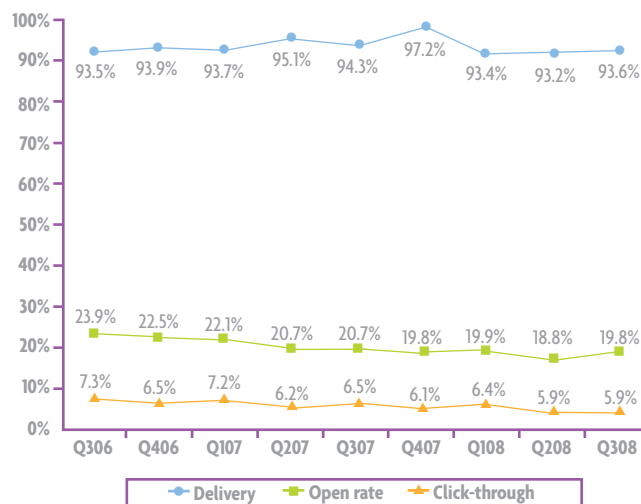
- Deliverability declined in Q3 only slightly from the previous Q2 but continues to stay over 93%. The continued decline reflects a tighter deliverability environment as ISPs continue to refine and tighten their delivery rules.

- Open rates have remained consistent over the past year, ranging between 19%-21%.

- Click rates rose .05% from Q2 which was the lowest that we had seen to date. They are still down 8.2% from this same time last year and 18.2% from two years ago.

- Average volume per client increased 13% from Q2 as brands begin to market aggressively ahead of the holiday season.

Q3 2008 Deliverability, Open and Click Rates



Starting Q407, data represents all DREAM and DREAMmail clients

¹Metric Definitions:

Open Rate: Opens / Email Delivered*

Click-through Rate: Total Clicks / Emails Delivered

Unique Click-through Rate: Unique Clicks / Emails Delivered

Bounce Rate: (Bounces and/or Undelivered) / Emails Sent

Delivery Rate: 1 - Bounce Back Rate. Calculations does not include ISP or inbox filtering

*In previous DREAMmail versions open rate was calculated as HTML Opens / (HTML Delivered + Multi-Part Delivered)

Industry Performance

■ Business Publishing/Media, Consumer Publishing/Media, Retail General and Travel Services all saw an increase in all three major metrics—deliverability, opens and clicks—compared to Q2.

Q3 08 North American Industry	Deliverability	Open Rate	Click Rate
Business Products and Services General	91.3%	19.4%	4.7%
Business Publishing/Media General	94.3%	15.8%	5.6%
Consumer Products CPG	92.7%	16.3%	11.0%
Consumer Products General	93.4%	19.3%	6.4%
Consumer Products Pharmaceutical	86.1%	19.0%	6.2%
Consumer Publishing/Media General	97.5%	17.2%	8.7%
Consumer Services General	93.6%	23.2%	4.6%
Consumer Services Telecom	91.9%	27.6%	8.7%
Financial Services CC/Bank	89.0%	23.1%	5.3%
Financial Services General	92.4%	29.9%	7.2%
Non-Profit/Education General	90.0%	19.8%	2.0%
Retail Apparel	97.3%	14.9%	3.8%
Retail Electronics	96.1%	21.8%	4.9%
Retail General	95.4%	19.1%	5.5%
Retail Specialty	94.0%	16.4%	3.7%
Travel/Hospitality Travel Services	94.9%	19.8%	4.7%

Red or green text indicates an increase (green) or decrease (red) over Q2's metrics.

Conclusions

The Epsilon Q3 2008 Email Trends and Benchmark shows stable performance. Despite slight declines in open rates (even with the decrease of text messages being delivered), email continues to be a valuable channel for most. As ISPs continue to refine and tighten their delivery rules, deliverability remains consistent -- showing a slight incline in Q3. The fact that deliverability rates are above 93% is a positive sign for the industry, which has been concerned with the increasing use of email filtering.

Click rates and average volume per client both increased from Q2 overall. Industries including Business Publishing/Media, Consumer Publishing/Media, Retail General and Travel Services saw an increase in all three major metrics -- deliverability, opens and clicks -- compared to Q2.

For More Information

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