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# Every Door Direct Mail Seminar

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Hosted by the Community Development Foundation.

co-led by

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# Direct Mail Industry: Bouncing Back, Yet Facing Challenges



July 5 -- According to market research firm [IBISWorld](#), the recession of the past 5 years caused demand for the [U.S. Direct Mail Advertising Industry](#) to fall as businesses cut costs to maintain profit.

- Companies reduced marketing budgets, causing revenue to decline at an average annual rate of 1.6% over the five years to 2012 to total \$12.9 billion. In addition, increased competition from other below-the-line promotional tools, including the internet and text messaging, also hurt the industry.
- The decline in revenue was relatively mild in the context of the broader advertising services sector. When the economy slows and businesses trim marketing budgets, marketers turn to more cost-effective and targeted forms of promotion, IBISWorld states. For example, some companies chose to use direct mail advertising during the harsh downturn, providing a cheaper, more targeted form of advertising than traditional mainstream media, such as radio and TV.
- The Direct Mail Advertising industry is poised for growth in 2012. During the year, for example, operators will benefit from programs implemented by the US Postal Service to encourage commercial mailers. This is one factor expected to contribute to revenue growth of 1.2% during 2012.



## Consumers Find Direct Mail Useful

According to the [DMA 2011 Statistical Fact Book](#):

- 52.4% of U.S. consumers say they **read direct mail** received from retailers.
- 53% say they find direct mail “**useful.**”
- 16.8% have **responded** to retail mail offers.
- Sales driven by non-catalog direct mail marketing rose from \$457 billion in 2010 to \$477 billion in 2011.

## Americans Still Prefer Print and Paper Communications

January 18, 2012 – According to a recent survey commissioned by [Two Sides](#), a non-profit organization created to promote the responsible production, use and sustainability of print and paper, Americans have declared their preference for paper-based media in a digital world.

- 70% of Americans, including 69% of 18 to 24 year olds, state they “prefer to read print and paper communications, rather than reading off a screen.”
- The majority of respondents (67%) say paper is more pleasant to handle and touch than other media.



## Consumer Survey: "We Prefer Direct Mail"

December 1, 2011 -- According to marketing firm [Epsilon Targeting's latest Consumer Channel Preference Study](#) of nearly 5,000 North American consumers, 50% of U.S. consumers prefer direct mail to email, and the same can be said for nearly as many Canadians.

The study, entitled "*The Formula For Success: Preference and Trust*," finds that direct mail continues to deliver as consumers' preferred means of receiving marketing messages from brands, with **six out of 10 Americans** and even more Canadians say they **"enjoy getting postal mail from brands about new products."**

The 2011 research shows that "despite direct mail's reputation for being "old school" or expensive, it is the top choice of U.S. and Canadian consumers for the receipt of brand communications in almost every category, ranging from "health to household products, to household services, insurance and financial services, including credit card offers," Also of note, "the preference for direct mail also extends to the 18-34 year old demographic."

### Attitudes Toward Postal Mail and Email



Percent of population agreeing based on top two selections on a five point scale

Source: Epsilon, The Formula For Success: Preference and Trust, 2011.

- **Across all key verticals - from financial and insurance to retail and personal care - direct mail is preferred to email by all respondents.**

The least trustworthy channels are social media and blogs, achieving only 6% trust among U.S. consumers and 5% among Canadians

- In the U.S., 75% of consumers say they get more email than they can read; 61% of Canadians express the same sentiment.

The study suggests that brands should use a variety of channels to build relationships, starting with trusted channels like direct mail, then "layering the message to re-enforce it through other channels."



# Direct Mail Promotions Catch the Eye

March 21, 2012 -- Marketing research firm [Ask Your Target Market \(AYTM\)](#) recently undertook a survey examining the effectiveness of direct mail -- Are customers more likely to look at their mail than they are at emails? Make purchases based on offers received?

Surveying 400 U.S. adults online panel participants, they found:

- Nearly one in five (17%) respondents receive advertisements or special offers from businesses via direct mail every day. One third (33%) say they receive this type of mail fairly often, 33% receive direct mailings sometimes, and 17% say they rarely or never get direct mailings.
- Of those who receive direct mail from businesses:
  - 6% say they always read the printed mailings
  - 23% say they read it more often than not
  - 33% say they read it about half the time
  - 35% state they rarely read it
  - 4% don't ever read mail from businesses.
- When it comes to making purchases:
  - 21% say they are more likely to purchase based on direct mail promotions rather than email offers
  - 13% are more likely to make purchases based on email offers rather than direct mail offers
  - 38% said it makes no difference -- they are just as likely to make purchases based on direct mail offers as they are to do so based on email promotions
  - 28% claim they never make purchases based on direct mail or email messages.
- Of those who indicated they make purchases based on direct mail, coupons and exclusive deals overwhelmingly catch the consumer's attention.



## Q4 : What type of direct mail is most likely to grab your attention?

Answer	Responses (251 total)
A1: Mail with coupons or exclusive deals	79.3% (199)
A2: Mail from local businesses	34.7% (87)
A3: Mail from chain stores or restaurants with recognizable names	39.4% (99)
A4: Visually appealing mail	29.1% (73)
A5: Other	7.6% (19)
A6: No opinion	5.2% (13)

# Shoppers Looking for Savings Turn to Print



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August 10, 2011 – A new study from the consumer research firm [Scarborough Research](#) finds that American

consumers continue to actively seek out ways to save money on everyday expenses. **Coupon usage for household groceries is up 24% since 2006** and shoppers are turning to a variety of resources for their coupons.

While more than 22% are utilizing digital media such as email, text messaging or Internet sites to obtain coupons, **the Sunday newspaper still remains the top source for savings**. Almost half of all Americans get their household coupons from the Sunday newspaper. **In-store circulars and direct mail follow as top sources.**

## Leading Sources for Household Coupons

1. Sunday Newspaper: 49%
2. In-store Coupons: 43%
- 3. Direct Mail: 33%**
4. In-store Circulars: 26%
5. Preferred Customer/Loyalty Card: 24%
6. TIE: Weekday Newspaper: 19%, Product Packages: 19%
7. Magazines: 17%
8. Internet Sites: 14%
9. Email or Text Messages: 14%

# Coupons Work --Even When They Are Not Used



May 2012 -- An experiment analyzed by University of Virginia Darden School of Business professors found that unredeemed coupons are still valuable to the companies that issue them. "In fact, the coupons that wind up in the trash ultimately may deliver greater returns to a company than the coupons that are redeemed," write Rajkumar Venkatesan and Paul Farris. Venkatesan is Darden's Bank of America Research Associate Professor of Business Administration. Farris is the Landmark Communications Professor of Business Administration.

Coupons are a popular advertising marketing tool. In 2010, U.S. consumers redeemed 3.3 billion coupons, cutting about \$3.7 billion from purchase prices, though only about 1 percent are ever used, the professors write. But a 16-month field experiment counters conventional wisdom that the 99% of unused coupons don't benefit businesses.

Venkatesan and Farris analyzed the advertising campaigns of eight national retailers involving more than 500,000 targeted coupons for items representing more than 300 brands mailed out over 16 months.

The professors found that consumers who got the coupons but didn't use them still "typically increased their purchases in the associated stores." In fact, these consumers accounted for 60% of the coupons' "sales lift" — the additional amount spent on both promoted and unpromoted items. Data analysis found that coupons — whether used or not — still increase awareness purchasing of a brand or retailer.

While a very low redemption rate is usually a sign of a flawed advertising campaign, it's only part of the story, the professors believe. "If companies learn to think in terms of the broad exposure effects of their coupon offerings, they can open up whole new channels for attracting and communicating with customers -- and add considerably to their bottom line."

# Women Most Notice Price, Quality Info in Advertising



Top Advertising Elements That Make Female Consumers "Take Notice"	
Price is easy to find	45%
It provides proof or details on its quality	43%
The message is relevant to my life	39%
Advertising that is easy to remember	28%
It provides comparisons to the competition	26%
It offers something free or highly discounted	26%
It provides ratings/reviews	25%
It is entertaining	25%
It provides testimonials from actual users	21%
The graphics are appealing	20%
Source: <a href="#">Game-Changers: Women Defining the New American Marketplace, 2012</a>	



# Marketing Practices That Inspire vs. Those That Irritate



March 2012 -- [Pitney Bowes](#) surveyed 6,000 consumers across the US, UK, Germany, and France to clarify what customers expect and desire from interactions with businesses, and which interactions irritate them. The findings are important because a few larger marketing trends amplify the consequences of effective vs. ineffective customer communications.

## Actions Seen as Negative by Consumers

- Sending weekly emails (89% negative)
- Asking customers to support a brand's charity or ethical concerns (84% negative)
- Sending offers from third-parties (83% negative)
- Encouraging interaction with other consumers via an online community (81% negative)
- Encouraging customers to attend branded lifestyle events (71% negative)
- Call center reps getting too chummy on the phone (70% negative)
- Inviting consumers to create their own homepage (69% negative)

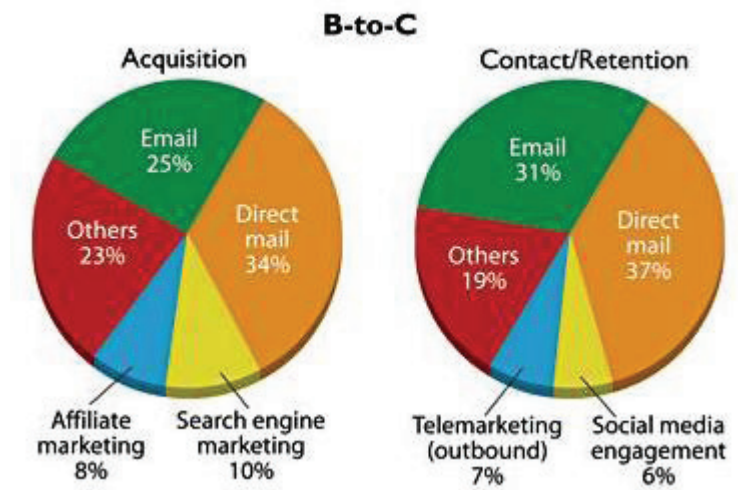
## Actions Viewed as Acceptable by Consumers

- Customer satisfaction surveys are perceived as an acceptable practice by 75% of those surveyed.
- Keeping in contact at a frequency that doesn't upset the customer is key; 74% of consumers welcome a monthly offer sent to them via postal mail
- A certain level of personalization and familiarity is welcomed; 59% of consumers surveyed say they appreciate online personalization on websites, such as "Welcome, Jane."



## Direct Mail Delivers Strongest ROI for B2C

March 1, 2012 -- Direct mail is the channel cited most by B2C direct response marketers as delivering the strongest ROI for customer contact, retention and acquisition, according to [Target Marketing Sixth Annual Media Usage Forecast](#) which surveyed 350+ marketers.



# Direct Mail ROI: Every Dollar Spent Generates \$12.57 In Sales



According to the [Direct Marketing Association \(DMA\)](#), in 2010 every dollar spent on direct marketing advertising resulted in \$12.57 in direct marketing-driven sales, on average.

ROI: Summary of DM-Driven Sales Per \$1 of DM Advertising					
Return by Medium	2004	2008	2009	2010	2014
<b>Direct Mail</b>	\$12.33	\$12.55	\$12.53	\$12.57	\$12.61
Direct Mail (Non-Catalog)	\$15.59	\$15.52	\$15.22	\$15.28	\$15.48
Direct Mail (Catalog)	\$7.06	\$7.28	\$7.32	\$7.34	\$7.27
<b>Telephone Marketing</b>	\$8.49	\$8.57	\$8.48	\$8.42	\$8.29
<b>Internet (Non E-Mail)</b>	\$25.93	\$19.88	\$19.83	\$19.86	\$19.77
Internet Display	\$25.53	\$19.78	\$19.57	\$19.57	\$19.21
Internet Search	\$27.60	\$21.84	\$21.85	\$21.90	\$21.93
Social Networking	NA	\$12.57	\$12.39	\$12.45	\$13.02
Internet Other	\$17.59	\$16.62	\$16.48	\$16.75	\$17.03
<b>Commercial E-Mail</b>	\$58.01	\$44.93	\$43.62	\$42.08	\$36.70
<b>DR Newspaper</b>	\$13.26	\$12.77	\$12.46	\$12.26	\$11.89
<b>DR TV</b>	\$7.02	\$6.81	\$6.63	\$6.62	\$6.48
<b>DR Magazine</b>	\$10.30	\$10.11	\$10.27	\$10.26	\$10.06
<b>DR Radio</b>	\$8.66	\$8.60	\$8.29	\$8.28	\$8.09
<b>Insert Media</b>	\$11.76	\$11.60	\$11.45	\$11.43	\$11.35
<b>Other*</b>	\$6.93	\$7.01	\$6.89	\$6.91	\$6.87

\*Other includes all other trackable DM delivered media including outdoor, facsimiles, podcasting, displays, and kiosks.

Source: The Direct Marketing Association (DMA), *The Power of Direct Marketing*, 2009-2010

# Hard Economic Times: Funny Ads Most Effective

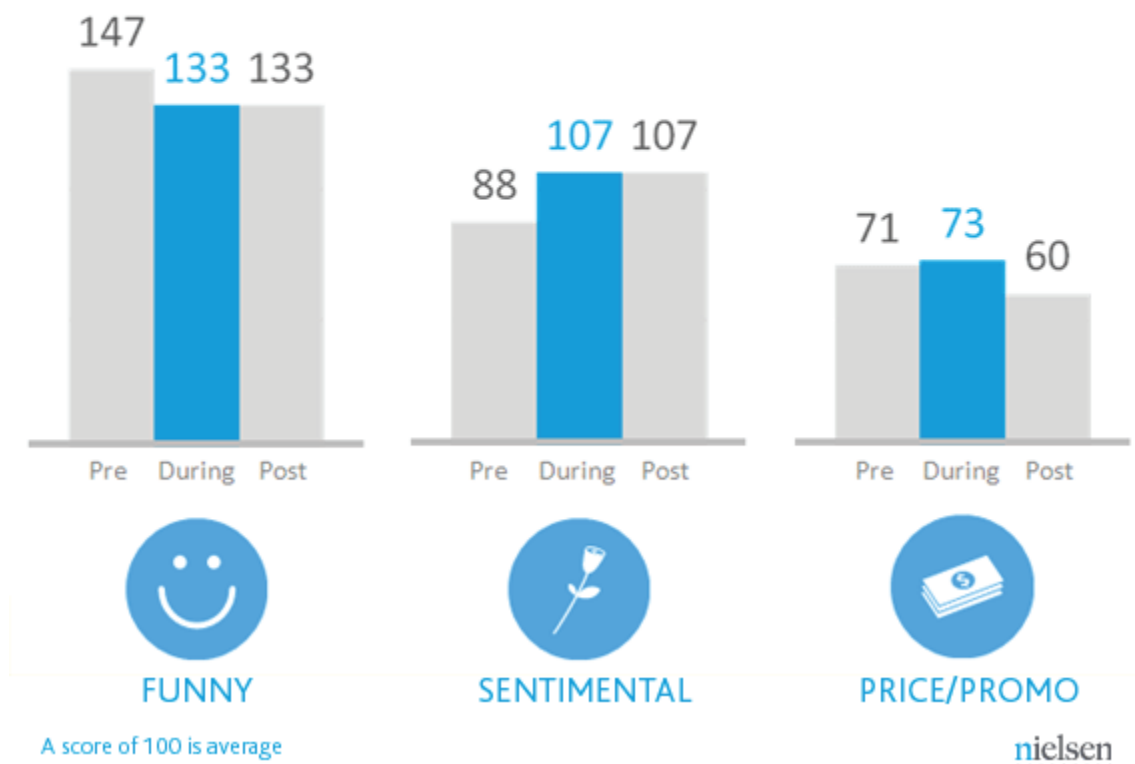


June 2012 -- Consumer research firm [Nielsen](#) conducted an in-depth custom research study of advertising effectiveness of more than 4,000 advertisements before, during and after the recession of 2006-2011 to find out "how do advertisers reach and resonate with an increasingly diverse, demanding and connected audience" during hard economic times?

Examining consumer packaged good (CPG) ads, they categorized the ads by creative approach: humor, narrative, sentimental, product, promotional and value. The study then evaluated the "effectiveness" of each creative approach through different phases – pre (2006-2007) during (2008-2009) and post (2010-2011) – of the most recent recession cycle.

## Ad Genres & the Recession: What Resonated Before, During and After

Funny ads were 47 percent more appealing to consumers than the average ad pre-Recession, and 33 percent more appealing during and following the Recession.



Source: Nielsen, 2012



The findings:

- Funny ads have consistently connected best with viewers, regardless of the economy.
- Sentimental and value-oriented ads saw a lift in effectiveness during and after the recession.
- Ads focused on product features and promotion/price failed to resonate with viewers, regardless of the economic times.

Source: Nielsen, [\*Economy-Proof Ads: Funny Beats Frugal in Advertising\*](#), June 21, 2012.