

The True Cost of Delivering Email

“The cost of postage to go up yet again”

While this would have been a headline in the not too distant past, this doesn't even make the news anymore.

All businesses want to migrate rapidly from physical mail to email for their essential communications, such as bills and statements. There are now a host of email platform options available for businesses to leverage. This includes the big global players such as Mailchimp, Mailjet, Messagepoint, Sendgrid, and Sparkpost; but selecting the right one isn't as straightforward a decision as you might think.

Unfortunately, decisions are often made primarily on price as these big players offer email at a fraction of the cost of physically sending a letter, and the perceived available resources to implement.

Some businesses are even using their campaign platforms (e.g., Hubspot, Marketo, Salesforce) to send transactional emails. Others use their enterprise Exchange server, Microsoft 365 instance, or other internal systems. This creates a number of challenges:

1. You can't contact the big email senders when things go wrong.

This is a key frustration – and it's why many of our customers initially approach us for help. The cost models of these businesses are based on self-service, where scale is everything. They don't understand the local ESP (email service provider) landscape, and they don't really seem to care – because it's only your cash flow that's being impacted.

2. You use internal email services used for transactional bulk email sending.

We see this quite often. Someone within the organisation with a little knowledge will pipe up with, “why not use our existing Exchange environment to send out our weekly/monthly customer batch runs?”

Internal email traffic and bulk runs must be segregated. What would happen if your primary email domain was blacklisted for some reason? This is not unusual when sending bulk emails. There are ways to deal with this – but only if you use the right platform and have the right procedures in place.

3. Your email delivery rates take a hit.

We took it for granted that the post office would deliver our enveloped mail – and 99% of the time, they did. Posties were reliable – they knew their routes and who was living at what address. The same can't be said for email – so why are people so accepting of lesser delivery rates for them? Is it because it's just what it's always been, or because email is seen to be cheaper overall; or just a lack of awareness of the reality that not all your emails will be delivered?

The industry average for essential email deliverability to *legitimate* email addresses hovers around 90% (i.e., things like invoices, important reminders, renewals). But what about the 10% of emails that don't get delivered? What does that 10% cost your business?

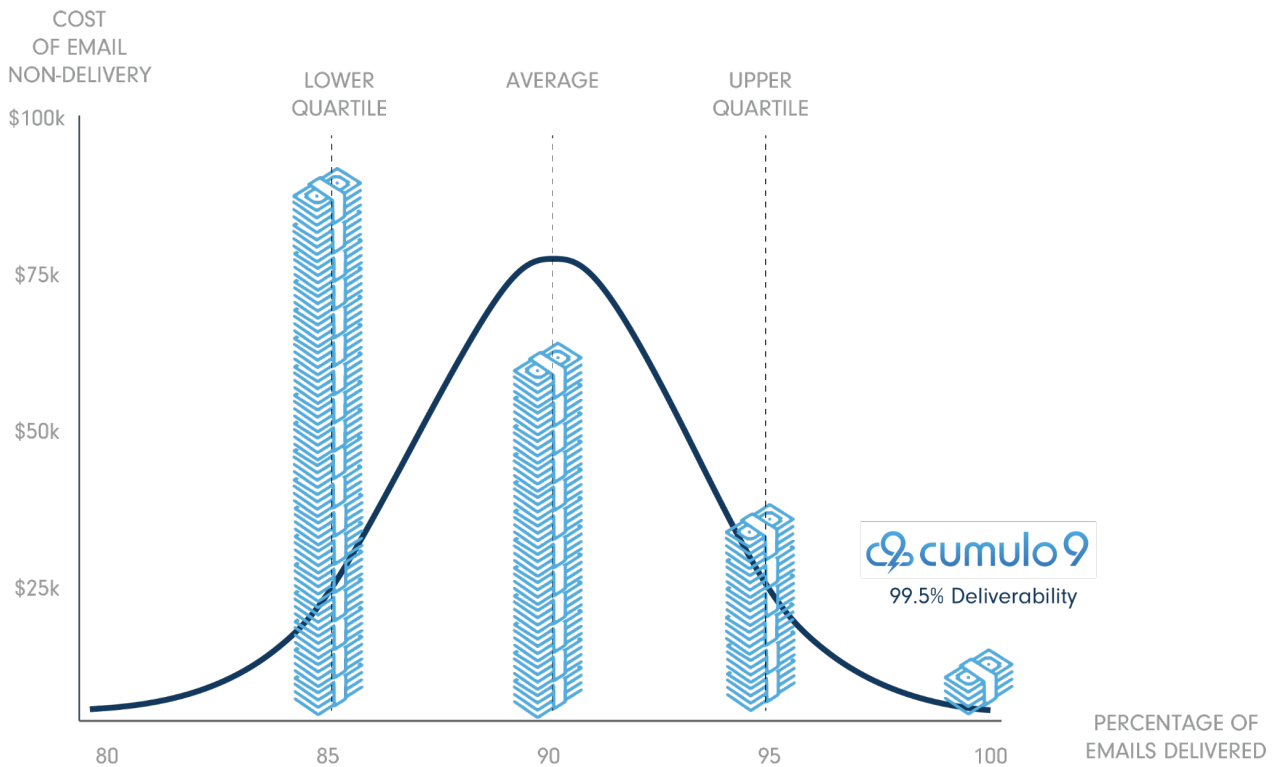
The true cost of non-delivered emails.

It is relatively easy to identify the direct costs associated with managing non-delivered emails. If your email isn't delivered, you'll have costs associated with either sending an SMS (if you know their phone number) or printing and sending the item through mail.

While these costs do mount up, they typically only represent around 15–25% of the total cost associated with non-delivered emails. The more substantial costs are hidden below the line. These are costs associated with the resources required to manage the default process, revenue implications, handling of customer queries, and updating customer information; as well as the impacts on customer experience.

For essential email communication, a conservative estimate of the total cost for a single non-delivered email is around \$0.75–\$1.25 (excluding cash flow implications). Call it an average of \$1.00.

Say you're sending out 600,000 invoices a year (50k/month); what would the financial impact be based on how many of those emails were non-delivered? If your delivery percentage is 85% (i.e., 90,000 emails go undelivered), that's the same as paying \$0.15 for every email sent. Doesn't sound like a lot at first – but over 600,000 invoices a year, that's \$90,000 wasted.



Why is the email delivery rate so low for most ESPs?

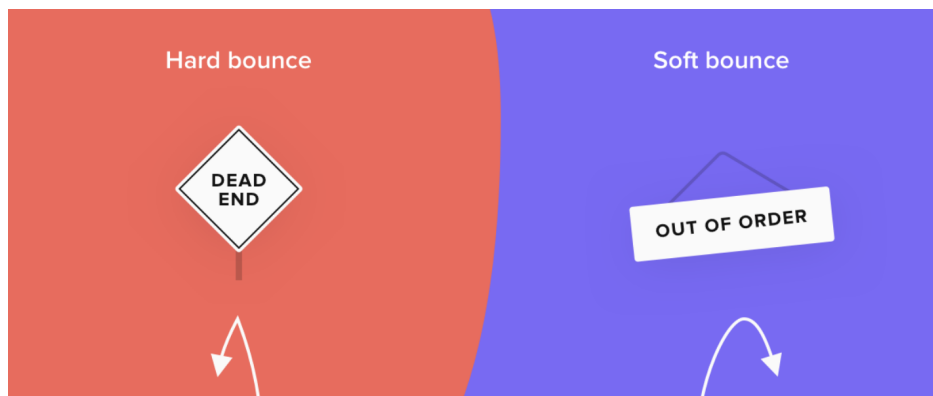
Most ESPs don't have the right processes in place to ensure that their delivery rates are improved and maintained. We know that having these in place dramatically improves delivery rates – which is why our C9 Transact focuses on the following areas:

- Creating and supporting adaptive re-try algorithms
- Sending from an email domain that is trusted locally
- Incorporating the latest email security features (e.g., SPF, DKIM, and DMARC)
- Throttling email sends to certain ESPs
- “Warming up” secondary IP addresses and sending domains that might be needed from time to time
- Ensuring that HTML used in messages is valid, responsive, and email ready
- Checking the email for rendering

- Using email optimised images and graphics
- Quickly dealing with ESPs whenever there is an issue – it is essential to know who to talk to

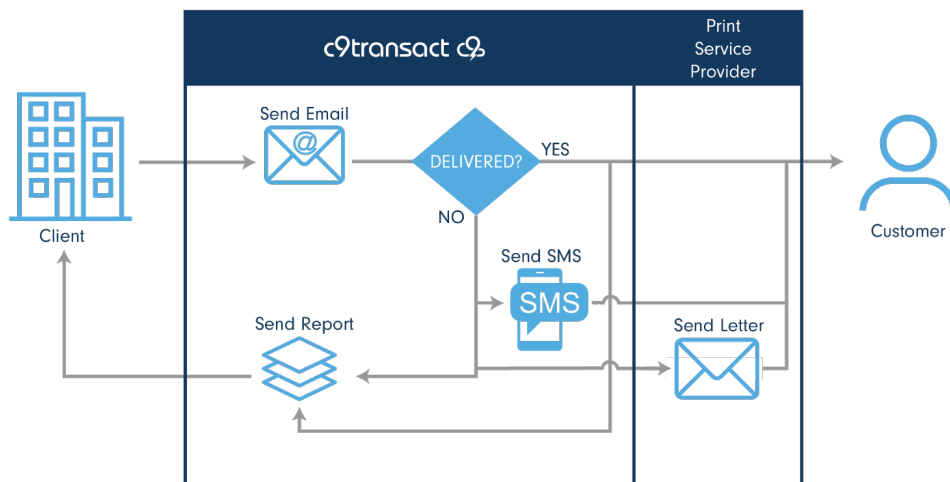
Another significant challenge senders face is the frequency with which customers are now changing their email addresses. A recent Australian survey found that due to changing ISPs, switching jobs, or just trying to outrun spammers, 33% of people change their email addresses every year.

It's critical that if an email fails due to a hard bounce (i.e., the address doesn't exist) that there is a fully automated process in place. This is why Cumulo9 provides an easy-to-deploy default to SMS or enveloped mail process.



Source: [hustlermarketing](http://hustlermarketing.com)

It's important to work with your ESP to gain reporting information regarding your hard and soft bounces, particularly if you are going to use another channel to reach your customer. For example, if you need to insert a "please update your contact details" note with the bill or notice, you might use enveloped mail as you will want to quickly re-establish the email-based method of communication. Here is a typical workflow:



Sending bulk emails should be as simple as bulk mail delivery through NZ Post, but you need a trusted service provider and a business that will be available to respond should things go wrong.

C9 Transact guarantees a 99.5% delivery rate. Based on an average-sized enterprise business sending out 600,000 emails per year, this means 57,000 more emails are delivered compared to

the industry average.

Naturally, that guarantee comes with some extra costs compared to the big global ESPs – but it's a cost that is trivial compared to the average invoice value and the associated financial impacts of an invoice not being delivered. Or the impact of a reminder notice or important renewal not being received. Or the resource cost associated with correcting the non-delivery of these emails. I could go on – but you get the picture.

While there are a variety of reasons our clients have chosen C9 Transact as their preferred email service, it really comes down to one thing - the delivery rate. Sending the email is the easy part – anyone can help you do that. Not so easy is successfully delivering the email – and if your emails aren't being delivered, why are you wasting the time, effort, and money?

People assume that all email services are the same – but are you happy paying for the true cost of your non-delivered emails?

**“The bitterness of poor quality
remains long after the sweetness of
low price is forgotten”**

BENJAMIN FRANKLIN

Summary:

Not all email services are created equal. We've always taken it for granted that our physical post will get to where it needs to be – but the same cannot be said for emails. Too many emails go undelivered; are you aware of what these cost your business?