

The New Role of Direct Mail within the Integrated Media Mix

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Increasingly, corporate marketing is under pressure to demonstrate significantly improved ROI (return on investment) from their marketing budgets. Equally important, research confirms that consumers are increasingly alienated by media bombardment and especially by unsolicited e-mail and phone calls. All this adds up to a mandate for marketers to change the way they're doing business and to refine the role of marketing communications and database deployment. This requires refocusing on the customer, on his or her satisfaction and lifetime value, and eliminating marketing waste. Today's decision makers are well informed and have a wide variety of sources and media to choose from as they consider a purchase decision. To succeed, marketers need to surround decision makers with increasingly targeted and relevant messages. These messages must be carefully integrated across a number of different media.

Voice of Customer Insights Regarding Direct Mail

Only a few years ago, direct mail appeared headed toward a supporting role within the direct marketing media mix. E-mail glittered as the "new" medium. The poor economy encouraged marketers to look at the expense of mail versus the "almost free" budgeting associated with e-mail. However, "fast, cheap and easy" is never a long-term solution. The high volumes of untargeted e-mail and spam have created a saturation level and antipathy toward e-mail in just a few short years. This has resulted in a dramatic shift in the relevance and power of direct mail. As a result, direct mail is experiencing a remarkable resurgence. Let's look at some insights from the market place. Our company [Ernan Roman Direct Marketing (ERDM)] has conducted over 1,600 hours of Voice of Customer (VOC) Messaging and Communication Research to understand media and message preference. These research efforts included Business-to-Business and Business-to-Consumer decision makers, and provided some surprising insights regarding direct mail. Following are some representative quotes:

"In-depth, important information should be sent via direct mail."

"Mail is a medium for communicating value."

"If I request information, I'd rather you send it to me by mail versus a decades-long download. Mail is easier to access, easier to read."

"E-mail may be the base of your communications with me, but I'm getting too much junk. If it's really important, send it to me via mail."

While these quotes represent multiple industries, we were especially surprised to find similar comments from executives in Information Technology companies whom we had expected to have a stronger preference for e-mail.

Guidelines for the Effective Use of Direct Mail

The following are guidelines to help ensure your success in this rapidly changing marketplace.

Recommendation #1 – No “Spray and Pray”

Indiscriminate Spray and Pray blasts of e-mail, telemarketing or direct mail will not be tolerated by the marketplace. Direct mail must be carefully targeted. Marketers are still not spending enough time and money on the quality of the list or database. Based on ERDM's tracking of results over the past 20 years, these factors comprise up to 67% of the success potential of your campaign.

An effective strategy for building an extremely accurate database is to stimulate customers to opt-in to receiving communications from you. The Consensual Marketing Opt-in Process^{SM*} is designed to help you achieve the active opt-in of your customers, so they will provide critical information about whom to contact and their product, timing, and media preferences. This type of consensual database will help you generate powerful direct mail results.

Recommendation #2 – Precision Integration of Mail with Other Media.

The synergy achieved by the precision integration of mail with other media will significantly increase response. While the Direct Marketing mix will be determined by many variables, based on the principles of Integrated Direct Marketing (IDM[®]), we recommend the following precision sequencing and timing of the components of your media mix:

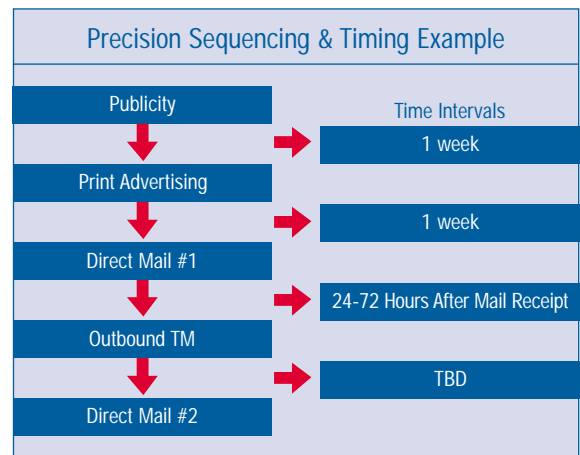
PR – Provides a powerful umbrella of awareness at an attractive return on investment (ROI).

Print Advertising – Deployed one week after PR in carefully targeted publications will build awareness, drive response, and soften the market in advance of direct mail.

Direct Mail #1 – Direct mail #1 should follow print advertising by one week.

Outbound Telemarketing – Outbound calls to highly targeted lists within 24 to 72 hours of mail receipt is an extremely powerful technique. (See Response Compression, below).

Direct Mail #2 / E-mail – Follow-up to inquiries, responders and non-responders should also be precision timed. Testing will help you determine factors such as optimal timing and whether the follow-up should be via direct mail or e-mail.



Web Presence begins with Publicity and remains throughout the campaign.

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Recommendation #3 - Response Compression

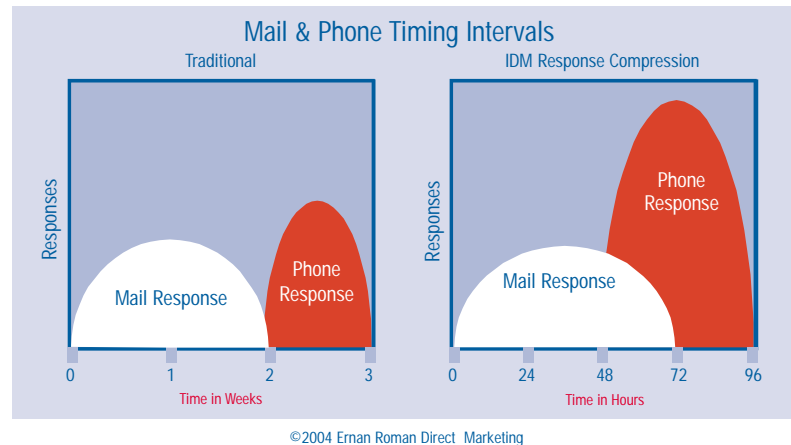
Outbound telemarketing is an extremely powerful component of the mix. Clearly, relevance and targeting are essential. However, outbound telemarketing should not be used for “cold calling” i.e., calling without prior mailing. Direct mail preceding a call is extremely effective for establishing credibility for that call. Given the volume of mail people receive, managing the timing interval between receipt of the mail and the call is essential.

Hundreds of tests we've conducted indicate that the optimal timing between receipt of direct mail and an outbound call is 24 to 72 hours. This discipline is called Response Compression and drives an exponential increase in responses. This precision

* See *Opt-In Marketing*, (Ernan Roman, June 2004).

timing has been proven to drive a 500% increase in response as compared with a mail-only deployment. If the timing interval is greater, people are less likely to remember receipt of the mailing and response rates will diminish.

Traditional practices of waiting 1 to 2 weeks for mail response to peak before calling dilutes the special synergy between the tight mail/phone Response Compression.



Recommendation #4 – Package Testing

Testing should become your mantra as you seek to maximize the payback from your direct mail efforts. A key area for testing is your direct mail package. Don't approach this critical area with just a concern for the cost per piece. Years of testing have proven that for our clients, the following direct mail package format has been most effective:

1. Closed-face envelope with a laser printed address. Avoid windows or labels.
2. Highly personalized letter. The personalization should apply not only to the salutation, but also to the content. Generic copy is a turn-off! This level of personalization will be driven by the quality and depth of your database. The letter should be concise, outline the benefits, and point the reader to the brochure.
3. Information Rich Brochures. The job of the brochure is to provide the details of the product and offer. It should invite pass-along to multiple readers.
4. Multiple Response Options. While the Business Reply Card (BRC) is a top-performing vehicle, it should not focus just on the mail response option. The BRC should allow consumers to respond via whatever medium they find most convenient. The 800# in-bound option can be important and should be emphasized because of the value of person-to-person dialogue. The level of incremental response from listing an 800 number is a direct function of the amount and type of information the customer needs to make a decision. Options such as replying via mail, e-mail, web, and fax should also all be presented.
5. A return envelope is important for enclosing the reply card. Given concerns about privacy and identity theft, it is important to reassure people about the privacy of the information they provided on the reply card.

Recommendation #5 – First-Class Postage Drives the Best ROI

Given concerns about expenses, companies often automatically chose Bulk Mail. However, based on extensive testing with both Business-to-Business and Business-to Consumer clients, the answer is consistent: First-Class, live stamp mailings generate the highest return on investment. Experience has shown that the higher cost is offset by improved Deliverability, Openability, and Response.

The following quote from ERDM's VOC research says it all:

“As I sort my mail, I look at the corner card (who is it from) and the class of mail. If I recognize the company, if we have a relationship, and if it's sent First-Class, I'll open it every time.”

This issue of postage is critical and should be carefully tested to measure the impact on your business.

Summary

It's a new world now and many of yesterday's assumptions have changed. Multi-media marketing is more important than ever, but e-mail and phone are no longer the central players they once were. Direct mail is enjoying an unprecedented level of appeal and relevance.

Test your media mix carefully per the five recommendations:

1. No "Spray and Pray" Blasts
2. Precision Integration of Mail with Other Media
3. Mail/Phone Response Compression
4. Package Testing
5. First-Class Postage Drives the Best ROI

Structure your tests carefully, read the results, and you should be in for some pleasant surprises.

Good Luck!

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Ernan Roman is the pioneer who created the Integrated Direct Marketing methodology and the Consensual Marketing Opt-In Process. He is a consultant to the United States Postal Service and is a recognized expert on the effectiveness of direct mail in the media mix. He is the co-author of the best-selling first book on opt-in marketing: *Opt-In Marketing: Increase Sales Exponentially with Consensual Marketing*, published in June, 2004. His previous book was *Integrated Direct Marketing: The Cutting Edge Strategy for Synchronizing Advertising, Direct Mail, Telemarketing and Field Sales*. His first book, *Integrated Direct Marketing: Techniques and Strategies for Success* has become an industry text book. In addition to the United States Postal Service, clients of his marketing consulting firm include Microsoft, Hewlett-Packard, IBM, Applied Biosystems and Golden Rule Insurance.

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