


Direct Mail Response Rates Are at Their Highest Point in Over a Decade

 Posted January 20, 2017 by Debora Haskel in Direct Marketing Trends

If you read my recent ode to Betty White, you likely saw that I teased this introduction from the 2016 DMA Response Rate Report: “Direct mail, considered outdated by many, still impresses with its strong response rate.” This is highly important insight for direct marketers, who need the latest data to help them calibrate their marketing mix in order to reach their customers and prospects most efficiently.

Unlike Betty’s 95th birthday, which received a lot of attention, the DMA very quietly released its 2016 report (fees apply) a few months ago. We’re not sure why they didn’t make a bigger deal out of it, as it’s full of positive information about rising direct mail response rates and improved performance among a host of digital channels. While the report doesn’t state unequivocally why response rates have increased, it’s almost certainly related to marketers getting better at applying data to their campaigns to reach the right people at the right time with the right offer. Consumers appear to be responding favorably to these more personalized and relevant offers.

The 2016 DMA Response Rate Report packs a lot of information into an 82-page PDF. Because direct mail is at the heart of how we power our clients’ marketing efforts, let’s first review the good news regarding mail.

Direct Mail Response Rate Trends

- Direct mail response rates took a tremendous leap in 2016 with a 5.3% response rate to house lists and 2.9% to prospect lists. These are the highest levels the DMA has tracked since 2003. For comparison, in 2015 the rates were 3.7% and 1.0% respectively. In 2010 it was 3.4% and 1.4%.
- Just like our previous recap of the DMA’s 2015 findings, direct mail response rates blow digital channels out of the water, with no other channel cracking 1%. The other channels ranked in order of

highest to lowest were Online Display (0.9%), Email (0.6% house/.3% prospect), Social Media (0.6%), and Paid Search (0.5%).

- Industries with the highest use of direct mail are Financial Services—Banks or Credit Unions at 71%, Consumer Packaged Goods at 63%, Retail at 55%, Travel or Hospitality at 55%, and Publishing or Media at 54%.
- Direct mail has the third highest ROI according to the report. Email led with 122%, followed by social media at 28%, direct mail at 27%, paid search at 25%, and online display at 18%.

The One Caveat to Direct Mail

Despite the increase in response rates, the DMA reports direct mail is expected to experience a 19% decline in future use over the next 12 months according to respondents. 46% expect their use of direct mail to remain the same and 35% anticipate an increase.

It's incumbent upon marketers to keep an eye on their competition. If competitors are abandoning the mailbox, they're leaving you with a huge opportunity to dominate the channel that achieves the highest response rate. Make certain your marketing partners are helping you monitor the direct mail efforts of your competition.

Email Response Rate Trends

As the 2016 DMA Response Rate Report notes, email continues to be an extremely popular channel both in terms of use and ROI. Here are some of the more interesting stats.

- The rates vary significantly between house and prospect lists. Email rates for a house list have an open rate of 21%, a click through rate of 10%, and a conversion rate of 5.5%. For a prospect list, those rates decrease to an open rate of 16.4%, a click through rate of 5.9%, and a conversion rate of 4.3%.
- Industries with the highest use of email are Financial Services—Insurance at 94%, Travel or Hospitality at 91%, Healthcare or Pharmaceuticals at 90%, B-to-B Services at 88%, Financial Services—Banks or Credit Unions at 88%, and Consumer Packaged Goods at 88%.
- When comparing mobile and desktop activity for email, 83% of respondents reported open rates were the same or higher on mobile, while 76% reported click through rates were the same or higher and

72% said conversion rates were the same or higher.

It was also interesting to note that email sent to prospect lists had the lowest reported response rate. The statistics outlined in the 2016 DMA Response Rate Report are further evidence that email isn't an effective channel for customer acquisition. As Alan Sherman recently addressed, combining the power of direct mail for customer acquisition with the ability of email to engage customers is a powerful formula.

We hope these stats are helpful to you—but data is just one piece of the puzzle. Developing a strategy to pinpoint new customers or create stronger loyalty among existing ones requires the right combination of strategy, creative, and production. If you'd like to discuss how to improve your direct marketing efforts in 2017, please let me know. We're happy to help.

 <https://www.iwco.com/blog/2017/01/20/direct-mail-response-rates-and-2016-dma-report/>