

Key Insights:

- For Direct Order and Traffic Building marketing objectives, Direct mail, Catalogue and Telephone are the most effective with consumers based on response rates in the U.S. marketplace. For similar communications to businesses, the top three continue to include Direct Mail and Telephone however Email replaces Catalogues.
- For Lead Generation, Email, Telephone and Direct Mail are considered the most effective for communications to both businesses and consumers.

Response Rates, Average Order Value and Leading Response Channels¹

The Direct Marketing Association's (DMA) fourth annual Response Rate Report (2006) focuses on establishing directional response rate benchmarks as well as captures data on all aspects of direct marketing campaigns in order to calculate and analyze response rate information. The report for the first time combines three years of results to create trend data and evaluates the impact of average order value on response rate and cost per order. The report covers 7 direct marketing media: Direct Mail, Catalog, Email, Inserts, Telephone, Newspaper and Magazine for 19 industries that reported direct marketing activity for more than 1,500 campaigns from 2004, 2005, and 2006. The results of the report are primarily for insight and direction on how to maximize media mix based on trends appearing in the U.S. market.

Key Industry Highlights

- The **overall average response rate for Direct Mail for Direct Order and Fundraising**, including mailings to both house and prospect files, **was 2.18%**. Campaigns that used **Direct Mail for fundraising purposes reported the highest response rate at 4.11%**. Eating and Drinking Establishments reported the highest response rate (3.25%), but these results are based on very few campaigns.
- While the **overall average response rate for lead generation campaigns employing Direct Mail** (including mailings to both house and prospect files) **was 1.27%**, Packaged Goods and Manufacturing reported very high response rates compared to the overall total (7.13% and 5.79% respectively).
- **Email for lead generation campaigns had an average overall response rate of 2.45%** which is considerably higher than the average response rate for Email direct order campaigns (0.3%). The Catalogue/Retail stores industry reported the highest response rate with Email for lead generation at 12.96%, but this is based on very few campaigns. **Professional services using Email for direct order purposes** (based on a sample size of 7 campaigns) **reported the highest response rate of 3.94%** followed by Entertainment and Recreation (1.72% based on a sample size of 9).

Response Rates by Marketing Objective and Media - Business to Consumer (B2C)

- For direct marketers whose primary objectives was to **solicit direct order sales or motivate customers to make a contribution, Catalogue and Direct Mail produced the highest response rates (2.38% and 2.15% respectively)**.
- **Lead generation campaigns reported higher response rates in the consumer market, with Email (3.24%) and Telephone (2.7%)** (Note: small sample size) **followed closely by Direct Mail (1.83%)**.
- Not surprisingly, the majority of the **traffic-building campaigns target the consumer market with the most effective media being Catalogues and Telephone at 10.34% and 7.83% respectively** (based on very small sample sizes) **followed by Direct Mail at 5.46%**.

Business-to-Consumer - U.S. Market Overall Response Rates by Marketing Objective						
Medium	Direct Order & Fundraising		Lead Generation		Traffic Building	
	Total Average	Number in Survey*	Total Average	Number in Survey*	Total Average	Number in Survey*
Direct Mail	2.15%	378	1.83%	169	5.46%	46
Catalog	2.38%	83	1.15%	3	10.34%	5
eMail	0.30%	153	3.24%	65	0.90%	23
Telephone	1.68%	36	2.70%	11	7.83%	4
Inserts**	0.10%	54	0.16%	14	0.25%	10
Newspaper	0.07%	12	0.004%	12	0.28%	12
Magazine	0.05%	27	0.26%	15	0.07%	6

Note*: Figures percentaged on a base of less than 50 should be interpreted with extreme caution.
** Inserts include co-op mailings, package inserts, statement stuffers, and free standing inserts.

Response Rates by Marketing Objective and Media - Business to Business (B2B)

- Businesses that primarily solicit direct order sales or require a contribution from other businesses found that telephone by far, produces the highest response rate of 9.11% however this is based on a small sample size of 12 campaigns. Direct Mail produces the next most favourable average response rate of 1.41% followed by Magazines (0.79%) and then Email at 0.40%.
- For traffic building, we see that Direct Mail is more effective with an average response rate of 4.39% for the B2B segment compared to other media.
- Telephone provides the highest response rate (2.44%) for lead generation marketing objectives (Note: small sample size of 34) followed by Email as the next most effective medium at 1.62% and then Direct Mail with an average response rate of 0.71%.

Business-to-Business - U.S. Market Overall Response Rates by Marketing Objective						
Medium	Direct Order & Fundraising		Lead Generation		Traffic Building	
	Total Average	Number in Survey*	Total Average	Number in Survey*	Total Average	Number in Survey*
Direct Mail	1.41%	73	0.71%	94	4.39%	18
Catalog	0.27%	8	0.10%	2	-	-
eMail	0.40%	50	1.62%	101	0.16%	5
Telephone	9.11%	12	2.44%	34	-	-
Inserts**	0.15%	8	0.01%	5	0.13%	1
Newspaper	-	-	0.020%	6	-	-
Magazine	0.79%	5	0.24%	15	-	-

Note*: Figures percentaged on a base of less than 50 should be interpreted with extreme caution.
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Average Order Value

- The industry data has been broken into approximately equal average order value ranges from low to high for Direct Order campaigns. As shown by the table below, Direct Mail response rates will vary by industry, promotional cost per order and average order value in addition to other factors not captured in this study such as seasonality and economic conditions in addition to colour, creativity, messaging and target audience.

Industry Response Rates by Average Order Value Direct Order Campaigns Using Direct Mail				
Industry and Average Order Value (weighted average)	Average Order Value	Response Rate	Promo Cost Per Order	Number in Survey*
Catalogue (\$0-\$55)	\$ 32	1.96%	\$ 11.33	11
Catalogue (\$56+)	\$ 219	2.20%	\$ 21.55	16
Communications (\$0-\$50)	\$ 42	1.01%	\$ 37.56	10
Communications (\$51+)	\$ 78	1.48%	\$ 44.05	8
Education (\$0-\$500)	\$ 55	1.54%	\$ 41.61	10
Education (\$501+)	\$ 1,103	0.57%	\$ 118.26	10
Financial (\$0-\$500)	\$ 67	1.13%	\$ 35.51	15
Financial (\$501-\$3500)	\$ 1,338	0.17%	\$ 214.85	18
Nonprofit (\$0-\$81)	\$ 27	1.98%	\$ 22.23	12
Nonprofit (\$82-\$250)	\$ 124	1.04%	\$ 42.25	11
Publishing (\$0-\$20)	\$ 15	3.63%	\$ 9.52	24
Publishing (\$21-\$40)	\$ 30	1.88%	\$ 19.61	24
Publishing (\$41+)	\$ 140	1.04%	\$ 39.74	36

Note*: Figures percentaged on a base of less than 50 should be interpreted with extreme caution.

Customer Response by Channel

- Telephone and Mail continue to serve as the leading response media channels in 2006 as they did in 2004 and 2005.

Customer Response by Channel U.S. Market 2004 to 2006			
Channel	2006 Customer Responses	2005 Customer Responses	2004 Customer Responses
Telephone	31.3%	32.9%	28.7%
Mail	36.6%	24.7%	21.6%
Website	12.4%	18.7%	20.8%
Email	12.4%	10.8%	13.2%
Retail Traffic	3.4%	6.5%	5.2%
Fax	-	2.5%	5.6%
Other	4.0%	3.9%	4.8%

¹ Direct Marketing Association (DMA) Response Rate Report 2006 (fourth annual) published in 2007; Ref: CP 07-109

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