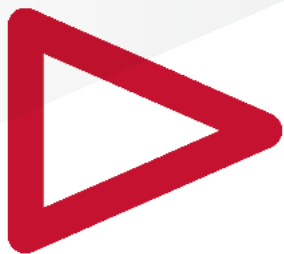


Gmail Tabs Analysis

Gmail Tabs Don't Stop Shoppers:
So Far So Good for Email Marketers



Overview

Gmail's July 22nd rollout of Tabs, which organizes inbound messages by category, was closely watched by marketers who worried that commercial email delivered to subscribers' Promotions tab would be out-of-sight, out-of-mind. Some pundits predicted a sharp fall-off in email marketing performance to Gmail users as offers disappeared from the inbox.

A week after the big switchover, the opposite has happened, at least for Gmail users who routinely engaged with marketing email before Tabs' introduction: They're reading a slightly higher percentage of their marketing email now, roughly 60%.

Among moderately engaged email marketing recipients, the bulk of the Gmail audience, read rates dipped slightly to around 10%. But this decline was partially offset by a reduction in email delivered directly to their spam folders; these users received slightly more of the marketing messages sent to them.

Gmail users who didn't routinely engage with marketing email also saw less delivered to spam, but these consumers' behavior fulfilled pundits' predictions: They read far fewer commercial messages, dropping from 2% to 0.4% in the week following the rollout.

Return Path research shows that for most email marketers, Gmail's Tab feature is a positive development in its first week:

Engagement Level	Inbox Placement Rate Before Rollout	Inbox Placement Rate After Rollout	Read Rate Before Rollout	Read Rate After Rollout
High (11% of total users)	97.18%	97.11% (-0.07%)	58.64%	59.88% (+2.11%)
Medium (88% of total users)	92.10%	93.49% (+1.51%)	10.55%	9.81% (-7.01%)
Low (1% of total users)	88.09%	94.80% (+7.61%)	2.19%	0.42% (-80.82%)

Why?

For users with histories of high engagement with email marketing, Gmail's Tabs feature made it easier to do something they like doing: shop. In this new environment they can review offers and marketing messages without sorting through and deciding whether to read, ignore, or delete other types of email, like social media notifications. These active consumers were never likely to see the Promotions tab as a barrier, anyway, because marketing email is important to them.

While those with medium levels of engagement with marketing email read a bit less of what they received—and they received slightly more because less of their mail was routed to spam—their behavior didn't change significantly. They went into their Promotions tabs and read marketing messages at nearly the same rate they did before the rollout. Just as they made time to review offers that arrived in their inboxes mixed with everything else, they now make time to seek them out in the Promotions tab.

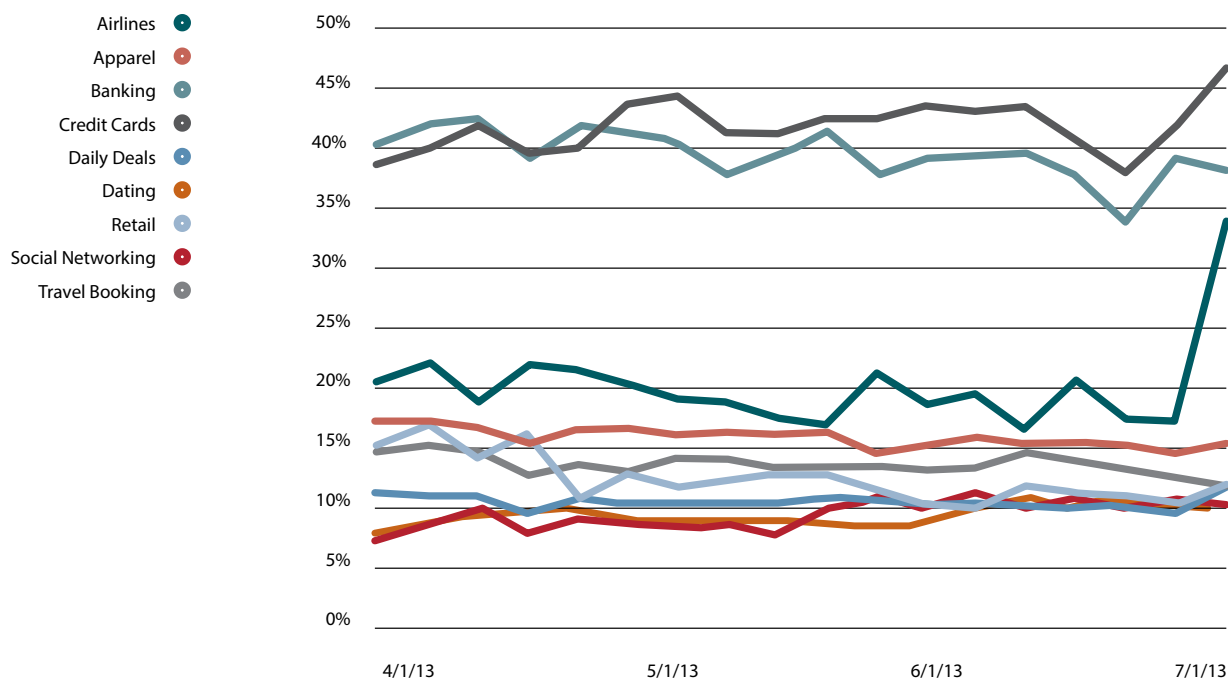
The good news for marketers trying to reach users with historically low engagement is that there aren't many of them, and they never read much of their commercial email before. In the week since the big Tabs rollout they've ignored 80% more mail than they used to. These appear to be the users that only tolerated marketing messages scattered in with the rest of their inboxes. Now that those messages are shunted off into another Tab, these users ignore them.

The bottom line for marketers is that the Gmail users who matter most to them appear likely to continue reading their email at the same rates they always did, and the most engaged may actually read more. The impact of Tabs and similar inbox organizers may vary widely among brands, though. Those with higher concentrations of less engaged subscribers may indeed see sharp drops in email marketing response, while the ones who succeed at engaging their audiences actually enjoy a lift thanks to Tabs.

Who's Benefitting?

By industry, most saw little change or even slightly better read rates in Tabs' first week, but airlines took off, doubling their read rates to 34%. Credit card marketers, too, saw their highest engagement in four months. Daily deal messages, while up only slightly, also posted their highest read rates in four months. In an environment where this email was segregated from other types of messages, Gmail users read more it.

Although weekly read rates for social networking and dating senders dipped slightly, both types of messages had been trending slightly upward since April. Coincidentally both categories' read rates climbed suddenly in the first full week after Gmail's May 25th announcement that Tabs were available to all users. Here again users that value these messages may read them more readily when they're separate from other types of email.



Weekly read rates by category, weeks ended 1 April – 79 July, 2013

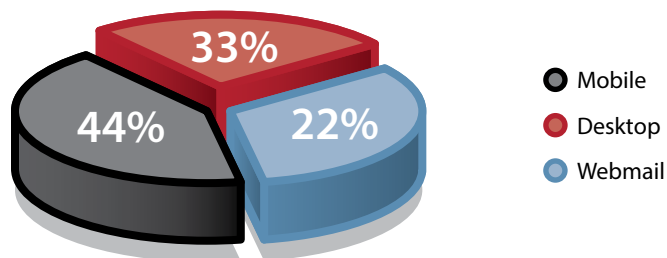
Date	Airlines	Apparel	Banking	Credit Cards	Daily Deals	Dating	Retail	Social Networking	Travel Booking
4/1/13	21%	17%	40%	39%	11%	7%	15%	7%	15%
4/8/13	22%	17%	42%	40%	11%	9%	17%	9%	15%
4/15/13	19%	17%	42%	42%	11%	10%	14%	10%	15%
4/22/13	22%	15%	39%	40%	10%	8%	16%	8%	13%
4/29/13	21%	17%	42%	40%	11%	9%	11%	9%	14%
5/6/13	20%	17%	41%	44%	11%	9%	13%	9%	13%
5/13/13	19%	16%	40%	44%	11%	9%	12%	9%	14%
5/20/13	19%	16%	38%	41%	11%	8%	12%	8%	14%
5/27/13	18%	16%	39%	41%	11%	8%	13%	8%	13%
6/3/13	17%	16%	41%	42%	11%	10%	13%	10%	13%
6/10/13	21%	15%	38%	42%	10%	11%	12%	11%	13%
6/17/13	19%	15%	39%	43%	10%	10%	10%	10%	13%
6/24/13	20%	16%	39%	43%	11%	11%	10%	11%	13%
7/1/13	16%	15%	39%	43%	10%	10%	12%	10%	15%
7/8/13	21%	15%	38%	41%	10%	11%	11%	11%	14%
7/15/13	17%	15%	34%	38%	10%	10%	11%	10%	13%
7/22/13	17%	15%	39%	42%	10%	11%	10%	11%	13%
7/29/13	34%	15%	38%	47%	12%	10%	12%	10%	12%

Weekly read rates by category, weeks ended 1 April – 79 July, 2013

Since the rollout of Tabs as a default for the entire Gmail user population, no group of commercial mailers appears to be particularly disadvantaged. Given the freedom to ignore classes of email, most Gmail users are choosing to seek out and read the marketing messages that interest them. This is promising for marketers who should expect consumers to increasingly customize their email experiences as features like these become widely available.

The Mobile Equalizer

New email technology may offer consumers more options, but a bigger technological shift may be obscuring their impact. Because users that open email on smart phones and other mobile devices aren't affected by Tabs, part of the rollout's relatively minor effect on email marketing can be attributed to the growth of mobile email. If this factor minimizes the disruption of changes to desktop email interfaces today, it could make them almost ineffectual in the future.



The Human Factor

Clearly it's too early to make a meaningful pronouncement about Gmail's Tabs' true effect on user behavior or email marketing's effectiveness. Although the early indications suggest that most marketers can stop worrying about Gmail crippling their email response rates, there are two opposing forces that may decide how subscribers ultimately react to these changes: novelty and habit. For many users this was the first time Tabs were part of the Gmail experience, and some may have searched through their messages to see which brands were rerouted. They may not be as curious a week or a month later. On the other hand users that want to see at least some of their commercial email on a regular basis must now take an additional step to find it. That's a habitual activity that develops over time, and as these users start to check the Promotions Tab as part of their regular email review, read rates may climb.

Why Return Path

Return Path is the worldwide leader in email intelligence. We analyze more data about email than anyone else in the world and use that data to power products that ensure that only emails people want and expect reach the inbox. Our industry-leading email intelligence solutions utilize the world's most comprehensive set of data to maximize the performance and accountability of email, build trust across the entire email ecosystem and protect users from spam and other abuse. We help businesses build better relationships with their customers and improve their email ROI, and we help ISPs and other mailbox providers enhance network performance and drive customer retention.



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