

<b>CLIENT</b>	G2 Data Dynamics
<b>DATE</b>	30 <sup>th</sup> September 2008
<b>TITLE</b>	Marketing
<b>CIRCULATION</b>	42,372

## Direct mail

# Missing the target

Reaching the right audience is key to an effective direct-mail campaign, but, despite a fall in error rates and thus unopened mailings, some firms have yet to raise their game. *By Robert McLuhan*

It has taken years, but direct marketers seem to be getting the message about the need to target consumers accurately. The number of mailings that were disposed of unopened in the past 12 months was less than 15%, down from 21% in 2006-07, according to the latest consumer data from Nielsen Media Research.

Firms are also getting to grips with data hygiene: naming errors were down from 4% to 2.7% and address errors halved from 1% to 0.5%. As before, about two-thirds of these errors are accounted for by prospect mailings.

Mailings from financial-services brands again top the 'unopened' list, accounting for 36% of the total. This is a significant increase from last year, when the sector's figure was 19.5%, behind charities and mail-order companies. While the past 12 months have become tougher for finance brands, this shift also partly reflects the fact that the other two sectors have raised their game – mail order

has cut its unopened rate from 30% to 24%; that for charities fell from 34% to 22%.

Other sectors have also shown striking improvements. Online retail brands were at 38% last year but have fallen to less than 11%, gardening is down from 34% to 11%, and leisure brands from 28% to 15%.

Pressure on the industry to avoid unnecessary communication is unrelenting, and it has some way to go before it loses its 'junk mail' tag. If 15% of 3bn envelopes are being discarded unopened, that adds up to a lot of wasted print and postage costs.

Irrelevance remains a major problem, as the rising number of Mailing Preference Service registrations and Electoral Roll opt-outs attests. 'Consumer feedback is plain: "Send me something I'm interested in, or shut up,"' says Alan Thorpe, commercial and operations director at G2 Data Dynamics.

Obvious errors are a turn-off to consumers and can damage a brand. In a recent survey



### Unopened mail: the worst offenders

Sector	% of all unopened mail	% of all sector mail unopened	Prospect unopened (%)
1 Finance	36.24	16.83	34.68
2 Charities	23.23	22.14	57.02
3 Mail order	20.06	24.14	65.88
4 Household equipment	6.85	18.45	33.78
5 Entertainment and media	4.11	11.07	69.27
6 Travel and transport	2.70	10.54	70.89
7 Retail	1.58	2.66	56.31
8 Pharmaceutical	0.87	8.74	57.65
9 Drink	0.81	24.88	44.65
10 Household appliances	0.80	14.66	4.46
11 Utilities	0.59	8.30	68.10
12 Leisure equipment	0.31	15.40	80.33
13 Motors	0.29	5.53	42.11
14 Gardening and agriculture	0.29	11.11	66.07
15 Telecoms	0.25	1.45	81.63
16 Cosmetics and toiletries	0.21	15.83	14.63
17 Government departments	0.18	1.85	22.22
18 Online retail	0.17	10.69	73.53
19 Household stores	0.15	10.66	27.59
20 Clothing and accessories	0.10	7.69	75.0
21 Food	0.08	2.89	87.5
22 Supermarkets	0.07	0.18	7.69
23 Computers	0.05	1.44	50.0
24 Property	0.01	1.79	100.0

Source: Nielsen Media Research, July 2007-June 2008

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**'Many brands communicate with a 51-year-old in the same way as someone who is 80, even though each has a very different outlook'**

Fiona Hought  
Millennium



conducted by Mortascreen, three-quarters of respondents said they would not open a piece of direct mail that had an incorrect salutation and mistakes in the name and address field.

'Imagine getting a birthday card that arrives late with your name spelled wrong, and a message wishing you good luck in your new job. You would wonder if that person cares about you at all,' says Nick Tusler, data group director at insightmw, the data and planning arm of Tullo Marshall Warren.

So why is so much mail still badly targeted or wrongly addressed? Experts believe that some marketers still do not understand what degree of targeting is possible, or the levels of accuracy that can be achieved through clever data-cleaning. Incredibly, many companies still seem to think that keeping the mailing volume high is the best approach.

A perception also persists that it is too expensive to clean and segment data. 'Some people know that they have poor data, but decide to mail and be damned,' says Pamela

Bath, director at market planning and CRM consultancy Blueberry Wave.

Such firms are wrong to imagine they will end up better off. Campaigns that invest up front in the use of suppression files and analysis deliver significantly better returns. 'You need to pay attention to these things, as well as creative, or offer controls, or you can't learn from a campaign or make improvements for the next one,' points out Bath.

Suppression products are constantly being improved, and specialists test them against each other to identify the best. 'Gone-away' files have long been used to stop communications being sent to people who have moved house. Now marketers can benefit from 'reconnection' products such as Equifax's Reconnect, which provide their new address, and thus help to maintain the relationship with the consumer.

Suppression screening is especially vital when it comes to the deceased. Few things rile consumers more than firms continuing to send offers to late relatives. Mark Dobson, client services director at The Software Bureau, says: 'If cost is the reason for not screening for deceased records, then something is very wrong – it's insignificant compared with the damage done when mailing a dead person. For a mailing that costs 50p, paying anything up to 40p to flag a record makes perfect economic sense.'

Dobson is among those calling for stronger measures, such as asking the Direct Marketing Association to oblige its members to carry out deceased suppression, rather than issue guidelines. 'The consequences for our industry if we don't improve are more bad press and bother from anti-direct mail lobbyists and politicians,' he says. →



Mark Sykes / Alamy

### Direct mail sent to an incorrect name

Sector	% of all name errors	% of all sector mail
1 Finance	37.74	3.16
2 Mail order	20.68	4.49
3 Charities	18.28	3.14
4 Entertainment and media	4.77	2.32
5 Travel and transport	3.56	2.51
6 Retail	3.05	0.93
7 Telecoms	2.23	2.34
8 Pharmaceutical	2.09	3.80
9 Household equipment	1.86	0.91
10 Utilities	1.33	3.36
11 Drink	0.59	3.29
12 Leisure equipment	0.56	5.05
13 Online retail	0.48	5.35
14 Motors	0.42	1.45
15 Clothing and accessories	0.37	5.00
16 Food	0.37	2.35
17 Gardening and agriculture	0.34	2.38
18 Computers	0.28	1.44
19 Cosmetics and toiletries	0.25	3.47
20 Household appliances	0.20	0.65
21 Household stores	0.17	2.21
22 Supermarkets	0.17	0.08
23 Government	0.14	0.26
24 Property	0.06	1.79

Source: Nielsen Media Research, July 2007-June 2008

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Profiling is a key tool to improve relevance and ensure that a mailing is opened. Health brand LA Fitness boosted its acquisition results almost five-fold, to more than 3%, when G2 Data Dynamics used behavioural insights from customer data to select appropriate prospects.

It is a mistake to lump consumers together in one group, yet, some contend, neither is it sufficient to break them down by age group, such as the 18-25s or the over-50s. 'Many brands will communicate with a 51-year-old in the same way as a customer who is 80, even though each has a very different outlook,' says Fiona Hought, managing director of Millennium, which specialises in marketing to mature consumers.

A robust system is needed for selecting customer records that meet the criteria for a particular message. Otherwise, it is not possible for companies to tell whether they are talking to the right customers about the right things, or to people who have opted out.

The bottom line is that most mailers have extensive transactional data and need to use it to drive highly relevant and personalised communications. 'Some are starting to recognise the value of using their data for profiling, but others still put it in the "too hard" basket and continue on a one-size-fits-all mailing strategy,' says Amanda Phillips, chief executive of direct specialist Proximity London.

Getting the data right is only the beginning of creating a piece of mail that consumers will open. Another approach is to ask them what



Joules mails only once per household to ensure relevance

type of communication they prefer to receive. This gets the relationship off to a good start and helps deliver a better response.

'Some people find email and SMS very intrusive. Others worry about the environmental costs of conventional mail,' says Tusler. He suggests asking individuals what topics they are interested in hearing about, then letting them manage the relationship online.

Close attention must be paid to the creative. G2 Data Dynamics' Thorpe stresses the importance of matching envelope straplines, offers, prices and messages to individual niches. He believes the best practitioners are using online research panels to align these vital elements with target sectors. For instance, the agency's research has found that men and women react differently to envelope graphics. With digital print, such insights can easily be fed into the production run.

'Consumers take about three seconds to make a decision about opening an envelope. If it's not clear on the outside why it should be opened, it will be binned,' says Bath.

Mailings still come in all shapes and sizes, which suggests that Royal Mail's change in pricing policy two years ago had little impact. Some clients use the letter size to minimise postage costs, while others opt for a bigger format to create standout, specialists say.

For all the criticism, many companies are taking the principles of best practice to heart. One is outdoor clothing brand Joules, which combines a focus on data accuracy with a creative approach that demands attention.

Karen Rawlings, direct-to-consumer marketing manager at the brand, says it is important to avoid causing annoyance with irrelevant mailings. 'We segment all our data and run the usual suppressions to ensure we are contacting the right people. We make sure we mail only once per household, although many have more than one customer,' she says.

The brand maximises standout by looking for ways of being different, for instance by using handwriting fonts or enclosing a gift such as a packet of seeds. It may also include lifestyle tip cards, such as how to make a cushion or grow great carrots.

'The communications are not just about clothes, but about how Joules fits in with people's lives,' says Rawlings. 'Our customers seem to understand our message very easily, as we get a lot of positive feedback.'

There is no doubt that reputable brands hate the idea of being viewed as a public nuisance, and understand the value of cleansing and segmenting. However, jibes about junk mail in the popular media will disappear only when these practices are universally adopted as a matter of course. In the meantime, the industry can draw encouragement from data that shows the trend is moving in the right direction. ■

### Direct mail sent to an incorrect address

Sector	% of all address errors	% of all sector mail
1 Finance	27.50	0.42
2 Mail order	21.35	0.85
3 Charities	20.28	0.64
4 Travel and transport	7.83	1.02
5 Entertainment and media	6.45	0.58
6 Retail	3.99	0.22
7 Household equipment	3.07	0.27
8 Telecoms	2.00	0.38
9 Pharmaceutical	1.69	0.57
10 Motors	0.92	0.58
11 Gardening and agriculture	0.77	0.99
12 Online retail	0.77	1.57
13 Utilities	0.77	0.36
14 Drink	0.61	0.63
15 Property	0.61	3.57
16 Computers	0.46	0.43
17 Cosmetics and toiletries	0.46	1.16
18 Clothing and accessories	0.15	0.38
19 Food	0.15	0.18
20 Household appliances	0.15	0.09
21 Government	0.00	0.00
22 Household stores	0.00	0.00
23 Leisure equipment	0.00	0.00
24 Supermarkets	0.00	0.00

Source: Nielsen Media Research, July 2007-June 2008

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