

# The DMA 2003 Response Rate Study

## Summary Highlights



Online survey services provided by:



[www.intellisurvey.com](http://www.intellisurvey.com)

# Introduction

## A. Background & Objectives

This introduction highlights the structure of The DMA's landmark **2003 Response Rate Study**. For nearly 20 years, the question most frequently asked of The DMA library staff has been, *"What's the typical response rate for a direct marketing campaign in my industry and product category, and what media vehicle(s) will yield the best response?"* In the same vein, The DMA's most recent "member needs" surveys have ranked response rate benchmarks as a top information priority.

These new DMA research results are intended to provide comprehensive response rate benchmarks and tools for direct marketers to assist them in how to develop the best possible campaign (e.g., media channel selection, media mix, offer, promotion quantity, list source, etc.) – before launching the actual campaign. The end result of the campaign will be to yield the optimum response rate, and to ultimately reach increased sales, leads, traffic, and fundraising goals. Once the campaign is completed and all results are in, a company can gauge its results against The DMA's benchmarks to better determine whether their campaign came in above or below this standard. The research also focuses on revenue per contact, promotion cost per contact, revenue per order, and cost per order. All these factors play a critical role in improving a direct marketer's profitability.

The report is segmented by the four factors listed below, which can greatly affect response rate variability.

1. Campaign Objective
2. Media Vehicles
3. Industry
4. Products and Services (where provided)

From these breakdowns, companies can determine those response rates most applicable to their particular operations. These important factors are further broken down accordingly:

1. **Campaign Objectives:** This survey analyzes response rate information according to the following campaign objectives:
  - Direct Order
  - Lead Generation
  - Store Traffic
  - Fundraising

## Definitions of Campaign Objectives

**Direct Order** – Direct response communications designed to solicit and close a sale. All of the information necessary for the prospective buyer to make a decision to purchase and complete the transaction is conveniently provided in the advertisement.

**Lead Generation** – Direct response communications designed to generate interest in a product or service, and to provide the prospective buyer with a means to request and receive additional information about the product or service or have a sales person contact them. Ideally, leads will be “converted” to a sale at a later date.

**Store Traffic** – Direct response communications designed to motivate the prospective buyer to visit a store, restaurant, or other business establishment to buy an advertised product or service.

**Fundraising** – Direct response communications are aimed at those individuals or companies who have either demonstrated willingness to contribute, or are considered worthy of testing for contributions.

2. **Direct Response Media:** Listed below are the media channels that may have been used solo or in conjunction to achieve specific campaign objectives:

- Direct mail
- Dimensional mail
- Catalog
- E-Mail
- Inserts
- Coupons
- Telephone (outbound)
- Newspaper
- Magazine
- Free standing inserts (FSIs)
- DRTV/Infomercials
- Radio

Definitions of each media are on the next page.

## Definitions of Media Vehicles Used

**Direct Mail (Flat)** – Includes letters, brochures, pamphlets, and flyers. Direct mail pieces are intended to sell a product or service, or generate a lead or store traffic. Throughout this report, direct mail (flat) will be referred to as direct mail.

**Direct Mail (Dimensional)** – Includes three-dimensional mailings, videotapes, audiotapes, diskettes, and promotional items.

**Catalog** – This industry comprises establishments primarily engaged in retailing all types of merchandise via multiple paged mail brochures as well as electronic media.

**E-Mail** – The transmission and receipt of messages electronically, usually computer-to-computer or terminal-to-terminal

**Package Inserts/Statement Stuffers** – *Package inserts* are mail response offers placed in shipment packages being sent to customers of a given mail-order firm. *Statement stuffers* are advertising flyers for mail response placed in envelopes along with invoices for utilities, credit cards, department stores, etc. Throughout this report, this media vehicle will be referred to as “inserts.”

**Coupons** – Sales promotion item offering money off of the purchase price of the product.

**Telephone** – Includes all outbound (not-inbound) direct response advertising communications conducted over the telephone using conventional, WATS, private line, or other telecommunications services. This includes all outsourced and in-house telephone marketing designed to sell a product or service, identify a lead, or generate store traffic.

**Newspaper** – Includes all direct response space advertising in community, local, regional and national newspapers distributed daily, weekly, or monthly designed to sell a product or service, identify a lead, or generate store traffic.

**Magazine** – Includes all direct response space advertising and “marketplace” advertisements in periodical publications designed to sell a product or service, identify a lead, or generate store traffic.

**Free Standing Insert (FSI)** – An advertising supplement, either solo or co-operative, inserted in newspapers, usually the Sunday editions, delivered with the newspaper.

**DRTV** – Includes all direct response advertising communications conducted through local, national, or cable TV channels designed to sell a product or service, identify a lead, or generate store traffic. An 800# or Web site is typically provided for responses. Included are 60-second and 120-second commercials, as well as full half-hour “infomercials.”

**Radio** – Includes all direct response advertising communications conducted through local or national radio stations designed to sell a product or service, identify a lead, or generate store traffic.

## B. Overview By Media

Respondents were asked to select all the media vehicles they used in their last major campaign. The media vehicle is one of the most important factors to distinguish response rates from one campaign to another. Direct mail (flat), e-mail, and catalog are most frequently used. Those with fewer mentions (FSIs, package inserts, DRTV), while not statistically projectable, are crucial to include so this study will be relevant to companies using all forms of media.

### Chart 2b-1a: Overall Response Rates by Media – (Regardless of Campaign Objective)

For the more than 1,100 campaigns that respondents submitted with detailed results, the medium with the highest average response rate is the telephone (7.44%). Dimensional mail (3.88%), direct mail (2.55%), and catalog (2.41%) follow. The media with the poorest overall response rate performance are those with the least capability to narrowly target customers: DRTV (0.24%); newspaper (0.31%); magazine (0.35%); and radio (0.48%). However, keep in mind that the highest response rate doesn't necessarily translate into the highest return on investment. For example, DRTV reported double the ROI of telephone when generating *direct orders*, despite being on the opposite end of the response rate curve.

Media	# In Survey	Response Rate by Industry (%)			
		Average	Median	High	Low
Direct Mail	464	2.55%	1.50%	18.75%	0.03%
Dimensional Mail	55	3.88%	2.33%	13.33%	0.006%
Catalog	135	2.41%	2.07%	10.00%	0.15%
E-Mail	274	1.87%	0.66%	11.50%	0.009%
Inserts	19	1.44%	0.85%	5.00%	0.14%
Coupons	11	0.31%	0.06%	1.49%	0.004%
Telephone	90	7.44%	5.00%	31.25%	0.50%
Newspaper	20	0.17%	0.08%	0.72%	0.0008%
Magazine	36	0.35%	0.08%	2.50%	0.002%
FSIs	13	1.90%	1.25%	6.75%	0.003%
DRTV	14	0.24%	0.11%	0.90%	0.01%
Radio	9	0.48%	0.29%	1.17%	0.005%

## Chart 2b-1b: Overall Response Rates by Media – Direct Order

For those direct marketers whose primary objective was to solicit *direct order* sales, telephone marketing produced the highest response rate (5.73%), followed by dimensional mail (3.46%), FSIs (2.78%), and catalog (2.32%). Magazines and newspapers were at the other end of the spectrum with response rates at 0.13% and 0.14%, respectively. But the most efficient medium for generating orders was e-mail, particularly for promotions to the house file.

Media	# In Survey	Response Rate by Industry (%)			
		Average	Median	High	Low
Direct Mail	187	1.61%	1.00%	8.33%	0.06%
Dimensional Mail	21	3.46%	2.00%	10.85%	0.19%
Catalog	127	2.32%	2.07%	6.83%	0.15%
E-Mail	139	0.99%	0.30%	10.00%	0.009%
Inserts	13	1.46%	0.85%	5.00%	0.18%
Coupons	5	0.09%	0.06%	0.20%	0.02%
Telephone	35	5.73%	3.13%	28.00%	0.50%
Newspaper	9	0.14%	0.06%	0.63%	0.01%
Magazine	19	0.13%	0.03%	0.50%	0.002%
FSIs	6	2.78%	2.27%	6.75%	0.003%
DRTV	9	0.27%	0.13%	0.90%	0.07%
Radio	5	0.38%	0.29%	1.00%	0.005%

## Chart 2b-1c: Overall Response Rates by Media – Lead Generation

Overall response rates tended to be higher for those direct marketers whose primary objective was to *generate leads*, than those for *direct order*. Telephone marketing (7.08%) and dimensional mail (4.25%) again lead in response rate averages. The average response rate for e-mail (2.82%) was higher for *lead generation* than for *direct order* or *store traffic*. Direct mail (2.56%) and catalog (2.53%) followed, with almost equal response rate averages. E-mail, telephone, and magazines turned out to be the three most efficient media from an ROI perspective.

Media	# In Survey	Response Rate by Industry (%)			
		Average	Median	High	Low
Direct Mail	191	2.56%	1.42%	15.00%	0.03%
Dimensional Mail	26	4.25%	2.90%	13.33%	0.50%
Catalog	5	2.53%	1.58%	6.67%	1.00%
E-Mail	110	2.82%	1.73%	11.50%	0.10%
Inserts	6	1.42%	1.20%	3.76%	0.14%
Coupons	3	0.16%	0.06%	0.40%	0.02%
Telephone	47	7.08%	5.83%	25.00%	1.00%
Newspaper	8	0.26%	0.16%	0.72%	0.01%
Magazine	17	0.59%	0.18%	2.50%	0.01%
FSIs	2	1.83%	1.83%	2.00%	1.67%
DRTV	4	0.23%	0.16%	0.60%	0.01%
Radio	4	0.60%	0.61%	1.17%	0.02%

### Chart 2b-1d: Overall Response Rates by Media – Store Traffic

Marketers seeking to drive *store traffic* reportedly had the most success with catalogs (6.11%), telephone (5.31%) and direct mail (4.64%). These are the highest overall response rates reported for both catalogs and direct mail (although there were only three catalogs in the sample). E-mail (2.30%) also had a relatively high response rate. Both usage and response rates for all other media were on the low side. This is another example of why response rates are not the only consideration when making media selections. As it turns out, the three coupon promotions had three times the return on investment than that of the three catalogs when it came to driving *store traffic*.

Media	# In Survey	Response Rate by Industry (%)			
		Average	Median	High	Low
Direct Mail	44	4.64%	3.59%	18.75%	0.12%
Dimensional Mail	4	0.54%	0.02%	2.11%	0.006%
Catalog	3	6.11%	5.00%	10.00%	3.33%
E-Mail	23	2.30%	1.00%	10.80%	0.07%
Inserts	-				
Coupons	3	0.83%	0.99%	1.49%	0.004%
Telephone	2	5.31%	5.31%	8.33%	2.28%
Newspaper	3	0.01%	0.01%	0.02%	0.0008%
Magazine	-				
FSIs	5	0.88%	1.00%	1.25%	0.16%
DRTV	1	0.01%	0.01%	0.01%	0.01%
Radio	-				

### Chart 2b-1e: Overall Response Rates by Media – Fundraising

Because most fundraisers have an ongoing flow of contributions from their donors, they have great success with each of the media they use: telephone (21.03%); dimensional mail (7.07%); e-mail (5.43%), and direct mail (4.53%). It also appears that direct mail is the most popular medium used. But these figures are clearly driven up by promotions to the house files, with prospecting being more marginal in their returns.

Media	# In Survey	Response Rate by Industry (%)			
		Average	Median	High	Low
Direct Mail	42	4.53%	2.91%	18.75%	0.78%
Dimensional Mail	4	7.07%	8.53%	10.00%	1.20%
Catalog	-				
E-Mail	2	5.43%	5.43%	10.67%	0.19%
Inserts	-				
Coupons	-				
Telephone	6	21.03%	18.62%	31.25%	14.65%
Newspaper	-				
Magazine	-				
FSIs	-				
DRTV	-				
Radio	-				