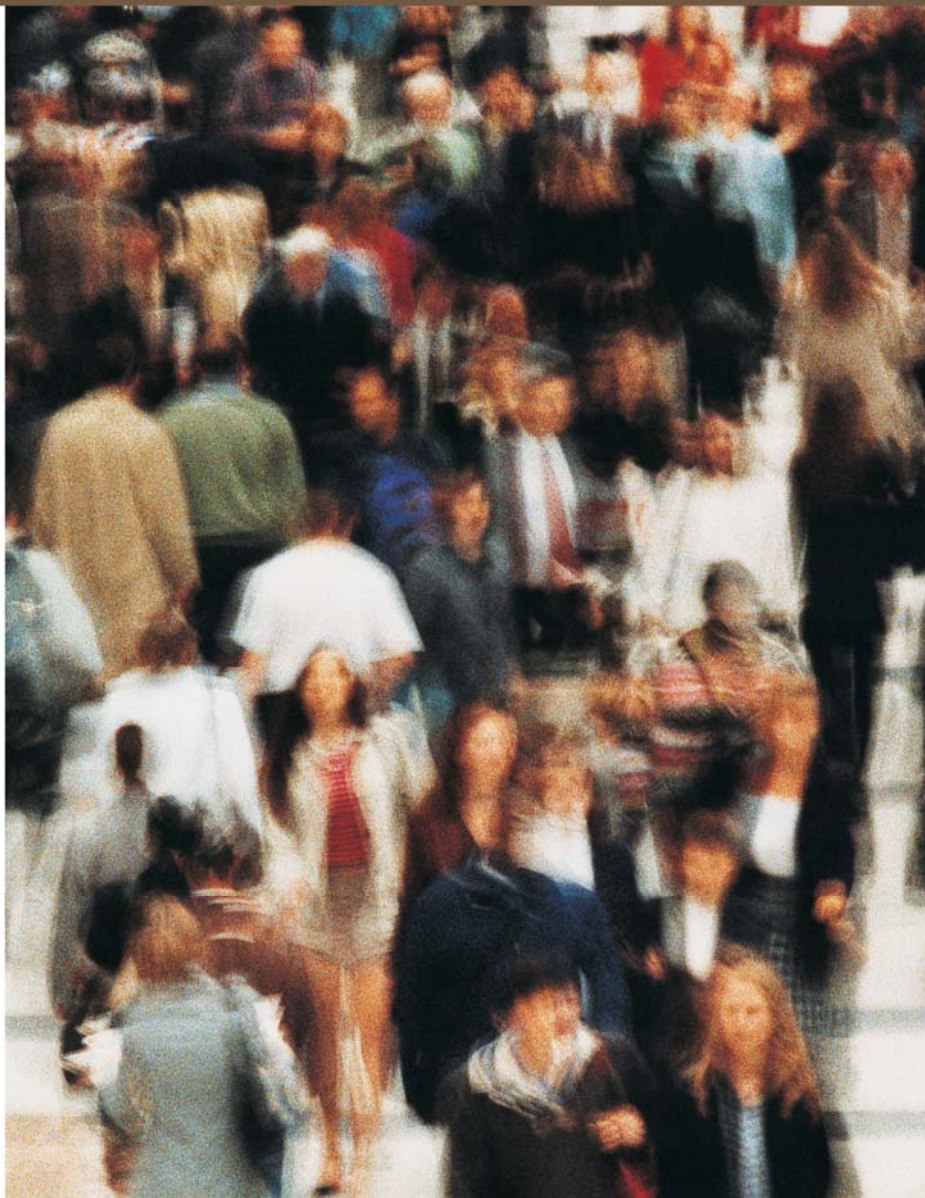


Participation Media 2005

The consumer experience of direct marketing



REPORT



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A. Introduction

Background

Direct marketing has become an established and recognised part of the marketing communications industry in recent years, continuing to garner an ever-larger proportion of total marketing expenditure, with specialist agencies and skills becoming an integral and important part of all of the major international marketing communications groups and deployed by the majority of UK advertisers. Early in the decade, as advertising budgets stalled in the wake of the dot com bust and wavering confidence, direct marketing bucked the trend and continued to show growth, bringing the estimated equivalent 'media spend' in this area to over £13 billion (as estimated by the DMA Census 2003/4).

Despite this greater recognition and acceptance within the wider industry and direct marketing's evident effectiveness from a practitioner and advertiser perspective, there continue to be a number of important questions raised about the impact of its main media and methods on the ultimate recipients of direct marketing – the consumers. There are a number of reasons why this might be the case and these, as well as the current challenges facing the industry, highlight why this study is particularly timely.

Firstly, there has been a relative dearth of original research into the generic effects of direct marketing media in recent years. A decade ago, there was a flurry of multi-client studies (supported by the DMA) that produced influential reports such as *Teleculture* and *Dataculture*, that arguably provided useful impetus to industry growth. Now, whilst many more agencies offer a planning function, original research has tended to focus on specific campaigns rather than adopt a broader view. Those published studies that do exist tend to concentrate on one medium or area and do not paint the whole picture - it is becoming clear that the industry could really benefit from the development of an integrated and coherent overview of the consumer's experience of all direct marketing activity.

Secondly, historically as an industry, the emphasis has been on measurement of results rather than an evaluation of the brand building and longer-term effects of communications. As direct marketing becomes increasingly deployed as part of strategic customer retention activities as well as new customer recruitment, so the need for this understanding increases in order to help to maximise the benefits of investment in the deployment of this approach.

Thirdly, as has always been the case, there continue to be criticisms of direct marketing expressed in the media focusing on concerns about the effects of misuse of these powerful and personal communications tools. Whilst the veracity and extent of apparent dislike of certain direct marketing as represented in the mainstream media can and should be questioned for their lack of representation and soap box stance – it is the case that some media and channels may be being used in ways that could cause consumer problems. Taking the long view, it seems that there is often the emergence of a ‘rogue’ medium or ‘cowboy’ companies that causes concern for a while; followed by industry response and increased self-regulation which reduces the problem. Given the wide range of media that make up direct marketing and the continual evolution and emergence of new channels and technologies this is not surprising – both ‘phishing’ Emails and ‘silent’ calls which are current examples of misapplied technologies.

Objectives of the study

Therefore the Direct Marketing Association has decided to invest in a major programme of original consumer research, alongside two other exercises that will provide a measure of the economic impact of direct marketing and look at future expenditure trends going forward. This is conceived as the first stage in a three year programme that will build a solid and invaluable knowledge base for the industry to use to improve understanding, create more effective communications programmes and build successful businesses going forward. This first exercise has been designed to achieve a number of initial objectives and learning that can form the starting point for the on-going research programme. Specifically, these are:

- To create a unique single source view of consumers attitudes to and experience of direct marketing – as far as we know, this is the first time that this has been done for publication in the UK
- To combine research into attitudes with actual data on receipt and response to actual direct marketing in order to explore the differences between perception and reality
- To provide comparative and objective data on the volumes, response and attitudes to all the main media and channels employed in direct marketing campaigns, and the sectors that use them

These are ambitious objectives for a single research exercise to fulfil. However, the research programme has amply met them and generated a huge amount of new data and insights that simply have not been available to the industry before.

Clearly, this new research represents only **one source** of information about the media and methods covered by the survey from the consumer recipient's viewpoint. In-depth knowledge of the industry has much to tell us about the way in which different media are used, costs and actual cost effectiveness in practical terms. The study has not been designed to provide an evaluation of actual cost effectiveness nor to rank or judge the different media – it merely provides comparable, hopefully objective, data on what the general public have told us about their interactions with different media and what communications they received and participated with on the day that they filled in their diary.

The Research Programme

Our initial sample comprised of 762 adults representative of the UK population, who were interviewed in some depth about their attitudes and experience of direct marketing media as well as a wide range of broader attitudes towards marketing communications and preferences for dealing with companies by Field Work UK.

All respondents to the first exercise were given a one day communications diary with instructions on how to complete this, in which they were asked to note every communication they received during the course of the day, how they reacted to it, and how they felt about it, as well as covering the contact they made to organisations through the day (Please see Appendix A for definitions of various media given to respondents). Each day of the week was represented within the survey as each participant was asked to fill out their diary on a particular day in order to ensure an even spread.

The reason for using a single day diary was to increase the level of response compared to asking them to complete a three day or one week diary. This clearly worked as 505 respondents completed and returned the diary – which at 66% was higher than anticipated – in return for a £7.50 Marks and Spencer's voucher. This provided definitions of the media concerned and clear instructions on how to complete the diary. In future, it is hoped that the panel can be extended to include a longer diary and a bigger spread over time.

The research was conducted in October and November 2004, with over 2400 individual communications noted in the diaries which covered all the main media and channels used in direct marketing including: direct mail, inserts, door drops, customer magazines, telemarketing, e-mail marketing, text marketing, charity canvassers, new product demonstrations, direct response press and direct response TV and radio, and looked at communications broken down by sector.

What the report is not - a health warning!

In this initial summary report, our purpose is to provide a succinct overview of the key findings from the study overall. Again, it is important to stress that these research findings represent the results of a unique snapshot of the communications received during the course of a single day when the diaries were completed combined with a broader set of attitudinal responses based on face-to-face interviews covering previous experience with the media.

We are not suggesting that the research tells us everything about the relative performance or responsiveness of the various media covered, this has to come from a judicious combination of practitioner expertise with historical results and data used alongside the insights that these new perspectives provide.

As industry experts know, every medium has its own specific context, mechanics and specialist expertise that provides advice on the best means of targeting particular audiences, maximising response and achieving targets. Thus, for instance, the research cannot tell us which magazines are the best for inserts; which days are best for door drops and how effective new product demonstrations are when properly targeted within supermarkets.

The diary has given us a unique, unbiased and hopefully objective view of the actual number, types and timing of communications received by the general public on a typical day in October 2004. The picture as we have said is remarkably positive and provides unparalleled insights into the consumer's reality of direct marketing today. It is not intended to provide an evaluation of the media or act as a campaign planning tool but to paint a wider picture for understanding the context in which communications are received.

B. Executive summary

- The study has provided an important overview of people's attitudes towards direct communications and useful comparisons between these and their actual reported behaviour from the one-day diary they completed covering the full range of direct marketing media and methods currently in use in the UK today. It is a unique and rich new source of data and information with which to better understand the reality of interaction with individual consumers.
- Overall the picture is an encouraging one for the industry as a whole. We have called the report Participation Media to reflect the high levels of response and interaction reported in the research – nearly two thirds have responded to one or other medium in the past year and half of all diary respondents treated at least one communication positively on the day in question. A quarter of all communications noted and received were treated positively by purchasing or responding or filing for future use.
- In terms of general attitudes to dealing directly with companies and marketing communications, responses are often paradoxical – on the one hand 65% of people feel overwhelmed by the number of commercial messages they are exposed to; whilst at the same time 66% agree that they are happy to pick and choose between the ways they get information and services from companies. Respondents fell into one of four clusters in terms of their attitudes which help to explain the variation in responses:
 - *Open all hours* – younger, more female, open to communications generally - most concerned about the quality of information and keen on customer magazines, but quick to unsubscribe or reject communications that are not of interest
 - *Pragmatists* – more likely to be in the family life stage, balanced attitudes, mid market, concerned with value for money and most responsive to direct mail
 - *Time pressured butterflies* - older, upmarket, more female, who value fast response and prefer newspapers and magazines as a source of information
 - *Guarded privatists* – more likely to be retired and male, they are generally negative about targeted communications and prefer broadcast media channels such as TV and radio

- Thus, no group represents absolute rejection or total acceptance of communications— everyone is susceptible to different types of approaches and media for different reasons and at different times during the purchase cycle. Questions about interest in a range of sectors showed that for most people interest is conditional on whether they are in buying mode or not.
- Overall a picture of UK consumers has emerged from the study that suggests that, despite sometimes strongly held negative views about particular media and methods, they are generally able to cope with the level and types of direct communications they are exposed to, and have a clear and unambiguous idea about what they like and what works. Popularity is not necessarily correlated with effectiveness in response terms and actual behaviour is not predicted by attitudes, confirming the long-established knowledge in the industry that there are many different components that contribute to the success of a particular communication.
- Interestingly, half of all respondents underestimate the actual volume of communications they receive via different channels. The average recorded in the diaries was just under 5 per day – still a very manageable number, with only a **minority** of respondents claiming that they felt this volume was too high (not surprisingly most of these were in the Guarded Privatisers and Time Pressured Butterflies segments described above) suggesting that the view that people are being inundated with direct marketing is not right. Direct mail was the most frequently received medium recorded, with 634 instances being an average of just over 1 per day.
- A significant proportion of respondents (57%) claimed to have responded to direct communications in the past year either buying something or requesting more information. This reported high level of responsiveness is confirmed by the diary data, which showed - across all the communications received - that on average around a quarter were responded to in a positive way – either by buying, requesting information or filing for future reference. This varied by medium from nearly 50% of those receiving customer magazines, to 10% of those who noticed television or radio direct response advertising. Actual purchase levels varied between 1% and 9% - reflecting indicative rates reported across the industry and giving credence to these strongly positive findings.
- On the other hand, this also means that (depending on the medium or channel) a significant proportion of communications noted in the diary do not result in this kind of positive response, but are either rejected (ignored or thrown away) or recycled.

- Questions in the diary, based on actual receipt, about liking of communications also showed that the most popular are not necessarily the most effective in response terms. In the general attitude statements, 35% of respondents claim that personal contact is the most important factor when dealing with companies and this is reflected in the reactions to the many media and channels covered as these fall into a number of groups based on a range of criteria:
 - The most effective in terms of eliciting an immediate response are those with the highest degree of personal contact –telemarketing, new product demonstrations in store and charity street canvassers
 - The most liked are those that are carried by media that are thought of as providing entertainment and relaxation such as TV and magazines
 - Printed, targeted media such as direct mail and door drops are relatively effective and do not provoke strong reactions of like or dislike
 - New media channels are viewed with some uncertainty due to lack of experience, although emails are popular with around a quarter of respondents, with nearly 10% claiming to have responded
- On average respondents receive 10 communications for every 1 contact they initiate towards companies. Most of these are for customer service reasons and are predominantly made by telephone (around half). This is judged to be the most effective form of inbound communication to companies and is clearly liked as a result providing a dramatic comparison to received calls which are judged the most intrusive form of communication.
- The diary showed that the receipt of communications is not spread evenly through the day with an enormous 'peak' in the morning, between 9 and 11 am and another mini peak in the early evening at around 6 pm. However, comparison with research conducted 5 years ago indicates that the spread through the day is increasing particularly with email, telemarketing and direct response media coming into their own in the evening.
- In terms of sectors, financial services hugely dominate the communications received by the diary respondents. Although the proportion varies considerably by medium, it accounts for some 30% of all recorded communications, followed by 20% from retailers and 12% from home shopping companies - formerly one of the main sectors using this approach it is now dwarfed by the new entrants.

C. General attitudes to marketing communications amongst the face-to-face survey respondents

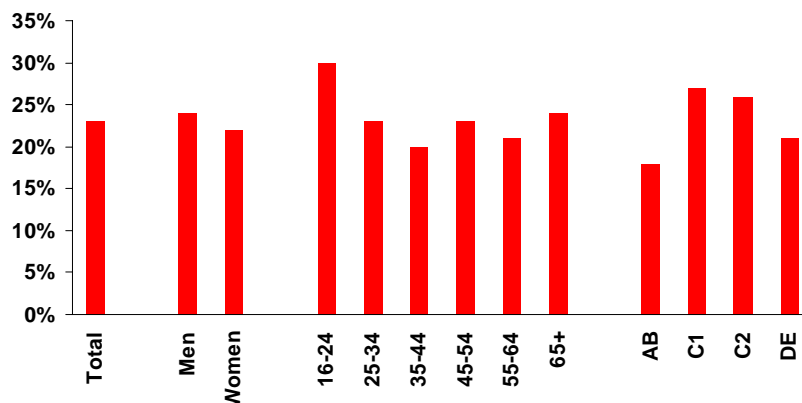
This chapter is based exclusively on the results of the face-to-face survey conducted with the representative sample of 762 members of the general public.

Previous research has shown, and this study confirms, that attitudes to marketing communications are often paradoxical and mixed. On the one hand people are wary of many forms of personal and targeted interactions, whilst on the other they clearly welcome, and respond to communications in the right circumstances and conditions. And there is a contrast between generic attitudes to media and communications which tend to be less positive whilst researching specific instances or actual experiences can provide a different picture, often more positive – one of the reasons that the diary was devised.

Over 15 general attitude statements were put to respondents in the face-to-face component of the study, including some proprietary Future Foundation questions so that we could test out how similarly this sample responded to questions that had been posed over the years to representative samples of the population. This showed a close match with our previous results, confirming the representative nature of the sample in this exercise, as well as confirming the growing ‘trust gap’ between consumers and business in the UK today – an important context for considering the role and acceptance of marketing communications.

Disagreement that most companies are fair to consumers

“Most companies in this country are fair to consumers... disagree strongly/tend to disagree”

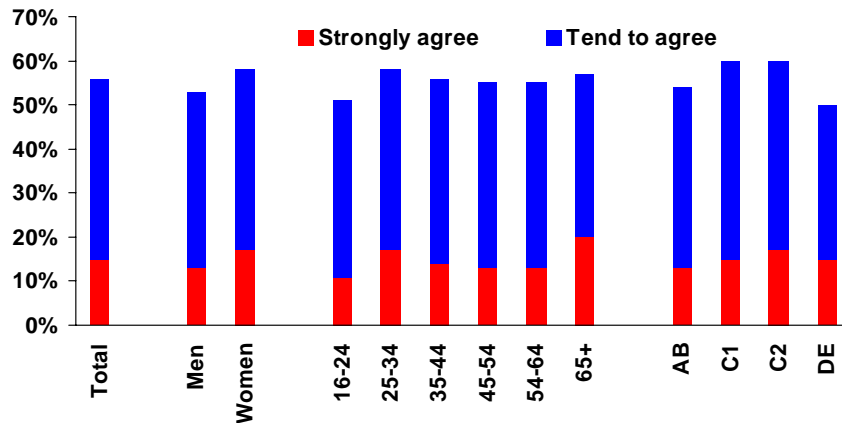


Source: DMA/Future Foundation 2004
Base: 762 respondents, UK

Some key questions showed that general attitudes to direct marketing and interactions have remained consistent over time, and in some cases have softened. For example, the questions about providing personal information to companies showed that on the whole, just over half are happy to give information to companies of which they are a customer.

Proportion that are happy to provide information

Proportion of respondents happy to give information to companies of which they are a customer



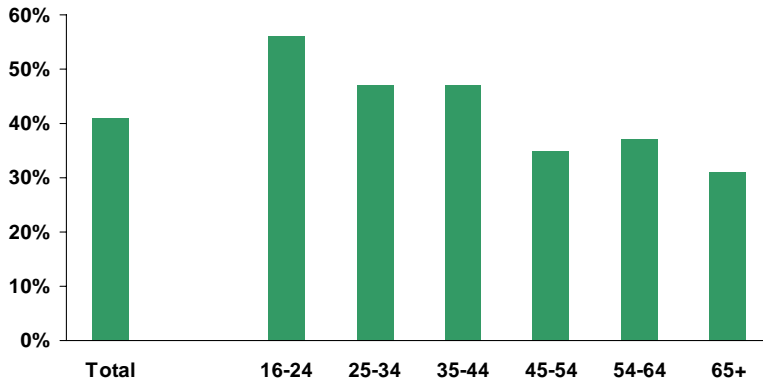
Source: DMA/Future Foundation 2004
Base: 762 respondents, UK

The answers given to a couple of questions provide some insights relevant to the two main objectives of direct marketing activity. Firstly acquisition of new customers – here we see that 40% of respondents agree that they usually want to try new products and services (again very similar to previous Future Foundation research) which would suggest an openness to information and communications about new things.

Interest in trying new products and brands

Proportion of respondents strongly agree/tend to agree they usually want to try new products and brands that they hear about

“I usually want to try new products and brands that I hear about... strongly agree/tend to agree”



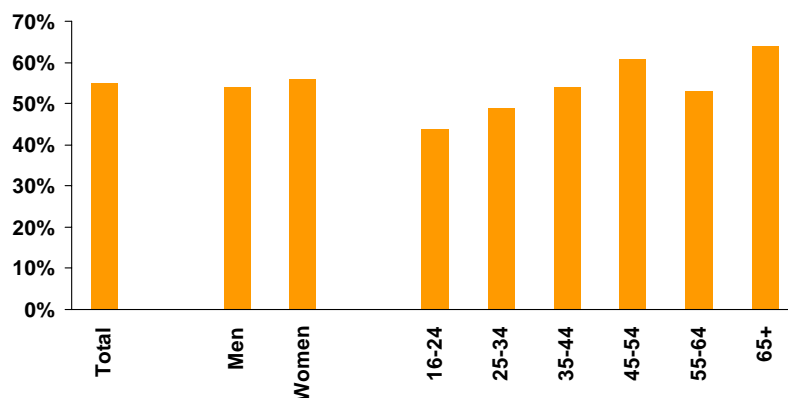
Source: DMA/Future Foundation 2004
Base: 762 respondents , UK

Secondly, a growing proportion of direct marketing is aimed at improving customer retention and value over time. Whilst the precise nature and extent of real customer loyalty remains a subject for debate within the industry, just over 50% of our sample agreed they tend to buy from a limited number of brands and companies – indicating again the potential for interest in communications from their selected brands and communications.

Preference for buying from a limited number of brands

Proportion of respondents buying from a limited number of brands and companies

“I tend to buy from a limited number of brands and companies... agree strongly/tend to agree”

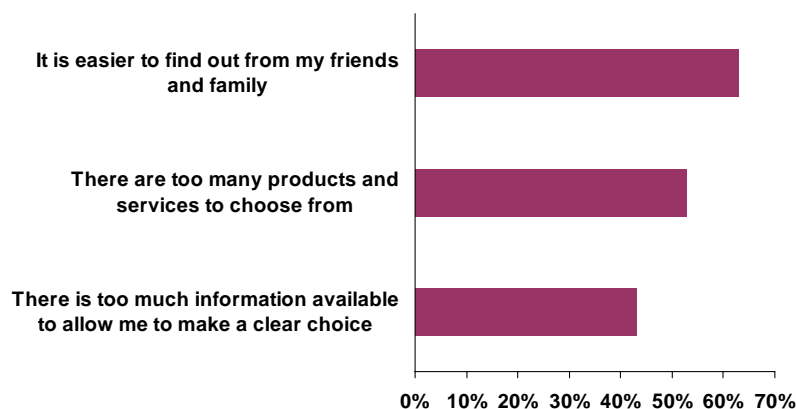


Source: DMA/Future Foundation 2004
Base: 762 respondents , UK

Another area of consumer experience that we were keen to explore, is the widespread discussion about the explosion of choice and the exponential increase in the volume of information that consumers are exposed to in the 'information society.' This proliferation relates to many aspects of our lives nowadays, as our book *Complicated Lives*, highlights. Responses to a number of questions showed that there is considerable resonance amongst consumers with these concerns – over half agree that there are too many products and services to choose from with a small proportion, 40%, agreeing that there is too much information available. The corollary of this proliferation of choice combined with a wider trend amongst consumers towards the 'personalisation of authority' (by which we mean a decline in the tendency to accept information about important issues from government and institutions) has led to the growing influence of word of mouth in purchasing decisions as demonstrated in Malcolm Gladwell's book *The Tipping Point*. Similarly, two thirds of the respondents agreed that it is easier to find out about products and services from friends and family as this chart confirms.

Attitudes to choice, information and advice from friends and family

"In general, when thinking about products and services you might buy, how strongly do you feel about the following statements?"



Source: DMA/Future Foundation 2004
Base:762 respondents , UK

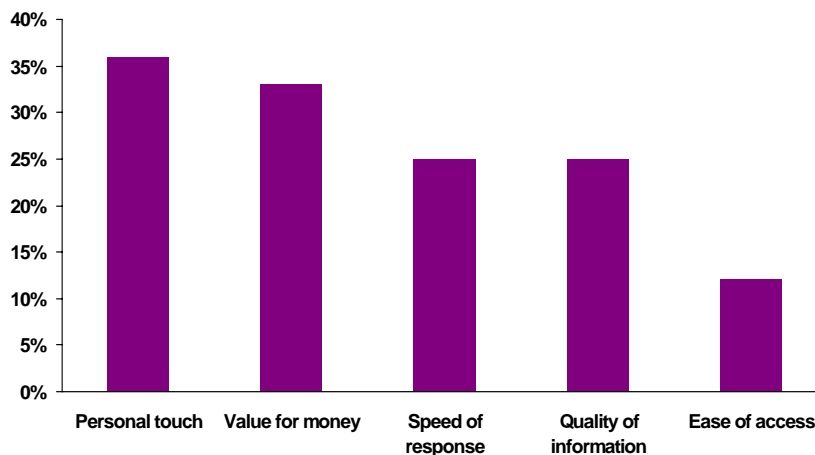
The responses to the questions about choice and quantity of information do show considerable age variation – with older people, unsurprisingly feeling more overwhelmed by the choice of products and services and the amount of information they have to wade through.

Another set of questions included in the study that sought to build on previous Future Foundation research were looking to explore what matters most to consumers when dealing with companies. The underlying hypothesis is that with greater experience, time pressures and growing numbers of interactive channels of communication consumers will want and need different things when dealing with companies, with a shift away from more traditional priorities such as personal service and value to speed and ease of access. The responses to this

question show that whilst there is a shift in this direction, there remains an important emphasis on the personal touch throughout the purchase cycle for many, particularly older people. However, when forced to choose between the options, there is an interesting split as this chart shows. In reality, of course, most consumers want all the positive qualities possible – it is unlikely to be an either/or situation.

What matters when dealing with companies

The factors which matter the most to respondents when dealing directly with companies



Source: DMA/Future Foundation
Base: 762 respondents, UK

To make sense of the responses to the many attitude statements, we conducted a cluster analysis on the data that identified 4 distinct groups in the population. The benefit of this kind of analysis is that it helps to emphasise the differences that exist within the population and provide some insight into the main patterns of variables. Direct marketing is an approach that is built on understanding and targeting individual needs and behaviour and in interpreting the research results it is important to emphasise, that whilst overall percentages are useful in response to questions, they clearly hide a wealth of individual variation.

Respondents fell into one of four clusters in terms of their attitudes that help to explain the variation in responses:

- *Open all hours* – younger, more female, open to communications generally - most concerned about the quality of information and keen on customer magazines, but quick to unsubscribe or reject communications that are not of interest
- *Pragmatists* – more likely to be in the family life stage, balanced attitudes, mid market, concerned with value for money and most responsive to direct mail

- *Time pressured butterflies* - older, upmarket, more female, who value fast response and prefer newspapers and magazines as a source of information
- *Guarded privatists* – more likely to be retired and male, they are generally negative about targeted communications and prefer broadcast media channels such as TV and radio

Here, the main characteristics and features are summarised in the chart below.

Characteristics of the Participation Media Clusters

| Cluster (% of Sample) | Open All Hours (23%) | Pragmatists (29%) | Time-Pressured Butterflies (26%) | Guarded Privatists (23%) |
|---|--------------------------------------|---|--|------------------------------|
| Age | 16-24 | 35-44 | 45-54 | 65+ |
| Social Grade | C2 | C1 | AB | DE |
| Gender | Female | Both Sexes | Female | Male |
| Region | Midlands | London/ South East | North West | South West |
| Most important factor in dealing with companies | Quality of Information | Value for money | Speed of Response | Personal Touch |
| Favoured Direct Marketing channel | Customer Magazines | Direct Mail | Newspaper/ Magazines | Television/ Radio Ads |
| Responses | Most likely to unsubscribe or reject | Most likely to buy/ ask for information | Time-Pressured communications with companies | Most likely MPS/ TPS members |

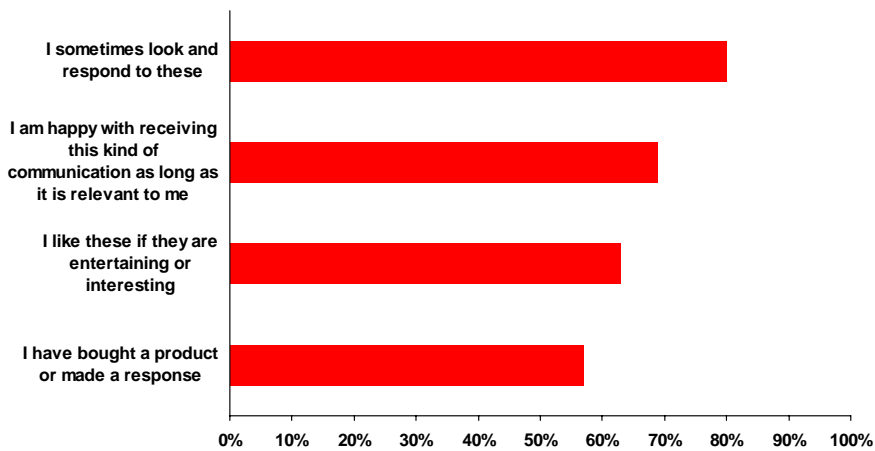
Reported experience and behaviour to direct marketing communications

Here we pull together the responses received in relation to all the media and channels covered in the face-to-face survey with 762 members of the general public. These findings represent the reported experience, attitudes and use of direct marketing communications of the respondents.

Overall the picture is positive. When we combine all the responses to all the questions about the specific media in the face-to-face survey, 4 out of 5 people said that ‘they sometimes look and respond to these’ in relation to at least one medium or channel. Well over half (57%) of respondents said they had bought a product or made a response in the past year as a result of receiving or noticing direct marketing communications. Furthermore, two thirds (66%) agreed that they are ‘happy receiving this kind of communication as long as it is relevant to me’ – again in relation to one medium or another.

Levels of responsiveness across all attitude statements

Respondents who have agreed that these statements are true for at least one Direct Marketing Channel in the past year

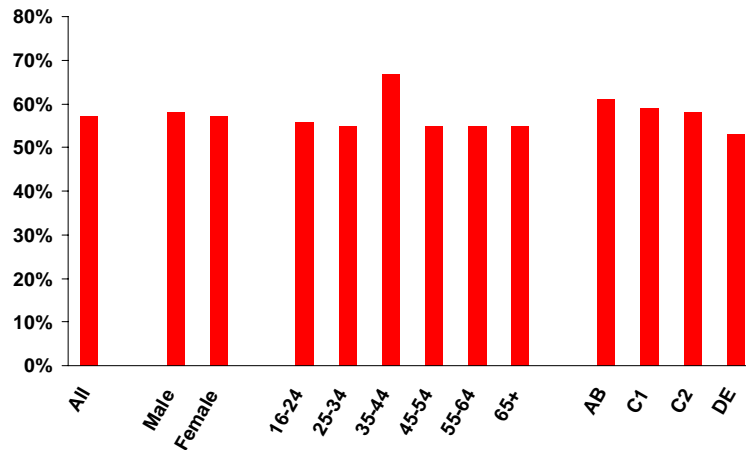


Source: DMA/Future Foundation - 2004
Base:762 respondents, UK

These figures are endorsed by actual response recorded in the one-day diary – 50% of the individuals who kept a diary responded positively to a communication received – either directly, or through filing for further reference. This provides evidence, across the full range of media and methods employed in direct marketing, that consumers demonstrate high levels of involvement and, importantly respond to communications. An analysis of the respondents who claimed to have bought or responded by socio-demographic criteria shows on the whole how evenly spread participants in direct marketing are across most groups in the population, with the exception of the 35 – 44 age group, who are most likely to have responded.

Proportion responding positively to direct marketing, by gender, age and social grade

Those who say they have bought a product or made a response (e.g made a call) in the past year



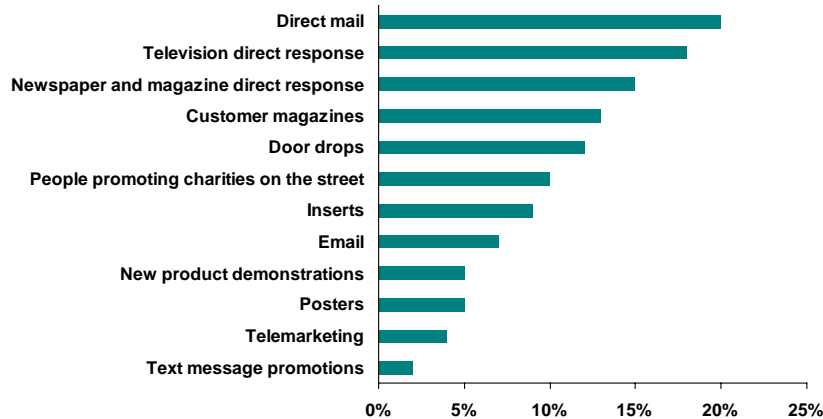
Source: DMA/Future Foundation 2004
Base: 762 respondents, UK

The levels of claimed response vary by media and channel considerably. However, it is not advisable to make judgements about the media based on these findings because they do not take into account the actual cost per communication and therefore the likely cost effectiveness, nor do they provide insight into brand building effects and other factors that contribute to the overall results such as the integration of media within a single campaign. It is worth bearing in mind that this represents the first results in a three-year programme and that in subsequent studies, questions raised by this work can be further explored and put to the test.

Here we have made a selection of several of the most interesting and telling comparative data charts, before addressing each of the main media and methods individually in subsequent sections. Looking at the proportion that claim to have 'bought a product or responded in the past' across all the media, it is worth noting the extent of variation – with the average across all media at 10%.

A significant proportion have bought or responded in the past year

The proportion of respondents who “have bought a product or made a response in the past year” through different forms of communication



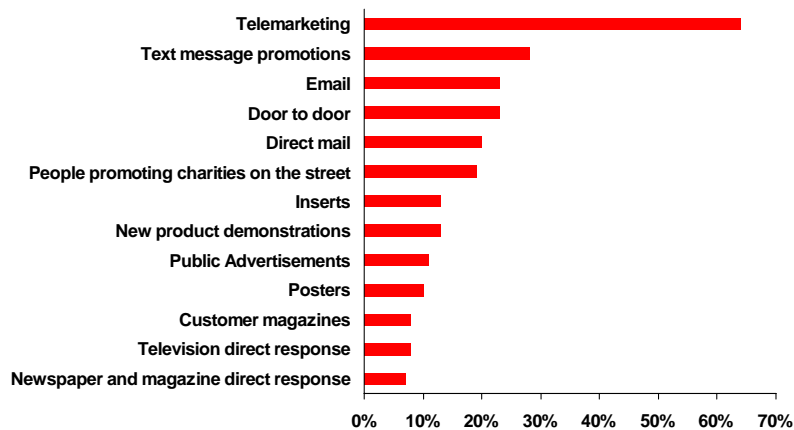
Source: DMA/Future Foundation 2004
Base: 762 respondents, UK

In response to a more general statement ‘I sometimes look at and respond to these’ the average increases to 19% overall – with a similar pattern across the media. Clearly these responses are affected by levels of familiarity and experience of different media - particularly email marketing and text promotions, which despite the fact that half the sample had email at home, and over 80% had mobile phones these media prompted 28% and 23% respectively to say they ‘have never received these or are not aware of them’.

One of the major criticisms that is levelled at direct marketing generally – that it is intrusive – was put to the test in another statement. This shows that around 19% on average agree with this across all media but that this is massively influenced by telemarketing as 64% claim to find this intrusive – more than double the next highest medium that is text promotions at 28%. Direct mail, which topped the viewer’s poll in ‘Brassed Off Britain’ in 2004 is felt to be intrusive by a fifth of respondents which is higher than TV advertising at 8% but much lower than might be expected. People promoting charities in the street which have also come in for a growing amount of negative press comment in recent months are not seen as being particularly intrusive. In the public perception this is likely to include people rattling tins for donations as much as the teams of professional salespeople.

Telemarketing tops the list of intruders

The proportion of respondents who “feel strongly that this kind of communication is an intrusion” by different forms of communication



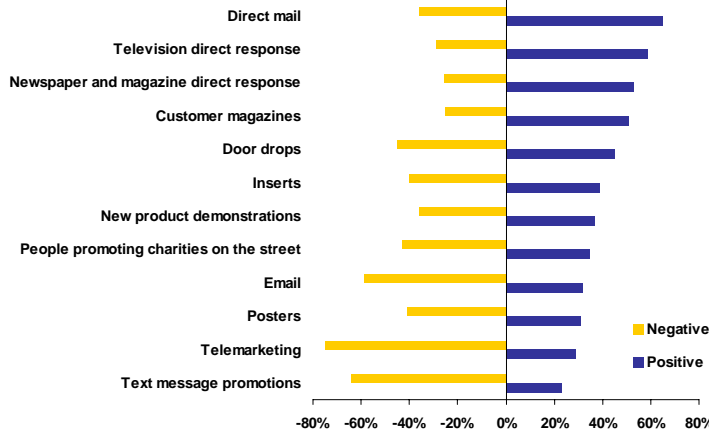
Source: DMA/Future Foundation 2004
 Base: 762 respondents, UK

The high degree of unpopularity of outbound telemarketing, should be a serious cause for concern, as this combined with growing awareness of silent calls resulting from some mis-use of predictive dialling technology, (that is the subject of a separate study commissioned by the DMA and Board of the Telephone Preference Service) goes some way to explain the rapid growth in registrations with the TPS to over 4 million individuals by the end of 2004.

To summarise the media-specific questions in this section of the study, we have taken all the ‘positive’ responses to each medium and all the ‘negatives’ to provide an attitudinal and experiential overview on a medium-by-medium basis.

Positive and negative attitudes/actions resulting from communications received or noted in the past year

Positive attitude/action includes those agreeing with statements 'I have bought a product or made a response/'I am happy with receiving this kind of communication as long as it is relevant to me/'I am only happy receiving this kind of communication from companies I have given permission to/'I sometimes look and respond to these/'I like these if they are entertaining or interesting'. Negative attitude/action includes those agreeing with statements 'I never look at or spend time on these/'I feel strongly that this kind of communication is an intrusion/'I have never received these or am not aware of them'.

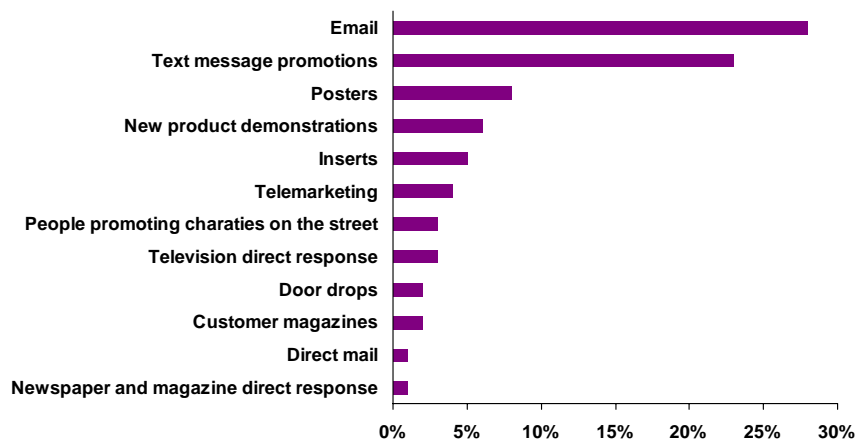


Source: Digitab/DMA/The Future Foundation
Base: 762 adults, aged 16+, 2004

This demonstrates that attitudes are by and large either more positive than negative (direct mail, direct response within television, newspaper and magazine advertising, and customer magazines) or in balance (door drops, inserts, new product demonstrations). The most negative are as we have seen reserved for telemarketing on the grounds of intrusiveness or new media as a result of unfamiliarity.

Newest forms of communication are least known

The proportion of respondents who "have never received these or am not aware of them" by different forms of communication



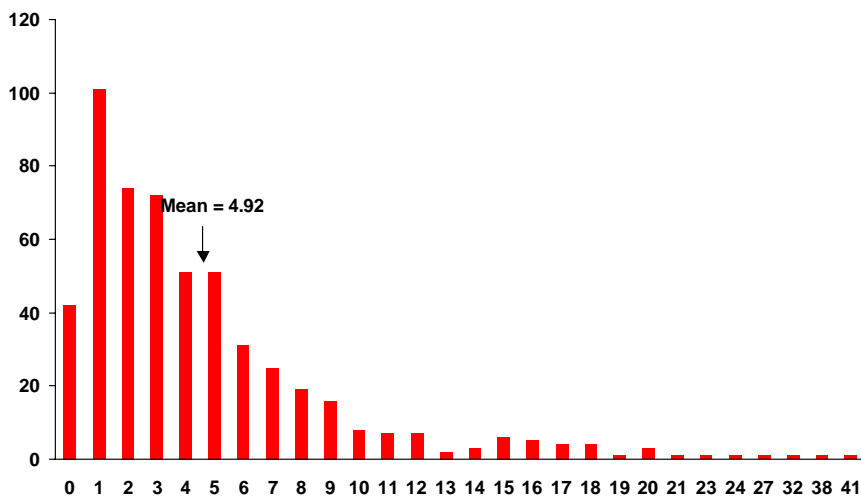
Source: DMA/Future Foundation 2004
Base: 762 respondents, UK

D. Actual volumes and distribution of direct marketing – diary results summary

The one day diary completed by 505 respondents in the study has provided a wealth of new insights that have literally not been available before. It is the best approximation available (within a limited budget) of consumer's actual experience of receiving direct marketing communications on a daily basis. Taken in the context of the relatively positive attitudes and responses identified in the survey part of the exercise, the diary shows that actual response to communications is generally positive and that, contrary to opinion, consumers are not, by and large, inundated with direct marketing communications.

The actual average daily receipt of communications recorded (as near to reality as this kind of exercise can get) is just under 5 per day across the 505 respondents. There was wide range of distributions within this, with 100 people reporting a single communication and a small proportion reporting more than 15 instances.

Average receipt per diary respondent



Source: DMA/Future Foundation Diary 2004
Base: 505 respondents – 2239 communications, UK

The volume received by medium also varied widely as one would expect – with direct mail leading the way by a significant margin at over one per day. This raises the question - since this figure is higher than the 4 per week average given by the Royal Mail-funded DMIS – of whether consumers are classifying other types of letters such as financial statements as direct mail too. This is something that can be investigated further in future years.

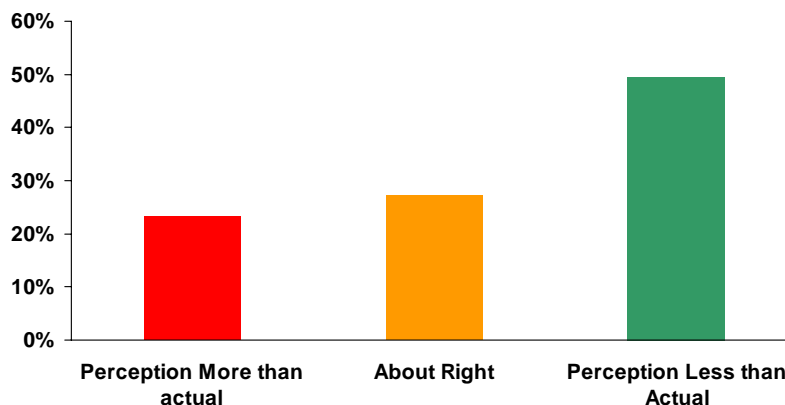
Volume of communications recorded in the diary

| | | | |
|----------------------------|-----|------------------------------------|----|
| • Direct mail | 634 | • Customer magazines | 93 |
| • Door drops | 328 | • Charity promotions on the street | 58 |
| • TV/radio direct response | 265 | • Posters | 41 |
| • Inserts | 253 | • Text message promotions | 38 |
| • Emails | 199 | • New product demonstrations | 16 |
| • Telemarketing | 174 | | |
| • Press direct response | 139 | | |

What is more interesting, perhaps, is the degree to which our respondents underestimated the volume of direct marketing actually received or noticed. Comparing the estimates given in the face-to-face survey with those recorded in the diary, just over half the sample underestimated the volume, with a quarter over estimating, and a quarter getting it right. This varied across media as shown in this chart, which also highlights the relatively low volumes recorded across all the media surveyed.

Did people estimate the amount of material received accurately?

Do people receive more, less or about the correct amount of direct marketing than they think?



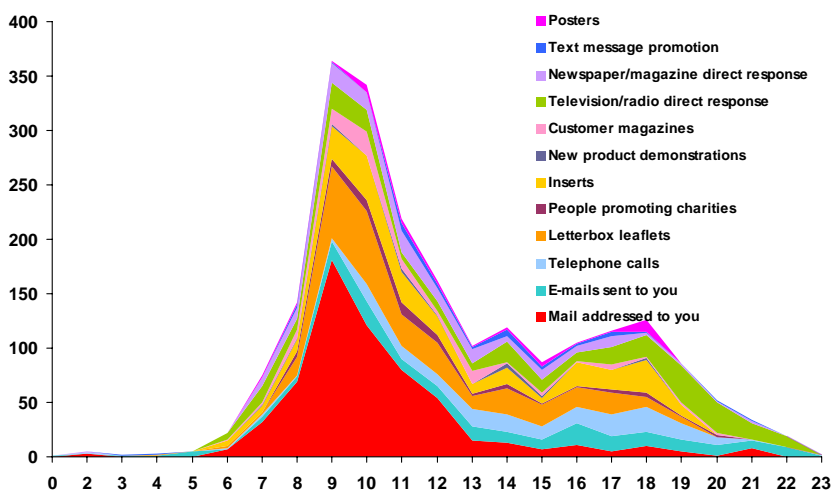
Source: DMA/Future Foundation 2004
Base: Comparison of diary and questionnaire responses, UK

In looking at the question wording, it may be that the estimates are coloured by the fact that respondents were asked to say on how many days per week they received this kind of communication, but it is clear that the popular misconception that the UK public is being bombarded with direct marketing is completely refuted by these data.

The time and place for direct marketing

However, it is clear that many of the communications that are received are condensed in to certain times of the day – perhaps the most busy and stressful at that. Given the fact that most people in the UK feel time pressured and 50% of this sample agreed that ‘I don’t have time to read, view or listen to all that I’d like’, perceptions may be affected by the enormous peak of communications received in the morning between 8 and 10 am shown in this chart, which tails off during the day, interrupted by slight increases at lunch time and in the early evening.

Communications people receive by time of day



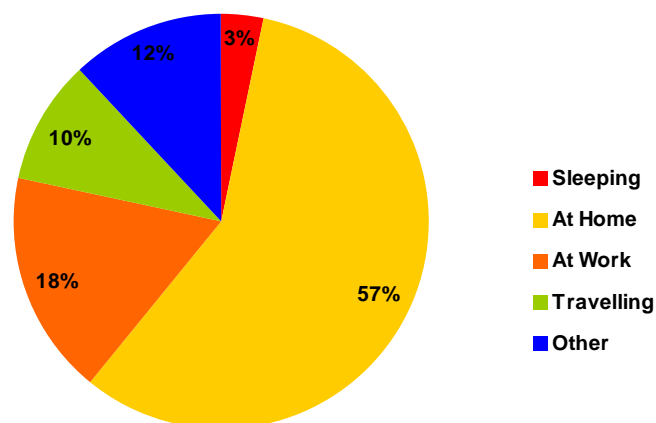
Source: DMA/Future Foundation 2004
 Base: 505 respondents – 2485 communications, UK

Every medium has its own ‘time foot print’ which are interesting to explore and compare – not surprisingly, TV direct response reaches a peak in the evening, door drops are more evenly distributed during the day, as are emails with a longer tail into the evening, whereas direct mail shows the strongest morning peak to coincide with the morning post.

The diary highlights another reality of the consumer experience of direct marketing that further explains the pattern of receipt shown above – that it is still largely a home based activity – with the majority of communications being received or noted while respondents are at home, as this chart shows. But more surprising perhaps is the proportion that are received elsewhere making a significant and, we suspect, growing contribution to the overall total. Looking at these other categories by medium shows the way in which new and interactive channels are changing the landscape – email marketing is boosting the proportion of communications received at work for example, text promotions are more likely to be received whilst travelling.

The small (3.5%) proportion of communications put down as being received whilst people slept does not appear to augur a new category of ‘sleep participation’ in media! More likely, people will have noted communications as they woke up and attributed these (emails, direct mail etc) to arriving when they were asleep.

Where people were when they received Direct Marketing

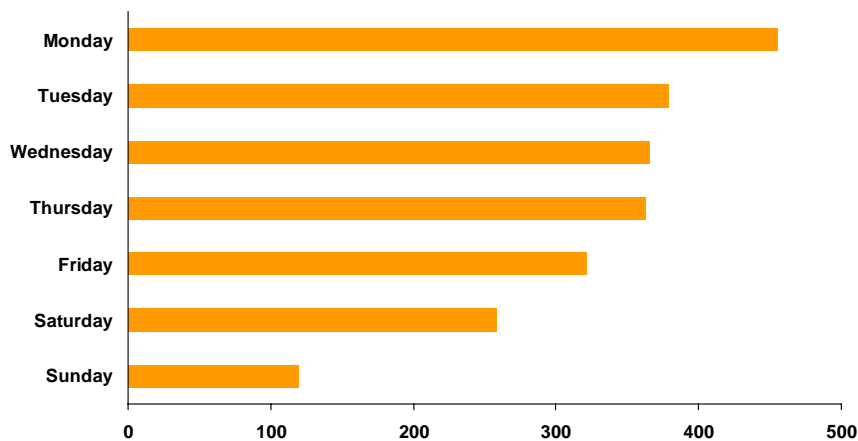


Source: DMA/Future Foundation Diary 2004
Base: 505 respondents – 2239 communications, UK

Diary respondents were requested to fill in the diary on a particular day in order to get a spread across a typical week as far as possible. Whilst we know that some media are strongly skewed by day of week, such as door drops and product promotions in store – this could not be reflected in the design and operation of the diary.

Nevertheless, the diary shows an interesting pattern with a greater concentration of communications received during the working week, with a significant tail off at the weekend. Sunday is almost still a day of rest in direct marketing terms for consumers unlike other areas of activity such as shopping. Clearly the composition of volumes received by medium varies by day and the fact that direct mail and door drops are not delivered on Sundays goes some way to explaining the dramatic drop off.

Total Daily Volumes of Direct Marketing Communications - recorded by diary respondents



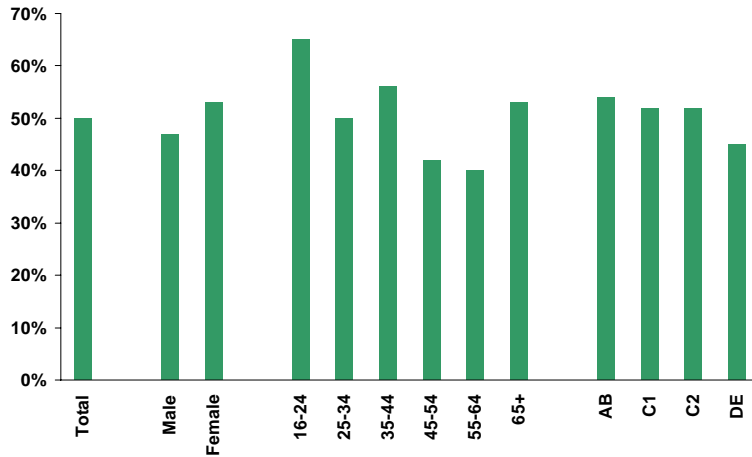
Source: DMA/Future Foundation 2004
Base: 505 respondents – 2239 communications, UK

How consumers react to direct marketing communications

50% of the individuals completing the diary responded positively to one or other of the communications received in the course of the one day diary. The profile of these respondents is skewed to younger respondents but is relatively evenly spread by gender and class.

The profile of positive diary responders

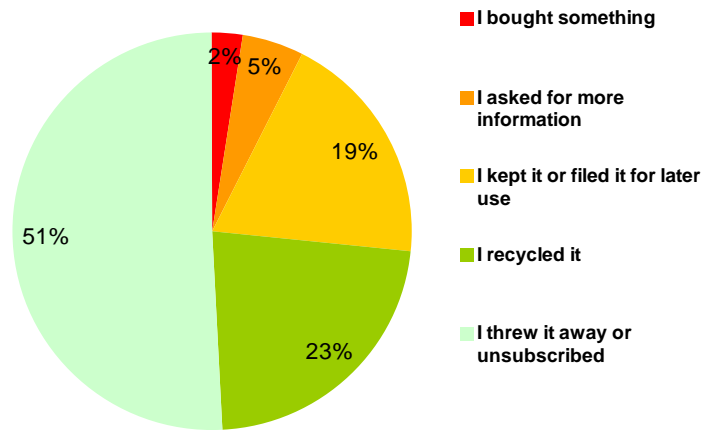
The proportion of respondents who bought/responded/used the diaries by gender and social grade



Source: The Future Foundation/DMA
Base: 505 Diary respondents, UK

Whilst 50% responded positively to at least one communication, just over a quarter (26%) of all communications received were dealt with positively.

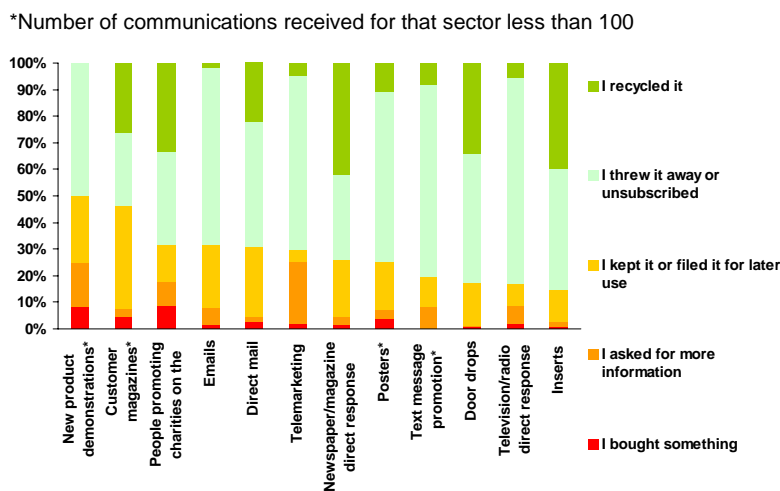
Overall responses to communications



Source: DMA/Future Foundation Diary 2004
Base: 505 respondents – 2239 communications, UK

Thus 2% resulted in a direct sale, 5% a request for information and 19% were kept for later use. The remainder were recycled (23%) or thrown away (51%). Previous qualitative research has shown that more often than not, even communications that are reported to 'go straight into the bin' are briefly examined, sometimes opened, and even considered. Looking at these proportions by medium shows an interesting degree of variation. (It is important to stress that in some areas the volumes noted are too small to be statistically robust – such as new product demonstrations and text promotions – but that we have kept these in to provide a point of comparison).

Reported actions taken with communications by medium

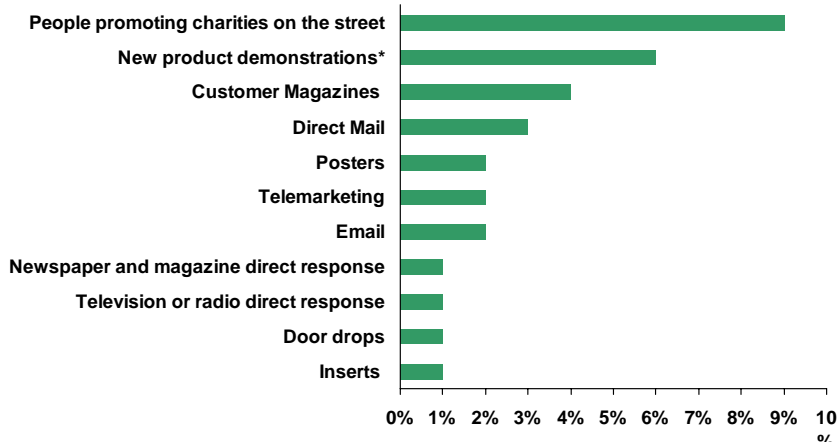


Source: DMA/Future Foundation Diary 2004
 Base: 505 respondents – 2239 communications, UK

Clearly, these responses will be affected by the actual objectives of the communications received. For example, some are entirely geared to generating an immediate response (press/TV), others are designed to provoke a visit to a retail outlet (door drops) and others are for brand building (customer magazines). Therefore it is important not to make too much of these relative proportions without considering the context of the particular media and how they are generally used. However, it is encouraging, in terms of confirming the veracity of the research, that the response rates recorded are in line with those that experienced practitioners would predict for the different media – although it is worth noting that these can vary hugely by campaign. Thus a 3% actual purchase as a result of direct mail, 2% to email marketing, 1% for inserts and door drops, is a fair reflection of what might be expected for a direct sell campaign.

Proportion of diary respondents who purchased/donated money to charity

Methods that elicit buying products
Proportion as percentage of overall total volume

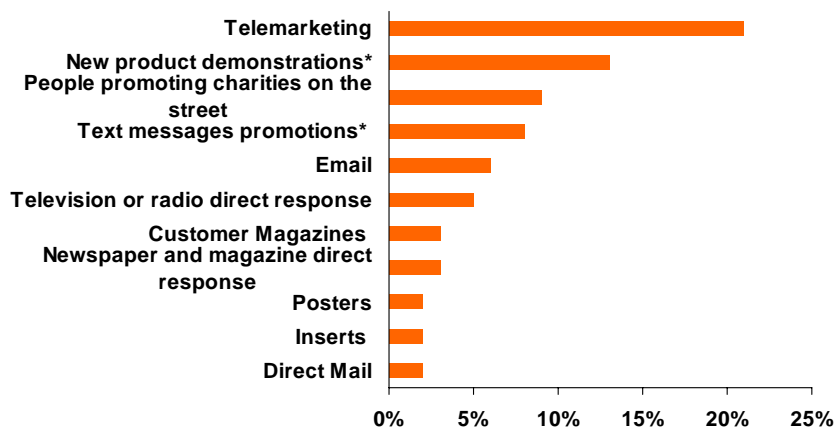


Source: DMA/Future Foundation 2004
Base: 2239 communications, UK

Looking at the proportion of respondents who said they requested further information as a result of receiving a communication, it becomes clear, why, despite its high level of unpopularity, companies persist with telemarketing. One in five recipients of telemarketing calls requested further information from the caller. Here too, we see the confirmation of the power of the personal touch – as the most other personal direct approaches, new product demonstrations and people promoting charities are in second and third place.

Communications by channel that resulted in respondents seeking further information

Proportion as percentage of overall total volume

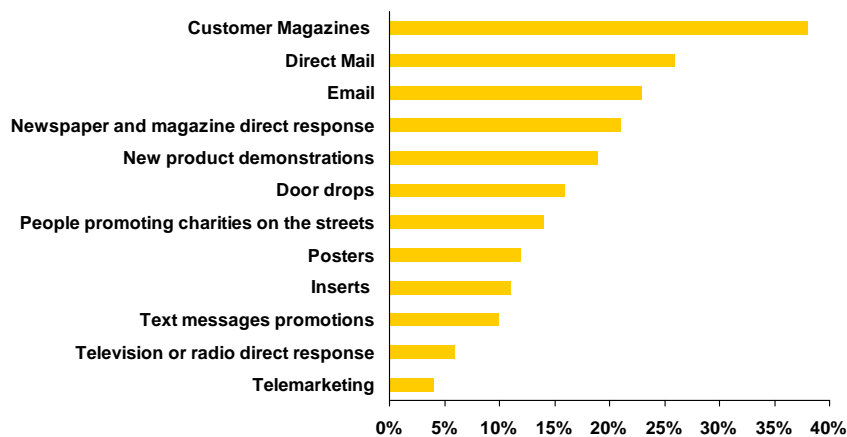


Source: DMA/Future Foundation 2004
Base: 2239 communications, UK

Comparing the percentage of people who filed the communication for further use, yet another ranking emerges. As might have been predicted, particularly in light of their strong growth and apparent popularity (as shown in consumer research conducted by the APA in 2003) customer magazines top the list with nearly 40% being kept in this way. Direct mail comes second at 25% followed by email marketing. Door drops do well in this category with 15% being kept for further use – which ties in with the application of this medium for generating retail traffic, providing information about local services and money off vouchers. It is unlikely that many could be responded to directly in any case.

People filing communications for further use, by medium

Proportion as percentage of overall total volume



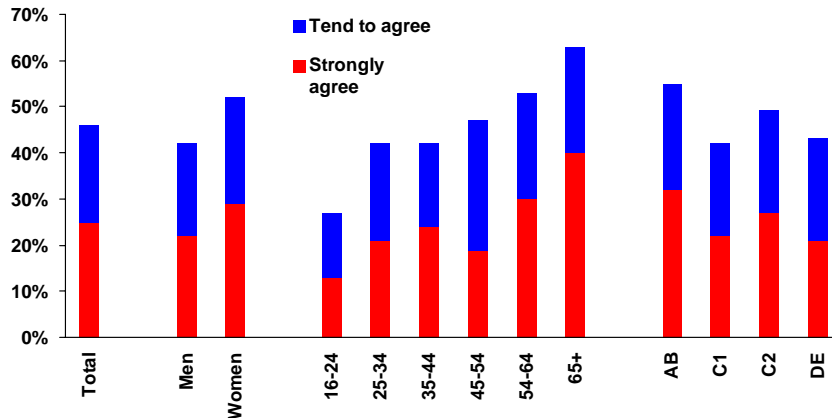
Source: DMA/Future Foundation 2004
 Base: 2239 communications, UK

Recent campaigns by environmentalists Planet Ark, both here and in Australia, in collaboration with the DMA have been aimed at increasing the proportion of direct mail that is recycled and the results of this survey provide the first hard evidence of the current levels of recycling that is taking place. The level of newspapers being recycled is pretty much in line with reported recycling behaviour from more broadly based studies, and from the initial face-to-face questions which showed that older people, women and ABs are most likely to recycle paper.

Many claim to recycle paper

Proportion of respondents recycling paper where possible

"I always try to recycle paper where possible... strongly agree/tend to agree"

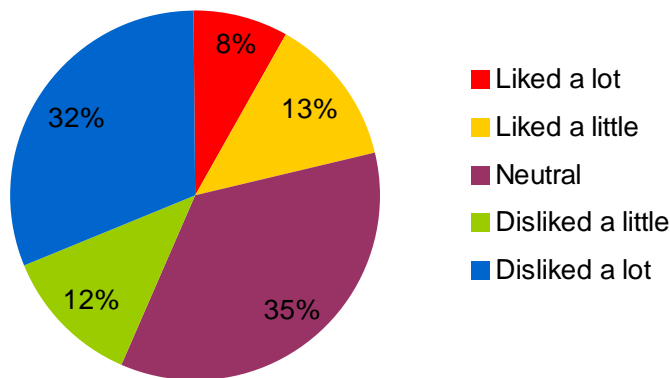


Source: DMA/Future Foundation 2004
Base: 762 respondents

How did respondents feel about the communications received

Respondents were asked to assess each communication received in terms of how much they liked them as opposed to relevance or usefulness. Here we were attempting to explore the emotional response of recipients. The results show that the responses are relatively balanced, although more to the negative than the positive, with the largest single category being neutral. Most importantly, though is the fact that nearly a quarter (21%) liked the communication they received a little or a lot.

Liking ratings of communications received

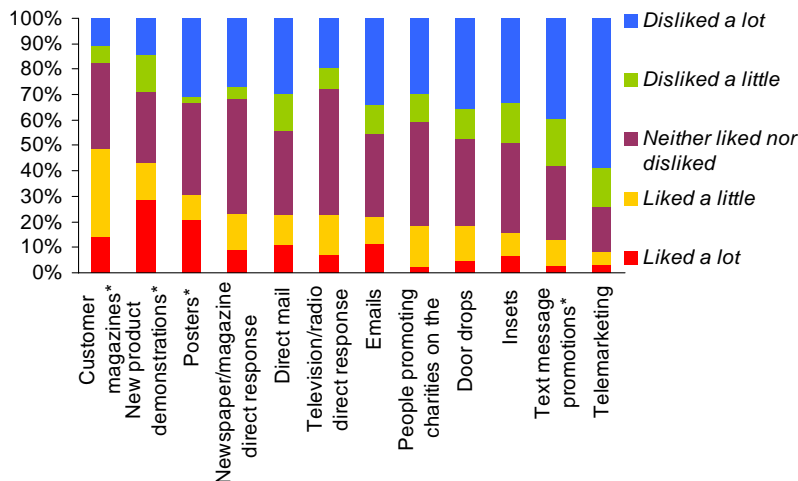


Source: DMA/Future Foundation 2004
 Base: 505 respondents – 2239 communications, UK

In terms of how this pans out by medium, again we see a reasonable level of variation. But taken with the findings about response rates it is clear that liking does not necessarily correlate with effectiveness.

Likeability of the various channels

*Number of communications received for that sector less than 100



Source: DMA/Future Foundation 2004
 Base: 505 respondents – 2239 communications, UK

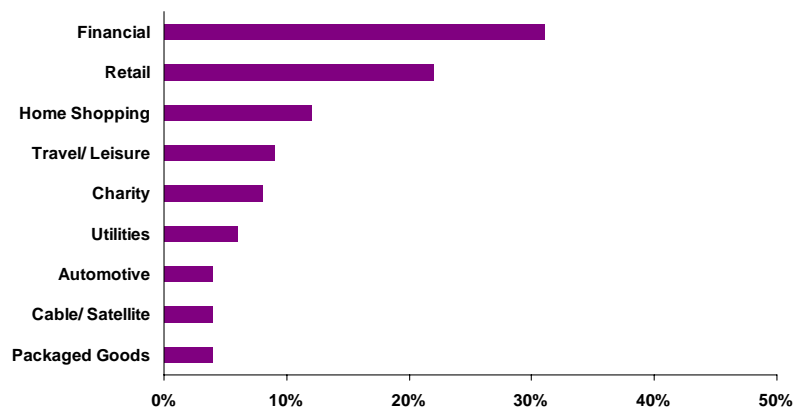
Clearly customer magazines are the most popular medium (48% said they liked them a lot/little) and telemarketing calls the least (8.4% said they liked it a lot/little), but there are many differences in between and some media are more characterised by a neutral response (door drops, inserts) than by strong liking or dislike.

Sector specifics

Another area in which it is possible to take an overview of the results in this summary report is the proportion of communications received by sector, however there are of course seasonal factors to take into consideration at this point. Responsible for a third of all communications received, the financial services sector confirms its dominance (and backs up previous estimates made by the DMA that it accounts for over a quarter of all UK direct marketing.)

Proportion of communications by sector

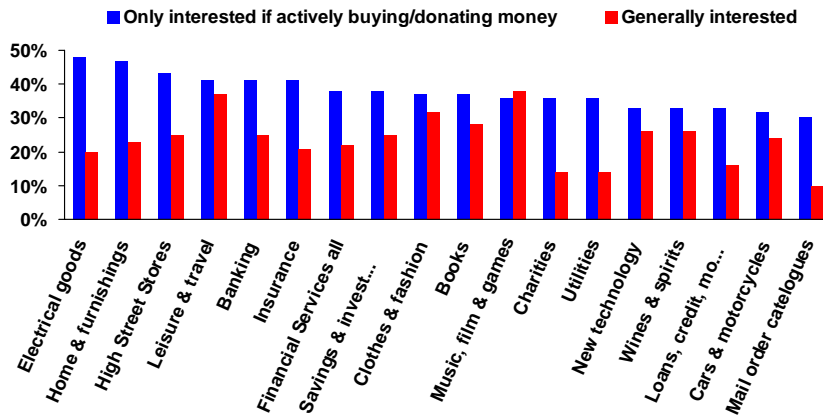
Sector type of communications received



Source: DMA/Future Foundation Diary 2004
Base: 505 respondents – 2239 communications, UK

Part of the design of the research was aimed to facilitate the comparison between reported activity and actual behaviour. In this area, respondents were asked to say what sectors they are interested in, not interested in and only interested in when actually buying something. This shows how conditional interest in different categories actually is for most consumers. It is part of good direct marketing practice to target people with relevant information when they move into a 'buying window' and these findings would further confirm how important that is likely to be. However, identifying when individuals are considering buying remains a key challenge across the industry, for which a growing number of predictive tools are being developed.

General interest and conditional interest in Sectors



Source: DMA/Future Foundation
Base: 762 respondents, UK

However, the indications are that there is much room for improvement in this area. We looked at whether those respondents who claim to be interested in various sectors are more likely to have received communications than those who said they weren't. This showed that there is generally an increased likelihood, but that this is not necessarily very marked.

Is there a relationship between sectors of interest and communications received?

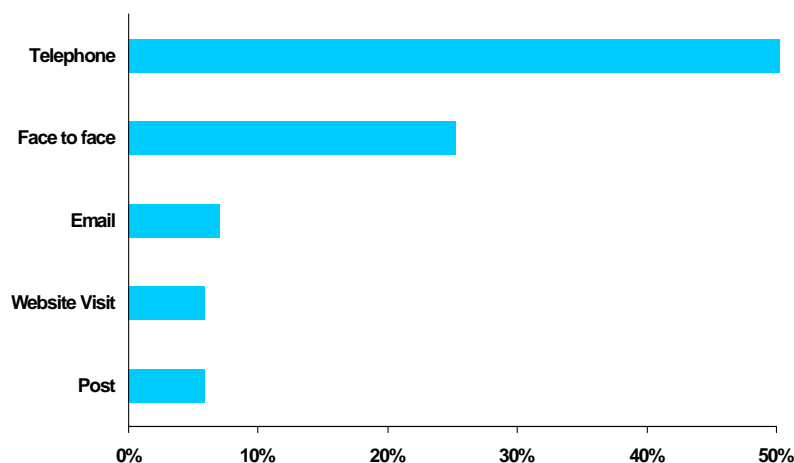
| | Interested and received | Not interested and received |
|--------------------|-------------------------|-----------------------------|
| Savings | 34% | 23% |
| Insurance | 26% | 20% |
| Automotive | 25% | 23% |
| Charities | 14% | 11% |
| New technology | 27% | 22% |
| Travel and leisure | 42% | 35% |
| Mail order | 12% | 6% |
| Offers from stores | 28% | 30% |

We also looked at responsiveness and liking by sector, to see if there are particular sectors whose communications are more liked and successful. This showed that financial services (the largest sector) are amongst the least liked, whereas home shopping (i.e. mail order) communications, from a sector in which few said they were interested, proved popular and generated good levels of response. This further confirms the gap that exists between what people might say or think and how they actually respond when receiving a direct marketing communication.

Inbound communications

Another area for investigation, the level and type of communication made by consumers to companies was also included in the diary. Here the data gathered was more limited – covering channel type, reason for the communication and how effective this was experienced as being. We did not attempt to link these to the receipt of particular communications.

Methods used to contact companies

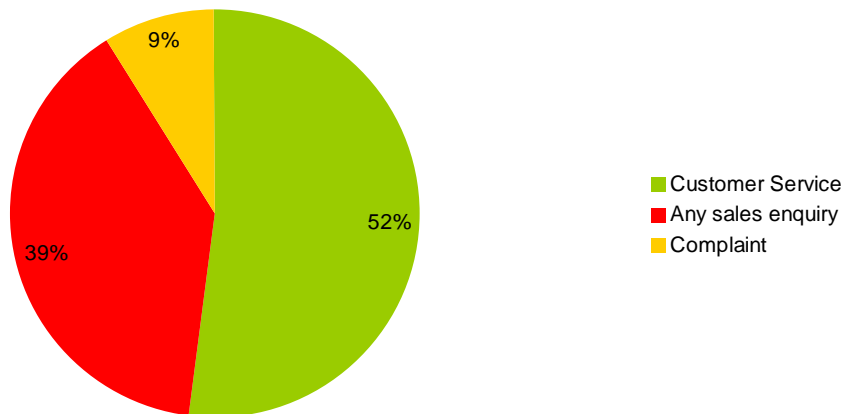


Source: DMA/Future Foundation 2004

Base: 202 inbound communications, UK

The results show that the respondents who filled in the diary generally received over 10 times more communications than they made. The total number of interactions initiated by the consumers in the sample was 202 compared to over 2300 received. This indicates that the reality of a fully interactive communications environment - one that is hypothesised by many as the way of the future – is still some way off. Half of these contacts were made for customer service reasons, 40% as a sales enquiry and one in ten to make a complaint.

Types of communications made to companies



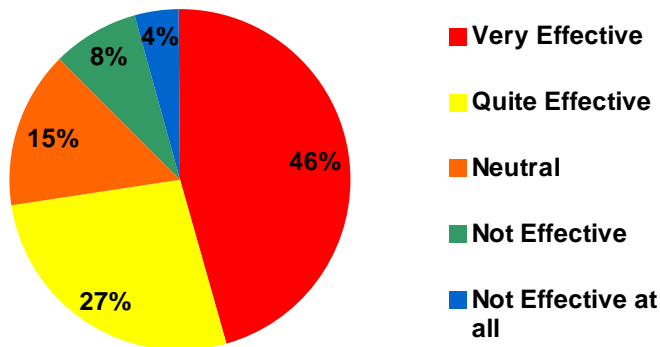
Source: DMA/Future Foundation 2004
Base: 505 diary respondents – 202 communications, UK

Whilst this figure for complaining is relatively low it could add up, if grossed up across the population, to a huge number of complaints being made every day by the British public.

In terms of channels used, over half of these are made by telephone, still proving to be the most popular route to contacting companies remotely, whereas just 15% are made via email or a website visit. While postal response and correspondence has generally been seen to be in decline over recent years, as many as 7% contacted a company by this route.

When respondents assessed the effectiveness of the contact, telephone was judged the best. Overall the results are promising as nearly three quarters (73%) of respondents stated that they rated outbound communications – i.e. communications they had made themselves – as either very or quite effective.

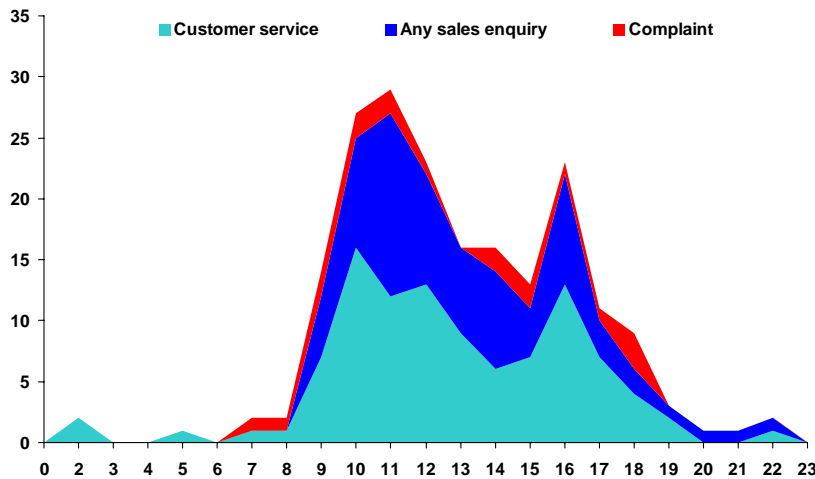
Assessment of effectiveness of response to communications



Source: DMA/Future Foundation
 Base: 202 inbound communications, UK

In terms of when contacts are made, the pattern is broadly similar to when communications are received, although there is a more pronounced late afternoon/early evening peak.

Communications people make, by time of day



Source: DMA/Future Foundation 2004
 Base: 505 respondents – 2485 communications, UK

E. Key differences by media and channel

The purpose of this final section is to provide an overview of the main findings of the study by medium and channel. This was not the main purpose of the study which was designed to provide a broad overview of all media and methods. However, there is a demand for a more detailed look at the individual channels – not least because historically, the industry has been organised around the different media and techniques and developed deep pools of knowledge represented by the DMA's Councils. Whilst the trend in the future is towards a more integrated approach (thus the importance of this study) there is much direct marketing that is still organised on a campaign and media specific basis.

In separating out the results in this way we are aware that there is a danger that they could be mis-interpreted. Each of the specialist areas within the DMA represented by the Councils has been involved in discussing and reviewing the results as they relate to their areas of expertise and have been at pains to emphasise the need for the data to be interpreted in the context of a wider body of knowledge and information that has been built up by practitioners over decades.

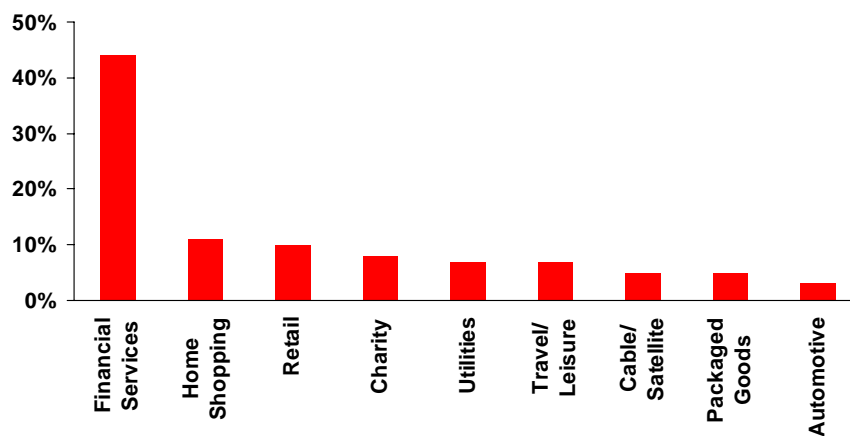
We have particularly focussed here on the results of the diary as these provide a unique snapshot view of how much, when and where direct marketing is received and the consumer response on an item-by-item basis. That said, a number of caveats are worth emphasising:

- Results are representative of the direct marketing received by respondents in one week in October and it is known that much direct marketing activity in key sectors such as travel and mail order is seasonally biased
- Respondents were told which day of the week to complete the diary in order to ensure a fair spread – however some media are geared to particular days of the week. For example door drops are generally targeted on Thursdays and Fridays; product promotions are more likely to be experienced at the weekend during shopping trips. Therefore we have guarded against making too much of this information on a medium by medium basis
- Clearly the background of the respondents is relevant to the results – heavy magazine readers will get more inserts for example; younger people are more likely to have experienced text messages and so on. We did research a representative sample of the population but the respondents to particular media are not necessarily typical of the wider population – thus the need to use different media to target different groups more effectively.

Direct mail

- The diary results showed that 3% of the direct mail received resulted in purchasing on the day in question, 2% asked for further information and a further 25% kept the pack for future reference and filing
- More than 40% of direct mail recorded was received from financial institutions making this the medium most dominated by the sector that accounted for 30% of all communications received in the diary records
- Attitudes towards direct mail are entirely neutral – it is not strongly liked or disliked in comparison to the other media
- It is the most commonly received medium with respondents reporting on average about one per day – higher than estimated

Sectors sending direct mail to diary recipients



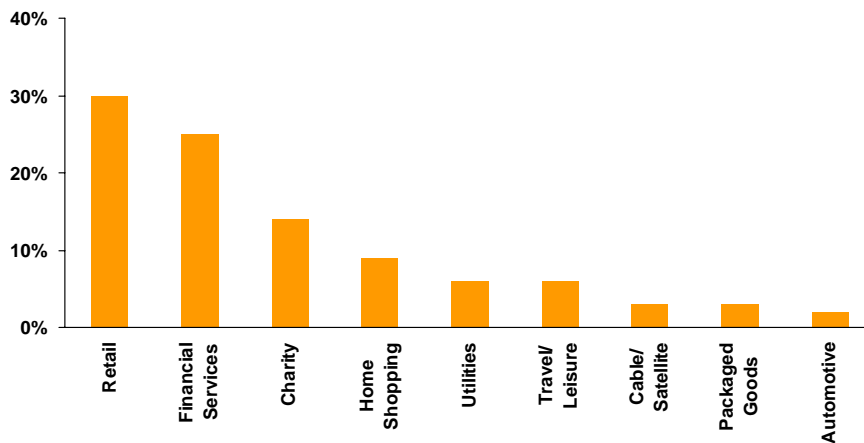
Source: DMA/Future Foundation

Base: 505 respondents – 634 Direct Mail receipts, UK

Door drops

- Door drops were the second most commonly received medium after direct mail, with respondents reporting levels that would equate to one door drop every two days
- Respondents underestimated the amount received by less than half
- On the day in question, 15% of door drops received were filed for further use. This is a high figure and confirms the fact that many door drop campaigns are not designed to elicit an immediate response – more often door drops are designed to provide information or generate traffic to local retail outlets
- Despite that 2% of all door drops received did generate a direct response, meaning that nearly a fifth of all door drops were responded to positively
- As a medium, is used most by the retail sector

Sectors for received door drops



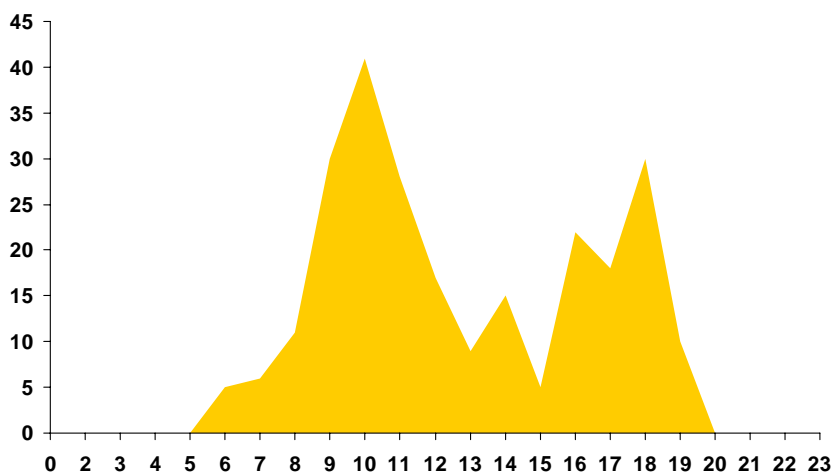
Source: DMA/Future Foundation

Base: 505 respondents – 328 Door Drop Receipts, UK

Inserts

- Not surprisingly the highest levels of response to inserts are correlated with high levels of magazine readership with newspaper readership only having a minimal effect although inserts are carried by both
- 14% of inserts received were responded to positively in the diary (purchasing, enquiring or filing). This rises to 18% of the inserts received by heavy magazine readers (more than 1 per week.)
- In the diary, the average number of inserts received would equate to around 3 per week per person
- Of the rest, 40% were recycled
- The financial services are the biggest user of inserts, followed by home shopping and the retail sector
- More inserts are noted in the evening than other forms of printed media – presumably due to respondents reading magazines (and to some degree, newspapers) for relaxation purposes at this time of day and giving inserts an unique window in time terms

Receipt of inserts, by time of day

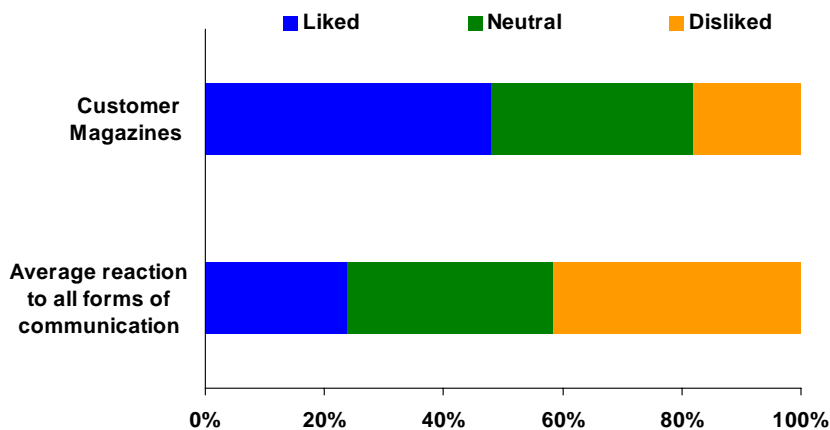


Source: DMA/Future Foundation
Base: 505 respondents – 253 inserts, UK

Customer magazines

- Customer magazines are the least likely of all those surveyed to be ignored by respondents – only a fifth of the sample said that they ‘never look at or spend time on these’
- Volumes recorded in the diary are relatively low – averaging at 1 per week. Again respondents underestimated volumes in the main survey by about half.
- It is the most popular communication received, being liked by 50% of respondents who actually got a customer magazine
- 4% of the magazines received actually generated a direct purchase on the day in question
- 45% were filed for further use – making this the most ‘positive’ response of all media
- It appears that 50% of customer magazines are sent by retailers presumably to store card members and existing customers, which may go some way to explaining their popularity

Attitudes towards Customer Magazines are twice as favourable as other media



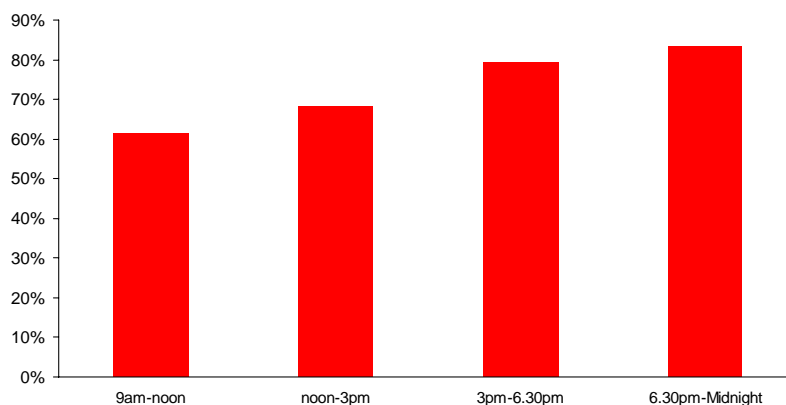
Source: DMA/Future Foundation
 Base: 505 diary respondents, 2239 communications, UK

Telemarketing

- Telemarketing (as an outbound medium) stands out from all the media surveyed with the majority of people agreeing that it is an intrusion
- However, 1 in 5 say they would be happy to receive calls if they had given their permission
- And in the diary, despite higher than average levels (33%) of dislike being expressed, telemarketing calls generated the highest level of requests for more information (20%) – clearly it works as an outbound lead generation method
- Calls increase in volume as the day continues peaking in the evening with responses becoming more negative as the day wears on
- As an inbound channel for contact companies, the picture is reversed with 50% of respondents in the diary using the telephone principally for customer service, with 76% of these calls being judged as effective
- Questions to the working respondents about the use of outbound calls in the workplace found that 46% agree that this is an everyday part of business life

Reaction to telemarketing changes as the day passes

Proportion of respondents who disliked receiving telemarketing, by time of day



Source: DMA/Future Foundation

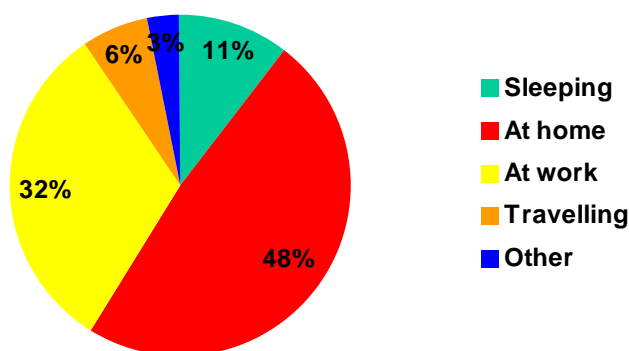
Base: 169 telephone call receipts, UK

NB- Sample sizes too small before 9am

Email marketing

- The majority of the sample have access to the internet, with just over 50% having access at home (average in the population) and 30% claiming to have broadband at home (higher than average)
- 30% of emails were treated positively by diary respondents who received them with 2% actually buying, 2% responding for more information and the remainder being filed for further use
- More emails are received at work than any other medium researched – over a third of all email promotions are opened at work – this is a medium that has a day long receipt pattern with a morning and evening peak and slight increase at lunchtime
- On average, current volumes recorded by the diary recipients would indicate that internet users are receiving slightly less than one email every two days
- As an inbound medium, 10% of the diary respondents used email as a method of contacting companies, of which 80% rated the medium as being effective

Where people were when they received and/or noticed emails



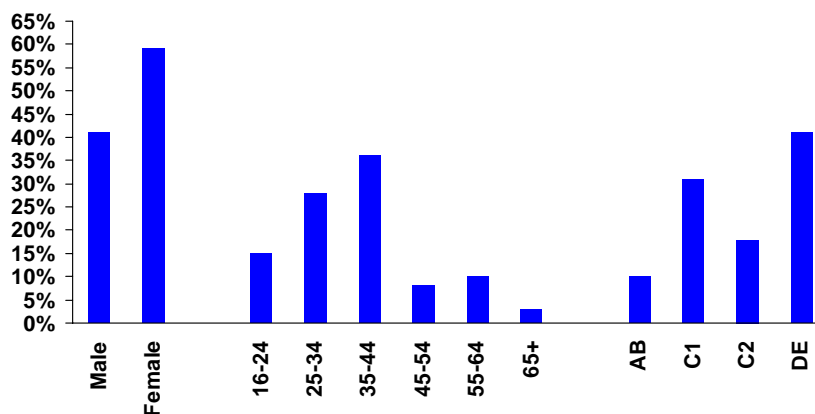
Source: DMA/Future Foundation

Base: 505 respondents, 199 e-mail receipts, UK

Text promotions

- Although 85% of the sample had personal use of a mobile, a third of respondents had never received or heard of text promotions, indicating that this is still a new and growing approach – this rose to over 60% of those without a mobile
- However, despite its newness, nearly 1 in 10 said that ‘they sometimes look and respond’ and 2% had actually bought or responded via this channel in the last year
- Of the 56 promotions received by the diary respondents, almost all were received by people under the age of 45, indicating that they are predominantly aimed at the younger demographic
- However, 18% of these texts were responded to positively, putting this emerging medium mid table in terms of effectiveness, although they are less liked than the average of communications received – perhaps reflecting the fact that text promotions are conducted on a permission-only basis
- Financial services companies do not appear to be using this medium – retail and the travel industry are the most likely to be using text promotions

Demographic breakdown of diary respondents reporting text message promotions



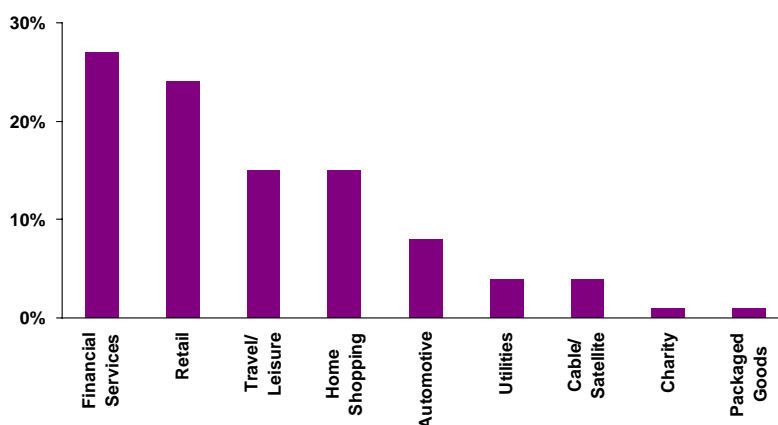
Source: DMA/Future Foundation

Base: 505 respondents- 39 text message promotions received, UK

Press and magazine direct response

- Unlike the majority of media and methods researched, the findings represent a high degree of self-selection, as respondents have to identify which adverts are direct response from all of those they are exposed to (as with TV direct response)
- In the sample, 88% were regular newspaper readers, and 51% were frequent magazine readers
- Therefore there is potentially a high degree of filtering taking place – also they are dependent on newspaper and magazine readership patterns in the sample
- 25% of the adverts noted in the diary (139 in total) were responded to in a positive way with 3% actually responding, 1% buying on the day
- 42% were recycled, along with the carrier vehicle – the highest of all the printed media. We expect that magazines are less likely to be recycled immediately
- Here too financial services predominate accounting for over 30% of the advertisements noted

Sectors from which newspaper and magazine direct response was noted



Source: DMA/Future Foundation

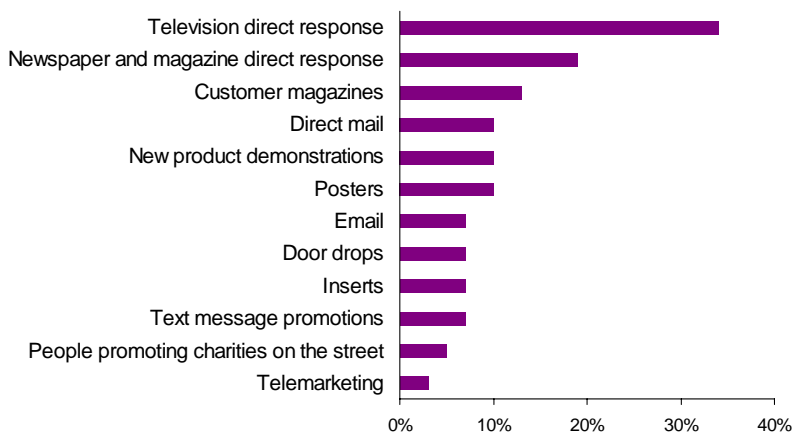
Base: 505 Respondents 139 direct response newspaper and magazine advertisements received, UK

TV and Radio Direct Response

- 99% of all respondents watch TV every week and 84% listen to the radio at least once a week – so perhaps it is surprising that more direct response advertisements were not noted in the diary. On average, the number recorded would suggest an average awareness of some 3 direct response advertisements via these media per week
- However, industry analysis tells us that around a third of all ads in these media actually do carry a response device which tells us that consumers must filter out a high proportion of adverts that they see – emphasising the need to make such advertising stand out
- Attitudes are generally positive towards these approaches, with 34% actually saying that they like these if they are entertaining or interesting
- In the diary, this medium is the only one in which as many men claim to have seen adverts as women in the sample
- 6% of adverts noted were responded to directly, although in these media the option of ‘filing for further reference’ is not open, so they do not score highly in the rankings of overall response that include this options
- The pattern of noticing these adverts is strongly home based and most takes place in the evening

TV and radio ads are liked as entertainment

The proportion of respondents who “like these if they are entertaining or interesting” by different forms of communication



Source: DMA/Future Foundation

Base:762 respondents, UK

Field marketing: new product demonstrations

- The reported frequency of seeing a new product demonstration in store was one every three weeks with 5% claiming to have bought a product or make a response in the past as a result of seeing such a new product demonstration, although 18% 'sometimes look and respond to these'
- The numbers of new product demonstrations recorded in the diary are too low to form a robust sample for analysis
- However, within this very small base, response rates were high, and liking is twice that of the average across all media
- It would seem, given the preference for personal contact amongst a significant proportion of the sample, that the personal touch implicit in this channel is likely to be highly effective

Appendix A

Definitions of the Communication Methods used in the face-to-face survey and the diary :

Direct Mail- Personally addressed mail posted directly to you

Emails- Personal Emails sent to you

Telemarketing: Telephone calls from a company offering products or services

Door drops: Unaddressed leaflets & letters posted through your letterbox, including leaflets delivered with free local newspapers

People promoting charities on the street: and/or products and services

Inserts: Leaflets and catalogues inserted into magazines/ newspapers

New product demonstrations: People demonstrating new products in stores

Customer magazines written to promote shops, products and services (e.g. Sky; Sainsbury's; AA magazine)

Television and radio direct response: advertising that gives a contact number, website address, or that issues a call to action such as 'see in store for details'

Newspaper and magazine direct response: advertising (NOT customer magazines) that gives a contact number, website address, or that issues a call to action such as 'see in store for details'

Text message promotions: that invite you to respond by replying to the message, calling a number, visit a store etc.

Posters that give a contact number, website address, or that issues a call to action such as 'see in store for details'.