



## NEWS RELEASE

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18 July 2006

## DMA UNVEILS 2005 CENSUS

### *- New media usage soars to fuel DM growth -*

Launched today, the DMA's annual Census of the Direct Marketing Industry for 2005 reveals that the industry is now worth £17 billion. Increasing 13% on last year, the figure marks another year of growth for the industry since the census began 11 years ago. The market remains largely dominated by the three main media of direct mail, telemarketing and TV, which make up nearly half of the total expenditure. However, new media's growth of 80% on 2004 – the fastest growing area - means that it now accounts for an estimated £1.5 billion, underlining new media as a central element to direct marketing campaigns.

Mobile marketing is estimated to have risen by 24% over the previous year to £26million\* in 2005 while the value of email marketing is expected to stand at £128million. The sector's growth is also underlined by the IAB's reports that internet advertising has grown by record amounts, rising by 66% to £1366 million in 2005.

New media's impact is also seen in the increased proportion of adverts classified as direct response. A heightened use of web addresses alongside telephone numbers on press (both national and regional) and magazine adverts has resulted in this sector growing by two thirds over the last two years. Direct response TV's role in driving web traffic also increased over the past year, recording dramatic growth of 18%. The number of direct response radio adverts also rose, with an estimated 50% of all radio adverts containing a direct response mechanism.

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The Census also underlines the continued growth of customer magazines (increasing 15% on 2004 to £395 million), highlighting their popularity with consumers as shown in the DMA Participation Media consumer report where they were judged the most relevant and most positively treated of all the media studied. Estimates for 2005 show that the market remained strong with publishers attracting new customers as well as increasing revenue gained from existing ones.

Direct mail fared less well. Following a sustained period of growth and record volumes in 2003, direct mail volumes have fallen slightly over the past two years. Both business and consumer mailings declined by 5%. This has been attributed to a significant decrease in credit related mailings by financial services organisations and also to companies' increased use of suppression files which has resulted in better targeting and less wastage.

Telemarketing, including both inbound (from customer to company) and outbound (from company to customer), remains the largest single channel in the industry with an estimated expenditure of £3919 million, accounting for 23% of the total DM expenditure. This is supported by a recent report from the DTI which shows that contact centres increased by 3% in 2004 and agent positions rose by 8%.

As the fifth largest area – accounting for 9% of the total direct marketing industry, insert volumes remained buoyant despite falls in both national and regional newspaper advertising. Estimated expenditure rose by over 14% in 2005 to £1472 million. The greatest increase in insert volumes between 2004 and 2005 was for dailies, up by 20%.

The Census also points to strong growth in the value of database marketing with turnover rising by 12% to £936 million in 2005. Volumes rose by 9% with business to business (12%) recording stronger growth than business to consumer (8%). Again, the importance of new media was noted with a growing requirement for email data.

Field marketing continued to enjoy steady growth with expenditure increasing by 10% in 2004 and 5% in 2005 to £770 million. Slower growth in 2005 was attributed to tough marketing conditions. The census also revealed that expenditure in the field marketing industry is evenly split between UK and overseas operations.

Mike Barnes, DMA Director of Marketing and Business Development, comments: "This year's census paints another strong picture of a growing industry that is constantly evolving to expand its remit, using technology to deliver consumer and business needs. New media's massive growth is testament to this as well as areas such as field marketing and customer magazines which weren't even considered in our first census and are now important elements of the total mix. Client expenditure may be cautious at the moment but the direct marketing environment remains healthy and continues to grow."

\* Based on figures released by the Mobile Data Association

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### Editor's Notes

The DMA UK is the largest trade association in the marketing communications sector, with over 900 corporate members. The DMA's mission is to maximise value for members, whilst maintaining and enhancing consumer trust and confidence in the direct marketing industry.

To assist, the DMA administers a portfolio of Preference Services that allow consumers to register their contact details, free of charge, should they choose to reduce the amount of direct marketing approaches they receive via mail, telephone, fax and email.

Sales attributed to direct marketing activity total £107 billion each year, £67 billion of this from consumer sales and £40 billion resulting from business to business direct marketing. As an industry, direct marketing generates around 9% of consumer sales on a yearly basis as well as employing roughly 814,000 people (both directly and indirectly) and supporting 3% of all employment in the UK. In 2004 organisations spent a total of £37 billion on direct marketing, of which over £14 billion can be attributed to media spend.

DMA members benefit from added protection, intelligence and growth, which together we call the Power of Association. Within these three areas, DMA member services include government lobbying, free legal advice, training & development, representation on DMA Councils, networking opportunities, regular updates of current dm issues/legislation, research, use of the DMA logo, promotion of member companies and discounts on a range of dm products/services.

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