

The State of Law Firm Email Marketing

Benchmarks, Trends, and Best Practices

A New Semi-Annual Report

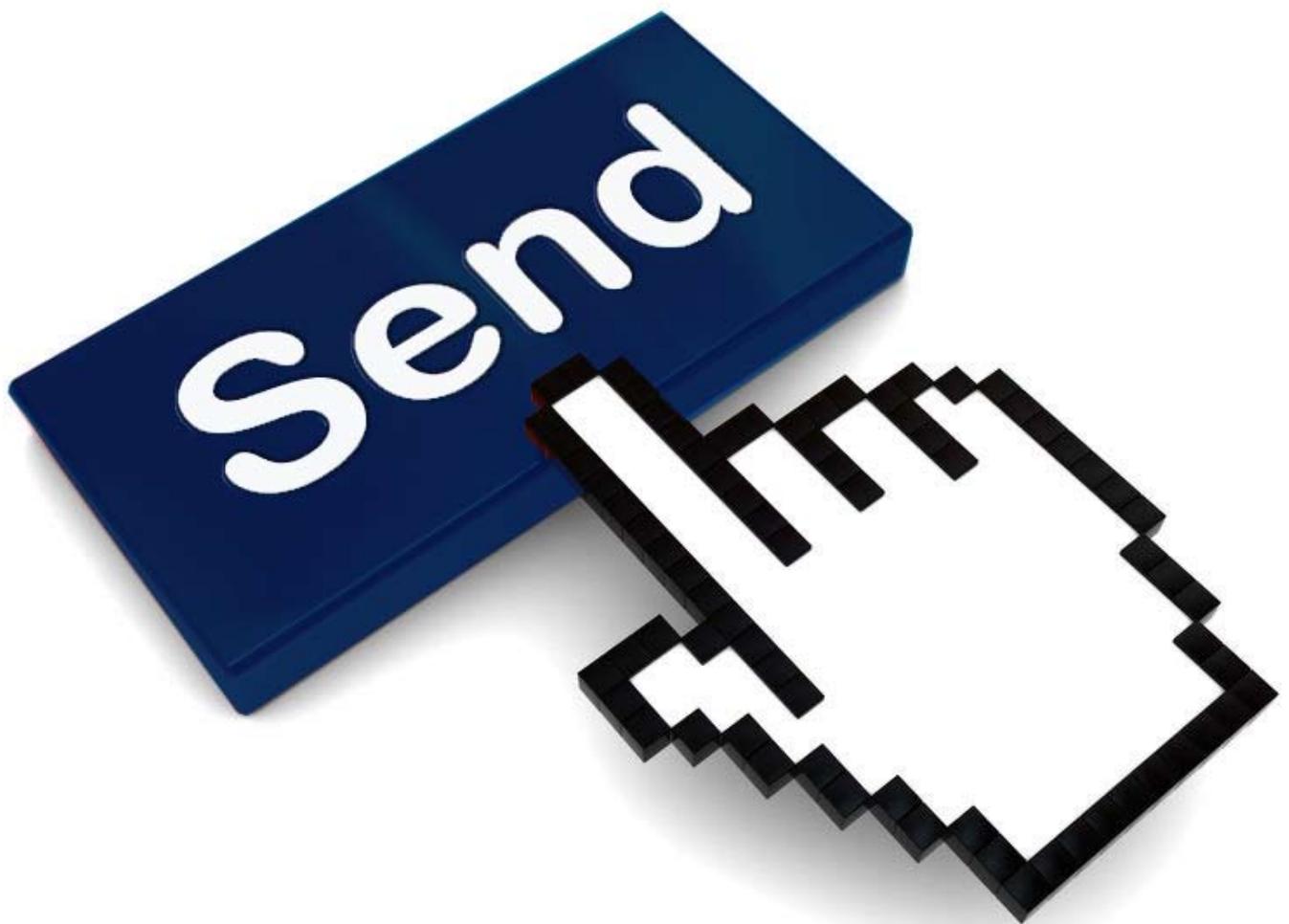


Table of Contents

Introduction	3
Executive Summary	4
Metrics and Trends	6
Open Rates.....	6
Click Rates	9
Conversion Rates	10
Bounce Rates.....	14
Hard Bounce Rates.....	15
Unsubscribe Rates.....	17
Methodology	19
About the Publisher	20

Introduction

Benchmarks for Law Firm Email Marketers

Law firms are heavy users of email marketing, and with good reason. Email marketing offers law firms a professional way to proactively and discretely remind clients and other contacts about the firm's expertise and track record so those clients and contacts will think of the firm first when an opportunity to refer new business arises. The campaign tracking tools available with email marketing software offer unique insights into the interests of individual clients.

The law firm email newsletters, alerts, and invitations that get the best results are those that follow "best practices" in terms of design, copy, etc.

But what is a "good result" for a law firm email? What is a good "open rate?" A good "clickthrough rate?" A bad "bounce rate?"

Until now, there were no benchmarks for the legal marketing community to identify average open, clickthrough, bounce and unsubscribe rates for law firms. Legal marketers had no way to measure how their email marketing campaigns were performing against their peers.

The eLawMarketing Database of Law Firm Email Marketing Activity

At present, eLawMarketing's existing law firm clients distribute over 4.5 million emails a year to clients, referral sources, and other business contacts. This database of law firm email marketing activity is the foundation of this report, the goal of which is to help legal marketers:

- gauge and improve the performance of their email marketing campaigns;
- discover how their campaigns are performing relative to the campaigns of their peers; and
- learn more about "best practices" in the creation, distribution and tracking of email marketing campaigns.

pointer

The law firm emails that get the best results are those that follow "best practices" in terms of design, copy, etc.

data

At present, our existing law firm clients distribute over 4.5 million emails a year to clients, referral sources, and other business contacts.

Executive Summary

This report documents benchmarks for five key performance metrics generated by email marketing campaigns aggregating 6,896,610 emails distributed by our 25 most active law firm clients during four consecutive 6-month periods running from July 1, 2008 through June 30, 2010 (see further discussion in the “Methodology” section at the end of the report).

A table summarizing the mean and median benchmark for each metric during the applicable reporting periods appears at the end of this executive summary. Briefly, the table shows the following for law firm email marketing campaigns:

- Open rates have dropped steadily from a mean of 27.94% in the second half of 2008 to a mean of 21.42% in the first half of 2010 (see the full report for a discussion of the technological and cultural reasons behind this trend);
- Conversion rates (i.e., the percentage of subscribers who click links in law firm emails to read more) have increased slightly over the past two years from a mean of 17% in the second half of 2008 to a mean of 17.47% in the first half of 2010 (indicating continued subscriber interest in the content being provided by law firms);
- Bounce rates have dropped slightly from a mean of 3.68% in the second half of 2008 to a mean of 2.27% in the first half of 2010 (indicating better adherence to “best practices” in the area of list hygiene); and
- Unsubscribe rates have increased very slightly from a mean of 0.13% in the second half of 2008 to a mean of 0.17% in the first half of 2010 (reflecting the effects of growing “inbox overload” in recent years).

In the full report, we also provide top and bottom quartiles for each metric. Why? Because in today’s competitive marketplace, it’s no longer enough to be average. You should strive to compete with the top performers.

The full report also discusses:

- the significance of the metrics measured, and the benchmarks and trends observed;
- email marketing “best practices” to optimize the results of your campaigns; and
- answers to commonly asked questions about email marketing metrics and tactics.

data

This report documents benchmarks for five key performance metrics generated by email marketing campaigns aggregating 6,896,610 emails.

A few words on the limitations of benchmarks. First, from a purely definitional standpoint, the terms we use to describe, and the equations we use to calculate, the metrics (i.e., open rates, click rates, etc.) discussed in this report may differ from how your present email marketing services provider labels and calculates its own metrics. For an “apples-to-apples” comparison, be sure to understand the equations behind the metrics discussed in this report, and the equations used by your current provider.

Second, don't be alarmed if your metrics for a particular campaign fall below legal industry norms. There are valid reasons why metrics may vary from campaign to campaign depending on factors such as how targeted your list was relative to the subject matter of the email. Instead, you should be examining your overall averages.

Even then, exceeding or falling below industry benchmarks doesn't necessarily signal success or failure from the standpoint of ROI. Other metrics not discussed here may be equally, or even more important to your firm depending on its business goals. Metrics such as:

- RVSP's to firm events (secured via email invitations);
- Increases in web traffic from clickthroughs; and
- New leads traceable to email marketing campaigns.

That said, industry benchmarks remain important because they provide a baseline that can pinpoint potential weaknesses in your campaigns. In turn, identifying those weaknesses can drive improved performance by triggering a review of compliance with “best practices” in copy, design, deliverability, and list hygiene.

pointer

Industry benchmarks provide a baseline that can pinpoint potential weaknesses in your campaigns.

METRIC/YEAR	07/01/08–12/31/08 “SECOND HALF 2008”	01/01/09–06/30/09 “FIRST HALF 2009”	07/01/09–12/31/09 “SECOND HALF 2009”	01/01/10–06/30/10 “FIRST HALF 2010”
OPEN RATE*	Mean: 27.94% Median: 26.51%	Mean: 25.32% Median: 25.38%	Mean: 24.97% Median: 24.32%	Mean: 21.42% Median: 20.65%
CLICK RATE*	Mean: 4.75% Median: 5.24%	Mean: 4.37% Median: 5.27%	Mean: 4.46% Median: 4.96%	Mean: 3.74% Median: 3.49%
CONVERSION RATE*	Mean: 17.00% Median: 20.44%	Mean: 17.24% Median: 14.413%	Mean: 17.84% Median: 18.31%	Mean: 17.47% Median: 17.98%
BOUNCE RATE*	Mean: 3.68% Median: 5.81%	Mean: 3.5% Median: 4.77%	Mean: 3.24% Median: 5.82%	Mean: 2.27% Median: 2.34%
UNSUBSCRIBE RATE*	Mean: 0.13% Median: 0.23%	Mean: 0.15% Median: 0.20%	Mean: 0.16% Median: 0.23%	Mean: 0.17% Median: 0.175%
SAMPLE SIZE (most active 25 firms)	1,202,706 emails	1,782,874 emails	1,661,947 emails	2,249,083 emails

* See definitions in the report

Metrics and Trends

Open Rate

Equation: Unique Opens/Total Emails Delivered

Numerator: many of your subscribers may open an email more than once. To prevent overcounting, we calculate the number of “unique opens” – the number of unique recipients who opened your email at least one time.

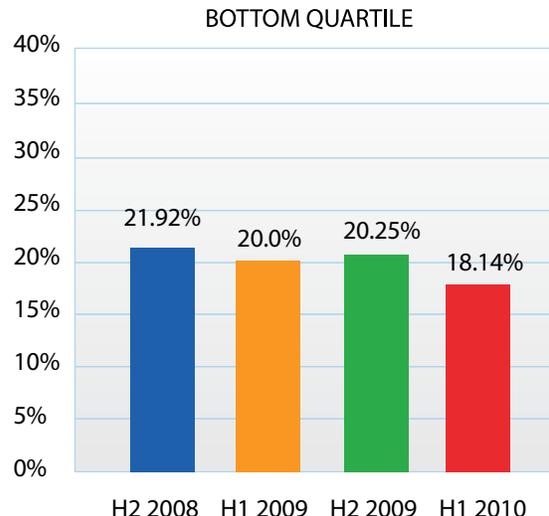
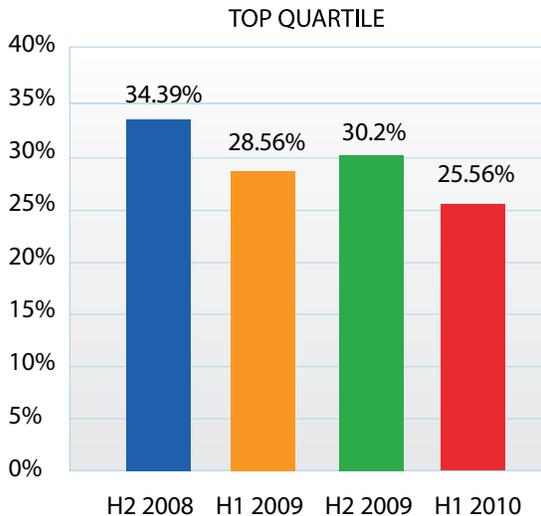
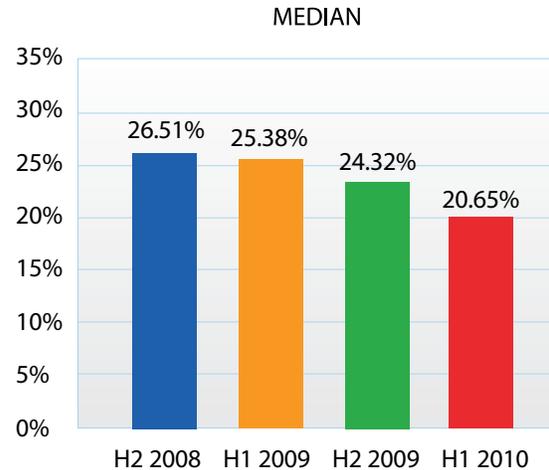
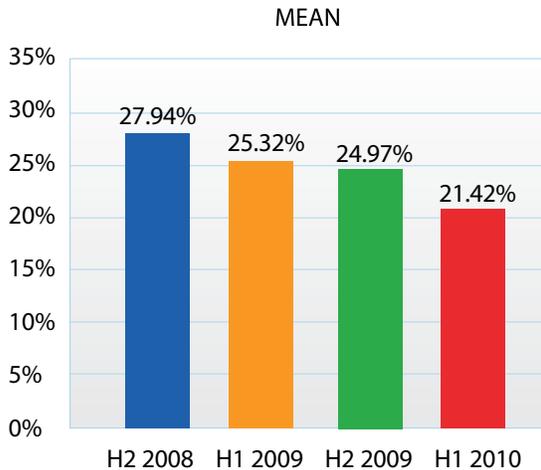
Denominator: the number of emails sent minus the number of emails bounced.

definition

“Unique Opens” – the number of unique recipients who opened your email at least one time.

Law Firm Averages and Trends

OPEN RATES



Observations and Pointers

“Open rates” are generally driven by whether subscribers:

- recognize the name of the individual or company in the “From” line, and/or
- find your subject line compelling and interesting

Since your firm should only be sending emails to individuals with whom it has an existing business relationship (e.g., clients, referral sources, etc.), and such individuals will generally recognize the firm’s name in the “From” line, the “subject line” will nearly always be the key factor driving open rates for law firms. To maximize open rates, use short, but compelling and descriptive subject lines (to learn more about email subject line “best practices,” visit: <http://bit.ly/dpDp6t>).

If your open rates are substantially below legal industry norms, it may be because you are not following “best practices” for subject lines.

Alternatively, your emails may not be sufficiently targeted. More targeted emails nearly always generate higher open rates. That is, sending an email alert about a recent IRS tax ruling only to clients with an interest in tax issues should generate a higher open rate than sending that same alert to the firm’s entire client list (assuming your subject line accurately describes the contents of the email). As such, if your open rates are significantly lower than industry norms, investigate the degree to which you are targeting your emails.

pointer

To maximize open rates, use short, but compelling and descriptive subject lines.

pointer

Open rates substantially lower than industry norms, may result from poor choice of subject lines and/or insufficient targeting.

Common Questions About Open Rates

Q1. My open rates are declining. Should I be concerned?

You may have noticed from the stats above that law firm email open rates have been trending downwards – from a mean of 27.94% in the Second Half of 2008 to a mean of 21.42% in the First Half of 2010. Such declines are being experienced across all industries. Email marketing experts have identified two main causes.

- Increased use of image blocking
- Inbox “overload”

Issue #1: Image Blocking: to track “opens,” emails contain a tiny invisible image. When an email is opened and images are enabled, that tiny image is displayed and an “open” is recorded by the

server hosting the image. However, if “image blocking” is turned on when the email is opened, that tiny image won’t display and an “open” won’t be recorded (unless the recipient clicks to display images in the email).

Thus, it follows that as image blocking has become more prevalent, open rates have declined. Which means that a decline in your open rates doesn’t necessarily signal a decline in the interest of your subscribers. Rather, to a great extent, it indicates that more of your subscribers have image blocking turned on by default.

Issue #2: Information Overload: there is no question that email inboxes are becoming more crowded with messages (putting spam aside). Social networks use email to update their members about new activities by other members. The growth of e-commerce has increased the number of transactional email messages such as order confirmations. These trends have left subscribers with less time to read your emails, and contributed to a true decline in email opens. Nevertheless, the good news is that the subscribers who continue to open your emails remain engaged—as evidenced by the fact that conversion rates have remained fairly steady (see next Section).

In the end, these two factors have only caused gradual declines. A sudden sharp decline in your open rates would be unusual, and would signal a problem (see next question and answer).

Q2. Aside from measuring subscriber engagement, how else can I use “open rates” to monitor campaign performance?

Monitoring “open rates” offers value beyond the question of how many subscribers were interested in reading your email.

Value Proposition #1: open rates are useful as a short term diagnostic metric. That is, if your open rate suddenly drops drastically for a particular campaign (or for one or more specific domains), then something is wrong.

Example: If the total recorded open rate for your mailing was 30%, but the open rate for recipients at bigbankingclient.com was 0%, then clearly your emails are not getting through to the inboxes of contacts at that important banking client. By monitoring open rates at important individual domains, you’ll be alerted to the need for corrective action.

Value Proposition #2: open rates are valuable as a tool for A/B testing. For example, you may want to test two different subject lines to see which one performs better. The difference in open rate, if any, between otherwise identical emails, but with different subject lines, can help pinpoint the better choice.

pointer

Open rates are useful as (i) a short term diagnostic tool, and (ii) a tool for A/B testing.

Click Rate

Equation: Unique Clicks/Total Emails Delivered

Numerator: many of your subscribers may click one or more links in your email, or click the same link more than once. To correct for this, we calculate the number of “unique clicks” – the number of unique recipients who clicked a link in your email at least one time.

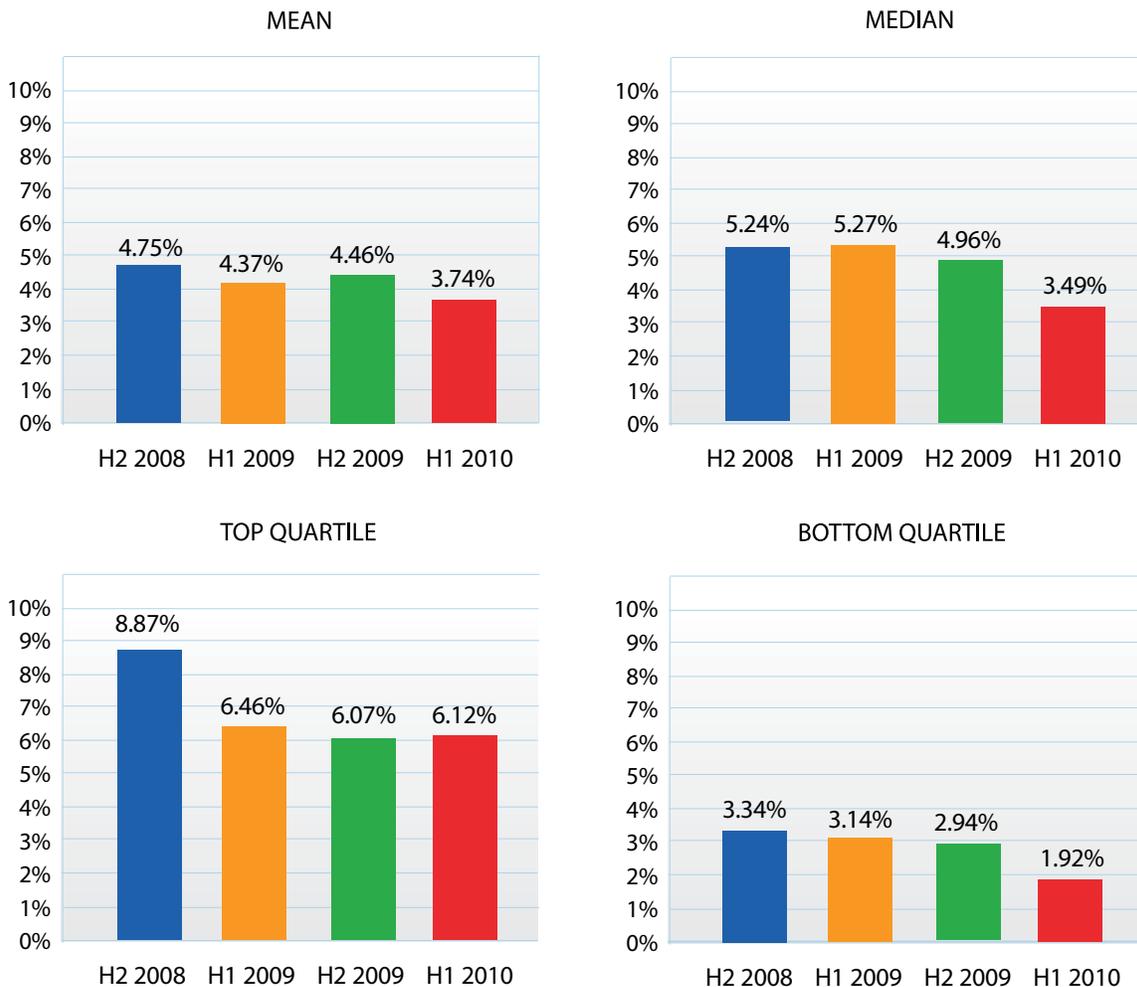
Denominator: see above under Open Rate.

definition

“Unique Clicks” – the number of unique recipients who clicked a link in your email at least one time.

Law Firm Averages and Trends

CLICK RATES



Conversion Rate

Equation: Unique Clicks/Unique Opens

Numerator: see above under Click Rates.

Denominator: many email marketing experts argue that using “unique opens” (as opposed to “email delivered”) in the denominator may be more useful in measuring campaign success since someone can’t click a link in your email until they open it. Consider this hypothetical:

Campaign #1: 10,000 unique clicks/50,000 emails delivered = 20% click rate

Campaign #2: 15,000 unique clicks/50,000 emails delivered = 30% click rate

Campaign #2 looks like the winner.

But what if Campaign #1 had a 25% open rate (i.e., 12,500 opens), and Campaign #2 had a 50% open rate (i.e., 25,000 opens)? That would mean that 10,000 clicks/12,500 opens, or 80% of those who opened the email in Campaign #1 actually were interested enough to click a link in the email, while only 15,000 unique clicks/25,000 unique opens, or 60% of those who opened showed the same level of interest in Campaign #2.

Campaign #1 is now the winner.

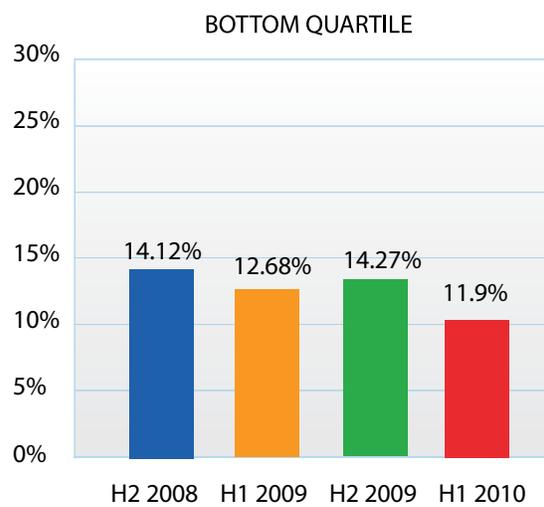
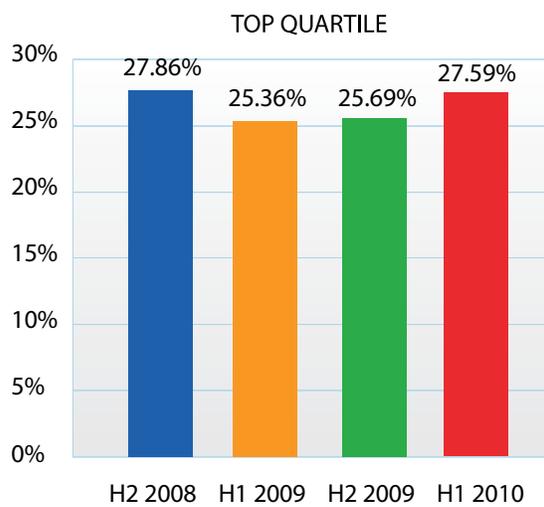
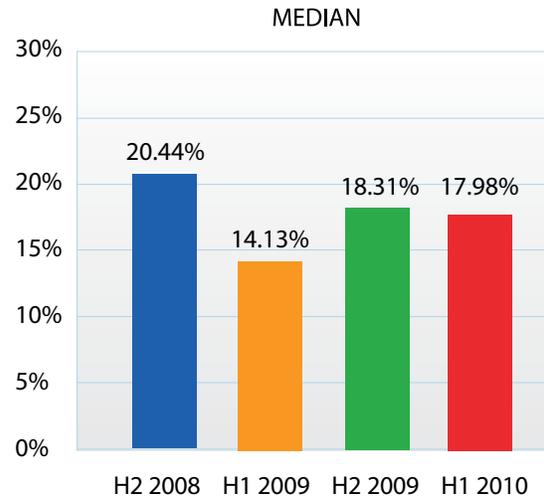
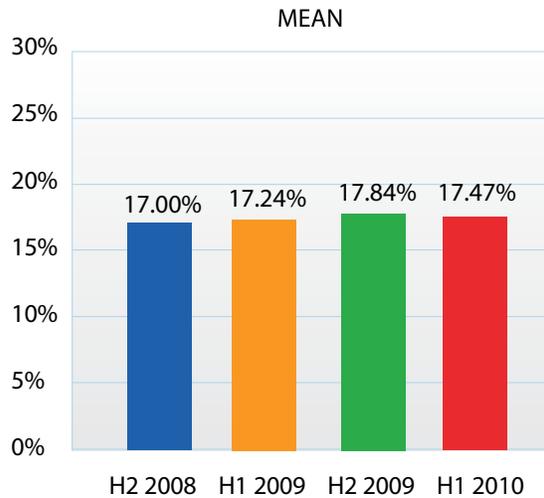
To address such scenarios, we also recommend that clients track conversion rates (using unique opens as the denominator), even if their email marketing software does not display this metric.

Note: unlike “open rates,” “clickthrough” and “conversion” rates are NOT affected by “image blocking” since even if someone doesn’t display images, their clicks can still be recorded since clicks are measured using a different technology.

Please see the next page for Conversion Rate charts.

Law Firm Averages and Trends

CONVERSION RATES



Observations and Pointers

Subscribers won't click a link to "read more" (or to "register") unless they are seriously interested in learning more about the topic discussed (or attending the event promoted, in the case of an email invitation) based on the preliminary "teaser" copy and visual elements in your email. Accordingly, by measuring what percentage of unique subscribers who received (or opened) your email actually clicked on one or more links, you obtain a clearer picture of how effectively your email engaged recipients, and how well you persuaded those recipients to follow your "calls to action."

Importantly, while it was noted above that open rates have gradually declined in recent years, conversion rates have remained steady, indicating that subscribers remain interested in the content contained in law firm emails.

Click (and conversion) rates are heavily driven by email design "best practices." For example:

- Are your key "calls to action" also rendered as text (and not just as images, which can be "blocked")?
- Are your key "calls to action" persuasive, and conspicuously positioned throughout your emails (top, middle and bottom)?
- Are you making good use of the most valuable real estate in your email template (i.e., the upper lefthand corner)?
- Are your banner graphics appropriately sized?

Learn more about email design "best practices" at: <http://bit.ly/cjutRZ>

Accordingly, if your average click (or conversion) rates are substantially below legal industry norms, then consider an audit of your email template designs to ensure compliance with "best practices."

Another issue to keep in mind: emails on a "niche" topic (e.g., new IRS ruling) distributed to a broad audience (e.g., all of the law firm's corporate clients) will generate a lower click or conversion rate than if the same alert is targeted at a "niche" audience (e.g., solely the firm's tax clients). As such, the composition of your distribution lists is something else to investigate if your click (and conversion) rates fall significantly below industry norms.

pointer

Click (and conversion) rates are heavily driven by email design "best practices."

pointer

Click and/or conversion rates substantially below industry norms may result from a failure to comply with email design "best practices," or poor targeting.

Common Questions About Click and Conversion Rates

Q1. What is the business development value of analyzing clickthrough data?

Because email marketing software allows you to identify “who clicked on what links” down to individual subscribers (e.g., john@ibm.com clicked to read the full tax alert), studying clickthrough data enables a law firm to pinpoint the interests of individual clients.

For example, if john@ibm.com clicked to read the full tax alert that was the subject of an email, the tax partner who authored the alert may want to touch base with john@ibm.com to further discuss the issue and see if there is an opportunity for some new business. Or the marketing department will want to include john@ibm.com on the invitee list to an upcoming seminar on the tax issue that was the subject of the email.

Q2. How will the growth of social media affect subscriber interest in email marketing campaigns?

Pundits have been predicting the demise of email marketing for years. Culprits have included, at various times, spam, RSS feeds, blogs, texting, and now, social media.

But to paraphrase Mark Twain, reports of email’s demise have always been greatly exaggerated. Consider the following:

- The 2010 MarketingSherpa Email Marketing Benchmark Report found that an increasing number of marketers plan to leverage social media to grow their email lists.
- An August 2010 Nielsen Co. study found that checking email remains the dominant activity of mobile Internet users.
- An October 2009 MarketingSherpa study found that email was still the most popular method for sharing a link on the Internet with friends or family (a sentiment reconfirmed in an April 2010 article on eMarketer Digital Intelligence).
- A December 2008 MarketingSherpa study found that the overwhelming majority of marketers believe that social media will complement (rather than supplant) email as a marketing tool.

In short, email and social media are NOT mutually exclusive options. So the better question to ask is: how can I integrate my social media efforts with my email marketing program to achieve optimal results in both channels?

The answer: consider strategies like including social sharing buttons in email campaigns. Or distributing periodic emails highlighting top blog posts as a method for building awareness of, and traffic to firm blogs.

Bounce Rate

Equation: Total Emails Bounced/Total Emails Sent

Numerator: the number of emails that “bounced” represents the number of emails that did not get delivered due to some technical issue. There are two types of bounces: hard bounces and soft bounces.

A “**hard bounce**” is an e-mail message that is undeliverable due to some “permanent” problem (e.g., the domain used in the address may not exist, or the recipient’s email address is unknown at the specified domain).

A “**soft bounce**” is an email message that is undeliverable due to some “temporary” issue (e.g., a mailbox is full, a recipient who is “out of office”, or there was a temporary connection failure).

Denominator: self-explanatory.

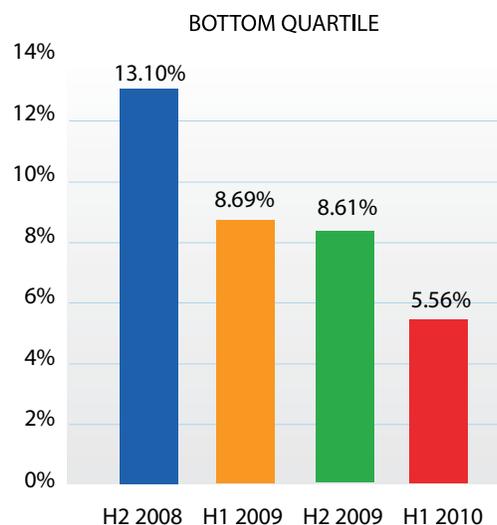
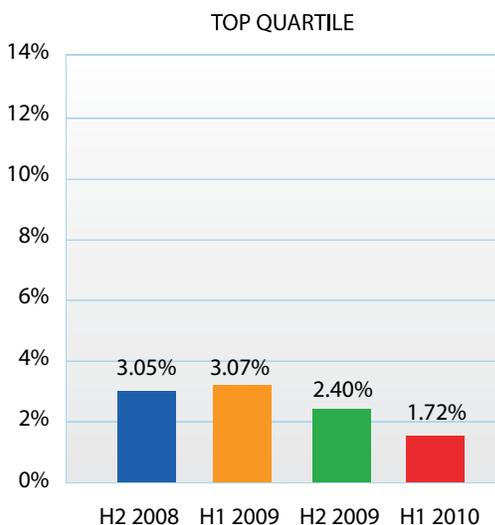
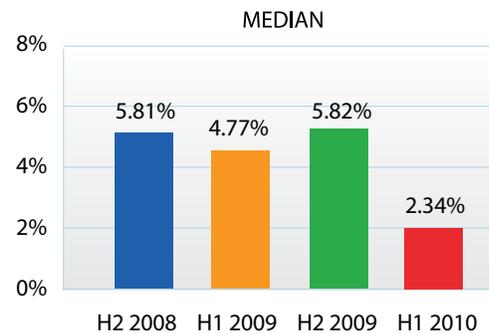
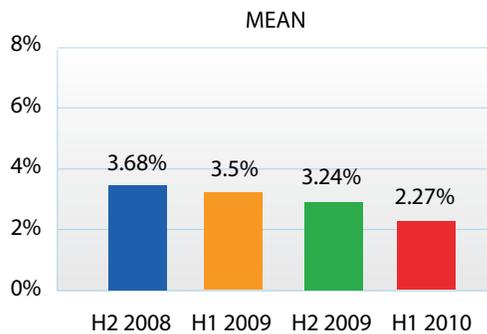
definition

A “hard bounce” is an e-mail message that could not be delivered due to some “permanent” problem.

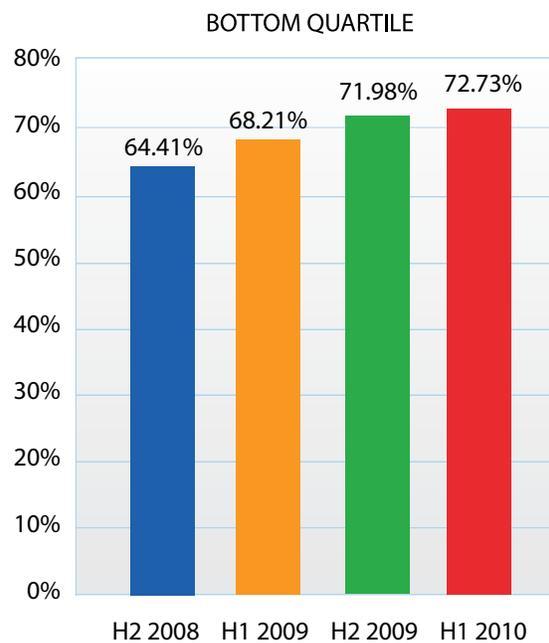
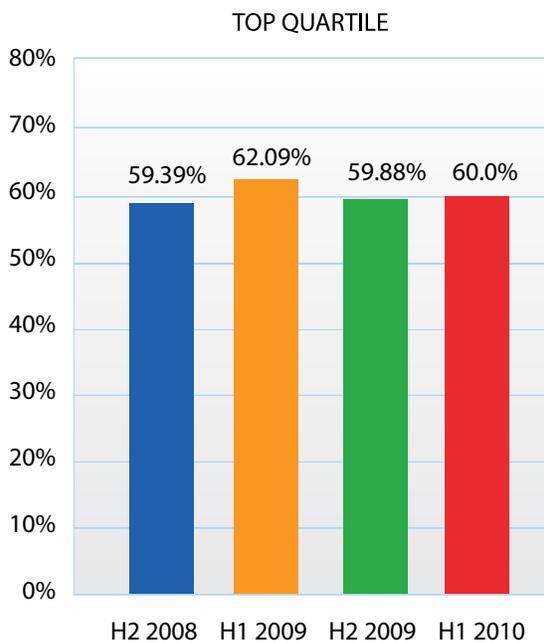
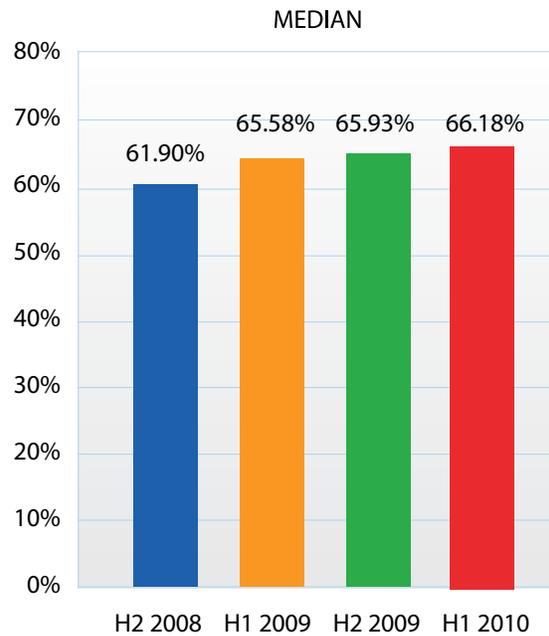
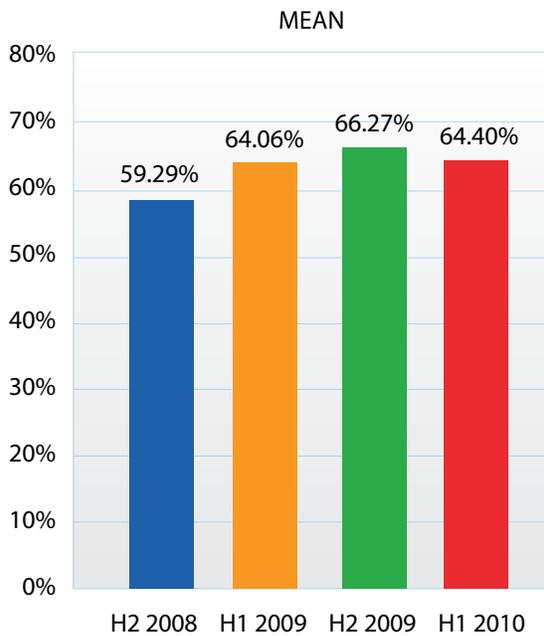
A “soft bounce” is an email message that is undeliverable due to some “temporary” issue.

Law Firm Averages and Trends

BOUNCE RATES



HARD BOUNCE RATES (percentage of total bounces that are hard bounces)



Observations and Pointers

The bounce rate is typically a good proxy for list hygiene; that is, how “clean” your list is.

To be sure, over time, as your firm distributes more emails, your lists should become “cleaner” as bad addresses are weeded out. But this doesn’t mean you should start off with a stale list. High bounce rates can damage the reputation of the domain used in your email marketing campaigns. And if this domain is the same domain your firm is using for its day-to-day email, the deliverability of all of your firm’s emails (e.g., lawyer-to-client) emails may suffer (to learn why it’s smart to register a separate custom domain for your email marketing campaigns, see: <http://bit.ly/b2WxRd>).

If your bounce rates are significantly higher than the legal industry norms, then your lists may be stale. To avoid harming the reputation of your domain, reconsider how you are assembling your distribution lists to make sure you are using only recently updated lists of clients and other contacts with an existing business relationship with the firm.

Additionally, you should also look at what percentage of your bounces are “hard” bounces. The lower the better, since “hard” bounces indicate an address that is unknown. If your percentage of hard bounces is substantially higher than the norms, your lists may be stale.

pointer

Bounce rates substantially higher than industry norms may signal use of stale lists.

Unsubscribe Rate

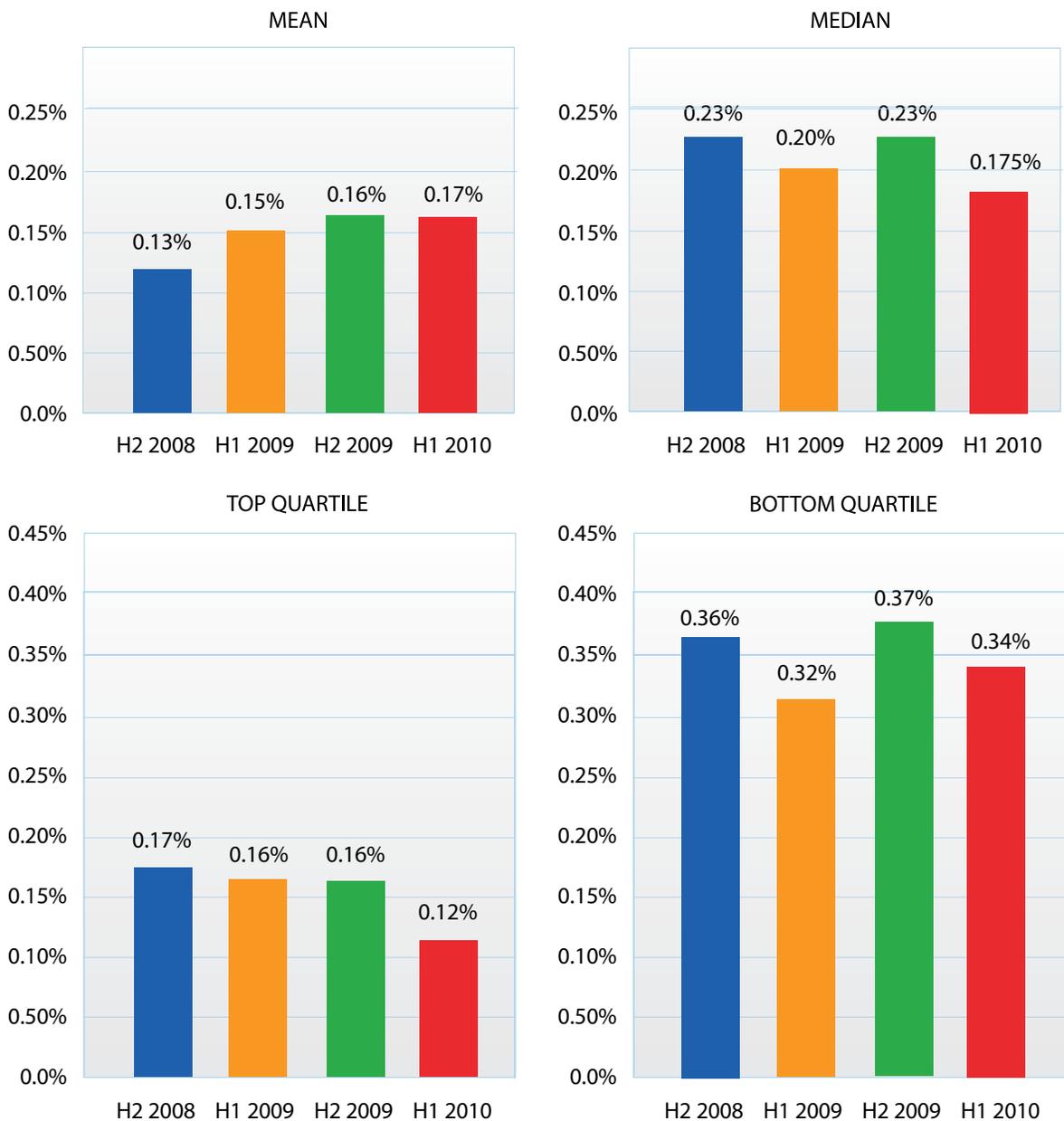
Equation: Unique Unsubscribes/Total Emails Delivered

Numerator: measures the number of recipients who unsubscribed from your list after receiving your email.

Denominator: previously explained above.

Law Firm Averages and Trends

UNSUBSCRIBE RATES



Observations and Pointers

People unsubscribe from emails for many reasons. Perhaps they already receive emails on the same or similar topics from a different source. Or perhaps their inbox is overloaded and they are pruning the number of emails they receive. Indeed, the slight increase in unsubscribe rates over the past two years is at least partially attributable to growing inbox overload.

In a worst case scenario, a subscriber may unsubscribe because they don't recognize who you are, and are annoyed to have received email from you in the first place.

If your unsubscribe rates are substantially higher than the legal industry norms, it may be that you're including individuals on your distribution lists who shouldn't be there because they don't have an existing business relationship with your firm. This could get your firm into trouble in terms of spam complaints, and IP or domain blacklisting.

pointer

Unsubscribe rates substantially higher than industry norms may result from including individuals without a business relationship with the firm on distribution lists.

Common Question Related to Unsubscribe Rate

Can I add email addresses from business cards obtained by attorneys at tradeshow and other events to my distribution lists?

Attorneys are always swapping business cards with people they meet at tradeshow, conferences, and the like. It's common business etiquette.

One law firm client had an attorney who did just that and, after the tradeshow, provided the business card of a particular individual whom he had met to a marketing manager to enter into the firm's email marketing database.

So this individual started receiving firm emails. Problem is, the individual did not recognize the name of the law firm (apparently, he only recalled the name of the lawyer he had met). Bigger problem: this individual was a crusading anti-spam activist.

The end result was that the individual complained to the mail host. And the mail host, concerned about how this activist could affect their own reputation, confronted us. We promptly investigated the circumstances of how this individual ended up on the firm's list, and fortunately the issue was quickly resolved with an apology and removal of the individual from the firm's distribution list.

The lesson learned is that when somebody gives a lawyer a business card at a conference, they're probably implying it is okay for the lawyer to personally email them directly in the future to touch base. But you cannot assume they're also consenting to receive future firm emails. In other words, handing over a business card is not a form of opt-in.

Of course, over time, an ongoing business relationship may develop with a particular tradeshow contact insofar as that contact becomes a client of the firm, a reliable referral source for new business, or works with the firm regularly in some other capacity. At that point the contact could be added to the firm's mailing lists for areas of interest to the contact.

Methodology

The data for this report is aggregated from the email marketing statistics generated from campaigns aggregating 6,896,610 emails distributed by our 25 most active law firm email marketing clients (as measured by total number of emails sent) on our primary software platform during the following four 6-month reporting periods (hereinafter, collectively, the "Datasets"):

July 1, 2008 - December 31, 2008:	1,202,706 emails
January 1, 2009 - June 30, 2009:	1,782,874 emails
July 1, 2009 - December 31, 2009:	1,661,947 emails
January 1, 2010 - June 30, 2010:	2,249,083 emails

A total of 29 law firms appear in at least one of the Datasets. Firm sizes ranged from one attorney up to over 500 attorneys.

About the Publisher

About eLawMarketing

eLawMarketing provides email marketing services to law firms of all sizes, from solo practitioners to AmLaw 200 firms. Since 2002, we have serviced the email marketing needs of over 100 law firms. eLawMarketing offers a suite of basic and advanced email marketing services and tools, including:

- Web-based software that can be licensed to create, distribute and track email campaigns on a self-service basis in-house;
- Email template design and coding;
- Email marketing audits to confirm compliance with best practices;
- Advanced email marketing tools such as CRM integration; private IP addresses; sender authentication; online RSVP; dynamically tailored content; and date-based trigger campaigns.

The firm's web site is at www.elawmarketing.com and its blog is at www.lawycasting.com.

About the Report Author: Joshua E. Fruchter, Esq.

Joshua is a graduate of the NYU School of Law and formerly an attorney at a large NYC law firm. He founded eLawMarketing in 2002 to provide email marketing and other online marketing services tailored to the business development needs of individual attorneys and law firms. Mr. Fruchter regularly speaks and writes on Internet marketing subjects, and is a member of the editorial board of *Marketing the Law Firm*, a monthly newsletter published by American Lawyer Media.