

Response Rate

2012 Report

Data to Benchmark all your Marketing Campaigns

Now with transactional data from
Bizo & Epsilon



INCREASE YOUR MARKET ABILITY

THE 2012 RESPONSE RATE REPORT:

PERFORMANCE AND COST METRICS
ACROSS DIRECT MEDIA



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Data Provided by:



ABOUT THE DIRECT MARKETING ASSOCIATION

The Direct Marketing Association (www.newdma.org) is the world's largest global trade association of businesses and nonprofit organizations using and supporting multichannel direct marketing tools and techniques. DMA advocates standards for responsible marketing, promotes relevance as the key to reaching consumers with desirable offers, and provides cutting-edge research, education, and networking opportunities to improve results throughout the end-to-end direct marketing process. Founded in 1917, DMA today represents companies from dozens of vertical industries in the US and 48 other nations, including half of the Fortune 100 companies.

In 2012, marketers — commercial and nonprofit — will spend \$168.5 billion on direct marketing, which accounts for 52.7% of all ad expenditures in the United States. Measured against total US sales, these advertising expenditures will generate approximately \$2.05 trillion in incremental sales. In 2012, direct marketing will account for 8.7% of total US gross domestic product. Also in 2012, there are 1.3 million direct marketing employees in the US. Their collective sales efforts directly support 7.9 million other jobs, accounting for a total of 9.2 million US jobs.

DMA: Increase Your Market Ability

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ACKNOWLEDGEMENTS

I would like to thank the people who provided the data for this report: the 481 respondents to the Response Rate Survey, along with our data partners, Bizo and Epsilon. Every report based on surveys relies on the participation of its community, and this one is no different. Thank you to all who took the time to contribute by completing the DMA survey.

This report differs from past DMA report by including actual transactional data from two sources: Bizo and Epsilon. This data is an order of magnitude more powerful than survey data. David Karel, Vice President of Marketing at Bizo, worked with his team to provide some mind-blowingly powerful data on online display advertising. Jessica Simon, Senior Director of Strategic Communications at Epsilon, was eager to help from the moment I emailed her. She worked with Epsilon researcher Jennifer Wiese to deliver data on 29 billion emails. I thank all three for sharing the vision that transactional data would add tremendously to the value of the Response Rate Report.

I also want to thank the design and logistics team at DMA, who helped make this report a reality. Larry Worthey, Jasmin Gautier, Jimmy Choi and Yvonne Polanco all made sure that the report looked good and was produced to high standards.

Sincerely,
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Business Audience Marketing

ABOUT BIZO

Bizo gives marketers instant access to the people who sign the checks at work, and have the most to spend on life: business professionals. Fueled by proprietary demographic data, the Bizo Marketing Platform precisely targets more than 100 million professionals around the world, including more than 80 percent of the U.S. business population. Bizo has won the confidence of more than 500 brands that use Bizo to effectively target their online marketing programs to the business professional audience. For more information on Bizo, visit www.bizo.com or call 1-866-497-5505.



ABOUT EPSILON

Epsilon is the industry's leading marketing services firm, with a broad array of data-driven, multichannel marketing solutions that leverage consumer insight to help brands deepen their relationships with customers. Services include strategic consulting, acquisition and customer database technologies, loyalty management, proprietary data, predictive modeling and a full range of direct and digital agency services, including creative, interactive web design, email deployment, search engine optimization and direct mail production. In addition, Epsilon is the world's largest permission-based email marketer. Epsilon is an Alliance Data company. For more information, visit www.epsilon.com or call 1.800.309.0505.

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HOW TO READ THIS REPORT

This section provides background on the layout, survey methodology, and terminology of the report.

LAYOUT OF THE REPORT

Chapter 1 details the sample of the survey. Chapter 2 provides overall data from the survey as well as a few topline numbers from Bizo and Epsilon. Chapter 3 takes an industry-level look at direct mail based on results from DMA's sample. It also provides a view of direct mail results back to 2003. Chapter 4 focuses on industry-level email data from Epsilon and also provides a comparison of survey data between this year's results and those from 2010. Chapter 5 presents industry level online advertising data from Bizo. The Appendix contains the survey.

DATA SOURCES

This report is based on data from three sources:

1. A DMA survey of marketers and service providers
2. Transactional data on online display advertising provided by Bizo
3. Transactional data on email campaigns provided by Epsilon

METHODOLOGY OF SURVEY

The online survey was conducted by DMA in April 2012. Members of DMA's email list were invited to participate in two emails, which were blasted on April 13th and April 24th. The list represents marketers, suppliers, and agencies that have come into contact with the DMA. Respondents completed the survey online, with the average respondent taking around 10 minutes to complete the survey. DMA offered an incentive to complete the survey: a free topline report of the data. After cleaning the data to remove blank responses and a handful of apparently erroneous entries — e.g., same answer for every question — useable data from 481 respondents remained.

Marketers and suppliers of marketing services were asked to enter information based on one of their campaigns, while agencies were asked to provide information from their clients' campaigns.

Many of the questions required respondents to enter their actual performance numbers from a representative campaign. As a result, the responses at times contained a broad array of answers. Responses that fell more than two standard deviations from the mean were as a rule eliminated as outliers.

The questionnaire can be found in the Appendix.

TRANSACTIONAL DATA

Survey data has a number of limitations. First, sample size often makes industry-level reporting difficult for all but a few channels. Second, respondents tend to overestimate their performance, so there is often a slight upward bias. With this in mind, DMA set out to find partners that would provide transactional data. With billions of actual data points, these data would provide a far more accurate view of performance, especially on the industry level. With the generous cooperation of Bizo and Epsilon, DMA is able to present transactional data on online display advertising and email.

DATA FROM BIZO AND EPSILON

Bizo provided anonymous and aggregated data for online display campaigns that ran through its platform in 2011. Altogether, these campaigns delivered over 2 billion display impressions to a business audience, which is comprised of more than 100 million professionals around the world. All data have been aggregated into industry categories. DMA did not have access to campaign-level data.

Epsilon provided anonymous and aggregated data from 29 billion email campaigns delivered through its platform in 2011. As with Bizo, Epsilon aggregated the data into industry categories and did not give DMA access to campaign-level data.

SIGNIFICANCE OF SURVEY DATA

The greater the sample size is, the more accurate the results will be. Getting a handle on the universe of companies using direct marketing in the US is difficult, but the number likely approaches 10 million, from the local contractor sending letters to his neighbors to the largest Fortune 500 companies. A sample representing the full diversity of this population would run into the thousands and would have quotas for certain key attributes, such as industry, size, function, marketing budget, etc.

The sample of the DMA Survey has a less universal basis. It represents a good view of the marketers in the DMA community, which may be a more accomplished set of marketers than the average found in the universe of marketers in the US. Some numbers may as a result skew high. At the same time, some segments of the US marketing community may be under-represented in the DMA list. We included Chapter 1 on the makeup of the sample to make clear which types of companies took part in this research.

SIGNIFICANCE OF TRANSACTIONAL DATA

The transactional data has no issue of statistical significance, but there are some issues related to the composition of the sample. Both Bizo and Epsilon have diverse clienteles but tend toward larger companies with more sophisticated marketing approaches than many small businesses may have. They also deploy techniques that boost performance, so there is a good chance that there may be a slight upward bias with the transactional data as well, at least compared with the true mean of the marketing efforts of all 10 million companies in the US.

Bizo's methodology includes a learning process in which Bizo tests different audiences, including some that may not have a known or proven interest in an offering. Sometimes a new segment performs well; other times it doesn't. The result is that CTR's and action rates improve over the duration of a campaign. The numbers presented here likely underestimate the ultimate effectiveness.

SEGMENTATION

Chapter 2 segments the data in two ways: by *primary market* (B-to-B or B-to-C) and by *purpose* (direct sale or lead generation) Where there were not enough responses, such as for telephone marketing or mobile marketing, these breaks do not appear.

GLOSSARY

Acquisition Cost: The total cost for acquisition email campaigns divided by the number of desired outcomes

Bounceback Rate: Number of bounces per sent email

Clicks: Each time a viewer follows a link or an interactive feature in an email, mobile, or online ad

Click Rate: Number of click-throughs or click-withins per view of an online advertisement

Click-Through: Each time a viewer follows link in an email, mobile, or online ad

Click-Through Rate or CTR (Email): Number of clicks per delivered email

Click-Within: Each time a viewer clicks on an online advertisement that is set up to let a viewer interact with the ad rather than follow a link to another site

Cost per Click (CPC) (Display ads): Cost each time a viewer follows a link on online or mobile display ad

Cost per Click (CPC) (Paid search): Cost to buy a keyword for a paid search advertisement, based on how much the buyer pays each time a viewer follows a link in the advertisement

Cost per Contact (Telephone): Cost to reach each contact

Cost per Mille (CPM): Cost per 1,000 impressions, or 1,000 times a web display ad is viewed

Conversion Rate (Display ad, paid search, email): Number of desired outcomes (sales or leads) per click

Dimensional Mail: Mail that is not flat (more than 0.75 inches thick)

Display Ad: Online or mobile advertisements that appear when a website loads — includes banner ads, ‘skyscrapers,’ pop-up ads, or button ads

House File: List of current and former customers that comes from an organization’s own database

Letter-Sized Envelope: Any envelope less than 6.125 inches high by 11.5 inches long — the most common format is the #10 envelope, which is 4.125 inches by 9.5 inches.

Open Rate: Number of opened emails per delivered email

Oversized Envelope: Any envelope larger than a letter-sized envelope

Post-Click Actions: Actions that follow immediately after a click to an online display advertisement

Post-View Actions: Actions (such as a sale, registration, or download) that occur days or weeks following an online impression

Promo Cost per Order/Lead: Total cost of a direct mail campaign divided by the orders or leads generated

Prospect File: A list of potential customers that is usually rented

Response Rate: The percentage of contacts who received a promotion and took the desired action

Return on Investment (ROI): The revenue generated by a campaign divided by its cost; companies often differ on how they calculate the revenue and cost inputs, so there is a fair amount of variation in this metric

Space Advertisements: Advertisements in printed media that take up part or all of a page

Unsubscribe Rate: Number of unsubscribe requests per sent email

EXECUTIVE SUMMARY

REPORT OBJECTIVES

This report has two primary objectives:

- Provide benchmarks for media performance for the direct marketing community.
- Break down findings where possible into several segments so that marketers see clearly how organizations like them are performing in their campaigns.

METHODOLOGY

This report is based on transactional data on internet display ads delivered via Bizo and email ads delivered by Epsilon, as well as data from an online survey (reproduced in the Appendix) that was deployed in April 2012. Respondents come from the DMA list and received an incentive for completing the survey: a free topline report of results. Over the course of four weeks, 481 respondents provided useable data, although fewer than half completed the whole survey.

MEDIA AND METRICS

This report covers five formats of direct mail (letter-sized envelopes, postcards, oversized envelopes, dimensional mail, and catalogs), email, paid search, Internet display ads, and telephone marketing, with some data on DRTV, mobile marketing, DR magazine, DR newspaper, inserts, DR radio, and digital out-of-home. There are two and five performance metrics for each medium.

KEY FINDINGS

OVERALL TRENDS

DMA has produced the Response Rate Report since 2003. The media mix has changed dramatically since then. Advertisers have spread money over more media, and have also seen the effectiveness of existing strategies go down.

Direct mail is a case in point. In 2003, DMA respondents reported that their average response rate for a direct mail campaign to a house list was 4.37% and to a prospect list 2.14%. In this year's survey, they reported an average response rate of 3.40% and 1.28% respectively. The decrease has been gradual but steady, at least through our last report in 2010. Response rates then were 3.42% and 1.38% respectively, so perhaps performance has now leveled off.

Even with the decreased performance in direct mail, however, it remains competitive with digital channels in its cost per order or lead. Although direct mail response rates have dipped, they remain well above those for digital channels. For instance, for every 1,000 existing customers receiving a direct mail piece, 34 will respond on average. For email, the average response — measured by taking the click-through rate and multiplying the median conversion per click — is 0.12%, which means that only one customer in a thousand will end in a new sale. Other digital channels have similarly low rates. The cost structures vary tremendously, so ROI is actually better for email, search and display, but in terms of driving response, direct mail (and telephone even more so) still wins.

This edge in driving response may explain why direct mail remains in the marketing mix for nearly 80% of the respondents to the DMA survey. Even more report using email (83%), driven by its low cost structure and high ROI. About half use paid search and around a third online display advertising and telephone. The trend toward the digital channels is clear, but the traditional channels remain important.

The transactional data from Bizo and Epsilon reveal other insights. Bizo's data shows that 94% of actions that result from an online advertisement occur at some point not immediately following a click. CTR, therefore, vastly underestimates the impact of online display advertising. The data from both Bizo and Epsilon also show significant variations in the performance of email and display ads between industries.

SEGMENTATIONS

Where the sample size was large enough, this report also broke many of the responses down by one of three segmentations: type of market (B-to-B vs. B-to-C), purpose of promotion (direct sale versus lead generation), and industry segment. Industry-level segmentations for Direct Mail, Email and Internet Display are in Chapters 3 through 5.

Type of Market

Response rates did not show a clear pattern in B-to-B versus B-to-C mailings, but the cost of campaigns consistently was higher for B-to-B. For instance, the CPM for letter-sized B-to-C campaigns was \$556, compared with \$919 for B-to-B. B-to-B email cost per click was \$2.21 compared to \$1.69 for B-to-C. Acquisition cost for B-to-B email had more than a 50% premium compared with B-to-C (\$65.66 versus \$39.96).

Primary Purpose

The patterns for primary purpose followed those of type of market. Costs generally were higher for lead generation campaigns than for direct sales campaigns, but the response rates did not follow a clear pattern.

Industry

Financial services and insurance both had among the lowest click-through rates (0.018% and 0.019% respectively) and actions per impression (0.007%) in the transactional data on online display advertising. They also had the lowest response rates in prospect direct mailing and among the lowest click-to-open ratios in email. Interestingly, the open and click rates for financial emails ranked among the highest.

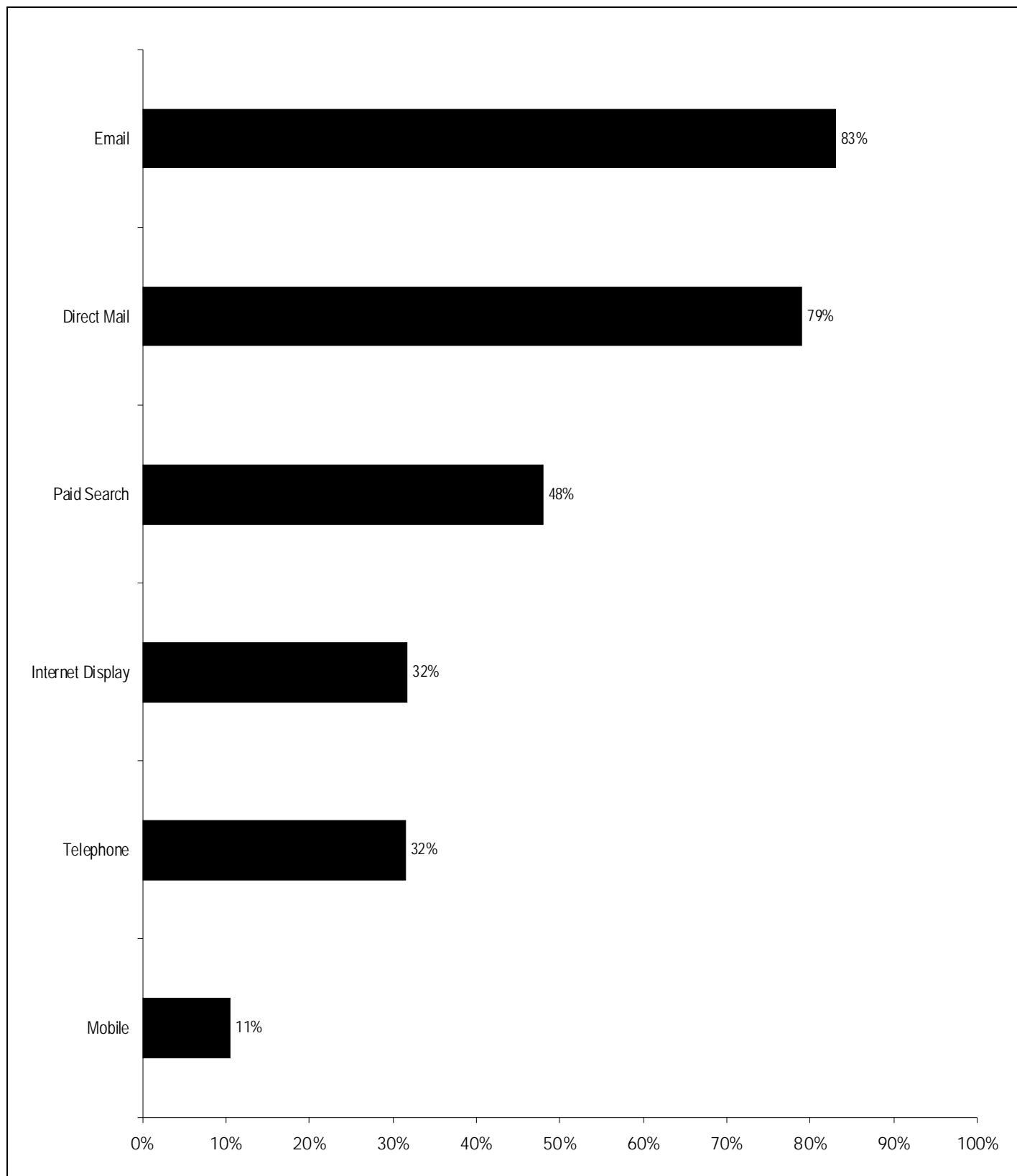
Retail also had a relatively low action-per-impression rate of 0.008% and, for Retail (Apparel), the lowest open and click-through rates in email (less than half the performance of the top industries). Publishing and Media had relatively high action rates in online display (0.013%) and in email CTR (38.5%). Travel and Hospitality had the lowest CTR (16.2%) but highest action-per-impression rate (0.015%).

SAMPLE OVERVIEW

CHAPTER HIGHLIGHTS

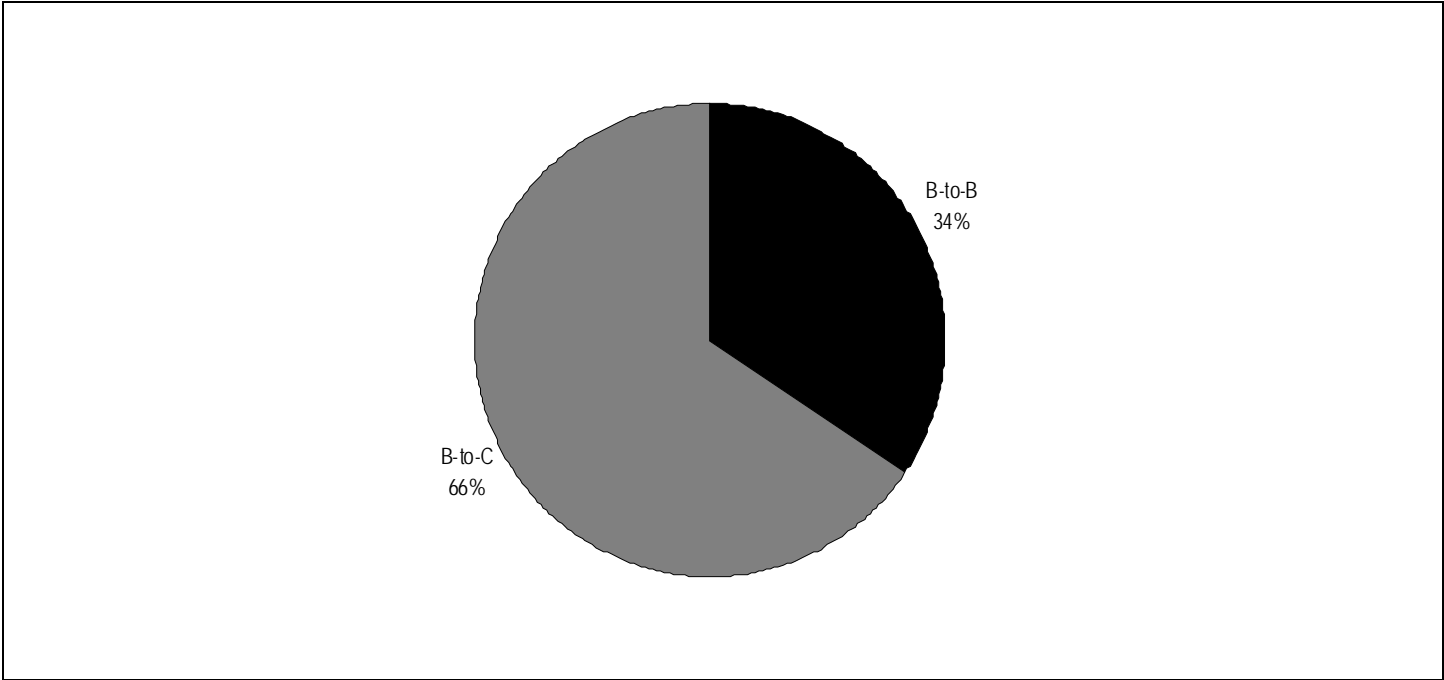
- 83% of respondents use email in their promotional campaigns, the highest usage level for the measured media. Direct Mail followed at 79%.
- Nearly two thirds (66%) of respondents indicated that their representative campaign was B-to-C.
- A clear majority (63%) of respondents were marketers, the rest suppliers of marketing services, including agencies.
- The largest segment in the sample was marketing services, which accounted for 18.2% of respondents, followed by B-to-B service providers and Nonprofit, both at 11.0%.

PERCENTAGE OF RESPONDENTS USING EACH MEDIUM IN PROMOTIONAL CAMPAIGNS



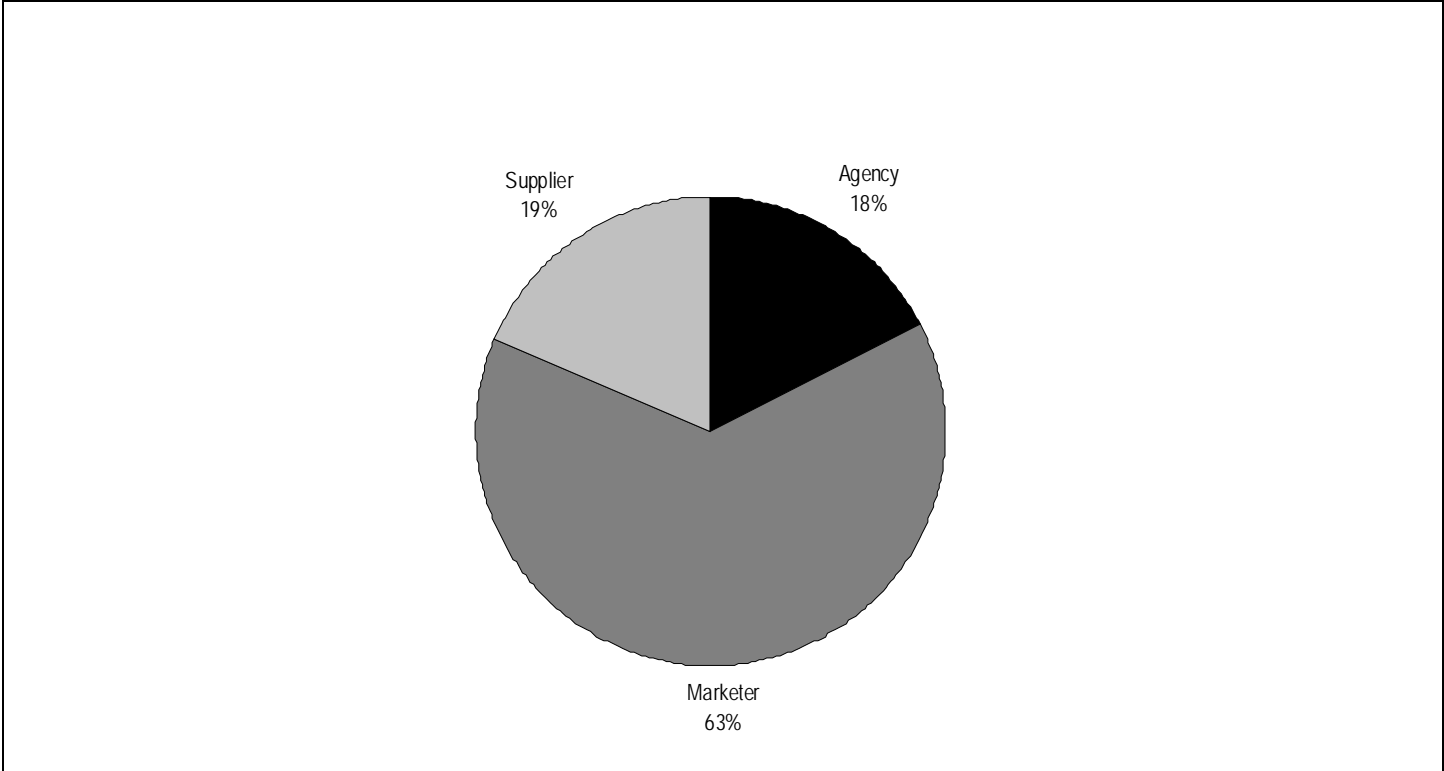
N=201 to 481 (depending on medium)

DISTRIBUTION OF RESPONDENTS: B-TO-B VS. B-TO-C



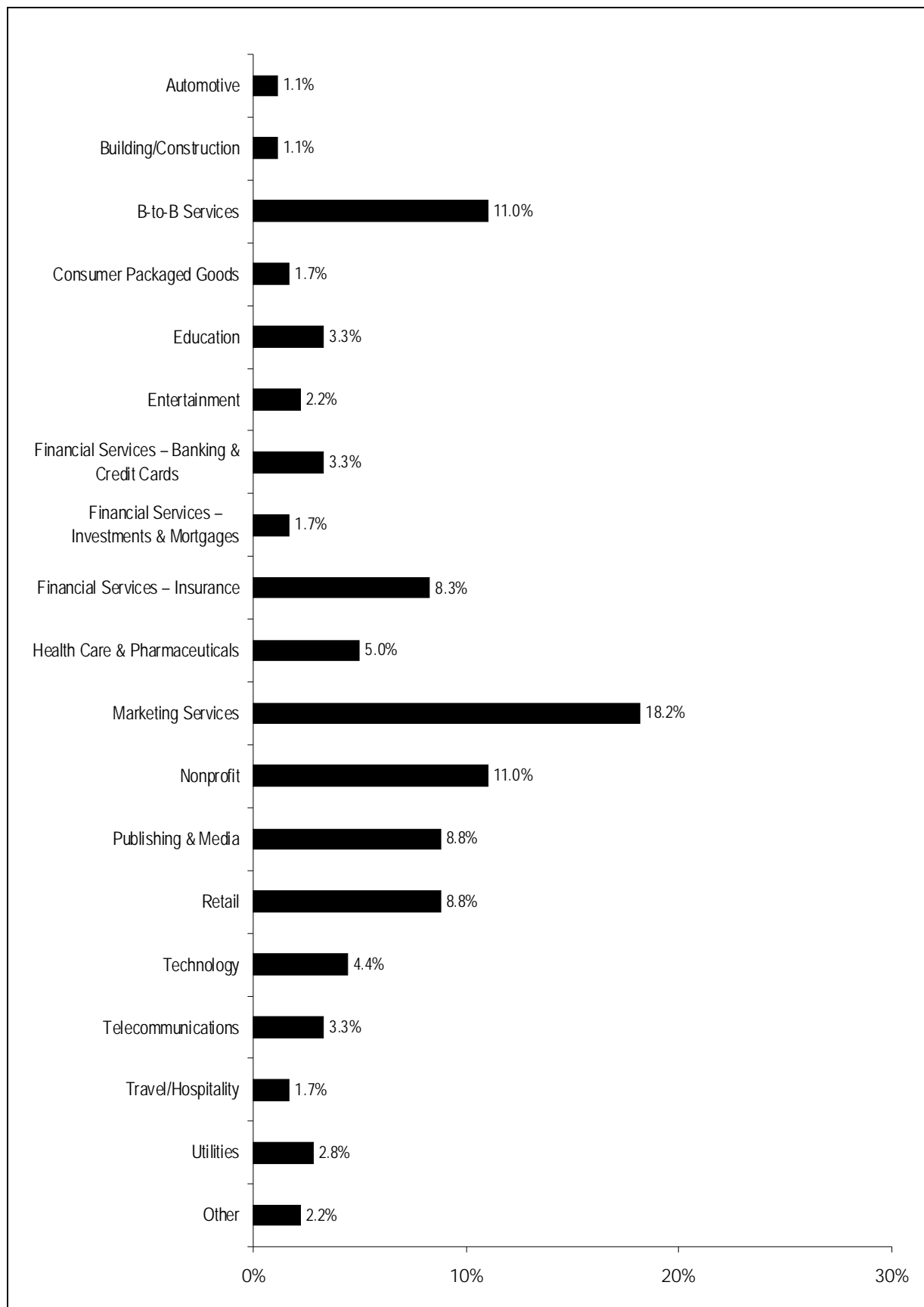
N=151

DISTRIBUTION OF RESPONDENTS BY COMPANY TYPE



N=187

DISTRIBUTION OF RESPONDENTS BY INDUSTRY



N=184

OVERALL FINDINGS

CHAPTER HIGHLIGHTS

COMPARING MEDIA

- Of media that are distributed via lists, letter-sized direct mail had the lowest cost per order or lead of \$19.35. In contrast, telephone advertising to a house list had an average cost per order/lead roughly four times as high: \$77.91. Email cost per order/lead for house lists was not covered.
- Cost per order or lead to a prospect list or to a general audience ranged from \$36.77 for newspaper print ads (based on low sample size) to \$190.49 for telephone marketing. Direct mail, postcards, email, and paid search all came in at roughly the same level between \$50 and \$55.
- Response varies tremendously between media. Telephone had the highest response. Nearly 13% of customers on a house list responded to an offer over the phone. In contrast, roughly 0.04% of people who saw an online display ad took the desired action, according to DMA survey data. Bizo data showed an even smaller 0.010% action per impression rate.
- Response rates for direct mail were 30 times higher (3.40% vs. 0.12%) than those for email.
- This year, DMA asked respondents for the ROI in each medium. The highest ROI was for email at \$28.50 in sales generated by a dollar of email spending. Despite the high response rate, telephone's median ROI was \$1 in sales generated for dollars spent.

DIRECT MAIL

- Letter-sized direct mail had a response rate of 3.40% to a house list and 1.28% to a prospect list. Catalogs had a higher response for house lists (4.26%) but a lower one for prospects (0.94%).
- B-to-C mailings across the board had lower costs per thousand than their B-to-B counterparts. For example, the CPM of a B-to-C letter-sized envelope mailing was \$556, while a B-to-B mailing had a CPM of \$919. The relationship between response rates differed from format to format. For letter-sized mailings, B-to-C outperformed B-to-B 4.01% to 3.12%. In all other formats, B-to-B had higher response.
- Direct sale mailings had lower CPM's compared with lead generation mailings.
- Of our 165 direct mail respondents, 62% use direct mail primarily for direct sales, and 31% use it for lead generation.

EMAIL

- Epsilon contributed transactional data from over 29 billion emails to this report. DMA also fielded its Response Rate Survey, and the results are fairly similar. In the DMA survey, respondents had an average open rate for a house file of 22.05% and for a prospect file of 11.43%. The difference between click rates for house and prospect files was much smaller: 7.71% vs. 6.88%. In the Epsilon data, the average open rate (across all files) was 21.3% and the click rate was 5.3%.
- Conversion rates per click varied quite a bit by respondent, so DMA reported the median for this metric, which was 1.50% for a house list and 0.40% for a prospect list.
- Acquisition cost also had a non-normal distribution curve. The mean was \$55.24 (with outliers removed) while the median was \$11.00.
- Epsilon measures the non-bounceback rate, which averaged 97.8% across all email campaigns.
- Half of respondents report that their emails had the purpose of generating a direct sale, while 42% report the intent as lead generation.

PAID SEARCH

- Paid search campaigns averaged a 3.88% click rate and a conversion per click rate of 5.80%. This produces a much higher overall response than standard display.
- The cost per click for respondents to the survey came to \$3.05 on average. Median ROI was 6.80
- Click rates didn't vary too much between B-to-C and B-to-B nor between Direct Sale and Lead Generation. Conversion rates, however, were significantly higher for B-to-C and Direct Sale.
- Half of respondents use paid search to drive direct sales, 46% to generate leads.

INTERNET DISPLAY

- For the first time, DMA received transactional data from Bizo on online display advertising. The transactional data was based on over 2 billion impressions.
- Online display advertising (like many media) serves both direct response and branding purposes. Bizo's platform uses a cookie not only to track immediate clicks, but also to capture some long-term actions as well. Bizo's data shows average click rates of 0.024% and ultimate conversion rate (actions per impression) of 0.010%. Even this latter figure likely underestimates the full brand effect of an impression. As a result, many brand-focused display campaigns look beyond CTR or even action rate as a tracking metric, tracking instead impressions delivered to the target audience, lift in targeted audience website traffic, or lift in other programs like paid search or Email marketing.
- The direct action per click rate averages 2.51%. This rate, however, only counts immediate actions per click. The total conversion rate shows actions that occur after the immediate click or may occur even if there was no click.
- According to DMA survey data, the purpose of display ads mirrored other online media: 44% had the purpose of a direct sale, 46% lead generation.

- DMA Survey data showed higher click rates (2.18%). Respondents also report an average CPC of \$3.37 and CPM of \$8.68.

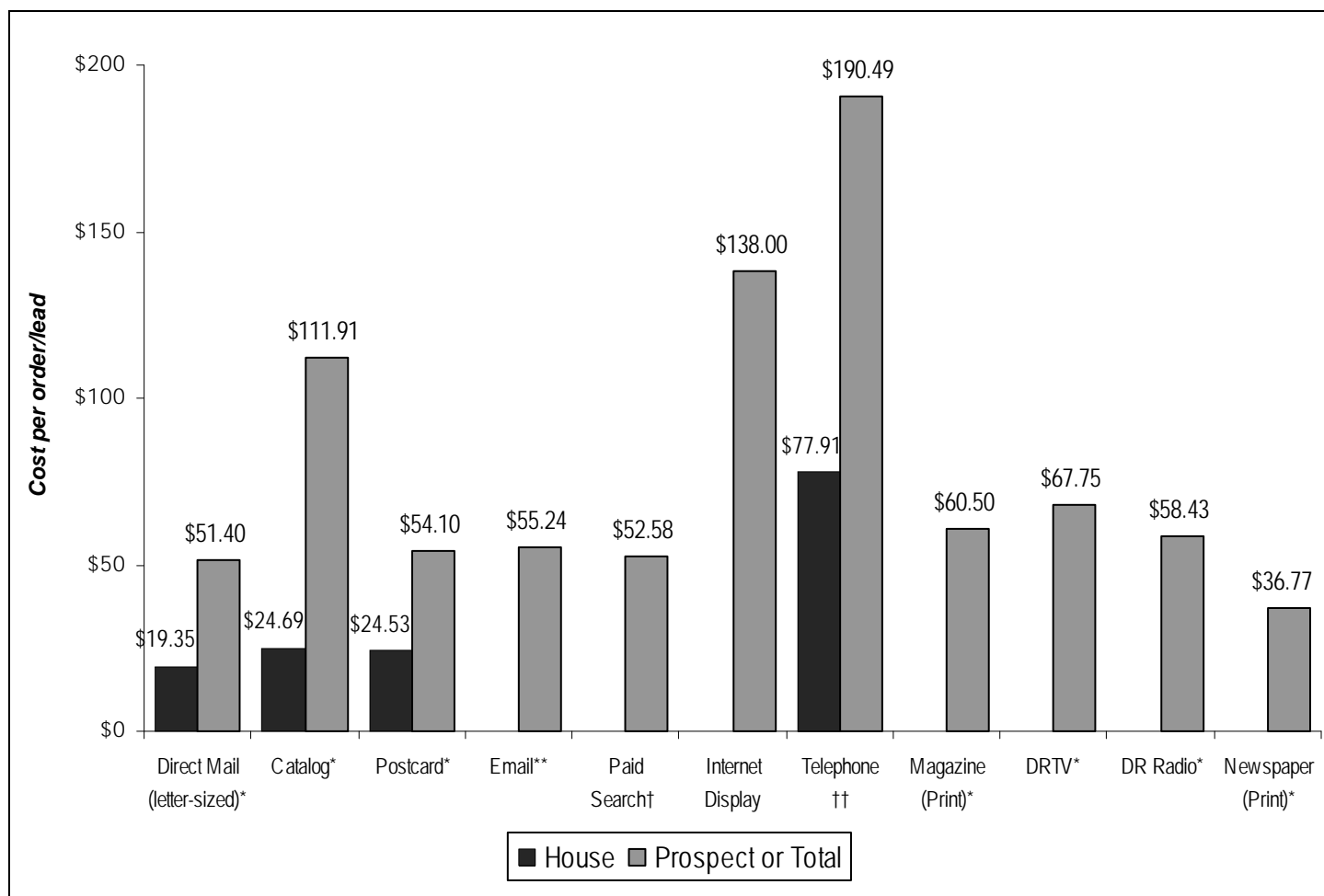
TELEPHONE

- Survey respondents report an average response rate of 12.85% for cross-selling or upselling calls, and 8.21% for prospect calling. This is by far the highest response rate of any medium.
- Cost per contact runs \$10.09 for cross-selling/upselling and \$15.64 for prospect calling. This produces a very high average cost per order or lead.
- Slightly more than two-thirds of calls have the goal of a direct sale with 28% aiming to generate leads.

OTHER MEDIA

- This study aimed to have benchmarks for DRTV and Mobile advertising, but the sample size in both media prevents presenting anything other than top-line data.
- Survey response was too low to make definitive statements on other media. For the sake of transparency, a summary of the data is provided at the end of the chapter.

COST PER ORDER OR LEAD BY SELECTED MEDIA



NOTE: The figures for Magazine, DRTV, DR Radio and Newspaper (Print) and Internet Display are based on very low sample sizes.

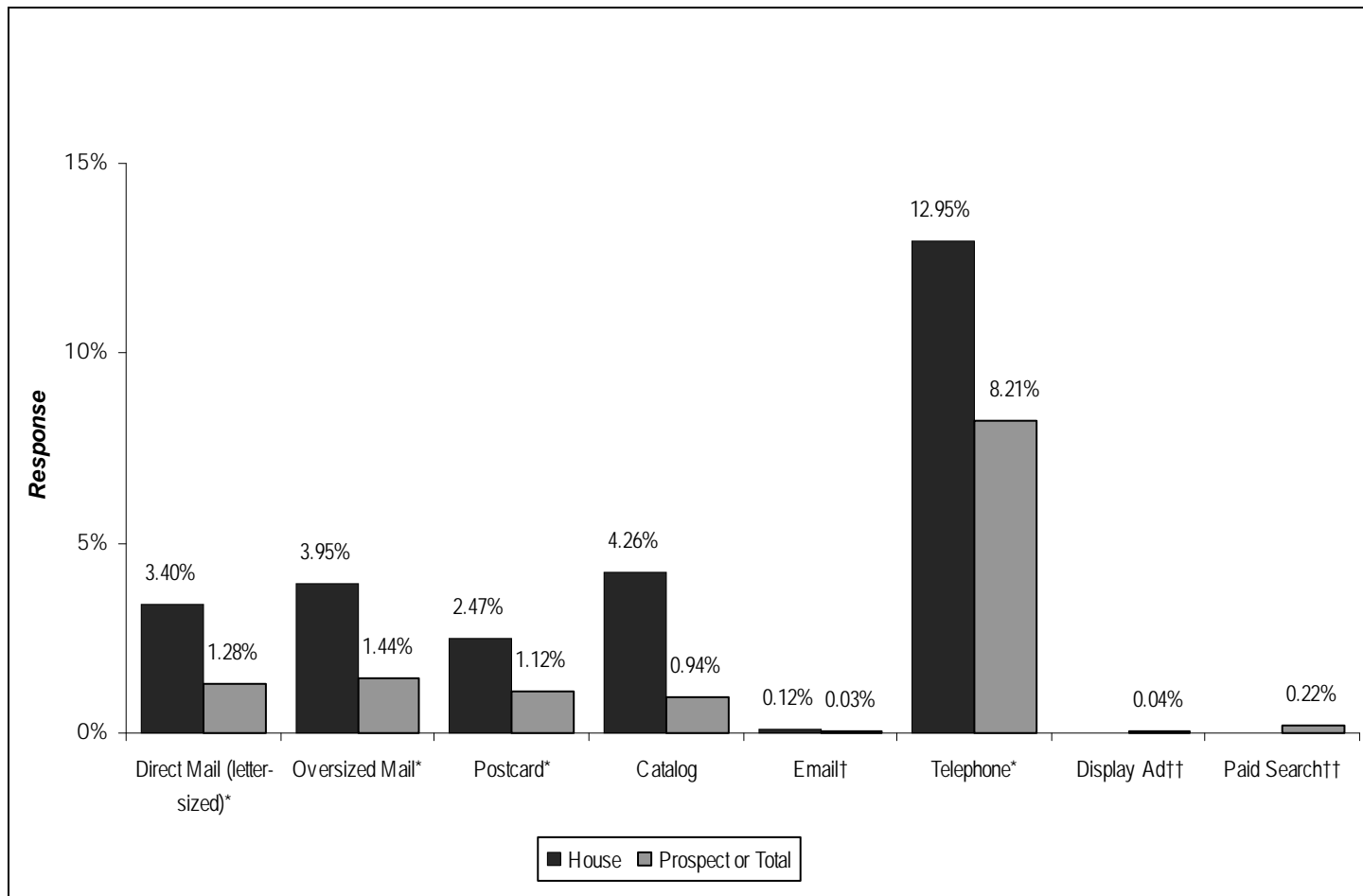
*Cost per Order or Lead

** Acquisition Cost. NOTE: For consistency across media, the mean acquisition cost is shown, but the median differs significantly: \$11.00.

† CPC/Conversion Rate

†† Cost per Contact/Conversion Rate

RESPONSE BY SELECTED MEDIA

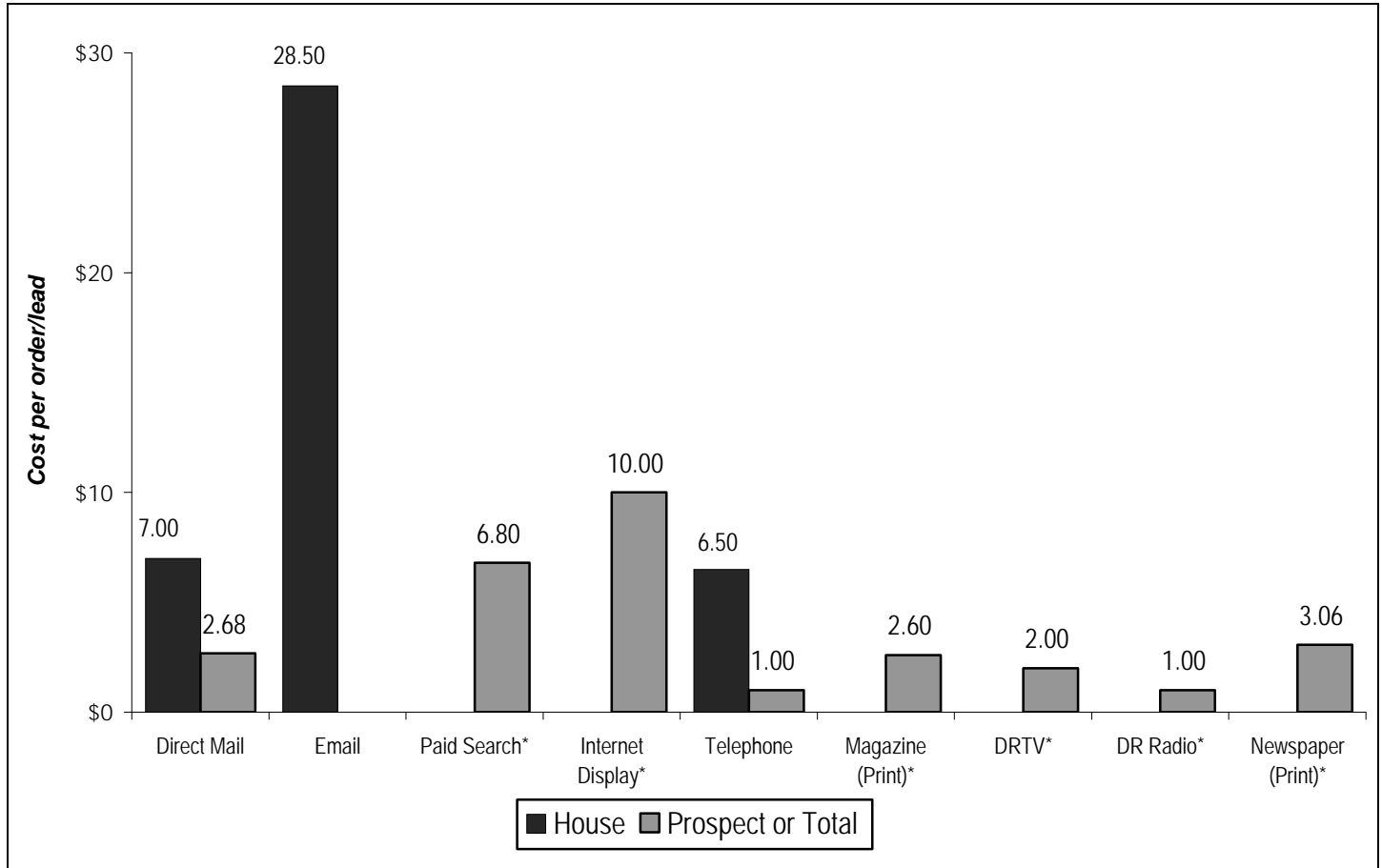


*Response Rate

† CTR*Median Conversion Rate. If mean conversion rate for email is used, the house and prospect response rates would be 0.33% and 0.21%, respectively.

†† CTR*Conversion Rate

MEDIAN ROI BY MEDIUM



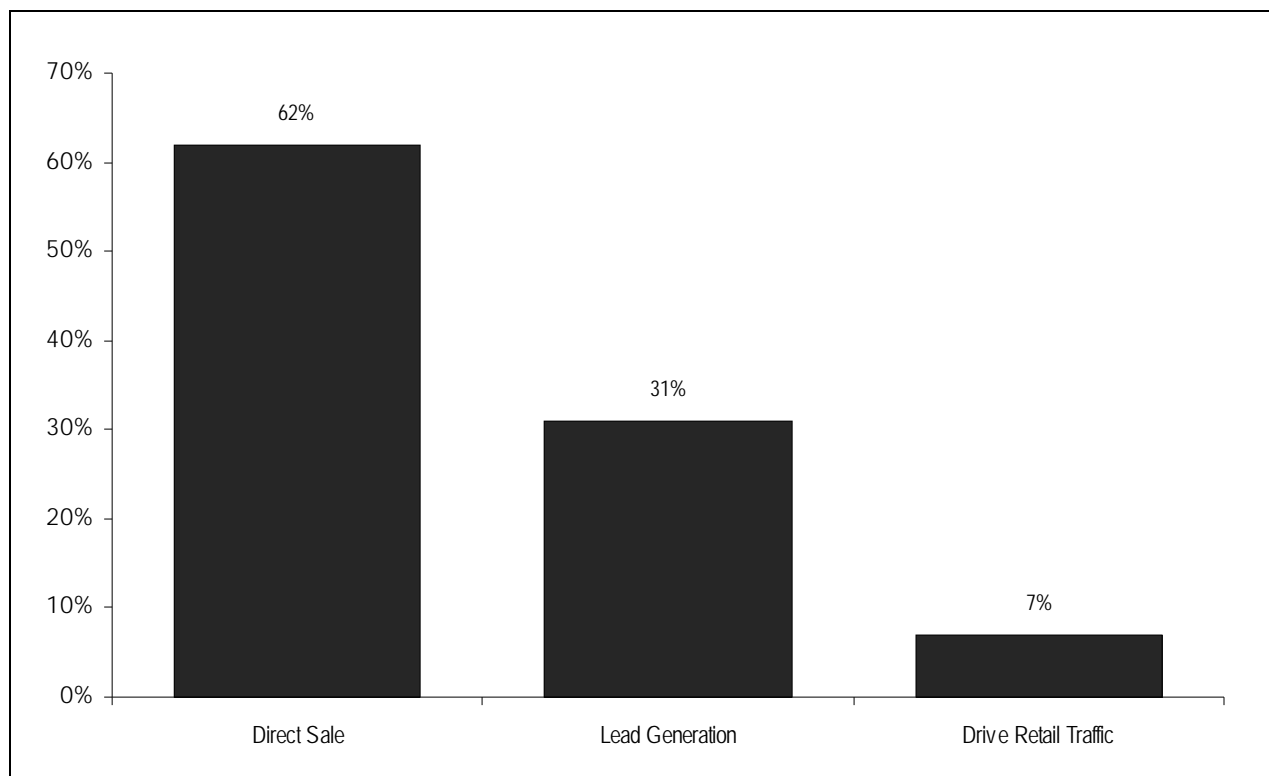
NOTE: The ROI figures for Internet Display, Magazine, DRTV, DR Radio and Newspaper are based on very low sample sizes.

*Total ROI across prospect & house lists

DIRECT MAIL RESPONSE RATE OVERVIEW

Format	House File	Prospect File	Cost per Thousand	Number of Campaigns
Total				
Letter-sized envelope	3.40%	1.28%	\$657	97
Postcard	2.47%	1.12%	\$606	64
Oversized envelope	3.95%	1.44%	\$1,131	33
Dimensional	2.81%	1.39%	\$1,154	16
Catalog	4.26%	0.94%	\$1,052	32
ROI (Median)	7.00	2.68	NA	93
B-to-C				
Letter-sized envelope	4.01%	1.28%	\$556	48
Postcard	2.06%	1.27%	\$430	21
Oversized envelope	2.56%	1.60%	\$955	11
Dimensional	3.00%	2.50%	\$975	6
Catalog	4.64%	0.75%	1,157	11
ROI	6.50	1.74	NA	44
B-to-B				
Letter-sized envelope	3.12%	1.90%	\$919	19
Postcard	2.51%	1.13%	\$721	21
Oversized envelope	6.43%	1.75%	\$1,356	11
Dimensional	3.30%	1.25%	\$1,475	5
Catalog	5.03%	1.19%	\$1,233	10
ROI (ROI)	25.00	10.00	NA	20
Direct Sale				
Letter-sized envelope	3.15%	1.00%	\$560	75
Postcard	2.88%	1.23%	\$458	41
Oversized envelope	3.40%	1.48%	\$987	24
Dimensional	2.45%	1.22%	\$1,133	13
Catalog	4.31%	0.94	\$1,000	31
ROI	6.75	1.15	NA	68
Lead Generation				
Letter-sized envelope	4.10%	1.81%	\$848	28
Postcard	1.80%	0.94%	\$768	28
Oversized envelope	4.64%	1.39%	\$1,307	16
Dimensional	3.60%	1.83%	\$1,200	8
Catalog	NA	NA	NA	-
ROI	10.50	15.00	NA	18

DISTRIBUTION OF RESPONDENTS BY PRIMARY DESIRED OUTCOME OF DIRECT MAIL CAMPAIGN



N=165

EMAIL METRICS OVERVIEW—DMA SURVEY

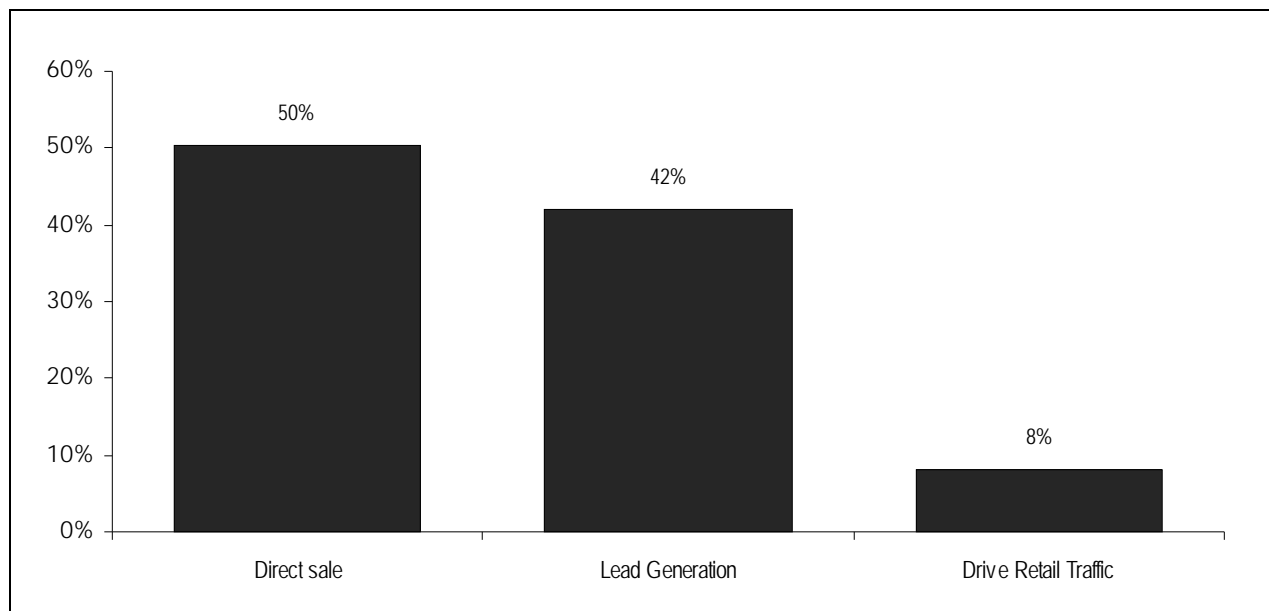
Metric	House File	Prospect File	Number of Campaigns
TOTAL			
Open rate	22.05%	11.43%	133
Click-through rate	7.71%	6.88%	131
Conversion rate (Median)	1.50%	0.40%	97
Acquisition cost (Mean)*	NA	\$55.24	54
Acquisition cost (Median)*	NA	\$11.00	
ROI (Median)	28.5	NA	64
B-TO-C			
Open rate	22.89%	11.08%	58
Click-through rate	7.51%	5.29%	54
Conversion rate (Median)	1.50%	0.55%	41
Acquisition cost (Mean)	NA	\$39.96	22
ROI (Median)	16.5	NA	24
B-TO-B			
Open rate	21.77%	12.88%	43
Click-through rate	8.59%	7.27%	42
Conversion rate (Median)	1.20%	0.30%	32
Acquisition cost (Mean)	NA	\$65.66	21
ROI (Median)	52.5	NA	24
DIRECT SALE			
Open rate	20.08%	12.46%	79
Click-through rate	9.96%	8.91%	77
Conversion rate (Median)	1.70%	0.35%	67
Acquisition cost (Mean)	NA	\$48.82	36
ROI (Median)	20.0	NA	33
LEAD GENERATION			
Open rate	25.02%	9.64%	52
Click-through rate	9.88%	5.81%	50
Conversion rate (Median)	1.50%	0.80%	33
Acquisition cost (Mean)	NA	\$80.74	25
ROI (Median)	80.7	NA	32

* Note: The data for *acquisition cost* did not have a clear normal curve, so the mean and median differ substantially. DMA includes both in this topline chart.

EMAIL METRICS OVERVIEW—EPSILON TRANSACTIONAL DATA

Metric	Average	Number of Emails
TOTAL		
Open rate	21.3%	29 Billion
Click-through rate	5.3%	
Click-to-open rate	26.5%	
Non-bounceback rate	97.8%	

DISTRIBUTION OF RESPONDENTS BY PRIMARY DESIRED OUTCOME OF EMAIL CAMPAIGN

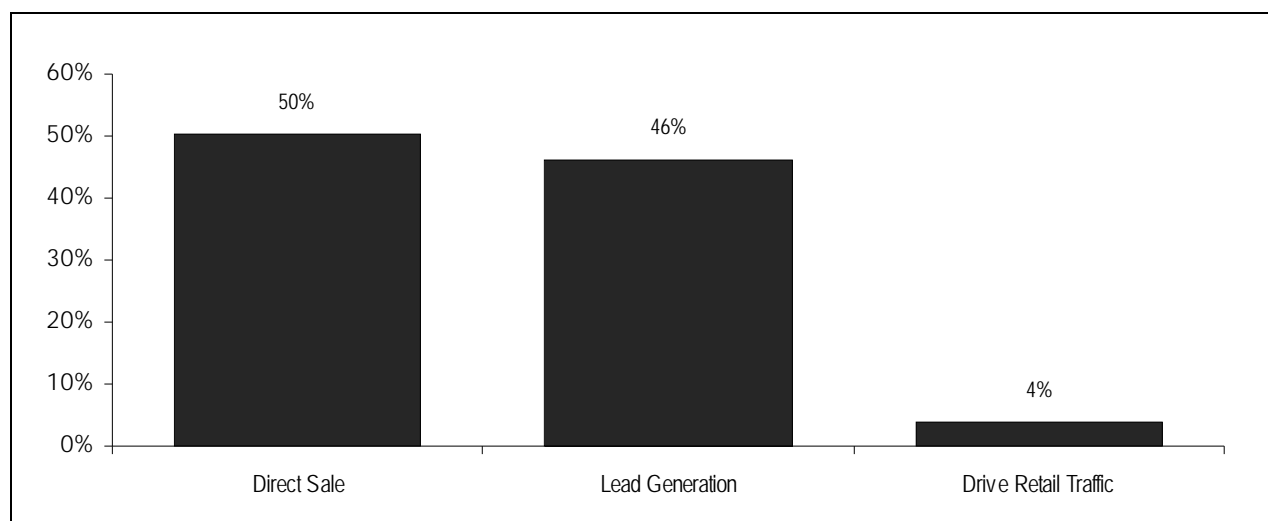


N=168

INTERNET PAID SEARCH METRIC OVERVIEW

Metric	Average	Number of Campaigns
TOTAL		
Click rate	3.88%	43
Conversion rate (per click)	5.80%	37
Cost per click	\$3.05	42
ROI (Median)	6.80	33
B-TO-C		
Click rate	2.97%	20
Conversion rate (per click)	5.72%	12
Cost per click	\$1.69	20
ROI (Median)	5.90	12
B-TO-B		
Click rate	2.94%	16
Conversion rate (per click)	3.86%	15
Cost per click	\$2.21	17
ROI (Median)	5.00	17
DIRECT SALE		
Click rate	3.74%	30
Conversion rate (per click)	6.88%	28
Cost per click	\$3.67	26
ROI (Median)	6.40	22
LEAD GENERATION		
Click rate	4.12%	17
Conversion rate (per click)	3.56%	15
Cost per click	\$2.03	18
ROI (Median)	6.80	11

DISTRIBUTION OF RESPONDENTS BY PRIMARY DESIRED OUTCOME OF INTERNET PAID SEARCH CAMPAIGN



N=93

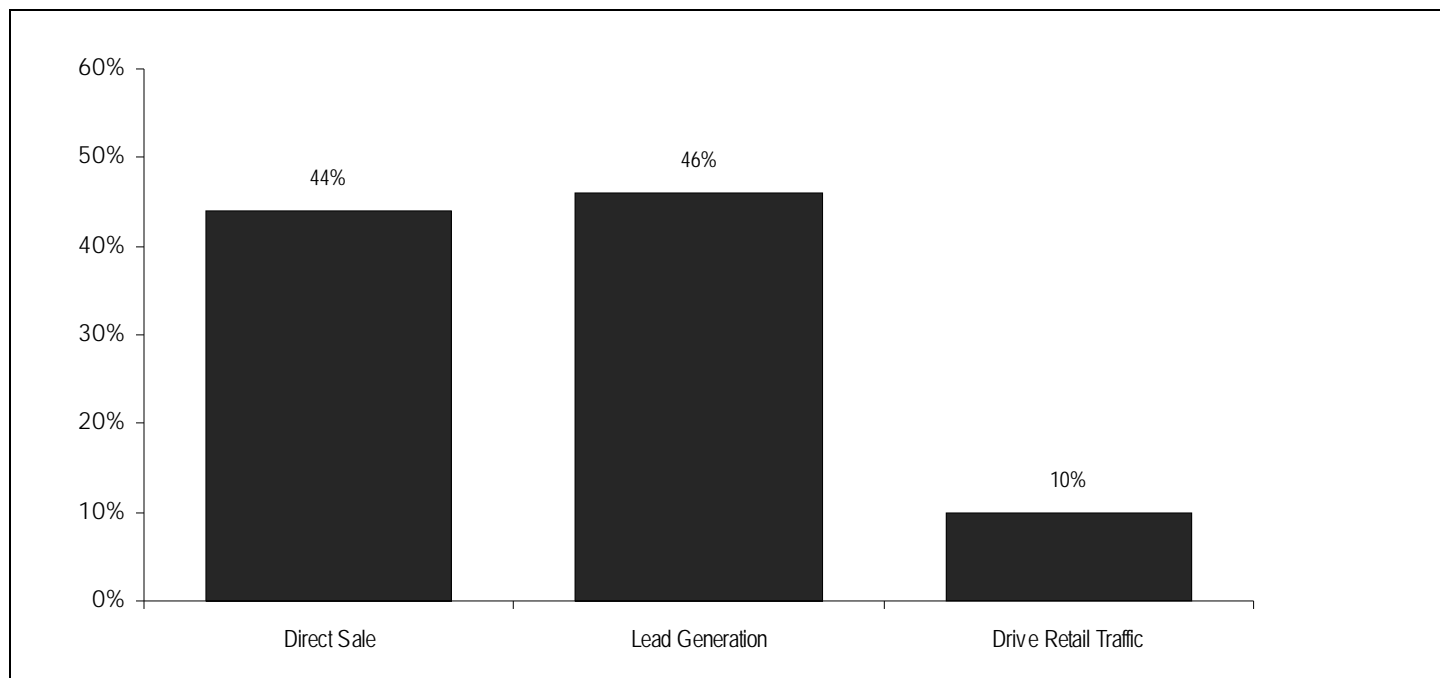
INTERNET DISPLAY METRICS OVERVIEW—DMA SURVEY

Metric	Average	Number of Respondents
TOTAL		
Click rate	2.18%	24
Conversion rate	1.82%	18
CPC	\$3.37	16
CPM	\$8.68	19
ROI (Median)	10.00	13

INTERNET DISPLAY METRICS OVERVIEW—BIZO TRANSACTIONAL DATA

Metric	Average	Number of Impressions
TOTAL		
Click rate	0.024%	
Conversion rate (Actions per click)	2.51%	2.028 Billion
Overall Actions per impression	0.010%	

DISTRIBUTION OF RESPONDENTS BY PRIMARY DESIRED OUTCOME OF INTERNET DISPLAY AD CAMPAIGN

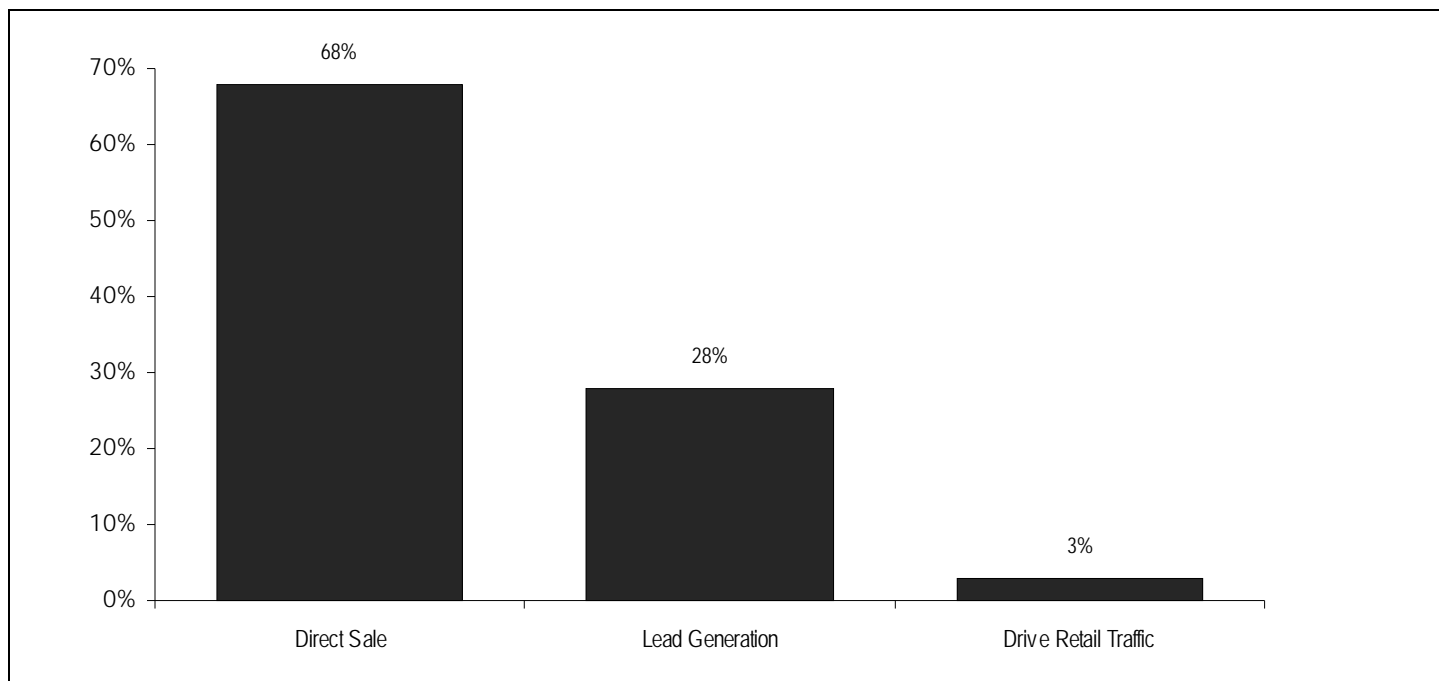


N=63

OUTBOUND TELEPHONE METRICS OVERVIEW

	Response Rate	Cost per Contact	ROI (Median)	Number of Respondents
TOTAL				
Cross-selling/Up-selling	12.95%	\$10.09	6.50	28
Prospect Calling	8.21%	\$15.64	1.00	24

DISTRIBUTION OF RESPONDENTS BY PRIMARY DESIRED OUTCOME OF TELEPHONE CAMPAIGN



N=104

MOBILE METRICS OVERVIEW

Metric	Average	Number of Respondents
TOTAL		
Display Ad CPA	14.06%	9
Display Ad CPM	8.22%	5
Display Ad CTR	23.70%	3
Display Ad Conversion Rate	5.05%	3
Display Ad ROI	\$8.76	3

METRICS FOR OTHER DIRECT RESPONSE MEDIA

	Cost per Order/Lead	ROI (Median)	Number of Respondents
DRTV	\$67.75	2.00	8
DR Radio	\$58.43	1.00	7
DR Magazine (Print)	\$60.50	2.60	10
DR Magazine (App/HTML)	\$90.35	3.00	3
DR Newspaper (Print)	\$36.77	3.06	7
DR Newspaper (App/HTML)	\$11.53	2.00	2
Digital Out-of-Home	\$39.20	2.85	2

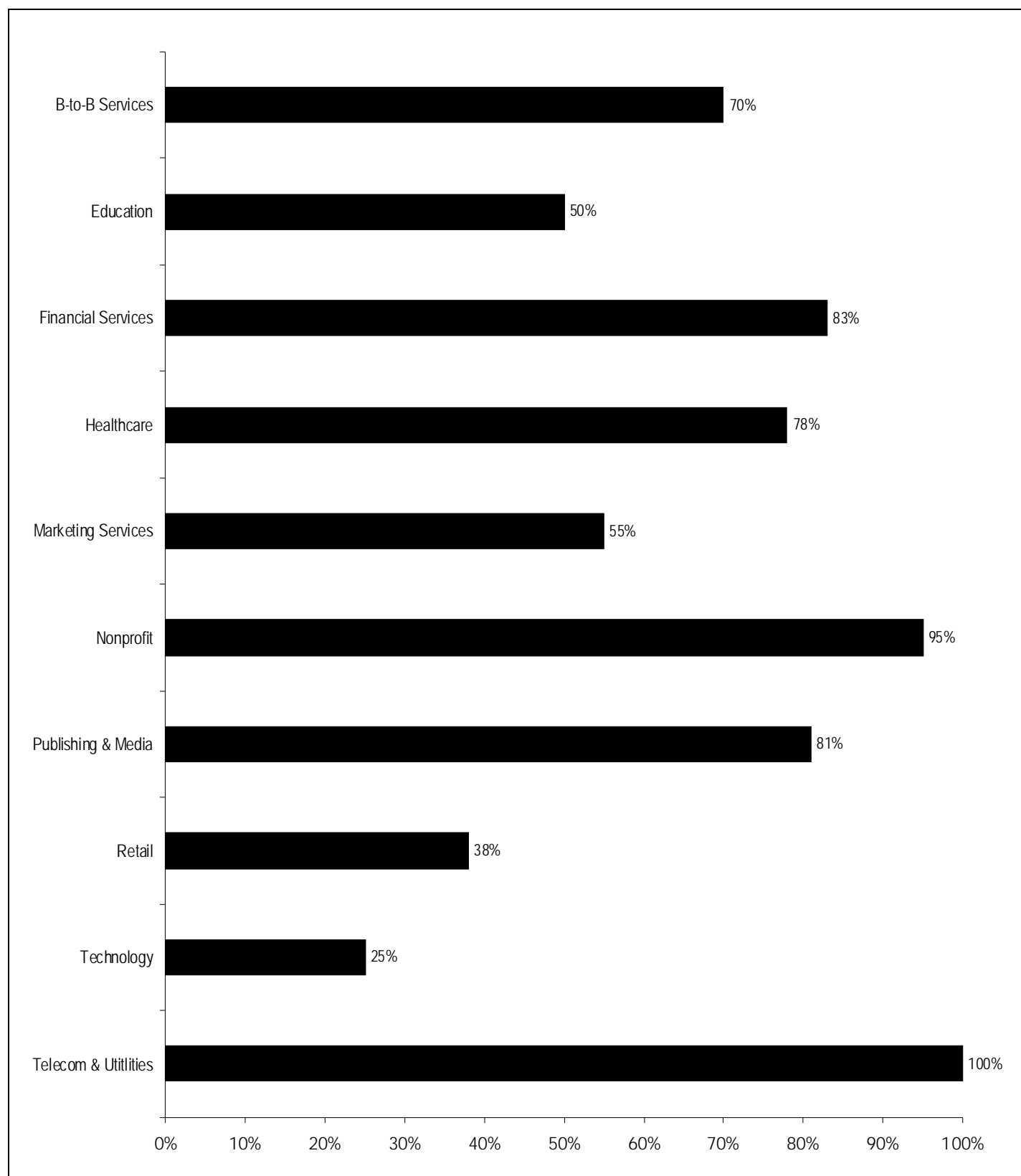
Note: Because of the low number of responses and the high variance in answers, these numbers should be interpreted with caution. For instance, two responses were removed from DR Magazine because they exceeded two standard deviations from the mean. If they had been included, the CPO/CPL for magazine ads would have been \$125.62.

DIRECT MAIL

CHAPTER HIGHLIGHTS

- The leading industries that use direct mail in this survey were Telecom, Nonprofit, Publishing & Media, and Financial Services, each with over 80% usage.
- In the nine years since DMA first published the Response Rate Report, direct mail response rates have fallen from 4.37% to 3.40% for letter-sized mail to house files, and from 2.14% to 1.28% to prospect files.
- That said, the response rate is mostly unchanged from two years ago, when respondents reported a 3.42% response to the house list versus 1.38% to a prospect list.
- The median volume of direct mail volumes in this sample lies in the range of 100,000 to 499,999.
- Sample sizes on the industry level are too small to make definitive statements. That said, the lowest response rates appear to occur in financial services, with the highest in telecom & utilities.

DIRECT MAIL USAGE BY INDUSTRY RESPONDENTS



N=181

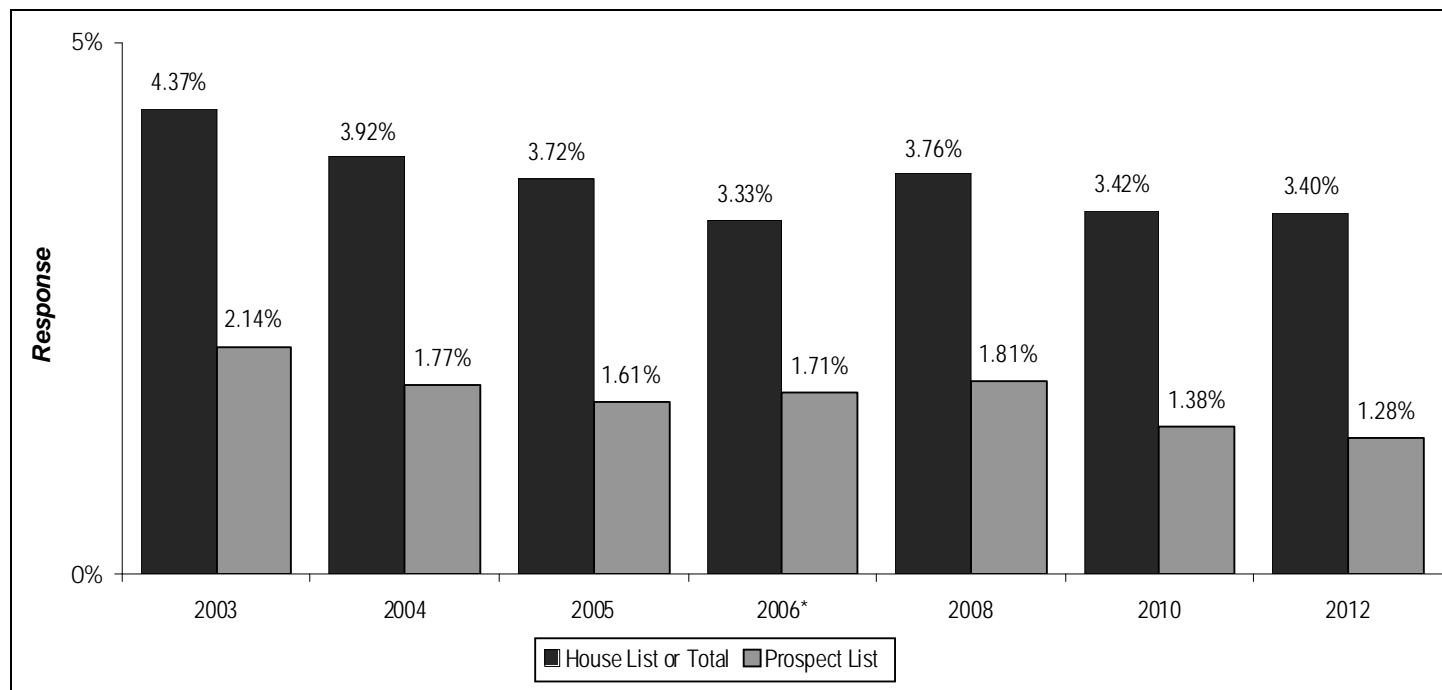
DIRECT MAIL USAGE BY INDUSTRY—DETAIL

Format	House File	Prospect File	Cost per Thousand	Number of Campaigns
B-to-B Services				
Letter-sized envelope	2.44%	2.00%	\$1,000	8
Postcard	2.69%	2.10%	\$717	8
ROI (Median)	20	1.75	NA	7
Financial Services				
Letter-sized envelope	3.02%	0.75	\$662	13
Postcard	1.22%	0.42	\$638	9
ROI	15	3.88	NA	9
Marketing Services				
Letter-sized envelope	4.00%	1.08%	\$960	7
Postcard	3.58%	1.35%	\$760	5
ROI (ROI)	NA	NA	NA	NA
Nonprofit				
Letter-sized envelope	3.61%	0.88%	\$700	15
Postcard	1.12%	NA	NA	4
ROI (ROI)	4.05	1.00	NA	14
Publishing, Media & Entertainment				
Letter-sized envelope	3.21%	2.81%	\$478	12
Postcard	2.00%	0.81%	NA	5
ROI	10	1.39	NA	11
Retail				
Postcard	3.42%	3.25%	\$650	4
Catalog	5.10%	0.75%	NA	5
ROI	NA	NA	NA	NA
Telecom & Utilities				
Letter-sized envelope	5.22%	4.08%	\$644	9
Postcard	1.00%	NA	\$575	4
ROI	7.00	2.60	NA	4

Note: The sample sizes are very small in this chart. Although they remain useful for directional purposes, they are too small to be considered statistically significant averages.

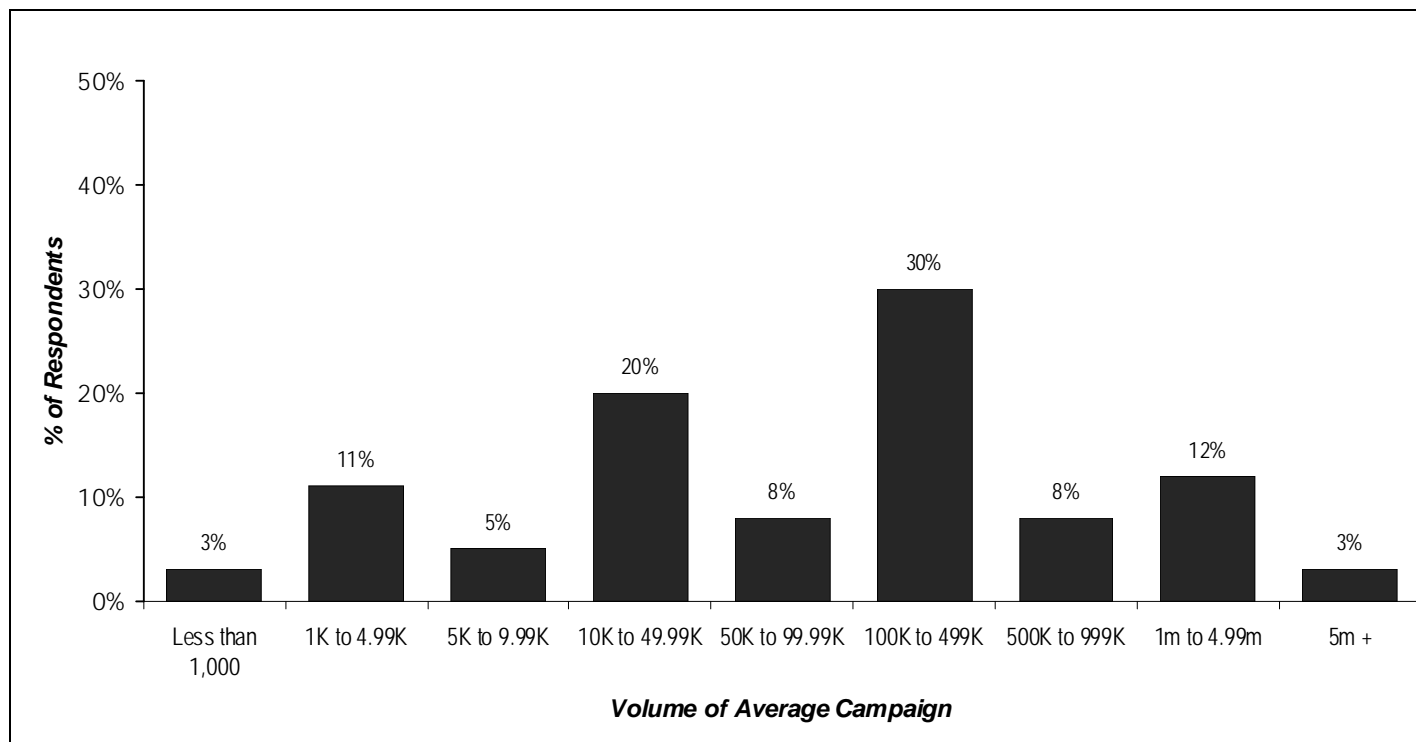
DIRECT MAIL RESPONSE RATES 2003 – 2012

DMA has produced Response Rate Reports since 2003. From 2003 to 2006, the data was collected annually. Thereafter, DMA collected the data every other year. The chart below shows data from each report.



*In 2006, DMA calculated a weighted average (shown above), as well as unweighted averages, which were 3.50% and 2.22%.

DISTRIBUTION OF RESPONDENTS BY AVERAGE MAIL VOLUME FOR DIRECT MAIL CAMPAIGNS



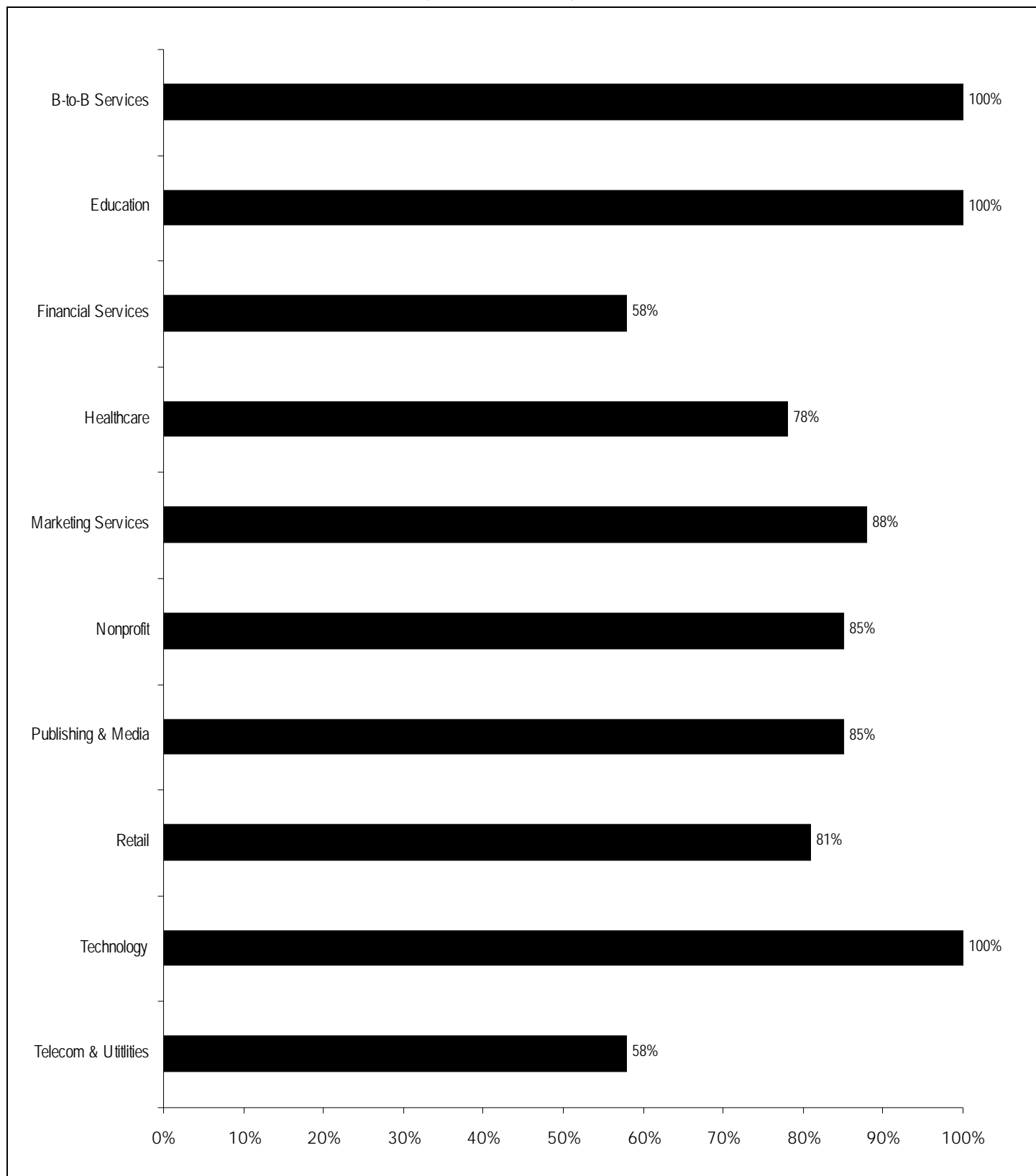
N=125

EMAIL

CHAPTER HIGHLIGHTS

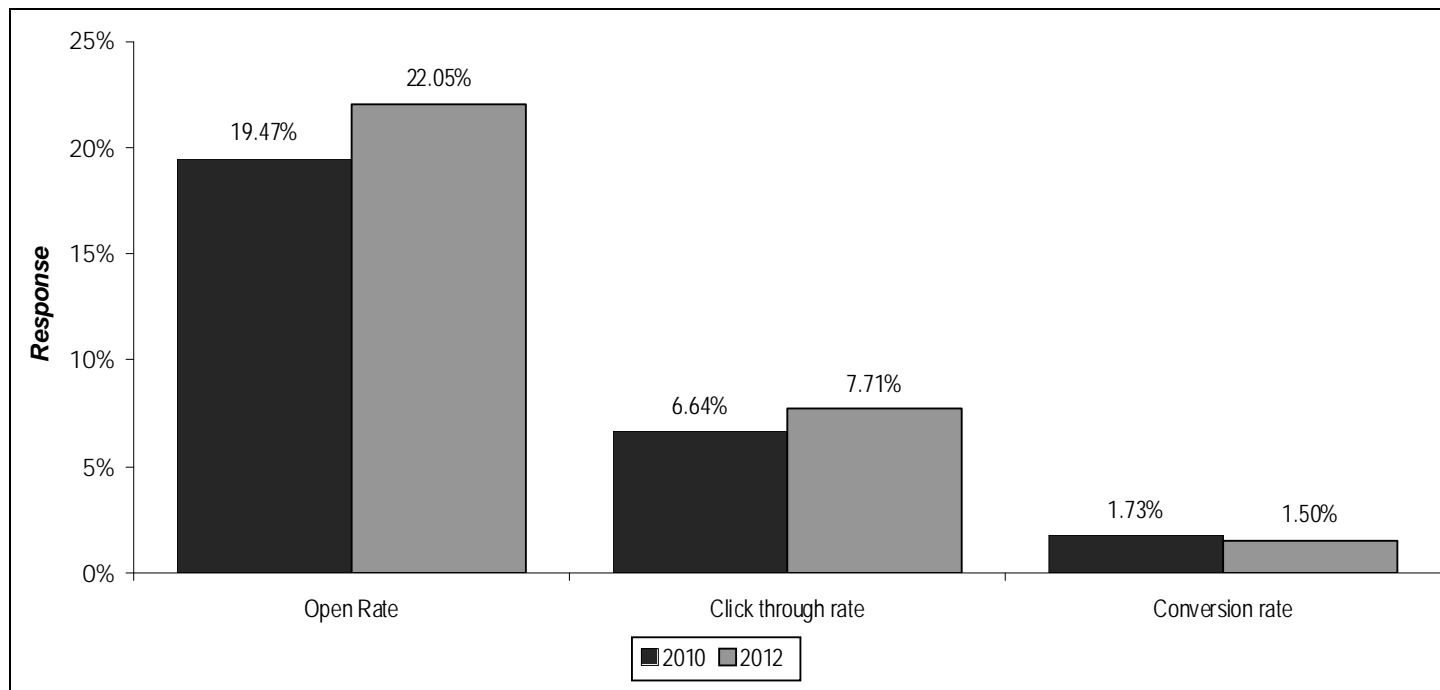
- Most industries had over 80% of companies reporting that email was a part of their representative marketing campaigns. The exceptions were Financial Services, Telecom & Utilities, and Healthcare.
- Compared with 2010, respondents in DMA's 2012 survey had slightly higher open rates and click-through rates. Conversion rates were slightly lower, but this decrease is not significant.
- Epsilon provided DMA with the aggregated email performance for 14 industries. The data in this report cover more than 29 billion commercial emails delivered by Epsilon in 2011.
- Financial Services (both credit cards/banking and general) had the highest open rates (above 30%) of any industry. Retail (Apparel), at 14.7% had the lowest.
- CPG had the highest click-through rate at 8.4%, which more than doubled the rate for Retail (Apparel): 3.7%. Telecom also had a high rate of 7.2%
- The high click rate for CPG led to a high click-to-open rate of 46.5%. Publishing & Media followed at 38.5%. Travel & Hospitality at 16.2% had the lowest rate.

COMMERCIAL EMAIL USAGE BY INDUSTRY (DMA SAMPLE)

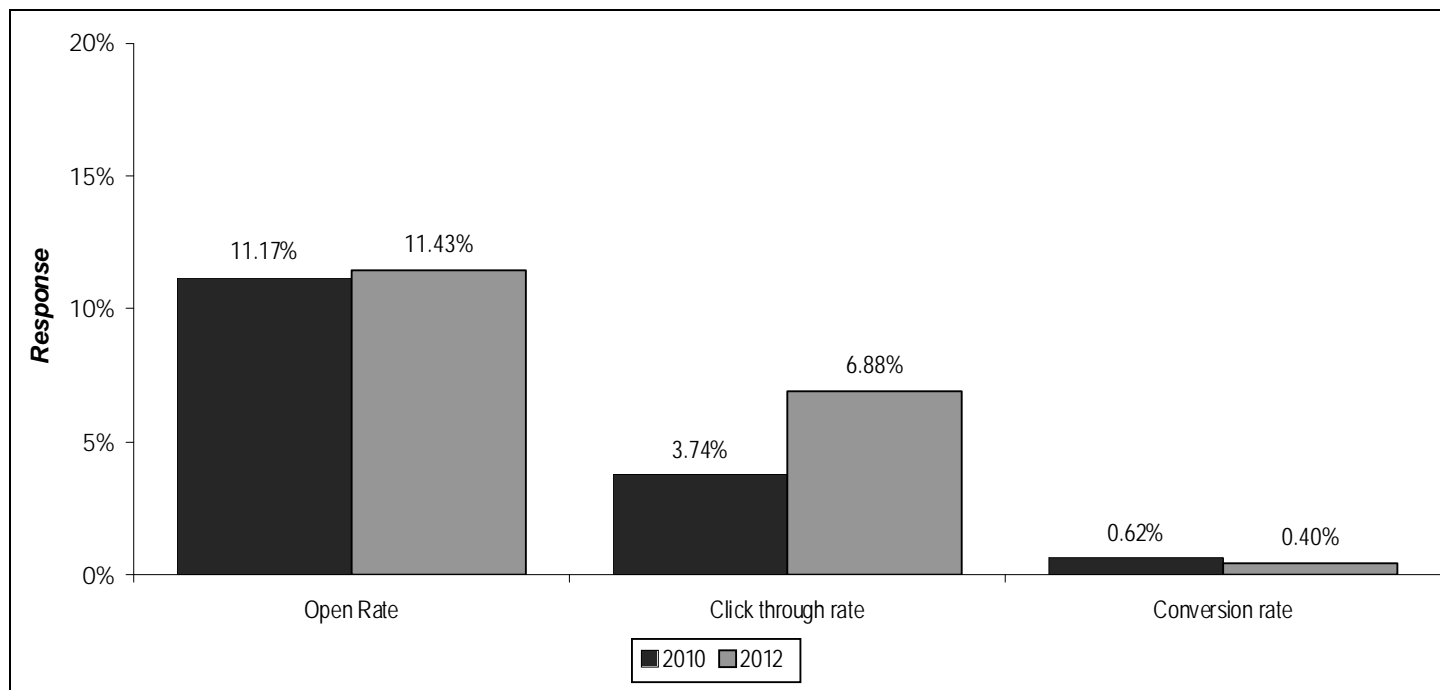


N=181

EMAIL CONVERSION RATES 2010 & 2012 FOR HOUSE LISTS



EMAIL CONVERSION RATES 2010 & 2012 FOR PROSPECT LISTS



COMMERCIAL EMAIL METRICS (TRANSACTIONAL DATA FROM EPSILON)

Metric	Average	Number of Clients	Number of Emails
Business Products & Services (General)			
Open rate	23.5%	11.25	471 Million
Click-through rate	4.6%		
Click-to-open rate	20.1%		
Non-bounceback rate	93.9%		
Business Publishing/Media (General)			
Open rate	20.7%	7.75	476 Million
Click-through rate	4.8%		
Click-to-open rate	23.4%		
Non-bounceback rate	97.0%		
Consumer Services (General)			
Open rate	19.6%	6.75	1.4 Billion
Click-through rate	4.4%		
Click-to-open rate	22.5%		
Non-bounceback rate	97.0%		
CPG			
Open rate	18.1%	11.5	1.9 Billion
Click-through rate	8.4%		
Click-to-open rate	46.5%		
Non-bounceback rate	97.1%		
Financial Services (Credit Cards & Banking)			
Open rate	34.5%	12.75	2.4 Billion
Click-through rate	6.3%		
Click-to-open rate	18.3%		
Non-bounceback rate	95.6%		
Financial Services (General)			
Open rate	32.0%	12.75	255 Million
Click-through rate	6.3%		
Click-to-open rate	19.6%		
Non-bounceback rate	96.1%		
Nonprofit/Education			
Open rate	21.6%	2.5	795 Million
Click-through rate	4.2%		
Click-to-open rate	19.9%		
Non-bounceback rate	98.4%		

COMMERCIAL EMAIL METRICS (TRANSACTIONAL DATA FROM EPSILON)

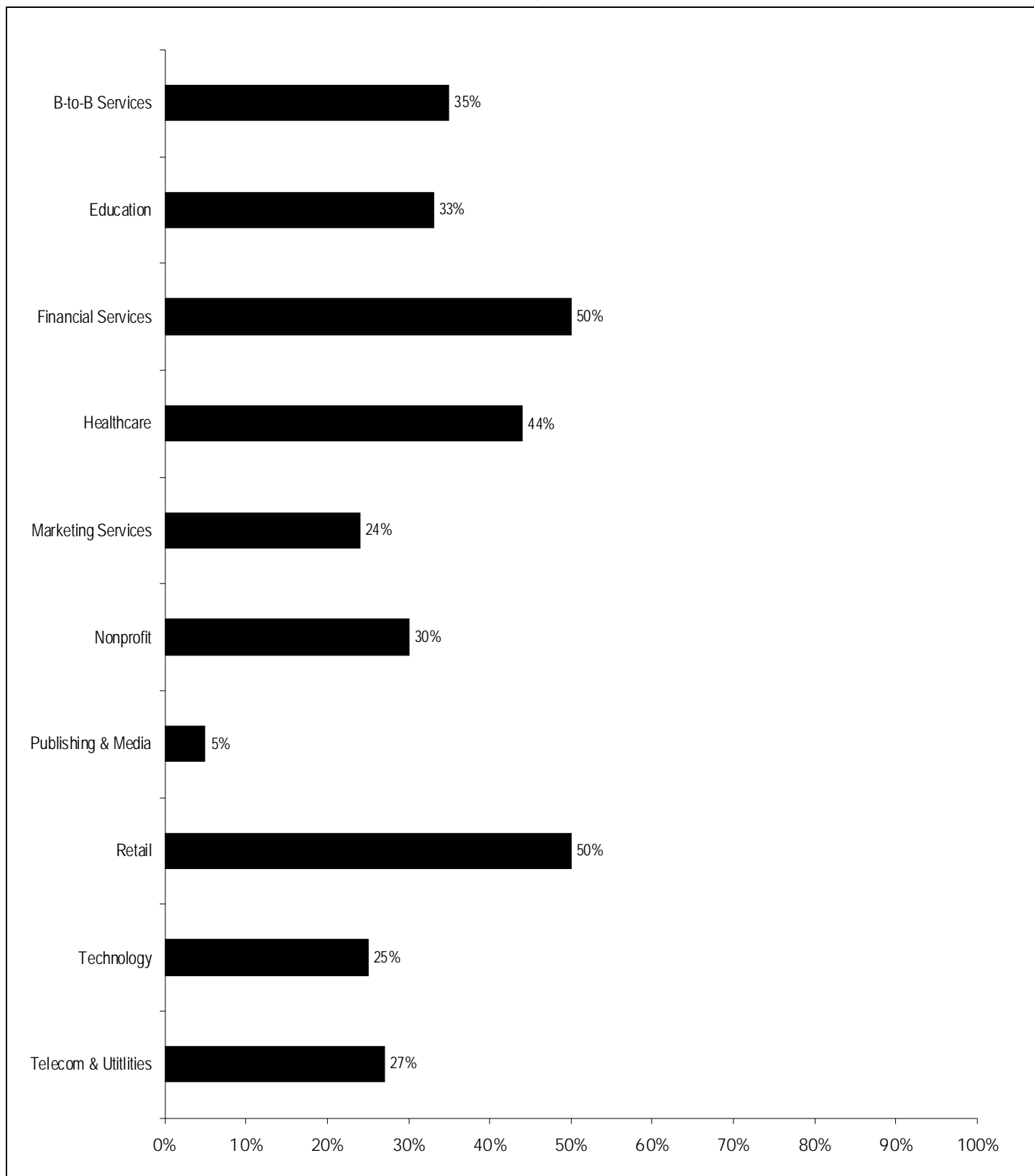
Metric	Average	Number of Clients	Number of Emails
Pharmaceuticals (Consumer and Health Care Provider)			
Open rate	23.7%	11	43 Million
Click-through rate	5.2%		
Click-to-open rate	22.5%		
Non-bounceback rate	86.5%		
Publishing/Media (Consumer)			
Open rate	14.9%	11.75	5.5 Billion
Click-through rate	5.7%		
Click-to-open rate	38.2%		
Non-bounceback rate	98.7%		
Retail (Apparel)			
Open rate	14.7%	6.5	5.5 Billion
Click-through rate	3.7%		
Click-to-open rate	25.3%		
Non-bounceback rate	98.9%		
Retail (General)			
Open rate	27.3%	10.5	6.3 Billion
Click-through rate	5.8%		
Click-to-open rate	21.6%		
Non-bounceback rate	98.0%		
Retail (Specialty)			
Open rate	20.4%	16.25	2.1 Billion
Click-through rate	4.0%		
Click-to-open rate	19.5%		
Non-bounceback rate	97.5%		
Telecom (Consumer)			
Open rate	21.8%	6.25	366 Million
Click-through rate	7.2%		
Click-to-open rate	32.4%		
Non-bounceback rate	95.9%		
Travel & Hospitality			
Open rate	27.3%	10	1.5 Billion
Click-through rate	4.4%		
Click-to-open rate	16.2%		
Non-bounceback rate	97.7%		
Total			
Open rate	21.3%		29 Billion
Click-through rate	5.3%		
Click-to-open rate	26.5%		
Non-bounceback rate	97.8%		

ONLINE DISPLAY

CHAPTER HIGHLIGHTS

- Display advertising can both increase awareness as well as generate direct response. The Bizo platform allows advertisers to track both the immediate actions, as well as some of the longer term actions that follow an ad's appearance in front of a site visitor. Bizo's data shows that over 94% of actions occur well after an ad is presented to a viewer, and may occur even without a click.
- According to Bizo, 0.01% of those people who were exposed to a display ad eventually completed the desired online action (e.g., make a purchase, sign up for an event, etc.). Even Bizo's deep view of the direct response effect of a display ad still doesn't account for the full brand awareness effect of an ad.
- Overall for the more than 2 billion ad impressions supplied by Bizo, display ads had a click-through rate of 0.024%, with a direct action to click rate of 2.51%
- Click-through rates for industries ranged from a high of 0.033% for Marketing Services and IT & Software to 0.018% for Financial Services.
- Actions per impression ranged from a low of 0.006% for Agriculture to a high of 0.015% for several industries: IT & Software, Telecom, and Travel & Hospitality.
- Real Estate had the highest rate of direct actions per click of 5.75%, which was more than four times the rate of 1.34% for Entertainment.
- Half of DMA respondents in Retail and Financial Services report using internet display advertising, the highest proportions among industries.

INTERNET DISPLAY USAGE BY INDUSTRY (DMA SAMPLE)



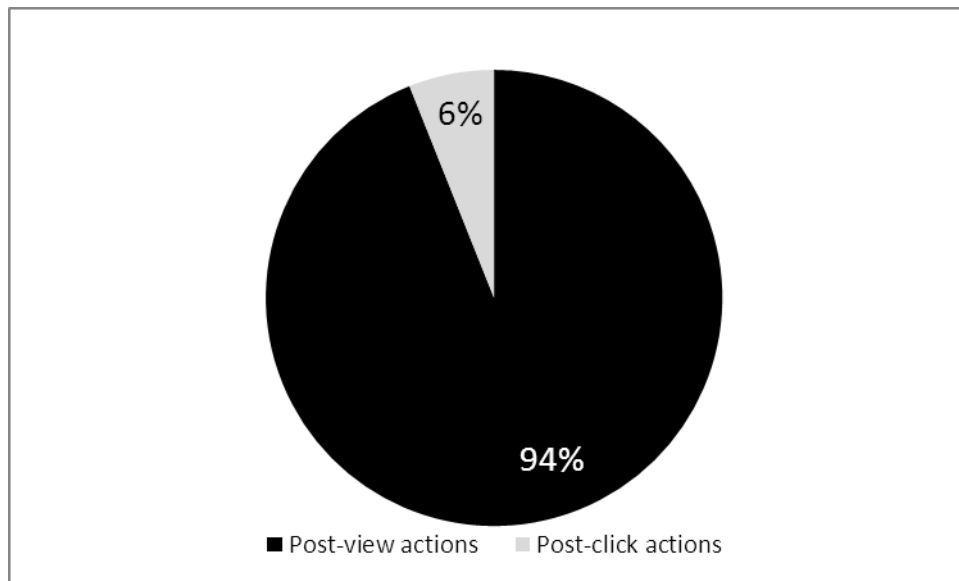
N=181

BUSINESS INTERNET DISPLAY METRICS (TRANSACTIONAL DATA FROM BIZO)

Industry	Click Through Rate	Direct Actions per Click	Total Actions per Impression	Volume of Impressions
Agriculture	0.029%	1.48%	0.006%	19.4 Million
Automotive	0.026%	1.92%	0.009%	11.4 Million
Business Services	0.023%	2.75%	0.013%	273.0 Million
Construction	0.025%	1.78%	0.009%	48.9 Million
Consumer Services	0.024%	2.59%	0.009%	26.4 Million
Consumer Packaged Goods	0.023%	1.69%	0.011%	10.0 Million
Education	0.024%	1.82%	0.009%	306.3 Million
Entertainment	0.030%	1.34%	0.010%	5.8 Million
Financial Services	0.018%	1.83%	0.007%	151.0 Million
Government	0.022%	1.52%	0.008%	66.7 Million
Healthcare & Pharmaceuticals	0.020%	2.26%	0.008%	104.5 Million
Insurance	0.019%	1.62%	0.007%	37.5 Million
IT & Software	0.033%	3.78%	0.015%	53.9 Million
Manufacturing	0.024%	2.14%	0.010%	117.2 Million
Marketing Services	0.033%	2.36%	0.011%	46.0 Million
Mining, Energy & Utilities	0.032%	1.42%	0.010%	29.9 Million
Nonprofit	0.026%	1.82%	0.010%	65.7 Million
Publishing & Media	0.028%	2.69%	0.013%	160.0 Million
Real Estate	0.024%	5.75%	0.009%	164.0 Million
Retail	0.028%	1.84%	0.008%	97.0 Million
Technology	0.023%	2.59%	0.010%	31.0 Million
Telecom	0.026%	2.56%	0.015%	14.1 Million
Transportation	0.027%	1.53%	0.010%	12.3 Million
Travel & Hospitality	0.026%	2.59%	0.015%	95.9 Million
Wholesale	0.024%	2.11%	0.007%	63.0 Million
Total	0.024%	2.51%	0.010%	2.028 Billion

Note: Bizo's platform has a learning tool, which means that CTR's and actions improve over time. The figures above show only the overall rate, which understates the ultimate performance.

PERCENTAGE OF ACTIONS THAT ARE POST-CLICK VS. POST-VIEW



N= 2.028 billion ads

Post-click actions occur immediately after a click, post-view actions can occur days or weeks after a click, or even if an ad is just viewed.

APPENDIX

SAMPLE QUESTIONNAIRE

The questionnaire was deployed online using the survey software of Survey Monkey.

Thank you for taking the biennial Response Rate Survey. When you complete the survey, you will be eligible to receive a mini-report with topline results. Just make sure to leave your email address at the end. Most people should be able to complete the survey in about 10 minutes, although if you use many channels, it may take longer.

This survey will ask you about the performance of an average/representative campaign in each media.

1. If you are an **agency**, please enter the results you achieve on average for your clients. If your results vary by industry, concentrate on your most common type of client.
2. If you are a **marketer**, please enter the results for a representative campaign.
3. If you are a **supplier**, please enter the results from one of your own representative campaigns.

Many campaigns are fully integrated now. If this is the case for your campaigns, please isolate to the best of your ability the bounce provide by each channel.

All responses will remain confidential and will be reported only in the aggregate. Thanks for your participation.

Direct Mail

*1. Do you use direct mail in your marketing campaigns?

- ☐ Yes
- ☐ No

2. What is the average response rate and cost per thousand for your direct mail campaigns to your house and prospect lists for each of the following mail formats. Please choose the rate nearest to your actual figure. Leave a box empty if you do not use this format.

A house list includes the names of your existing customers. A prospect list has names of potential customers and is often rented.

	House list	Prospect list	Cost per Thousand (CPM)
Letter-sized envelope	<input type="text"/>	<input type="text"/>	<input type="text"/>
Postcard	<input type="text"/>	<input type="text"/>	<input type="text"/>
Oversized envelope	<input type="text"/>	<input type="text"/>	<input type="text"/>
Dimensional	<input type="text"/>	<input type="text"/>	<input type="text"/>
Catalog	<input type="text"/>	<input type="text"/>	<input type="text"/>

3. What is the average return-on-investment (ROI) for your direct mail campaigns? ROI = revenue generated/cost.

To a house list

To a prospect list

4. What is the average volume of your direct mail campaigns?***5. What is the primary purpose of your direct mail campaigns?**

- ☐ Direct sale
- ☐ Lead generation
- ☐ Drive retail traffic

Email***6. Do you use email in your promotional campaigns**

- ☐ Yes
- ☐ No

7. What is the average open rate, click-through rate and conversion rate for your email campaigns to your house and prospect lists. Please choose the rate nearest to your actual figure.

A house list includes the names of your existing customers. A prospect list has names of potential customers and is often rented.

	Open rate	Click-through rate	Conversion rate (based on clicks)
House List	<input type="text"/>	<input type="text"/>	<input type="text"/>
Prospect List	<input type="text"/>	<input type="text"/>	<input type="text"/>

8. What is your average acquisition cost and ROI for your email?

Acquisition cost is the cost to acquire a new customer via an email campaign.

ROI is the revenue produced by the campaign divided by its cost.

Acquisition Cost (for acquisition email) (\$)

ROI (for email to existing customers)

***9. What is the primary purpose of your email campaigns?**

- ☐ Direct sale
- ☐ Lead generation
- ☐ Drive retail traffic

Paid Search

***10. Do you use paid search in your marketing campaigns?**

- ☐ Yes
☐ No

11. For your paid search campaigns, what is your average click rate, conversion rate per click, cost per click and return on investment (ROI)? If you do not know or track a metric, please leave the answer blank.

Click rate (%)
Conversion per click (%)
Cost per click (\$'s)
ROI (revenue generated divided by its cost)

***12. What is the primary purpose of your paid search campaigns?**

- ☐ Direct sale
☐ Lead generation
☐ Drive retail traffic

Display advertising***13. Do you buy online display advertising?**

- ☐ Yes
☐ No

14. What is your cost per click(CPC)/cost per thousand (CPM), click rate, conversion per click, and ROI of your online display ads? If you don't know or don't measure any of these, leave the box blank.

CPC (\$)
CPM (\$)
Click rate (%)
Conversion per click (%)
ROI (revenue generated divided by its cost)

***15. What is the primary purpose of your online display ads?**

- ☐ Direct sale
- ☐ Lead generation
- ☐ Drive retail traffic

Mobile***16. Do you use mobile display ads?**

- ☐ Yes
- ☐ No

17. What is your cost per action (CPA)/cost per thousand (CPM), click rate, conversion per click, and ROI of your mobile display ads? Leave blank any metric you don't use or know.

CPA (\$)	<input type="text"/>
CPM (\$)	<input type="text"/>
Click-through rate (%)	<input type="text"/>
Conversion per click (%)	<input type="text"/>
ROI (Revenue generated/Cost)	<input type="text"/>

***18. What is the primary purpose of your mobile campaigns?**

- ☐ Direct sale
- ☐ Lead generation
- ☐ Drive retail traffic

Telephone***19. Do you use telephone marketing in your campaigns?**

- ☐ Yes
- ☐ No

20. What is your average response rate (generated lead or completed direct sale), cost per contact, and ROI for your outbound telephone marketing to your in-house (cross-sell/upsell) and prospect lists?

Response Rate (Cross-sell/Upsell) (%)	<input type="text"/>
Response Rate (Prospect) (%)	<input type="text"/>
Cost per Contact (Cross-sell/Upsell) (\$)	<input type="text"/>
Cost per Contact (Prospect) (\$)	<input type="text"/>
ROI (Cross-sell/Upsell)	<input type="text"/>
ROI (Prospect)	<input type="text"/>

***21. What is the primary purpose of your telephone campaigns?**

- ☐ Direct sale
- ☐ Lead generation
- ☐ Drive retail traffic

Other Media

22. What is your cost per order/lead for the following media? If you do not use a media, or do not know the answer, please leave the box blank.

DR Magazine ad (print)	<input type="text"/>
DR Magazine ad (App/HTML)	<input type="text"/>
DR Newspaper (print)	<input type="text"/>
DR Newspaper (App/HTML)	<input type="text"/>
DR Radio	<input type="text"/>
DRTV	<input type="text"/>
Digital Out-of-Home (DOOH)	<input type="text"/>

23. If you know the ROI for your campaigns in any of the following, please enter it below.

DR Magazine ad (print)	<input type="text"/>
DR Magazine ad (App/HTML)	<input type="text"/>
DR Newspaper (print)	<input type="text"/>
DR Newspaper (App/HTML)	<input type="text"/>
DR Radio	<input type="text"/>
DRTV	<input type="text"/>
Digital Out-of-Home (DOOH)	<input type="text"/>

Firmographics

***24. Are you a...?**

- ☐ Marketer
- ☐ Agency
- ☐ Supplier of marketing services

***25. Which industry best describes you? If you are an agency, please indicate which industry is your best client?**

- ☐ Automotive
- ☐ Building/Construction
- ☐ B-to-B Services
- ☐ Consumer Packaged Goods
- ☐ Entertainment
- ☐ Education
- ☐ Financial Services -- Banking & Credit Cards
- ☐ Financial Services -- Investments & Mortgages
- ☐ Financial Services -- Insurance
- ☐ Healthcare/Pharmaceuticals
- ☐ Nonprofit
- ☐ Publishing & Media
- ☐ Retail
- ☐ Technology
- ☐ Telecommunications
- ☐ Travel/Hospitality
- ☐ Utilities
- ☐ Other (please specify)

***26. Is your representative campaign B-to-B or B-to-C?**

- ☐ B-to-B
- ☐ B-to-C

You finished!

