

Direct Mail:

Get the Highest Response Rates

The Impact of Relevance on Direct Mail Performance

A WHITEPAPER BY



Effective & Efficient Direct Mail, Print & Integrated Media

Introduction

Return on Investment, or ROI, is a well-known term if you're a marketer. ROI is a critical factor when determining whether your direct mail campaigns are effective and can justify the expense. Of course, there are a myriad of other metrics that relate to ROI depending on your objective.

For instance if your primary objective is lead generation, then you might measure the cost per acquired lead. If you're in retail, you might be measuring new customer acquisition cost against lifetime customer value. Certainly there are others. Ultimately, ROI is the measure.

There are savvy marketers who are spot on with their campaigns and consistently generate positive ROI. Others wonder what they are doing wrong when they miss the mark executing their own campaigns.

Questioning whether you are doing something wrong or need to test something different is a frequent occurrence for anyone who does direct marketing. Here are some of the telltale signs that help is needed:

- Poor response rates
- Poor campaign ROI
- Inability to obtain the data necessary to measure campaign results
- Difficulty converting leads
- Sales team or dealers are dissatisfied with lead quantity and quality

Direct mail does work. The biggest reasons direct mail programs don't work is because most organizations don't allocate enough budget or time for testing. Testing is essential to develop approaches that are proven to work. All variables need to be tested: data, offers, format and messaging.

Fortune 500 Companies, franchisors and database marketing firms spend a lot of time measuring, testing and refining their pitches, packages and data to achieve ROI goals. By practicing and improving their techniques, they are able to know exactly how much money or how many leads they can generate while executing a campaign. Imagine being able to project the results of a campaign and how much business it will bring in.

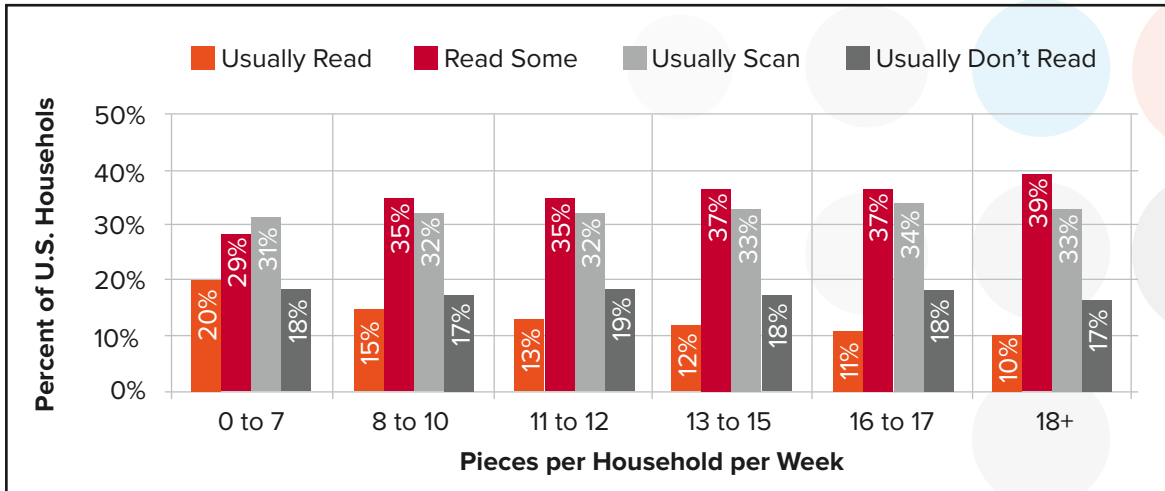
We know what you're thinking—if you had the finances, staff and resources available then you could do that, too. The alternative is to work with direct mail specialists who can help you develop effective strategies and tactics. Finding a company that can guide you through the process will improve your likelihood of success.

This whitepaper will provide you with relevant information on what works and what factors to focus on while executing direct mail campaigns. It will review emerging direct mail technologies and how they can benefit your direct marketing efforts. These tactics and technologies can work for large or small organizations.

Judgement Day

Peter DeLegge, publisher of Marketing Today states, “Unprecedented access to information and new technologies have empowered consumers and business buyers with the ability to tune out marketing messages with ease. In most cases, when given the choice, they choose to skip these messages. Whether it’s using their remote to zap television commercials or software to block online ads and email marketing, they’re sending a message to all marketers: get relevant or we’ll ignore you.”¹

Treatment of Standard Advertising Mail by Number of Standard Mail Pieces Received per Week



Source: HDS Diary Sample, FY 2014.

The same mindset is applied to reviewing direct mail. Consider how the mail is handled in most homes. It is generally pulled from the mail box and sorted into 2 piles, sometimes on the way to the garbage can.

- Mail you’re going to review and retain
- Junk mail to toss

What factors influence your perception on what is important versus what is useless? Some people consider the following factors while judging their direct mail:

- Is there a handwritten address on the envelope?
- Is it from someone they know or have a company they have an interest in?
- Is it a circular ad?
- Quality: Is it sharp or sloppy?
- The relevance to the recipient. Is it an offer for a product or service that I need at a time I need it?

The United States Postal Service (USPS) conducts extensive, ongoing research on consumer attitudes toward direct mail and their behaviors regarding direct mail. The Mail Moment is the term they have coined for the moment when the consumer decides what mail they will review and keep or toss.

Decisions are quickly made in the time it takes to get the items from the mailbox to the kitchen. Whoever is sorting through the mail is factoring its importance, such as bills and personal correspondence then separating magazines, circulars, catalogs, flyers and postcards. Which items receive more attention than a casual glance?

It depends on the recipient. The greatest influencer is relevance.

¹The Marketing Relevance Imperative, Marketing Today, www.marketingtoday.com, Peter DeLegge

Direct Mail Must Be Relevant To Be Effective

Relevance, in direct mail terms, means sending the right offer, to the right person, at precisely the right moment. Database marketing techniques, discussed further in this paper, can help you identify who pieces should go to, when they should get them and what offers should be presented to them. Relevance encompasses offers, timing, headlines, images and copy.

Competition is Fierce

The average consumer is bombarded by thousands of ad messages every day. They are using, on average, 7.2 media channels. Cutting through the clutter is becoming increasingly challenging. Creative and the package must be formulated to arrest the attention of the recipient.

“Recipients who receive static mailings (print or email) are three times more likely to trash or delete these communications than those who receive personalized communications.”

--Nielsen Media Research GmbH, 2012

Contrary to common perception, direct mail is read at a higher rate than 30 years ago. However, those who are giving mail a quick scan have diminished. That is, undoubtedly a function of the amount of mail they receive that is perceived as “not useful.”

Question to Ask Yourself:

How can you improve your direct mail so that it's read or scanned?

The Key to Increasing 1:1 Direct Mail Response Rates

One to One (1:1) Marketing is a marketing strategy concentrating on sending personalized messages to current or potential customers. There are a few keys to effective 1:1 marketing. It all starts with data and analysis which drives identifying the right audience, the right time, the right offers, and personalization.

Timing

The ability to deliver an offer at the point of maximum interest greatly affects response. Some companies coordinate their offers around lifecycle events which trigger specific purchases. These may include:

- Births/Marriages/Moving
- Seasonal Developments/Holidays
- Ancillary Purchase Behavior (using the purchase of a new car to indicate auto insurance)

Consider your timing factors for your customers and prospects that may correlate with your ability to market to them.

For example, if you are a moving service you may want to ramp up your direct mail campaigns around spring as that is when a lot of people are moving due to their leasing contracts being fulfilled.

In the loyalty/retention realm, companies mine data and utilize recency, frequency, monetary (RFM) Analysis to predict when customers will make their next purchase and what they are likely to need and, therefore, purchase. The auto service industry, casinos, and some retailers employ these methods with laser-like precision. The offer arrives in the mail box just as the consumer is getting ready to shop and it's dialed in on the consumer's preferences or needs. We have seen response rates in the mid to high 20 percent range and even higher on some of these campaigns.

This data mining process is also used to identify lapsed customers, those whose normal purchase cycle has been interrupted. It's much easier to retain an existing customer or win back a previous customer than it is to acquire a new customer so this effort is certainly worthwhile. We have seen win-back campaigns achieve response rates as high as 32%.

Good Offers That Are Relevant

Relevance implies the ability to deliver an offer that addresses to unique consumer needs, desires, preferences, attitudes or attributes. The key to relevance is using learnings acquired from data to drive personalization utilizing variable data print. What does the individual consumer need?

Offers must be solid. Testing is the best way to prove this out over the long haul. Simply varying the aesthetic elements or name personalization will not create lift.

**Consider what offers you are sending to your customers and prospects.
If you are a dog groomer looking to gain more clients by using a promo coupon in a direct mail campaign, but are sending it to someone who does not even own a pet—
assume
it will tossed in the trash and you wasted your money.
Sending the right offer to the right person matters.**

Personalization

The ability to deliver an offer that is customized for a unique recipient. Personalization takes three forms:

1. **Aesthetic:** The look and feel of the message is tailored to express consumer preferences or attitudes.
2. **Contextual:** Unique content elements, including messages text and offer components. These will vary according to recipient preferences.
3. **Conceptual:** Using available data as a driver so the offer and message are specifically developed for the targeted recipient.

“88% of companies say they need to do a better job of personalizing the customer experience.”

– IBM & Econsultancy, “Listening to the Customer: 7 Key Customer Experience Trends”



The Impact of Using Variable Data Print

Variable Data enables organizations to personalize their direct mail so that each piece of mail is tailored to the recipient. It may appear to be a lot of work to create customized mail pieces like that, but it's not. Using variable data correctly makes a significant difference in your recipient engagement and ROI.

The old way of doing direct mail was to print lots of the same kinds of pieces and send that same piece to all recipients. The new way employs dynamic document technology and digital print technology. A document is engineered to include logic. This logic calls different images, offers and other data. When a properly formatted database is attached to the programmed document and variable printing device is utilized, individualized direct mail pieces are the result.

“41% of marketers say integrating data silos is the most likely step to have a positive impact on their data marketing programs in the future.”

– Data Driven & Customer-Centric: Marketers Turning Insights Into Impact (Forbes Insights, 2015)

The Advantage of PrintComm

Effective & Efficient Direct Mail, Print & Integrated Media

We help our clients execute effective direct mail and print campaigns. Additionally, we can provide project management assistance and direct marketing expertise that help our clients accomplish their direct marketing objectives which can include:

- Lead Generation
- Nurturing Leads into Sales-Ready Leads
- New Customer Acquisition
- Effective Event Marketing

If you would like to schedule a time to talk or set up a demo for any of these concepts, please contact Stephen Naughton at 810-496-1172 or via email at شناughton@printcomm.com

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