

Economic Impact Analysis 2008

The Direct Marketing Industry



Research

REPORT



1. Executive Summary

In this the third *Economic Impact Analysis of the Direct Marketing Industry*, the strength of direct marketing is apparent. Showing sustained and healthy growth in 2007, the industry represents an extensive contribution to UK employment, and thus the economy as a whole. Adaptable and resilient, direct marketing continues to provide marketers with the tools needed in the overall marketing mix to react to ever changing market conditions and consumer demands. And it remains a significant element of all marketing activities to businesses of all sizes in the UK today.

Expenditure:

- The total value of direct marketing to the UK economy has grown to £50.5 billion, representing 15.4% growth since 2006.
- This comprises three separate elements:
 - £18 billion on expenditure on direct marketing media and activities.
 - £18.6 billion on employment.
 - £13.9 billion on overheads resulting from employment.
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- Expenditure on direct marketing budgets has had a healthy 9.8% growth in total value from 2006, which includes an increase in the total number of companies.
- Individual companies have reported a 7.7% increase in direct marketing expenditure.
- Business to business direct marketing expenditure has grown faster than business to consumer, with a growth of 18.1% compared to 5.5% since 2006. Interestingly, this is converse to the situation last year when business to consumer direct marketing expenditure grew faster than business to business.

Employment:

- Employment generated by the direct marketing industry in the UK has grown by 14% since 2006 to represent 3.4% of total employment
- A total of 1,009,000 people are employed in the direct marketing industry:
 - 625,000 directly
 - 255,000 indirectly (including postal workers)
 - 129,000 induced i.e. the employment generated as a result of all those directly and indirectly employed spending their money on goods and services, which creates further employment.

Sales Generated:

- Consumer sales generated by direct marketing are estimated to be a significant £76.4 billion per annum – just over 9% of total UK consumer spend.
- Business to business direct marketing generating an estimated £57 billion worth of sales.
- Estimated sales have increased by 6.6% since 2006, with the internet accounting for £56.1 billion or 42% of the total.

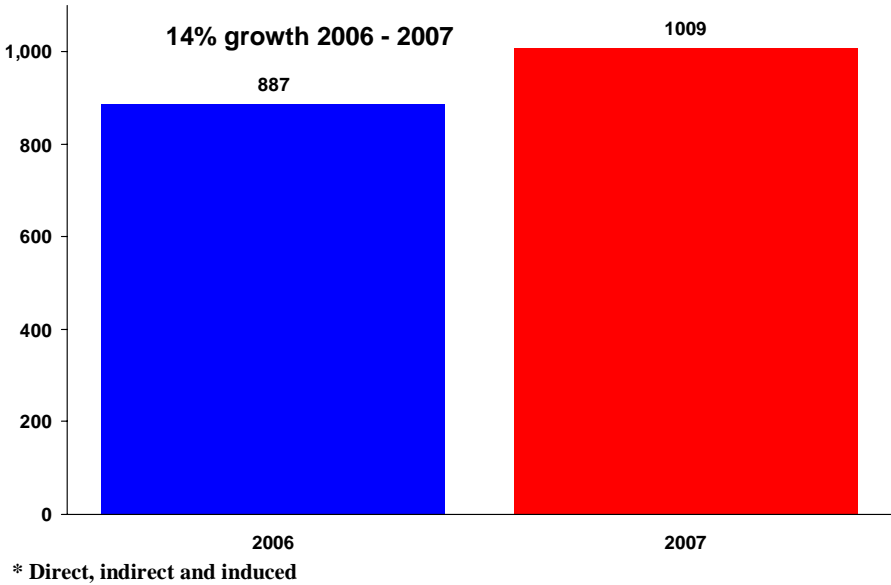
Individual Media Calculations:

- Direct mail accounts for the largest proportion of all expenditure at 26% confirming its continuing significance to the industry.
- Internet advertising and email combined follow closely at 23% demonstrating the degree to which these fast growing interactive media have become mainstream within the industry.
- Mobile messaging, another form of digital direct marketing facilitated by new technology has also grown by 8%, now representing 1% of all expenditure.

2. Extract:

In our last study we estimated that overall employment generated as a result of direct marketing was 886,000 (equivalent to 3.1% of the total workforce). Our estimate of 1,009,000 for 2007 represents a 14% increase and suggests that employment related to direct marketing is growing rather more rapidly than employment in the economy generally and also faster than growth of 8.8% seen last year. It is also in line with this year's expenditure results showing faster growth in the amount spent internally on direct marketing, both reflecting a healthy and attractive industry.

Employment generated as a result of the Direct Marketing Industry (000s) *



Source: DMA Economic Impact Analysis 2008
Base: 425 companies

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