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***dma***



# Response Management Study

2011



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# Introduction

*“The only purpose of direct marketing is to generate response. There is no other justification for it.”*

Many businesses spending £millions on marketing are missing out on valuable sales because they fail to provide proper responses to basic customer sales enquiries. In trials and tests throughout the world over many years, it has been proved that the faster the response to a sales enquiry, the higher is the propensity for the consumer to buy. A major reason for this is that many people are time poor and wish to make quick purchasing decisions from the goods/services on offer. Other tests have also proved that the personalisation of responses also lifts conversion rates.

A research study undertaken by the Response Management Council (August –September 2011) shows that 22 out of 217 top companies failed to respond to a customer sales enquiry/brochure request via their website. Moreover, of those who did respond, the average response time was 5.4 days.

In the 2011 survey, all the companies advertised printed catalogues/brochures. 91% of them also had web enquiry forms. It therefore seemed reasonable to assume that a company would at least send an email acknowledgement of the email enquiry. In fact this happened in only 35% of cases. Only a handful used it to up-sell - for example to ask for more details, refer to special offers or even mention their website. And probably most shocking of all, only 29% used the sales data to follow up the enquiry by email or ‘snail’ mail in a six week period following the enquiry.

If direct marketing is all about generating response, then there can be no excuse for not providing an excellent response service.

The sectors posting the fastest average response times were cars (3.1 days), B2B (4.2 days) and home (4.4 days). The hobbies and sports sector was the slowest with an average response time of 8.3 days while the largest number of non-respondents were recorded in the other vehicles sector (boats, caravans, light planes and motorcycles) and clothing sectors.

Response times – Standards are slipping! Response times are up. Personalisation is down. Failures are up. Ten companies took 2 weeks or more to respond. An unknown factor is Royal Mail’s comparative delivery performance in the two surveys. Many companies use 2nd class post to respond to sales enquiries. For the saving of a few pence, this seems like false economy in view of the overwhelming evidence that ‘the faster the response, the higher the conversion’.

Personalised responses – Not only do personalised responses lift conversion, they also make less work. A sensible, cost saving approach would be to produce a personalised letter, with the enquirer’s details being captured into a database, and then to use a window envelope or polywrap with the address showing through. Interestingly, the results showed that the fastest responders nearly always used personalisation to good effect.

Failure to respond – At 10%, this shows neglect of customer enquiries when least expected i.e. in a period of economic stagnation.

Marketing failure – Only 35% bothered to acknowledge by email, thank and/or up-sell, which not only shows poor marketing capability but also lack of courtesy. Lack of direct marketing competence is also shown by the 71% who failed to do any database marketing!

Online v/s traditional - While many companies have online stores, 50% offered e-catalogues. There are still a significant proportion of individuals who like to browse paper catalogues – for example many people like to research cars and holidays in this way.

While accepting that all mail order and catalogue companies carry out business via their websites, it is still true that a high proportion of mail order transactions are carried out on the telephone or post using printed catalogues, brochures and price lists. How much potential customers refer to websites prior to carrying out traditional buying methods is a big source of debate within the industry.

Incredulous as it may seem, companies are falling at the first hurdle and turning away potential sales. Consumers have come to expect rapid response times, even real time responses to enquiries, and so it is vital that companies are not just acting upon enquiries but acting quickly.

It is a proven fact that a fast, personalised reply results in an increase in response and conversion rates, greater customer loyalty and, as a result, a rise in sales. With budgets under more scrutiny than ever, marketers really need to extol these benefits to prove their worth. Judging from our research findings, it would seem that some companies need to go back to the drawing board and reassess their response handling.

**John Dyson**

*Vice-chair, Response Management Council*

# Key findings

Brands looking to drive sales by encouraging prospects to request product or service information online are only managing part of the journey. To ensure the maximum number of prospects convert into sales, there are some critical steps along the way that still need to be smoothed out:

- It takes 5.4 days on average to deliver a brochure following an online request. This is 1.8 days longer than in 2009
- 53% of companies failed to have an address finder on their website forms
- Only half of the companies only offer an online or downloadable version of their brochures
- Only one in twenty offer to email the brochure to the prospect
- One-third of companies send an email to acknowledge a brochure request
- While 45 per cent personalised the mail pack sent to enquirers, only three in ten used the prospect's contact data for ongoing marketing via email
- Nearly one in ten companies did not respond to an online enquiry at all, despite offering the facility to request information via their website

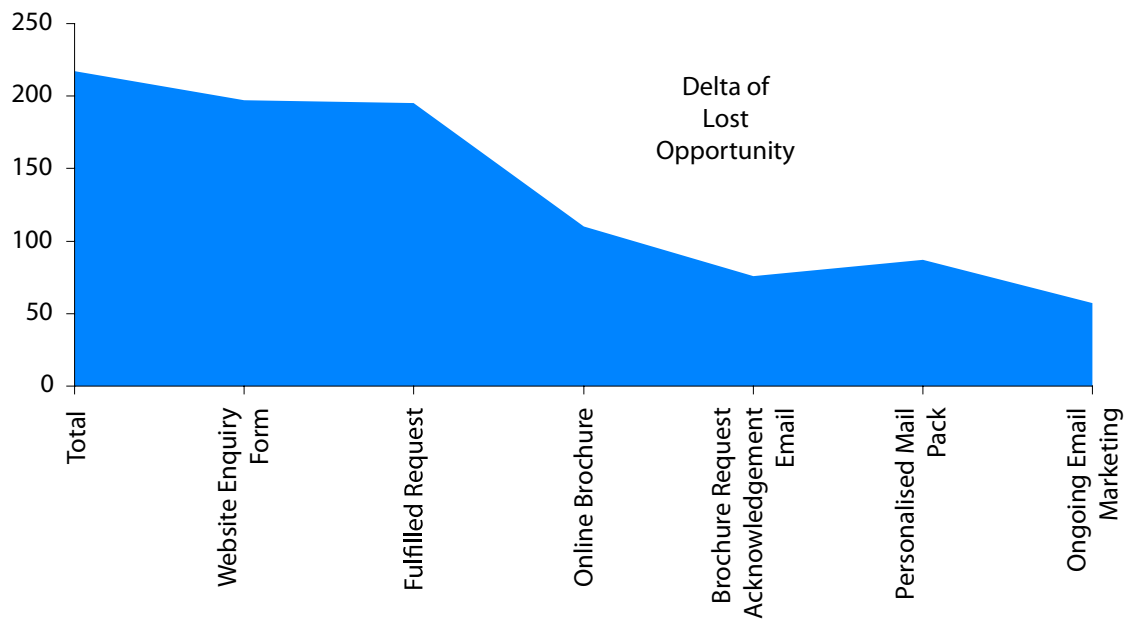
In this survey, 217 companies in 10 different sectors, who had been pre-qualified as to whether they produced a printed catalogue/brochure, were sent a request for a brochure and further information about their products/ services. The enquirer's emails were carefully checked for any bounce back notifications to ensure that the enquiry had been received. A few requests were also made by a telephone request.

A similar survey was conducted with a sample of 200 companies in August 2010 and the year before that. A comparative table gives us a quick overview of the trends in response management.

Year	2009	2010	2011
Using website enquiry forms	not available	98%	90.8%
Website enquiries with address finder	not available	46%	46.7%
Email acknowledgement of request for brochure	not available	39%	35%
Average (mean) response time (days)	3.6	4.7	5.4
Failed to respond (& no follow up marketing)	14%	13%	8%
Companies using personalisation	34%	53.1%	45%
Companies using enquiry details for ongoing marketing by email	not available	22.5%	29%

# 1. Mapping the customer journey

## 1.1 Taking the Customer with You



Source: DMA Response Management Study;  $n = 217$ ; Aug/Sept 2011

Finding, developing and keeping customers is a journey that begins when a prospect raises their hand and expresses interest in a product or service. Nurturing that interest up to the point of conversion into a sale is a critical phase in the relationship. It is where best practice in response handling makes the greatest impact.

Three major factors affect response and conversion:

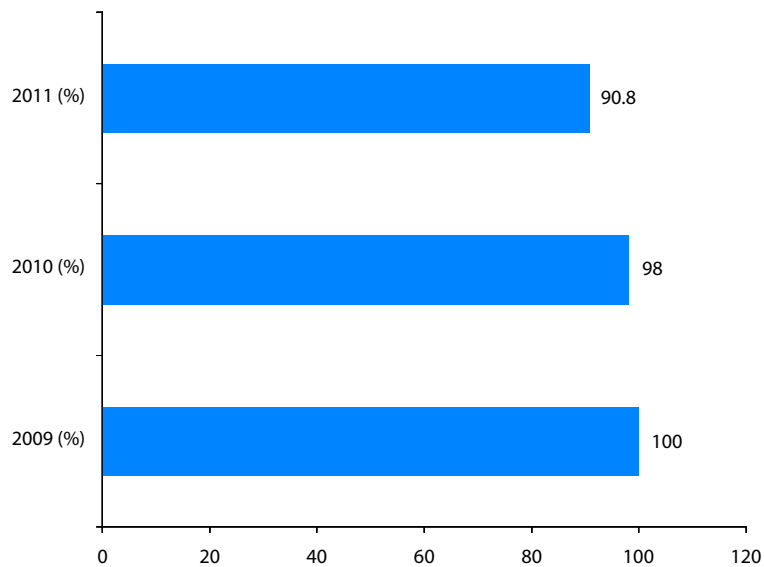
- Speed of response
- Personalisation
- Follow-up marketing

Along the steps on this journey, companies therefore have opportunities to increase the likelihood of a sale – or equally to lose it. As this map of the drop-off points shows, only one in four manage a sustained engagement along this route:

- One in ten fail to respond to the initial enquiry
- One in two do not offer a brochure for downloading or viewing online
- One in three do not acknowledge a brochure request by email
- One in four do not conduct ongoing marketing via email

Each of these is a relatively simple process, albeit with cost implications, and none of them requires especially complex skills or technology (with the possible exception of providing personalised mail packs). If organisations driving response to a website were to ensure they had this end-to-end response management process in place, the performance of their marketing programmes and return on investment would significantly improve.

## 1.2 Ask at the Enquiry Desk



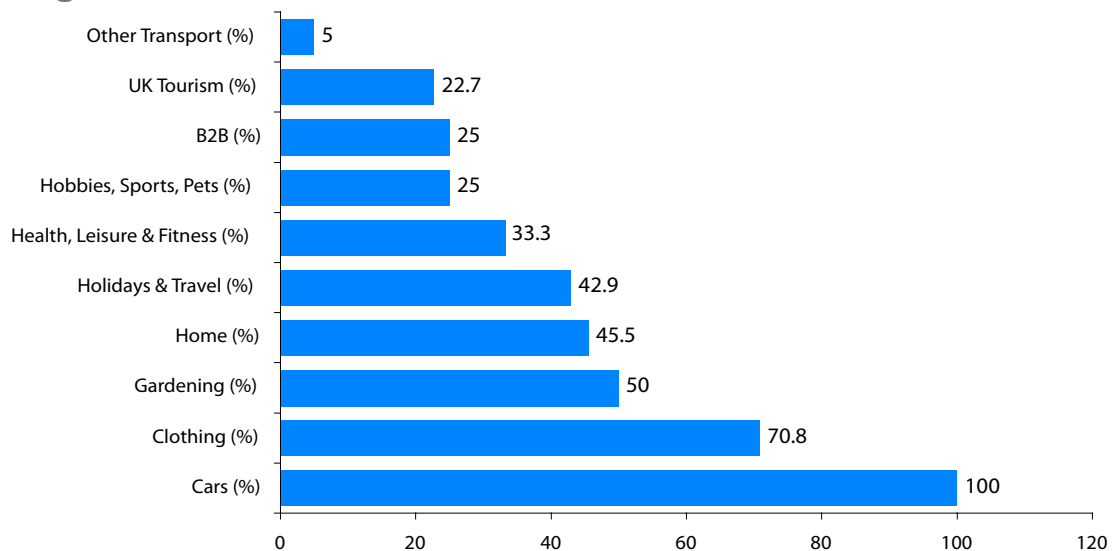
Source: DMA Response Management Study; n = 217; Aug/Sept 2011

The Internet is central to the daily life of both businesses and consumers. Websites are now the hub via which companies can interact with their markets and where potential customers expect to start their relationship with a business.

Yet 9.2 per cent of companies surveyed in 2011 did not have an online enquiry form via which a brochure (or product information) could be requested. This gap ensures that the customer journey never gets started for these companies – or at least, that it can not progress via the internet where most potential customers now expect to conduct their affairs.

This represents a significant drop-off compared to two years ago when every single organisation surveyed had enabled online requests. Since many of the same companies were approached in both years, it may be that financial pressures have led to cut-backs in resourcing of websites. If so, it is a short-sighted economy.

## 1.3 Finding Where You Are



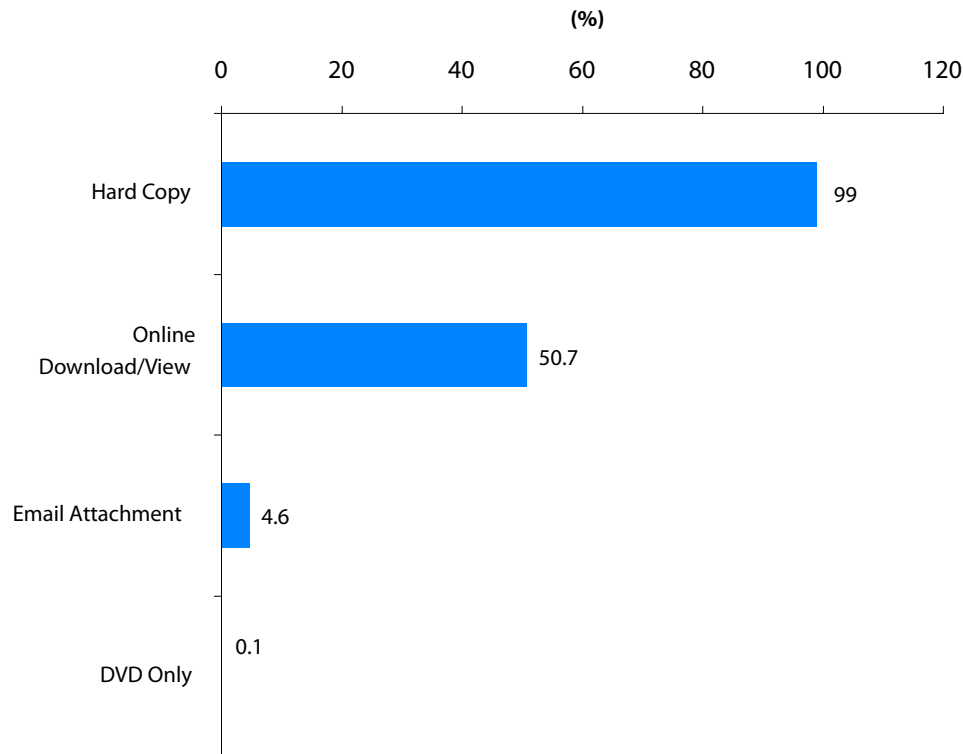
Source: DMA Response Management Study; n = 217; Aug/Sept 2011

Websites should be easy use-to-use – this can make a significant difference in how much a potential customer trusts the company. (According to the DMA Financial Services Tracker, easy-to-use websites are the single most important

factor in gaining consumer trust, for example.)

A simple tool that speeds up registration or brochure request is the address finder – an embedded look-up that automatically fills out the address in a form, usually based on the postcode. Among companies that offered online enquiry forms, fewer than half (46 per cent) had implemented these systems. This proportion is the same as in 2010.

Substantial variations between industry sectors are apparent, with car companies leading the way by offering address look-up on every website. No other sector reached this level of convenience – by contrast, other transport companies had the worst level of address finders on their websites.



Source: DMA Response Management Study; n = 217; Aug/Sept 2011

## 1.4 Choosing the Best View

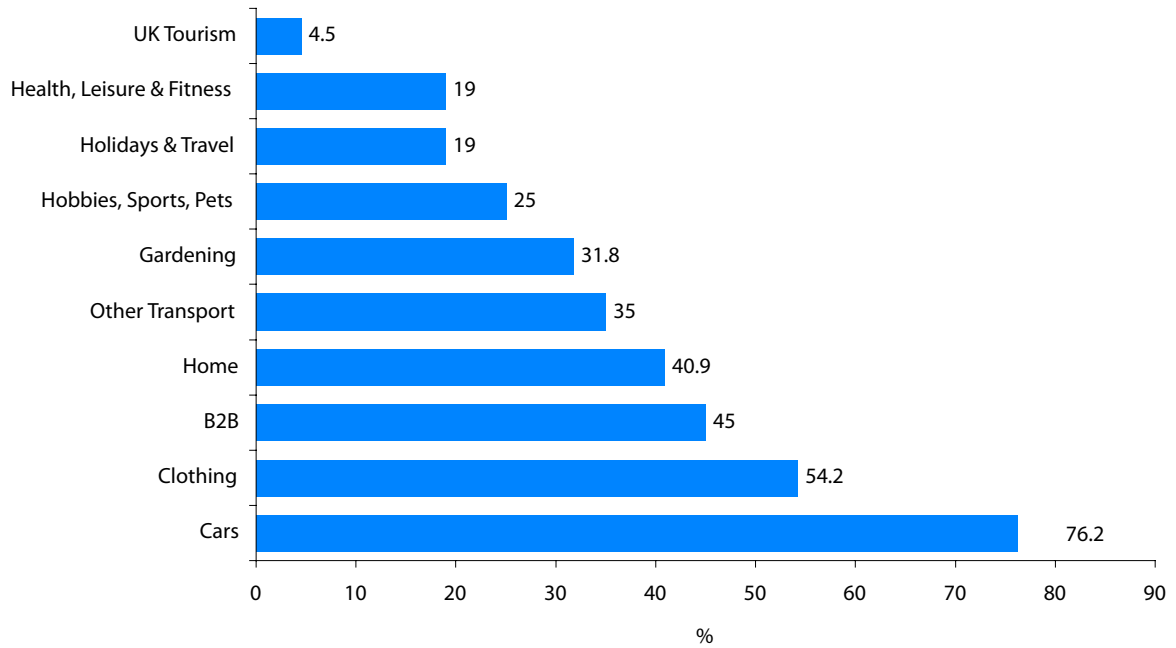
People have preferences about the format in which they want to receive information. Companies that respect these preferences and are able to meet most of them are more likely to convert an enquiry into a sale. Having adopted a particular format, however, it appears that half of companies stick to it without enabling other methods of accessing the same material.

Companies in this survey were selected on the basis of offering a catalogue, hence the prevalence of hard copy as a brochure format offered. (A curious exception was Schmidt Kitchens which offered only a DVD via its web enquiry form, yet went on to send a printed brochure and no disk, and Mantis Tillers which also only offered a DVD.)

Enabling a brochure to be viewed online in a web browser or downloaded onto the enquirer's desktop ought to be standard practice, but is in fact only allowed by half of direct response advertisers. Cars and Gardening are the sectors most likely to offer online brochure views or downloads (85.7 and 80.9 per cent respectively), while the majority of Home (59.1 per cent) and Hobbies (54.5 per cent), half of Clothing and nearly half of Health and Leisure (48.1 per cent) provide this option. Alarming, UK Tourism (25 per cent) and Holidays & Travel (23.8 per cent) are the laggards in this respect, despite the central role the internet plays in research by prospects across these sectors.

Even more surprising is that just ten companies offered to send a brochure via email. As with online viewing, any document created for printing can be readily converted into an electronic format for distribution online or by email. It is difficult to understand what the barriers to adopting these routes might be, not least because they are very low cost compared to hard copy.

### 1.5 A Thank You Would Be Nice

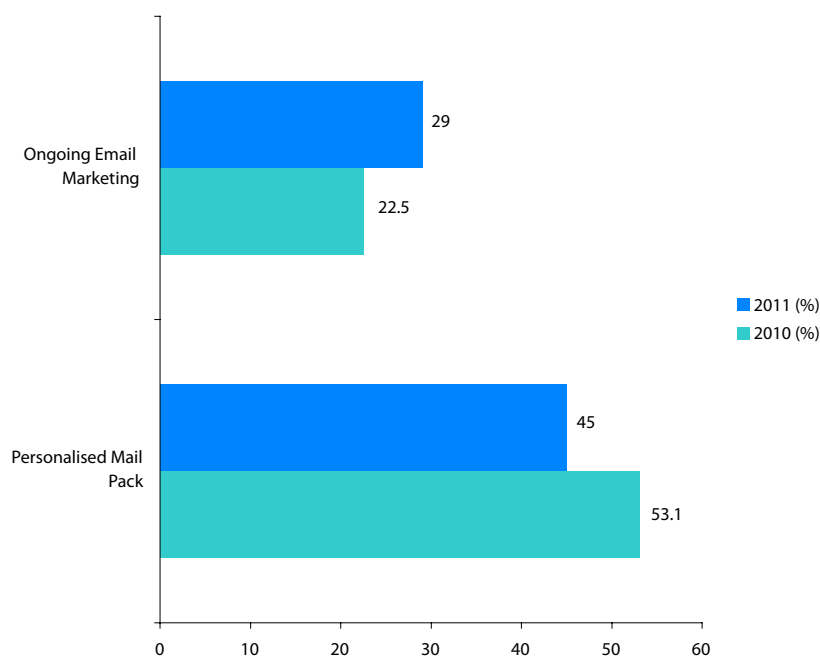


Source: DMA Response Management Study; n = 217; Aug/Sept 2011

When an enquirer raises their hand to show interest in a product or service by requesting a brochure, it should be the trigger for a careful process of nurturing that lead. At the most basic level, that initial enquiry ought to be acknowledged by an email, even just an immediate bounceback to recognise that person’s action.

Yet barely more than a third of direct response advertisers are using this simple technique, leaving two-thirds of enquirers to wonder if they will be getting the information they requested or not. This level of acknowledgement has stayed stubbornly low – in 2010, it stood at 38.5 per cent and in 2011 at 35 per cent. While email has become over-used as an outbound marketing tool, it is still not being properly integrated into response management.

Car companies have the best record for sending acknowledgements, with three quarters of brands emailing enquirers, while the majority (54.2 per cent) of clothing companies have also built in this mechanism. Two other sectors – B2B and Home – had an above average use of email acknowledgement, albeit by a small margin. Yet again, UK Tourism was the worst performer in this regard, leaving prospects to wonder if their journey will ever begin.



Source: DMA Response Management Study; n = 217; Aug/Sept 2011

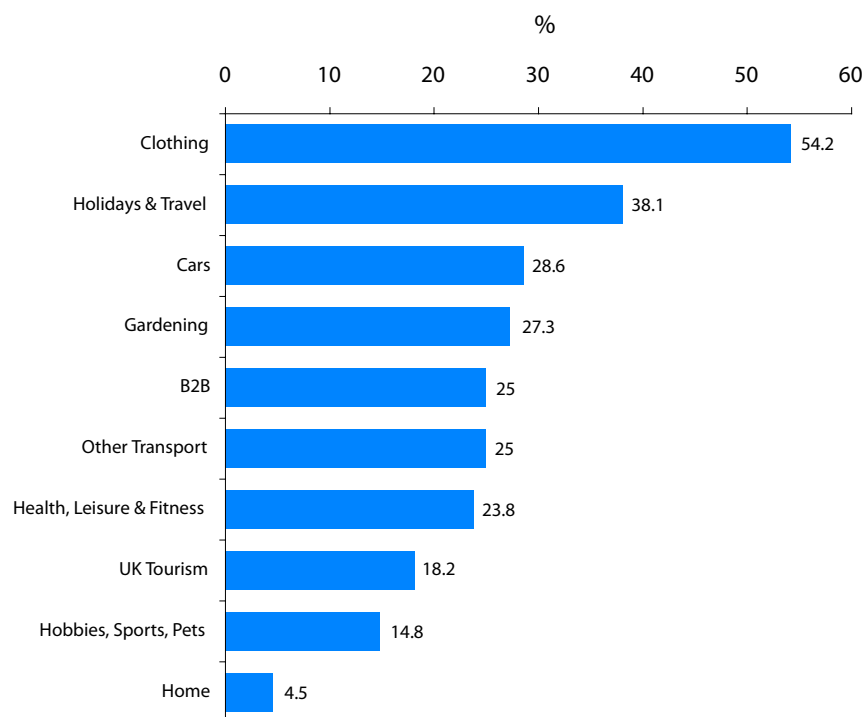


## 1.6 Where Everybody Knows Your Name

Completing an enquiry form yields the most valuable asset in response management – personal information. Having been given this precious resource, brands ought to be carefully exploiting it along the journey towards conversion to sale. Despite the potential, this asset is being seriously under-exploited.

Levels of personalisation of the mail pack sent to enquirers have actually fallen back compared to last year. This may well reflect cost-cutting by companies as the fall in personalisation is identical to the rise in ongoing email marketing. While this transfer of data-driven marketing from an expensive, print-based medium into a lower cost, electronic one might be admirable, it is only so in three out of ten cases. For the rest, seven out of ten companies do nothing with the enquirer data they have captured.

Surprisingly, car companies are not leaders in the use of ongoing email to nurture leads, with a strictly average 28.6 per cent using this technique. Clothing leads the way (54.2 per cent using), followed by Holidays & Travel (38.1 per cent). Once again, UK Tourism is one of the worst performers (18.2 per cent), but is beaten by Hobbies (16.7 per cent) and Home (just 4.5 per cent), despite the potential long-term value prospects have for these sectors.



Source: DMA Response Management Study; n = 217; Aug/Sept 2011

## 1.7 Any Choice of Where To Sit?

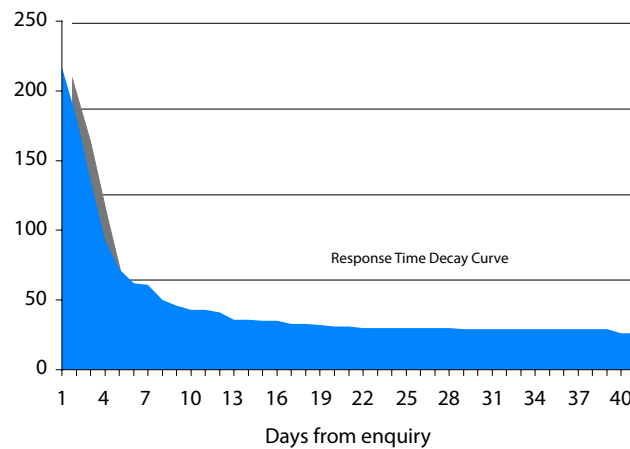
Preferences for formats and channels are not only relevant at the point of requesting a brochure, they continue throughout the prospect to customer journey. Keeping an enquirer warm by sending messages in the right channels is vital to maintaining conversion rates.

Even so, many brands appear to see response management as a mono-line activity. Bearing in mind only three out of ten do any kind of follow-up after the initial contact, they still risk losing out by not providing multi-channel options. Email dominates over post, with limited adoption of mobile messaging.

At the point where an individual is showing interest in a product or service, the company should be asking how they would like to be kept informed. That 12 per cent do not specify what channel they will use to follow up is almost an abuse of the permission they have gained from the enquirer.

## 2. The customer journey timetable

### 2.1 From Smash to Crash



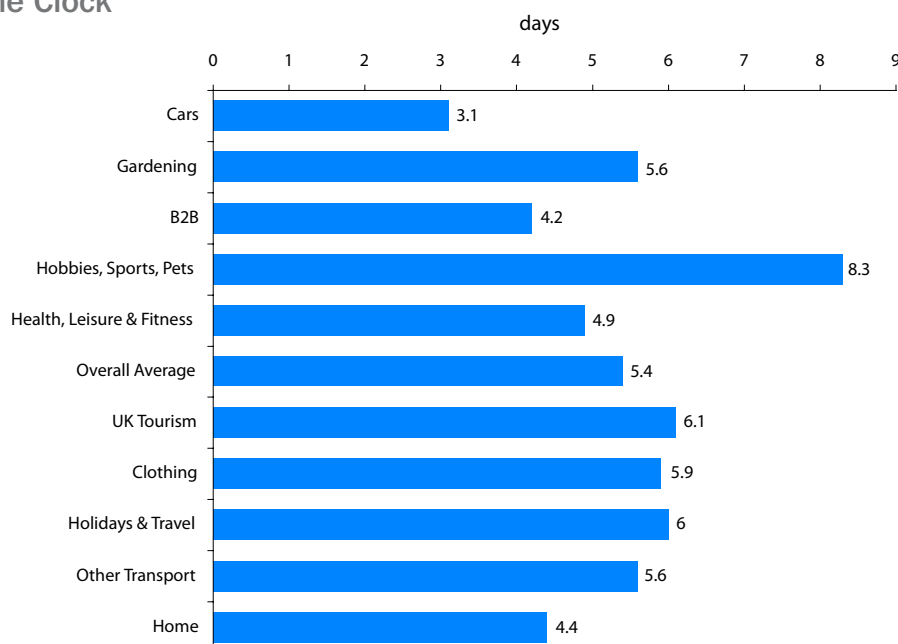
Source: DMA Response Management Study;  $n = 217$ ; Aug/Sept 2011

Direct marketers are familiar with the concept of the response rate decay curve – the time pattern for how rapidly targets respond to a call to action and the rate at which this falls away. For a TV ad, the decay rate is rapid – 15 minutes after the slot and all the calls and clicks are in, for example, whereas for a direct mail pack, the curve extends more gently over several days (or even weeks).

On the other side of that interaction, enquirers are anticipating the delivery of information within a tight framework. The era of 28 days as a standard, acceptable delivery delay are long gone. In the online and mobile world, a week can feel like a very long time.

For companies in this survey, the curve begins two days after the initial enquiry. Within just over five days, half of all enquiries have been fulfilled. But the remainder sit in the out tray for up to 40 days – or even forever, in the case of 17 companies who never got round to sending out the requested brochure. Reducing this turnaround time provides a significant delta for improvement in the response management process.

### 2.2 Start the Clock



Source: DMA Response Management Study;  $n = 217$ ; Aug/Sept 2011

From the moment a person submits an enquiry via the web, the clock is ticking. Interest in a product or service is strong at that initial point of contact, but steadily weakens as time goes by. Companies that respond in the shortest time possible have the best chance of converting interest into a sale.

Overall, the average response time by the 217 companies who responded is reasonable at 5.4 days. Given the request is for a brochure to be sent by mail, enquirers will anticipate several days delay while the item is prepared and mailed.

Significantly, this average response time has lengthened by a day and half compared to previous surveys. In 2010, the average turnaround from an enquiry was 4.7 days, but in 2009, it took just 3.6 days to get out a brochure. Once again, cost-cutting may be a factor with companies using lower-cost delivery options – half of the brochures were posted second class (with all UK Tourism brands choosing this slower method).

Providing a downloadable version of the brochure - or sending one via email - has other benefits beyond response times. It can also support moves towards greener marketing, by eliminating the use of raw materials for printing. Digital distribution also meets consumer channel preferences and enhances the online user experience.

Cars and B2B had the fastest response times, with home companies also reacting nearly a day quicker than the average. Hobbies, Sports and Pets were slowest, taking three days longer than the norm.

## 2.3 Giving a Star Turn

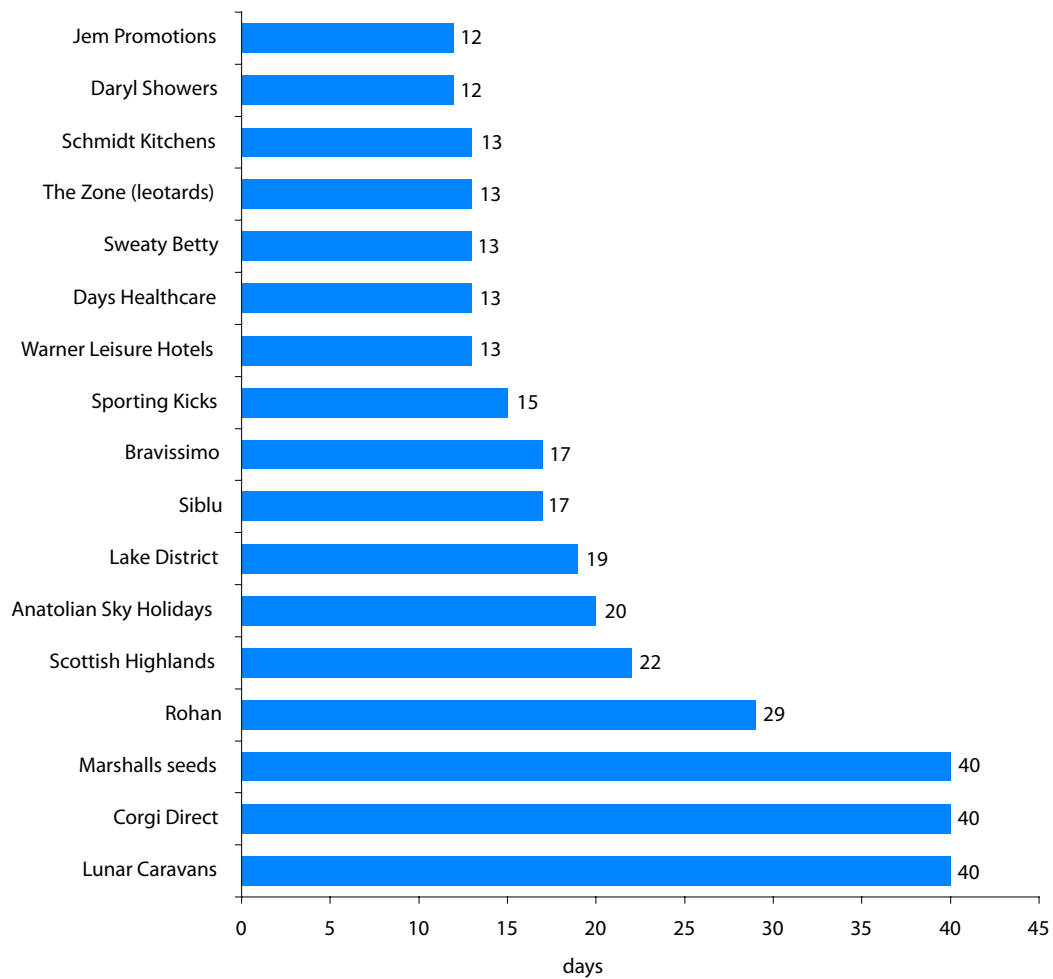
2010 Stars			
Company	Response Time (Days)	Company	Response Time (Days)
Honda Lawn & Garden	1	Audi	2
Mercedes Benz	1	BMW	2
Mitsubishi	1	Kia	2
Seat	1	Saab	2
Skoda	1	Suzuki	2
Suzuki	1	Hammonds Furniture	2
Virgin Holidays	1	Hillarys Blinds	2
Voyages of Discovery	1		

Best-in-class response management can be achieved and when it is, meets the new customer demand for 24/7 access. Any brand which gets its materials into the hands of enquirers within the space of one or two days can be considered an industry leader.

It is striking that this year's stars all achieved delivery of their brochures within two days, but that this is double the length of time needed by last year's high achievers. To have lost one whole day in response time within a year suggests that response management processes are being leaned out as investment is trimmed in the back end. (There is also a possibility that changes to Royal Mail's distribution routines may have impacted on these timings.)

Suzuki is the only brand to have shown star performance two years running. Last year, two brands – Honda Lawn & Garden and Voyages of Discovery – won further plaudits for having the full spectrum of ongoing marketing channels. This year, none of the stars were managing response using every option available.

## 2.4 An Experience to Forget



Source: DMA Response Management Study; n = 217; Aug/Sept 2011

If best-in-class responders are getting brochures out within two days and the average response time is 5.4 days, then any delivery slower than this is likely to be hard for the enquirer to accept. In truth, they may even have forgotten about the request if they do not receive information within the same week.

Seventeen companies were unable to get materials to enquirers within even twice the average time. For three brands – Marshall Seeds, Lunar Caravans and Corgi Direct – it took more than a month to respond to an enquiry. The chances of a prospect still being in the market after such a delay seem minimal.

On a positive note, there has been a sharp drop in the number of companies which failed to respond at all. In previous surveys, this had remained stubbornly high at an alarming 13 per cent in 2010 and 14 per cent in 2009. This year, only 8 per cent ignored a request for information. With reduced consumer and business demand overall, this is a welcome trend that sees more companies recognising the true value of a warm prospect.



# Top tips

Moving forward what companies and the industry need to work upon is to improve the customer journey for response management. Listed below are 11 top tips for handling website / email sales enquiries and brochure requests:

- Make sure your website makes it easy for customers to make enquiries
- Ensure your website has an easy-to-find and easy-to-fill-in enquiry form with an automatic address finder
- Make sure that you have set up a robust, daily system for dealing with web enquiries at executive level
- Wherever possible phone the prospect immediately to establish need
- Have a system for immediately acknowledging email enquiries
- Use the email acknowledgement to 'up-sell' with special offers, late deals etc. or cross-sell to relevant offers
- If a postal response is requested, make sure the postal response goes 1st class and same day. Don't add an extra 2 days to the response for the sake of small saving on postage - it's false economy
- Personalise the letter. Personalisation can lift response by a factor of 5
- Sign off the letter from the Chief Executive, or as high as possible, and have proper signature. Make the prospect feel important
- Maintain highest standards in enveloping/polywrapping. If sending out expensive brochures make sure they travel well - always send out test samples through the post to test wear and tear
- Scrimping on response handling kills the sale and all the preceding efforts of expensive advertising and sales promotion.



# Methodology

The sample for this study consisted of companies who were chosen from different sources - Top 100 DM spenders list (according to Marketing Week), last year's survey respondents and other organisations who offered printed brochures and catalogues on their web sites. A sense check was conducted and the companies were pre-qualified to have a printed catalogue. Mainly large, well-known brands were contacted along with some smaller organisations as well. A total of 217 companies were contacted.

These companies (see below) were selected in 10 different market sectors. A large number were household names:

1. Cars
2. Other transport (e.g. boats, caravans, motorcycles)
3. Holidays and travel
4. UK tourism
5. Health, leisure, fitness
6. Hobbies, sports, pets
7. Home products and services
8. Gardening or garden products
9. Clothing
10. Business to business

The mystery shopper was a female living at a residential address near Edinburgh. All requests for catalogues/ brochures were placed on the websites during the weekend 6/7 August 2011. This was to ensure that all sales enquiries were received at the start of the next working week. A second wave of requests was sent out in the last week of September 2011 to those who had not responded back in the first wave.

A new email account was set up with in a fictitious name. Web forms used on the sites were evaluated for ease of use, i.e. whether they used an address finder or not. Email acknowledgements were monitored and recorded daily. Postal deliveries were monitored and recorded daily. Follow up emails and direct mail were monitored and recorded daily until cut-off. The cut-off stage for the first and second stage was 3 weeks and 1 week respectively.

# About the DMA

The Direct Marketing Association (DMA) is Europe's largest professional body representing the direct marketing industry. With a large in-house team of specialists offering everything from free legal advice and government lobbying on direct marketing issues to research papers and best practice, it is always at the forefront of developments in the industry.

The DMA protects the direct marketing industry and consumers. It promotes the highest standards through self-regulation and lobbies against over-regulation. The DM Code of Practice sits at the heart of everything we do – and all members are required to adhere to it. It sets out the industry's standards of ethical conduct and best practice.

Our 10 DMA Councils/Board Committees cover the whole marketing spectrum – from the digital world of social media and mobile marketing to the 'real' world channels of door drops and inserts. The Councils are made up of DMA members and regularly produce best practice and how to guides for our members.

We also have a packed calendar of conferences, workshops and discussions on the latest topics and best practice, and 80% of them are free for members and their staff.

As the industry moves on so do we, which is why we've recently launched a number of new services for our members – a VAT helpline, a Social Media Helpdesk and an IP Protection Service.

Visit [www.dma.org.uk](http://www.dma.org.uk) regularly to keep up to date with all our services.





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