

WHEN TIMES ARE HARD, MAIL WORKS

BY JULIE LIESSE

New study finds mail advertising is a marketing favorite for boosting brands—and sales

In this uncertain economy, advertisers continue to put their stamp of approval on mail marketing—citing its efficiency, flexibility and its power to both build brands and drive sales.

In the 2009 Marketing in a Down Economy survey conducted by Advertising Age Custom Publishing, two-thirds of respondents said their marketing budgets have been reduced this year. But as advertisers trim budgets, mail remains a vital part of the marketing mix.

When asked if they could only use two media this year, knowing that they need to demonstrate results, respondents chose mail advertising as a strong second behind Web advertising. In fact, 55 percent say that their spending on mail advertising will stay the same or increase this year.

Mail advertising will account for more than half of 2009 marketing budgets for 8.9 percent of survey respondents. About 18 percent said mail would account for 25 percent to 50 percent of their budget, while 46.5 percent said it would total 5 percent to 25 percent.

look at it and spend time thinking about that piece.

“The consumer is going to be actively engaged with the message. Consumers don’t talk about ‘my TV network,’ but they talk about ‘my mail.’”

Mail advertising works well in conjunction with e-mail messages—but e-mail is not a substitute. The key difference, Mr. Whiteman says, is that Postal Service research shows that in 98 percent of homes the mail is brought in six days a week and consumers are actively handling that mail. By comparison, only 75 percent of online consumers look at their e-mail inbox daily.

“Consumers have less engagement on a daily basis with their e-mail as opposed to mail coming into the home,” Mr. Whiteman says. “But also, look at the behavior of consumers viewing e-mail. They look at the name of the sender and the subject line and make a judgment about whether to keep or not to keep, or to open an e-mail. For e-mail, keeping it is an exception.”

Respondents to the Ad Age survey agreed. Said one: “Mail advertising provides a tangible piece to hold and keep. E-mail

How can advertisers make mail work even harder?

■ **Be sure to use the best list possible.** Make sure your mailing list is up to date, and that you are not delivering to empty homes or customers who have moved. Take advantage of all the information available to hone in on the optimum customer targets. Says Mr. Whiteman, “It is not that hard to go through files and find the right segments to target. It takes time, but there is a lot of information available to help make those judgment calls.” Some marketers think it’s not worth the time to do that—then they make a short-term call that, at the least, wastes money and, at worst, damages the company’s brand image.

■ **Make sure the mailing is personally relevant to the consumer.** While combing through your mailing lists, make sure your offers are headed to households where they make sense. Don’t send an offer for college financial planning to a home whose children are long gone. Don’t send diaper coupons to households with no children at all.

■ **Test mail approaches for the best results.** Large advertisers are likely to use a rigorous process to test their television advertising before it goes on air. But, says Mr. Whiteman, “If you ask if they test their direct mail, in a lot of cases they won’t do that.” Investing more in the upfront design and testing will help mail work even harder.

■ **Use mail in conjunction with other media, including e-mail.** Postal Service research shows that adding mail advertising to the mix improves returns. Mr. Whiteman says the USPS has tested mail alongside other media—looking at consumers who receive advertising that includes mail, and those who receive the campaign without the mail component. “When we compared those two groups, the segment who had received mail bought twice as often as those who hadn’t received mail—and spent twice as much,” he says.

“Advertisers continue to vote for mail because of the significant level of spending they place behind mail. In the last five years, mail has been increasing its share of spending,” Mr. Whiteman says. “It can meet almost any marketing objective a company has. It can be used for direct response marketing. But it can also be used very effectively for building brands.

“It’s clear that mail is working.”

“Mail is real, tactile and shows you care more than a blanket e-mail, which is far less personal than a piece of mail.”

When asked why mail is a top media choice in this economy, respondents cited its affordability, return on investment, flexibility and targetability. In fact, 20 percent of respondents said mail advertising is extremely important to their company or clients, while 39.5 percent ranked it as important. As one respondent summed it up, “During our last six recessions, direct mail has been a winner [at] getting business.”

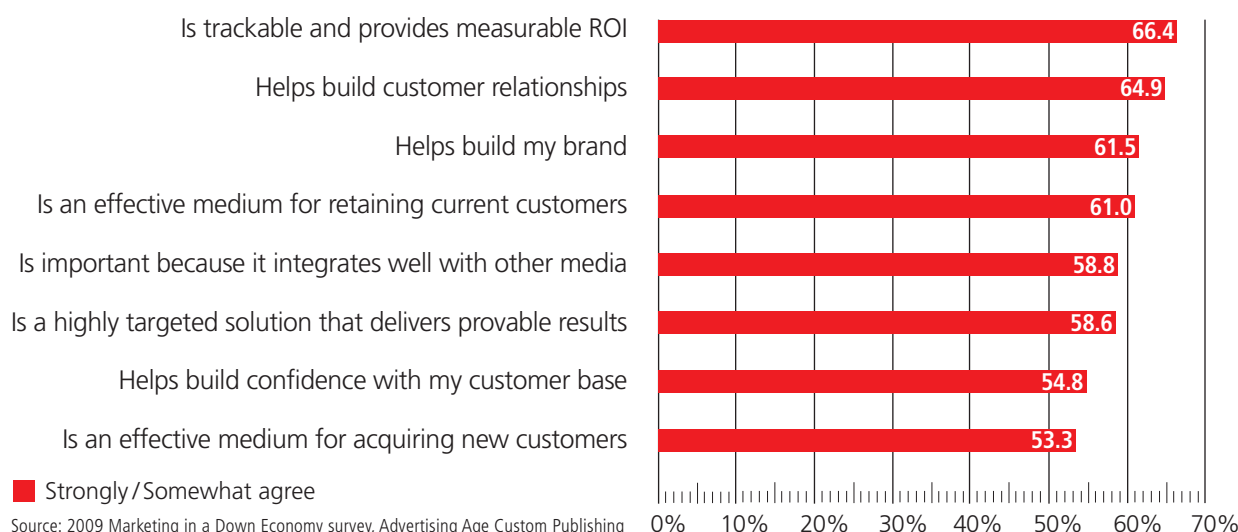
Greg Whiteman, marketing research manager for the Postal Service, says Americans have a unique relationship with mail marketing that differentiates it from other media. “Mail is theirs,” he says. “Consumers own the mail that comes into their home. They take ownership of it. They handle it—every single day. They bring it into their home, they sort it. I can guarantee to an advertiser that the day we deliver it, the consumer is physically going to hold that piece of advertising,

is trashed too easily.” Another respondent commented: “Mail is real, tactile and shows you care more than a blanket e-mail, which is far less personal than a piece of mail.”

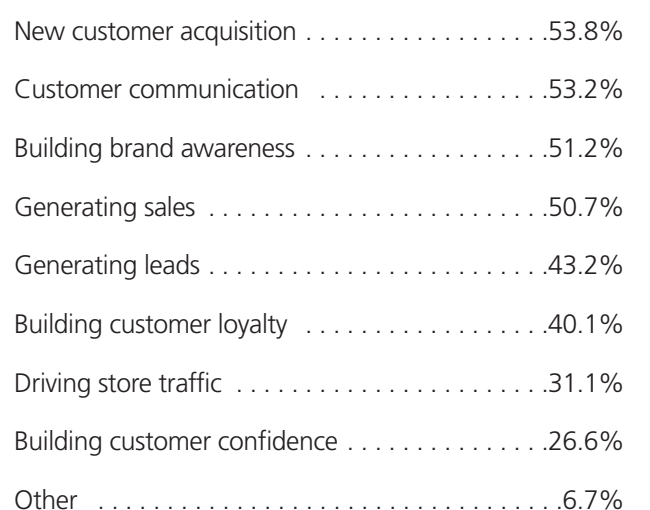
One benefit of mail advertising in a tough economy is that it offers marketers flexibility. To save money, marketers can use postcards instead of letters, or trade down from First Class Mail to Standard Mail. Instead of sending four or five waves of a mail campaign, a marketer can cut down to three—or mix in postcards for some of the reminder mailings.

“Mail is not just one product. Mail is Express Mail, Priority Mail, First Class Mail, Standard Mail, letters, cards,” Mr. Whiteman says. “You can change some of the mix you have in terms of your options and still be in the mail as you were before. It is harder with broadcast and print to scale down but maintain your reach.”

In these tough economic times, mail advertising:



When you think of your use of mail advertising, what applications come to mind?



QandA

WITH DAVID SHOENFELD



David Shoenfeld
Senior VP-Mailing Services

David Shoenfeld knows how to deliver. Named senior VP-mailing services for the U.S. Postal Service last July, he is focused on the growth and development of all postal mailing products, including first-class and marketing mail. Previously Mr. Shoenfeld spent 20 years at FedEx, rising through the management ranks to become senior VP-worldwide marketing; earlier in his career, he spent 10 years at Western Union Corp.

Mr. Shoenfeld spoke with writer Julie Liesse about the role mail now plays in the marketing mix.

Advertising Age: How should advertisers think about marketing mail today?

Mr. Shoenfeld: There was a time where budgets were distributed by medium—you worked from there. The TV budget was decided, monies for direct mail were set aside and everyone worked from there. Now you need to focus on: What is our objective? What are we trying to accomplish? For some companies it is acquiring or retaining customers. For some, it's selling them a broader reach of products. For others, it is introducing new services and products.

If you start with that perspective, those business objectives quickly become marketing objectives. Some marketing mail is about customer relationship or loyalty marketing. Other programs put news about special offers or new products into consumers' hands. It's all about reaching them at a time and place where they can read, and think and respond to your offer, which is not necessarily while they're sitting in front of the television or computer. In that broad marketing mix, the value of mail is in how it helps you get your job done.

Advertising Age: In this economic climate, has the role of marketing mail changed?

Mr. Shoenfeld: In many ways marketing mail has become more important in these times because of its proven qualities: Its ability to target and connect with consumers in a physical, emotional and tactile way, and deliver key messages—a value offer, a special promotion, a sale price, an old product seen in a new light. It can play a role in helping individuals manage their households and helping businesses deal with these harsh times in a world where the economic realities require results.

Advertising Age: Given the economy, are consumers more interested in marketing mail?

Mr. Shoenfeld: In the past, above certain household income

levels, using a coupon was more of a novelty. Now people ask, "Where is that coupon?" They look for them. Promotional offers let people do more with what they've got, and marketing mail is one way to get those offers directly into consumers' hands.

Advertising Age: How do you answer a marketer who says, "Yes, I'd like to deliver that offer to a consumer, but it's even cheaper using e-mail"?

Mr. Shoenfeld: E-mail can be a very inexpensive way to deliver messages. But consider that last year the Postal Service carried 2.8 billion pieces of mail. At the same time, 2.8 billion pieces of spam are reported on a daily basis worldwide. Even if you are using a good list and making a good offer, the truth is that consumers and businesses are being bombarded with a lot of less-relevant e-mail. If it doesn't grab you when you are opening it, it may be gone. Mail is easy to retain and share with others and can be used to amplify e-mail or online messaging and work together to trigger actions. It is that quality that makes mail a great complement to e-mail.

Another great thing about mail is that most households sort their mail daily—and the things they want to look at when they have a minute or share with a spouse, they put in a pile. This "mail moment" is a ritual that marketers should want to be a part of.

Advertising Age: What would you say to a company that hasn't done any mail marketing, or hasn't done any recently, about why it should consider mail as it makes budget decisions for the next couple of years?

Mr. Shoenfeld: I would encourage them to take a look at the facts. Companies that have retained or boosted the share of mail in their marketing mix are seeing improved results. In the past there were cases where the production of mail made it difficult to personalize or tailor offers. Today, in a world of variable data printing and with digital print technologies, marketers can—at a surprisingly economical cost—add mail to the marketing mix.


Make sure that marketing mail has a seat at the table when you review your objectives. And make your plans. Look at the complementary qualities of mail, and how it has been proven in several studies over the past year to boost the effectiveness of television and online investments. This is no time to overlook tools and tactics to not just survive, but thrive. It may be easy to use past expenditures as a blueprint for the future. That may have worked in a different economy, but we are in a different place right now.

Advertising Age: What makes a mail piece really work?

Mr. Shoenfeld: One of the unique qualities of mail is that ... it is tactile. Because it is physical, people interact with it after they have tuned out some of the other distractions of life—after they have put the kids to bed, or put down their book. With mail, it's important to ask not what the tagline should be but what sort of conversation should I have with customers in those quiet moments? Mail lets you have a better conversation with consumers.

Advertising Age: How can companies use marketing mail and also be environmentally responsible?

Mr. Shoenfeld: First and foremost, make sure your mailing list is accurate and updated. It is not a good use of resources to send mail to someone who doesn't live there anymore. Second, there are ways to choose paper and ink to reduce the impact your mailing might have. Use recycled paper and inks that can be recycled. And make sure you use all the surface you have—and both sides of the paper, too—not just for color but for information that helps consumers make choices.

But perhaps most important is the value of reaching customers in their local trading area—to encourage them with compelling offers to shop locally for fuel economy and the good of the environment. And whether it's a business with a single location or a company with stores across the country, these businesses are not only a short ride [away], but they are employing people in your local community. They help to keep local services vibrant and give you choices in your neighborhood. 

THE RIGHT MEDIUM

It was the right postcard, with the right offer, at the right time.

Wild Dunes Resort had looked at its books for spring and summer 2008 and realized reservations were running behind—and, reflecting the slowing U.S. economy, many guests who had booked were staying for shorter visits. In addition, the resort was opening the Village at Wild Dunes, 135 new accommodations that increased its available options by almost 40 percent.

"We were seeing the early implications of the recession. We realized we needed to do something and do it quickly to fill our accommodations for our peak spring and summer season," says Andressa Chapman, director of marketing for the resort, located on a barrier island near Charleston, S.C.

The marketing team worked to create a tiered program that would reach past guests to encourage them to come again, book longer or trade up to the new Village rooms and suites. But the campaign also needed to talk to potential new guests.

The key vehicle was a personalized postcard mailed to 17,000 households in February 2008. "We know that direct mail works well with our past guests," Ms. Chapman says. "Oftentimes a postcard is easier for families to just stick up on the fridge as a reminder. You hold onto it longer than an e-mail."

Two things made the postcard especially appealing. First, Wild Dunes and its agency, Rawle Murdy, used direct-mail technology to personalize each postcard with the recipient's first name: "Jane. An offer like this doesn't get any better," proclaimed the postcard. Then on the reverse side, the postcard listed a special URL for each individual—for instance, JaneSmith.saveatwilddunes.com. The recipient could go to that personal landing page to take advantage of special Wild Dunes offers.

In addition to the postcards, Wild Dunes sent out 50,000 e-mails promoting its "Stay More, Save More" offers. "We used



Wild Dunes' effort included personalized postcards.

every channel we had available," Ms. Chapman says.

The "Stay More, Save More" program was a hit on all levels. Ms. Chapman pegged the return on investment at 3,000 percent, with the resort's total room nights up 34 percent.

But, she says, the postcard was a key element. "The direct-response program was incredibly effective because we could reach the same people but do it in a defined manner each time. And obviously, we hit the market at the right time with the offer."

Bruce Murdy, president of Charleston-based Rawle Murdy, says timing was a critical factor. "Partly because of the economy, the decision-making time on a vacation is shorter than it ever has been [before]," he says. Sending a postcard offer in February was perfectly timed for spring vacations.

Mr. Murdy says although Wild Dunes has an ongoing e-mail dialogue with its regular guests, conversion rates on direct mail are higher. "Plus, people still like the physical piece," he adds.

The marketing mail element of the campaign—the first wave of 17,000 postcards was followed by a second wave to nonresponders—generated 1,000 calls and added 150 e-mail addresses to the Wild Dunes database.

The 2008 campaign worked so well that Wild Dunes is conducting a similar campaign this year. One special target: travelers who are opting for domestic travel to save dollars.