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Direct Mail—Competitor or Opportunity

It is likely that when you opened your mailbox today, you found one or more pieces of direct mail waiting for you. The typical American family receives 19.1 pieces of direct mail advertising in an average week. According to the Direct Marketing Association (DMA), direct mail is a \$46 billion industry. Direct mail advertising is not only a serious competitor to our papers, but it is also a potential revenue stream for our companies. This month's Link & Learn will look at direct mail discussing how to compete against direct mail vendors and also how to use direct mail to better serve our customers.

Direct mail 101

According to the U.S. Postal Service 98% of Americans check their mail every day and that the great majority of people (69%) find direct mail more “personal” than online advertising. Surveys conducted by the DMA estimate that 42% of consumers read the direct mail they receive and that 66% of these people have purchased something they've seen in a direct mail ad. These direct mail shoppers come from all socioeconomic levels and age groups with 14.1% of them aged 45 to 54 and another 12.4% aged 18 to 21.

When discussing what makes a direct mail solicitation effective, marketing experts use the “40/40/20 rule.” They tie 40% of the response to the mailing list, another 40% to the offer included in the mailing and the remaining 20% to everything else such as the timing, size and graphic design of the piece.

Mailing Lists

There are two basic forms of direct mail, bulk mail and targeted mail. Bulk mail is delivered to every home in a specified geographic area. A bulk mailed piece can be delivered to every home in a particular group of zip codes or carrier routes. Bulk mail is effective for businesses like restaurants or hardware stores that are patronized by the general public. If bulk mail is the “shotgun approach,” targeted mail is “the rifle.” There are lists available for every conceivable group of consumers. Mailing list vendors have the capability to “filter” their lists by age, gender, income, interests, and many other factors. This information is collected from a variety of sources and collated to create custom groups of people who match the business owners target market. This allows the bridal shop to target young engaged woman, the sporting goods store to target fitness enthusiasts and a retirement community to target high income seniors.

The type of list used has a big impact on the response to the customer's mailer. The best response comes from a customer's “house list,” this is a list of former customers and others who have some sort of pre-existing relationship with the business. The average response rate to a house list is 3.94% while a purchased targeted list has a response rate of 1.28%. This compares very favorably to response rates for online advertising at .12% for e-mail marketing and .04% for banner ads. The quality of the list is another big factor in the success of a mailing.

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We live in a very mobile society with people frequently moving or making other changes in their lives. Some “bargain” direct mail firms continue to use outdated lists to keep their costs low. I live in the home where my wife grew up and where we still receive mail addressed to her father who passed away in 2000. Lists must be updated and constantly checked against the USPS’s National Change of Address (NCOA) service. Many national mailing companies lure small local businesses with the promise of “low cost” targeted mailers. These companies keep their costs low by using outdated lists which means their customers squander their advertising budget by spending money mailing to people who moved away years ago. We can help our clients make good decisions by teaching them the importance of asking about the provenance and quality of the lists they are asked to buy.

The offer

Like every other form of advertising, direct mail should reflect the customer’s business and clearly communicate their message to the consumer. This is why community paper sales people are well positioned to help their clients create an effective direct mail piece. Our strong relationships with our customers and our thorough understanding of their businesses allows us to help them produce response generating mailers. National direct mail firms use a “cookie cutter” approach using standardized formats imprinted with the local business’s name. My deceased father-in-law often receives the exact same piece from several local auto dealers because they are both using the same direct mail vendor from Florida.

Simplicity is the key to an effective direct mail offer. The mailer should include only one offer, and that offer should jump off the piece and be abundantly clear even at a glance. Think about how you sort through your mail when you get home, quickly making decisions to read it now, pitch it out or to set it aside for later consideration.

The best way to stay out of the trash can is to give the recipient a reason to hold on to your mailer. The AIDA (Attention-Interest-Desire-Action) formula should be followed when crafting a direct mailer. A strong offer oriented headline should grab the reader’s attention. The magic word, “FREE” is a good choice here. The supporting copy should peak the reader’s interest. This copy should talk about how the client’s products or services will help solve the reader’s problems. To heighten the reader’s desire, use a limited time offer or other incentive to drive response. Finally, make it easy for the reader to take action. Make phone numbers and store locations prominent and include store hours and any other information that consumers may need. Many advertisers have found that direct mail is an excellent way to drive traffic to their website.

One of the key advantages of direct mail is the ability to match the offer to the target. For example, an insurance broker can send a home insurance package to owner-occupied residences and a renter’s insurance package to apartment dwellers. The flexibility of direct mail also makes it easy to test several different offers to determine which one produces the best response.

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Is direct mail right for you?

Direct mail can be a good addition to the product mix of many community papers. Our companies have years of experience producing quality print advertising. We have the copywriting and design teams to create effective layouts and many papers have the printing facilities to produce them. We have a good understanding of our clients' needs and of our markets. This information means that we can partner with local businesses to produce great mailers much more effectively than any national direct mail firm.

Adding direct mail to your product mix offers a number of advantages:

- Direct mail expands your customer base. Businesses which target a specific type of client may not want to advertise in a paper that reaches a broad range of people, while they will embrace targeted direct mail.
- Direct mail allows you to expand your footprint. Direct mail advertising can go anywhere the USPS does, you are not limited by the delivery area covered by your paper.
- Direct mail advertising can be very profitable. Because you print the pieces as the customer needs them, you incur no expense unless the customer chooses to advertise. Direct mail advertising can also make your printing operation more profitable.

Getting started in direct mail

Direct mail is just another form of print advertising so publishers and their teams already possess many of the skills needed to mount a successful direct mail campaign. Here are the steps you need to take to get into direct mail:

- Choose a list broker—there are many reputable firms providing mailing lists to publishers. You can search for these firms online. Contact them and ask them about how they build and update their lists. Ask for references and contact them concerning the quality of the vendors lists. When choosing a list firm, you should focus on the quality of the lists rather than on the price.
- Contact your local post office. Direct mail is an important source of revenue for the USPS. They offer expert advice and assistance to companies who are interested in doing direct mail. They will help you with the necessary permits and requirements for mailers. They are particularly helpful in setting up bulk mailings for your customers.
- Also talk to the post office about their Every Door Direct Mail (EDDM) program. This program offers discounts on postage costs for mailings which reach every home in a zip code or carrier route up to a maximum of 5,000 pieces. You can help your customer by doing the EDDM mailing for them or by just providing them with pieces to use in their own mailings.

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- Determine what types of pieces you want to offer. I recommend that publishers stay away from using envelopes for mailers. These require a great deal more labor than single piece mailers and also force the recipient to open them before they can read the advertiser's message. I feel that postcards, especially oversized "jumbo" postcards, are more effective and easier to handle. If the customer wants to send a longer message a tri-folded 8-1/2" x 11" taped together with a "wafer seal" can be used. This format is very popular with professionals such as physician groups or law firms.
- Work with your sales staff to develop lists of potential direct mail advertisers. Be sure to include businesses that do not typically do newspaper advertising. Many firms use direct mail to keep in touch with their existing clients and would be pleased to out-source this task to you.
- Talk to your direct mail prospects about who they wish to target. If your prospects have a house list or otherwise capture their customer's addresses you can use this as a starting point. Look at their data for clusters of zip codes. If they have a number of clients from one or two zip codes, it is likely that they would greatly benefit from doing a bulk mailing in those areas. If they are looking to reach a specific demographic target, your list broker will be able to help you identify the best areas for reaching them.

Direct mail is a service business

Because direct mail requires interfacing with a government agency, the USPS, it can be complicated. Direct mail requires "crossing all the t's and dotting all the i's." It requires doing the due diligence to find a good list broker, in short, getting set up to do direct mail is a lot of work. This is why customers are willing to pay you to do this work for them. They may want to use direct mail to promote their business but do not have the time or the expertise to do so. By doing the work to become proficient at doing mailings, we can help our customers to use this powerful marketing tool. Learning the ins and outs of direct mail will help your paper to compete against direct mail vendors and to get a bigger share of your advertiser's overall budget. Publishers who want to better serve their customers while increasing their paper's profitability—the ANSWER IS IN THE MAIL!

This article was written by Jim Busch.

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