**VIDEO TRANSCRIPT**

**Communicating directly with the audience: email marketing and direct mail marketing**

As we move forward to the digital phase of this course, we will examine two types of direct marketing to the audience, direct mail marketing and email marketing. Direct mail marketing is the obvious precursor of the email marketing, but the one common denominator is that they go directly to the end user; it is just a matter of the mode of delivery. Before there was technology, good old fashion mail was the way to go. In this video lesson, we will look at both by learning simple formulas: response rate and open rate.

After you finish this video lesson, you will be able to:

* Analyze direct mail marketing and email marketing for inclusion in a media plan
* Understand media terminology associated with direct mail and email marketing
* Understand how to calculate a direct mail marketing response rate
* Understand how to calculate an email marketing open rate
* Apply the concept of the Key Performance Indicator in the form of response rate to evaluate the success of an direct marketing campaign
* Apply the concept of the Key Performance Indicator in the form of open rate to evaluate the success of an email marketing campaign

Let’s start with basic terminology that you need to understand:

Direct marketing is a channel-agnostic form of advertising that allows businesses to communicate straight to the customer, with delivery methods that can go from the traditional mail to the technology message delivery of mobile messaging or text-based, email, and other interactive formats. Direct marketing campaigns are customer-centric, data-drive, and focus on accountability in the form of some sort of response from the consumer.

DMA or the Direct Marketing Association describes itself as the world’s leading independent organization for data-driven marketers. They manage the direction of direct-to-end user industry, whether consumer-direct (B2C) or business to business (B2B). Their vision is for every marketer to have the ability to provide their customers with exactly what they need, at precisely the right moment when they need it.

Response rate is the metric that provides key cost and performance benchmarks to help direct marketers gauge the efficiency of their campaigns.

Email marketing is a type of direct digital marketing that uses electronic mail (also called email or e-mail) as the marketing communication delivery method. Email marketing is used to build brand loyalty, acquiring or converting customers, to advertise and promote products or services, among other marketing applications.

Opt-in, Opt-Out and “Unsubscribed”: the CAN-SPAM Act of 2003 (acronym for Controlling the Assault of Non-Solicited Pornography and Marketing Act of 2003) officially came into law on January 1, 2004. The CAN-SPAM Act applies to almost all businesses in the US that use e-mail, and provides recipients of what can be considered unwanted email or spam, with the right to opt-out of these spam messages, and have their opt-out (or unsubscribe) request acted upon. Under the CAN-SPAM Act of 2003, permission of the e-mail recipient is not required prior to sending out the e-mails, however if a recipient wants to unsubscribe or opt-out of the mailings then the business must stop sending the e-mails as per the opt-out request or face severe penalties if the company is reported to the Federal Trade Commission. Opt-in is when the recipient actually gave permission to receive communications from the advertiser, but nevertheless, has to be given the option to opt-out on request. The option of opting-out is responsible marketing.

Key Performance Indicator or KPIs are goals set by organizations that allow to achieve their marketing goals through the definition and measurement of how success will be measured. KPIs are the desired results of an advertising or marketing campaign. Goals of a certain % Open rate goal for an email marketing campaign or desired Response Rate for a direct marketing campaign are examples of KPIs.

Open Rate is the % of the total emails sent for an email marketing campaign calculated by dividing the total emails opened by the total emails sent multiplied times 100.

Response rate is the % of response of the call to action to the direct mail promotional message. A companion metric is return of investment. Typical response rates in the direct mail industry range by industry and can be attributed to many factors including the promotional message and offer itself, but the range is between 2-4% response rate which is the response to call to action defined divided by total pieces sent. The key is to define what the call to action is, example calling a number to get more information, ordering a product, etc.

B2B or Business to Business is the marketing effort directed from one business to solicit the business of another company. An example is if UPS solicits to become the carrier package of a major corporation, and sends promotional material to the logistics contact of the company.

B2C or Business to Consumer is the marketing effort from a company to end users, for example McDonald’s advertising is business to consumer advertising.

As consumers spend more time in their computers, it is not news that many campaigns must include digital components. Approximately a mind blowing 122 billion emails are sent every hour. As I stated in the introduction of this video lesson, we will be discussing simple metrics associated with both methods of directly addressing end users, direct mail marketing and email marketing specifically. But before there was technology, direct marketing was king in the arena of direct communications with the end user and still going strong. In the 2014 Statistical Fact Book, Chapter 3 on Direct Mail, it is cited that “while may be true that response rates are not as high as in that Golden Era—but in most categories they’re down only slightly, if at all. Some marketers, such as retailers, are seeing dramatically higher response to their direct mail than in the 1980s. Another bright spot is higher-income households, those earning $65K per year or more. Their ‘find it useful,’ ‘will read,’ and ‘will respond’ evaluations are up virtually across the board compared to 1987, according to household diaries.” This last quote can be attributed to a direct mail heavyweight cited in the mentioned source. With technology impacting every aspect of consumer interaction, other methods of interacting with end users via technology platforms are a must of consideration in media planning. In this video lesson, we will concentrate on very simple formulas used to gage the performance of a campaign, also known as Key Performance Indicators. KPIs, as they are called, are measures set before the campaign is launched so we are able to gage the success or inability to reach the set goals, and make adjustments accordingly. Average response rates and email open rates vary by industry with many factors affecting whether an end user feels compelled to act on the offer or even bother to read the message.

Another thing to keep in mind is that both businesses operate from lists of targets, whether the mailing list or email list was bought or self-generated. Important components of the direct mail or email marketing industries are the companies that sell lists of intended targets to them. You need lists of people with addresses or email addresses to direct the advertising to. A friend that is a professional in that business of consumer lists once told me that there is virtually lists for many things marketers sell to consumers. If you ever got a driving ticket, wasn’t your mail box inundated with ticket lawyers offering you to fight your ticket? That is because someone acquired from the court the list of people that got driving tickets and sold it to the “ticket fighting” legal industry. It was certainly no accident, no pun intended. The list can be bought or generated by the advertiser through their own efforts to market and re-market.

OK, let’s start in this two part video lesson. Please refer to the video lesson PPT. Keep in mind that Return on Investment is a very important component of this mathematical evaluation to gage whether the campaign monetary investment yielded the intended results and produced revenue, but that will be discussed in a future lesson.

Part A: Direct Mail Response Rates

STEP ONE: Understanding the numbers

Let’s start with the scenario, a direct mail marketer sent out 1,500 postcards to advertise a special promotion and 525 people called the company inquiring for more information. Again, we are leaving the Investment or how much it cost to produce and mail the postcards vs. the results of the campaign as an return of investment evaluation for another lesson. It is very important that before this direct mail campaign launched, that the KPI was established. The advertiser has to be clear how to evaluate success, and sometimes success can be measured against a previous successful or unsuccessful campaign.

STEP TWO: Calculating the response Rate

The formula for response rate is Desired Response divided by Total direct mail pieces sent multiplied times 100

525 People Called the Store inquiring about the offer

Divided by

1,500 Total postcards sent = .35 multiplied times 100 = 35%

STEP THREE: Reporting the Results

As a result of 1,500 postcards sent advertising the special promotion, 525 called for more information. It can be reported that the campaign yielded a 35% response rate for this initial evaluation.

The next tiers of evaluation include two companion metrics:

1. how many of the inquiries were converted to sales (lead to sales conversion rate)
2. If the campaign investment produced sales or revenue (ROI or return on investment).

Now practice in the individual lesson PPT and remember that you can find the answers in the Full lesson PPT.

Part B: Email Open Rate

STEP ONE: Understanding the numbers

Let’s start with the scenario, an email marketer sent out 2,500 emails to advertise a special promotion and 276 people opened the email.

STEP TWO: Calculating the Open Rate

The formula for response rate is Emails Opened divided by Emails sent multiplied times 100

276 People Opened the Email

Divided by

2,500 Emails sent = .11 multiplied times 100 = 11%

STEP THREE: Reporting the Results

As a result of 2,500 emails sent, 276 people opened them. It can be reported that the campaign yielded an 11% open rate.

Now practice in the individual lesson PPT and remember that you can find the answers in the Full lesson PPT.

See you in the next video lesson.

 PART B: LEARNING HOW TO CALCULATE TOTAL RATINGS USING REACH AND FREQUENCY