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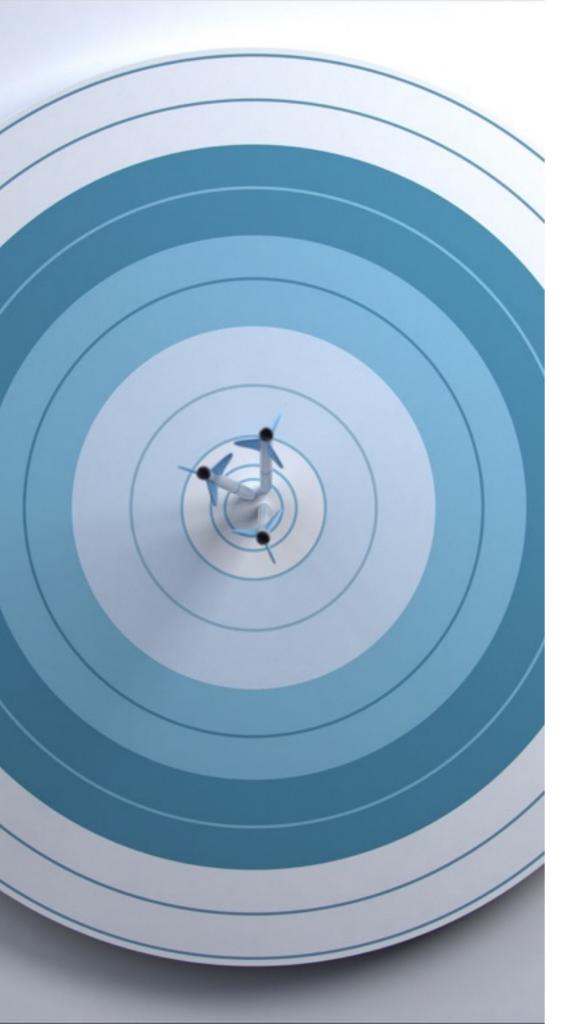
## THE TRUTH ABOUT DIRECT MAIL

Direct mail may be one of the most misunderstood channels. There are a number of contributors that determine direct mail success and failure. It's one of the channels where creative isn't the primary driver in performance. There are a number of factors that are likely to impact response even more than creative. Don't get me wrong; if the creative doesn't hit the core insight and grab the reader's attention, you definitely won't have a successful direct mail campaign. But there are a number of techniques and mechanics that also play into direct mail's success.

While direct mail is measurable, and can be the lead horse in driving response, it doesn't often work alone. Two out of three people who receive direct mail make a purchase or engage in a different marketing channel. It's absolutely essential today that marketers consider the path to purchase when direct mail is in equation, but accept that direct mail is only one part of an effective multichannel marketing communications strategy.

This eBook will cover the fundamentals to ensure success when using direct mail as part of a marketing communications strategy.





## DIRECT MARKETING IS BIGGER THAN DIRECT MAIL

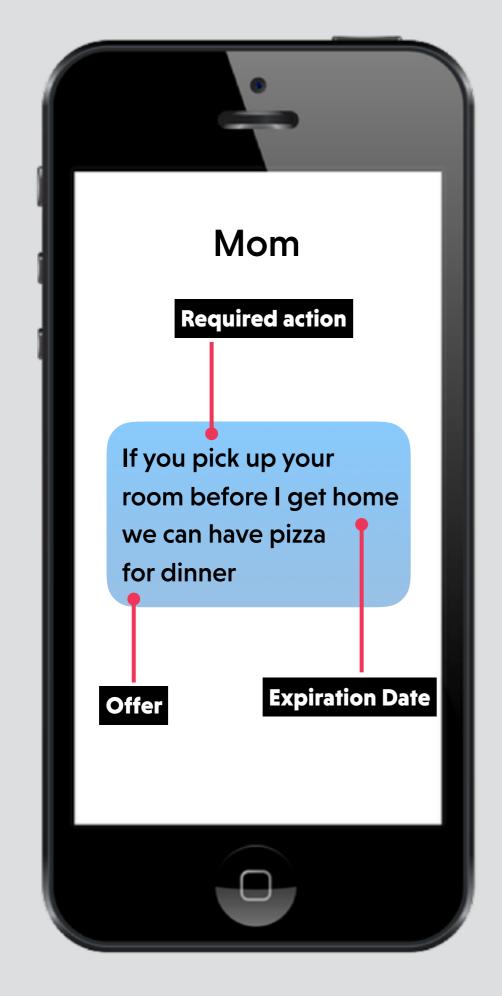
It is a set of techniques using targeted communications that drive response and action.





Direct marketing techniques are used across many many channels, almost everywhere today.

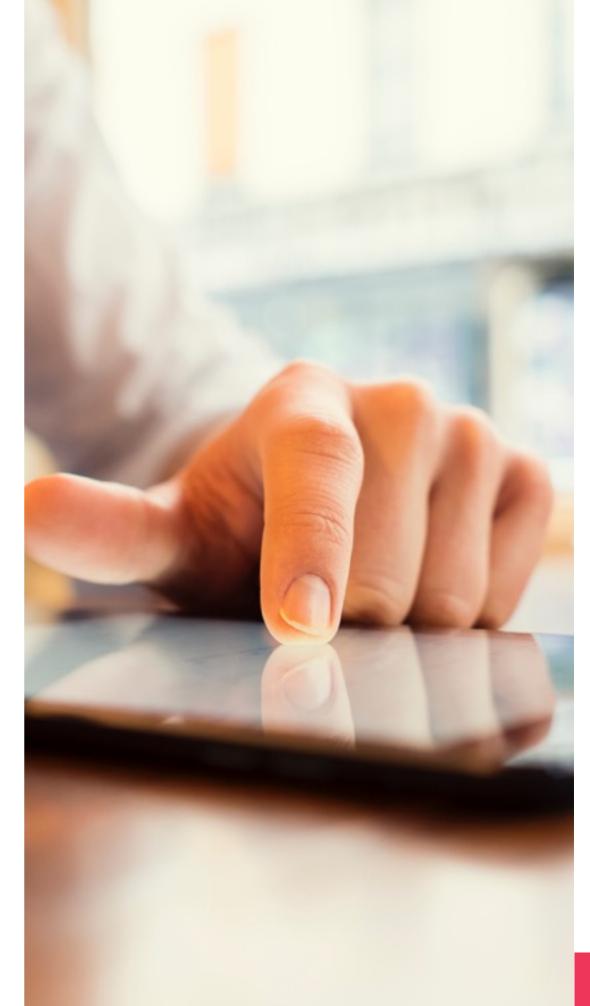
- Email
- Landing pages
- Banner ads
- Sales presentations
- Inbound marketing techniques
- Broadcast media
- SMS messages



This text message applies 3 critical aspects of direct marketing.

## IN TODAY'S DIGITAL WORLD, WHY USE DIRECT MAIL?

- Direct mail is still one of the most effective channels to generate action.
- The physical mailbox is less cluttered than ever.
- Many marketers don't have email addresses on their entire customer base, requiring direct mail for database coverage.
- Direct mail may be far more persuasive than digital media likely due to it's visual and tangible nature. Its motivation response is 20% higher.





Also, when marketing must achieve tough goals direct mail delivers...

Email response rates are a fraction of the average direct mail response rates (.1% versus 3.7% respectively).

Today direct mail signifies credible and just might equate to "important enough to mail." An Epsilon study revealed that 25% of consumers thought direct mail offers were more trustworthy than email offers.



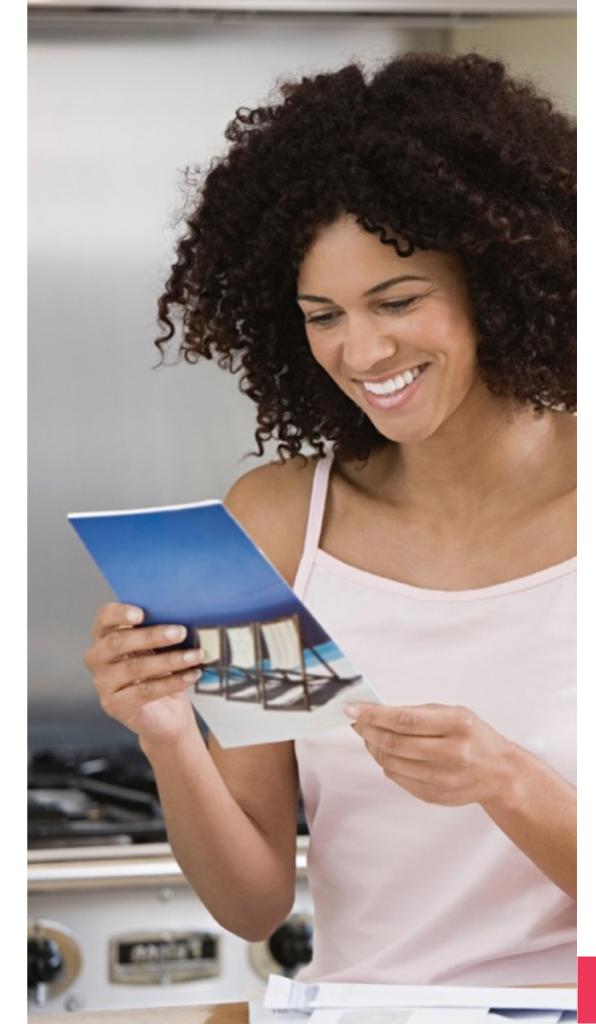


#### **DIRECT MAIL**

Direct mail refers to printed materials designed to elicit a response from a selected consumer or business market.

Direct mail encompasses a wide variety of marketing materials, including dimensional mailers, flat mailers, letters, self-mailers, postcards, catalogs and newsletters. Direct mail should be considered an essential part of an integrated marketing strategy.

- It delivers the high level of personalization today's prospects/customers demand.
- It provides proven response triggers that drive the target into action.
- It's the right medium to tell an informationrich story in a compelling way.





While some people consider direct mail a dinosaur, the reality is it still works.

The direct mail business is actually growing. It is expected to grow 1.4% annually.

#### DIRECT MAIL RESPONSE RATES

Direct mail response rates have remained constant over the past two years.

**30X** 

**62**%

31%

3.70%

1.28%

Direct mail receives response rates of up to 30X higher than email 62% of companies use direct mail primarily for direct sales

31% use it for lead generation

Letter-sized direct mail targeted to a house list has an average response rate of 3.70% Letter-sized direct mail targeted to a prospect list has an average response rate of 1.28%



2 out of 3 people who receive direct mail make a purchase or engage in a different marketing channel.



# DIRECT MARKETING DRIVERS VERSUS DIRECT MAIL BEST PRACTICES

Drivers that impact direct marketing will be discussed in this chapter. Drivers are high level factors that have the greatest impact on performance and response regardless of channel. The drivers could be applied to any offline or online channel. This section is followed by more tactical best practices that highlight the mechanics and techniques that improve direct mail performance. The best practices can be applied to the direct mail design regardless of target audience and offer specifics.



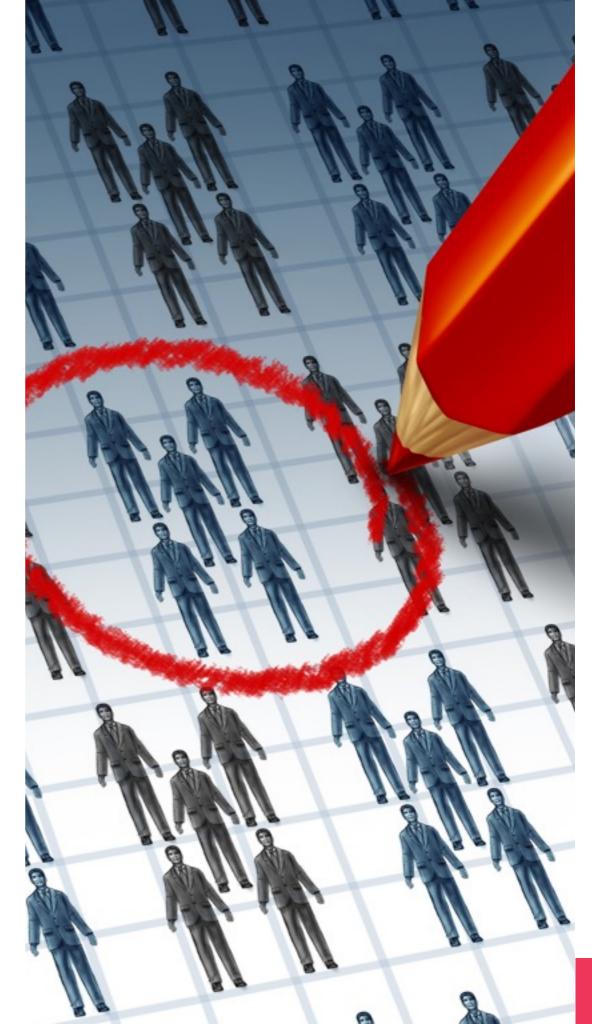
#### 4 FACTORS

There are 4 factors that influence direct marketing performance.

- Targeting
- Offer
- Message and creative
- Interaction with other channels

#### 1. TARGETING

- Targeting is a fundamental best practice of direct marketing and the number-one factor that drives response.
- Reaching an audience most likely to respond is one of the key differentiators between direct marketing and mass marketing.
- Targeting increases response rate and reduces investment.





## TIGHTER TARGETING EQUALS IMPROVED RESULTS

Simply stated, the more tightly defined your audience target, the higher the response rate. The goal of direct marketing is to use analytics to enable targeting.

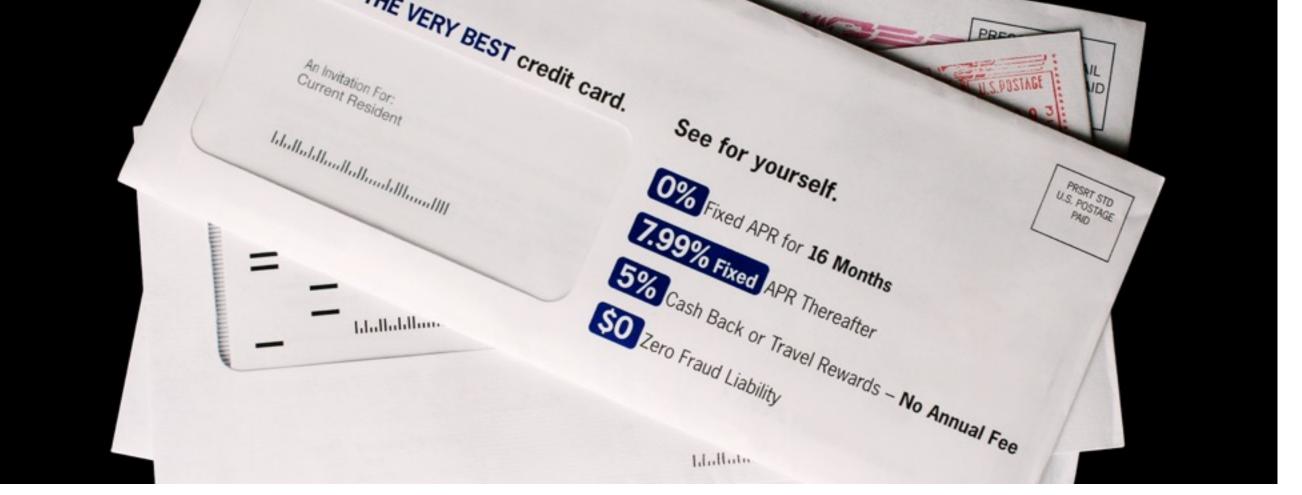
Direct mail targeting specifically leverages predictive modeling to determine and reach those who are most likely to respond.

Typically this requires a group of past buyers to use as a foundation.



#### 2. OFFER

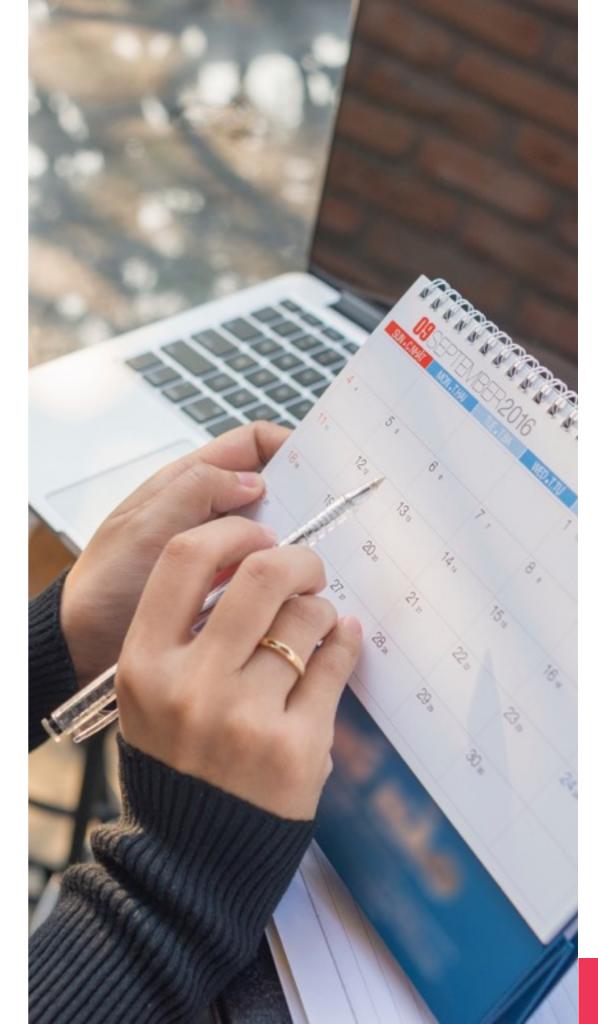
- The offer is the second most critical area impacting response rate.
- It includes incentives, pricing and promotions.
- Price-value is a key driver in rational decision making.



The offer should be incorporated into messaging if you can provide clear savings or personalize those savings.

An offer expiration date or respond by date is a proven technique to drive action.

By nature, many people are procrastinators. Direct marketing best practices have always preyed on this human behavior and insight. A successful direct marketing campaign is generally built off underscoring the urgency as a method to drive action.



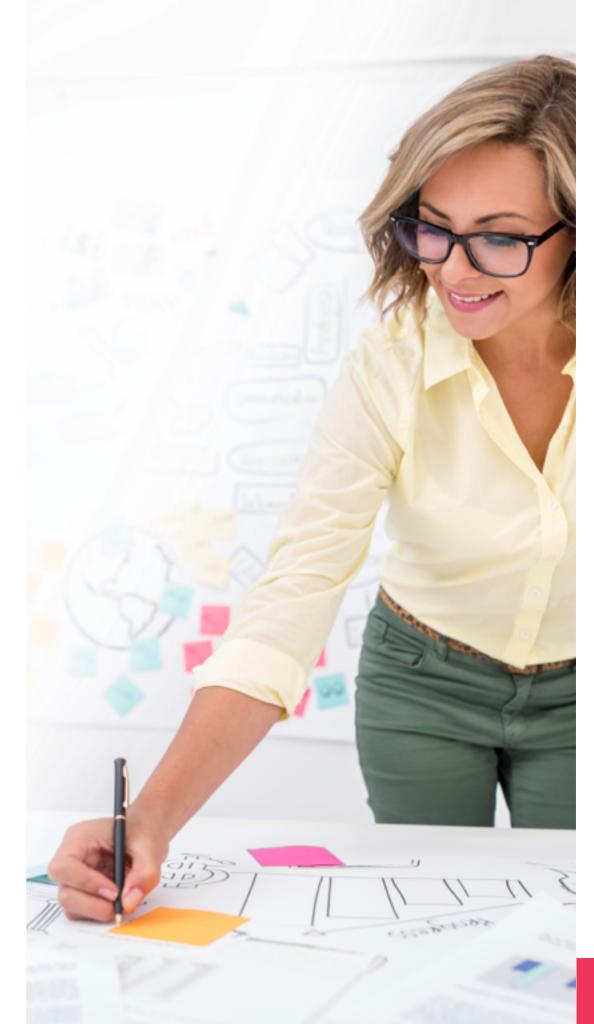


## 3. MESSAGE AND CREATIVE

- The message must contain sufficient information to drive immediate action.
- Tailoring the message is a fundamental difference between mass and direct marketing.
- The message must be crafted to match the target and deliver reasons to drive the recipient to action.

## THE PRIMARY GOAL OF RESPONSE-DRIVEN CREATIVE

It is to drive action, this requires immediately grab the reader's attention, driving engagement that generates action. The brand should be incorporated in a way that helps drives transacting.





#### VERSIONING IS A CORE TENET OF DIRECT MARKETING

Messaging should be adjusted for a target audience's unique needs and wants.

Segmentation typically drives versioning.

In absence of segmentation, consider developing hypothesis segments and highlevel personas, and then versioning.



### ACTION-ORIENTED COPY IS A MUST

Even the copy should be written from a specific perspective, with an action-oriented tone. While copy should have language that ties into the brand or concept, it is critical to apply direct marketing best practices for copywriting to drive action and response.

While any given communication may have dual goals, direct marketing and brand building generally have different tenets of success.



# 4. INTERACTION WITH OTHER CHANNELS

- Response is impacted by other communication touchpoints.
- A multichannel strategy works together and response is a result of readiness to take action.

### MULTICHANNEL INTERACTION

Multichannel interaction research has demonstrated message recall occurs between the 3rd and 4th touchpoints.

Message recall is one of the primary reasons a number of channels are required to drive overall program performance. Consider focusing less on single channel attribution and more on multi channel attribution (evaluating which series of channels generate the best results).





## DIRECT MAIL IS UNLIKELY TO WORK AS A STAND-ALONE TACTIC

Direct mail doesn't generally work as a stand alone tactic. In fact, it is more effective when it is used as an essential part of an integrated marketing strategy. Integrating direct mail into a multichannel campaign increases the effectiveness of a campaign and one of the core tactics to drive results.



The following pages highlight 10 best practices that can be used to optimize effectiveness. These best practices have been tested and proven over a number of different industries and clients over years.

#### 1. MORE IS MORE

When trying to get people to make a decision, be sure to provide all of the necessary information to get them to say "yes."

This might seem counterintuitive, as people these days tend to gravitate toward concise communication and snippets of information.

Direct mail historically served to drive buyers through multiple stages of the sales funnel, prompting them to make a decision. However, there are some very important exceptions to this norm.

If you're looking for hand raisers, have a compelling landing page or video, or other mechanisms to get a user to "yes" adjust the information incorporated in the mail accordingly.

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For lead generation, less can be more to

tends to drive customers to an in-the-

moment decision.

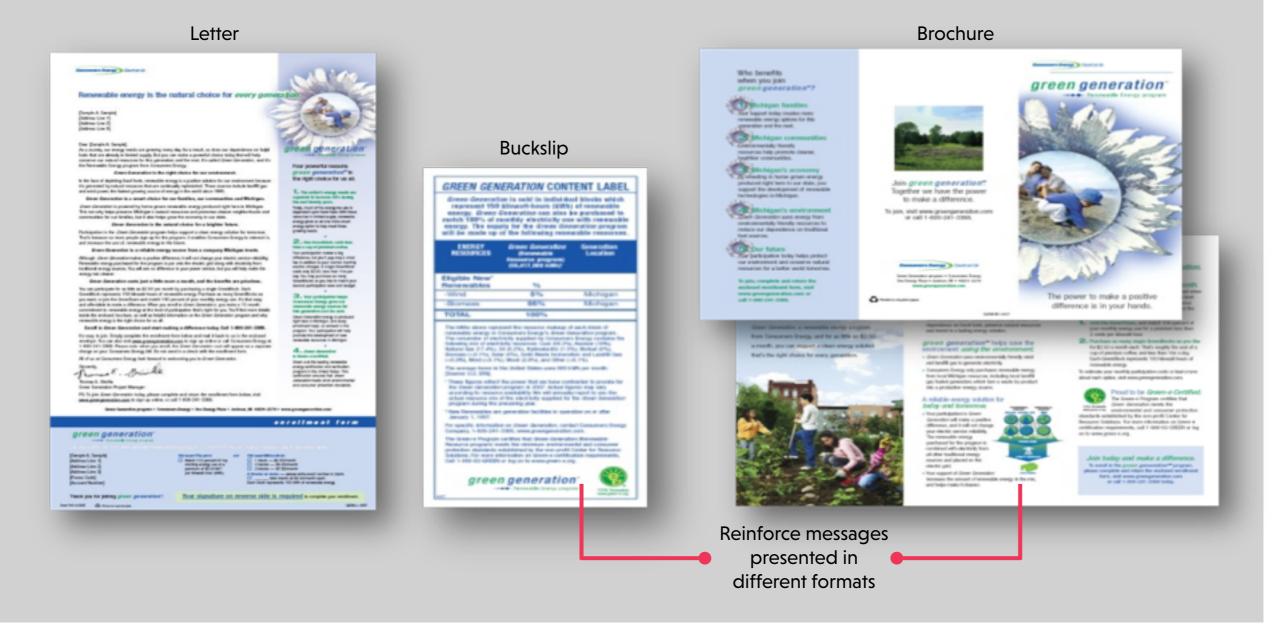
generate hand raisers, while more information

#### Lead presentation



#### Driving enrollment or purchase





Packages that have multiple elements perform better than those with only one component.

Years of testing have confirmed that the letter is still the most-read element of a direct mail package.

## 2. INCLUDE A PRINTED RESPONSE DEVICE

The response device is a crucial direct mail component; it can raise or reduce response, regardless of the strength of the offer, creative or targeting.

An effective response device should appear easy to complete, with readable type and plenty of room to complete necessary information.

Even as recent as 3 years ago, 20%–25% of target customers will respond using the printed response device; don't limit your response by forcing a phone or web response.

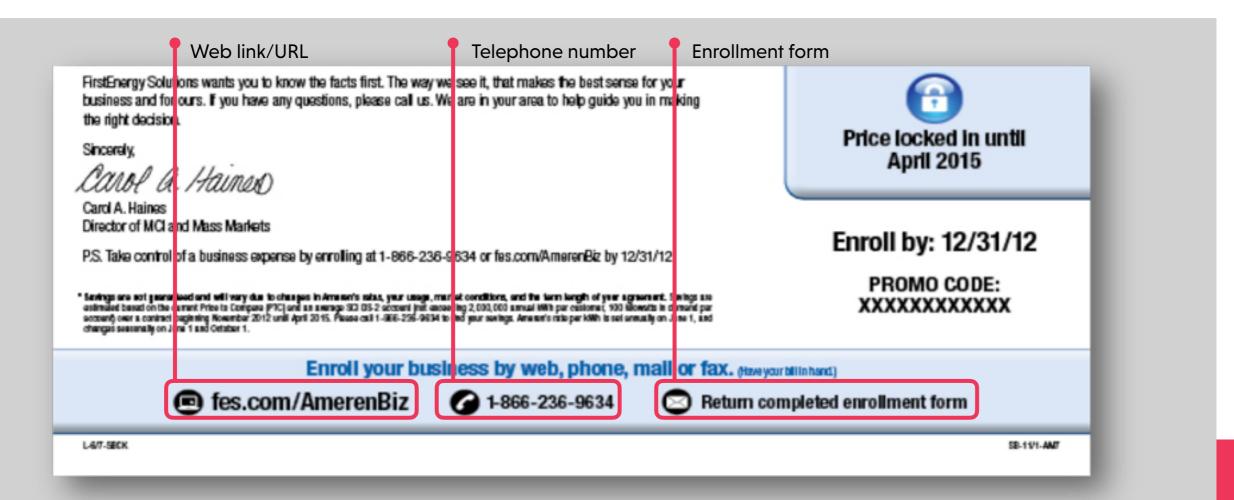
B2B lead generation/hand-raiser	B2C response device	B2B enrollment (fax friendly)	
PRINT MY FREE EVALUATION from an Ohio Electric Generation Expert    FRENT MY FREE EVALUATION. From an Ohio Electric Generation Expert   FRENT MY FREE EVALUATION. From an Ohio Electric Generation Expert   FRENT MY FREE EVALUATION. From an obligation of the common of the obligation of the decimal region to the common of the obligation of the common of the obligation obligation of the obligation obligat	FirstEnergy Solutions Enrollment Form    Solution   Contract   Con	YES, Industrial and the Industrial and the Industrial and the Industrial and the Industrial and	In the Brussiness Enrollment Form  The bruss of Data Andrew  The bruss
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If you don't have the ability to allow mail-in reply's, use the response device to recap the methods of responding or buying (web, app, and/or phone).

### 3. PROVIDE MULTIPLE WAYS TO RESPOND

It is critical to allow your targets to choose their preferred response method, and the best practice is to provide at least 3 ways to respond.

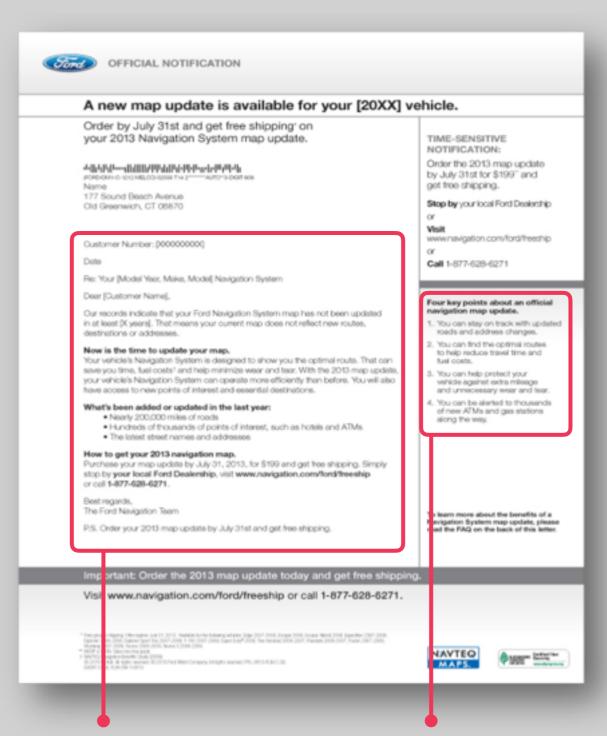
Consider using a mail-back enrollment form, phone number and web link/URL. Some demographics align better with certain response mechanisms, so don't limit your response options for your target; this can limit results.



# 4. LET YOUR TARGET READ OR SCAN

To enhance performance of the letter, it's best to present the same information two different ways within body copy and in bulleted format for a quick-read scan.

Include full content in paragraph form within the body copy and use bullets in the right rail or within the letter itself.



### In-depth:

Full body copy in paragraph form allows for in-depth read

### Scan:

Important key points identified in right rail for quick scan

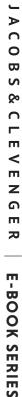
## 5. INCLUDE A SINGLE-FOCUSED CTA & AN EXPIRATION DATE

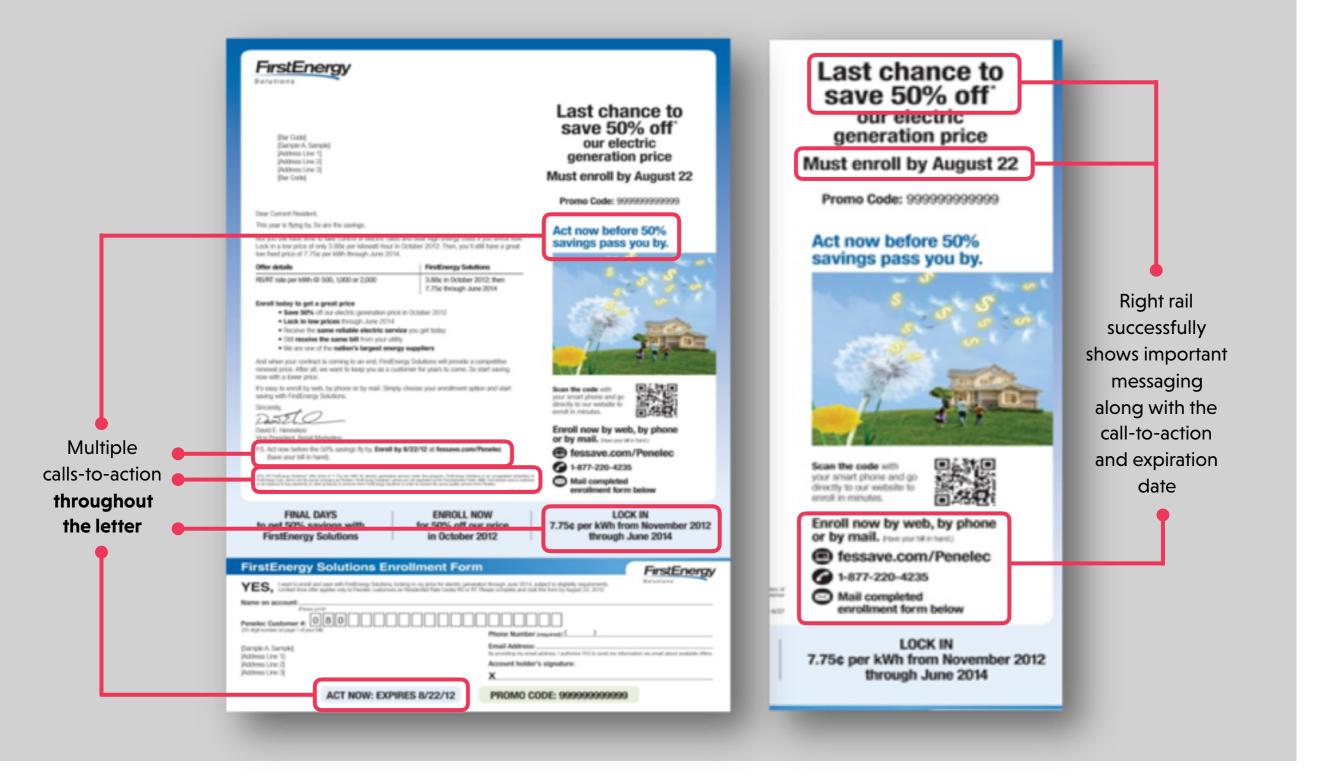
As a rule of thumb, the call-to-action should be included a minimum of three times within the letter alone.

The average person gets 9,000 emails a year, and that number is conservative for many of us.

Digital media has increased the number of messages that inundate prospects and customers. A fundamental direct mail best practice has always been ensuring clarity in what action is required.

Simplicity in messaging is more important than ever. Successful direct mail campaigns are clear on the desired action. Copy shouldn't be so clever that the reader has an ambiguity in why they should respond.





The right rail is effective in highlighting important messaging along with the call-to-action.



## PRESENTING TOO MANY CHOICES CAN IMPEDE RESULTS

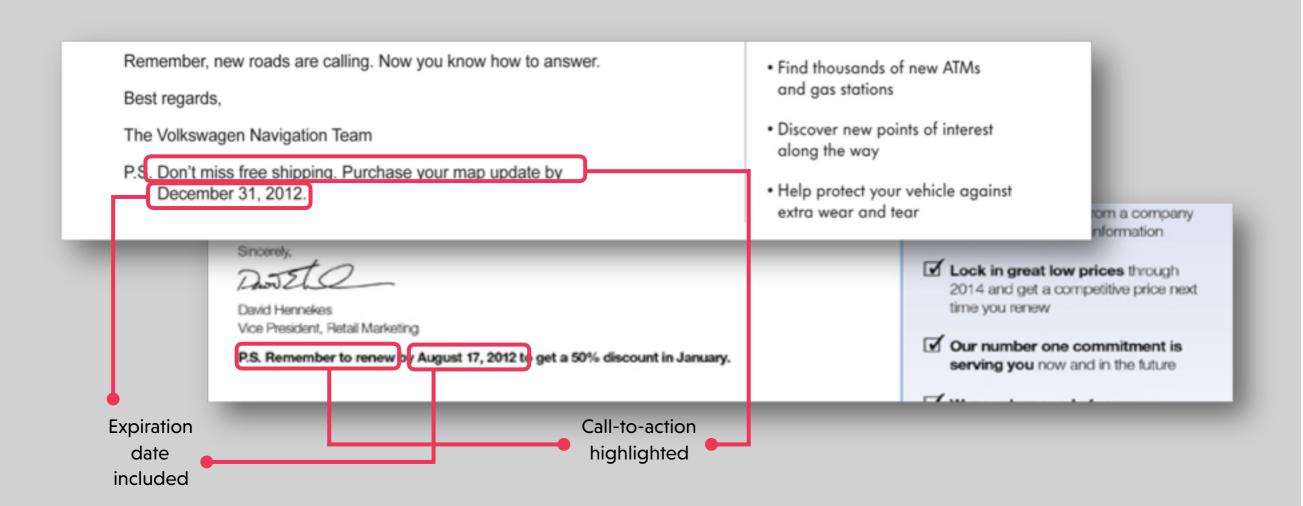
One of the golden rules in direct marketing is providing people with a choice that requires a yes/no answer. Giving people multiple choices in direct mail is a big no-no. This direct marketing best practice is predicated on the human behavior that it's easier for people to say "yes, I want this," or "no, I don't," than weighing the trade-offs of a number of options.

There are certain communication channels appropriate for that level of shopping. Specifically, search, content marketing and social media are pull channels, in which the user is in a shopping mind set. Disruptive media such as direct mail require a streamlined, simple approach, typically in which the user can say "yes, I want to respond," or "no, I don't.

### 6. USE THE POWER OF THE P.S

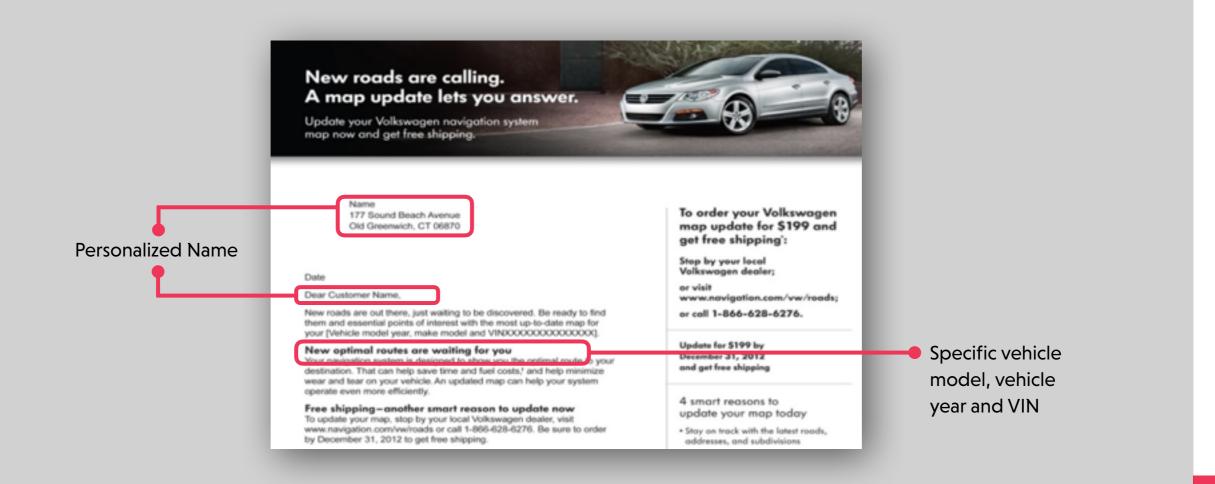
Historically, the P.S. is the most-read area in a letter.

It is a best practice to include a primary message, a clear call-to-action and a deadline in the P.S. line.



## 7. INCORPORATE PERSONALIZATION TO DRIVE RELEVANCY

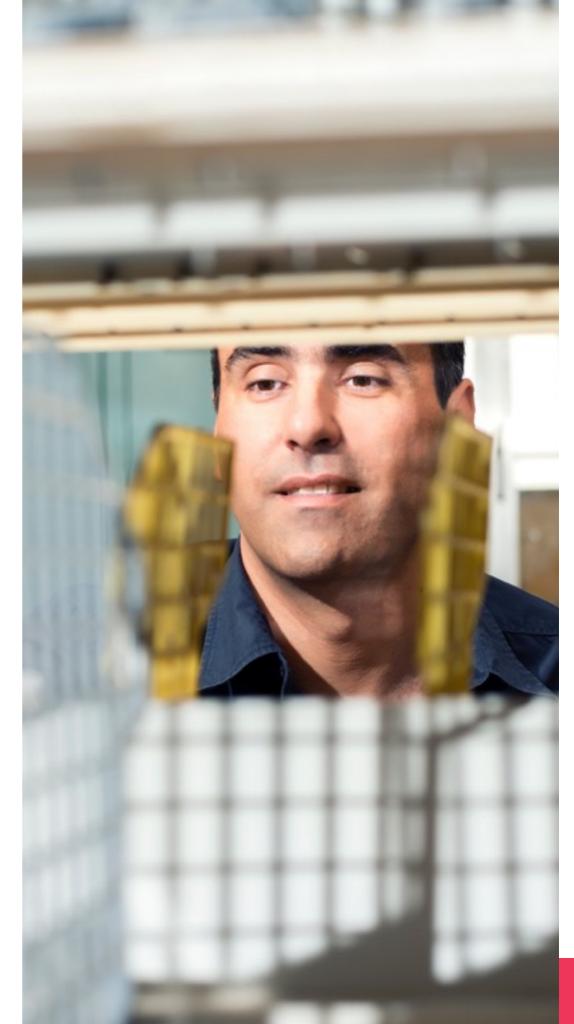
Studies show that two out of three customers prefer personalized communications. Personalization establishes credibility and increases response.

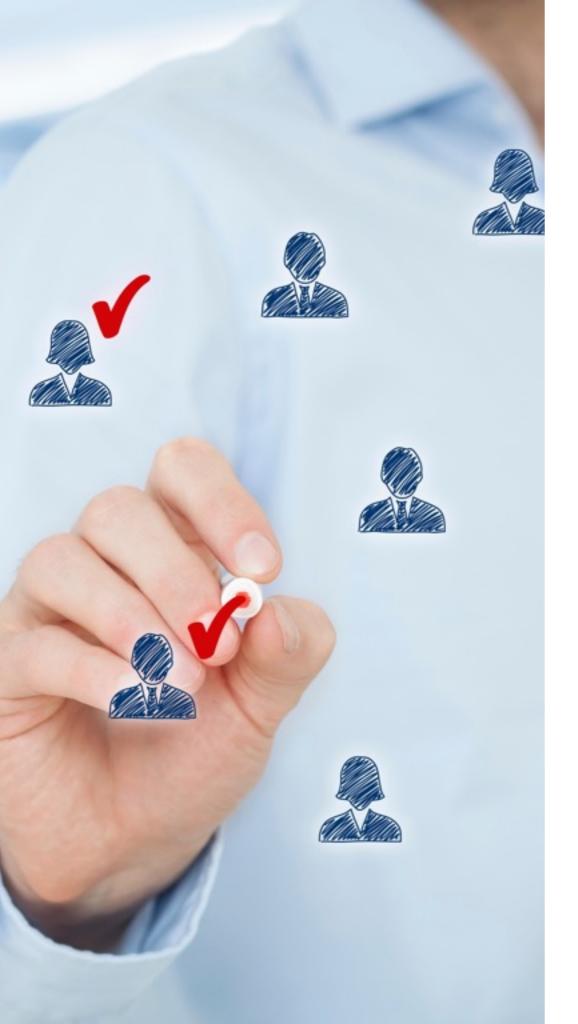


### PERSONALIZATION VERSUS VERSIONING

Testing has demonstrated that personalized information, including personalized URLs (PURLs), improve response. Generic direct mail packages without personalization are not as effective and tend to produce inferior results. Personalization beyond name is proven to work at increasing relevancy and results. This includes using such as characteristics as account number (even partially hidden), type of vehicles, etc.

Today's buyers are inundated with information. Personalization and versioning is more important than ever. Personalization refers to specific, account-level information being incorporated into communications. Versioning is customizing communications on a segment or group level.





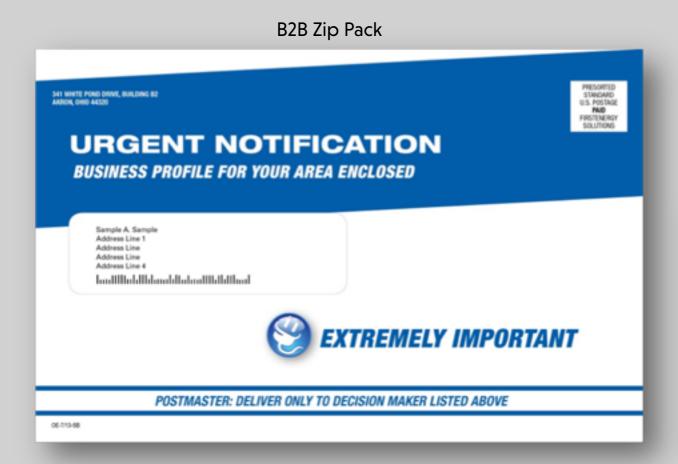
# 8. UTILIZE VERSIONING BASED ON TARGET

Targeting techniques help marketers increase efficiency and eliminate waste. The next step is to ensure messaging is adjusted for different audiences. General, one-size fit-all direct mail doesn't perform well.

Testing is one of the key foundational elements and best practices of direct marketing.

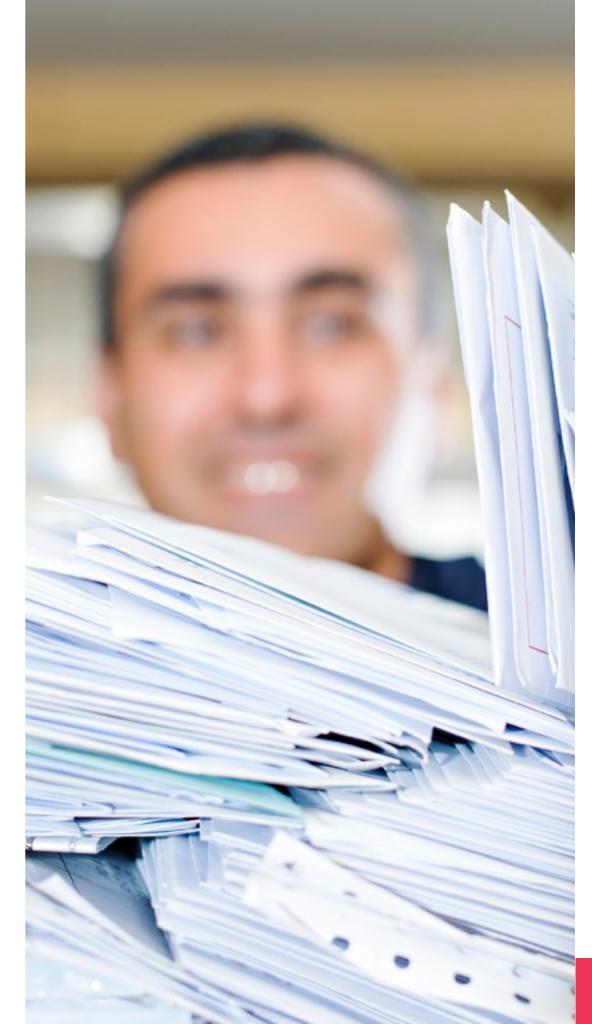
Direct mail provides ample opportunity for testing based on messaging, creative approach, package type, offers, etc.

Outer envelope plays a pivotal role in calling attention to the mail and message.





Most marketers are limited to single dimension test design, only changing one aspect of the communication for the test, e.g. offer or messaging. This increases the likelihood of having a readable outcome.



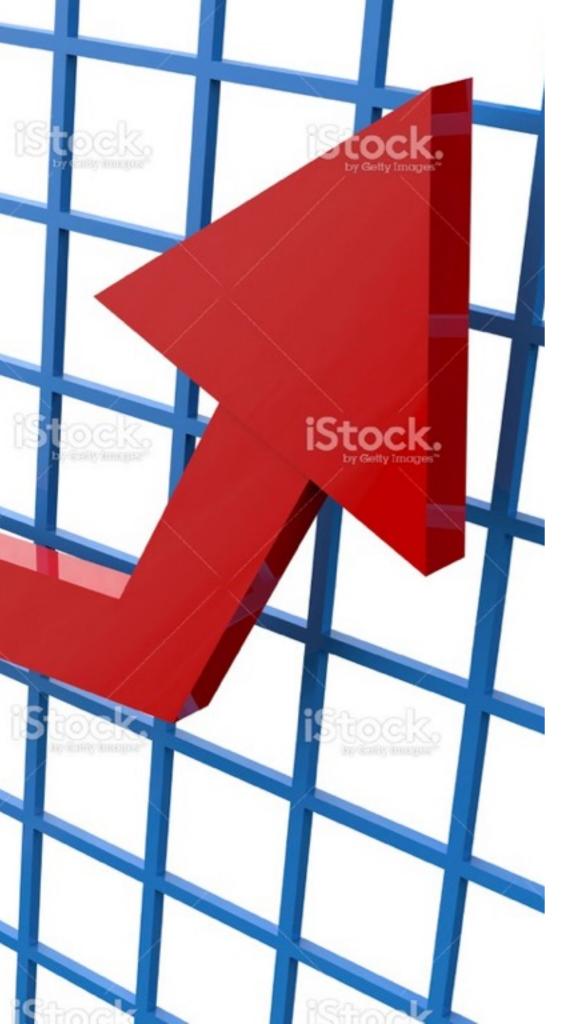
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### "Easy" letter creative FirstEnergy This is Eas It's Easy to beat high summer electric bills. Save up to \$420° and lock in your electric generation price. PROMO CODE: XXXXXXXXXXXXXXXX Traffs why this summer, you should come to Easy. It's a place where you'll sake money all summer Saving is Easy with Now do you get to Casy\* Simply choose FroStivery Solutions as your electric supplier. FirstEnergy Solutions. Easy means you can save this summer and lock in a low price. Call 1-866-430-4408 or visit 2 years. Traffix key, because **you could som 25% over your current rate.** But you must wred by August 16, 2011 of 1 400 400 4400. Now I've easy in halo control of your names energy hills. They you woull with Frail young Salation, you shall in summer and keep saving on electricity for the length of your contract. 2. Beat high energy bills No spelver Over 1 million residential FirstEnergy Solutions for Easy means quick sign-up with a trusted supplier. their home's electricity. That ors, you'll notice the game religior-electric service usu get today from your cliffs, but for **less mone** makes us one of America's Non-parks paying new You'll all receive your life from Date Dungs a senter stall on I receive, here will be no senter interruption, and your dischictly will all the delivered through existing senter. leading energy suppliers. If the false a minde to extell by shore, by web or by mail. Simply those year excellent option below and start sering. And welcome to Easy with First (weign Southon). 3. Keep your cool because it's easy to enroll with no After Vac President Retail Sales and Starketing PS. Hurry Spiritgs are only avoid to it you **excel by 675/11 at 1-666-600-400** 1-866-430-4408 FirstEnergy Solutions Enrollment Form Deal Attent Potress Live 2) Potress Live 3) Account holder's signature FirstEnergy Offer expires 8/15/11 Thank you for enrolling.

Testing should ensure messaging remains constant to provide a level playing field for different creative.



Keep creative and messaging constant to get "a read" on offer testing.



## 10. COMPLETE A BACK-END MATCHBACK

It is a best practice to complete a back-end matchback post-campaign to determine the response rate of your intended target, testing and gauge overall learnings.

Incorporating these 10 best practices will help ensure better results and a higher ROMI for your direct mail.

## 5 THINGS TO KEEP IN MIND

- 1. Direct marketing drivers can be applied to a myriad of channels, including digital tactics such as email and landing pages
- 2. Direct mail works better when part of a multichannel strategy
- **3.** Ensure your direct mail campaign is meaningful to your target audience with a **relevant message and offer**
- 4. Apply best practices to optimize response
- 5. Test, test, test to evaluate and assign improvement to the needed areas