Caslon
a **PODi** Affiliate

Response Rate Report:
Benchmark information for relevant marketing programs

September 2010

s3 strategic solution sales

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Executive Summary

How much can personalized, relevant direct marketing increase your response rates over static direct marketing? This is not an easy question to quantify as response rates depend on several variables including: the relevance of the message, the offer, the list, the creative, and the timing. Often the process is as much art as science. However, we do know that personalized, relevant direct mail, done well, will significantly improve your response rates. We provide our results in the tables below.

This report is intended to help you set expectations for the response rates that relevant personalization can provide. We base our calculations on data from the PODi collection of case studies. For comparison, we provide data (where possible) from the DMA's *2010 Response Rate Report*, which represents the typical results of static mailings.

A problem with this approach is that the response rates mentioned in PODi's cases are atypical. After all, the selection process for the PODi cases ensures that they represent much-better-than-average results. Readers should interpret the response rates that are reported here as what is achievable under optimum circumstances.

Response rates vary by the **campaign objective** and in this report we will consider five main types:

- Lead generation/traffic generation
- Direct order (including fundraising)
- Traffic generation
- Data gathering
- Loyalty

We will also review response rates in key vertical markets:

- Education
- Financial & Insurance services
- Manufacturing
- Non-profit
- Printing/Publishing services
- Retail

Here is a summary of the Personalized URL visit rates and response rates for personalized campaigns by application. These applications are reviewed in more detail within the report.

Table 1: Avg. Personalized URL visit rates and response rates by application

Application	Personalized URL Visit Rate	# of PODi Cases	Personalized Response Rate	# of PODi Cases	Static Response Rate (DMA data)
Lead Generation	10.6%	24	8.2%	46	3.4%
Direct Order	13.0%	9	9.8%	19	2.3%
Traffic Generation	21.8%	9	18.5%	28	2.6%
Data Gathering	19.6%	5	18.4%	13	No DMA data
Loyalty	35.9%	3	28.0%	10	No DMA data

Here is a summary of the Personalized URL visit rates and response rates for personalized campaigns by vertical market.

Table 2: Avg. Personalized URL visit rates and response rates by vertical market

Vertical	Personalized URL Visit Rate	# of PODi Cases	Personalized Response Rate	# of PODi Cases	Static Response Rate (DMA data)
Education	17.8%	6	13.1%	6	2.2%
Financial/ Ins. Services	*	*	10.8%	5	2.0%
Manuf./Tech	12.0%	26	10.6%	21	6.3%
Non-profit	10.8%	6	5.9%	9	3.7%
Printing/Publ.	24.7%	38	15.5%	34	2.9%
Retail	*	*	19.9%	22	1.9%

*Insufficient data to calculate Personalized URL visit rate

Introduction

Most marketers know instinctively that personalization can increase response rates for direct mail. But there are very few concrete examples available that can tell a marketer how big the increase will be. And yet, having some idea of what to expect is critical if you want to decide whether personalization is worthwhile—or if you have to defend your personalized campaign against criticism.

If you are a print provider proposing a personalized campaign to a customer, or if you are a marketer championing personalization within your corporation, you are likely to run into people who think that personalization won't pay for itself. To overcome their objections, you need to be able to estimate how much more profitable your personalized campaign will be than the corresponding static mailing. A key piece of information you will need is the increase in response that personalization brings. Providing that information was our goal when we published the first version of this report in June of 2007.

New case studies. New analysis.

This report has been updated with information from case studies that have been added to the PODi case study database over the past couple of years. We have also replaced some of the case studies discussed in the text of the report with newer ones.

Those who compare this edition of the report with previous editions will note a substantial increase in the reported personalized response rate statistics. This is not due to a change in the effectiveness of campaigns but rather due to a change in our methodology.

In previous editions of this report one-fourth the median increase seen in the PODi cases was reported as the level of increase that a typical personalized campaign could achieve. The reduced number was reported because PODi case studies tend to be far more successful than average campaigns would be.

In this edition of the report we provide the straight average of the response rates reported in the PODi case studies. Since our sample set of digital print campaigns is not random, it is not possible to accurately derive the response rate for an average campaign. We leave it to the reader to make their own estimations based on the strength of their campaign's list, message, offer, timing, and other marketing factors.

The role of relevance

Improved response rates do not magically occur when personalization is used. Personalization by itself is not even the most important factor. The critical factor is the offer, and how relevant it is to the recipient. If a customer receives a mailing piece that offers them something they really want, just at the time when they want it, they will respond. Otherwise, they will not. It makes absolutely no difference how the piece was produced. What personalization provides is the opportunity to make an offer that is more likely to be relevant because it is tailored to the perceived needs of the individual customer.

This concept is at the heart of what we call **relevant marketing**. More formally, we define relevant marketing this way:

> A **relevant marketing** piece consists of a message about a product that the recipient needs, delivered when the recipient is ready to receive it.

Salem College, a small liberal arts college in North Carolina, developed a mailing for prospective students that clearly illustrates the benefits of relevant marketing. The campaign began with a personalized invitation mailer sent to prospective students which encouraged them to visit a Personalized URL. At the personalized landing page the student is asked to confirm her contact information and complete a short survey on her academic and extracurricular interests. The following day, a brochure is mailed. The brochure is customized (both text & images) based on answers to the survey questions, as well as by ethnicity. 562 variations were possible.

The campaign achieved outstanding results for Salem.

- 4.4% of the students visited their Personalized URL

- Of those that visited the site, 47% completed the survey and provided additional information about their interests

- 717 students requested additional information about the Spring Visit program

- Spring Visit attendance increased by 46%

- The solution saved Admissions staff labor – counselors no longer had to frantically input data to send out response pieces

Goal of this report

In the report that follows, we want to provide you with guidelines that you can use to help you estimate response rates when proposing and planning relevant marketing campaigns involving variable print. Our two primary sources of information are the PODi collection of case studies and the Direct Marketing Association's *2010 Response Rate Report*.

Methodology

The intent of this report is to help you set expectations for the improvement in response rates that relevant personalization can provide. We base our calculations on data from the PODi collection of case studies. In each segment, we provide the average of the response rates reported in the PODi case studies. When calculating the mean we eliminated any dimensional mail cases as these often have higher response rates due to the uniqueness of the package. Responses that fell more than two standard deviations from the mean were also eliminated as outliers.

For comparison, we provide data (where possible) from the Direct Marketing Association's (DMA) *2010 Response Rate Report*. This represents the typical results of static mailings. The DMA has shared the data behind their direct mail response rate calculations with us and we used this data to refine the static mail response rates that we report.

- In the DMA's report, 6% of the respondents reported that they mailed "1:1 (personalized)" campaigns. To have a true static mail figure these responses were eliminated from the DMA data that we report.

- When calculating an overall response rate for each segment we eliminated dimensional and catalog mail because these tend to have higher response rates.

- In their report, the DMA does not provide response rate figures for Traffic Generation because "response in this area was insufficient." The DMA defined this category as communications whose purpose is to elicit a visit to a retail store. However, Caslon has a broader definition of Traffic Generation, including those communications that encourage attendance at an event, tradeshow, or conference. When we report the DMA static figures, we include data from respondents who indicated that the primary desired outcome of their direct mail was a "Visit to a retail store" and "Other" where the respondent specified attendance at an event or tradeshow.

Personalized URLs as a response mechanism

Many of the campaigns in PODi's database use Personalized URLs as a response mechanism. Personalized URLs are paths to individual web landing pages created for individual direct marketing recipients. They are dynamically generated for each name on your list. For example: www.JohnDoe.TellMeMore.com

One of the key features of Personalized URL software is accurate tracking of responses—far more accurate than most companies manage to achieve with traditional direct mail, where mailroom tallies or new entries into a prospect database are typically the basis for assessing response rates.

The detailed information available with Personalized URLs is so great that it actually leads to a question as to what constitutes a "response." Is it enough for a prospect to simply visit the URL, or must they complete the survey or other data-gathering steps at the site? Even though most users keep the landing page data gathering to a minimum, there can be a significant difference between the percentage of people who begin the process and those who complete it. In order to compare results with the DMA's reported results, **we define a response to be when a prospect provides information that signals acceptance of an offer or interest in having further contact with the marketer.** When talking about Personalized URLs, a response consists of a prospect going to his/her URL and then taking the next step of accepting an offer or signaling further interest. Where there is enough data we report separately the Personalized URL visit rate – the percentage of recipients who visited their landing page.

Keep in mind that it isn't just the use of the Personalized URL but also the leveraging of cross-media (email marketing and any mass media elements in use for the campaign) that provide improved results.

Setting realistic expectations based on the PODi response rates

As mentioned above our personalized response rate figures are based on data from PODi's case study collection. The reader of this report needs to be aware that this is not a random sample of personalized direct mail campaigns. The case studies submitted to PODi are from organizations that wish to highlight their work. The case studies, therefore, often represent their best campaigns.

Readers should view the personalized response rate figures provided in this report as what is achievable under optimum circumstances. Many factors affect response rates, including:

- **List:** Does the mailing target the appropriate audience? Is it a house list with people who are already familiar with your product/service, or is it a purchased list?

- **Message:** Is the copy effectively written? Is the message tailored to the particular needs/desires of each audience segment? Does the copy use key emotional triggers?

- **Offer:** Is the offer compelling and relevant enough to make recipients respond?

- **Timing:** Will the message reach the recipient when they are prepared to make a purchase?

- **Creative:** Does the creative support the communication goals or detract from it? Are the elements of the piece "too busy" or does the design make it easy to follow the message? Do the graphics vary by audience segment to help establish connections with different recipients?

- **Response mechanism:** Is the response mechanism easy to use and one with which the audience is comfortable? Are multiple methods of response offered?

- **Vertical:** What are the historic response rates for the vertical market?

Readers should consider these factors when estimating response rates for their own personalized direct marketing campaigns. If you choose to be more conservative, you can adjust the response rate estimates lower.

Campaign objectives

Response rates can vary greatly depending on what you are trying to accomplish. In many lead generation situations, for example, you may simply want to get as many prospects as possible to identify themselves and permit you to contact them further. If you are doing fundraising, on the other hand, your goal is to maximize the net contribution dollars you can collect. These are examples of campaign objectives, and in this report, we will consider five main types:

- Lead Generation
- Direct Order (including Fundraising)
- Traffic Generation
- Loyalty
- Data Gathering

How much are response rates affected by the campaign objective? We will discuss that in some detail later in this report. The following graph, however, will give you a good idea. Response rates for static mailing pieces range from an average of less than 2.3% for direct sales efforts, to 3.4% for lead generation, according to the DMA. These numbers do not include catalog or dimensional mail. PODi's own data indicates that, for a relevant, personalized campaign average response rates range from over 8% for lead generation to 28% for loyalty campaigns.

Response rates for static and personalized campaigns by campaign objective
(Data source: Caslon analysis of PODi and DMA data)

Lead Generation	
Direct Order	
Traffic Generation	
Data Gathering	
Loyalty	

0.0%   5.0%   10.0%   15.0%   20.0%   25.0%   30.0%

Copyright 2010 Caslon & Co.   ■ Personalized (PODi) ■ Static (DMA)
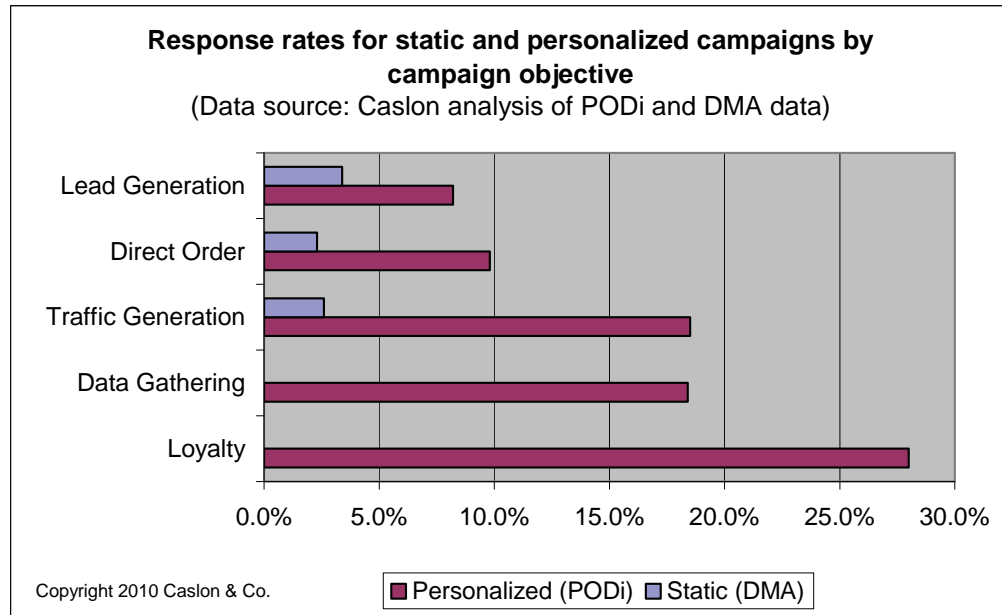
Figure 1. Response rates for static and personalized campaigns by campaign objective

For each of the five campaign objectives given above, we will start with one detailed case study, looking at how relevance was achieved and how success was measured. We will then take a more general look at the issues for campaigns of this type, using additional examples.

Finally, we will provide data on response rates for relevant marketing campaigns versus static ones. Where there is sufficient data we will also provide insight into how the response rates are affected by the use of a house list versus an outside or rented list.

Vertical Markets

Response rates are influenced by the vertical market being addressed as well as the campaign objective. This combination produces the response rate results as illustrated in the diagram below.
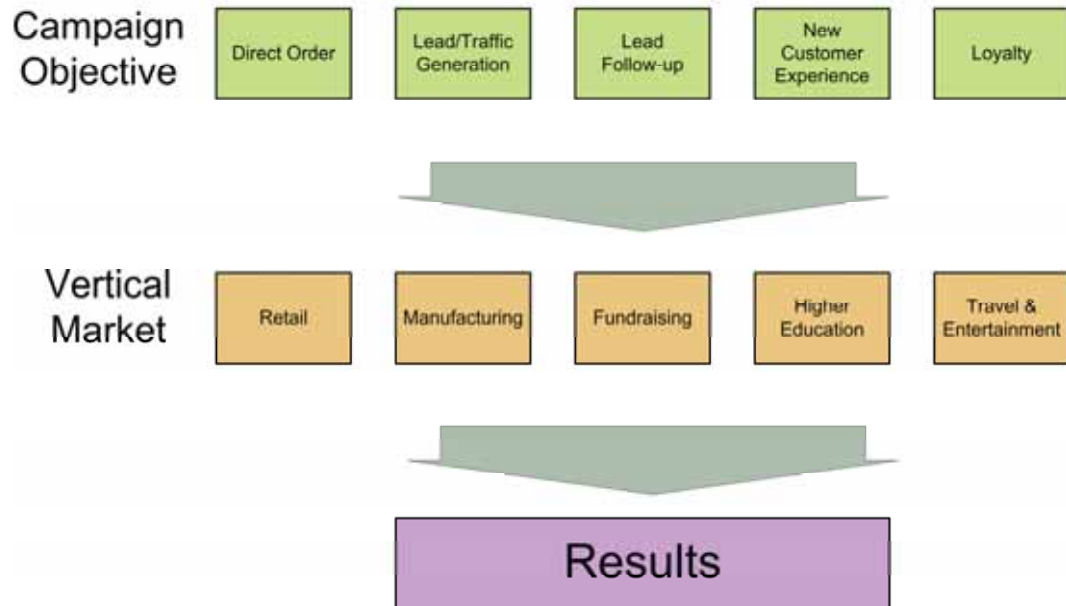
In this report we will look at six vertical markets.

Figure 2. Response rates for static and personalized campaigns by vertical market

Lead Generation

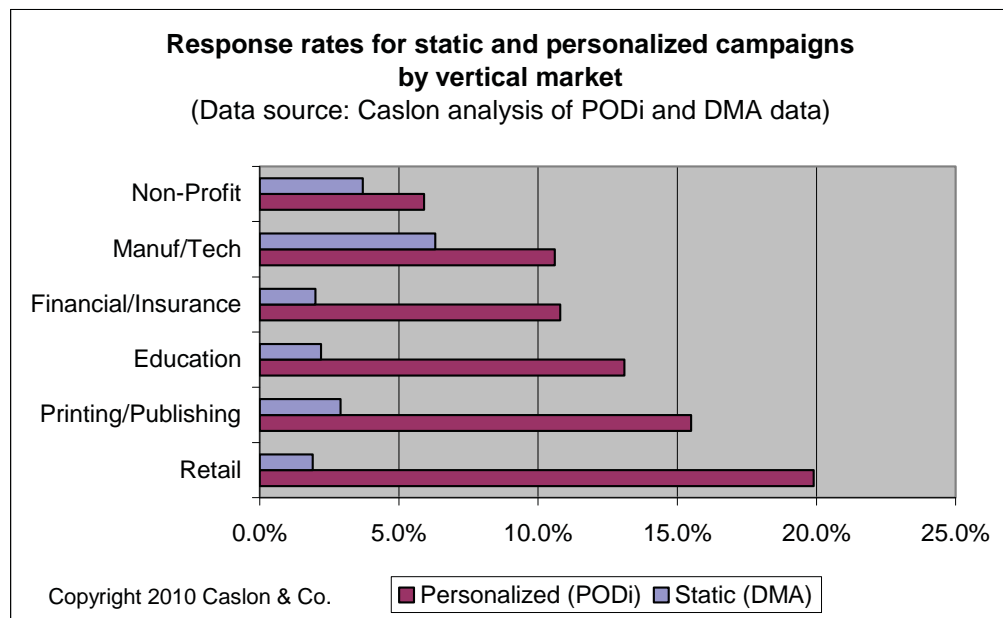Lead generation communications generate interest in a product or service and provide the prospective buyer with a means to request additional information. Key elements include a message prompting the customer to either obtain further information or qualify as a lead with a direct response mechanism, such as a Personalized URL, toll-free phone number, or business reply card. The goal of most lead generation campaigns is to have the buyer agree to meet with a salesperson.

Mercy Health Partners – New Movers Welcome Program

Mercy Health Partners (MHP) is a healthcare system serving southern Ohio and encompassing more than 30 locations across the greater Cincinnati area. MHP was facing a lot of competition from other hospitals and wanted to improve community knowledge of its programs and services.

A direct marketing campaign targeting new residents would enable MHP to build on its initiative to be every resident's first choice for health care. To communicate with new movers a personalized Welcome Kit, with Personalized URL and BRE response mechanisms, was developed. Personalization attracted the attention of recipients and a free first aid kit was offered to encourage recipients to respond. By collecting information about respondents via their personalized landing page or response card, MHP gathers valuable information that can make future communications more relevant and thus build on the relationship.
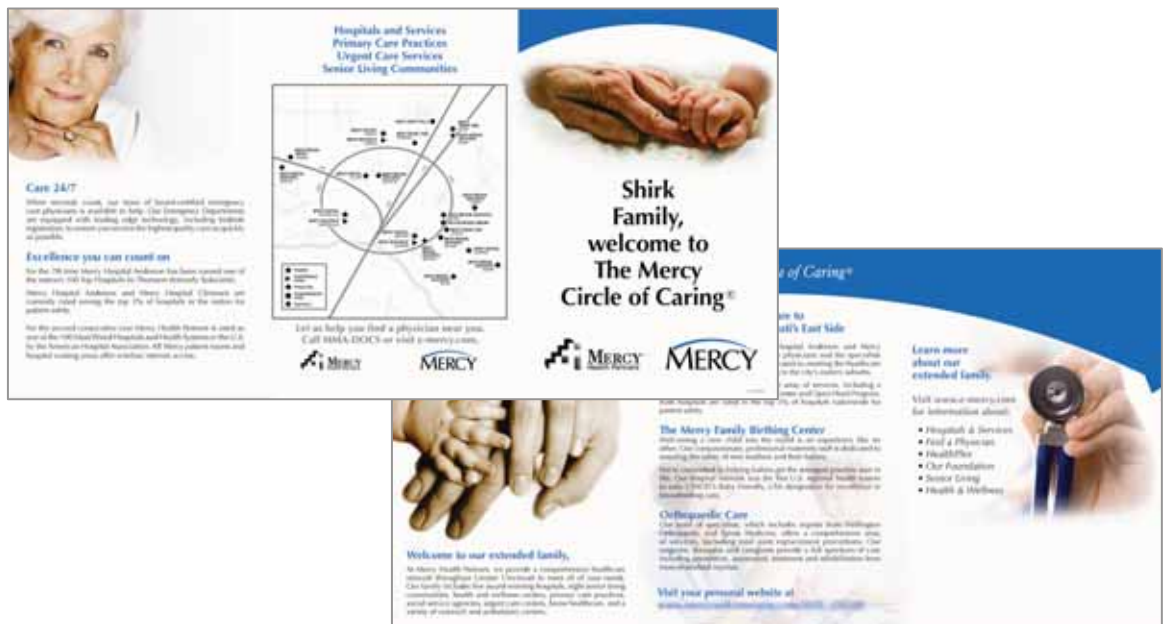
With the use of an appealing offer, trackable response mechanisms, and analysis of admissions data, MHP was able to definitively measure results and ROI. After a six-month test, the results of this program far exceeded the original objectives.

- Response rate of 6% - individuals responded to offer for a free first aid kit

- 67% of responses came via Business Reply Envelope (BRE)

- 33% of responses came via Personalized URL

The large percentage of responses via BRE may be the result of recipients' feeling more comfortable submitting health related information in a sealed envelope as opposed to putting it online.

Among responders, 639 admissions were eventually generated resulting in $1.5 million in revenue. For every dollar spent on this program, MHP earned $37.50 in revenue.

More lead generation examples

In lead generation campaigns, having the right timing and audience can be key to success. In one example, a marketing service provider developed a timely solution for small businesses that do not have large marketing budgets, serving the Cape Cod, Massachusetts area.

According to the Cape Cod Commission, 32% percent of the Cape's housing stock is owned by second-home owners. Since many of these homeowners only spend a few weeks or months a year in their Cape home, it is a challenge to market to them.

A co-op mailing directed to owners of highly valued vacation homes enabled businesses to promote their services cost-effectively. The logos of participating companies were featured on the mailer, which was personalized with the recipient's name and a Personalized URL. Upon visiting their personalized landing page owners could view special offers from each of the companies. The mailer was sent in May to reach homeowners at their primary residences before the summer months when most people travel to the Cape. Eight percent of the recipients visited their personalized landing page and viewed at least one advertiser's offer.

Personalization coupled with multiple touches can also drive increased response rates. interlinkONE, an integrated marketing software solution provider, developed a direct mail campaign to develop qualified leads for their product. The first touch was a personalized postcard that asked recipients if they would like their business to grow faster. It encouraged them to visit their Personalized URL to learn more about interlinkONE. A follow up postcard was sent to individuals who did not respond to the first mailer. 27.8% of recipients visited their Personalized URL and 50 highly qualified leads were identified.

The effect of personalization in lead generation campaigns

In the Lead Generation segment, PODi case study data had a mean Personalized URL visit rate of 11.0% and a mean response rate of 8.2%. The range of response rates was from 0.1% to 39%.

Table 3: Avg. Personalized URL visit rates and response rates for lead gen.

	Personalized URL Visit Rate	# of PODi Cases	Personalized Response Rate	# of PODi Cases	Static Response Rate (DMA data)
Overall	10.6%	24	8.2%	46	3.4%
House List	11.4%	8*	12.1%	16*	4.9%
Outside List	10.6%	11*	5.0%	19*	1.9%

* Does not equal overall number because information on the type of list was not available or list was a combination of house and outside

If you are planning a lead generation campaign, you can use the values reported in the table as a starting point for estimating your response rate improvement. Ideally, your customer would provide you with the response rates they achieved in previous lead generation campaigns. If that is not available, you can use the Static Response Rate data as a baseline.

In the PODi case studies the mean of the overall response rate increased by a factor of 2.4. However, as cautioned earlier in this report, this large an increase should be viewed as what is obtainable under optimum circumstances.

One factor that significantly impacted response rates for both static and personalized mail was the use of a house list versus an outside rented list. In both cases the average response rate for campaigns sent to house lists was more than two times better than campaigns sent to rented lists.

Direct Order

Direct order campaigns solicit and close a sale or transaction. The information necessary for the prospective buyer to make a decision and complete the transaction is conveniently provided in the advertisement. This category includes communications designed to sell a product or service, and fundraising appeals where the organization is asking for an immediate contribution.

VetCentric Boosts Sales with Personalized Postcards

VetCentric used to send weekly refill reminders to pet owners by printing form letters in-house and manually folding, inserting, and mailing them. First-class postage was used on each letter and the process took 8-10 hours every week to complete. To reduce their costs and improve the quality of refill reminders an automated solution was developed. The result is a highly personalized, full-color jumbo postcard template that includes the following variable elements:

- Veterinary Clinic's Name & Contact Information
- Pet's Name
- Pet's Species (cat or dog)
- Pet Owner's Name
- Prescription Due for Refill
- Prescription Discount (custom for each product)
- Discount Expiration Date

The highly personalized reminders achieved a response rate of 14%. The automated process has also reduced labor to 15 minutes a week.

More direct order examples

Providing an easy response mechanism and information about previous orders can help spur new orders. The Children's Art Project is a non-profit organization that raises money for cancer research by selling greeting cards. To increase their sales they used a combination of personalized postcards with Personalized URLs as a response mechanism. The postcards addressed the recipients by name and indicated how many cards they had purchased in prior years—a highly requested feature. The campaign achieved a Personalized URL hit rate of 11.8% and a response rate of 7.9%, representing actual card orders.

Fundraising. A very common sub-category of direct order campaigns is fundraising. Although fundraising campaigns have several characteristics that distinguish them from other types of direct order campaigns, the key feature—asking for an immediate payment—is something they have in common. Non-profit organizations frequently have good databases that can be mined for personalization opportunities when they plan fundraising.

The Girl Scouts Arizona Cactus Pine Council (GSACPC), which serves Girl Scouts throughout Arizona, was seeing a decline in donations and needed a way to cultivate new donors who might participate in an upcoming capital campaign. The target audience for this campaign was Girl Scout alumni.

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Age group
segment 20 - 39

Age group
segment 50 - 59

It was clear from research that what was important to women varied based on their age. Therefore, four 'personas' were created. Each persona had specifically targeted messaging that would resonate with a particular age group. In addition to the age-segmented messaging, the personalized direct mail featured prominent women of the community that had been Girl Scouts. The call to action drove recipients to a personalized involvement site via a Personalized URL. 4.9% of recipients visited their Personalized URL and 1.5% made a donation. The average donation increased from $50 to $250.

The effect of personalization in direct order campaigns

In the Direct Order segment, PODi case study data had a mean Personalized URL visit rate of 13.0% and a mean response rate of 9.8%. The range of response rates was from 1.2% to 30%.

Table 4: Average Personalized URL visit rates and response rates for direct order

	Personalized URL Visit Rate	# of PODi Cases	Personalized Response Rate	# of PODi Cases	Static Response Rate (DMA data)
Overall	13.0%	9	9.8%	19	2.3%

Most of the direct order cases in the PODi database are either campaigns targeting past customers, or fundraising drives reaching out to previous donors or alumni. When using a house list, information known about the recipient such as age, previous purchases, or donation levels, can very effectively personalize a communication and drive higher response rates. We feel that the heavy use of house lists in PODi's direct order case studies may account for the exceptionally large increase between the static and personalized response rates. Readers may wish to use a more conservative number, perhaps half the reported personalized response rate, when planning their own direct order campaigns, particularly if a rented list will be used.

Traffic Generation

The objective of traffic generation campaigns is to motivate the recipient to visit a store or business establishment, or to attend an event such as a tradeshow, conference, or seminar. Key elements of message may include pricing and product information, information about a particular sale or event, location, hours of operation, coupon or discount offers, and gift incentives.

FABORY Announces Opening with Direct Mail Campaign

FABORY, an internationally based retailer offering more than 50,000 different mechanical and chemical fasteners was planning to open 125 new retail locations in Europe within two years. FABORY needed a campaign that would increase awareness of the brand in new locations and drive customers to the stores.

A cross-media initiative consisting of four offline touch points and a Personalized URL was developed to reach prospects in the building industry. The first touch was a postcard, without the FABORY name, sent as a teaser. Two days later, the targeted audience received a mail piece that encouraged them to visit a Personalized URL where they could order a gift and verify their contact information.
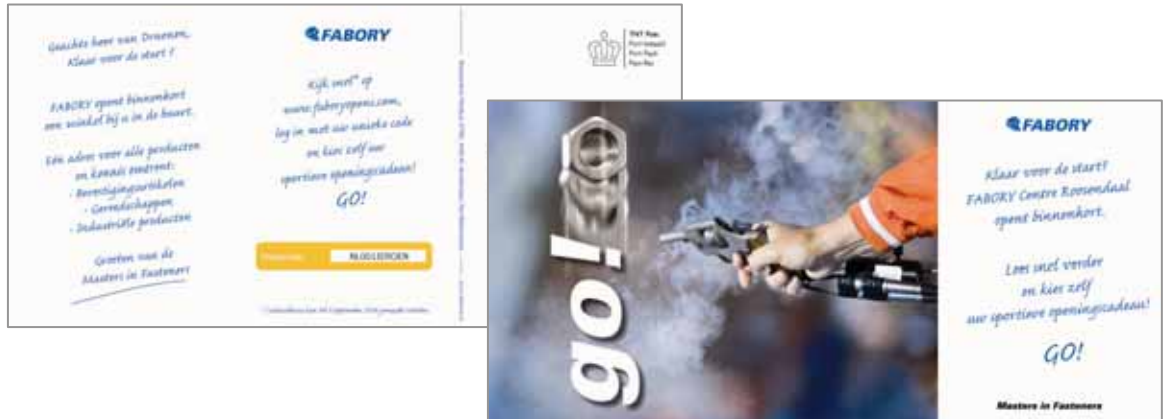
For people who did not visit the Personalized URL, an additional personalized direct mail piece was sent with a reminder to visit the site. One week after the opening of the new retail location, every visitor to the Personalized URL received a direct mail piece to invite them for an additional visit.

This campaign was deployed for several stores' grand openings. Conversion rates from personalized direct mail to actual store visits ranged from 19.4% to 24.7%.

More traffic generation examples

Many traffic generation campaigns offer a gift to entice recipients to attend a conference or event. NewPage, a large coated paper manufacturer in North America, sought recognition for its digital paper line among creative professionals and designers. A direct mail campaign was developed to drive people to its booth at the HOW Design Conference, which serves the graphic design market. The NewPage cross-media initiative consisted of a personalized mailer with a Personalized URL response mechanism, personalized landing pages, two email messages, and promotions at the conference. To encourage recipients to visit their Personalized URL and the NewPage booth, a free t-shirt was offered which could be customized with one of four phrases. Thirty-five percent of recipients visited their Personalized URL, completed an online survey, and requested the complimentary t-shirt. Nearly 100% of the people who requested a t-shirt visited the NewPage booth to pick up their gift.

The effect of personalization in traffic generation campaigns

In the Traffic Generation segment, PODi case study data had a mean Personalized URL visit rate of 21.8% and a mean response rate of 18.5%. The range of response rates was from 0.3% to 48%.

Table 5: Avg. Personalized URL visit rates and response rates for traffic gen.

	Personalized URL Visit Rate	# of PODi Cases	Personalized Response Rate	# of PODi Cases	Static Response Rate (DMA data)
Overall	21.8%	9	18.5%	28	2.6%

Response rates for traffic generation campaigns can be high if an incentive is provided that is highly relevant or desirable. Almost half of the PODi traffic generation cases are campaigns where a print service provider is inviting a customer to an open house, seminar or customer event. Incentives include wine tastings, receptions/parties, and chances to win large gift items.

Data Gathering

The goal of these communications is to collect information from customers. This might include contact information, preferences, or feedback on products and services. An incentive is often provided to encourage customers to participate. Data gathering campaigns are often precursors to direct order or lead generation campaigns, where the organization is looking for information on the customers to help make future communications more relevant. Response rates for these campaigns can be high because there is no immediate push for a sale.

Rosemont College Reconnects with Young Alumni

Rosemont College is a small private liberal arts college located in Philadelphia, Pennsylvania. Rosemont felt that they did not have a strong connection with young alumni and that it was important to start building relationships with this group of alumni now. By growing young alumni's connections with Rosemont, the college hoped that they could then be encouraged to become supporting donors.

A multi-touch, cross-media campaign was developed to help reconnect with this targeted audience in preparation for future communication initiatives. An email and a direct mail piece were sent simultaneously encouraging recipients to visit their personalized landing page and share with Rosemont what they had been doing since graduation. The direct mail and email were personalized with the alumna's name, graduation year, major, and Personalized URL. At the personalized landing page, alumni could update their contact information and complete an online survey about their activities since graduation.
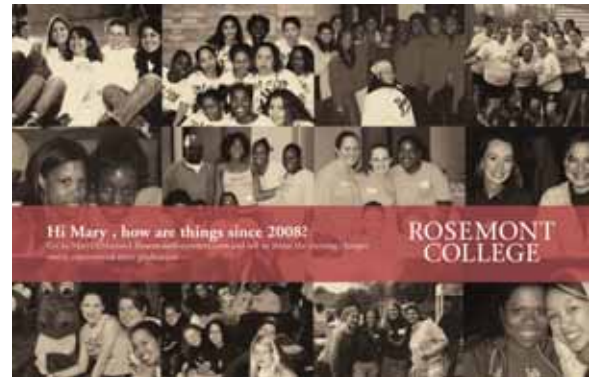
The responses of alumni were tabulated, and shared in a second round of communication via email and direct mail. The goal in this phase was to continue to build the relationship with alumni who responded and to give those who had not yet responded another opportunity to participate.

Data collected included:
- Participation by class year
- Percentage of class that went on to graduate school, were single, had children, or who were volunteering in the community
- Class preference for when to hold a reunion

The campaign achieved a 23% Personalized URL visit rate and 19.6% of recipients responded by completing the survey on their personalized landing page. Eighteen percent of young alumni also provided new contact information.

More data gathering examples

The combination of digital print and Personalized URLs can be an effective way to get customer feedback needed for future decision-making. A Beef 'O' Brady's restaurant franchise in Maumelle, Arkansas was searching for a cost effective way to reach out to existing customers. They had tried giving patrons surveys to fill out at the restaurant table, but the completion rate was very low. Surveys completed by hand also presented a challenge to Beef 'O' Brady employees because handwritten comments could be difficult to read and data had to be manually input into a spreadsheet in order to do any analysis.

The restaurant deployed digitally printed cards branded with Beef 'O' Brady's theme and containing a unique URL and password that encouraged patrons to visit the microsite to win a guaranteed prize. The cards were distributed to patrons by restaurant servers. Over 27% of restaurant patrons completed the online survey. Demographic and individual customer contact information was also gathered for use in future restaurant promotions, including close to 300 email addresses.

The effect of personalization in data gathering campaigns

In the Data Gathering segment, PODi case study data had a mean Personalized URL visit rate of 19.6% and a mean response rate of 18.4%. The range of response rates was from 4% to 32%.

The DMA does not designate a category for data gathering in their report so we do not have a static response rate for comparison.

Table 6: Avg. Personalized URL visit rates and response rates for data gathering

	Personalized URL Visit Rate	# of PODi Cases	Personalized Response Rate	# of PODi Cases	Static Response Rate (DMA data)
Overall	19.6%	5	18.4%	13	No DMA data
House List	+		20.0%	10*	No DMA data
Outside List	+		9.5%	2*	No DMA data

* Does not equal overall number because information on the type of list was not available or list was a combination of house and outside
+ No breakdown of Personalized URL hit rate due to insufficient number of cases

As mentioned earlier response rates for these campaigns can be high because there is no immediate push for a sale.

Loyalty Campaigns

Loyalty communications continue and/or expand relationships with existing customers. The goal of these communications is to increase customer satisfaction with the product or service and encourage retention and repeat purchases. They also can offer information about new or additional products or services, with the goal of cross-selling or up-selling the customer.

Specialty Retailers Works to Retain Customers When They Move

Specialty, a clothing retailer with 660 locations throughout the South Central and East Coast states, knew it wasn't retaining all of its customers when they moved. In part, this was because these customers didn't know where the nearest store was in their new location, and in part it was because they didn't recognize the brand. (Specialty Retailers operates under four brand names — Bealls, Palais Royal, Stage, and Peebles — in different areas.)

One of Specialty Retailers' marketing analysts suggested sending postcards to loyal charge-card holders whose addresses changed to let them know where their nearest store was. Specialty Retailers worked with a printer to produce postcards offering a 25% discount and providing a map of the route to the nearest store. If the local store was a different brand from the one where the customer had previously lived, the postcard let the customer know that his or her existing store charge-card would work in the new store as well.

The postcards measure 6×11 inches and are printed in full color on both sides. Variable elements include the greeting, the address and the map. There is also a bar code that is scanned at the register to track redemption of the 25%-off offer. Two versions are printed: one for customers whose nearest store brand has changed, and the other for those whose brand is still the same.

The cards are produced and mailed monthly in batches of 4,000 to 8,000, and they continue to be very effective. The redemption rate has gone as high as 42%. Specialty Retailers is reluctant to disclose details about the ROI, but was able to reveal that most of the customers who move do eventually make a purchase in the new location, and the postcards cause this to happen sooner. Some customers who would otherwise be lost are retained because of the program. And purchase amounts by those who redeem the postcards are above average.

More loyalty examples

No one does loyalty like resort casinos, and the Borgata case study is a textbook example. The Borgata is a billion dollar gaming resort in Atlantic City. In order to encourage repeat visitors, the resort set up a loyalty card program, a common practice in the gaming industry, to help track the spending and gambling habits of its customers. In return, loyalty cardholders receive special offers from the Borgata.

Each day the Borgata captures customer transaction data from three different sources: the hotel system, the casino system, and the food and beverage system. In addition, based on their spending habits, casino customers are assigned to a tier (Titanium, Black, or Red). These tiers, used in combination with the customer transaction data, help trigger the selection of variable images and special offers contained in a Welcome Back mailer.

The resulting mailer is fully variable. In addition to name and address variables, it has twelve rectangular panels that are variable. Six of these panels contain variable images and the remaining six have variable text elements.

The response rates from the completely personalized mailer have been double, if not triple, the response to other static campaigns the Borgata had produced – on average, in the high 20% range. It is important to note that, as is customary in the gaming industry, response rates for marketing campaigns that encourage return visits are calculated on the basis of how many people return and spend money at the facility. Thus, the reported response rate is not simply the number of people who indicated interest.

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The effect of personalization in loyalty campaigns

In the Loyalty segment, PODi case study data had a mean Personalized URL visit rate of 35.9% and a mean response rate of 28%. The range of response rates was from 3% to 65%.

Table 7: Average Personalized URL visit rates and response rates for loyalty

	Personalize URL Hit Rate	# of PODi Cases	Personalized Response Rate	# of PODi Cases	Static Response Rate (DMA data)
Overall	35.9%	3	28.0%	10	No DMA data

Due to the nature of this category, all of the case study campaigns used a house list. This, coupled with special offers based on the past purchasing habits of the customer, leads to a very high response rate in the PODi loyalty campaigns.

A static response rate figure is not available for comparison since the DMA does not break out "loyalty" as a category.

Vertical Markets

Another useful way to look at response rate data is by vertical market. We have selected vertical markets where PODi has at least five case studies with response rate data. Where there are a sufficient number of PODi cases we provide a comparison of response rates for mailings to house lists versus outside or purchased lists.

Education

The education campaigns in PODi's database typically fall into two categories – communications designed to attract prospective new students and communications focused on raising funds from alumni and other university supporters. In both of these cases personalization can create a stronger connection with the recipient and drive response. Communications to prospective students can incorporate information on their specific academic and extracurricular interests. Fundraising appeals can include information that is specific to an alumn's class year to elicit a stronger emotional response.

Table 8: Average Personalized URL visit rates and response rates for education

	Personalized URL Hit Rate	# of PODi Cases	Personalized Response Rate	# of PODi Cases	Static Response Rate (DMA data)
Overall	17.8%	6	13.1%	6	2.2%

Financial and Insurance Services

The PODi case studies in the financial and insurance service segment are primarily lead generation or direct order campaigns sent to a house list. Personalization was used to gain the attention of recipients and in some cases, known information about the customer was used to present information relevant to their financial or insurance needs.

According to the DMA, the financial services industry is a heavy user of direct mail. In their study nearly 80% of the respondents in the financial services area use direct mail while other marketing channels were only used by a third or fewer respondents.

Table 9: Average response rates for financial and insurance services

	Personalized URL Visit Rate	# of PODi Cases	Personalized Response Rate	# of PODi Cases	Static Response Rate (DMA data)
Overall	*	*	10.8%	5	2.0%

*Insufficient data to calculate Personalized URL visit rate

Manufacturing & Technology

The majority of PODi case studies in this segment are lead generation applications or traffic generation applications where the company sought to drive traffic to a tradeshow booth.

The larger Personalized URL visit rate and personalized response rate for the outside list is most likely an anomaly. Generally house lists strongly outperform purchased lists.

According to the DMA, in the manufacturing and technology segment "…direct mail sample sizes are small but appear to indicate a higher-than-average response rate and smaller average volumes." However, the DMA does say that the high response rate numbers in this segment should be taken with caution due to the small number of respondents.

Table 10: Average Personalized URL visit rates and response rates for manufacturing & technology

	Personalized URL Visit Rate	# of PODi Cases	Personalized Response Rate	# of PODi Cases	Static Response Rate (DMA data)
Overall	12.0%	26	10.6%	21	6.3%
House List	11.3%	12*	12.9%	10*	8.6%
Outside List	16.2%	7*	13.1%	5*	3.2%

* Does not equal overall number because information on the type of list was not available or list was a combination of house and outside

Non-Profit

The primary goal of communications in non-profit cases is to cultivate donors and solicit donations. Personalization is key in establishing a strong connection with recipients to make them feel valued and to emphasize the importance of their contribution.

The non-profit industry is another heavy user of direct mail, according to the DMA. In their response rate study 91% of the non-profit sector respondents used direct mail. Half of the respondents also used email. However, the DMA notes, "…whereas response for {static} direct mail on average was higher than for the overall sample, for email it was lower."

Table 11: Average Personalized URL visit rates and response rates for non-profit

	Personalized URL Visit Rate	# of PODi Cases	Personalized Response Rate	# of PODi Cases	Static Response Rate (DMA data)
Overall	10.8%	6	5.9%	9	3.7%

Printing/Publishing Services

Given PODi's community, we have a large number of case studies that are examples of print service providers promoting themselves. Quite often these campaigns are designed to educate marketers about the power of digital print to create more relevant communications and to track results. Usually an incentive is offered to encourage response such as a gift card or a chance to win a large prize. Many of these campaigns are also invitations to an open house, seminar, or other customer event.

The DMA does not break down its data into a printing services category. The closest industry that we can look at for comparison is Business-to-Business services.

Table 12: Average Personalized URL visit rates and response rates for printing/publishing

	Personalized URL Visit Rate	# of PODi Cases	Personalized Response Rate	# of PODi Cases	Static Response Rate (DMA data)
Overall	24.7%	38	15.5%	34	2.9%
House List	33.5%	23*	17.7%	21*	3.8%
Outside List	18.6%	9*	11.1%	7*	2.1%

* Does not equal overall number because information on the type of list was not available or list was a combination of house and outside

Retail

The high personalized response rate that is seen in this category may be attributed to the fact that half of the PODi case studies in this vertical are data gathering or loyalty campaigns. These types of campaigns see the highest response rates. Data gathering campaigns do not push for an immediate sale and loyalty campaigns reward existing customers with special incentives.

The other half of the PODi cases are primarily made up of traffic generation programs where special incentives were offered to encourage the recipient to visit the store.

Table 13: Average response rates for retail

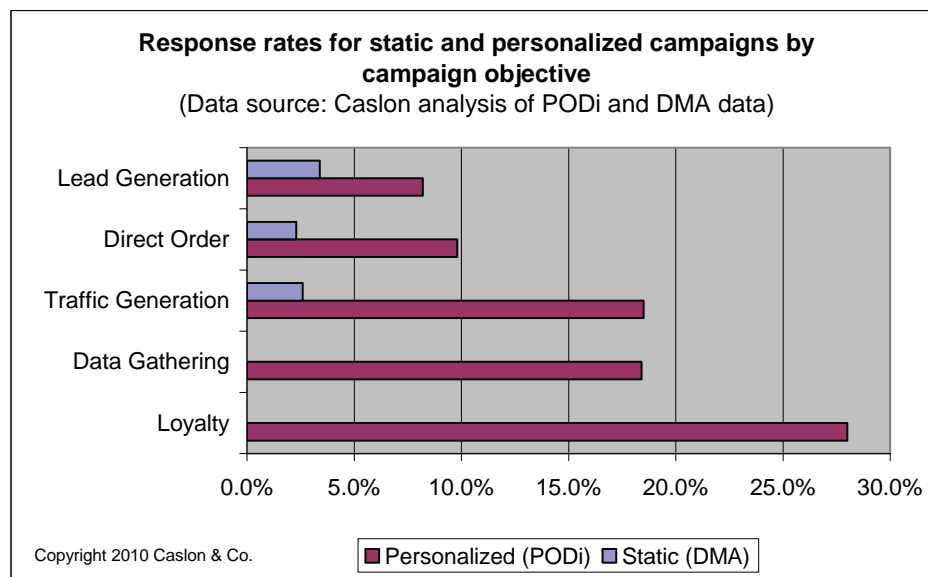|	Personalized URL Visit Rate	# of PODi Cases	Personalized Response Rate	# of PODi Cases	Static Response Rate (DMA data)
Overall	*	*	19.9%	22	1.9%
House List			20.3%	15*	2.4%
Outside List			19.7%	5*	1.1%

*Insufficient data to calculate Personalized URL visit rate

Conclusions

The following chart (which also appeared at the beginning of this report) summarizes our data about response rates for static and personalized campaigns for various applications. In all cases, personalized campaigns do better than static ones (this is what you would expect, especially given the source of the case study data).

Note that we do not have information about the response rates achieved by static data gathering or loyalty campaigns, so only an average of the personalized response rate is shown.

Response rates for static and personalized campaigns by campaign objective
(Data source: Caslon analysis of PODi and DMA data)

Campaign Objective	Personalized (PODi)	Static (DMA)
Lead Generation	8.5%	3.5%
Direct Order	10.0%	2.0%
Traffic Generation	18.5%	2.5%
Data Gathering	18.5%	
Loyalty	28.0%	

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Our approach. Our approach in generating these numbers has been to focus on the increase in response rate reported in the PODi cases. As a baseline, we use data about the response rate for static mailings (mostly from the DMA).

PODi cases tend to be far more successful than most average campaigns would be, so it would be unrealistic to suggest that a typical personalized campaign could beat a static campaign by the same margin as the PODi cases do.

When estimating response rates for your own campaigns it is important to keep this in mind. Figures should be further adjusted based on the type of list used (up for house lists and lower for rented lists). The historical performance of an organization's direct mail campaigns should also be considered.

Sources

- *PODi Case Study Database*, PODi, the Digital Printing Initiative, www.caslon.net/Case-Studies.

- *The 2010 Response Rate Report,* Direct Marketing Association, www.the-dma.org.

Other Resources from Caslon

For readers who are interested in furthering their insight into how to make communications more relevant and effective we recommend the following resources:

PODi membership - www.podi.org/membership

PODi is a digital printing industry initiative with hundreds of member companies. Caslon is the North American Affiliate and management company of PODi. Benefits of PODi membership include:

Free–to-Members Resources

- **Digital Print Case Study Database** – Search over 400 successful marketing case studies from around the world to get innovative ideas and proven marketing strategies for applications like Direct Marketing & Collateral Management.

- **Find a Service Provider** – A searchable resource for marketers, helping them connect with experienced PODi Service Provider Members.

- **Knowledge Base** – You'll find a wealth of marketing tools from white papers on key applications to recorded webinars on marketing best practices and the benefits of Personalized URLs.

- **S3 Council** – Tools and resources for digital print sales professionals including online training, presentation templates and ROI value calculators. The S3 Council is designed to help you acquire the skills and knowledge needed to sell digital print solutions that add value to your customer and profitability to your bottom line.

- **Presentations, PODi newsletter** – Presentations from past AppForum events and our monthly newsletter featuring case studies and sales best practices

- **Caslon DEX online user groups** – Interactive peer groups where you can get pressing questions answered fast.

Member Discounts on the AppForum
- PODi AppForum - the only digital print industry conference with a truly independent, unbiased agenda. This is where you'll find the very best strategies for YOU - no strings attached, no hidden sales pitch. The goal of the AppForum is simply to give you scores of surefire ways to make more money with digital print! www.appforum.org