



Factsheet: Response rates

Factors affecting response rates

Each year the DMA surveys response rates to direct and interactive marketing campaigns and the 2000/2001 survey, published earlier this year, asserts that the following all have an effect on the response rates:

- The relevance to the target audience of the product or service
- Existing relationship between the advertiser and the customer/potential customer
- Timing of the offer
- Competitiveness/attractiveness of the offer
- Medium or combination of media used and effectiveness in reaching target audience
- Creative presentation of the brand/product

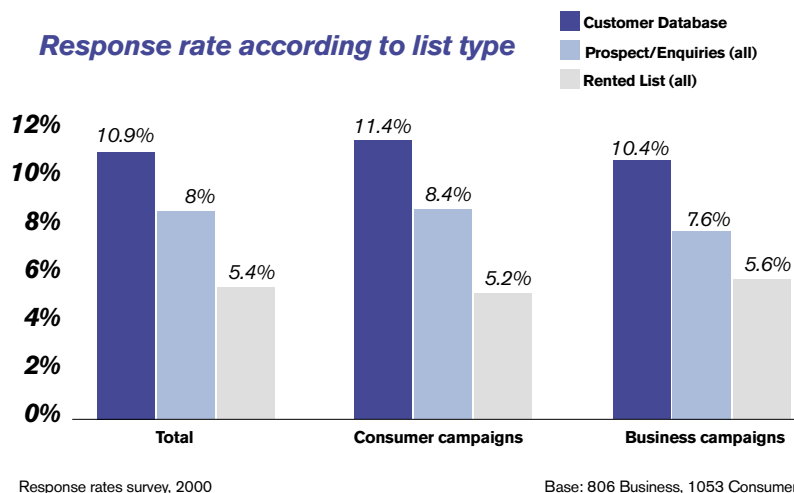
Source DMA (UK) Census 2000-2001

The DMA focus is very much on what the marketer does in order to encourage a response, rather than what the consumer must do in order to respond. Therefore Frontwire suggests that marketers should also consider:

- Media available for response
 - How many response mechanisms are in place
 - How accessible the response mechanisms are
- How well the response is handled
 - Enquiry handling
 - Fulfilment
- Effort required to make response
 - Is it an impulse, low-cost purchase?
 - Does the consumer have to impart personal information?
 - Does responding require a degree of skill?
 - Does responding require in-store purchase or event attendance?

Buying in data vs. building a list

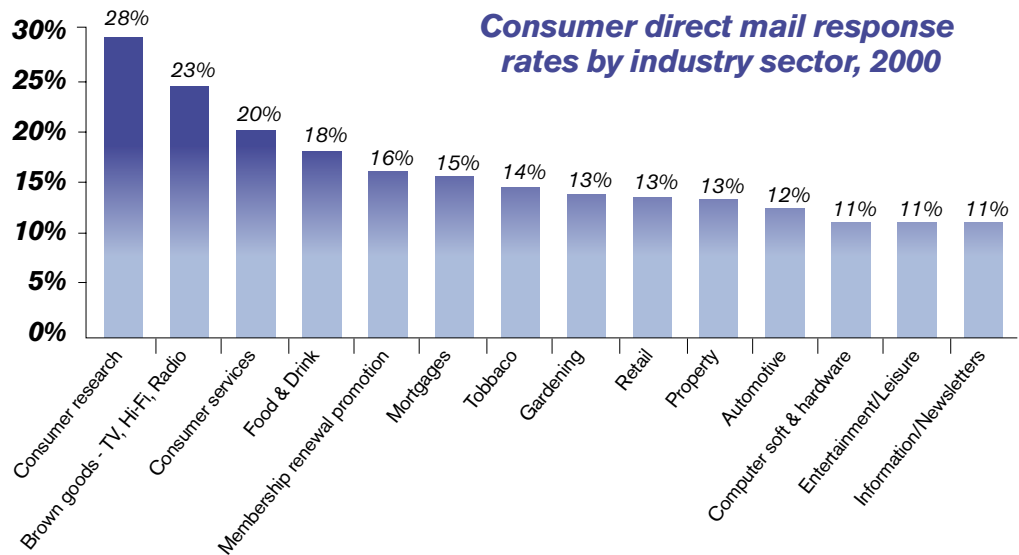
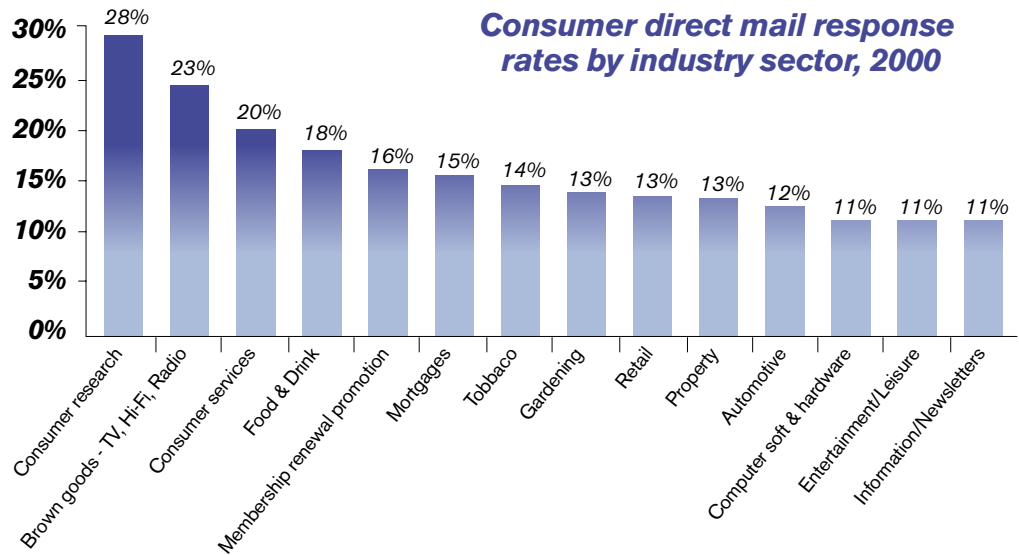
Unsurprisingly the highest response rates, according to the DMIS research, come from the existing customer database. Internally built prospect/enquiry lists also outperform rented lists.

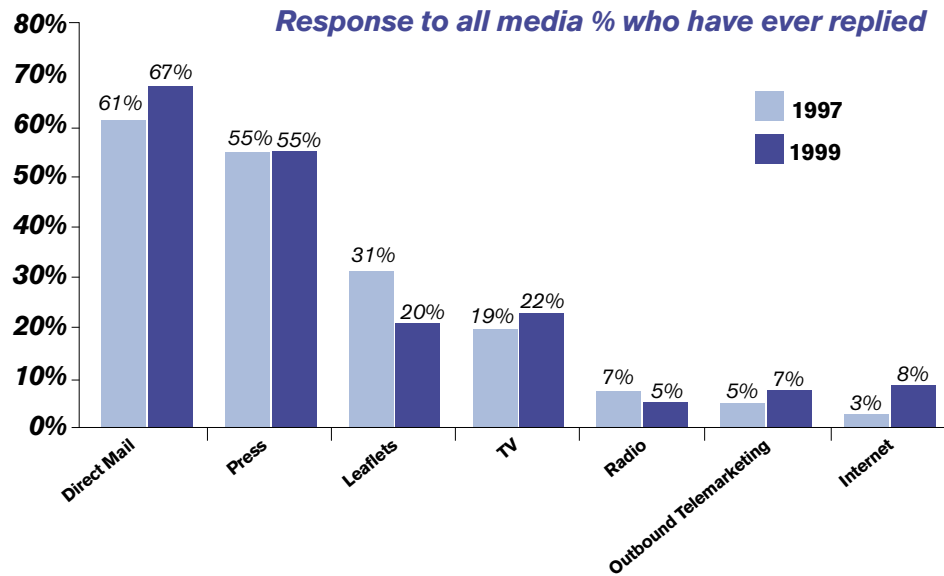




Response rates by sector

For the first year the DMIS (Direct Mail Information Service) provided a breakdown of response rates by sector – comparing business to consumer.





Source: Direct Mail Trends 2000, DMIS 635

Base: All Respondants

Response rates by medium

The DMIS continually monitors response rates to direct mail campaigns compared to other media, and its most recent report suggest responses to 'internet' campaigns are growing.

However the DMIS does not monitor SMS campaigns here, nor does it segregate the various types of internet communications – banner ads, pop-ups, plain text emails or HTML emails.

The figures also fall on the conservative side compared to Frontwire's soon-to-be published 2002 Digital Marketing Survey. Its respondents cited click through rates of between 5 and 15% across the board and between 10 and 15% for HTML emails in particular.

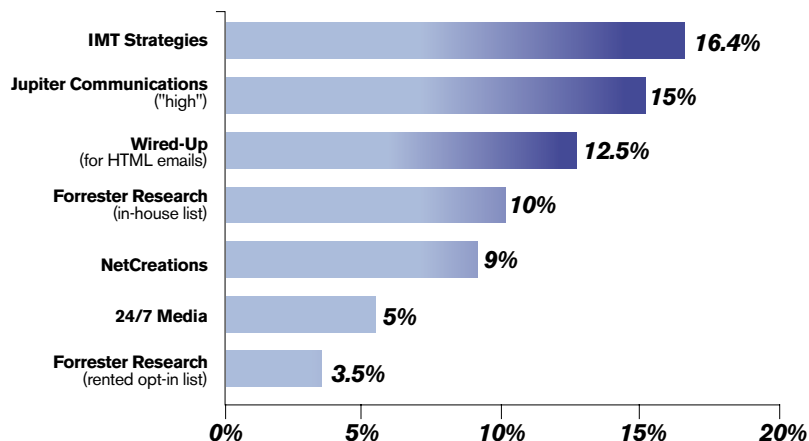
In addition there is little research on the cumulative effect of integrated marketing campaigns that use a mix of media. However the following two examples do suggest integrating campaigns does boost response rates.

Example One – Kodak

In 2001, Kodak launched a pan-European permission-marketing programme involving direct e-marketing and online advertising across seven markets to support the roll-out of the shop@kodak as well as to boost site traffic and online spending. The Interactive Agency combined new technology and traditional DM techniques to segment Kodak's customer and prospective base while developing an acquisition programme. Results demonstrated a significant click-through rate rising as high as 26 percent in the Netherlands. The Interactive Agency combined new technology and traditional DM techniques to segment Kodak's customer and prospective base. The e-mails were tested in html and achieved a 30 per cent greater response rate than plain text e-mails. Meanwhile, e-mail response rates have improved and now reach more than 25 per cent. Kodak had exceeded its first-quarter profit target by 107 per cent.



Average response/click through rate for email advertising, comparisons



Example Two – Dunkin Donuts

Dunkin Donuts deployed a cross media marketing campaign on outdoor walls, in-store posters, flyers and radio announcements, promoting telephone numbers to send text messages. Respondents to the campaign received an SMS text coupon, from Mobileway, redeemable more than once and by more than one phone, entitling them to a free cup of coffee with every purchase of a donut. After arriving in a store, showing the SMS coupon and purchasing a donut or other items, they also entered a lottery for a number of Piaggio motorbikes. At the end of the six-week campaign, Dunkin' Donuts reported a 20% increase in sales, of which 9% were directly traceable to the SMS campaign.

In addition, Dunkin' Donuts staff asked voucher-wielding consumers a few data gathering questions at the point of purchase. These allowed the company to build up a database of, among other things, mobile phone contact numbers and lifestyle information all useful for future promotions.

As yet, there are no benchmark figures for response to e-mail campaigns. This is compounded by the fact that the research companies all use different methodologies for measuring campaign effectiveness:

This is substantiated further by the DMA's State of e-Commerce Industry report. Two-thirds of the companies surveyed, said they used click-throughs to track the effectiveness of their campaigns, 54 percent said they employed unique links as a tracking method and 40 percent said they used embedded HTML code. And the Frontwire 2002 Digital Marketing Survey will also reveal the surprising number of digital marketers who are not setting objectives nor measuring campaign effectiveness. Keep reading Wired-Up and we'll supply you with the figures as soon as they are available.

About Frontwire

Frontwire helps organisations acquire and retain customers in more cost effective ways using digital marketing solutions (with e-mail, SMS and streaming video). Frontwire's core services include: Strategy & Planning, List Building and Rental, Data Management, Design & Editorial, Message Dispatch & Tracking, Response Management, Research & Analysis.

To find out more about our solutions, clients and case studies please visit our web site www.frontwire.com or call Jason Meads on 020 7368 9700.