THE ULTIMATE DIRECT MAIL MARKETING GUIDE:

PROVEN TIPS AND TECHNIQUES YOU CAN USE TODAY

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The Ultimate Direct Mail Marketing Guide
Proven tips and techniques you can use today

It's simply getting harder and harder to break through the clutter and get people to respond to your call to action. According to current research, each of us is exposed to more than 5,000 messages per day. Of those, we only remember about four. And we don't even remember those for very long. A large portion of those messages are coming through channels, media and devices that didn't even exist 30 years ago. In fact, the Kiplinger Letters reports that today companies have at least 60 ways to reach customers.
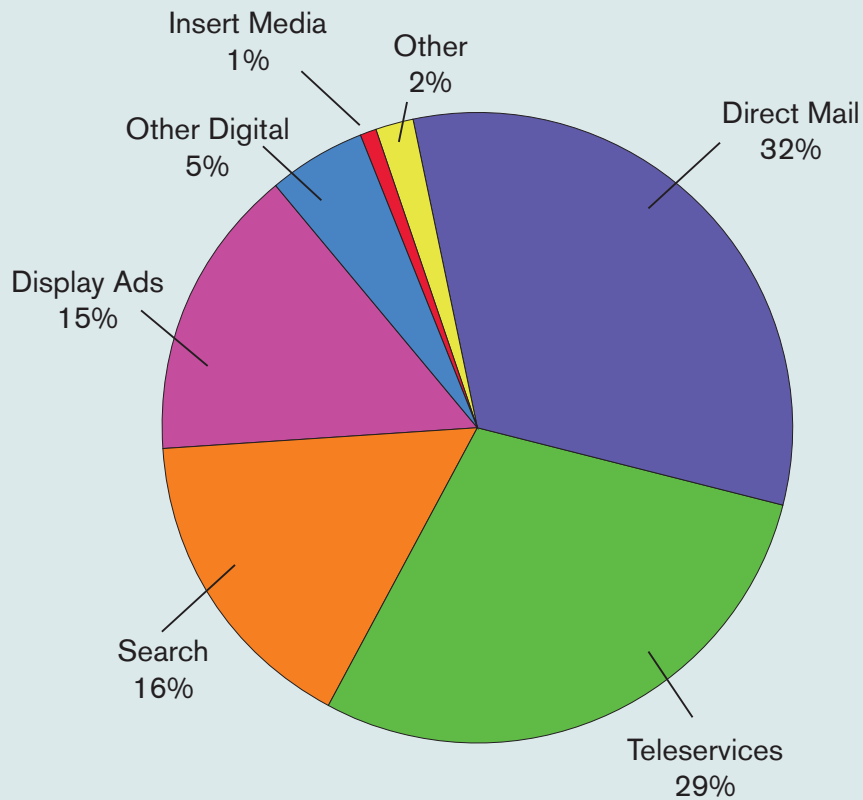
Why Use Direct Mail?

It works. Even in today's digital world, people like getting mail. While we might be overwhelmed with the volume of mail in our digital inbox, printed mail gives us something to touch, hold and peruse at our leisure. In fact, going to the mailbox to discover what's inside is a daily ritual for most of us. Whether it's a catalog, a discount offer from a favorite restaurant or an invitation to a fundraising event, mail fills an intrinsic human need. That's what makes it so powerful – and why direct mail continues to be an extremely effective way to generate leads – and sales.

Research proves it.

The Direct Marketing Association, predicts spending for direct marketing ads – in media like direct mail, catalogs, television, telephone marketing, Internet marketing and social networking – will reach $196 billion by 2016, up from $163 billion in 2011.[1]

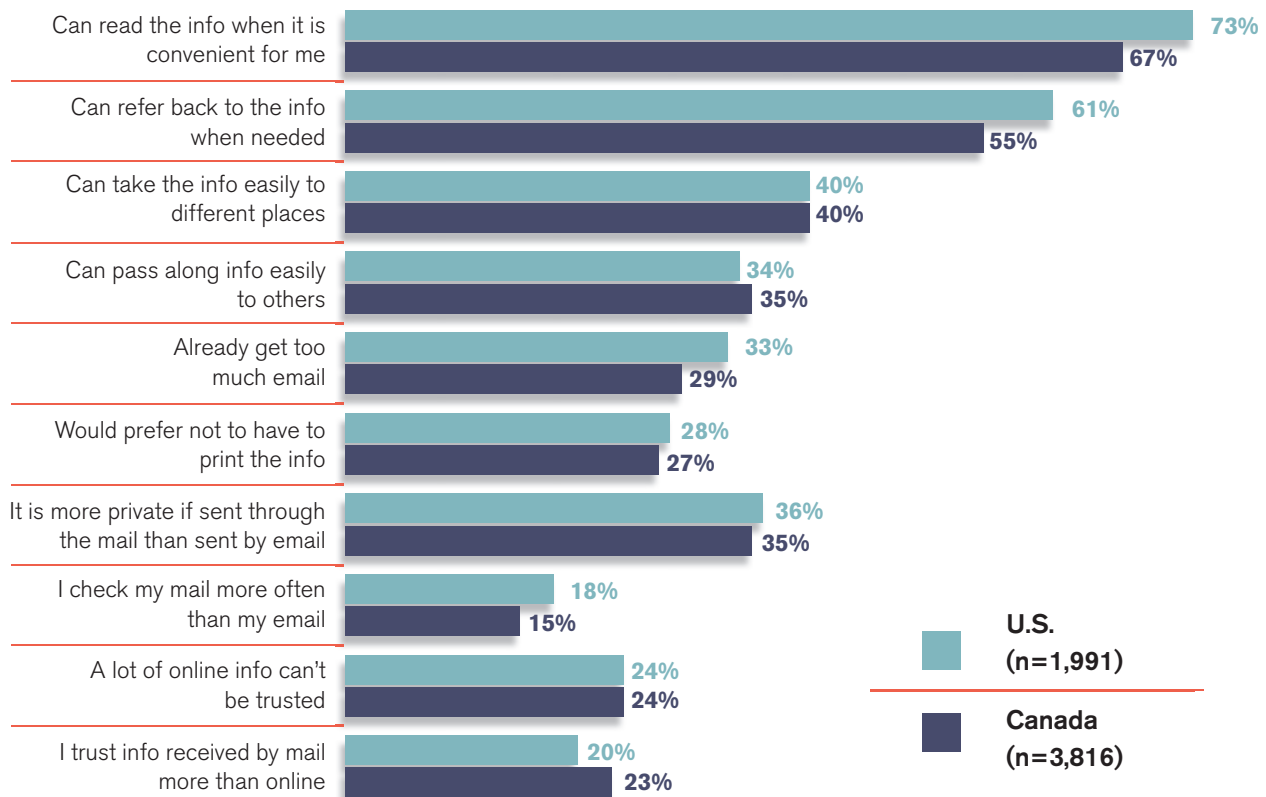## U.S. Direct & Digital Spending 2014

Insert Media 1%

Other 2%

Other Digital 5%

Direct Mail 32%

Display Ads 15%

Search 16%

Teleservices 29%

Source: *Winterberry Group Annual Outlook 2014*

[1] *Direct Marketing Association's Statistical Factbook, 2013*

It's All About Preference

Recent research from Epsilon shows that direct mail continues to be a preferred marketing channel. More than that, it proves that people actually like getting direct mail.

Reasons for Preferring Postal Mail Over Email/Online

Reason	U.S.	Canada
Can read the info when it is convenient for me	73%	67%
Can refer back to the info when needed	61%	55%
Can take the info easily to different places	40%	40%
Can pass along info easily to others	34%	35%
Already get too much email	33%	29%
Would prefer not to have to print the info	28%	27%
It is more private if sent through the mail than sent by email	36%	35%
I check my mail more often than my email	18%	15%
A lot of online info can't be trusted	24%	24%
I trust info received by mail more than online	20%	23%

U.S. (n=1,991)

Canada (n=3,816)

Source: Epsilon, *2012 Channel Preference for both the Mobile and Non-Mobile Consumer*

The Secret to Direct Mail Success

Some people have devoted their entire lives to direct mail. Over the years, these direct mail experts have discovered the secrets to direct mail success. They know all the tips and techniques for squeezing out more response to their direct mail and getting more return on their marketing spend.

What's their secret? It's really no secret at all. Just consistently follow the rules (or know when to break them) and make incremental improvements to continually increase response with each new effort. Anyone can achieve the same results. You can too, by taking a logical approach and following tried-and-true, simple-to-implement methods. Read on for more tips that will help you create direct mail campaigns that make it easier for recipients to respond than do nothing at all.

Avoid the Biggest Mistake in Direct Mail

(Hint: It's all about targeting)
The biggest mistake businesses make with direct mail is confusing it with advertising. Direct mail is too powerful (and too costly) a medium to waste on brand awareness. For success in direct mail, it's essential that you apply the principles of direct response communications. That means targeting people or businesses most likely to respond to your message with an offer they can't refuse.

While you might think the copy and art are critical to the success of your campaign, in fact it's the target audience and the offer that are responsible for the bulk (80%) of your results. So, before you worry about your font size and the color of your envelope, be sure you spend sufficient time on audience selection and offer development. This is where much of your leverage lies.

The 3 Elements of Direct Mail

Each of these elements of a direct marketing campaign has an essential role to play, but the three elements are not equally important.

- **The target audience** – selecting the most likely prospects for the campaign
- **The offer** – the motivator that drives the response
- **The creative** – the copy, design and communications format that delivers the offer in a clear and compelling way

Not All Elements are Created Equal

20% CREATIVE

30% OFFER

50% TARGET AUDIENCE
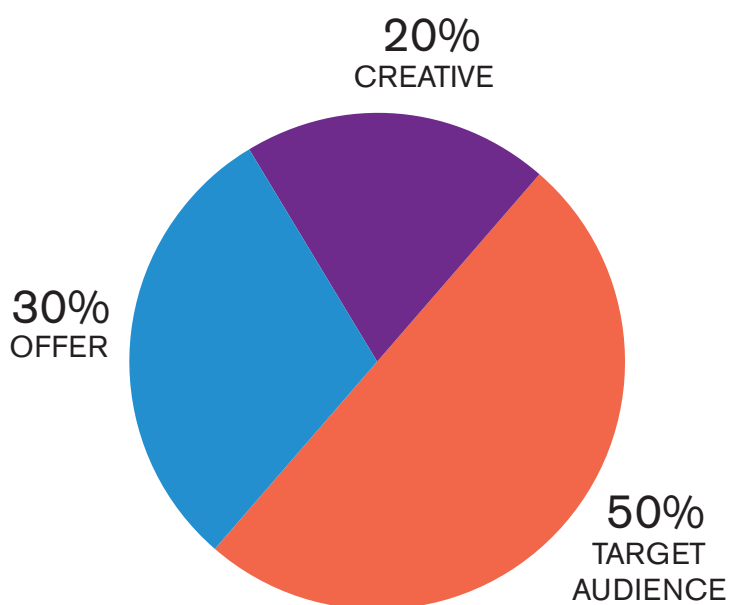
Are You Talking to the Right People?

If you're not talking to the right person, then nothing you can say or do will be effective. Most direct marketers select audiences based on a combination of two factors: what they've done (behavior) and who they are (demographics). Of these two, behavioral characteristics will always be the more powerful predictors of response.

But sometimes, when the data is not available, direct marketers are forced to rely on audience selection based on demographic factors, like age, income and gender or business type and size, as well as geographic location. The ideal approach is to combine the two – find prospects with demographic characteristics similar to your best customers who have also responded to you or to someone else in the past.

List Fundamentals

Direct mail lists vary widely in their responsiveness, ranked in the following order:

1. **Your own database, known as your "house file."** These are the customers and inquirers with whom you have a prior relationship, and they are 5-10 times more likely to respond to your campaign than any other list.

2. **Response lists.** These are people who have responded to some other marketer, like magazine subscribers, event attendees, charitable donors or mail order buyers. These lists will respond at 3-5 times the rate of compiled lists.

3. **Compiled lists.** These are names of prospects that have been culled from telephone directories, government records or other sources. Compiled names respond at somewhat lower levels than the first two categories, but they can still be effective when an appropriate offer is made, and they offer the advantage of wider market coverage.

Tips for Building Your Database

As you build your marketing list, look for ways to collect information beyond the basic address and allow you to contact them to continue the dialogue. Supplement your list with sales/purchase data from your own systems to understand who your best customers are (so you can find more like them).

For B2C organizations, enhance your customer data by collecting the following:

- Email address
- Birthday
- Hobbies
- Anniversary of when they first started doing business with you
- Gender
- Age

- Marital status
- Family data (kids, pets, etc.)
- Household income (HHI)
- Occupation
- What they have bought
- When they purchased (how often they purchase)

B2B organizations can enhance data with:

- SIC (Standard Industrial Classification) or NAICS (North American Industry Classification System) code
- Size of firm
- Revenues
- Number of employees
- Communications history
- Response to your marketing programs
- Source of inquiry or order
- Date and purchase details of first inquiry or order

- Recency, frequency and purchase history by date, dollar amount, or product
- Additional decision makers

Many data vendors offer append services that allow you to obtain some of this value-added information that can be used for future targeting.

SRDS: A Rich Source of List Data

The SRDS (Standard Rate & Data Service) database offers a rich source of information to help you refine your list strategy for direct mail campaigns. With it, we can help you develop the right list to target the right audience for the highest response rates.

- "Master" resource of all the best direct marketing lists available today
- 70,000+ list rental opportunities, sources, selects, costs and other valuable information

Make Them an Offer They Can't Refuse

The job of your offer is to motivate the respondent to take action. Without a compelling reason to respond, your target is most likely going to do nothing. A great offer has high perceived value to the prospect. This does not necessarily mean it costs you much to give, but that your target thinks it's valuable. It is simple, easy to explain and can be grasped quickly.

An effective offer is delivered with a sense of urgency. You can create urgency by limiting the time or the number available to stimulate an immediate response. It appeals to your target audience, but is not so generous as to attract an unqualified, unprofitable customer.

Time-tested Offers

Develop offer strategies by talking to your sales people and your customer service reps and by keeping an eye on your competition.

Discount offers

- Buy one, get one free
- Percentage off
- Dollars off
- Rebate
- Introductory price
- Seasonal discount

Payment term offers

- Free trial
- Bill me later
- Installment billing
- Money-back guarantee
- Free shipping

Promotions

- Premium on inquiry
- Premium on order
- Premium on payment
- Free sample
- Sweepstakes, contests
- Free downloads

Valuable information (B2B Marketers)

- Best practices white paper
- Research report
- Subscription to newsletter (Print or email)
- Case study
- Cost calculator

How to Make Them Stop and Take Notice

Over years of testing and refinement, the rules of direct marketing copy and design have emerged. Break these rules at your peril.

RULE 1. *Copy trumps art.* Direct marketing is more about selling and less about creating an impression or being memorable. So, great direct marketing communications focus on persuasive copy. The role of the illustrations and design is to deliver the message clearly.

RULE 2. *Use a friendly, me-to-you tone.* Avoid formality. Avoid jargon. Write the way you speak. This is not mass advertising. This is one person talking to another. What is the most powerful word in direct marketing copy? "You."

RULE 3. *Keep it clear and simple.* Focus on only one thing. Sell the offer, not the product. Don't introduce choice into your offer. Don't try to sell two ideas at once. You confuse, you lose.

RULE 4. *Be credible.* People won't respond to someone they don't trust. So your offer must be believable. And your messaging must be warm and personable. Eliminate risk by adding testimonials and guarantees.

RULE 5. *Stress the benefits versus the features.* Explain why the customer should care. "What's in it for me?" Don't talk so much about the product per se. Talk about what it can do for the customer.

Add Personalization, Add Relevancy

Digital printing and variable data technologies have revolutionized direct mail in recent years. They allow marketers to create direct mail campaigns that communicate on a one-to-one basis with every single prospect or customer. These techniques promise to become even more effective as marketers become more adept at collecting pertinent information on customers and prospects. Based on what you know about your customers or prospects, the ability to customize and personalize your message becomes almost limitless. Here are just a few of the direct mail components that can be customized for each customer through variable printing:

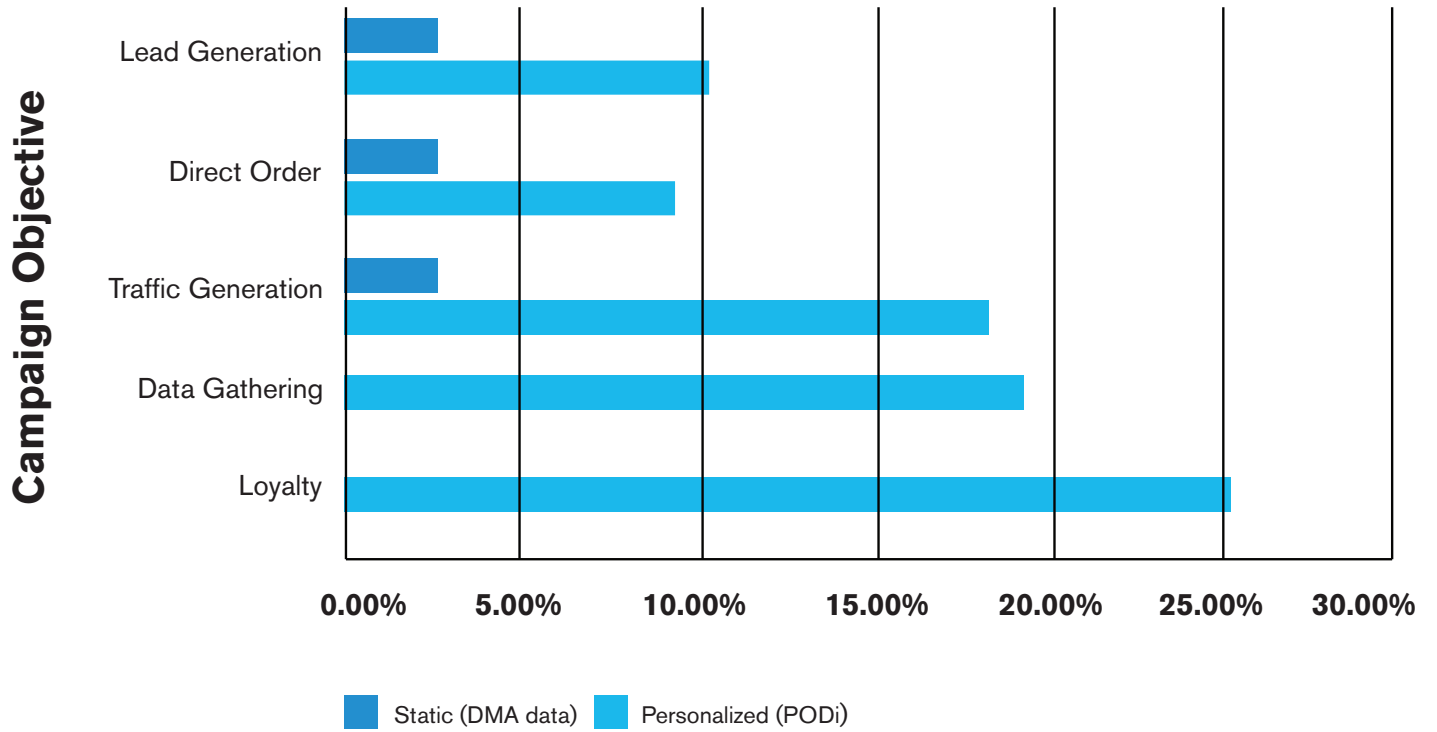**NAME.** Connect with customers by using their name or company name in communications.

OFFER. Change the offer based on past purchases or other information you know about the recipient.

PERSONALIZED QR CODES & URLS. Use personalized response mechanisms for intrigue and continuity.

VISUALS. Vary images based on the prospect's age, gender or interests.

<NAME>
%OFF

Response Rates: Static vs. Personalized to House List

Campaign Objective (y-axis)

- Lead Generation
- Direct Order
- Traffic Generation
- Data Gathering
- Loyalty

x-axis: 0.00% 5.00% 10.00% 15.00% 20.00% 25.00% 30.00%

Legend:
- ■ Static (DMA data)
- ■ Personalized (PODi)

Source: *Caslon analysis of PODi and DMA data*

Yes, You Can Go Cross-Channel

The term is cross-channel marketing and the simple definition is this: communicating with customers and prospects using multiple forms of media to present the same integrated message across a single campaign, all while tracking results in real time. A cross-channel campaign typically includes a direct mail component and an electronic strategy like email. The addition of a personalized landing page, or PURL, enhances one-to-one communication.
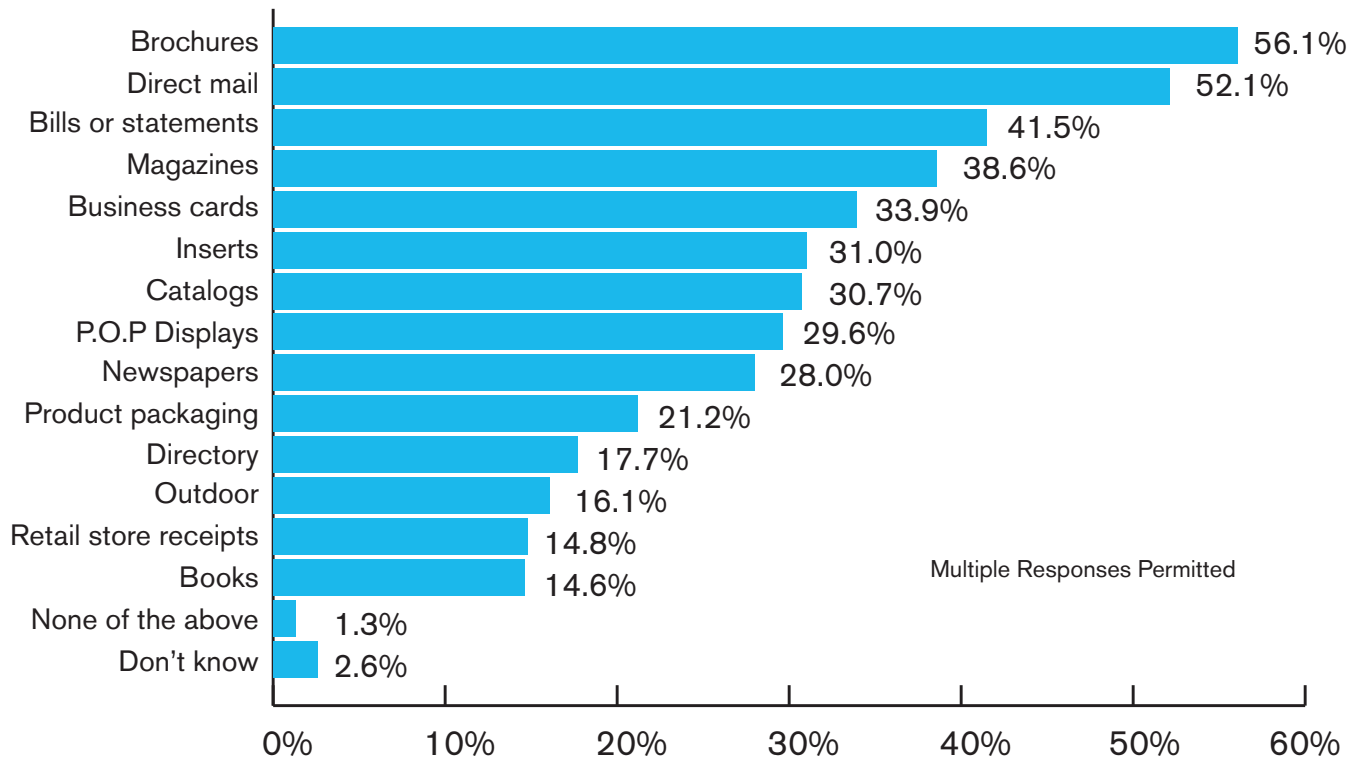
According to the Direct Marketing Association, almost half of people now prefer to respond to direct marketing efforts online. That statistic has more than doubled in just the past few years. Today, if you don't offer an online option, you are making your work that much harder. Research from shop.org revealed that consumers use at least three channels when shopping. Those cross-channel shoppers also spend up to 10 times more and are 25-50% more profitable than their single channel counterparts.

The effectiveness and timelessness of a cross-channel approach is well-established and widely-used. If you think about it, the time-honored sales process has many similarities to the basics of direct marketing:

1. Focus. Just one message directed to one individual at a time.

2. Personalization/Relevance. The content of the message is relevant to the particular needs and wants of the receiver.

3. Media Integration. The particular strengths of each medium – the letter, the phone call, the sales presentation – are integrated and used to maximize effectiveness. When combined, the precision targeting, high readership and personalization of direct mail, the immediacy and connectivity of a phone call and the interactive nature of a personal sales meeting create the ideal opportunity to gain the attention, stimulate the interest, build the desire and motivate the buyer to action.

4. Interactivity. Enabling two-way communication between the salesperson and the customer makes it possible to better understand the customer's needs and to reveal potential obstacles in the sales process. As a result, the sales presentation can be more specific and relevant, and obstacles can be uncovered and addressed.

Connecting Print to Digital Channels

What types of printed media have you included a link or connection to digital media over the past 12 months?

Printed Media	Percentage
Brochures	56.1%
Direct mail	52.1%
Bills or statements	41.5%
Magazines	38.6%
Business cards	33.9%
Inserts	31.0%
Catalogs	30.7%
P.O.P Displays	29.6%
Newspapers	28.0%
Product packaging	21.2%
Directory	17.7%
Outdoor	16.1%
Retail store receipts	14.8%
Books	14.6%
None of the above	1.3%
Don't know	2.6%

Multiple Responses Permitted

Top Challenges for Executing Cross-Channel Marketing Campaigns

While extremely effective, cross-channel marketing does have challenges. That's why experts recommend finding a vendor who can coordinate all of the campaign elements and track results across all channels.

Number of Media Channels in Use

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

Don't know
7.6%

One
8.8%

Five or more
3.7%

Two
30.2%

Four
13.4%

Three
36.4%
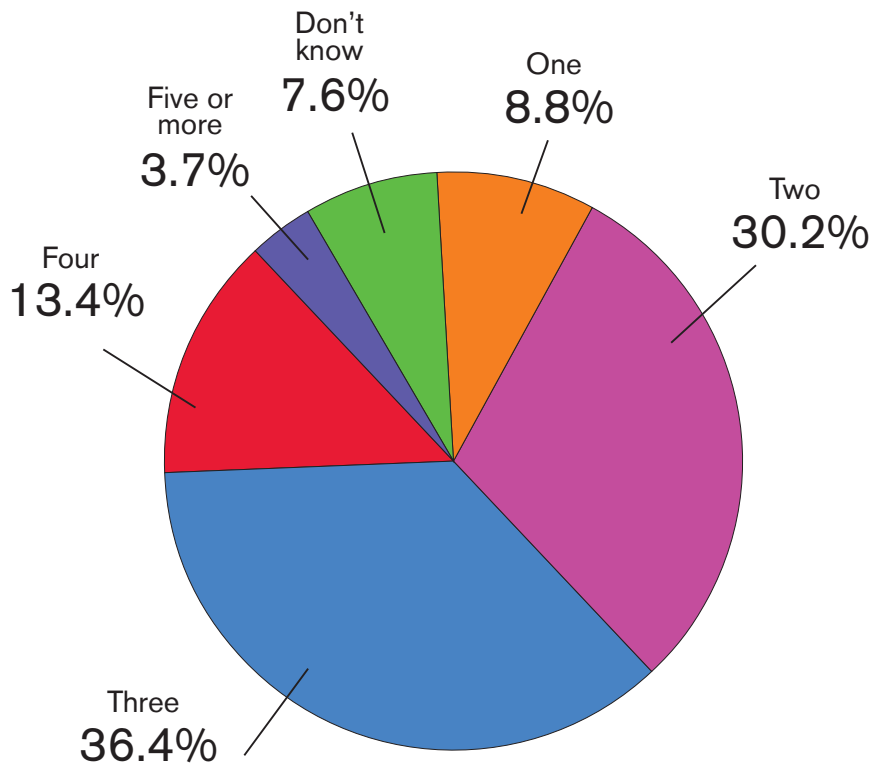
Key Findings

- **Average number media types used in a campaign: 3**

- **47% of printed marketing materials linked to online digital channels in past 12 months**

N = 1,026 Corporate Enterprises

Source: *Understanding Vertical Markets: Enterprise Communications Requirements,* InfoTrends, 2012

Re-engineer for Rapid Response

The easier you make it to respond, the more likely they will respond. Always offer recipients more than one way to respond so they can choose the method that they prefer, whether that's by phone, mail, email or visiting a website. And with the proliferation of smartphones and tablet computers, you'll want to ensure they have the same Web experience on mobile devices as they do on desktop computers.

Marketers today can also take advantage of new response mechanisms that offer enhanced tracking and opportunities to gather additional information on customer wants, needs and communication preferences.

Rapid Response Mechanisms

QR Codes

A QR Code (Quick Response Code) is a type of two-dimensional code first designed for the automotive industry. In the smartphone era, QR codes represent an opportunity for marketers to tie print communications with online content. It offers a fun and fast way for prospects and customers to engage, interact and respond.

Consumers are Quick to Respond

According to Statistica, the number of U.S. smartphone users will grow from approximately 160 million in 2014 to more than 193 million by 2016. In the QR Code Usage study conducted by advertising agency MGH, people report using them to:

- 53% Get a coupon or discount
- 52% Access information
- 33% Enter sweepstakes
- 26% Sign up for more info
- 24% Access video
- 23% Make a purchase
- 23% Interact with social media

Personalized URLs

A personalized URL (PURL) is a unique Web address that directs recipients to a landing page designed specifically for them. Images, messages and offers can be varied for each recipient based on what you know about them. The goal of your PURL is to provide each customer with more complete and relevant information, while excluding content which is not relevant to their needs. Benefits of using personalized landing pages include:

- Increased response
- Higher conversion rates
- Ability to track and measure response
- Enables capture of additional prospect information
- Drives cross-channel integration
- Cost-effective way to add campaign relevance

Variable Maps

Including variable maps boost response by literally showing customers and prospects the way to a location or event. Route maps can take recipients from their front door to a store location, dealership, fundraising event or the route from one location to another. Custom proximity maps display single or multiple locations within a radius. They're used by manufacturers to direct potential buyers to local-area retailers that carry a specific product. Banks use them to identify one or more locations within driving or walking distance of the recipient.

If You Can't Measure It, You Can't Manage It

One of the biggest reasons for a direct mail campaign's failure is the inability to measure success. According to research from the Kellogg School of Management at Northwestern University, 57% of marketers don't use a centralized database to track and analyze campaigns. Even worse, 82% never track and monitor marketing campaigns and assets using automated software, such as marketing resource management (MRM).

If you don't track results, there is no way to know if the campaigns are profitable and if you are wisely investing marketing dollars. From the very start of campaign development, you need to establish a process for tracking results. By putting a plan in place before campaign launch, you can ensure all of the leads are properly tracked and can be easily accessed and integrated into your reporting.

Start by determining your campaign objectives. Do you want to generate leads? Make sales? Drive traffic to your store or website? Once you understand your goals, you can incorporate tracking mechanisms to measure response.

Tips: What to Measure

Response rate. How many people did something as a result of your campaign?

Sales. How many sales did you make as a result of this campaign? (Be sure to measure against each call-to-action included in your campaign – 800 number, website, reply card, etc.)

Change in behavior. Were you successful in driving people to more efficient and less costly channels, a website vs. a call center? What is your savings?

Information. Were you able to capture updated or additional information from prospects and customers that will help you with future marketing efforts?

Tracking Mechanisms to Try:

- Printed coupons or gift cards
- Unique campaign URL or personalized URLs
- Tracking codes placed on reply cards or envelopes
- Promotion codes that can be used online or by phone
- Special toll-free numbers set up for specific mailings
- Email addresses created for each campaign
- Digital response like downloads and website visitors

Test 'til You Get It Right

The true secret to direct marketing success is continuous testing and improvement. Testing helps you identify the strongest lists, the most powerful offers and the most compelling copy and design treatments for your direct mail. Plus, testing allows you to find out what works in the marketplace based on a minimal marketing investment.

Just be sure you test the most important variables first. List and offer testing is the best place to begin. Once you have made progress in that area, then you can test package formats and copy platforms.

Then, you need to determine the size of the test. Your objective here is to ensure that the test provides "statistical significance," meaning that the results from the test sample will be replicated when you mail again to the rest of the audience.

The benefits of testing are huge for direct marketers. You may be very surprised at how your market responds compared to what you expected. Once you have real market feedback, you can refine your mailing programs, and very quickly improve your response, lower costs and generate more business.

The Gilligan Effect

Too often, marketers implement a marketing campaign that doesn't garner the expected result. But rather than optimizing the campaign by trying different offers, messaging or calls to action, the entire plan is scrapped in favor of a new one.

This phenomenon is what some marketers refer to as the Gilligan Effect. If you remember the old television show "Gilligan's Island," in each episode the castaways would come up with an elaborate plan to get off the island. And each week the plan would go awry because of some bumbling error committed by Gilligan. But rather than applying what they learned and adjusting accordingly, the next week there would be a brand new, equally elaborate plan. Like the castaways, marketers who subscribe to this approach will never get where they want to go.

Elements to Test

Test the items one at a time to find out what works and what doesn't (cause and effect).

- The list
- The offer
- Headlines
- Call to action
- Images
- Color
- Format
- Timing

Follow up and Follow Through

They responded to your offer. Now what? Even as you're planning your direct mail campaign, create a process for tracking and handling inquiries. Who will take phone calls? How will you update your database to keep track of who responded and who didn't? What follow-up action needs to happen for those who responded – and those who didn't?

It's equally important to keep your staff up to speed on all your marketing efforts. Before you launch a new campaign, be sure to communicate the plan to everyone in your company. Give each person – the sales people, customer service reps, receptionists, store personnel, dealers and resellers – a copy of the mail piece. Make sure they know what the offer is and the procedures for tracking and fulfilling the offer in a timely fashion.

Follow up: Timing Matters

A Lead Management Response study conducted by Insidesales.com with the help of an MIT professor pondered the question: When should companies call Web-generated leads for optimal contact and qualification ratios? The results yielded some interesting findings related to speed and timing when responding to Web-generated leads:

Wednesdays and **Thursdays** are the best days to call in order to contact (by 49.7% over the worst day, Tuesday) and qualify (by 24.9% over the worst day, Friday) leads. **Thursday** is the best day to contact a lead in order to qualify that lead (by 19.1% better than the worst day, Friday).
4 to 6 pm is the best time to call to make contact with a lead (by 114% over the worst time block, **11 am-noon**). **8-9 am and 4-5 pm** are the best times to call to qualify a lead (by 164% better than **1-2 pm**, the worst time of the day). **4-5 pm** is the best time to contact a lead to qualify (109% better than **11 am-noon**).
The odds of calling to contact a lead **decrease by over 10 times** in the 1st hour. The odds of calling to qualify a lead decrease by over 6 times in the 1st hour. After 20 hours every additional dial your salespeople make actually hurts your ability to make contact to qualify a lead.
The odds of contacting a lead if called in 5 minutes versus 30 minutes **drop 100 times**. The odds of qualifying a lead if called in 5 minutes versus 30 minutes **drop 21 times**.

Source: Insidesales.com

Keep the Conversation Going

It's equally important to develop a communications plan for keeping in touch with your contacts. Here are just a few ways you can keep the conversation going with prospects and customers.

- Triggered emails – birthday, anniversary, purchase
- Printed newsletters
- e-newsletters
- Monthly offer emails
- Invitations to "Like Us" on Facebook or "Follow us" on Twitter
- Holiday greeting cards
- Seasonal offers
- Loyalty programs
- Surveys

Ways to Improve Response

- Make a strong call to action: Click here! Call now!
- Eliminate barriers to response: Use Business Reply Mail and provide a toll-free phone number.
- Make it easy to respond: Pre-populated order form, perforated response card.
- State your offer prominently and frequently.
- Add a guarantee.
- Include testimonials.
- Follow up your mail with a phone call or an email.
- Use a P.S. in your letter to restate your offer and your call to action. This is the second-most viewed section of a letter. (The first is the salutation.)
- Use a Johnson Box, which is a block of copy positioned above the salutation in your letter where you can grab attention and persuade people to keep reading.

Happy Customers Tell Their Friends

The best way to get a referral is to ask for it. Sounds simple doesn't it? Yet, many businesses either neglect or forget to ask. Incorporating refer-a-friend requests into every direct marketing communication offers an extremely cost-effective way to find new customers and build your direct mail list.

The Power of Referral

- **76%** of all economic activity in the U.S. is influenced by personal recommendations (eMarketer)
- **9 out of 10** people trust the recommendations of a friend while only **1 in 10** trust traditional advertising (Forrester Research)
- The average value of a referred customer is at least **16% higher** than a non-referred customer (Goethe University)

Do You Have a Friend?

You've given them a great offer in your direct mail – and they've taken you up on it. Now is the time to ask if they have friends, family or business associates who would also be interested in receiving that same offer. Try adding refer-a-friend forms to:

- Newsletters
- Catalogs
- Direct mail offers
- Contests
- Sweepstakes
- Giveaways
- Web thank-you pages

Why Use a Loyalty Program?

Loyalty programs, sometimes called continuity programs, provide a systematic approach to cross-selling services and gaining referrals from new clients – all while improving customer loyalty and satisfaction.

Through carefully timed, personalized mailings, these programs allow for multiple points of contact, allowing you to move customer relationships forward in a friendly, non-threatening way. And by incorporating regular satisfaction surveys, you can collect valuable information about customers' future needs while keeping your company name top of mind.

Implementing a Loyalty Program Offers Continual Opportunities to:
- Build and maintain customer relationships
- Encourage referrals
- Increase customer loyalty and satisfaction
- Increase share-of-wallet
- Learn more about customer needs
- Use additional customer data to generate revenue
- Retain existing customers
- Maximize customer lifetime value