EMAIL MARKETING ROI: WHAT LEADS TO BETTER RETURNS?

Want better ROI from email marketing? Litmus' 2019 State of Email Survey findings point the way to higher returns.

Want the maximum ROI from your marketing efforts? Email offers the highest returns for marketers year after year. In 2019, email marketing's return on investment is 42:1 on average, up from 38:1 last year, according to Litmus' 2019 State of Email Survey findings.

The results not only show email's powerful (and continually growing) ROI, but they illustrate which email marketing tactics and strategies offer the most benefit to marketers. The results also show which tactics don't pull much weight when it comes to generating ROI.

If you're heading up an email marketing program—especially at a large enterprise—then these results are likely to help you make decisions as you build and improve your email marketing program in the coming year.

How well are companies measuring ROI?

In order to optimize your email marketing ROI, you have to be able to measure it. According to our research, 61% of companies state they adequately—or more than adequately—measure ROI from their email efforts. In fact, 11% reported that they are doing "very well" in analyzing results from their investments.

Although measuring ROI helps marketers validate their efforts, it's still a challenge for many. About 39% of our survey respondents reported that they measure ROI "poorly," "very poorly," or "not at all." Because we want our ROI calculations and findings to be as accurate as possible, we excluded these respondents from our results.

61% of brands adequately measure email marketing ROI

How well can your company measure the return on investment for email marketing efforts?

👥 **1,627 respondents**

Category	Percentage
Not at all	7%
Very poorly	7%
Poorly	25%
Adequately	31%
Well	19%
Very well	11%
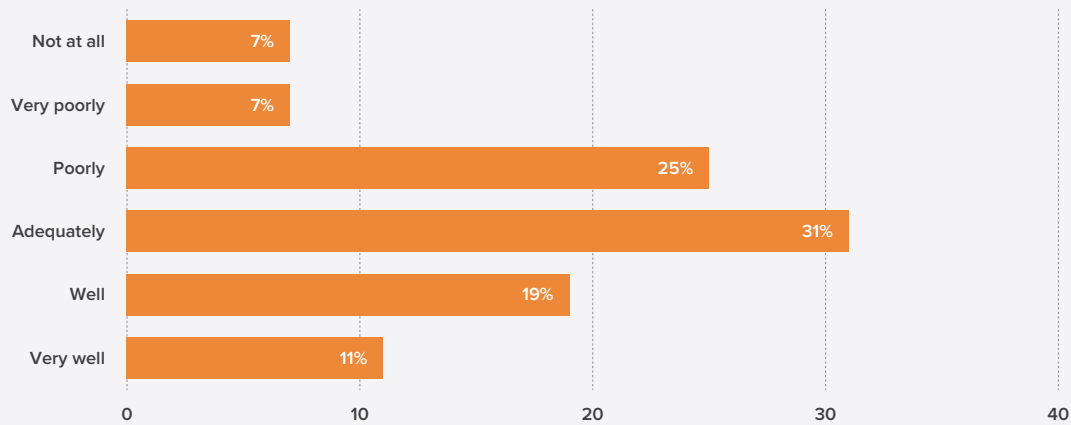
Source: Litmus' 2019 State of Email Survey of more than 3,000 marketing professionals worldwide conducted between Dec. 11, 2018 and Jan. 31, 2019.

Though some companies struggle to measure their efforts, all marketing teams want to get the highest returns that they can. Any company can continually iterate and improve on their email marketing program, but it's much easier to quantify these results if ROI can be analyzed.

What factors influence ROI?

Beyond measurement, we examined a wide range of factors and were surprised by some that were associated with increased ROIs and some that weren't. We broke down the factors into 5 major categories, each containing a number of components, to make this information digestible. These categories are (1) company factors, (2) email programming factors, (3) testing factors, (4) personalization and content factors, and (5) analytics factors.

1. Company

Regulatory environment

The European Union has [the strongest anti-spam and privacy laws in the world](link)—and [GDPR](link) has made them even stronger. On the other hand, the United States has incredibly lax email marketing laws, thanks chiefly to the CAN-SPAM Act. We've argued that [CAN-SPAM is so lax that it harms US businesses](link).

Our research findings support that assertion, although not emphatically. Brands in the US and brands in Europe and the UK generated very similar returns on their investments in email marketing, with **EU countries' average ROI of 43:1 edging out America's 40:1.**

Based on that, it would appear that business fears around tougher email and privacy regulations are overblown. Tighter rules appear to have a neutral to slightly positive effect on the returns seen by legitimate marketers, while improving the overall email environment by reducing spam and giving consumers more control.

Company size

The larger the company, the higher the email ROI. For instance, while **companies with fewer than 100 employees reported an ROI of 38:1 on average, medium sized companies with 100-499 employees show an ROI of 40:7, and large organizations with 500 or more employees reported an ROI of 47:1.**

Larger companies have proportionally larger opportunities with email marketing, but company size also generally correlates to bigger email teams, larger email lists, and greater overall email marketing sophistication. So this factor is a high-level proxy for several other factors, many of which we'll also talk about.

Email team size

The size of your email marketing team similarly affects returns. For example, programs with two or fewer full-time employees generate an ROI of 42:1 on average, compared to 46:1 for programs with three to five full-time employees. Staffing is a critical element of resourcing, and [resourcing levels correlate strongly with email marketing success](.).
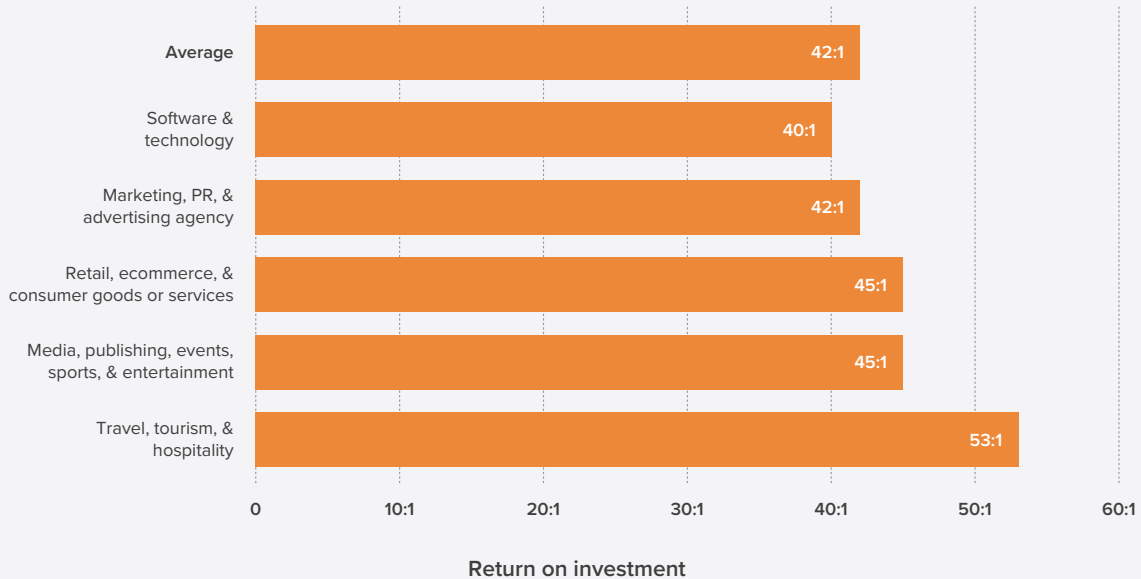
Industry

ROI also fluctuates based on industry. **The travel, tourism, and hospitality industry reported substantially more ROI (53:1) than software and technology companies (40:1).**

This may be due to the travel industry's knowledge of email tactics, but it's more likely that certain audiences are more likely to engage with email in this category. It's also possible that these industries have a more measurable call-to-action—with email campaigns designed to lead to immediate purchases—that makes it easier to attribute financial gains to email marketing. Or those in travel and tourism may have seen success from email and optimized their programs, ultimately bringing them even more ROI.

Brands in the travel, tourism, and hospitality industry report the highest email marketing returns

What is your company's email program's return on investment? For every dollar, euro, pound, etc. that your company invests in email marketing, how many does it generate in return?

Category	ROI
Average	42:1
Software & technology	40:1
Marketing, PR, & advertising agency	42:1
Retail, ecommerce, & consumer goods or services	45:1
Media, publishing, events, sports, & entertainment	45:1
Travel, tourism, & hospitality	53:1

Return on investment

2. Email program

Email list size

How many subscribers are on your list? This has a significant impact on ROI. **Brands with less than 500,000 subscribers reported an ROI of 39:1, whereas those with 500,000+ generate an ROI of 44:1. Teams with a list size larger than 10 million subscribers reported even higher returns (46:1).**

It's worth clarifying that we believe the true power here isn't in the absolute size of a list, but in the engagement and productivity of that list. It's not enough just to have a lot of subscribers—you need subscribers that open and engage with your emails.

We think that's the real lesson: more subscribers engaging with your messages leads to better

returns. That conclusion is supported by our findings around permission practices.

Permission practices

Single opt-in (SOI) generally boosts list size at the expense of quality, while double opt-in (DOI) sacrifices list size to improve quality. While list sizes correlate with higher ROIs, so does list quality.

For example, companies that use a DOI process for all or most of their subscriber acquisition sources generate an ROI of 45:1, compared to an ROI of 40:1 for those using mostly SOI. This finding also supports our assertion that the lax permission standards of CAN-SPAM don't help US brands be more successful.

Email frequency

Some marketers believe that more email equals more success—but that's only true to an extent. According to our research, the sweet spot appears to be somewhere between 5-8 emails per month per subscriber. **Sending a moderate amount of 5-8 emails generated an ROI of 48:1, while sending less or more yielded lower returns.**

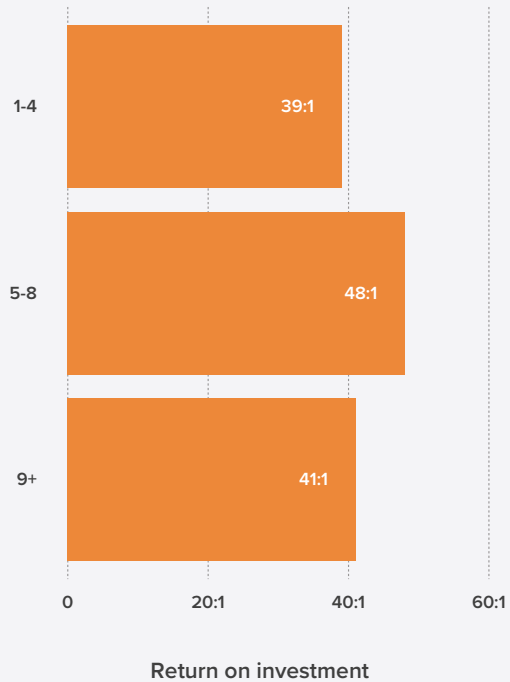# 3. Testing

Spam filter testing

Email deliverability is essential. After all, if emails can't reach your subscribers, you'll never see engagement. But 16% of permissions-based emails never make it to the inbox—and those businesses are leaving money on the table. If your emails don't even make it to the inbox, it means wasted time, wasted resources, and zero results.

It's no surprise that companies that run emails through spam filter tests before sending them see substantially higher ROI than those who don't. **Those who use spam filter tests before sending emails reported an ROI of 51:1, while those who don't reported an ROI of 39:1.**

Sending too few or too many emails hurts email marketing ROI

How many emails do the majority of your brand's subscribers receive from you each month on average?

Return on investment

Spam filter testing made easy with Litmus

[Litmus Spam Testing](#) empowers your team to identify and fix potential deliverability issues before sending, so your emails get delivered to the inbox, not the spam folder. Brands that use the power of Litmus Spam Testing see an ROI that's 14% above average.

Email preview testing

Testing the rendering and functionality of your emails across email clients ensures that you deliver a great customer experience. When brands don't run quality assurance tests, the performance of their emails suffers.

Our research found that brands that test every email before sending generated an ROI of 44:1 on average. Brands that didn't test their emails, only tested updated templates, or only tested occasionally generated an ROI of 38:1.

Test your emails in an instant with Litmus Email Previews

Litmus Email Previews allows your team to test their emails in all popular email clients and devices in an instant, for high-quality emails that drive results. Brands that utilize Litmus Email Previews to test their email generate an ROI that's 16% higher than brands that don't run email tests for every send.
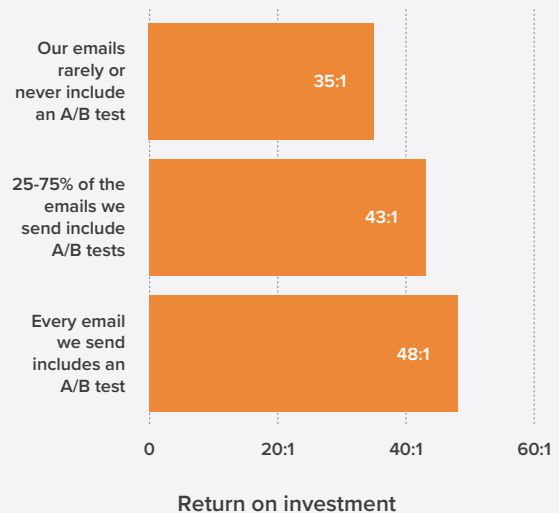
A/B testing

Analytics give you valuable insights into the messaging that resonates with your subscribers. A/B testing accelerates those learnings by exposing a portion of your subscribers to one version of an email or landing page and another portion of your subscribers to another version to see which version performs better.

The more email A/B testing you do, the greater the benefits. **For example, brands that never A/B test their broadcast and segmented emails generate an email marketing ROI of 35:1, whereas brands that always include an A/B test in their emails generate an ROI of 48:1.**

Frequent A/B testing drives email marketing ROI

What portion of your company's broadcast and segmented emails typically include an A/B test?

Category	ROI
Our emails rarely or never include an A/B test	35:1
25-75% of the emails we send include A/B tests	43:1
Every email we send includes an A/B test	48:1

Return on investment
(0   20:1   40:1   60:1)

Pre-send checklist

Before sending an email, it's important to make sure that content is free of spelling errors, renders across devices, has the correct subject line, and so on. How do companies ensure this happens? Successful brands follow extensive pre-send checklists each and every time an email is about to be sent.

Our research found that companies that use an extensive pre-send checklist saw a substantially higher ROI (48:1) than those who don't use a checklist (38:1) or only have a short checklist (39:1).

4. Email Content

Dynamic content

Personalization is a key way that brands create relevancy in their email messages. By leveraging demographic, behavioral, and other data, it helps brands demonstrate they know and understand subscribers on a meaningful level.

Unsurprisingly, the more often you use dynamic content and personalization, the better the performance. For instance, **brands that never or rarely include dynamic content see an email marketing ROI of 36:1, compared to 44:1 for brands that "often or always" include it.**

Animated GIFs

Companies that included animated GIFs in their emails saw higher ROI than those who did not. **Those who included them "often or always" saw**

an ROI of 46:1, while those who never included them saw an ROI of 38:1. This suggests that animated GIFs make emails more engaging to subscribers—and that drives results.

Live content

Similarly, live content can lead to better engagement and substantial ROI. **Those who used live content in their marketing emails "often or always" reported an ROI of 50:1, which is much higher than the average ROI reported.** Those who never use live content saw an ROI of 39:1, less than the overall average.

5. Analytics

The use of additional analytics tools

Companies that use additional email analytics tools reported more ROI than those who did not, most likely because they are using as much data as possible to iterate and improve on their campaigns.

Those who use additional analytics tools to supplement the email metrics and performance dashboards provided by their email service provider saw an ROI of 43:1. Those who didn't reported an ROI of 39:1. The use of robust analytics tools contributes to a greater understanding of what works and what doesn't—and that's what drives continuous improvement and, ultimately, higher returns.

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Get better insights—and higher returns—with Litmus Email Analytics

Brands that utilize [Litmus Email Analytics](#) generate an ROI of 45:1 on average. That's 16% higher than the average ROI of brands that only rely on email insights provided by their ESPs.

What you can do to increase email ROI

Some of the strategies that are proven to increase ROI require long-term planning. For example, growing your email team can't happen overnight. Similarly, growing your email list in a healthy way requires time and careful planning. But there are other tools and tactics that you can implement quickly to see measurable ROI improvements, faster. If you're looking to increase your program's returns, consider making these action items a priority:

- **Leverage dynamic content.** Companies that use dynamic content to personalize their campaigns are better able to engage subscribers—and that leads to higher returns. Encourage your team to explore how you can use insights on different interests, backgrounds, locations, etc. to dynamically serve relevant content. Those efforts will pay off.

- **Use a pre-send checklist to test every email.** If your team doesn't use an extensive pre-send checklist yet, it's time to make changes to your workflow. Using an extensive pre-send

checklist strongly correlates with higher ROI because a guided, standardized list of checks ensures that each email that goes out is free of errors and fully optimized. Tools like [Litmus Checklist](#) can help automate and standardize the pre-send testing process.

- **A/B test your emails.** A/B testing every email ensures the best version gets sent every time, making it easier to gain ROI from your campaigns. Make continuous A/B testing a priority for your team.

- **Utilize spam testing tools to ensure your emails reach the inbox.** Brands that use spam testing tools to catch deliverability issues before they send are more likely to reach the inbox—and are proven to get higher returns from their email marketing. Investing in spam testing tools like [Litmus Spam Testing](#) pays off quickly.

- **Use additional email analytics tools.** Although email service providers come with their own analytics dashboards, more robust tools can help you analyze what's working and what's not, so you can ultimately increase ROI.

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How the Litmus Email Creative Platform Boosts Your Email ROI

- Brands that utilize Litmus Spam Testing generate an ROI of 48:1 on average. That's 22% higher than the average ROI of brands that don't run their emails through spam filter tests before each and every send.

- Brands that utilize Litmus Email Analytics generate an ROI of 45:1. That's 16% higher than the average ROI of brands that only rely on email insights provided by their ESPs.

- Brands that utilize Litmus Email Previews to test their email generate an ROI of 44:1 on average. Brands that never or only occasionally test their emails generate an ROI of 38:1. That's 16% higher returns for those who test every email with Litmus.

For more information about how the Litmus Email Creative Platform can help your brand achieve its goals, talk to a Litmus expert. Get in touch →