



Mail Media Centre

October 2010

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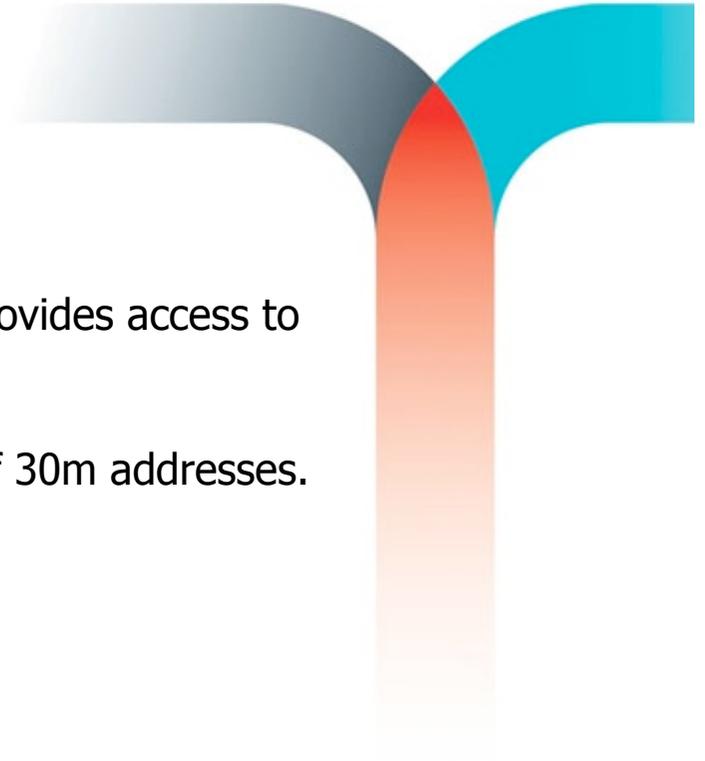
Sources: BMRB,
Nielsen, TGI, OMD
BrandScience, DMA,
Billetts, Royal Mail
Consumer Panel,
Quadrangle, GfK FRS,
Comscore

Key reasons to use direct mail



Direct mail is universal

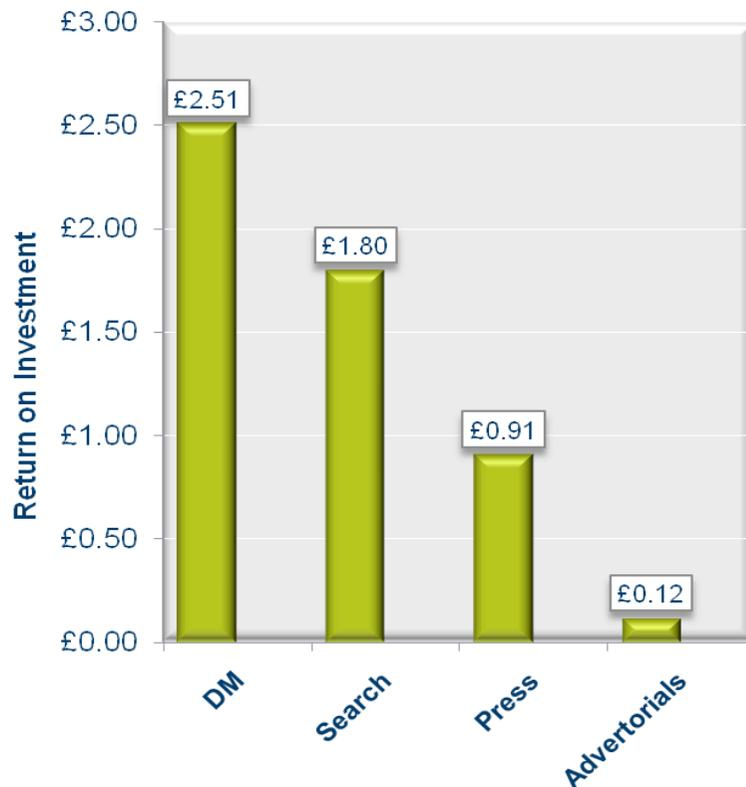
- Everyone receives and consumes mail and Royal Mail provides access to virtually everyone in the UK.
- Our network covers **99.9%** of the UK population of 30m addresses.





Direct mail is targeted

- Mail can focus on the relevant audience (eg by interest, demographics, purchase or behaviour). This reduces wastage – your message only goes to those you select: **90%** of consumers are more likely to open mail if they are the customer of the sender. (BMRB 2010)
- Mail works with families, the young and baby boomers. For example 16-24 year olds are **52%** more likely than the average adult to respond to direct mail by mobile phone, while **79%** of those aged 55-64 are more likely to open mail if they think it contains a coupon. (TGI Q2 2010)



Case study: for this leading hotel brand, Direct Mail has outperformed all other channels in driving new bookings

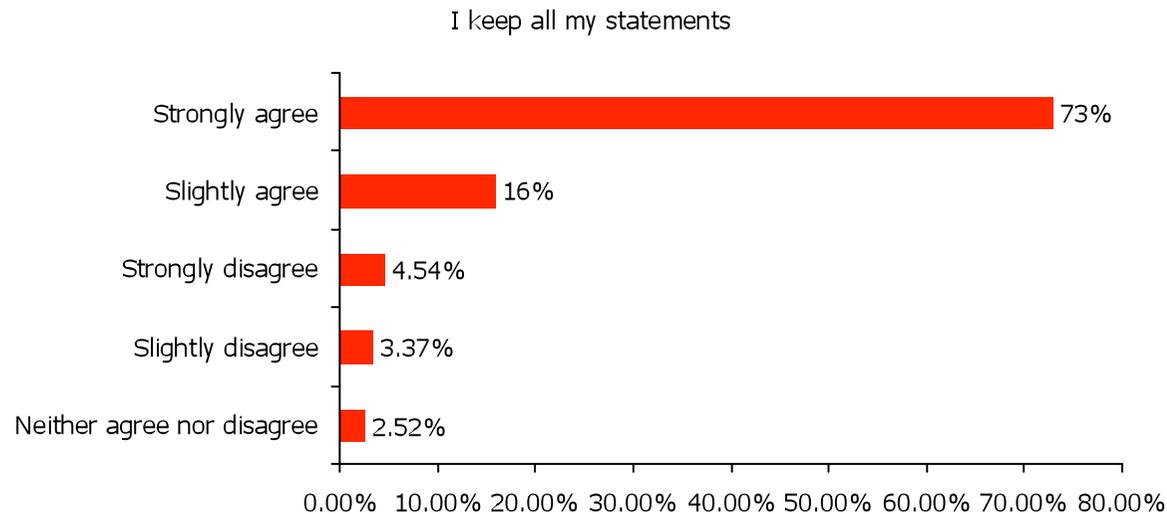
- Hotel bookings were a key measure of success for this leisure-sector client, as they were a strong lead-indicator for the rest of the business.
- The client spent c£2m per annum on advertising with the following media mix: DM: 57%, Press: 24%, Search 12% & Advertorials 7%.
- **Direct Mail activity delivered the strongest return with an ROI of £2.51. Its performance has proven considerably stronger than the client's search and above-the-line activity.**



Direct mail is portable and kept for later reference

- A letter, leaflet, brochure or mail pack can be taken anywhere. You can take the mail with you to read on the train, in the garden, in any room of the house.
- Consumers love the fact that they are in control and can read the information when it's convenient.
- The DMA Participation Media study in 2007 revealed that more consumers found direct mail to be the most convenient method of communication during the day than any other medium:

89% of all adults tend to keep all their bills and statements. (BMRB 2010)

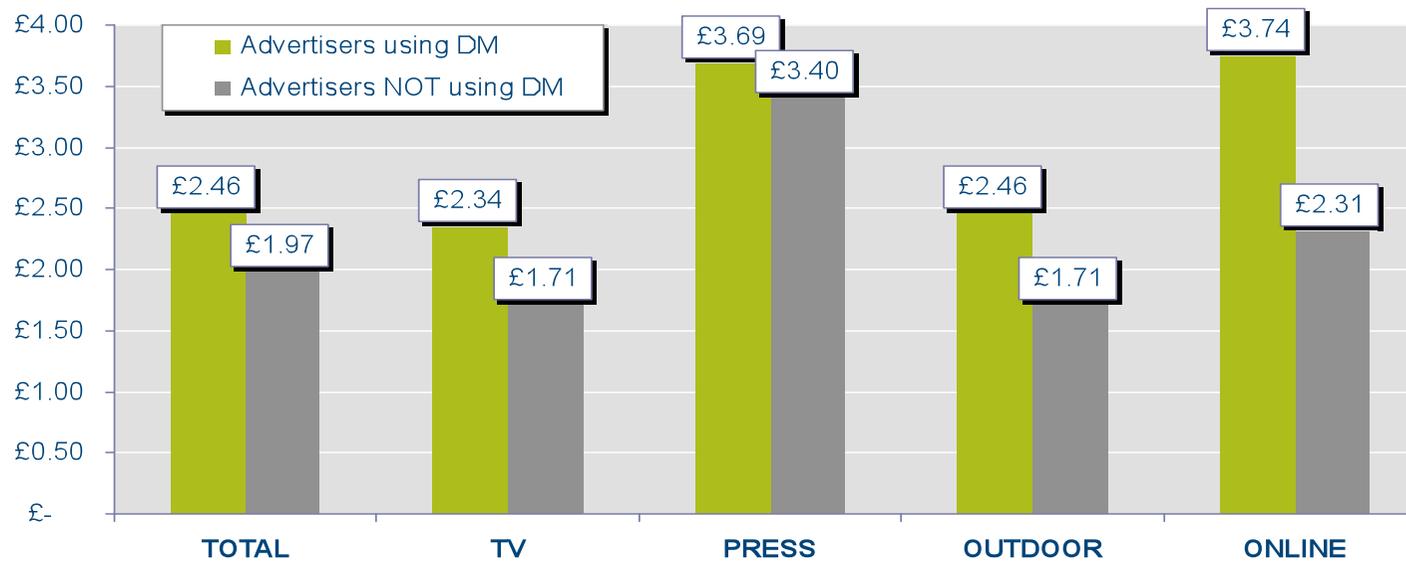




Direct mail helps other media work harder

- The TV component of campaigns pays back **37%** more when direct mail is in the mix.

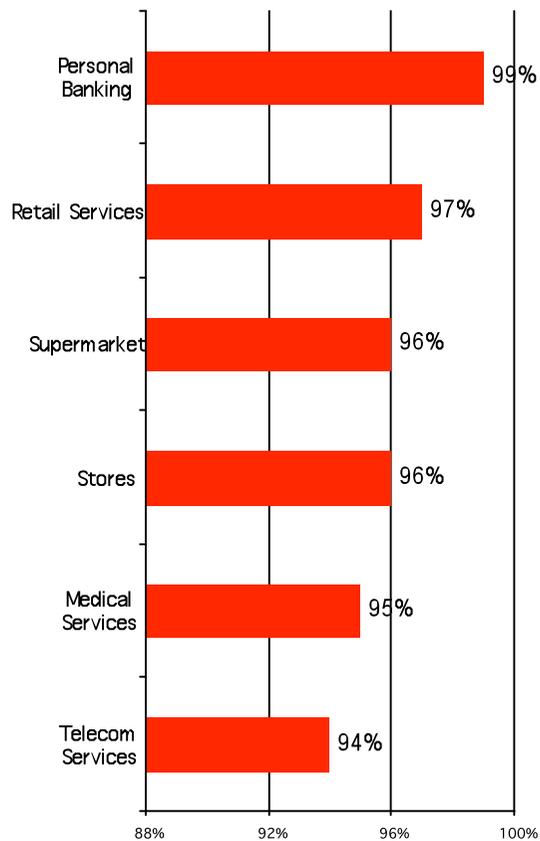
£ revenue ROI by channel (based on econometric campaign evaluation)





The vast majority of direct mail is opened

% of direct mail opened by sector October 09 to March 10



- Between October 2009 and March 2010 an average of **92%** of direct mail was opened, including 99% for personal banking and 96% for supermarket mail.

92% of direct mail is opened (Billetts 2009)

Unique open rates for acquisition email **12%** (DMA)

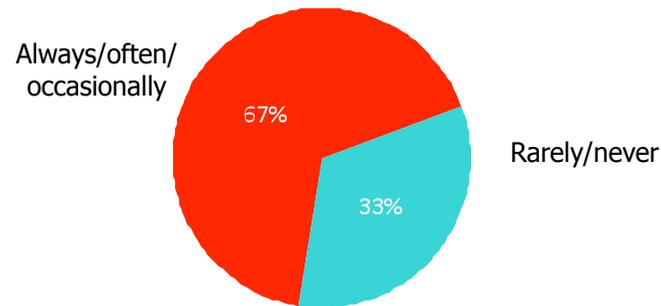


Direct mail can help search work harder

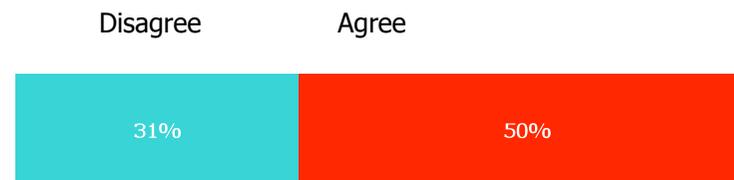
I am more likely to click on a search link for a company if I've already received something from them in the post



Refer to postal information when searching for a new product/service online



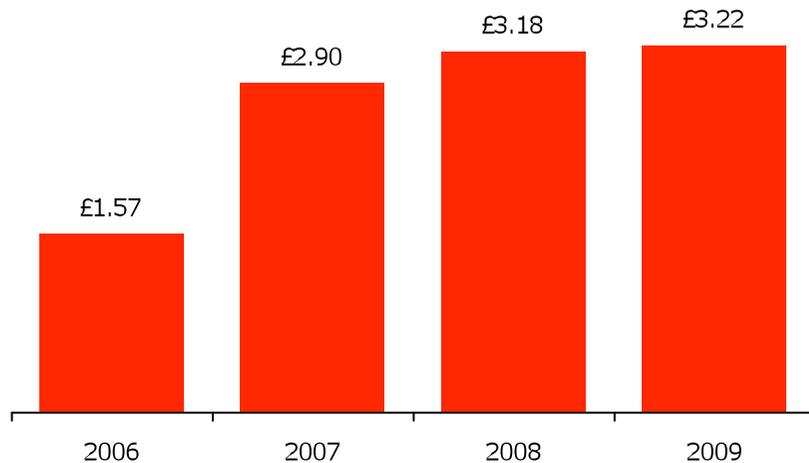
If I see a product or service online, I'd like the option of requesting more information to be sent to me by post





Direct Mail has seen its ROI level rise steadily over the last three years, a trend credited to improved targeting

Analysis of average ROIs achieved by direct mail component of campaigns (2006-2009)



"Improved targeting and usage is benefiting the channel [Direct Mail]. Accurate data on target audiences is almost instantly available - campaigns can be highly targeted to the right people, at the right time. These factors heighten the 'personalisation' of the delivery, but personalisation of the creative is becoming relatively easier too. The combination of these factors leads to a more effective media channel."

Paul Sturgeon, OMD Brand Science



Mail is direct: there is only 1 doormat

- Mail doesn't compete and is not dependent on other content like in a magazine, newspaper or online site.
- It is actively consumed so it delivers much greater engagement and understanding.
- There are 530 UK TV stations, 821 UK radio stations (MediaUK) and 234m worldwide websites (Netcraft) **but only one letterbox.**



Response rates are rising

- The percentage of mail where customers took action has increased from 4% in 2004 to **5%** in 2010.
- The percentage who kept mail for future reference has remained constant at around **19%**.

Sector	% took/ intend to take action later
Retail	19.8%
Manufacturing	14.3%
Publishing	11.2%
Charity	10.6%
Government	7.3%
Leisure/Entertainment	7.1%
Education	5.9%
Other	5.7%
Health	5.4%
Social	4.6%
Home shopping/Mail order	3.2%
Utilities	2.7%
Travel/Tourism	2.2%
Financial	2.1%
Telcos	1.1%

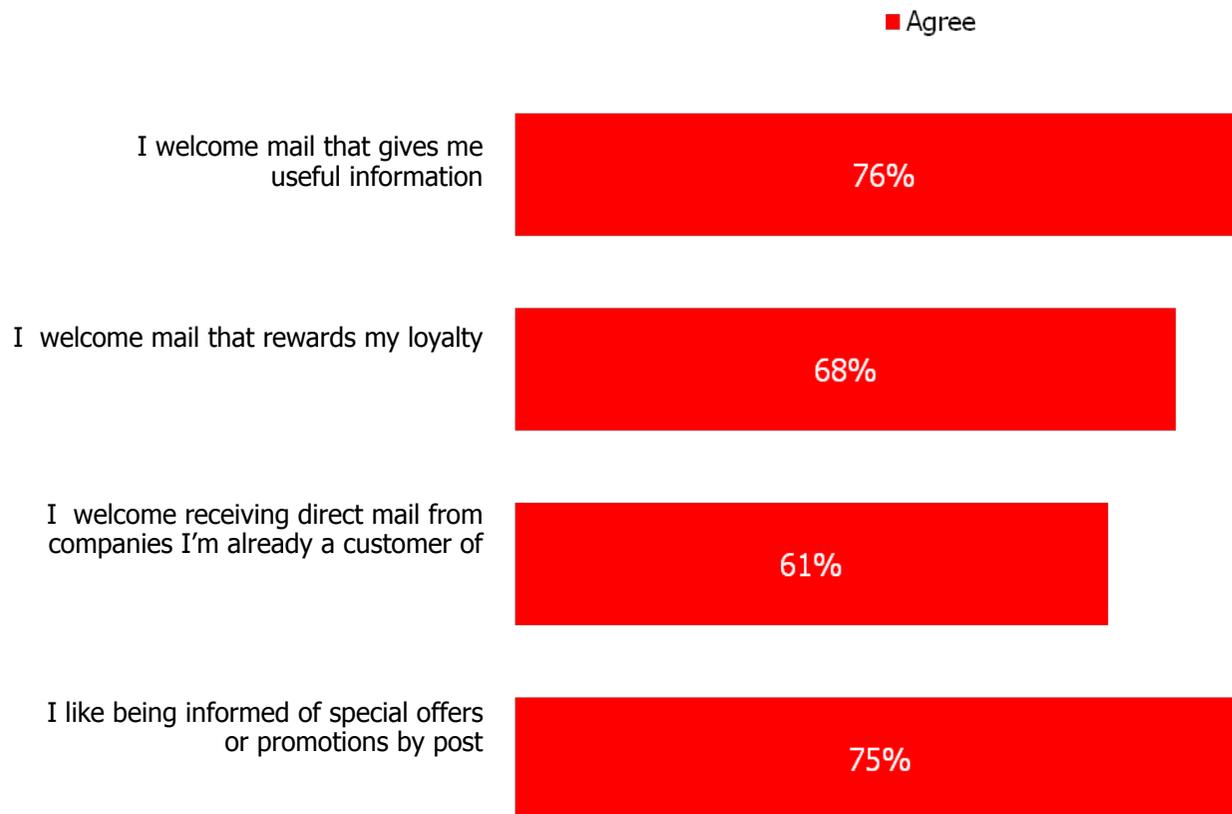


Direct mail is flexible, creative and physical

- Mail allows you to place your item in the customer's hand and reach all five senses: sight, sound, smell, touch and taste.
- Mail is the only medium to provide the creative possibilities to engage customers on all levels.
- **41%** of consumers are more likely to open mail if has a smell, for example, a scent. (BMRB 2010)
- Mail has few restrictions compared with other media (size, weight, shape, colour), leading to limitless creative possibilities.
- It lets you have a one-to-one communication which delivers more emotional intensity than any other medium. The creativity cuts through and gets people talking.
- **49%** of adults are more likely to open mail if they are intrigued by the package. (BMRB 2005).



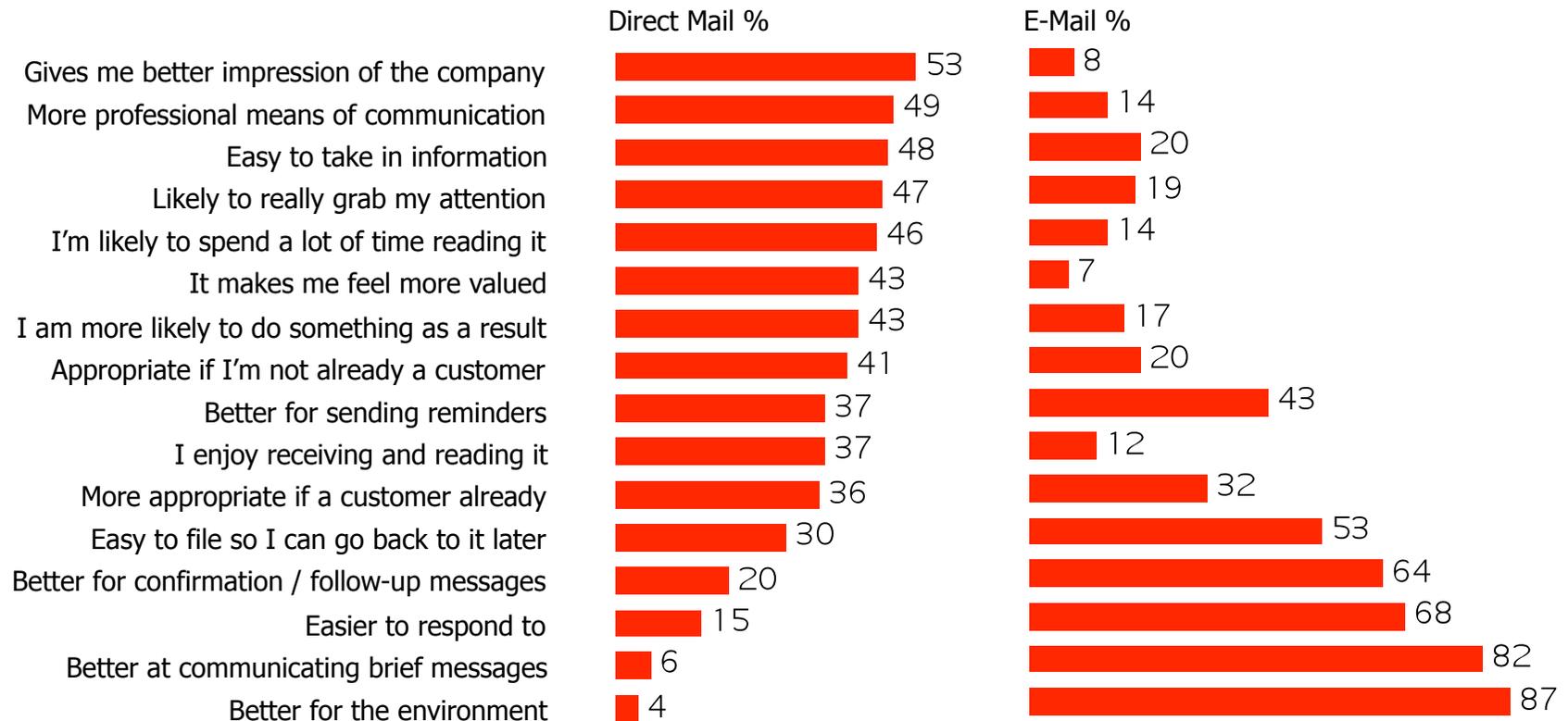
Mail is welcomed, particularly when it is relevant and rewarding





Direct mail is best for explaining your message in more detail

- Direct mail to potential customers enables you to explain your message in more detail as they are free to read and absorb the information at a time and location they choose.
- **48%** of customers felt that information received by direct mail was easy to take in compared with 20% by email. (Quadrangle DM & Email 2007)





Direct mail drives action: response rates don't tell the full story

It is vital that marketers look beyond traditional response rates when judging the full ROI of mail. Research shows significant value is delivered beyond the initial interaction.

48%

of UK adults have done something in the last 12 months as a result of the direct mail they've received.

Bought something

30% bought or ordered something

Investigated further

5% paid more attention to an ad
7% made an enquiry or asked for information

Did something

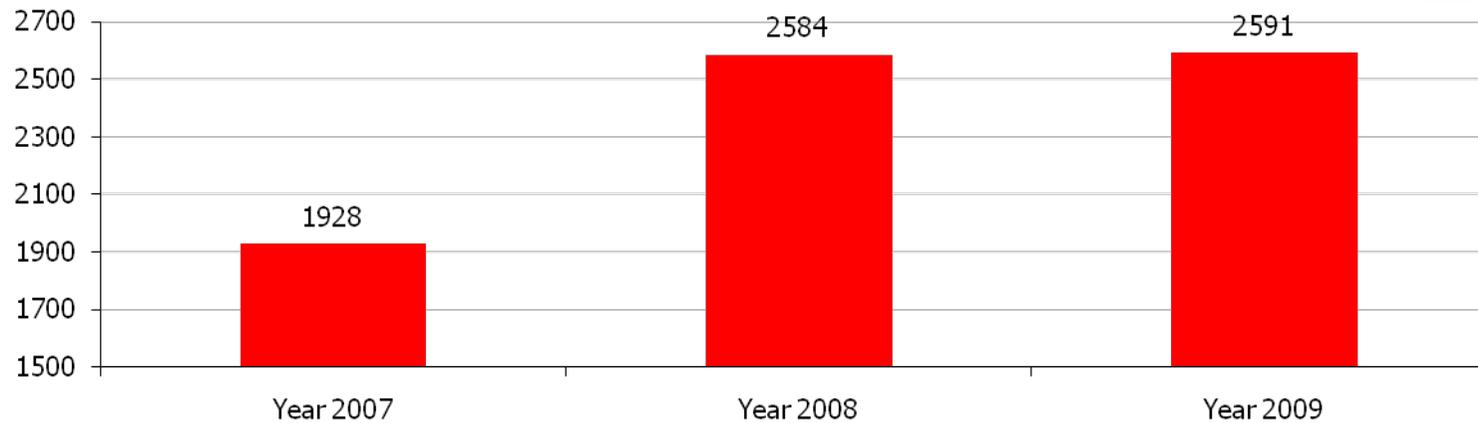
23% used a coupon
23% kept it for later use
12% visited a store
8% passed it on
6% tried a new product or service
5% paid more attention to ad



The number of companies using direct mail is rising

- Forget about direct mail being a dying media. According to Nielsen Ad Dynamix, the number of different B2C companies carrying out direct mail campaigns in 2007 was 1,928 in 2007, 2,584 in 2008 and **2,591** in 2009.

Number of companies carrying out B2C campaigns per year





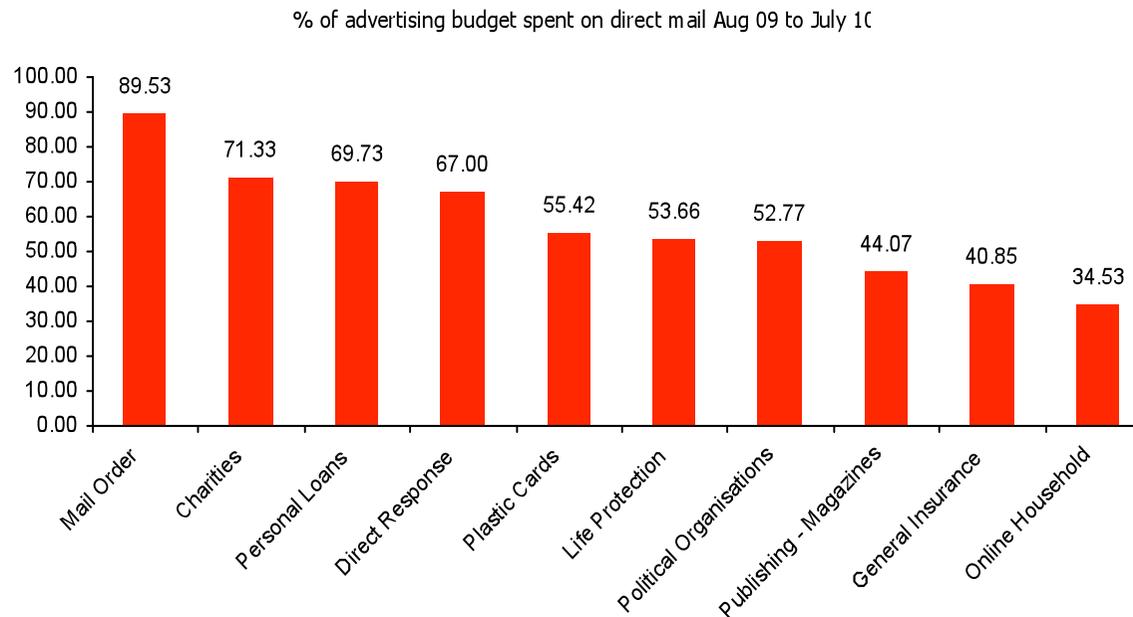
Direct mail improves mail order response rates

- 17.7m people ordered after receiving a mail order catalogue in the past 12 months – 43% by going online, **30% by post** and 25% by telephone. (TGI)
- **90%** of consumers read catalogues sent to them and **70%** go online after receiving catalogues. (Catalogues work – Comscore)
- Recipients notice them: 90+% read them.
- Recipients take action: 70+% likely to go online.
- Recipients buy more often: 70+% increase in number of purchases.
- Recipients spend more: £110 increase in online spending.
- Not just online, offline too: £48 increase in offline spending for multi-channel retailers.
- Recency matters: £80 increase in spending between receipt in the last 3 months compared to receipt in the last 12 months.
- Not just catalogues, flyers too: £70 increase in spending for catalogues plus flyers compared to catalogues alone.
- No demographic stereotypes: lift across all ages, gender and income.



Your competitors will still target your customers

- You may decide not to use direct mail but your competitors will still be sending mail that will land on your customers' doormats.
- **90%** of marketing spend in mail order, 71% in personal loans and for charities 70% is spent on mail.



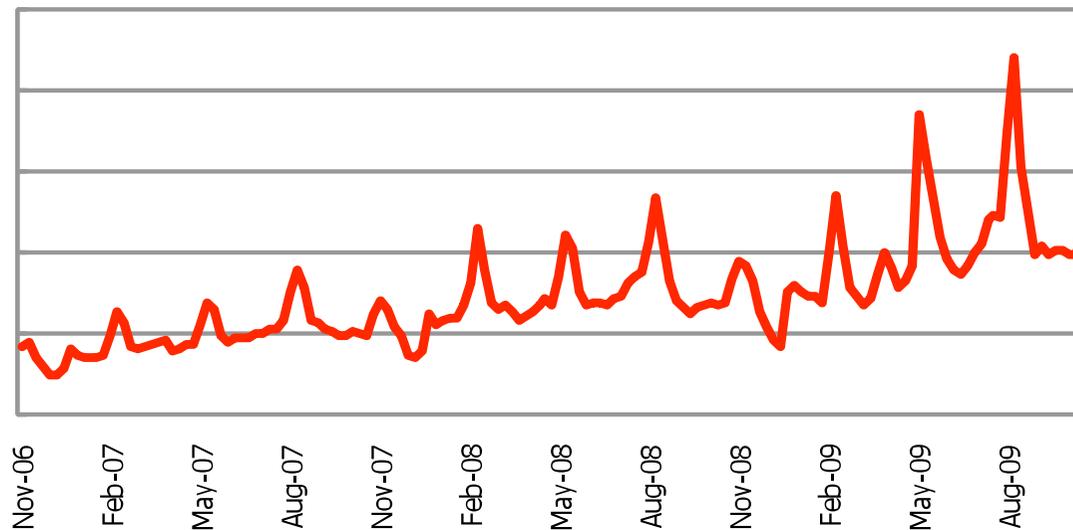
Source: Nielsen Ad Dynamix, August 09 to July 10



Direct mail keeps customers interested

- Mail can be helpful at all stages of the customer journey. BMRB research reveals:
- **75%** of consumers like receiving special offers and vouchers
- **61%** welcome mail from companies they are already a customer of
- **69%** welcome mail that rewards their loyalty
- **54%** like to receive mail telling them about better offers or new services

Relative number of searches for 'Tesco Clubcard' (source: Google trends)



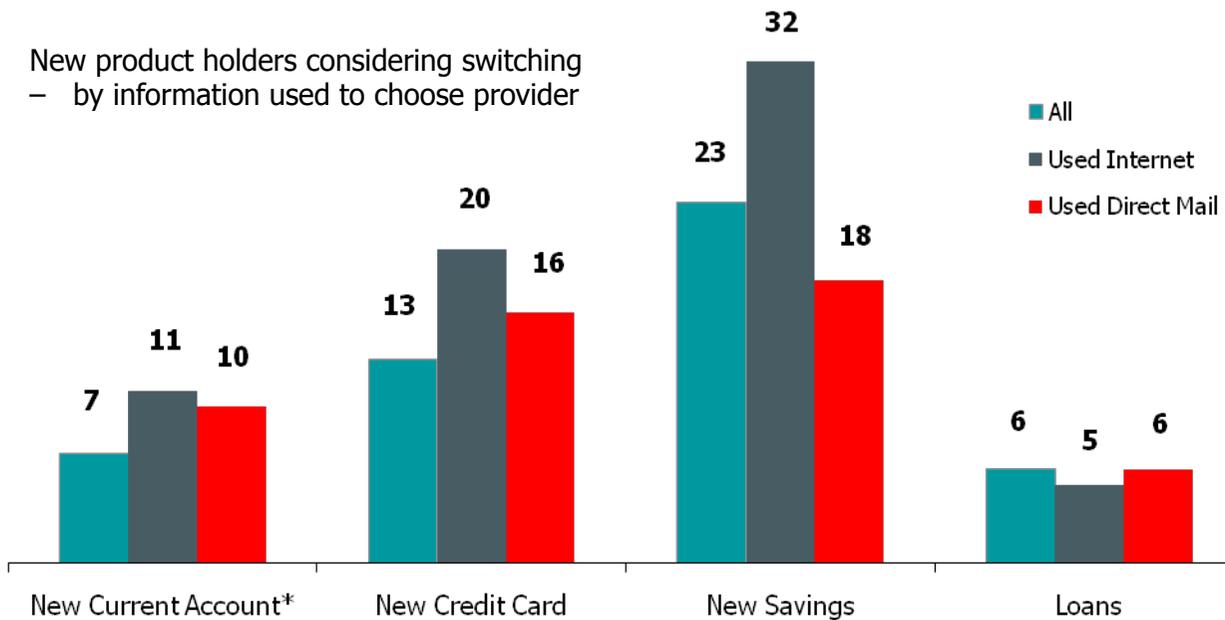
Case study: every quarter, Tesco sends a mailing out to its 10m-strong Clubcard database, resulting in a **50%-100% increase in searches for 'Tesco Clubcard' online.**



Customers recruited by direct mail are more loyal

- Comparing customers with savings accounts, 32% recruited via the internet and **18%** by direct mail are considering switching in the next 12 months.
- For credit cards, 20% of those recruited via the internet and **16%** via direct mail are looking to switch.

New product holders considering switching
– by information used to choose provider



Base sizes: All product holders (by market)

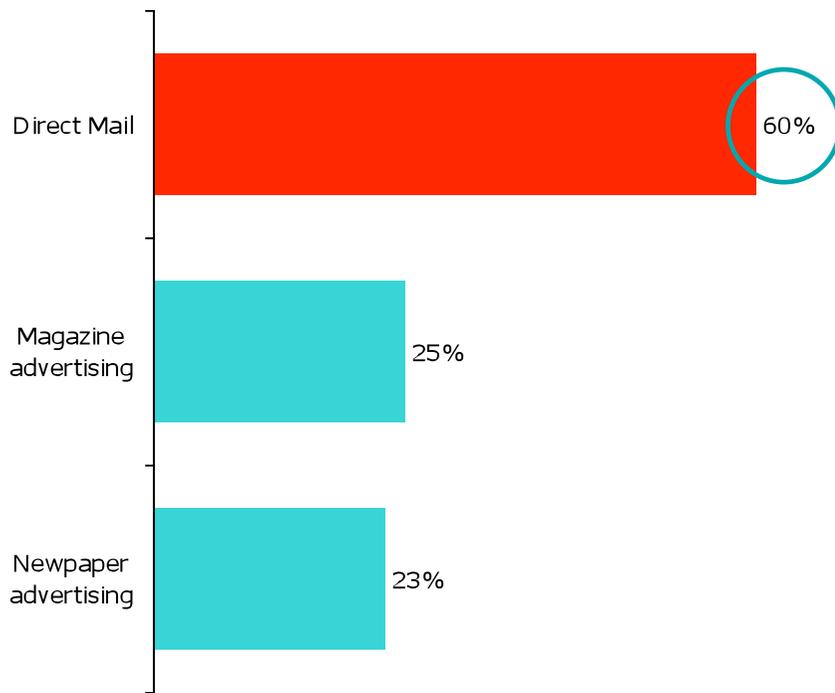
Source: GfK FRS, 6 months ending December 2009



Direct mail isn't as bad for the environment as you might think

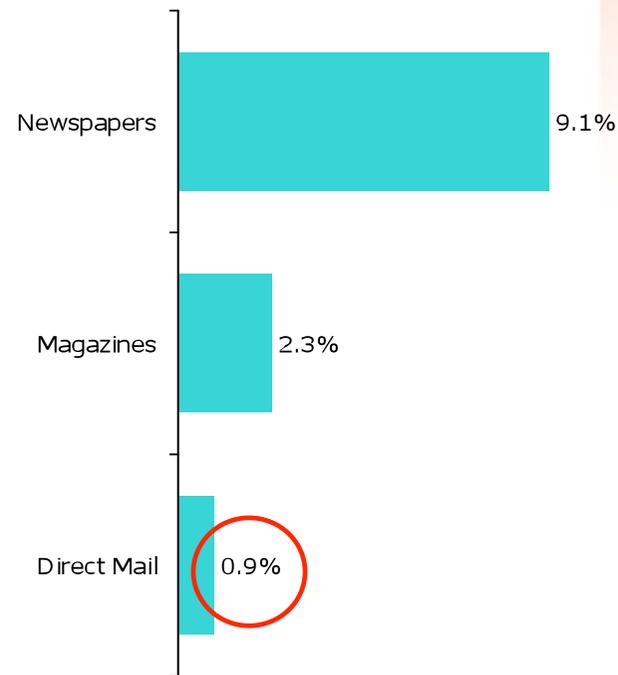
- When it comes to direct mail's environmental impact, there is a mismatch between public perception and reality

Perception: % consumers rating each media as having a 'negative environmental impact'



Source: GfK NOP omnibus (2008)

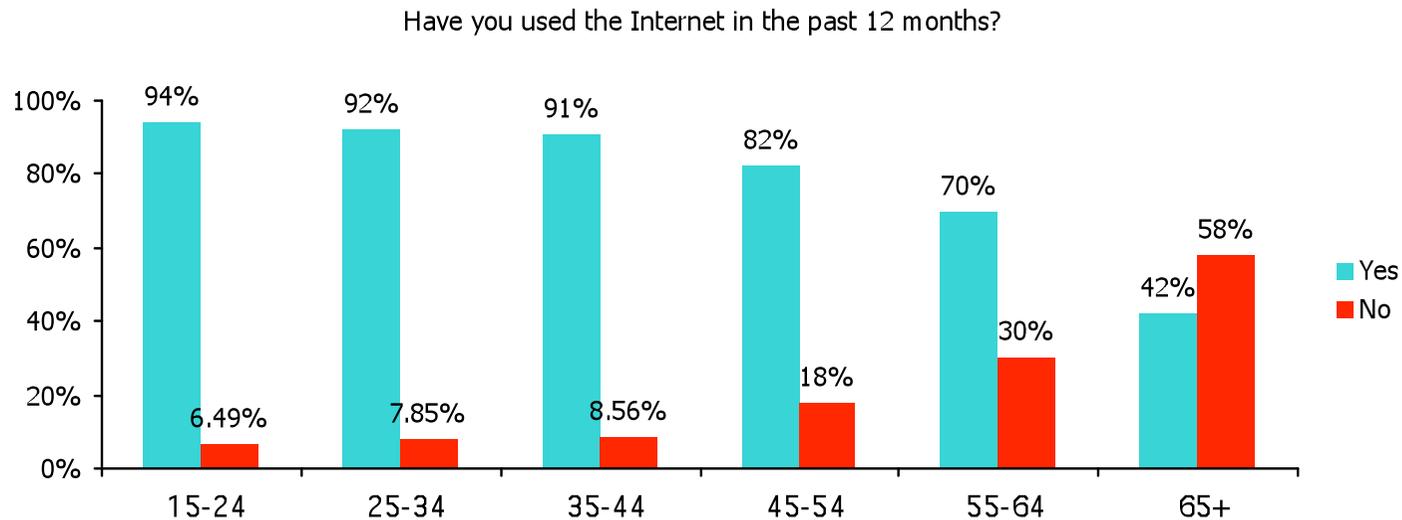
Reality: % contribution to UK landfill



Source: DEFRA Waste Strategy for England (2007)

Don't forget the digitally disenfranchised

- Remember, not everyone is online. According to TGI, **58%** of those over 65 and **46.6%** of those in socio economic group E have not used the Internet in the past year



Appendix

Details of research surveys and terms used

BMRB

Royal Mail uses BMRB to pose additional questions to BMRB TGI respondents. A nationally representative sample of 2,000 respondents aged 16+ are drawn from the latest rolling TGI and re-contacted using CATI (Computer Assisted Telephone Interviewing). Their responses are then merged with their TGI data. www.bmr.co.uk

Billets Media Monitoring A Division of Ebiquity

A single source survey providing fast and accurate estimates of media expenditure in the UK across press, TV, radio, internet (including paid search), outdoor, cinema, direct mail and door drops. Billets Media Monitoring also provide a continuous monitor of consumers' attitudes to direct mail. www.billets.co.uk

fast.MAP

fast.MAP is an online, real-time research company with its roots in direct marketing. It produces fast, accurate, cost-effective insights for marketing clients and agencies. Its constantly refreshed and tested panel of 30,000 profiled UK adults accurately reflects national opinion. Geo-demographic profiling tools then deliver lifestyle information on specific groups of respondents. www.fastmap.com

Mintel International Group

Mintel is an independent award-winning provider of world-leading market intelligence, delivering robust information, analysis and critical recommendations. Mintel's trusted portfolio of proprietary industry solutions and products has been supporting high profile clients in key sectors such as FMCG, financial services, media, retail, leisure and education for over 38 years. With office locations in London, Chicago, New York, Shanghai, Tokyo and Sydney our global presence continues to grow. www.mintel.com

Nielsen

The Nielsen Company is the global leader in multinational media research and analysis. It is active in 40 markets, offering TV and radio audience measurement, advertising information services, print readership and customised research services. www.uk.nielsen.com

Royal Mail Consumer Panel

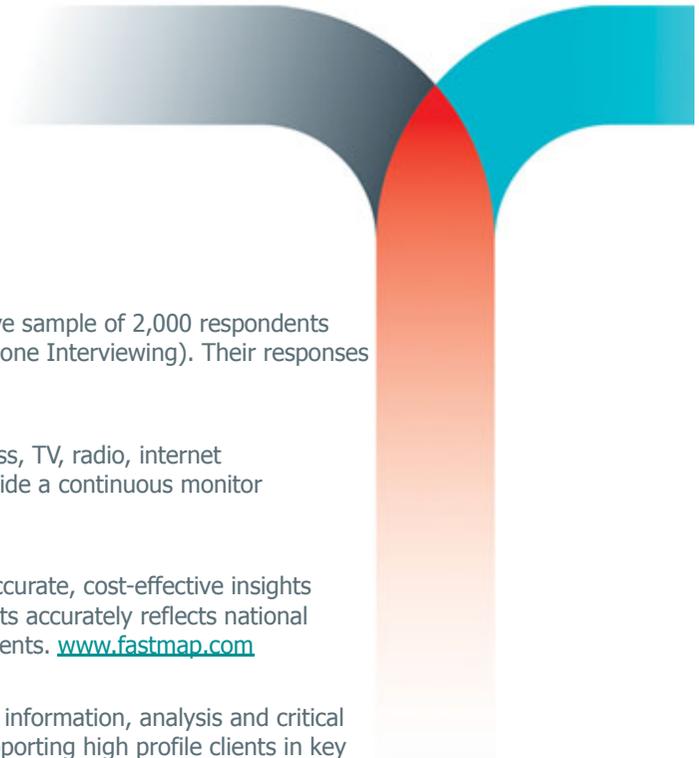
TNS has run a Consumer Panel for Royal Mail since 1985, measuring all consumer activity in relation to Royal Mail including full details of all mail received and sent. Information collected from panel members' diaries is used to estimate consumer mail volumes for the UK. The panel is based on a representative sample of 1,000 households in the UK (from a live panel of 1,350 households). www.tnsglobal.com

TGI

TGI is a continuous, single-source survey of consumer demographics, usage habits, lifestyles, media exposure and attitudes. Established in 1969, the survey provides accurate and independent marketing information on GB adults aged 15+. Annual sample size 24,000. Published by BMRB. www.bmr-tgi.co.uk

Quintile

Media quintiles are created by separating media consumers into equal fifths from the heaviest to the lightest 20% in terms of their consumption of each medium.





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