

# From postal operator to media owner

Mark Thomson



# Its not just about postal products

- Who holds the budget for our medium
- Mail is considered alongside other media
- It's a possible answer to a marketing problem and...
- >30% of transactional mail is controlled by marketing
- BUT Don't forget agencies.....



**Ruth**, marketing manager

Segment: SME and Corporate

I need access to direct mail inspiration, thought leadership, advice, tools and consultancy.

“ Help me develop and demonstrate my marketing acumen. ”



**David**, marketing director

Segment: Corporate

I need information and inspiration on marketing best practice, channels, opportunities and commercial benefits.

“ Help me demonstrate my marketing leadership. ”



# Advertisers say cost is key but return and value is imperative

“We look at cost per response (CPR), cost per conversion and ROI to generate payback”

**METEORITE**

“Email pays back sooner, but its less profitable; through DM you’re more likely to reach a more valuable customer.”

**SHINE**

“The upfront cost of DM makes it very sensitive to any change in cost, and means it has a disproportionate impact across overall cost per sale”

**OMD**

“Every single brief we’re seeing at the moment includes a requirement to reduce cost per sale and to simplify formats. A £1M campaign spend stays the same, it’s just that the cost per acquisition goes up”

**LIDA**

The value of DM is recognised the entry cost is prohibitive, reducing entry cost will encourage users to do DM.

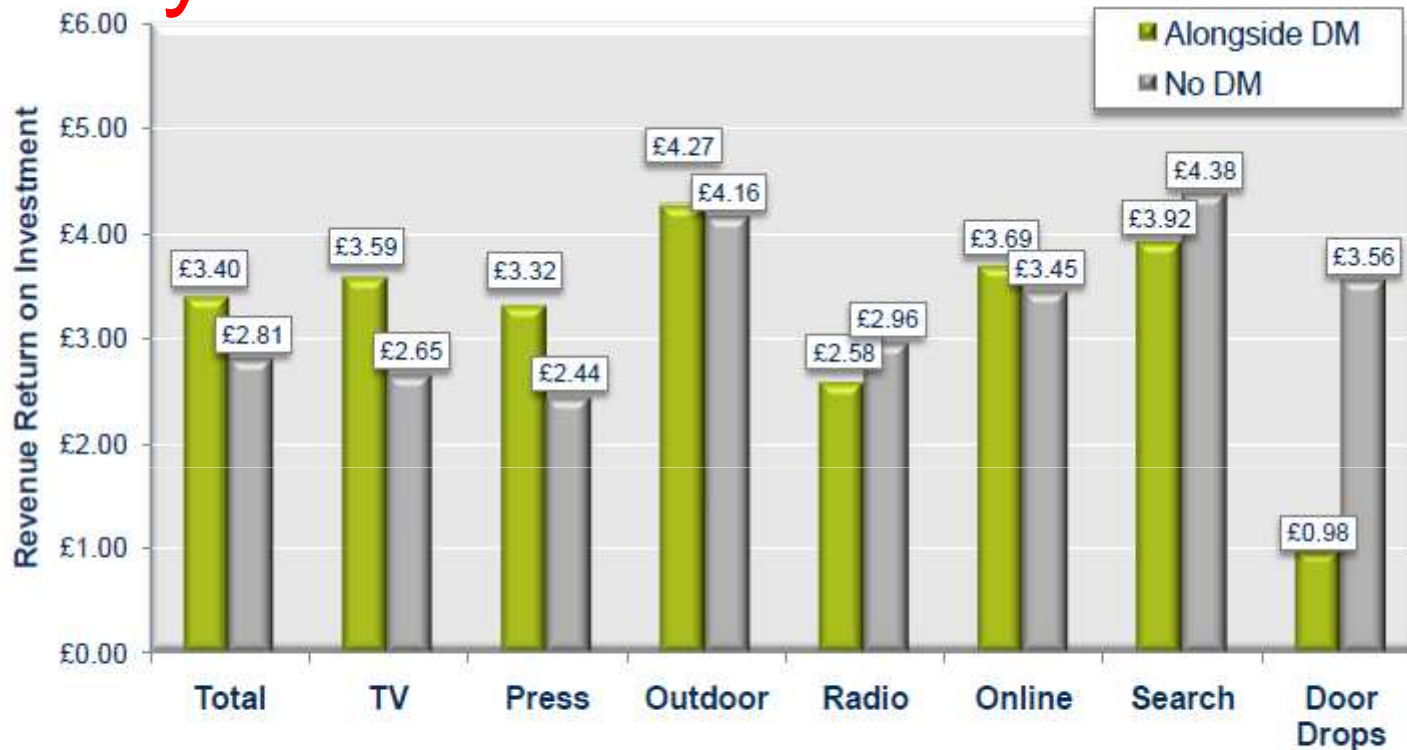


# Why are we bullish about DM?

- DM is already considered in the advertising mix
- Physical mail is important in a digital world
- DM has a financial benefit supporting other media
- Moving up or working more closely with the value chain, offers more opportunities
- Customers buy the medium first and the postage second



# Overall media effectiveness improves when you add DM



Source: BrandScience Results Vault all UK (2006-2009)



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# DM is universally opened – 92% +

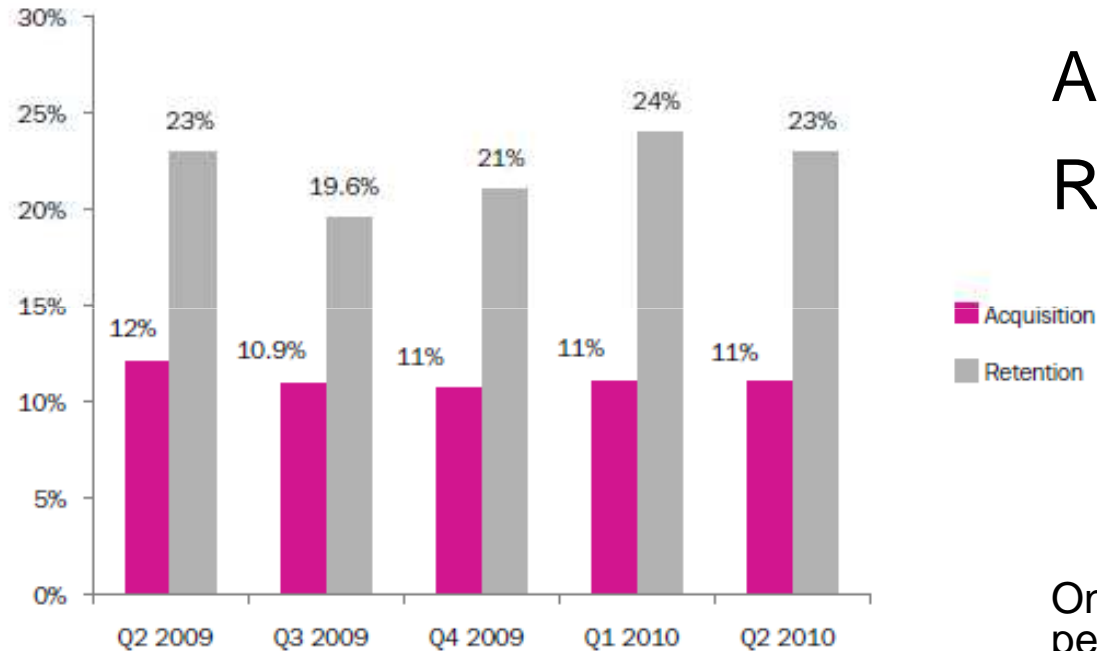
DM gets opened, by named individuals, in their own homes. We can't tell advertisers what to put inside, so why only judge DM on response?



Utilities Services	100%
Supermarket	92%
Household - Stores	98%
Dealerships - Cars	98%
Internet Services	97%
Mobile Services	96%
Mortgages	97%
Insurance	
(General&Life)	92%
Telecomms Services	
	92%
Publishing	92%
Accommodation	93%
Retail Services	95%
Medical Services	94%
Investments	
	95%
Loans	96%
Gambling	95%
Personal Banking	98%
Health Insurance	95%

# Email fatigue

Average Unique Open Rates (In %)



Average opening rates:

Acquisition **11%**

Retention **23%**

On average people receive 3 emails per month in the autumn and 2.3 in the earlier months of the year.

# Digital companies are discovering mail

Evidence from a digital marketing agency which offers integrated digital approach. Agency clients include:



Digital contact: **15-39%** Vs Postal contact: **55-94%**

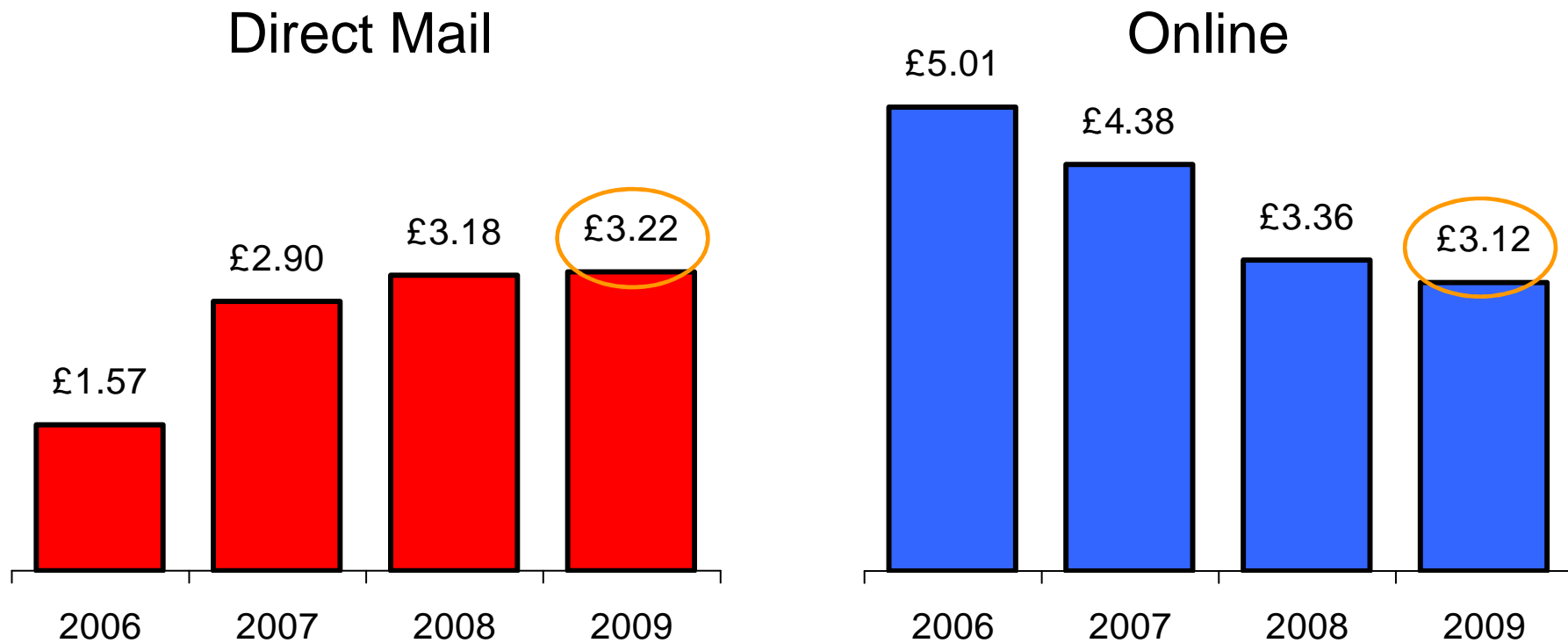
Special postal contact:

(e.g. product and literature in oversize/ unique/ innovative packaging) = **70-94%**



# With DM RoI matching Digital, now is the time

Analysis of average ROIs achieved



Source: Brand Science results value, all UK



# And its not just us saying it...

“Tactility is a quality I envy in DM. We know that TV can stimulate physiological responses – people wanting to lick the telly or feeling thirsty, for instance – but it’s a bit of a tease. DM can satisfy those appetites that TV provokes”

Tess Alps, Chief Executive of Thinkbox

“As a component of experiential activity, direct mail has an enormous amount to offer when used well. If anything, it has more power to express a brand’s values than any other medium.

Jon Ingall ,managing partner of Archibald Ingall Stretton

“Direct mail has unlimited room for detail and pictures and it also offers a tactile presence as a physical object (or objects) that you can choose to keep.”

Simon Daghish, ITV (Speaking when at GCap Media)

“Good direct mail should be used in conjunction with intelligent and modern e-commerce. That should be on the agenda of every marketer who sees the internet as an increasingly important sales channel.”

Greg Grimmer, partner at Hurrell Moseley Dawson & Grimmer

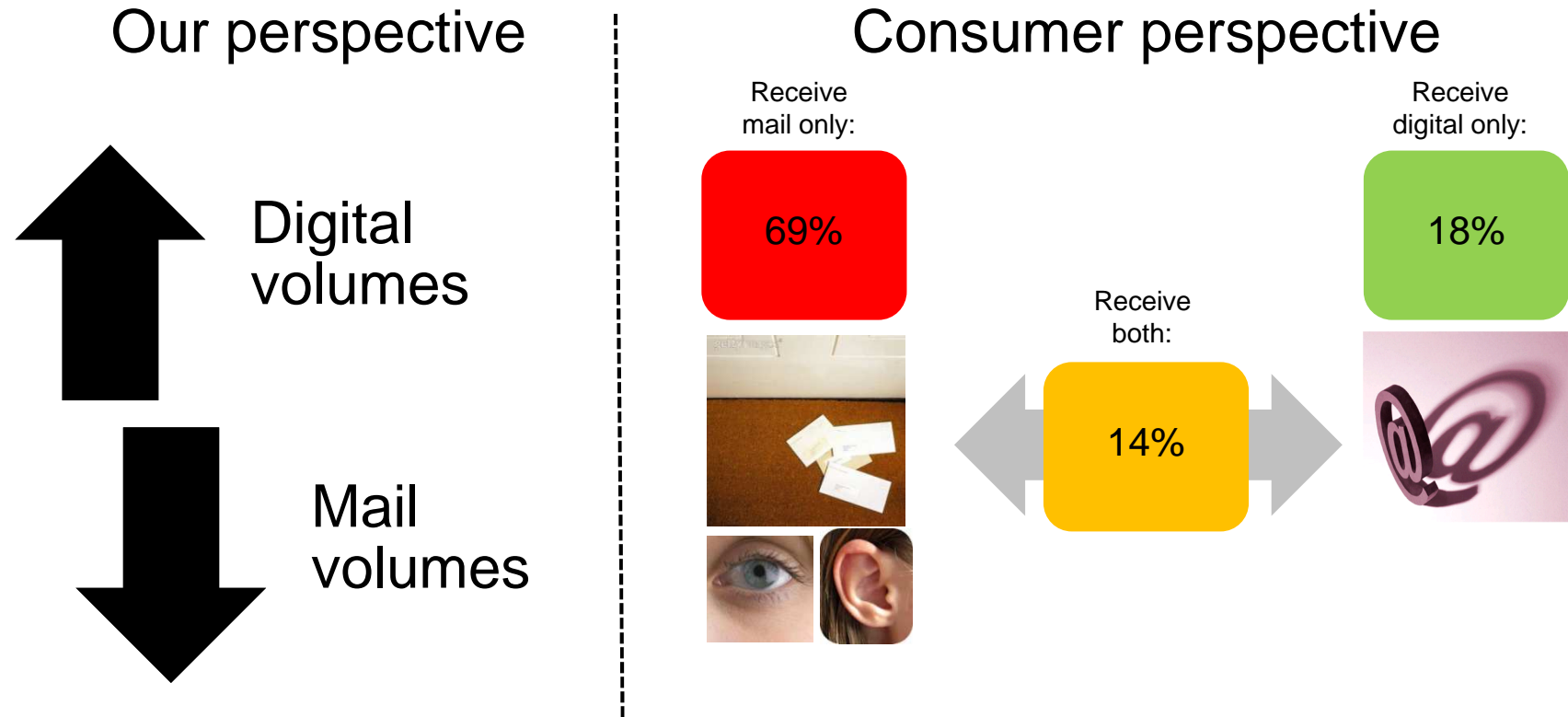
“The discipline that DM applies to measuring effectiveness is an inspiration to those of us who seek to answer these tough questions.”

Tom Silk, managing director of Velocity UK



# Transactional is an added opportunity

Despite many preconceptions, paper bills and statements are *still* being received by consumers four times as much as digital



# Royal Mail is investing in this market

- First Time User Scheme
  - Advertising Mail
  - Sustainable Mail
  - DM Sale
  - MMC
- 
- Future pricing levers and package
  - Watch this space...



# HMV bring mail and digital together

- Entertainment giant hmv are facing a challenge of increased online competition and a difficult economic climate.
- They trialed a loyalty and reward scheme, branded purehmv, offering rewards from the money-can't-buy type to conventional discount vouchers.
- HMV decided to launch the scheme nationwide. It relied on emails for all communications. But a third of these emails remained unopened after four months.
- So hmv created a direct mail pack in June 2010
- An impressive 37% response rate and an extra £32,000 in sales proving that mail can provide cut-through where email can't.
- To capitalise on this success, hmv has since sent a statement mailing to all members.

purehmv  
get even closer



# The future

- Until teleportation becomes practical, mail will be the ONLY way to send physical items to people in their homes
- Email is saturated, mail is no longer the default channel, but is now the value channel
- New Brands are testing Mail
- Royal Mail is continuing to champion the value of mail as a medium.
- Its RM Jim but not as we know it...

