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Ways to Optimize Your Direct Mail Marketing Campaigns

A Hands-On Guide



Make your Direct Mail campaigns work harder.

Does anybody care about direct mail anymore? Sure ... just the people who receive it. According to the DMA Fact Book, 79% of households either read or scan their advertising mail¹. And while it's true that direct mail budgets slipped as marketers turned to electronic media, a comeback is projected for the years ahead: The Direct Marketing Fact Book, 2011 edition, predicts a 3.6% compound annual growth rate for non-catalog direct mail in 2010-14 after a 2.4% decline between 2005-09².

However, the kind of direct mail that is working today is very different than the generic “junk mail” of the past. New production, personalization and format options make it much more interesting and relevant to the recipient. And it doesn't hurt that with the decline in personal correspondence, direct mail has a larger share of the mailbox.

Quite simply, *direct mail kicks butt*—with a higher conversion rate than any other medium. The Print on Demand Institute (PODI) found that direct mail outperformed all other channels tested in terms of conversion rates, both for lead generating “free” offers and one-step “buy now” offers. Direct mail's edge becomes even more dramatic when it is optimized with personalization and other factors, and combined with personalized landing pages³.

Here are some suggestions and best practices to optimize your direct mail campaign in the second decade of the 21st century ... whether you're an experienced direct mail marketer or one of the increasing number of e-only marketers who have never used direct mail. They're based on two decades of experience at Beasley Direct, where we got our start in direct mail and continue to endorse it as an essential component in an integrated campaign, even as email and the web become increasingly important.

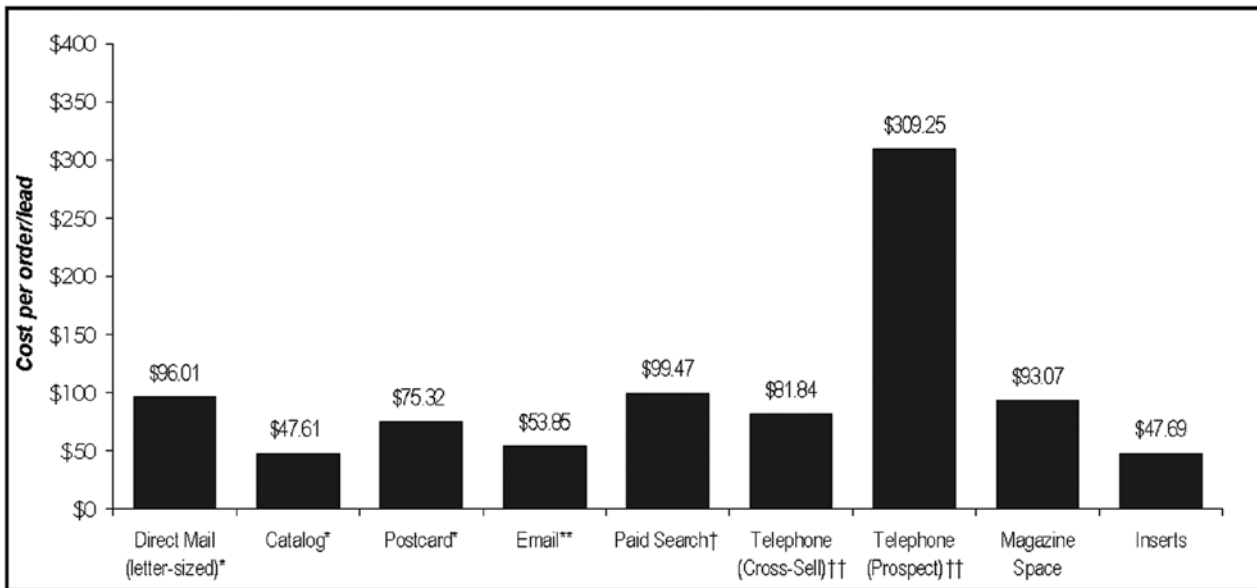
1

Don't be scared off by the "high cost" of direct mail.

To a marketer weaned on email and pay-per-click, direct mail postage and printing costs can seem expensive. You wonder how can you possibly make that investment back in results. The statistics say you will. Sophisticated marketers look past raw numbers to the ultimate cost per order or per lead—that's what really counts. And the Direct Marketing Association reports that CPO/CPL costs for direct mail are in line with print and pay per click, and not all that more than email, and significantly less than telemarketing.⁴

Action item: If you haven't been using direct mail, include a test in your next campaign. Work with an agency, consultant or production company that can help you prepare a benchmark test; since your initial costs will be higher on a first campaign, the key is to understand how much it would cost in rollout quantities and judge success from that.

COST PER ORDER OR LEAD BY SELECTED MEDIA



*Promo Cost per Order or Lead, ** Acquisition Cost, † CPC/Conversion Rate, †† Cost per Contact/Conversion Rate

Source: DMA, "The 2010 Response Rate Report."

2

Leverage your electronic marketing to get more mileage with direct mail.

If you've already created a landing page for your email campaigns or pay-per-click, why not use it for direct mail as well? Buyers and prospects often have a personal preference about how to respond—web, email, mail or phone—and if their preferred channel isn't offered, a certain percentage won't see your message or won't respond. Adding your existing landing page URL to direct mail may bring in more business at absolutely no increase in cost.

The benefits of putting a URL in direct mail are compounded if you use “vanity” or personalized URLs such as www.beasleydirect.com/john.smith. PURLs are sure attention-getters when presented in large type on an outer envelope or used in headlines. Because they are unique to the recipient, PURLs also help you measure results. Keep in mind that PURLs must be easy to type since readers can't click through from direct mail. If your company has a long or difficult name you might want to use a shorter domain name (which still has some relevance to your company and value proposition) in your PURLs.

Action item: Before deploying the test mentioned in Tip #2, take inventory of existing landing pages and offers that can be repurposed for direct mail. Something to keep in mind is that direct mail has a longer shelf life than e-media—so make sure your offer will still be valid and the landing page live if somebody goes there weeks after your mail date.

3

Test postcards!

The U.S. Postal Service found that postcards are the mail format most likely to be read or scanned⁵. One possible explanation: postcards represent a quick read for people in a hurry. A prospect can grasp in a second whether your offer is of interest ... so make sure it is. Postcards are a comfortable format for e-marketers because they provide about the same amount of real estate as an email message. And as a bonus, postcards are cheaper to print and (if you stick to standard sizes) cheaper to mail as well.

Of course, not every message can be delivered via postcard. Your offer must be easy to understand in a second. Postcards aren't for

confidential communications. And because postcards tend to have a lower response rate than envelope packages, a postcard shouldn't be your only mail test.

Action item: Do a postcard test by converting your best-performing promotional email. Put the header image and headline on one side, the body copy on the other. Consider digital printing that can allow you to customize both image and message side (including the use of a personalized URL if you have one.) Also consider an oversized postcard—even though you give up the low postcard rate, the extra visibility in the mailbox may be worth it.



Oversize postcards provide extra visibility in the mailbox.

4

Make the most of high quality prospecting lists for direct mail.

Rented email lists are getting better ... but direct mail lists have a head start of several decades in terms of data quality and selectability so you can get the perfect list for any mailing with a minimum of waste. In addition, there is no CAN-SPAM regulation for direct mail; you won't lose reputation points if your mailing reaches a prospect who doesn't want to see it. Your agency can help you choose lists to fit your needs and may also be able to arrange list exchanges with non-competing marketers who normally don't allow their customer names to be rented. Also, be sure to include your house list (current or former customers, plus those who have responded but not yet bought) in any direct mail program; house lists traditionally outperform rented lists by a factor of many-to-one.

Action item: Before you mail, be sure your analytics are set up so you can “slice and dice” your results and measure the profitability of each outside list and list segment.

You can build or augment your direct mail house list with leads acquired through pay-per-click, organic search, trade show or product registrations. If you don't already have postal address information in your Salesforce.com or other CRM database, start collecting it now—and consider making the investment to go back and append postal addresses to your existing data. When you mail these names, your investment will be repaid.

Up to this point, we've been convincing you why you should use direct mail in the first place.

Now, let's talk about some ways to make that direct mail as effective as it can be.

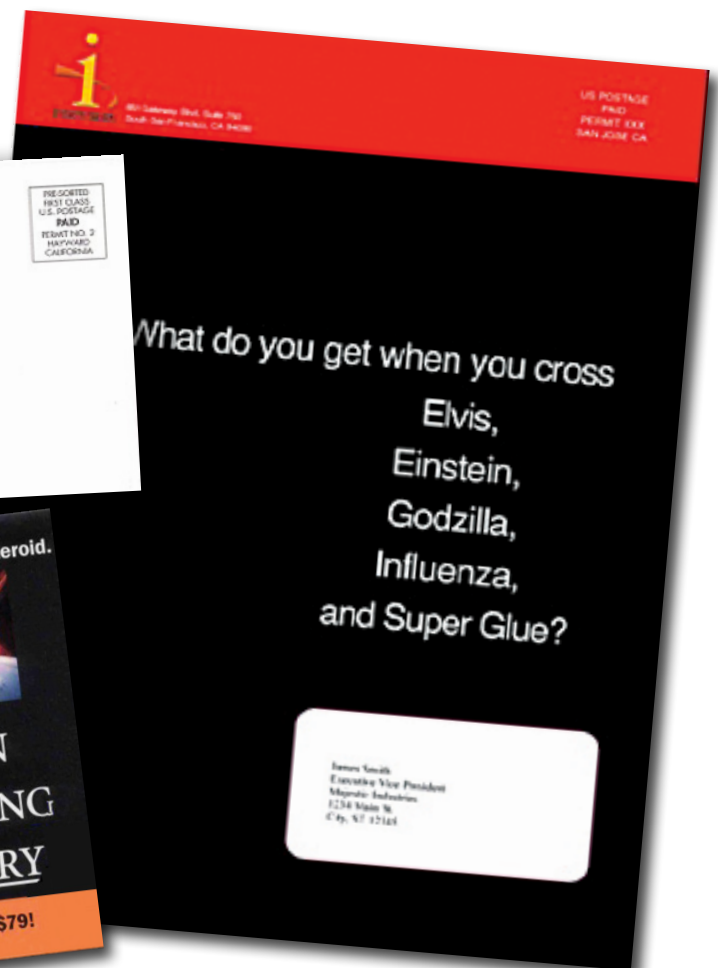
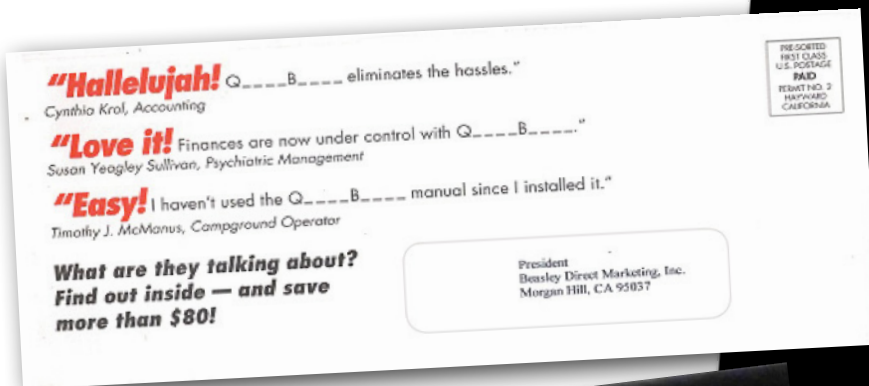
5

Use first impressions to break out of the mailbox and get in the front door.

As previously mentioned, the overall spend on direct mail is down but total mail volume (combining business, personal and advertising mail) is down as well, declining from 26.2 pieces received per consumer in 2006 to 21.3 pieces in 2009⁶. This is good news for you because it means your mail piece will get proportionately more attention—assuming it is well designed with a compelling message.

Direct marketing pundit Herschell Gordon Lewis writes, “the only purpose of the outer envelope is to get opened” and the same is true of a catalog cover or postcard or self-mailer headline. Make yours work as hard as it can to engage the prospect initially in the competitive environment of the mailbox and then to lead them to your offer and the response mechanism.

Action item: If the circulation quantity for your mailing permits, test outer envelope “teasers” every time you mail. Time and time again, a minor variation in the teaser has produced a dramatic difference in response. An outer envelope test is also one of the simplest and cheapest tests you can do. And don’t forget to test “blind” outers that look like business mail and give the recipient no reason not to open the envelope; blind outers quite often outperform even the hardest-hitting teaser message.



These direct mail campaigns had intriguing headlines that drew the reader in to read the letter and brochure.

6

Use the “stage management” of direct mail to increase your impact.

When an email arrives or the reader reaches a web page, they scan it quickly then move on. But direct mail provides many involvement options including the front and back of the envelope and the combination of visual and written elements inside. A well-designed direct mail package will allow the reader to enter the dialog and understand your presentation at any point, whether they read the letter only or the brochure only. At the other end of the spectrum, simple business-like #10 envelopes and letters continue to work well for financial mailers and others because they simulate the “real” mail one receives from a financial institution.

Action item: Build a “swipe file” of direct mail pieces with ideas you can use—competitive pieces from your industry, mail packs that appealed to you personally, or graphics or copy platforms that you like. Kids’ educational programs have traditionally been among the most creative graphically, by the way, so if you don’t have young kids get on some kids’ mailing lists by visiting early childhood education websites and signing up to receive mail.

7

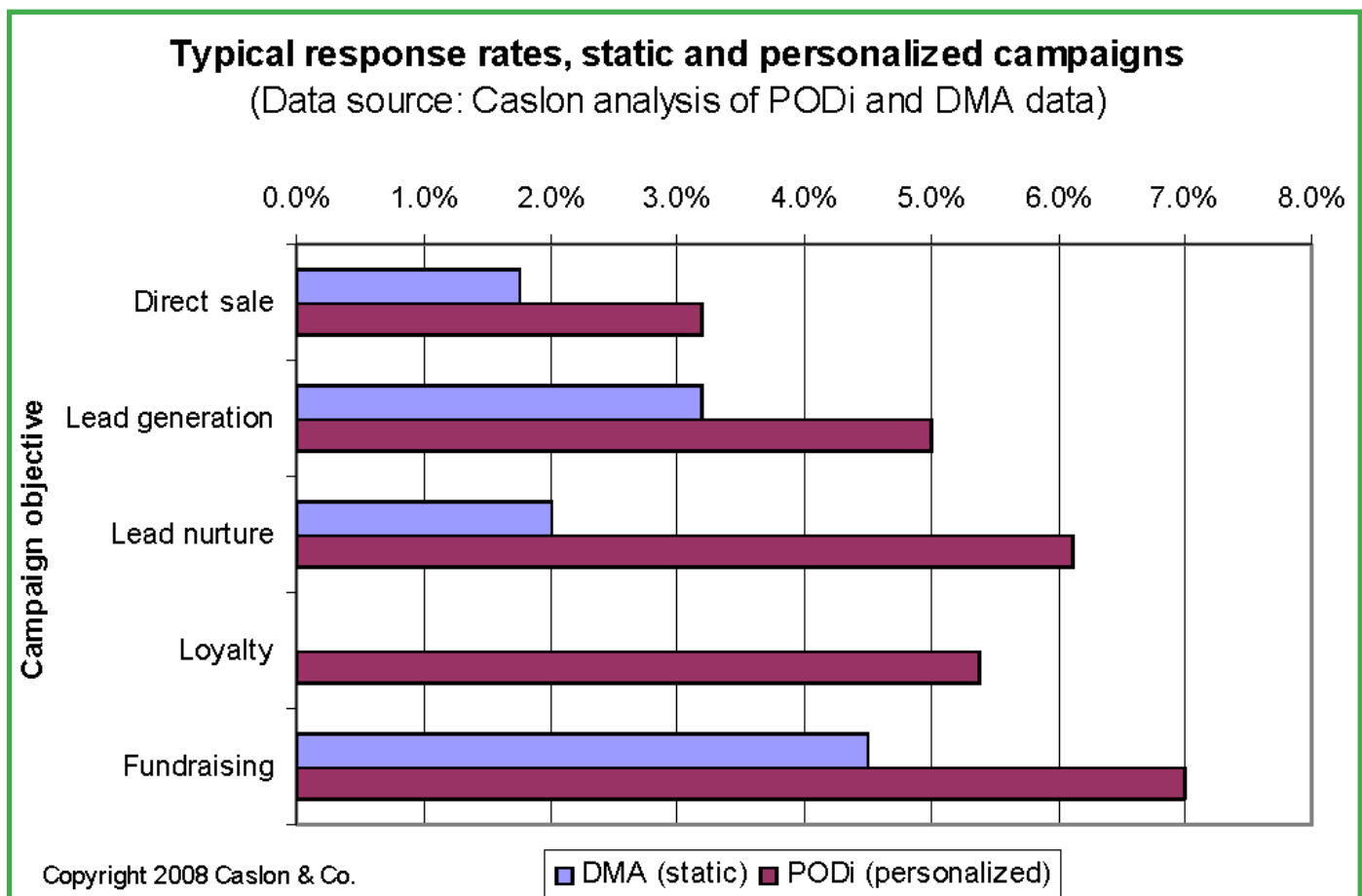
Get personal in your direct mail.

That means much more than simply addressing the recipient by name. In a now-classic example, Adobe invited prospects to a live seminar and swapped out photos of local landmarks (like the Golden Gate bridge, for seminars held in San Francisco) to emphasize it was a local event. In another example, Beasley Direct Marketing marketed a technical product to cell phone executives and used variable copy throughout because there were different “hot buttons” and problems depending on which platform they were using.

When it comes to the actual use of the reader’s name, personalized communications in all

categories continue to out-pull generic ones⁷. You should use personalization appropriately and don’t repeat the recipient’s name any more than you would in a “real” letter. And personalization can do more harm than good if you include the recipient’s name, but the rest of the copy is generic and off-target.

Action item: The Print-on-Demand Institute (www.podi.org) is a great source of examples and education on the appropriate use of personalization. Some content is free while other items have a modest price tag, but are free to members; if you find this information useful you might consider joining.



Response rates are much higher when campaigns are personalized.

8

Be timely.

Traditional direct mail campaigns took weeks to execute because of the steps of printing, production, data preparation and time in the mail. That's still fine for major campaigns which are planned and budgeted far in advance, but more and more, marketers are adding a digitally-printed, just-in-time element to their direct mail programs.

In the internet era, consumers are demanding instant gratification from their shopping experience. Direct mail can be surprisingly nimble in responding to their needs if you prepare one-off mailings which can be generated quickly in response to trigger events in the customer relationship. American Signature Furniture sends a self mailer the same day to people who visit a showroom but do not buy, with impressive results (see below). You can also improve the timeliness of your direct mail simply by integrating it with a multimedia nurturing campaign; time your mailing so that the direct mail arrives around the same time as an email, for example, or just before a call from a telephone rep.

And speaking of timeliness, it's a good idea to consider seasonality when you map out your mail plan. With the relatively high per piece cost of direct mail, mailing in the strong seasons can boost response as much as 50% over weak seasons. If you don't know your business seasons, start with the basics proven for most offers for mail drops: Early January, Easter or tax day (deliver after 4/15), Memorial Day (don't mail any later in the summer though) and shortly after Labor Day. Then add late fall only if yours is a holiday or Christmas related offer.

Action item: It's easy and effective to add a simple form of just-in-time direct mail to your quiver. Prepare a stock of postcards or self-mailers with a special promotional discount, and then keep them on the shelf to be sent one-off in response to specific requirements. For example, a telephone rep can speak to a prospect and offer the discount, then the postcard with the discount code goes into the mail the same day.

Just-in-Time Marketing Case History:

American Signature Furniture

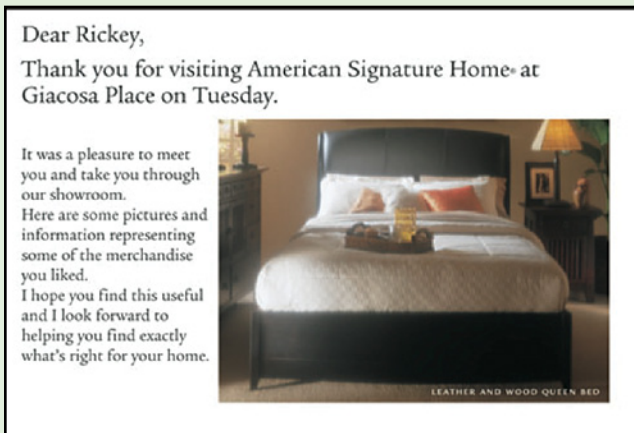
When a shopper visits an American Signature store and does not make a purchase, they receive a personalized and customized self-mailing brochure within 48 to 72 hours of their visit. The brochure thanks them for shopping and

displays the styles they considered during their visit (based on data collected by the salesperson) in order to nurture the relationship and virtually extend the shopping experience.

One panel of the brochure addresses the individual by first name and thanks the shopper for visiting the

store. The copy also mentions the location of the store and the day of the visit. Another panel includes a note from the sales representative and their contact information. Testing proved that the personalized images were much more effective than random beauty shots: the visuals matched their interests and demonstrated the salesperson really was paying attention to their needs.

The results of the reminder campaign have been impressive. People who receive the brochure and return to make a purchase later spend approximately 40% more on their purchase than people who did not receive a brochure. Plus, the reminder boosted return visits to the store by 10%, and many people brought their brochures back to the store with them.



9

Go dimensional.

Dimensional mailings, also known as 3-D or “high impact” mailings, are built around a physical element that makes them impossible to ignore in the mailbox. The involvement device can be as simple as a “lumpy” (like a sample pen enclosed in a #10 envelope) or as complex as a specially designed and die cut box. A good example is Isuzu Truck’s mailing to food service distributors. The outer teaser says “500 gallons of tomato sauce enclosed” but inside the box is a single can of paste and a letter that says sorry, you need a

standard mailing, but the results can be worth it. The Direct Marketing Association found that dimensional outperforms standard formats to prospects by 250% with an increase in cost per lead of about 50%⁸; the best part is that the incremental responders may be high-value prospects who could not be reached in any other way.

Action item: Add a dimensional test to your next direct mail campaign aimed either at higher value prospects or at a measured cell of your entire list. The easiest thing to test is simply whether an attention-getting format can lift response. and then later perhaps add a dimensional element such as a product sample. Even a device as simple as a pen and pad of paper could work as a dimensional when combined with a message like, “we’re so sure you will want to order that we’ve included pen and paper to write down your specs”.



roomy Isuzu truck to haul that much tomato paste. Isuzu seals the deal with a coupon good for a free Italian dinner when the recipient takes a test drive.

Dimensional mailings are appropriate for high-value prospects, especially when you need to get your message past a corporate gatekeeper who would ignore a standard promotional mailing. They cost more than a



Dimensional Case History:

Anritsu



Anritsu's CellMaster is used to troubleshoot connections on cell phone networks. The company needed to tell its audience of engineers that its new product was a breakthrough because it provided virtually all the functionality of a 40 lb. instrument which was carried in a backpack—in a handheld alternative about the size of a sheet of paper.

A life size die cut was created with minimal copy so the promotional piece would look as much as possible like the real thing. Because many in this audience respond by mail, a triple postcard was tipped on for additional selling copy. Then Anritsu “sweetened the pot” by offering an instant-win drawing for an iPod and inviting recipients to visit a personalized website to see if they had won.

A version of the die cut was created for insertion in trade publications, as well as a partner email for house and rented lists. All made the same offer of entry in the iPod sweepstakes plus a free technical publication when the reader registered to receive more product info.

The overall phone, BRC, and click through responses were: 8% for direct mail; 1.75%% for email and .1% response for the print ad inserts. For a marketing budget of under \$100,000, Anritsu enjoyed sales of over \$1.5 million.

10

Test, test, test and analyze everything.

Direct mail gained its credibility in an era of general advertising because it was so measurable: virtually every order or lead could be traced back to a source code or 800 number extension which was only available through the mail package. Classic big-budget publishers did some testing which is still highly valuable today and which can be found in the archives of the Direct Marketing Association or Who's Mailing What.

In fact, the foundation that we all use for methodically testing in PPC, landing pages and elsewhere evolved from the work of direct mail marketers a generation ago and more. But because direct mail must be prepared in advance, it's more difficult to change a testing matrix on the fly than in electronic media. We at BDM can't count the number of times that a client with a sizeable budget couldn't track its results because the source codes hadn't been properly planned or the people who collected them were too busy or not well trained enough to get reliable data.

Action item: Always test something, every time you go in the mail—even if it's as simple as an envelope teaser vs. a blind outer envelope (see tip #5). However, make sure it's something worth testing. A price test or free vs. paid shipping will probably make a real difference in your CPO; testing a different color for the tint block behind your sidebars probably won't unless you are mailing in very large quantities.

¹DMA Fact Book 2011, page 24, citing USPS Household Diary Study, 2010

²Ibid., page 3

³PODI 2009 Conference_Relevant and Personalized Marketing.ppt, slides 79 and 80

⁴Ibid., page 31

⁵Ibid., page 26

⁶Ibid., page 39, citing USPS Household Diary Study, 2010

⁷PODI Response Rate Report_2009_v4, page 2

⁸DMA, "The 2010 Response Rate Report" cited in DMA 2011 Fact Book, page 46

About...

Beasley Direct Marketing

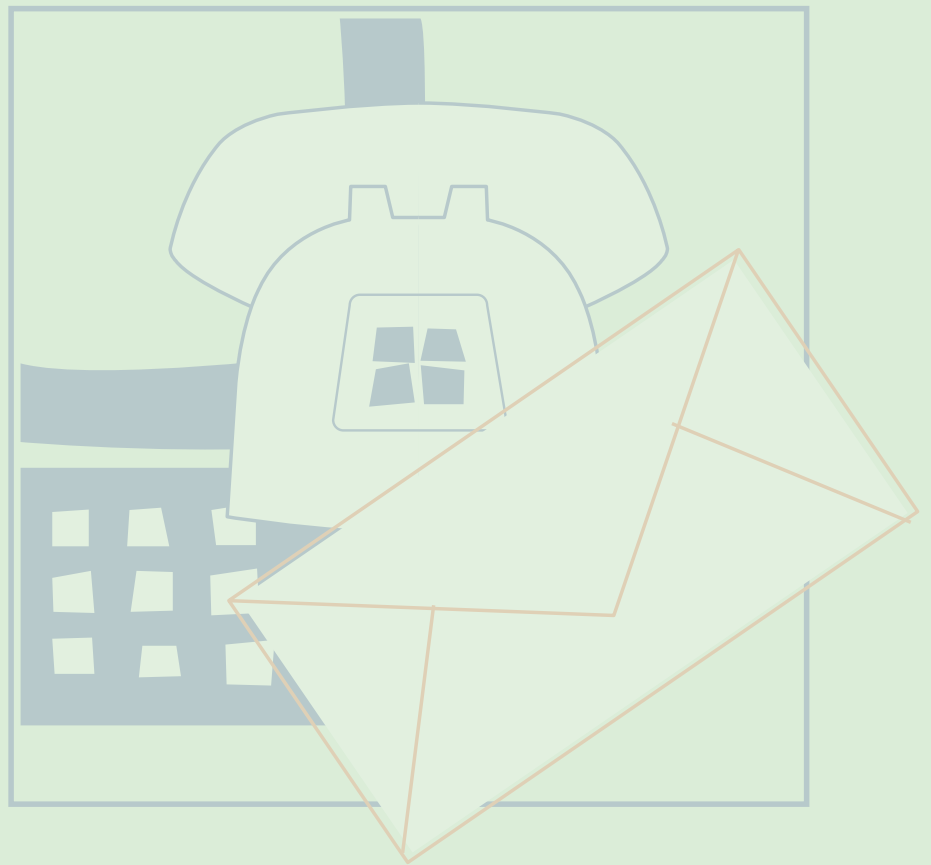
We are a multichannel marketing agency based in California's Silicon Valley. Our client experience ranges from consumer products to complex technical services, and from household names to mid-market companies. In each case we strive to deliver value by optimizing the marketing communication at every step of the sales process.

The insights in this report are based on hundreds of engagements with clients in a range of industries. They represent best practices from our own experience and the examples of others. We hope they will save you the time and expense required for trial-and-error marketing that few companies can afford in these economic times.

Beasley Direct Marketing does strategic planning, creative, and program execution for web, search, email, print, direct mail, broadcast, social, print and telephone nurturing campaigns. We are a multiple award winner including several coveted Echo Awards, presented by the Direct Marketing Association.

Let us help you with your next multichannel campaign. Call us at **408-782-0046** or go online to ***www.BeasleyDirect.com***

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