

Encouraging a Better Response to Direct Mail Campaigns

By BNET Editorial

published on BNET.com 5/02/2007

Direct mail offers the advantage of a simple and immediate measure of success: the response rate. Another advantage of direct mail is that you can test the variables before committing all your resources to a particular approach. You can aim for realistic results while you keep your expenses within your budget.

Key points in direct mail:

- Define your target market as precisely as you possibly can. The more precisely you target, the better your response rates will be.
- Integrating direct mail with other marketing activities will improve your response.
- A series of mailings versus a single mailing will help ensure that you meet your response targets.
- Getting the mailing list right is vital. Check all internal sources of information to ensure that the information on your list is up to date. Mailing to existing customers and including information relevant to their interests will invariably generate the highest response rates.
- If you are moving into new market sectors, internal lists may not provide the information you need, and you may need to assemble or acquire lists from external sources to match your desired customer profile. Consider commissioning a tailored list from a list broker, to match your requirements exactly.
- Keep refining your lists and checking them for accuracy, to improve response and reduce waste.
- Personalized one-to-one mailings are an ideal form of communication for companies with detailed information about prospects. Personalize your mailings to the recipients as much as possible.
- Direct mail response levels can increase significantly when you conduct a telemarketing campaign in conjunction with the mailing.

What You Need to Know

Why do direct mail responses tend to be so low?

The figures quoted below are industry averages. Your results can vary up or down, depending on your product, your market, the type of mailing, and other factors. Remember that a small percentage return from a mass mailing can provide you with a reasonable number of new prospects. To put the response rates into perspective, compare the response and the cost of response from direct mail with an equivalent amount of spending on advertising.

Should we always test direct mail?

If it is practical, test direct mail on a small sample of any target market. Although direct mail is a precise medium, testing can refine the process even further. With so many variables in a mailing campaign, you can test different elements individually and plan your full campaign on the basis of the best response rate.

How should we measure direct mail effectiveness?

The ultimate test of any marketing campaign is an increase in profitable sales. Direct mail can provide the mechanism for sales, but “making the sale” depends on pricing, the quality of your products, sales representatives, customer service, competitive activity, and many other factors. Direct mail should be given a specific role and measured by how it fulfills that role.

What to Do

Set Targets

- Response levels as low as 1% or 2% are regarded as the industry norm.
- Response rates around 5% are regarded as high.
- Response rates between 10% and 20% have been reported by companies that have integrated direct mail with other forms of marketing communications.

Define Your Target Market

Do you want to reach all customers and prospects? Or are you targeting specific groups? Direct marketing is a precise medium, so your campaign could be aimed at one key decision maker or thousands of potential users. The more precisely you target, the better your response rates will be.

Use Direct Mail As Part of an Integrated Marketing Campaign

Although direct marketing campaigns can run at any time, results can be improved by integrating the campaign with other marketing activities, such as an exhibition, advertising campaigns, or sales force

calls. With integrated campaigns, overall awareness levels among customers and prospects will be much higher, and your mailing offer will have a much higher chance of success.

Choose the Right Campaign Frequency

A mass mailing, telephone call, or direct response advertisement may produce results, but a series of quality contacts will have greater impact on prospects and will help ensure that you meet your response targets. Multiple direct marketing contacts provide a number of benefits:

- With each contact, you raise levels of awareness about your product or services.
- You can follow up with prospects who have not responded to previous contacts.
- You can encourage individual respondents further along the process of deciding to buy.

Facilitate Response

Web site or e-mail addresses, postage-paid envelopes, and toll-free numbers provide easy-to-use response mechanisms that can boost response. You should monitor the response levels from different mechanisms to see which are more effective.

Test Your Approach

To help ensure success, you should test your approach before committing resources to the full campaign. There are a number of variables that can be tested:

- the offer
- the creative approach
- the target audience
- the response mechanism
- frequency and timing of mailing
- integration with other communications programs.

Use Split Campaigns

If budget allows, you can develop a series of campaigns that vary by offer, creative approach, response mechanism, frequency, and timing. The results can give you a quick indication of what works best and how to design future campaigns.

Hone Your Mailing Lists

Getting the mailing list right is vital. Basic mailing lists include just names, addresses, job titles, and telephone numbers of customers and prospects. The basic list can be refined by adding information about buying patterns, lifestyle, and many other factors, all of which add to your understanding of customers and prospects.

Check Internal Sources of Information

Your customer records are probably your most valuable asset, as existing customers invariably show the highest response rate when they are sent direct mail with information relevant to their interests.

Use these sources:

- customer records
- customer correspondence, including records of complaints
- warranty records
- service records
- sales prospect files
- Web site registrations and queries
- sales force reports
- records of lapsed customers.

Simple segmentation of your internal lists might give you categories such as these – you can then customize the mailings to capture the attention of each group:

- customers who have bought in the last six months
- lapsed customers
- customers who spend over \$X a year.

Add External Sources of Information

Your internal lists are more likely to yield high response rates, but if you're moving into new market sectors, internal lists may not put you in touch with the right prospects. External lists are available from a number of sources, including list brokers, magazine publishers, directory publishers, trade associations or professional societies, commercial organizations, and retailers. To achieve a high response rate, make sure any list you acquire closely matches your desired customer profile.

Commission a Specialized List

Standard lists may not put you in touch with the best markets for your product or service. If you commission a list, give the supplier full details about your product or service and your target audience, so the list will capture the right people.

Refine Your Lists Continually

- Make sure that lists are kept up to date with new customer and prospect data.
- Include coupons and other reply mechanisms with every form of communication, and add the responses to your lists.
- Encourage the sales force to provide up-to-date customer and prospect information.
- Maintain an active search program in appropriate Web sites, magazines, and newspapers to identify new prospects for your list.

Send Personalized Letters

Personalized one-to-one mailings are an ideal form of communication for companies with detailed information about their prospects. If the database or mailing list provides individual's names, the direct mail letter can be personalized in the greeting ("Dear Mr. Jones") and throughout the text ("...and, Mr. Jones, you'll be glad to know...").

Use Telemarketing

Response levels can increase significantly if direct mail is used in conjunction with telemarketing. This dual approach is:

- selective: contact can be initiated and maintained with all or selected groups of customers and prospects
- precise: the calls can be targeted
- flexible: the offer and the message can be varied
- fast: calls can be made immediately
- responsive: because telemarketing is interactive, it encourages response
- measurable: the effectiveness of a telemarketing campaign can be gauged precisely.

What to Avoid

You Set Unrealistic Response Rates

Direct mail is a precise medium, but it's all too easy to set unrealistic targets for response. A target response rate of 5% or 6%, for example, would be seen as extremely high in many industries.

You Fail to Integrate Your Marketing Activities

If you want a much higher response rate than the standard 1% or 2%, you may need to integrate other marketing efforts with your direct mail campaign. For example, you can place ads to appear before the mailing goes out, to raise your company profile. Then, mail to your targeted prospects and use telemarketing to follow up with the mailing recipients. Response rates from integrated campaigns are generally higher because direct mail is reinforced by the additional efforts

You Use Substandard Mailing Lists

Good quality mailing lists are crucial to good response rates. If your lists contain duplicate addresses, out-of-date information, or incorrect data, response will be poor. Refine your lists continually to make sure they're working hard for you.

Where to Learn More

Books:

Bird, Drayton. Commonsense Direct Marketing. 4th ed. Kogan Page, 2000.

Warwick, Mal. Testing, Testing 1, 2, 3: Raise More Money with Direct Mail Tests. Jossey-Bass, 2003.

Web Sites:

The Direct Marketing Association: www.the-dma.org

Direct Mail News: www.topix.net/business/direct-mail

InsideDirectMail: www.insidedirectmail.com