

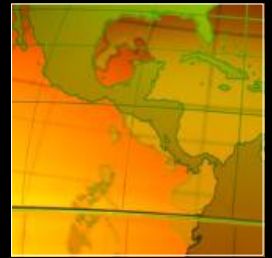
Direct Mail: Integral to the Marketing Mix



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Group Director

April 2016



InfoTrends

What A Difference a Few Decades Makes!



The Bottom Line for Direct Mail

- **Consumers still enjoy direct mail**
- **Direct mail drives action**
- **It can move recipients to digital channels**
- **Direct mail is personal**
- **It is flexible... from postcards to letters to catalogs to dimensional mailers**
- **Targeted direct mail offers measurable results for marketers**



Topics

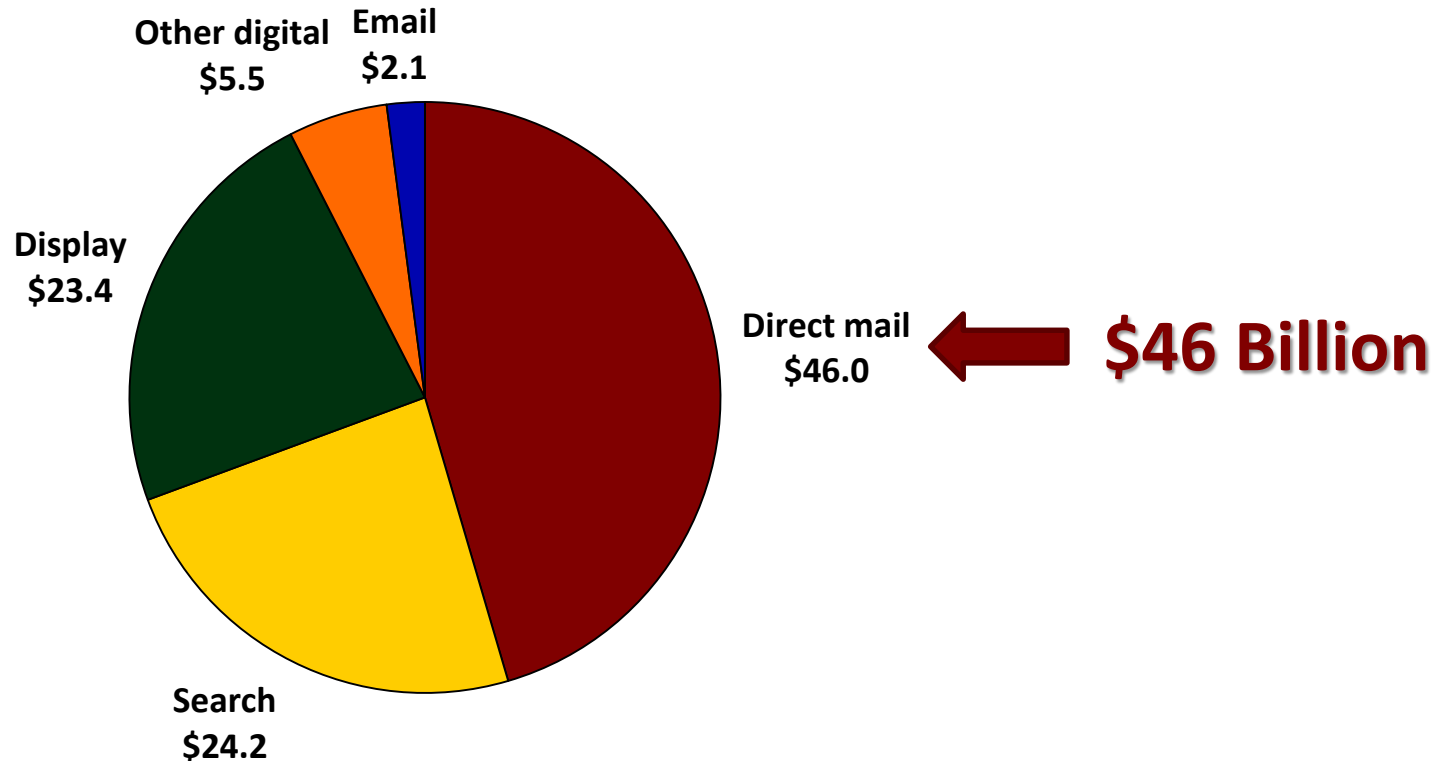
- **Direct Mail: Just the Facts**
- **What Direct Marketers Need**
- **What Consumers Want**
- **Print Service Providers... Your Customers... Are Responding!**
- **Recommendations and Conclusions**



Direct Mail: Just the Facts

Direct Mail is Big Business!

2014 Direct Marketing Spending

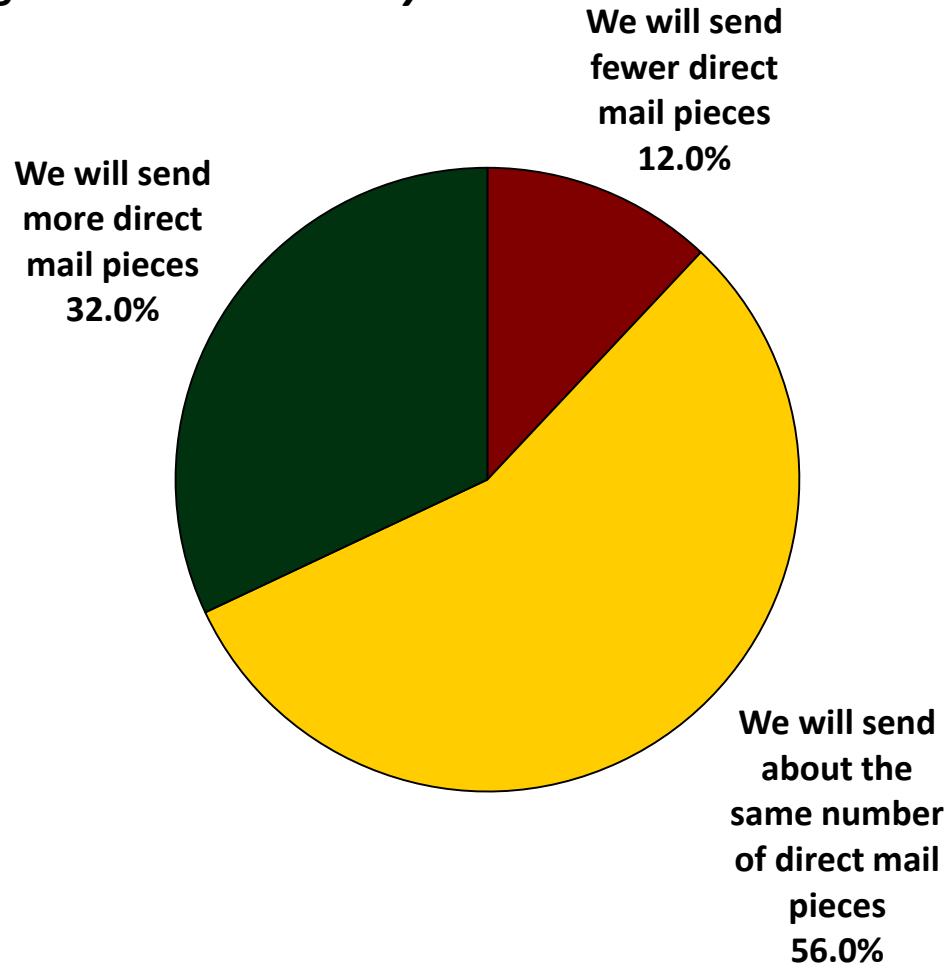


- U.S. direct marketing spend was \$101.2 billion in 2014
- Direct mail remains a central component of direct marketing

Source: DMA 2015 Statistical Fact Book/Winterberry Group 2015 (excludes Teleservices)

2016: Direct Mail is on the Rise!

How do you expect the amount of direct mail that your company sends out next year to change in relation to last year?



“Our direct mail volume is up and the number of jobs is up even more to hit that volume; shorter runs get messages out faster and are more variable.”

– Large U.S. PSP with strong marketing service capabilities

N = 25 U.S. Respondents

Source: *Direct Marketing Production Printing & Value-Added Services*, InfoTrends 2015

Direct Mail Drives Action!

“Direct mail is far more persuasive than digital media. It generates a motivation score that is 20% higher than digital media – even more so when the direct mail creative appeals to more senses beyond touch.”



Source: *A Bias for Action*, Canada Post and True Impact Marketing, July 2015

Direct Mail is Easy!

“Direct mail is easier to understand than digital media. It requires 21% less cognitive effort to process.”



It's Simple...

**Direct Mail
Gets Noticed!**

Source: *A Bias for Action*, Canada Post and True Impact Marketing, July 2015

Direct Mail Builds Brands

“Brand recall was 70% higher among participants who were exposed to direct mail ads rather than digital ads.”



Source: *A Bias for Action*, Canada Post and True Impact Marketing, July 2015



What Direct Marketers Need

It's All About the Customer Experience!



Top Business Objectives

What are the most important business objectives that your company hopes to achieve in enhancing customer communications?

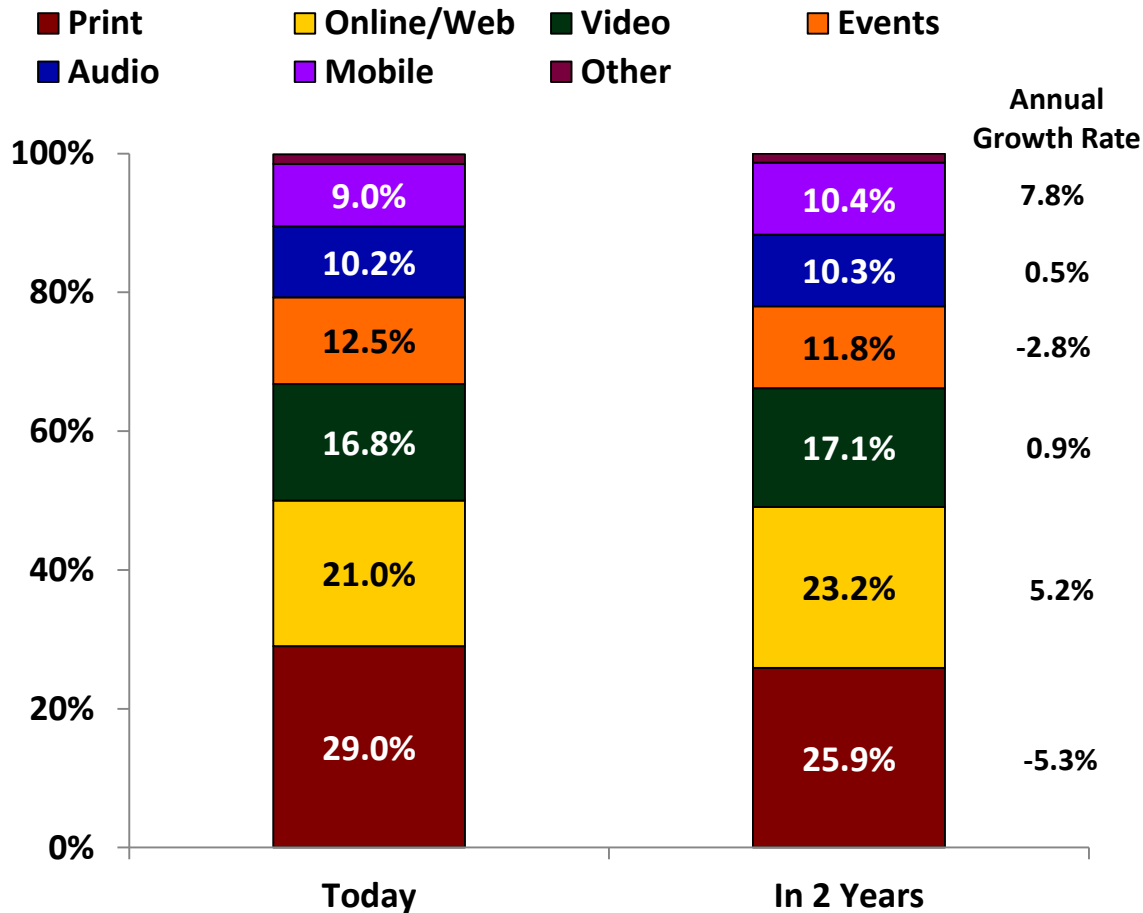


N = 800 Respondents

Source: *Customer Engagement Technologies State of the Market Study*, InfoTrends 2015

Print: Still Integral to the Customer Experience

How is/will your company's total communications spending (be) distributed by the various communication types that you use?



- Print is and will remain a prominent channel, although it is expected to decline in terms of share of communication spending.
- Online and mobile will see the greatest growth.

N = 883 Enterprise Respondents

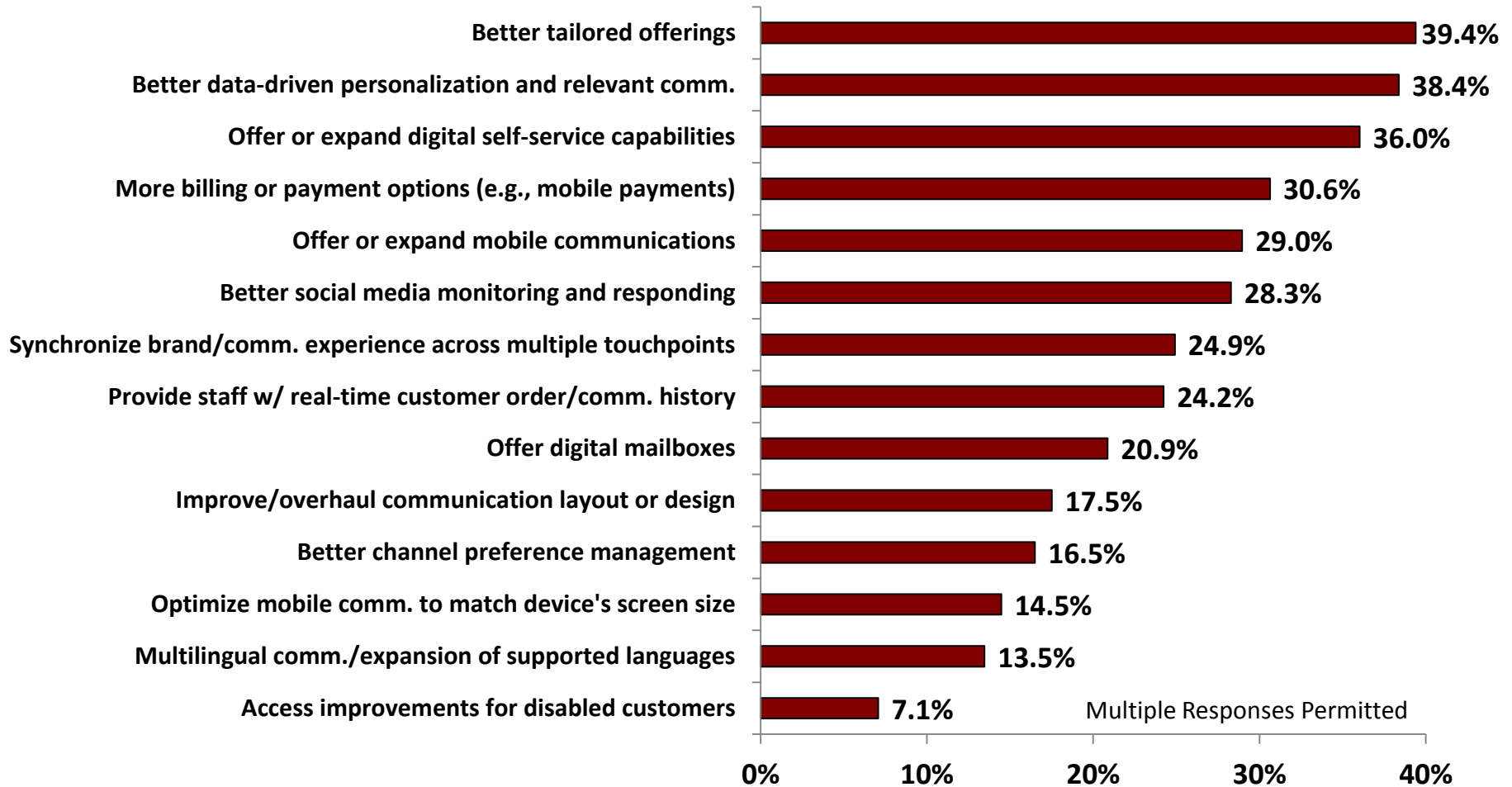
Source: *Micro to Mega: Trends in Business Communications*, InfoTrends 2015

The Experience Must be Personal



Businesses Turn to Relevant Personalization that Sells

How does your company plan to improve customer experience as it relates to customer communications?

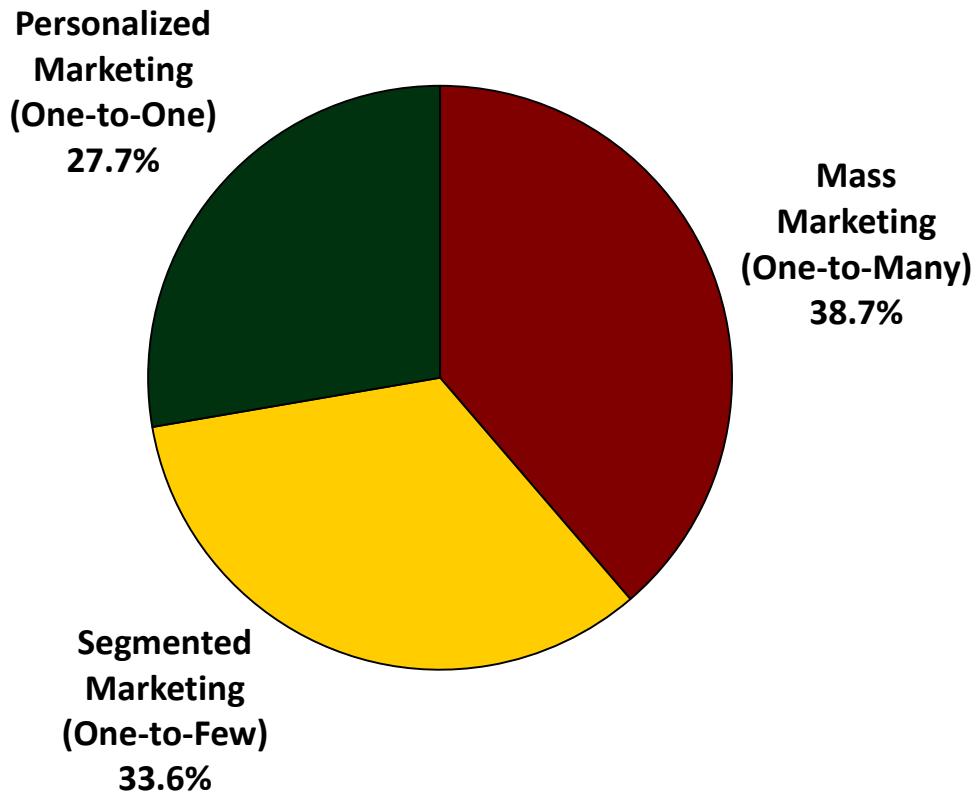


N = 297 Respondents who invest in CCM to improve the customer experience

Source: *Customer Engagement Technologies State of the Market Study*, InfoTrends 2015

Audience-Targeting Approaches

What percentage of your customer communications or marketing campaigns fit into the following categories?

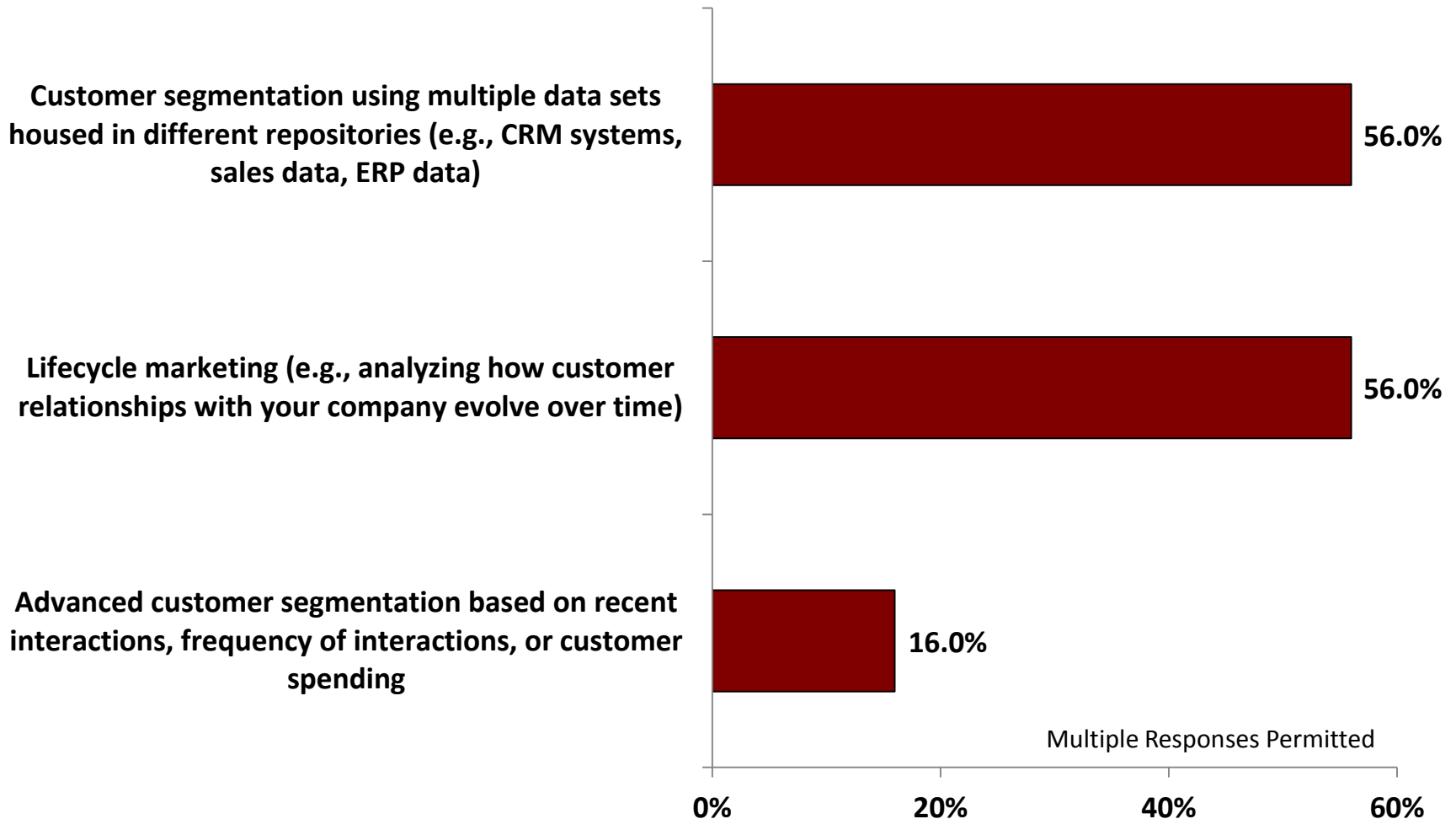


Over 61% of campaigns are targeted... because one size does not fit all!

N = 861 Enterprise Respondents with external customer communications
Source: *Micro to Mega: Trends in Business Communications*, InfoTrends 2015

Marketers Are Focused on Increased Sophistication

Do you do any of the following when designing your direct mail campaigns?



N = 25 U.S. Respondents

Source: *Direct Marketing Production Printing & Value-Added Services*, InfoTrends 2015

The Challenge... In a Word



Improve Your Aim!

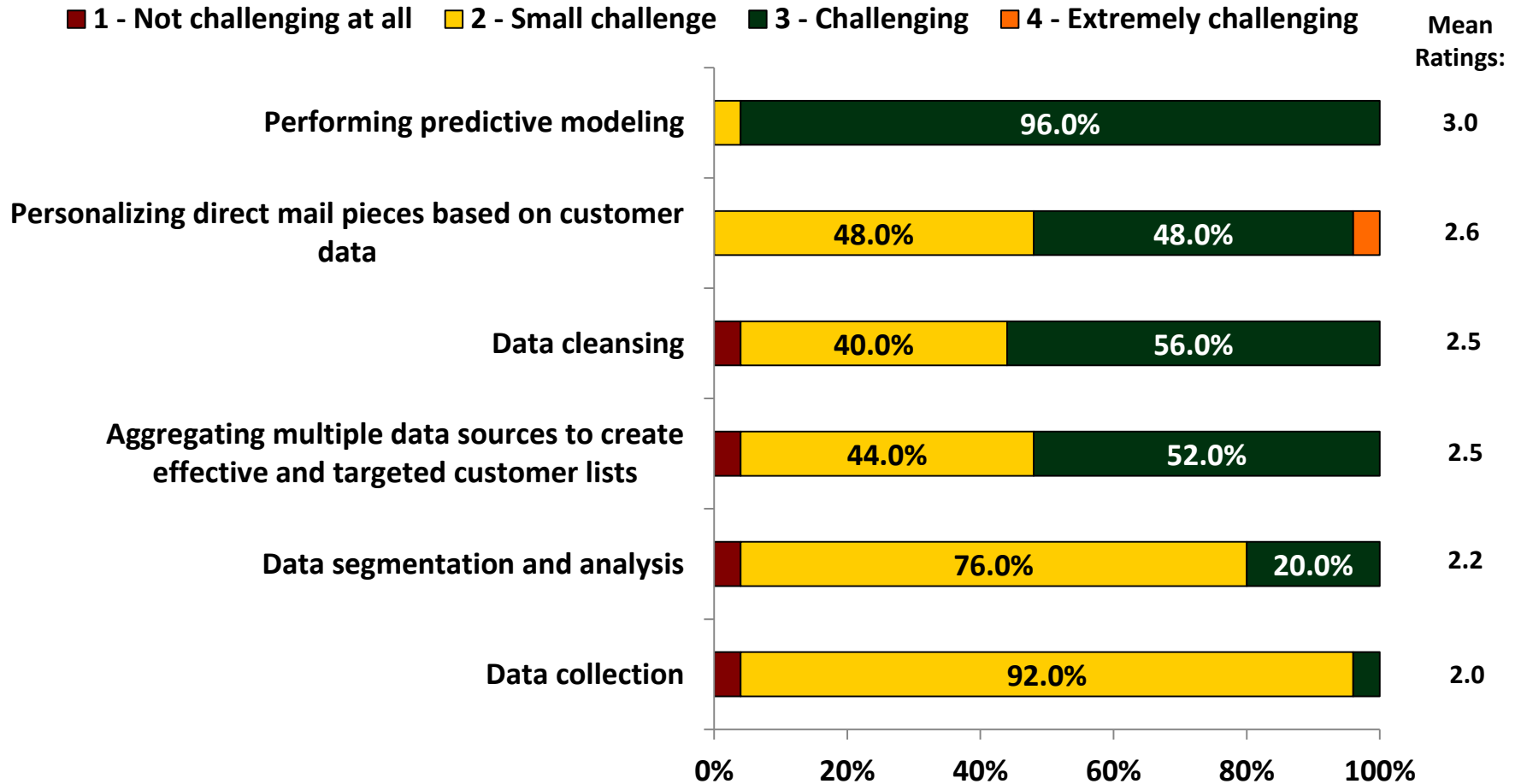
“When the archer misses the mark, he turns and looks for the fault within himself. Failure to hit the bullseye is never the fault of the target. It is about improving your aim.”

— Anonymous



Direct Mail Challenges

On a scale of 1 to 4, how challenging are the following areas for your direct mail efforts?



N = 25 U.S. Respondents

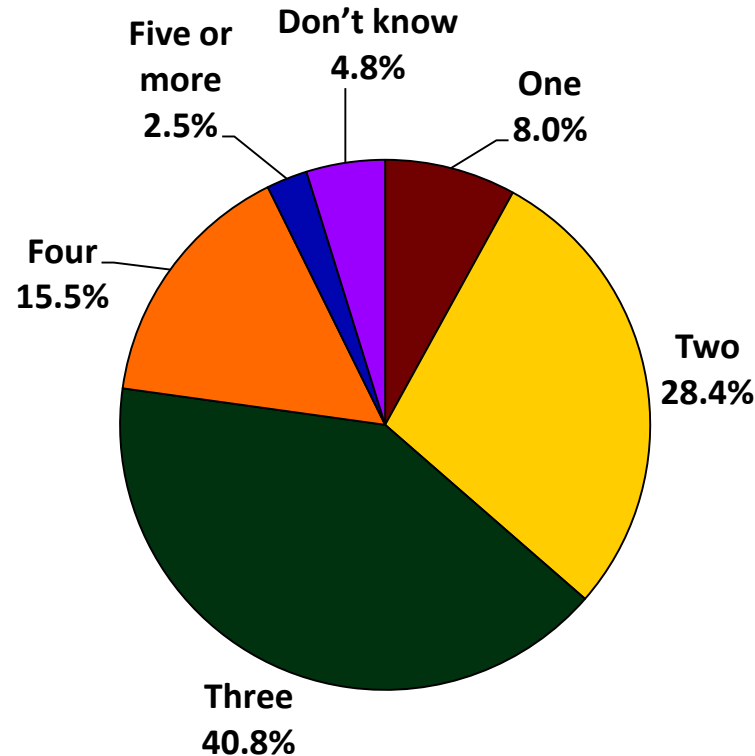
Source: *Direct Marketing Production Printing & Value-Added Services*, InfoTrends 2015

Using Direct Mail to Drive Consumers to Other Channels



Direct Mail is Omni-Channel

How many different types of media does your company use for a typical communication/marketing campaign?



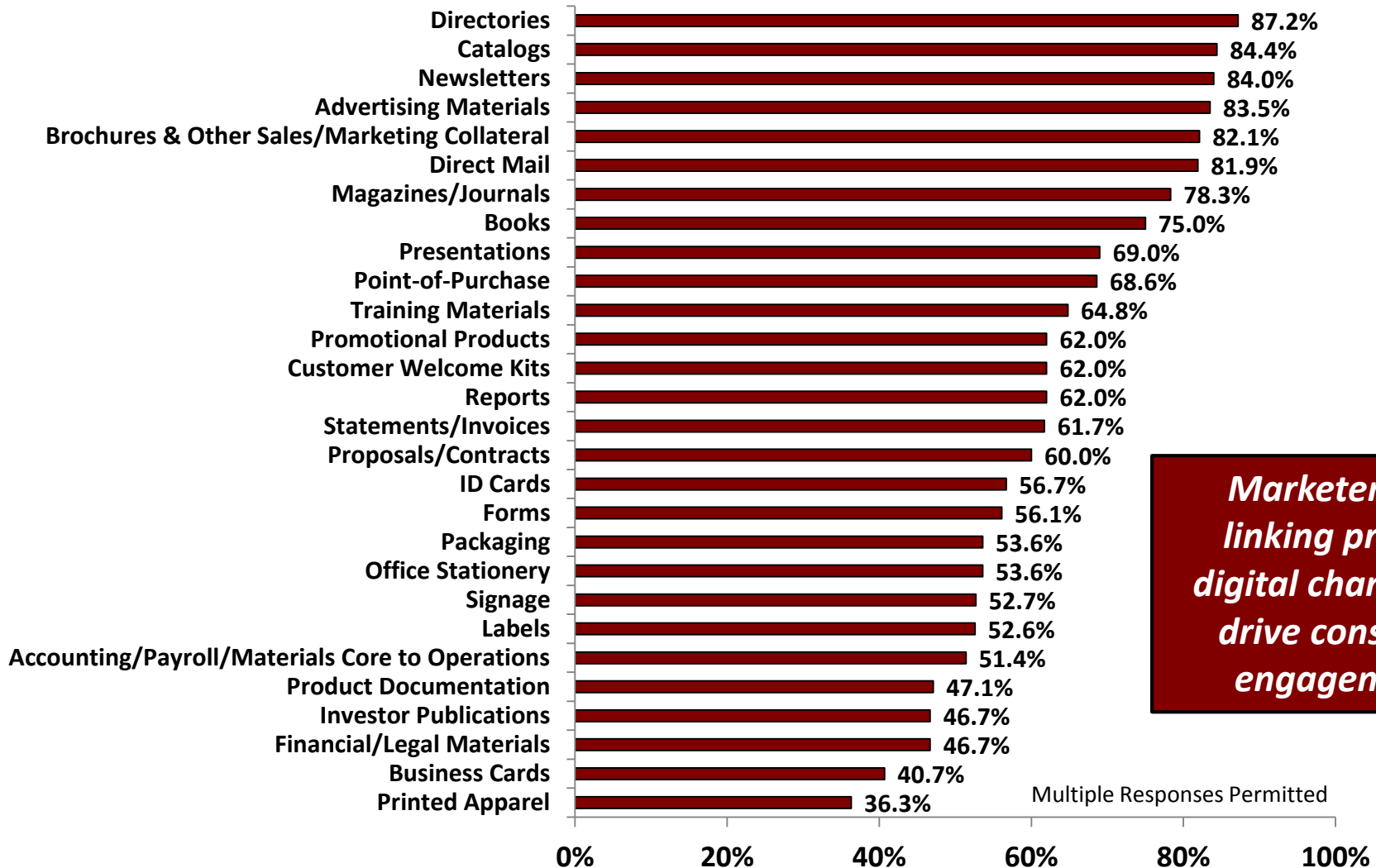
- Average number of media types used in a campaign: **3**
- About **35%** of respondents are linking print and digital media.
- Respondents linking print to digital media report that **49%** of marketing campaigns or initiatives have combined print and digital media.

Service providers that aren't evaluating cross-media services are missing a major portion of the revenue opportunity!

N = 861 Enterprise Respondents with external customer communications
Source: *Micro to Mega: Trends in Business Communications*, InfoTrends 2015

Connecting Print to Digital Channels

What types of printed media have included a link to digital media in the past 12 months?

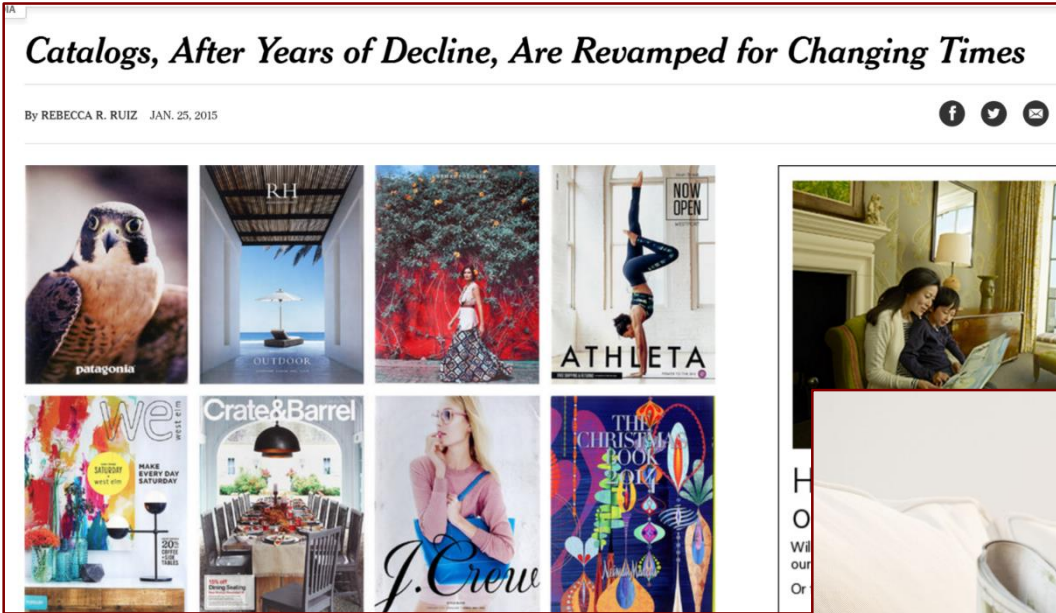


Marketers are linking print to digital channels to drive consumer engagement.

N = 883 Enterprise Respondents

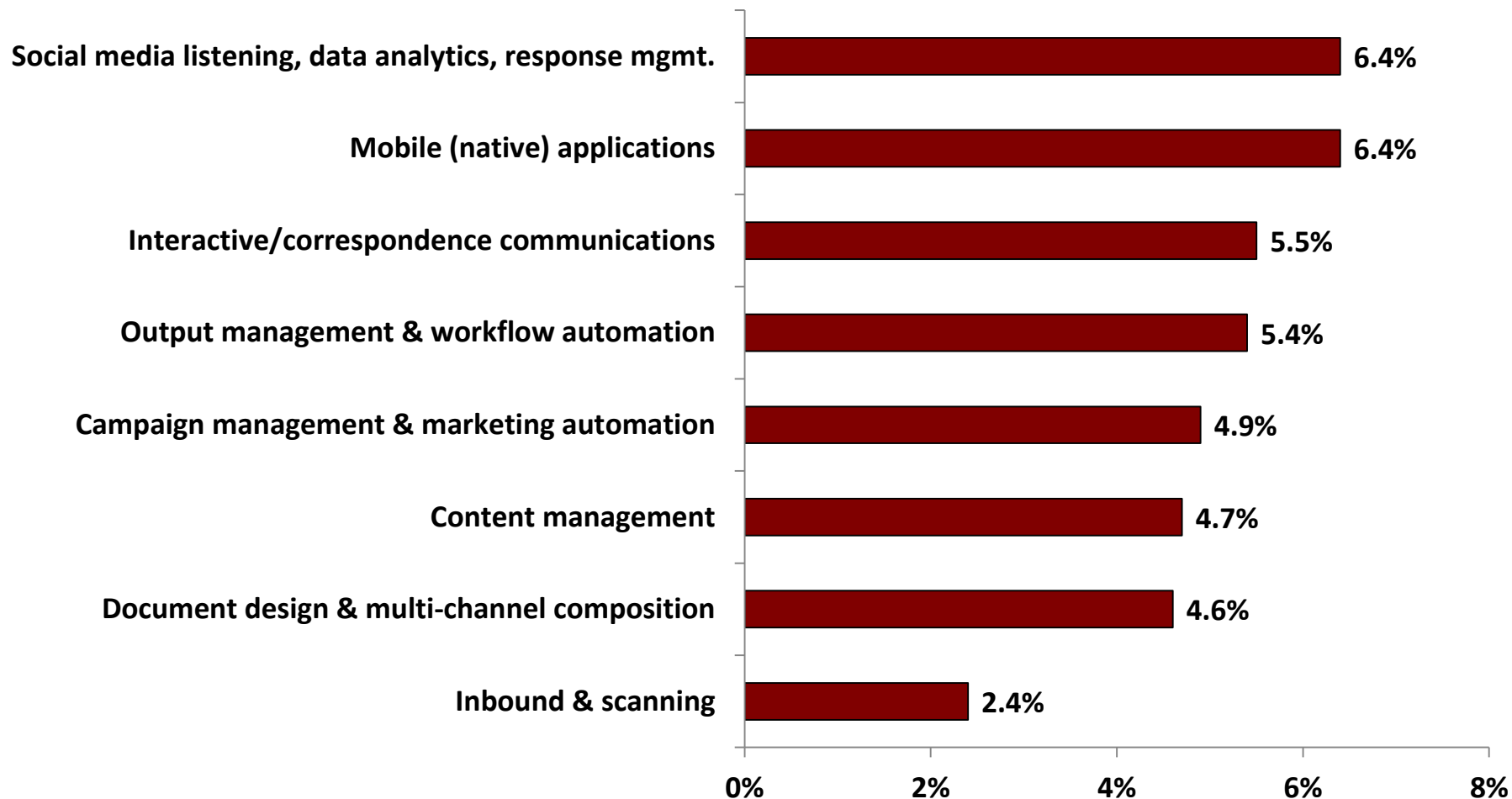
Source: *Micro to Mega: Trends in Business Communications*, InfoTrends 2015

The Resurgence of Catalogs: A Cross-Media Reminder



All Channels On!

How do you expect IT spending to change for the following communication areas between 2015 and 2016? (Mean Increases)



N = Varies; Base: All respondents

Source: *Customer Engagement Technologies State of the Market Study*, InfoTrends 2015

Direct Mail: Leveraging Technology Trends



Augmented Reality

An advertisement for TapForMessage. The main headline is "TAP FOR MESSAGE" in large blue letters. Below it, a hand is shown tapping a smartphone on a gift box with a red ribbon. To the right, a man in a uniform holds a clipboard and a cardboard box. The ad includes a list of benefits and contact information.

PLACE OUR VIDEO GREETING STICKERS, HANG TAGS, GIFT CARD CASES AND CARDS ON ANY GIFT, FLOWER BOUQUET, CARD OR ANY ITEM

NO APPS OR PROGRAMS TO INSTALL!

Our Patent Pending Technology works on any browser based device!

- Improve the customer experience
- Customers can remotely attach a video message
- Easily add to your online store
- Compliments any product!
- Add a new revenue channel and attract customers

Gift receiving party just taps our product to play the personalized video message.

Visit us at www.TapForMessage.com
Email us at b2b@TapForMessage.com

NFC Tags

An advertisement for QR codes. The main headline is "Turn your print campaign into a gateway for multimedia & more". Below it, a hand is shown scanning a QR code on a smartphone. The ad includes a list of benefits and contact information.

QR CODES

Turn your print campaign into a gateway for multimedia & more

Learn how QR codes can keep you connected, provide instant feedback, share contact info & so much more

Go to <http://www.digitalknow.com>
Just watch to find out more!

Mobile Bar Codes

And It's Trackable!

		Business Performance Metrics & KPIS: Past (What Did We Do?)	Diagnostic Metrics: Present (What is Working?)	Lending Indicators: Future (What Will We Be Doing?)
Revenue Metrics	<i>Aggregate impact on company revenue</i>	<ul style="list-style-type: none"> • Lead generation versus targets • Cycle time 	<ul style="list-style-type: none"> • Conversion rate versus trend or benchmark 	<ul style="list-style-type: none"> • Size of prospect database • Marketing contribution forecast
Marketing Program Performance Metrics	<i>Incremental contribution of individual marketing programs</i>	<ul style="list-style-type: none"> • Investment • Pipeline contribution • Program ROI 	<ul style="list-style-type: none"> • Response rates • Life over control group 	<ul style="list-style-type: none"> • Expected contribution forecast
Profit Per Customer	<i>Lifetime value of an incremental customer</i>	<ul style="list-style-type: none"> • Average selling price 	<ul style="list-style-type: none"> • Investment to acquire a customer • Marginal cost to serve 	<ul style="list-style-type: none"> • Retention rates • Products per customer • Net promoter scores

The Direct Marketer Perspective

- **Direct mail remains a key component of direct marketing activities and total spend**
- **Direct mail volume is expected to remain high; key drivers include improved data, convergence of technology trends, and effectiveness**
- **There is focus on leveraging direct mail as part of an improved customer communication experience**
- **Increased integration with other channels is critical**
- **There is gaining momentum pushing more use of personalization**
 - Increased use of data analytics to drive greater personalization
 - Increased relevancy to direct mail
- **Direct mail can be easily tracked and results are attributable**
- **Challenges for direct mail include:**
 - Need for improving data
 - Reaching the right customer at the right time via the right channel



What Consumers Want

Consumers Like Mail!



- **Mean number of direct mail pieces received in past week:**
 - 3.5 letters in envelopes
 - 2.4 flyers/pamphlets
 - 1.9 brochures
 - 1.3 postcards
- **66%** of direct mail is opened
- **82%** of direct mail is read for a minute or more

Consumers Like Catalogs Too!



Frequency of Reading Catalogs

- **64%** of consumers regularly or almost always read catalogs
- Another **28%** occasionally read them

Perception of a Catalog's Value

- **74%** of consumers like catalogs and consider them to be useful tools for learning about products
- Nearly a quarter of consumers (**23%**) strongly agree with this sentiment

Catalog Usage Characteristics

- **90%** of consumers use catalogs as tools to learn and get ideas about things that interest them
- **43%** of consumers that read catalogs do this frequently

Base: 863 U.S. Respondents who receive catalogs

Source: *Direct Marketing Production Printing & Value-Added Services*, InfoTrends 2015

78% of Consumers Think Direct Mail Is Effective

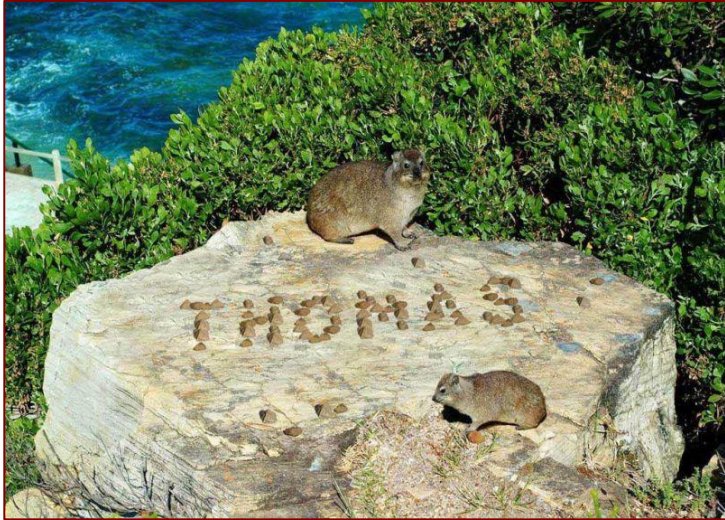
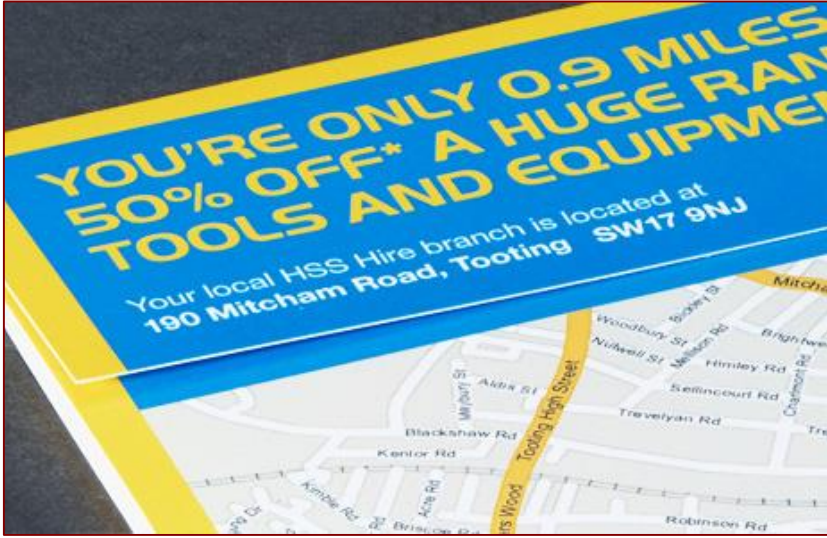


Source: *Direct Marketing Production Printing & Value-Added Services*, InfoTrends 2015

How Can You Drive Results?

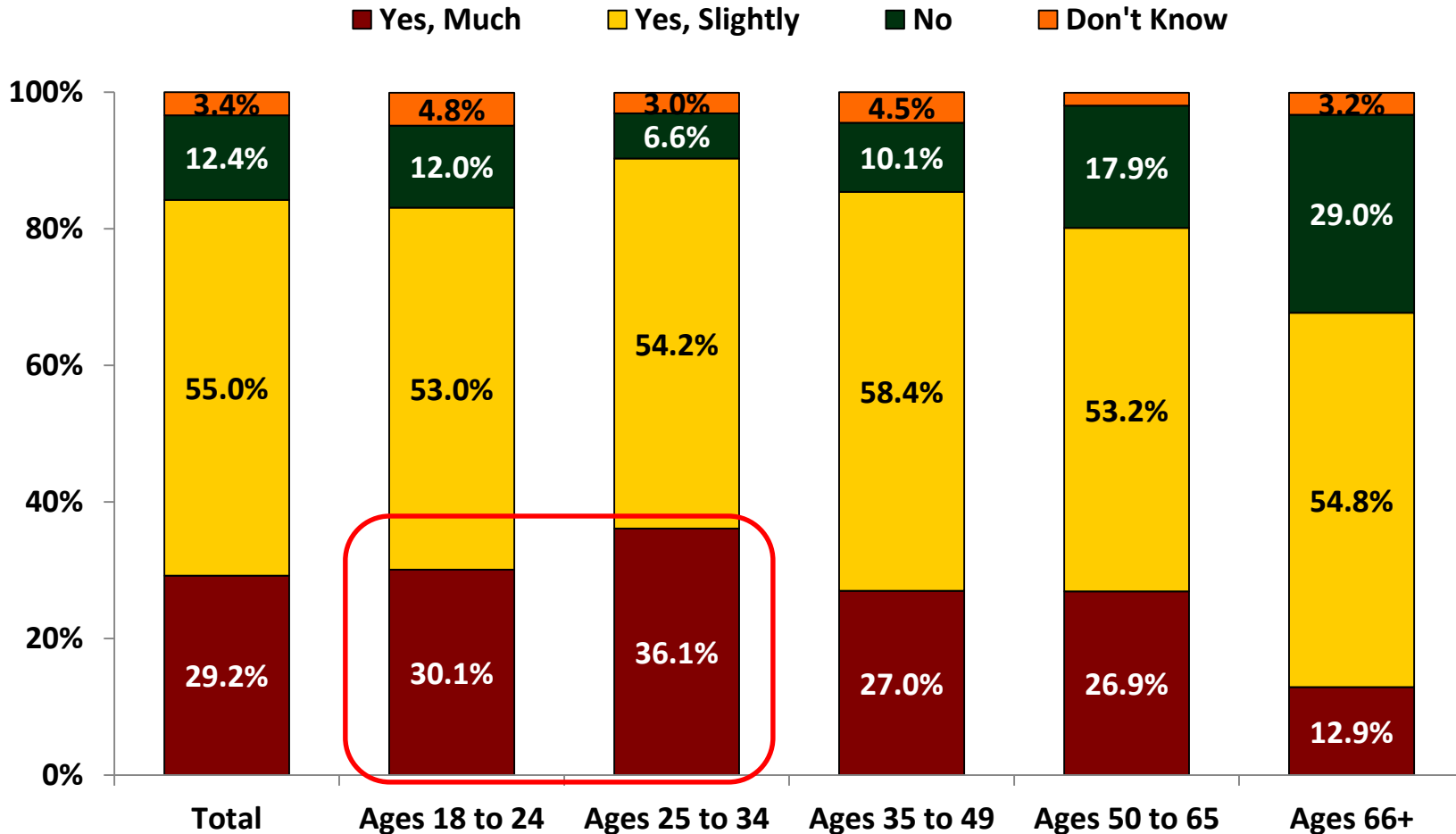


Consumers—Especially Millennials—Expect Personalization!



Personalization Drives Results!

Does the customization of a direct mail piece make you more likely to open/read it?



N = 614 83 166 178 156 31

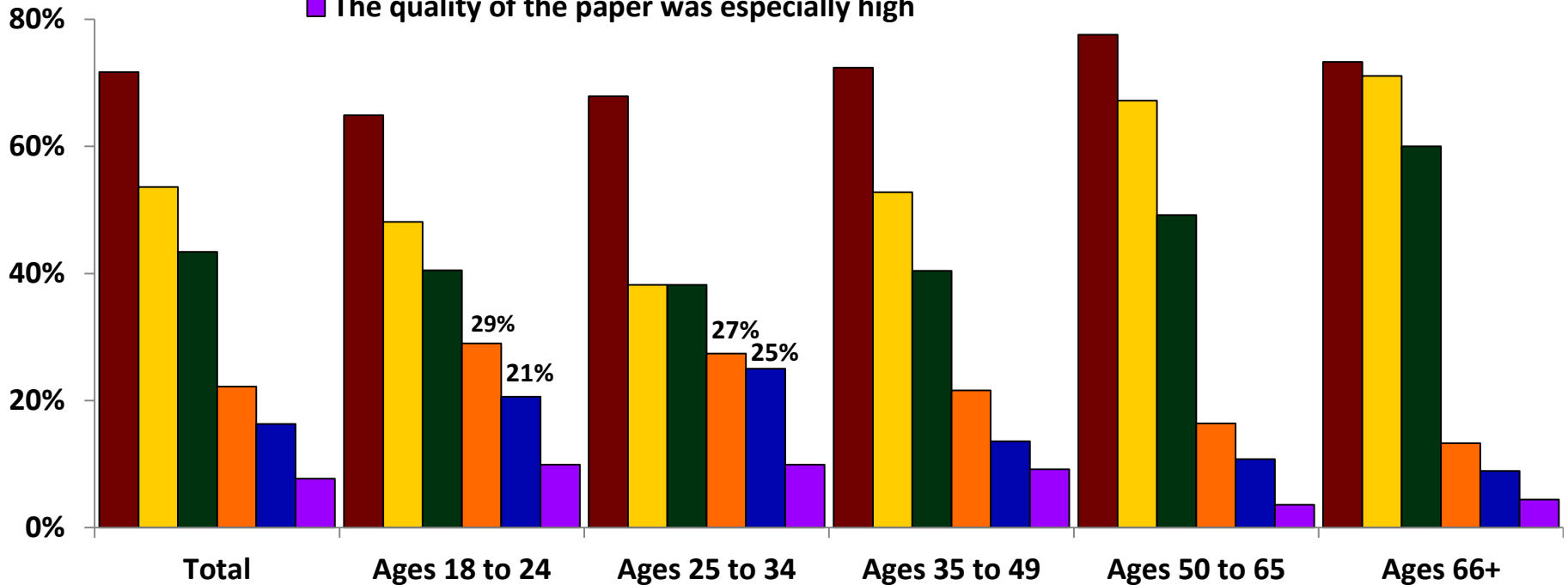
Base: U.S. Respondents who receive direct mail that reflects a high level of customization

Source: *Direct Marketing Production Printing & Value-Added Services*, InfoTrends 2015

Relevance Drives Open Rates

For which of the following reasons have you chosen to open direct mail?

- I am interested in the products/services the direct mail piece offers
- The direct mail piece has information that reflects my needs/interests
- I have a positive view of the company that mailed the piece
- Reading direct mail pieces is a leisure activity for me
- The quality of the piece's printing/images was especially high
- The quality of the paper was especially high



N = 888

131

212

250

250

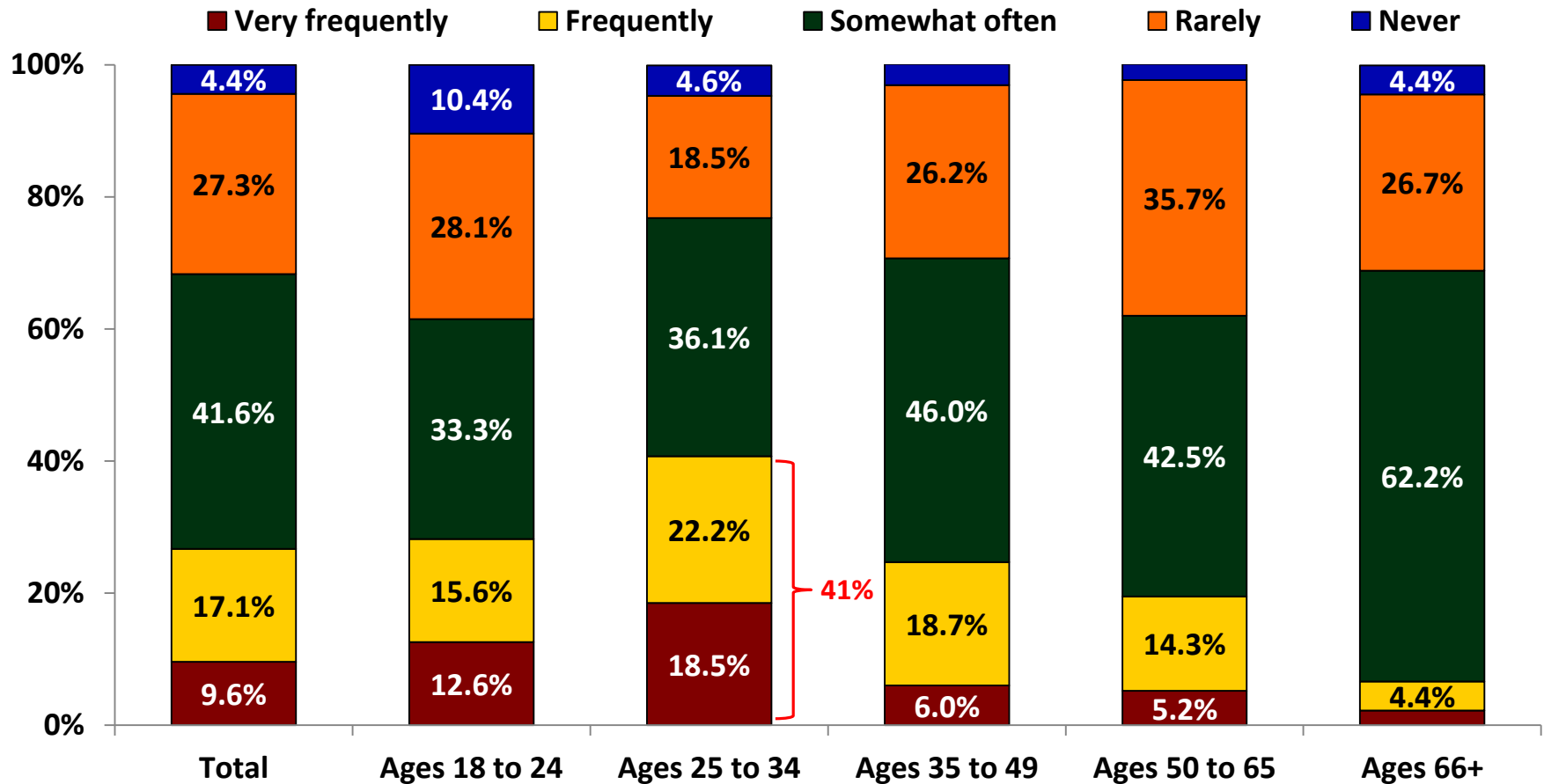
45

Base: U.S. Respondents who look at the direct mail they receive

Source: *Direct Marketing Production Printing & Value-Added Services*, InfoTrends 2015

But There's a Gap in Frequency!

How frequently do you receive direct mail with high level of customization that makes the material more interesting to you?



N =

900

135

216

252

252

45

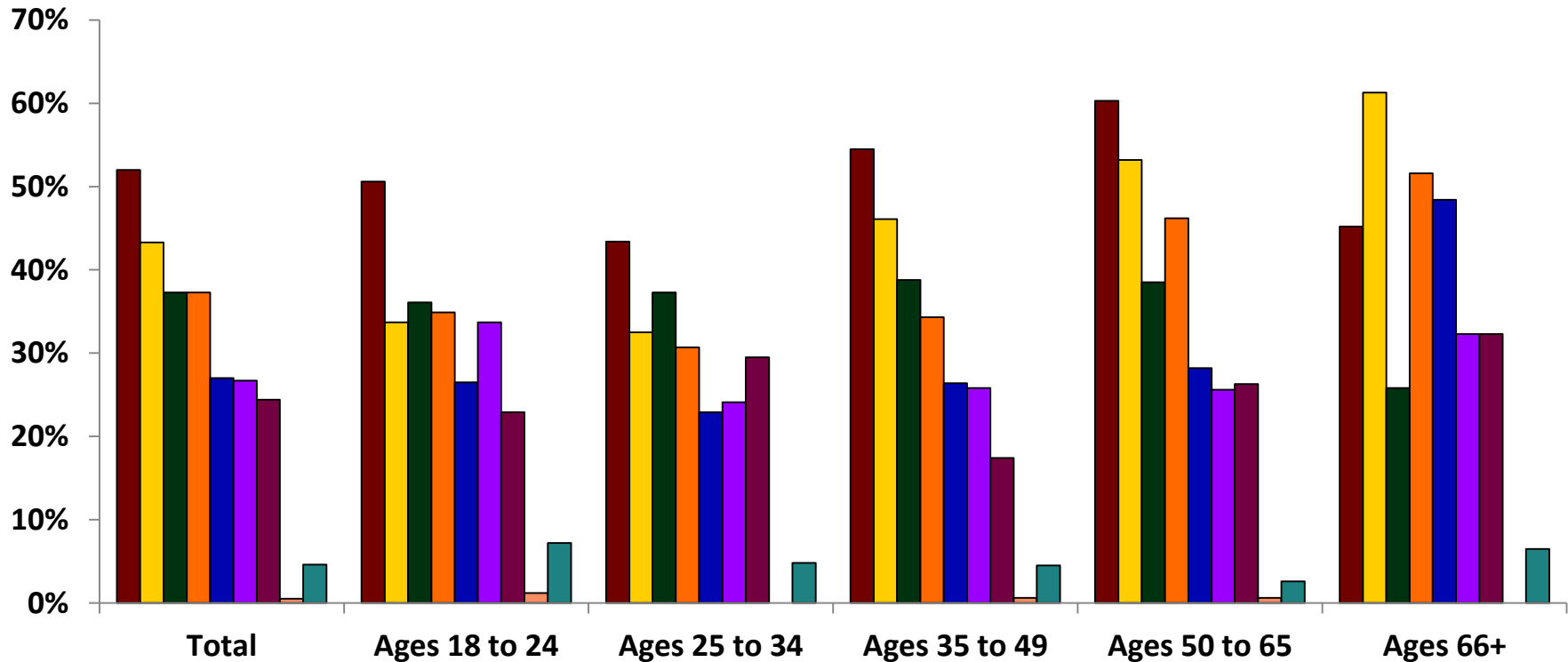
Base: U.S. Respondents who look at the direct mail they receive

Source: *Direct Marketing Production Printing & Value-Added Services*, InfoTrends 2015

The Offer: Customization that Consumers Notice!

What types of personalization have you noticed in the direct mail sent to you or your family?

- Coupons on products I recently purchased
- A promotional offer based on a product I own
- A promotion that reflects websites I visited
- Images that reflect my interests
- Information that is directly relevant to me
- Service offering based on my age, gender, etc.
- Financial service or product that reflects my income
- Other
- None of the above



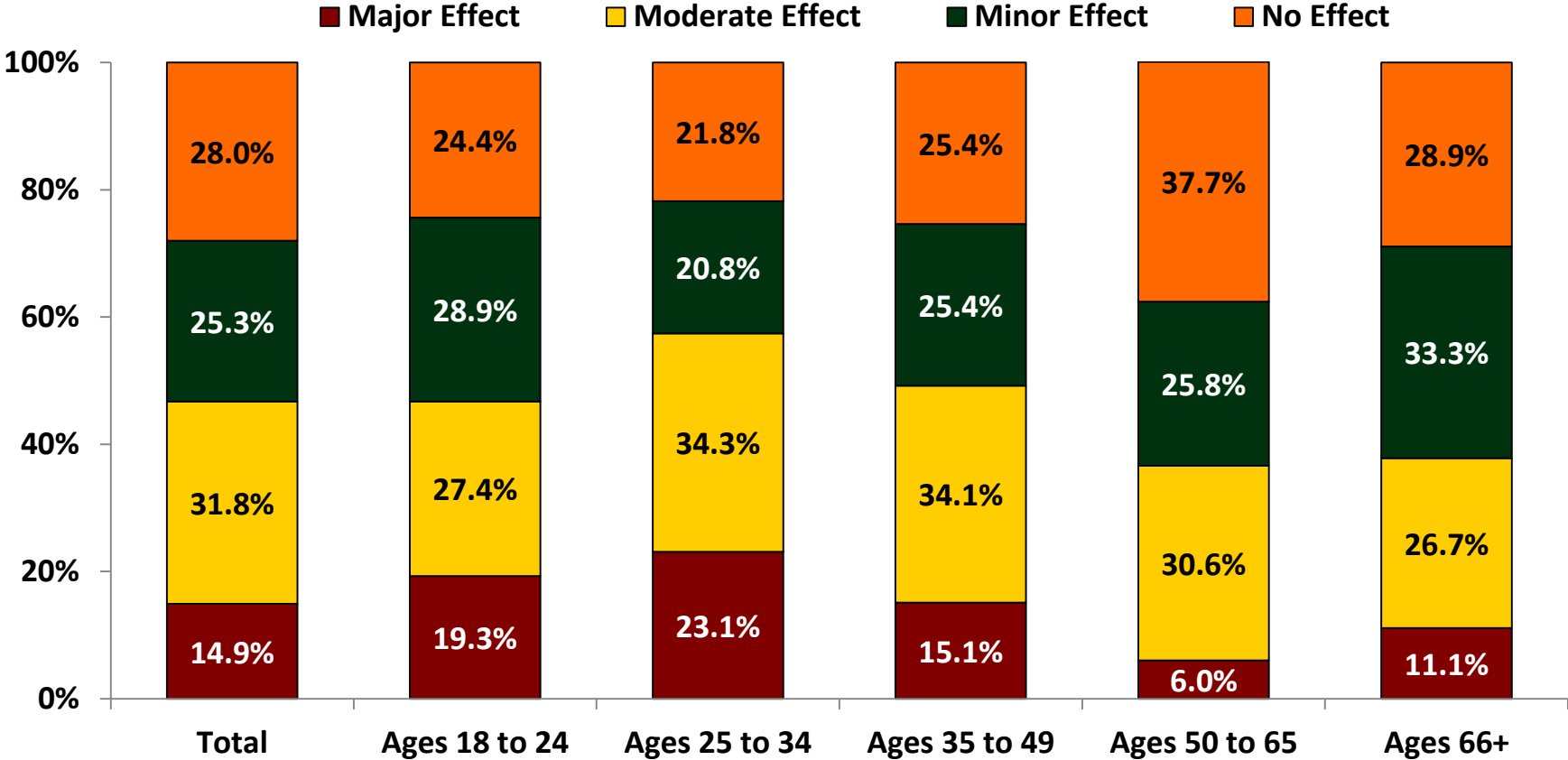
N = 614 (Total), 83 (Ages 18 to 24), 166 (Ages 25 to 34), 178 (Ages 35 to 49), 156 (Ages 50 to 65), 31 (Ages 66+)

Base: U.S. Respondents who receive direct mail that reflects a high level of customization

Source: *Direct Marketing Production Printing & Value-Added Services*, InfoTrends 2015

Quality Counts!

What type of effect does the quality of printing/paper have on your decision to open and read a piece of direct mail?



N = 900 (Total), 135 (Ages 18 to 24), 216 (Ages 25 to 34), 252 (Ages 35 to 49), 252 (Ages 50 to 65), 45 (Ages 66+)

Base: U.S. Respondents who look at the direct mail they receive

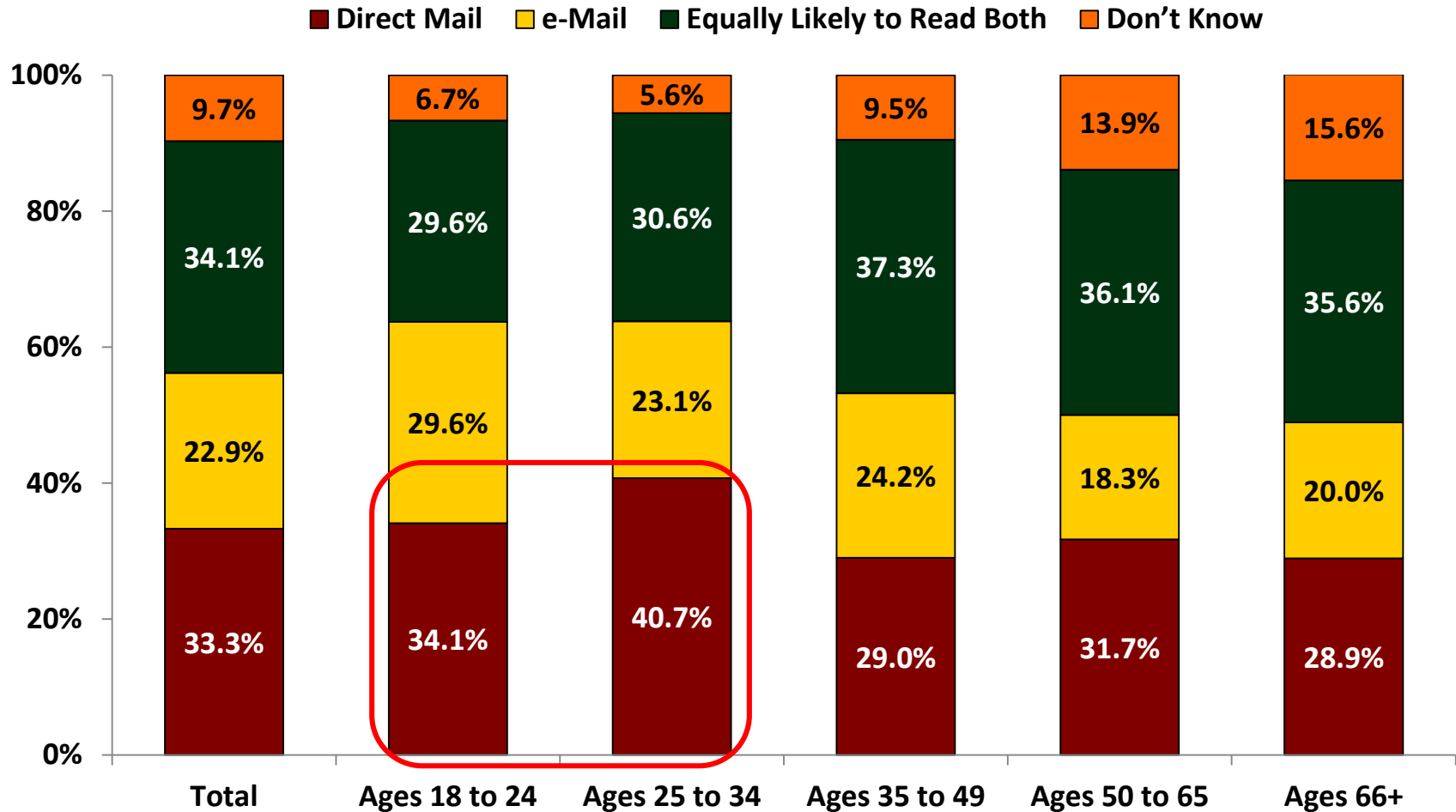
Source: *Direct Marketing Production Printing & Value-Added Services*, InfoTrends 2015

The Fight is On...



And the Winner is Direct Mail!

Are you more likely to read an e-mail with a sales/promotional offer OR to look at a piece of direct mail?



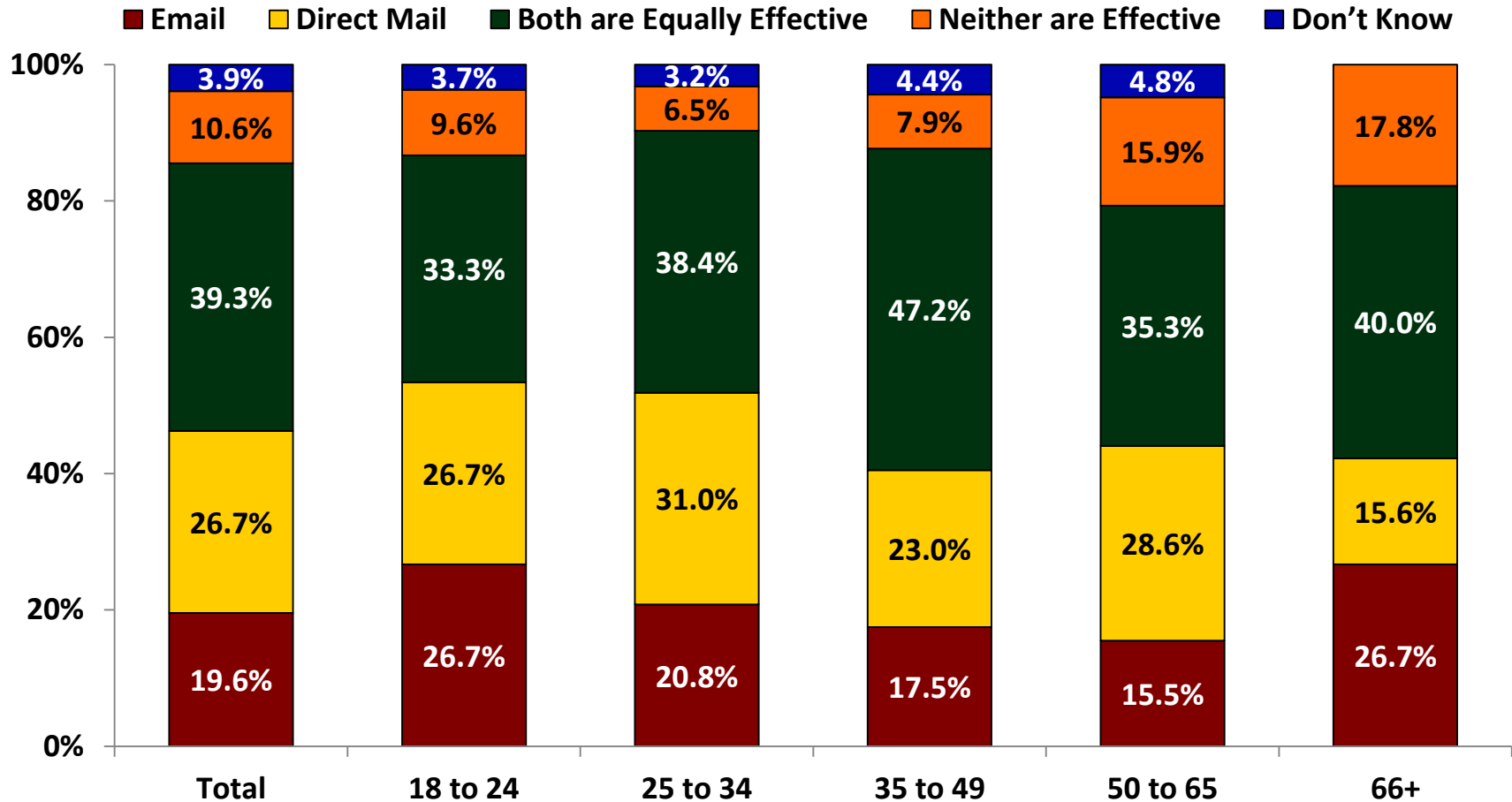
N = 900 135 216 252 252 45

Base: U.S. Respondents who look at the direct mail they receive

Source: Direct Marketing Production Printing & Value-Added Services, InfoTrends 2015

Direct Mail Drives Action

In your opinion, which is more effective at getting you to take action, e-mail or direct mail?



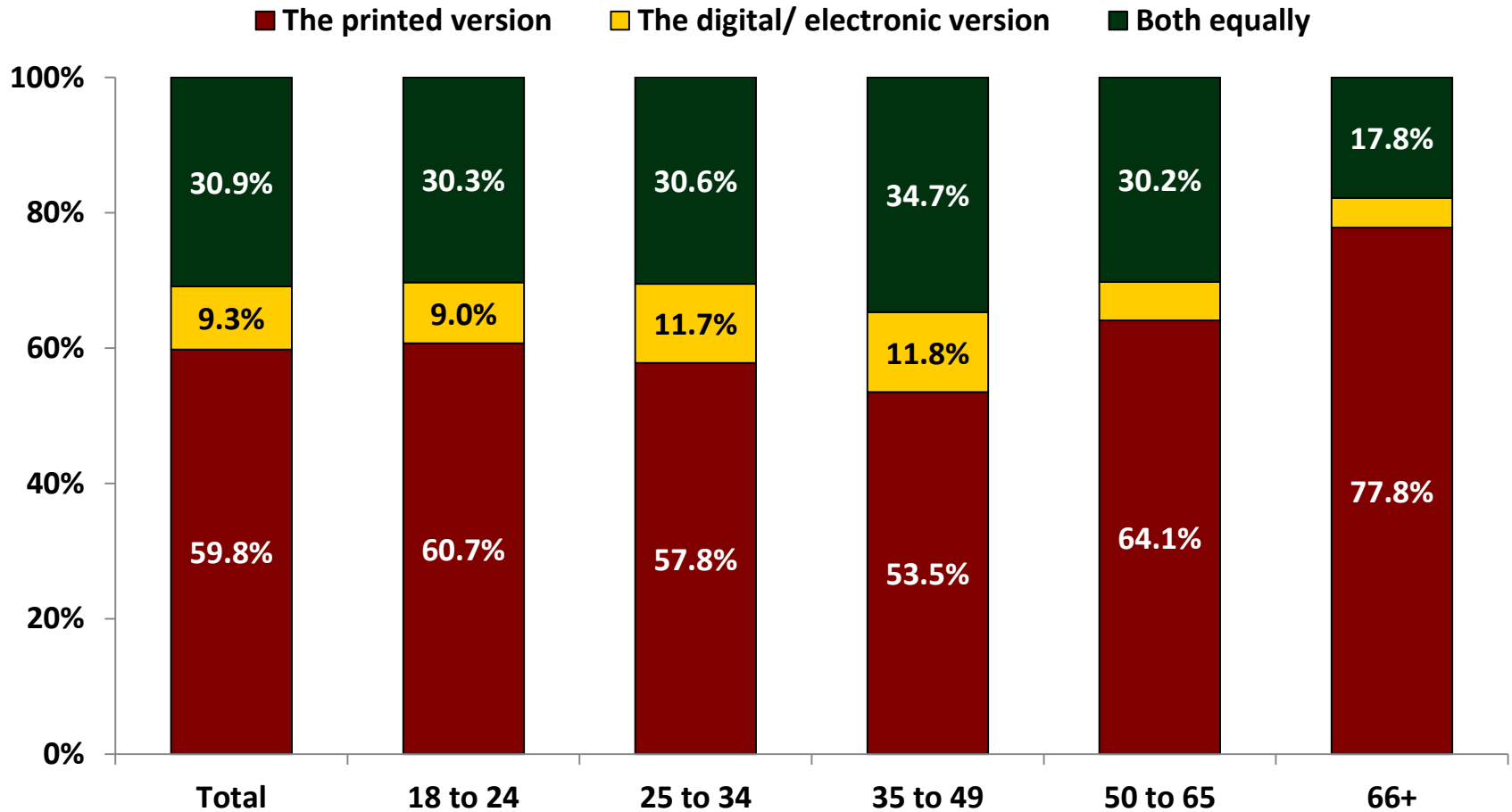
N = Total: 900, 18 to 24: 135, 25 to 34: 216, 35 to 49: 252, 50 to 65: 252, 66+: 45

Base: U.S. Respondents who look at the direct mail they receive

Source: *Direct Marketing Production Printing & Value-Added Services*, InfoTrends 2015

Consumers Also Prefer Printed Catalogs

Would you prefer to look at and use a PRINTED catalog or a DIGITAL/ELECTRONIC catalog?



N = 863 (Total), 122 (18 to 24), 206 (25 to 34), 245 (35 to 49), 245 (50 to 65), 45 (66+)

Base: U.S. Respondents who receive catalogs in the mail

Source: *Direct Marketing Production Printing & Value-Added Services*, InfoTrends 2015

Summary: When it Comes to Consumers...

- **Direct Mail is Critical to the Mix**
- **It Needs to Be:**
 - Personal
 - Relevant
 - Engaging
 - Omni-Channel
 - High-Quality in Terms of Look and Feel





Print Service Providers... Your Customers... Are Responding!

What Does it Take to Win in Today's Direct Mail World?

- **A new strategy and vision**
- **Proper positioning in the eyes of your customer**
- **The ability to deal with data**
 - Partner, acquire, organically grow the right skills
- **The right resources: equipment, software, and most importantly people!**



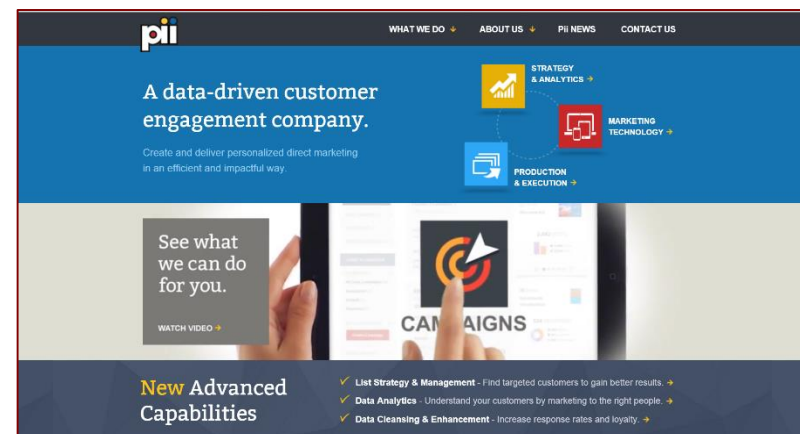
Strategies for Success: It's About More Than Print!

- Service providers have built a strategy designed to “close the gap” for marketers
 - Strategy
 - Data: Relevant offers and personalized communications
 - Cross-channel customer experiences
 - Return on investment analysis

GLS Companies



Pii



Strategies for Differentiation

- ***“Our strategy is ‘from ideas to implementation,’ and we are experiencing tremendous success. We are crazy busy and have a backlog that takes us well into 2016. The agency side of the business is up 35%.”***
- ***“We have moved from the kids’ table to the adults’ table. Now that our resources speak their language, our customers are not telling us what to do... they’re asking us what we’re capable of to make their programs more effective!”***
- ***“Printers need to think like marketers. Printing is only an output solution. If it’s used in concert with digital marketing technologies, we have power. One plus one can equal four.”***



Marketing Repositioning: IWCO is Leading with Data

Power your Marketing.™

What We Do Markets About Blog

Data Direct Marketing Strategy Creative Execution Analysis Mail-Gard®

Impactful
Disciplined
Measurable

You **CATCH** our
DRIFT?

What We Do

Impactful. Disciplined. Measurable. That's why savvy marketers turn to IWCO Direct – to inspire performance across all marketing channels for more effective customer acquisition, customer loyalty and customer engagement. How do we do it? We see direct marketing differently. We apply our Proprietary Intelligence model that encompasses five key components.

We start with **data** to learn more about your customers and prospects. This not only helps us create an integrated **strategy**, it drives our **creative services**. Then we use our proven **execution** platform, which includes multiple channels, direct mail services, world-class postal optimization and tailored workflows, to produce and deliver your campaign on time and on budget. Finally, we **analyze** the results on an ongoing basis to refine what's working and improve what's not.

Speaking DIRECT ▶ Blog

A Special Thanks To Our Veterans
Posted by Patrick Sondreal
November 11

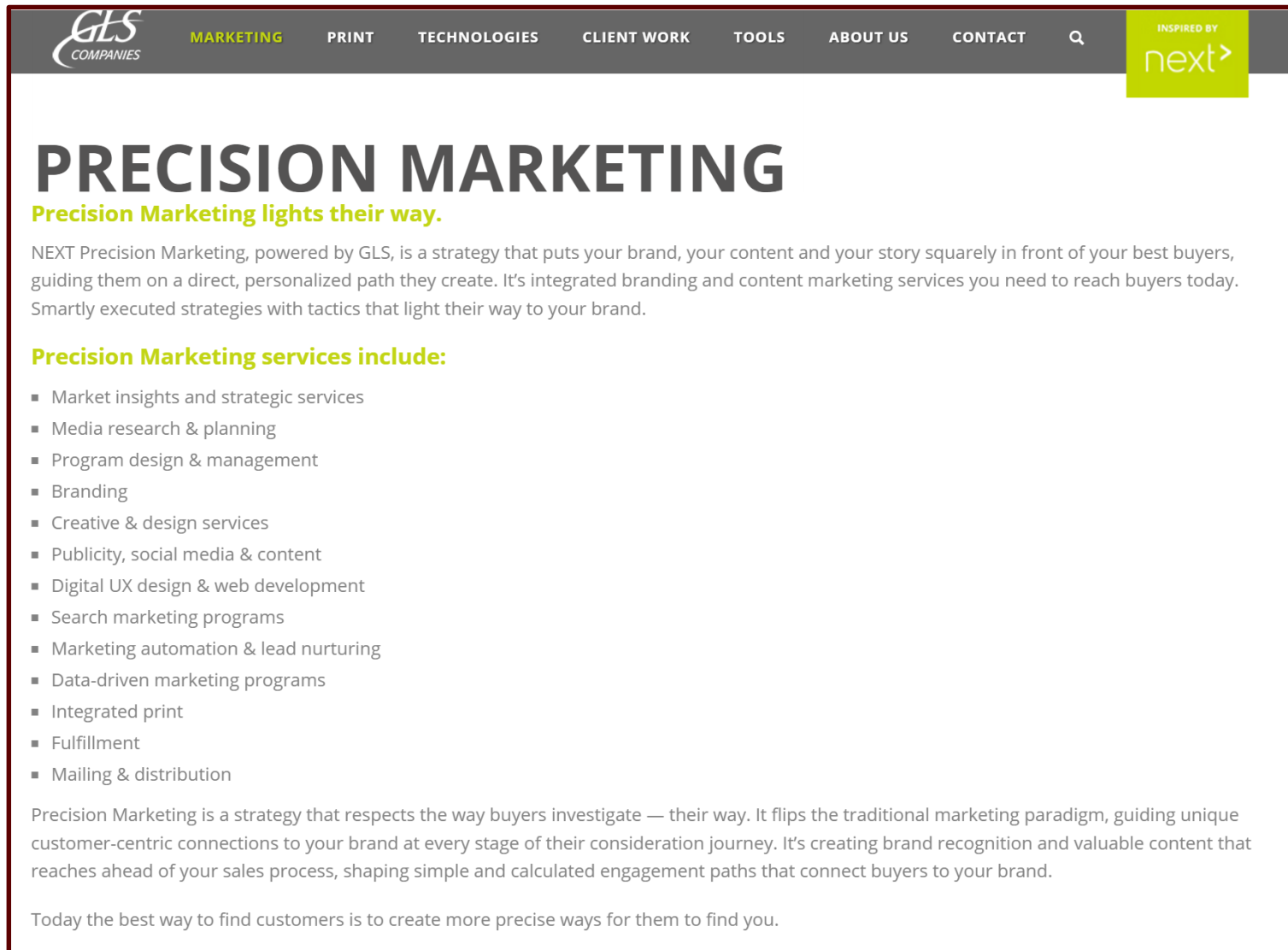
We have officially entered the holiday season! Halloween has come and gone, Thanksgiving is right around the corner and before you know it the December holidays will be here. But one holiday that falls this time [...]

[Read More](#)

Informed Delivery Mail Notification Brings Together Physical and Digital Marketing
Posted by Kurt Ruppel
November 06

As we've said before in this blog, direct mail is an important player in our multi-channel

GLS Companies/NEXT: Data-Driven Precision Marketing



The screenshot shows the top navigation bar of the GLS Companies website. The logo 'GLS COMPANIES' is on the left, followed by menu items: 'MARKETING', 'PRINT', 'TECHNOLOGIES', 'CLIENT WORK', 'TOOLS', 'ABOUT US', and 'CONTACT'. A search icon is on the right. A green box on the right side of the header says 'INSPIRED BY next>'. The main content area features the heading 'PRECISION MARKETING' in large, bold, dark letters. Below it is a sub-heading 'Precision Marketing lights their way.' in green. The text describes the strategy as one that puts the brand in front of buyers, guiding them on a personalized path. A section titled 'Precision Marketing services include:' lists 14 services in a bulleted format. The final paragraph explains that precision marketing respects the buyer's journey and creates valuable content that reaches them before they find the brand. The footer of the page states, 'Today the best way to find customers is to create more precise ways for them to find you.'

GLS COMPANIES **MARKETING** PRINT TECHNOLOGIES CLIENT WORK TOOLS ABOUT US CONTACT Q **INSPIRED BY next>**

PRECISION MARKETING

Precision Marketing lights their way.

NEXT Precision Marketing, powered by GLS, is a strategy that puts your brand, your content and your story squarely in front of your best buyers, guiding them on a direct, personalized path they create. It's integrated branding and content marketing services you need to reach buyers today. Smartly executed strategies with tactics that light their way to your brand.

Precision Marketing services include:

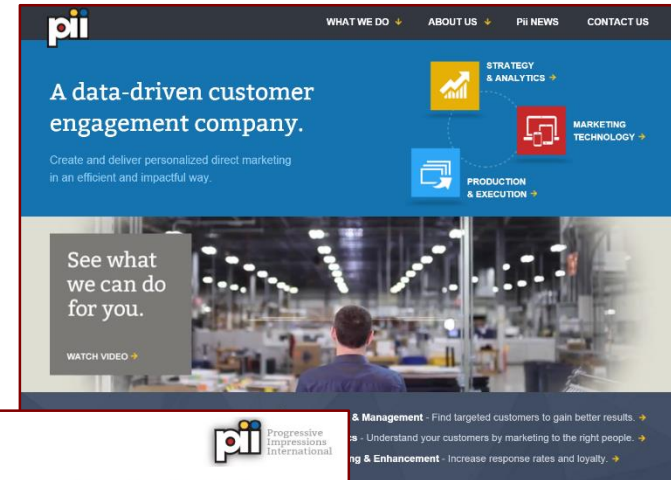
- Market insights and strategic services
- Media research & planning
- Program design & management
- Branding
- Creative & design services
- Publicity, social media & content
- Digital UX design & web development
- Search marketing programs
- Marketing automation & lead nurturing
- Data-driven marketing programs
- Integrated print
- Fulfillment
- Mailing & distribution

Precision Marketing is a strategy that respects the way buyers investigate — their way. It flips the traditional marketing paradigm, guiding unique customer-centric connections to your brand at every stage of their consideration journey. It's creating brand recognition and valuable content that reaches ahead of your sales process, shaping simple and calculated engagement paths that connect buyers to your brand.

Today the best way to find customers is to create more precise ways for them to find you.

Pii: A Data-Driven Customer Engagement Company

“We acquired ICS last year for two key reasons. First, it gave us an entry point to the automotive industry, which is driven by targeted campaigns. Second, the bulk of its revenues come from data strategy, list strategy, and analytics. That rounded out our offerings, and the industry is expecting providers to have data capabilities.”



Direct Marketing Firm Progressive Impressions International Acquires ICS Marketing Services
Combination Creates a One-Stop-Shop Direct Marketing Powerhouse Driven by Big Data

Bloomington, Ill. (June 2, 2014) – Progressive Impressions International (pii), a Bloomington, Ill.-based leading direct marketing firm, today announced the acquisition of ICS Marketing Services (ICS), a Lansing, Mich.-based data-driven full-service marketing organization.

Rooted in technology since it was founded in 1990, ICS is a leader in leveraging data analytics to deliver higher ROI marketing programs that turn big data into measurable business results. With clients across many sectors – including automotive, insurance, utilities, healthcare and education – ICS will contribute significantly to pii’s book of business and help support pii’s expert execution on large, complex direct marketing projects.

Highly regarded for the launch of its Conductor platform – a first-to-market app-based enterprise marketing platform – pii is known in the industry for its market-leading client service and proven track record of innovative solutions for its clients.

“Folding in ICS’ capabilities and bench strength into the pii family positions us perfectly for what is the future of direct marketing: delivering a holistic omni-channel experience with the customer at the center, all powered by data,” said Jamie Huff, president of pii. “We can now offer clients a one-stop-shop to help them deeply engage with the right consumers and customers at the right time in the right way to optimize marketing spend.”

Through the acquisition, pii’s offerings will include direct marketing strategy development, data analytics, digital services such as search engine marketing and email automation, and large-scale production capabilities – all seamlessly integrated through the Conductor platform.

“ICS has spent the last 25 years helping our clients leverage data to better reach their audiences, and this acquisition is the next logical step for our company,” said Ken Orr, president of ICS. “What started as a small but nimble technology company has grown into a well-rounded marketing services organization with data at its core. This acquisition will allow us to provide more innovation, more impeccable project execution and more powerful results for our clients.”

Pii and ICS will become fully integrated over the next 12 months, with the combined company operating under the pii name. The company will continue to be led by current president Jamie Huff. Key executives from ICS will take up top leadership positions at pii for the Lansing facilities, including Ken Orr, who will serve as president, and Kevin Harlow, who will serve as senior vice president of sales, marketing and service.

ICS’ two facilities in Lansing, Mich., will continue full operations and its 59 employees will continue to work in their respective locations. The Lansing facilities join pii’s existing geographic footprint which includes: Bloomington, Ill., Pompano Beach, Fla., Tianjin, China, and Cebu City, Philippines. pii also operates in 11 countries and 22 states within the U.S. through affiliates of its Taylor Corporation parent company.

For more information about pii, visit www.whatevertakes.com.

Data Services: At the Core of Direct Marketing



Customers Are Starting to Expect More!

Data Processing

- **Fundamental data hygiene**
 - Mailing list hygiene
 - NCOA processing
 - CASS certification and presorting
- **Letter text setup with variable data programming**
- **Custom programming/online proofing**

Mailing Services

- **Seamless acceptance/e-induction**
- **On-site postal verification**
- **NDC/SCF destination delivery coordination**
- **Full-service IMB-Certified Mail Service Provider**
- **Reporting systems for Drop Ship delivery verification and IMB mail piece tracking**
- **Complete postal reconciliation and reporting**
- **Customized mail tracking reports**
- **Mail tracking for in-home delivery dates and each mail piece**
- **Co-mingling/drop shipment/co-palletization**

A Number of Strategies for Becoming a Data Leader

- IWCO delivers advanced data services through **partnering**
- GLS Companies **acquired** an agency (NEXT) with data skills; PII **acquired** ICS
- Data-Mail **built** a data subsidiary called intelisent



The Resulting Data Services Portfolio

- **Data audit**
- **List management and purchasing**
- **Audience identification and scope**
- **Data mining**
- **Predictive modeling**
- **Primary and secondary research**
- **Attribution analysis**
- **ROI analysis**



Digital Print Technology and Beyond...

- **Investments In:**
 - Technology
 - Inkjet for affordable personalization
 - People
 - Programmers
 - Data Processing Specialists
 - Creative talent that can design for cross-media
 - Data Analysts/Data Scientists
 - Workflow Architecture Specialists



Changing Sales Dynamics

- Moving away from responding to RFPs and RFQs to delivering insight to customers about re-engineering traditional marketing programs and yielding better ROI
- Selling **programs** (rather than projects) that encompass strategy, workflow, on-boarding, and maintenance while yielding higher margins
- A longer sales cycle
- Migrating from sales rep to account manager/account executive; the account manager assembles the right team to support the customer's business objectives



Recommendations and Conclusions



Conclusions

- **Digitally printed direct mail will continue to be a growth opportunity for service providers**
- **Recognize that personalization drives more consumer engagement**
 - Relevance to the consumer's individual preferences is the key attention-grabber
- **Data will drive direct mail, increased personalization, and response rates**
 - Data cleansing capabilities
 - Design capabilities
 - Analytics
 - Integration of distinct data sources
- **Work with clients to employ integrated campaigns that involve multiple touchpoints over time**
 - The printed communication is valued, but many consumers react to print, e-mail, AND digital. Having cross-channel touchpoints will drive higher response rates.

Educate Marketers on What the Envelope Can Do

- The envelope builds brands
- The envelope motivates direct mail opens
- The envelope is a pre-sales tool
- The envelope is a critical marketing tool



Options Abound!

- **The envelope is integral to the direct mail campaign**
- **Just like the message it contains, it needs to be...**
 - Personal
 - Relevant
 - Engaging
 - Omni-Channel
 - High-Quality in Terms of Look and Feel
- **Direct marketing is alive and well... so put the envelope to work!**



Any Questions?