

*Bentley University Department of Marketing
Directed Study Course*

I-Direct Marketing: Creating and Irresistible Campaign

Advertising Market Overview and The Role of Mail in Direct Marketing

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Today's Discussion

- Innovation team and USPS' role
- Market Overview
- Research and important trends
- Examples
- Integrated direct marketing strategy

- To grow your business, what do you need to understand?

Competition / Market

- What is *mail*?

Anything NOT in a box/bag! Letters, Flats, Catalogs, Periodicals



- Do you have a mailbox? Who can put items into your mailbox?

- Only the USPS!

- Private Express Statutes (1792, authorized by the Constitution!)

- Universal Service Obligation

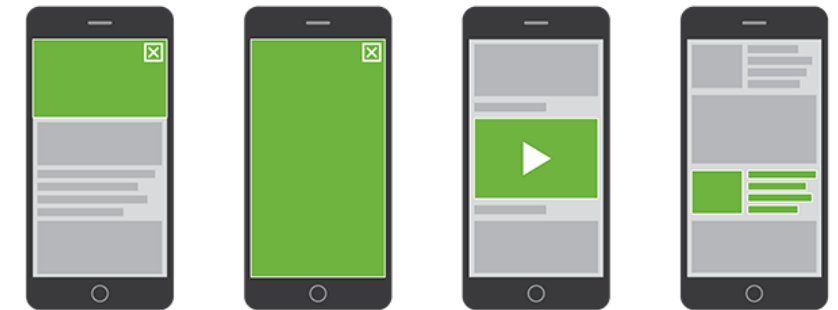
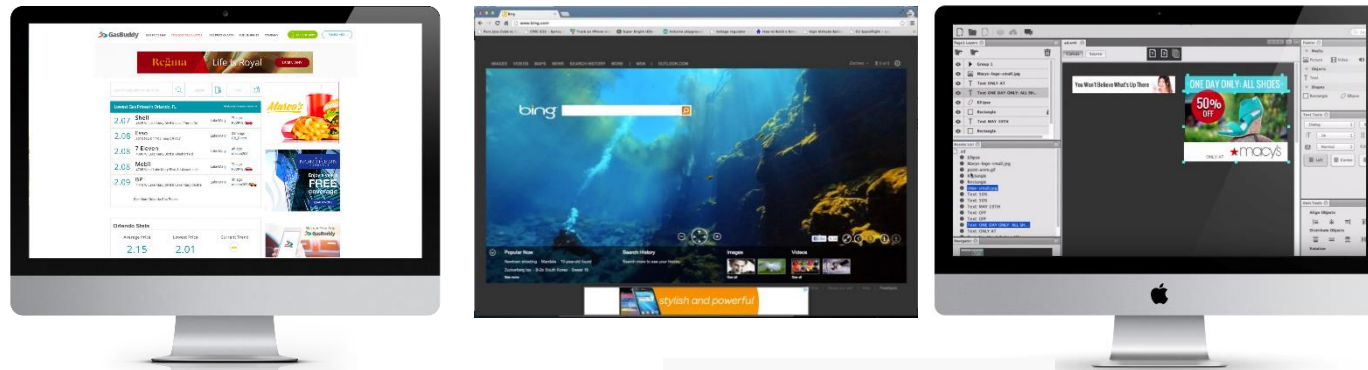
- Packages are competitive

- So, who/what is the competition for mail....?





Type of Ads Currently Supported

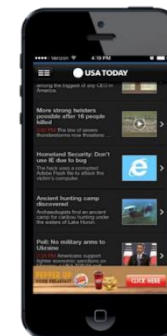


Banner Ads

Interstitials

Video

Native



Media Ad Spending Share, 2015-2020, by media

US Total Media Ad Spending, by Media, 2015-2020

billions

	2015	2016	2017	2018	2019	2020
Digital	\$59.82	\$72.09	\$82.86	\$93.18	\$103.39	\$113.18
—Mobile	\$31.69	\$45.95	\$57.44	\$68.93	\$77.89	\$86.64
TV*	\$68.88	\$71.29	\$72.72	\$74.53	\$76.02	\$77.93
Print	\$28.16	\$26.44	\$25.78	\$25.58	\$25.51	\$25.62
—Newspapers**	\$14.65	\$13.48	\$12.94	\$12.68	\$12.55	\$12.61
—Magazines**	\$13.51	\$12.97	\$12.84	\$12.90	\$12.95	\$13.01
Radio***	\$14.32	\$14.18	\$14.20	\$14.25	\$14.28	\$14.30
Out-of-home	\$7.33	\$7.52	\$7.67	\$7.78	\$7.86	\$7.94
Directories**	\$4.56	\$4.25	\$4.08	\$3.95	\$3.87	\$3.80
Total	\$183.06	\$195.76	\$207.30	\$219.27	\$230.93	\$242.77

Note: numbers may not add up to total due to rounding; *excludes digital; **print only, excludes digital; ***excludes off-air radio and digital
Source: eMarketer, Sep 2016

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www.eMarketer.com

US Total Media Ad Spending Share, by Media, 2015-2020

% of total

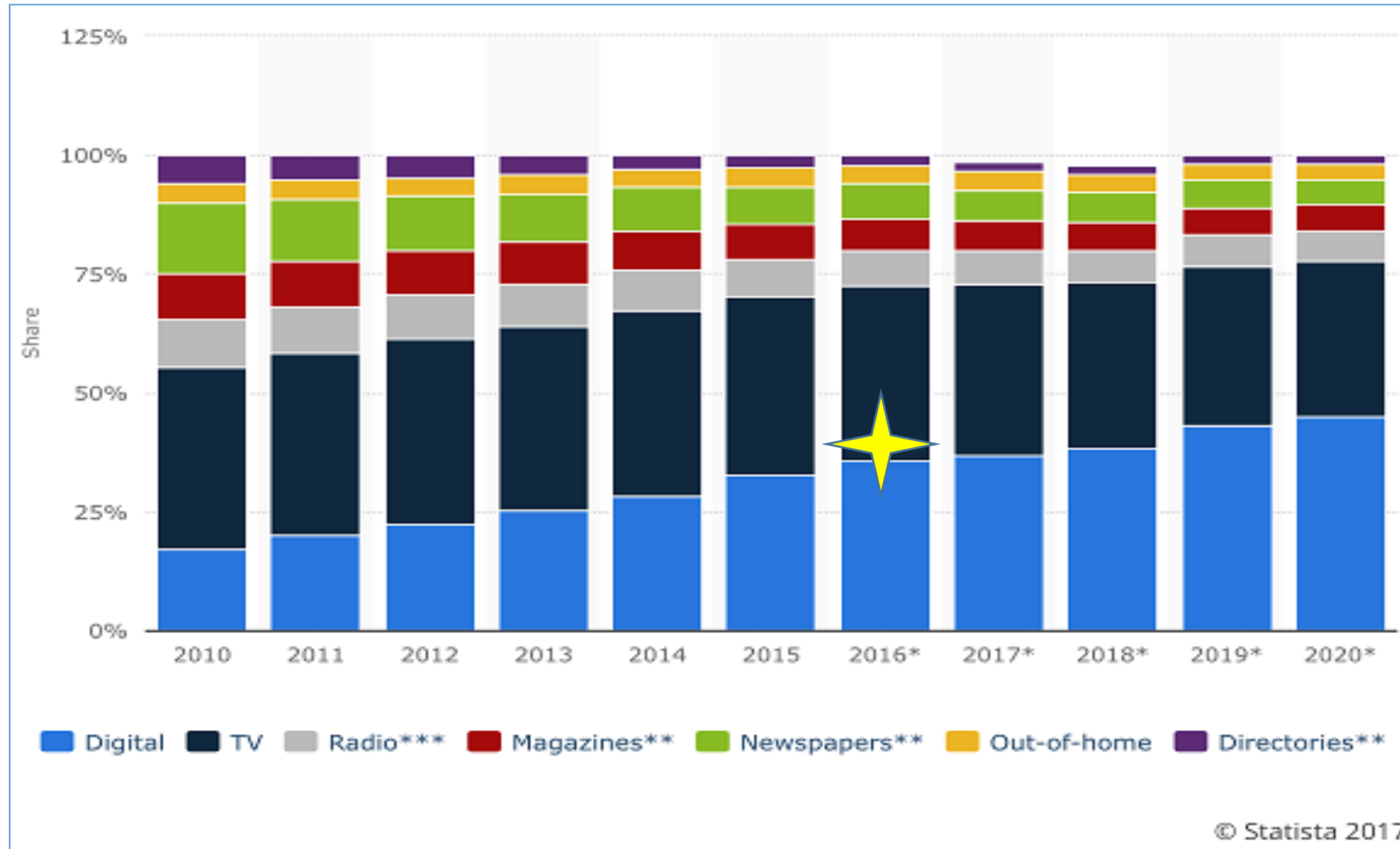
	2015	2016	2017	2018	2019	2020
Digital	32.7%	36.8%	40.0%	42.5%	44.8%	46.6%
—Mobile	17.3%	23.5%	27.7%	31.4%	33.7%	35.8%
TV*	37.6%	36.4%	35.1%	34.0%	32.9%	32.1%
Print	15.4%	13.5%	12.4%	11.7%	11.0%	10.6%
—Newspapers**	8.0%	6.9%	6.2%	5.8%	5.4%	5.2%
—Magazines**	7.4%	6.6%	6.2%	5.9%	5.6%	5.4%
Radio***	7.8%	7.2%	6.9%	6.5%	6.2%	5.9%
Out-of-home	4.0%	3.8%	3.7%	3.5%	3.4%	3.3%
Directories**	2.5%	2.2%	2.0%	1.8%	1.7%	1.6%

Note: numbers may not add up to 100% due to rounding; *excludes digital; **print only, excludes digital; ***excludes off-air radio and digital
Source: eMarketer, Sep 2016

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www.eMarketer.com

Distribution of Advertising Spending in the US, 2010-2020, by media



2015	
Digital	32.6%
TV	<u>37.7%</u>
Radio***	7.8%
Magazines**	7.4%
Newspapers**	8%
Out-of-home	4%
Directories**	2.5%

2017*	
Digital	37%
TV	<u>35.8%</u>
Radio***	7%
Magazines**	6.4%
Newspapers**	6.6%
Out-of-home	3.8%
Directories**	2%

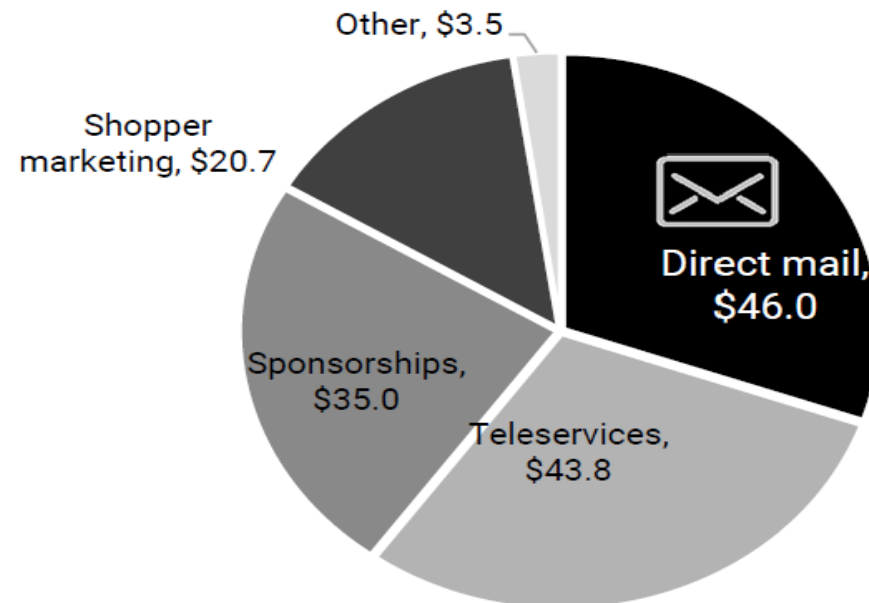
***What's
Missing?***

US Offline Marketing Spend

DMA

CHAPTER 1:
MARKETING OVERVIEW

2016 U.S. OFFLINE MARKETING SPEND: \$147.8 BB



Source: Winterberry Group, 2017.

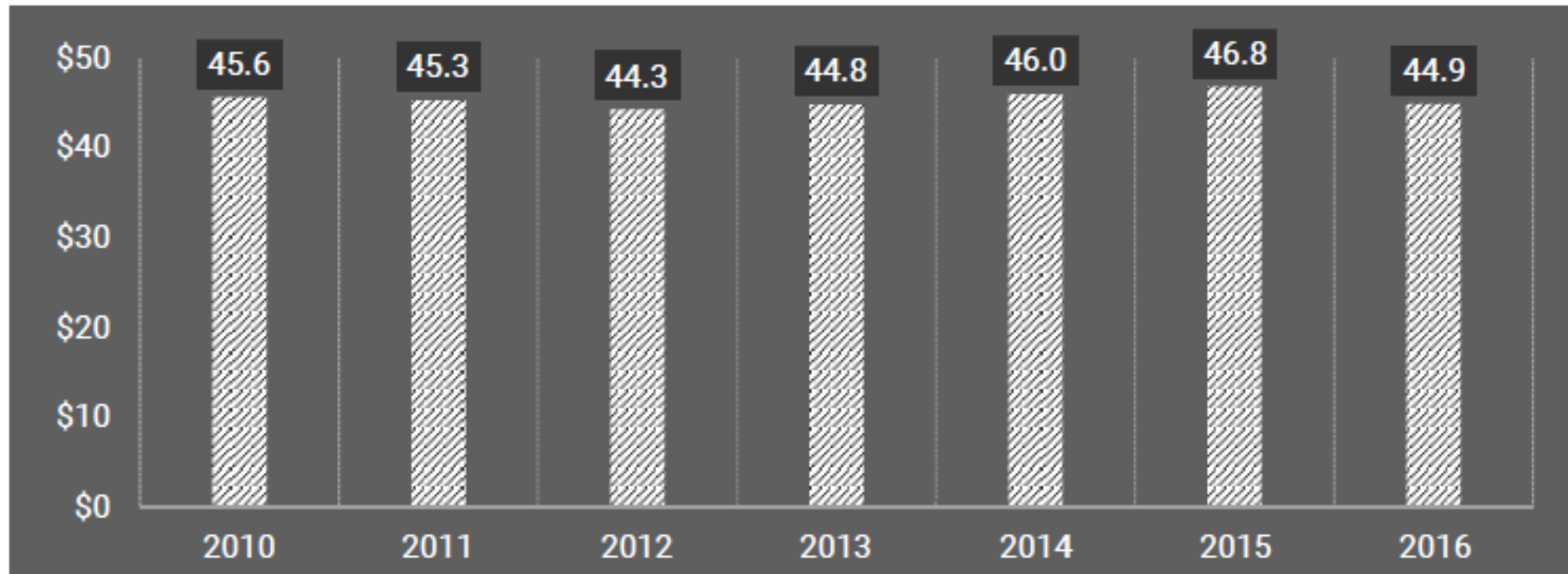
Direct Mail Marketing Spend Trend

DMA

CHAPTER 11:
DIRECT MAIL & CATALOG

U.S. DIRECT MAIL MARKETING SPEND

IN BILLIONS



Ad Exposure in the US

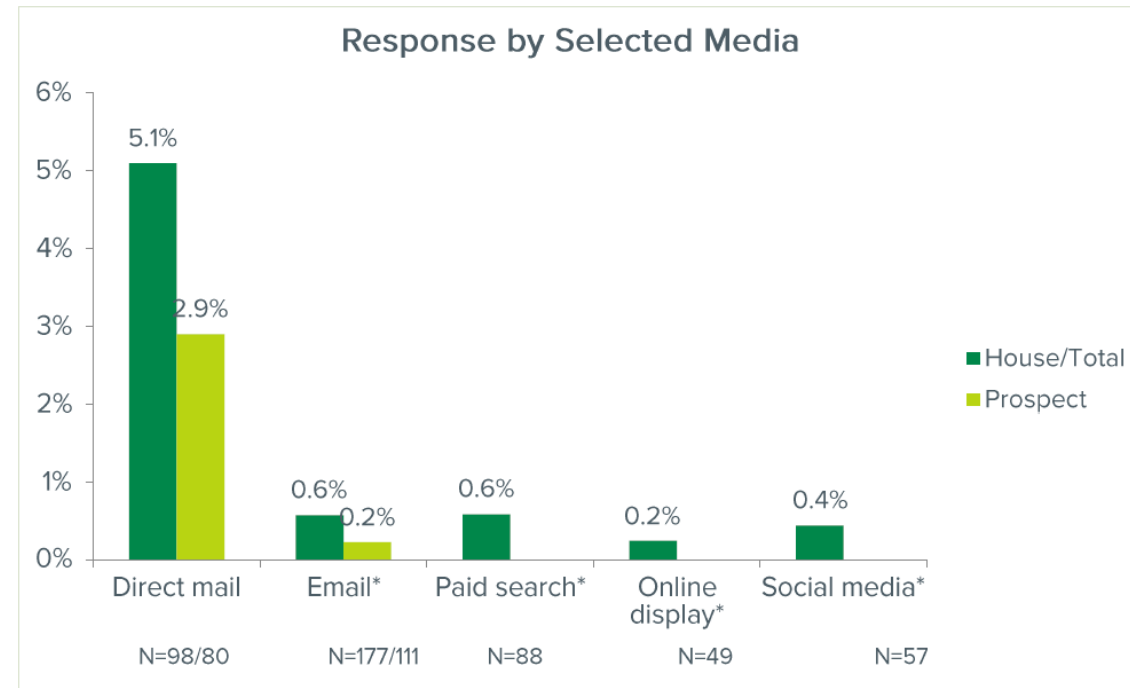
Americans are:

- Exposed to: >3000 ads each day!
- Will pay attention to: 50 ads per day
- And will positively remember..... **4** ads per day

Impact on Response Rates

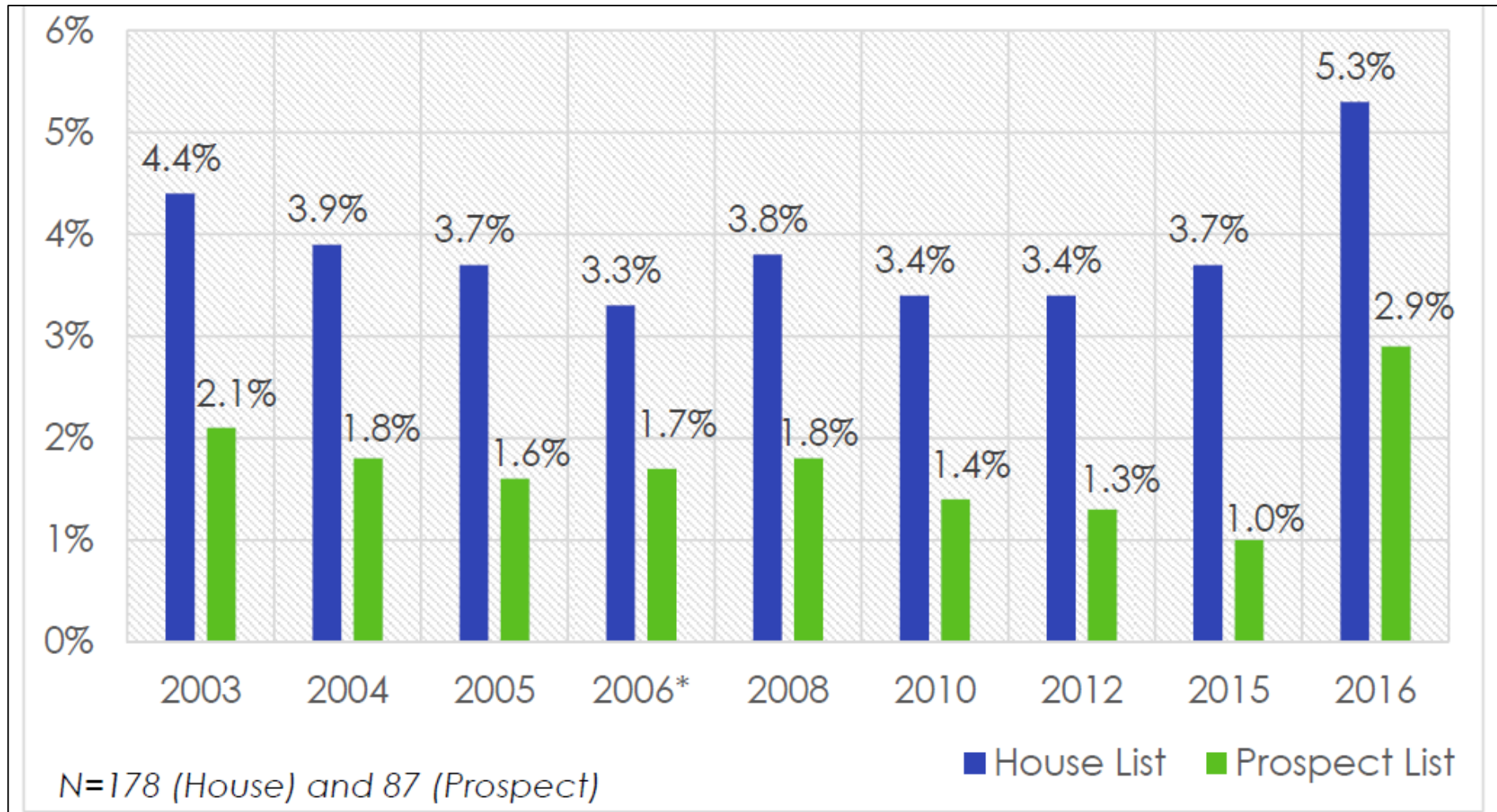
- Direct Mail Response Rate up 40% in last two years!
 - Digital fatigue
 - New innovations in print technology
- Direct Mail out performs all other media *combined* by over 200%!
- DM ***with*** other media, not instead

DMA



*CTR x Conversion rate

Direct Mail Response Rates, 2003-2016



*In 2006, DMA calculated a weighted average (shown above), as well as unweighted averages, which were 3.5% and 2.2%.

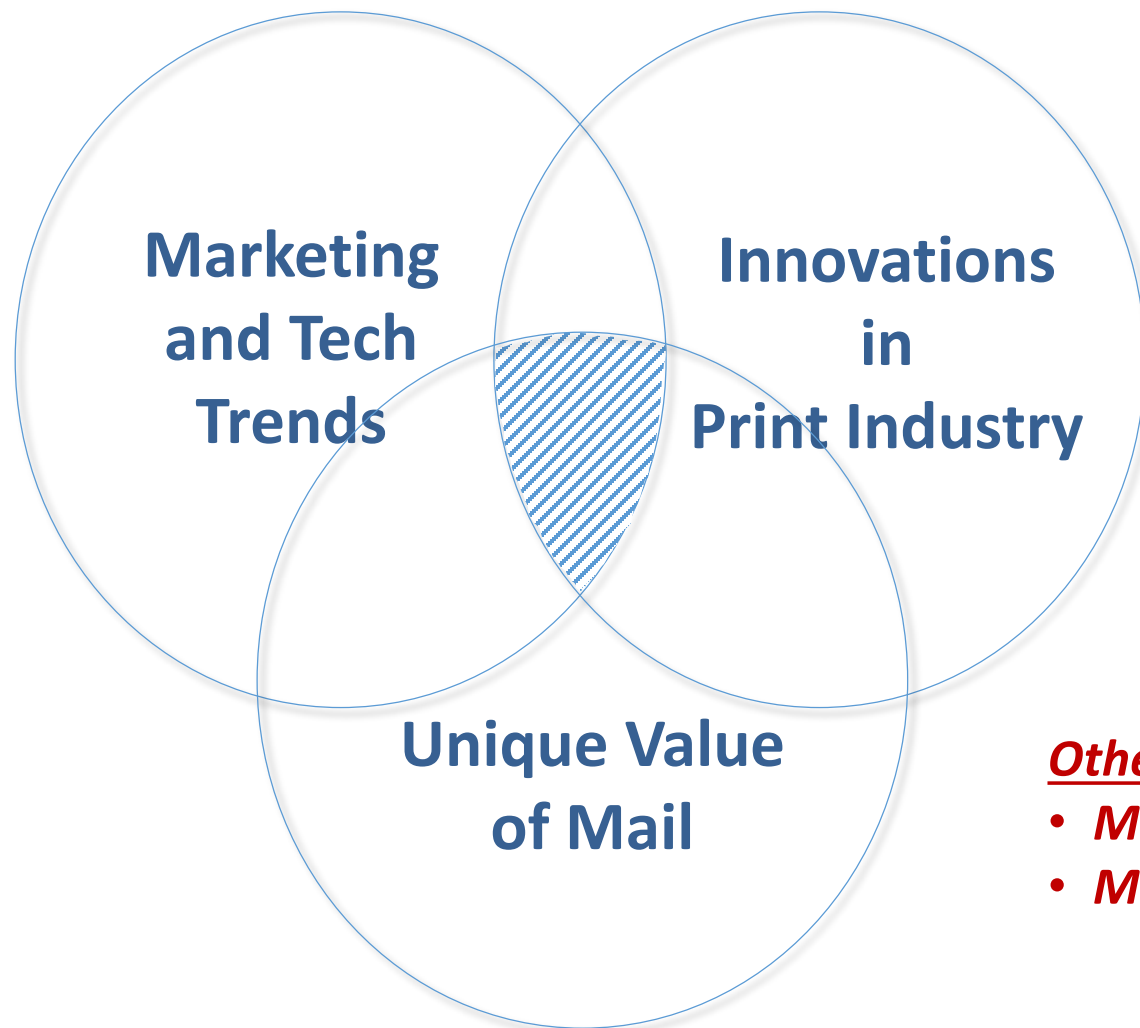
Key Observations

- Inconsistencies in data, categories, values
- Huge growth in digital spend and growth in last few years
- Direct marketing/mail – often *not* covered in market stats
- Direct Mail represents significant spend
- Direct mail response rates have increased to record highs during the growth of digital

... so how do we drive GROWTH?

- Extensive market research
- Encourage application of technology and capabilities that drive engagement, response rate and ROI
- Long term growth/retention strategy
- Developed Mailing Promotions – small financial incentive for mailers/marketers to leverage these techniques with mail
- “Irresistible Mail” – showcase of mail/tech

Mailing Promotions Consider....



Other Influences:

- ***Millennials***
- ***Mobile***

- Despite digital ethos, Millennials value the Mail!
- Respond favorably to relevant, well-designed interactive mailpieces
- Spend more time with their mail, even though they get less
- Take action on mail!
 - 40% of consumers make purchases because of mail received
 - 77% of Gen X and 63% of Gen Y - purchased because of Mail



..... **HUGE** opportunity!!
HUGE



Mobile Trends

- **2014:** 1.5B smartphone users worldwide¹
- **2015:** Mobile ad spend increased 84% to \$32.7B;² 25% of digital
- **2016:** Mobile ad spend exceeded \$100B; 2.1B users
- **2017:** smartphones = #literate adults, and 77% will make purchases via mobile
- **2018:** smartphone ad spend will triple
- **2020:** 2.8B users; Internet of Things (IoT) - 75B connected devices

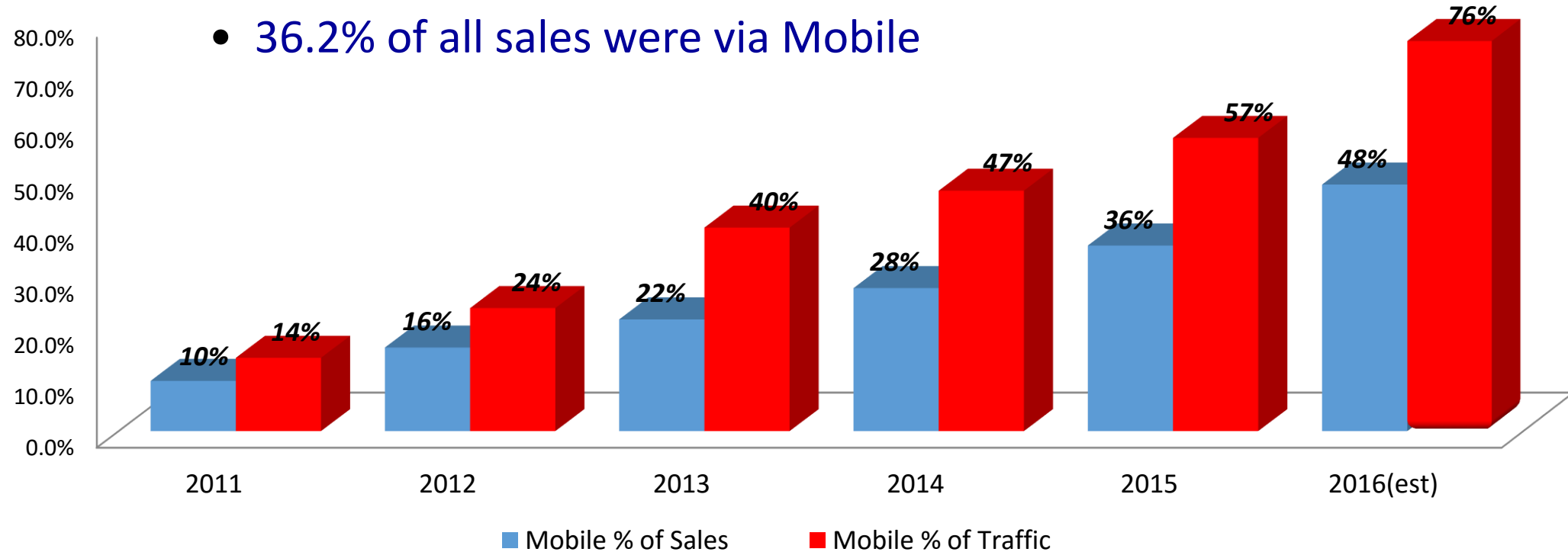


¹ Statista

² 2014, 2015 eMarketer estimates

Mobile Dominated During the Holidays

- In 2015, nearly 60% of online traffic was via Mobile¹
- 36.2% of all sales were via Mobile

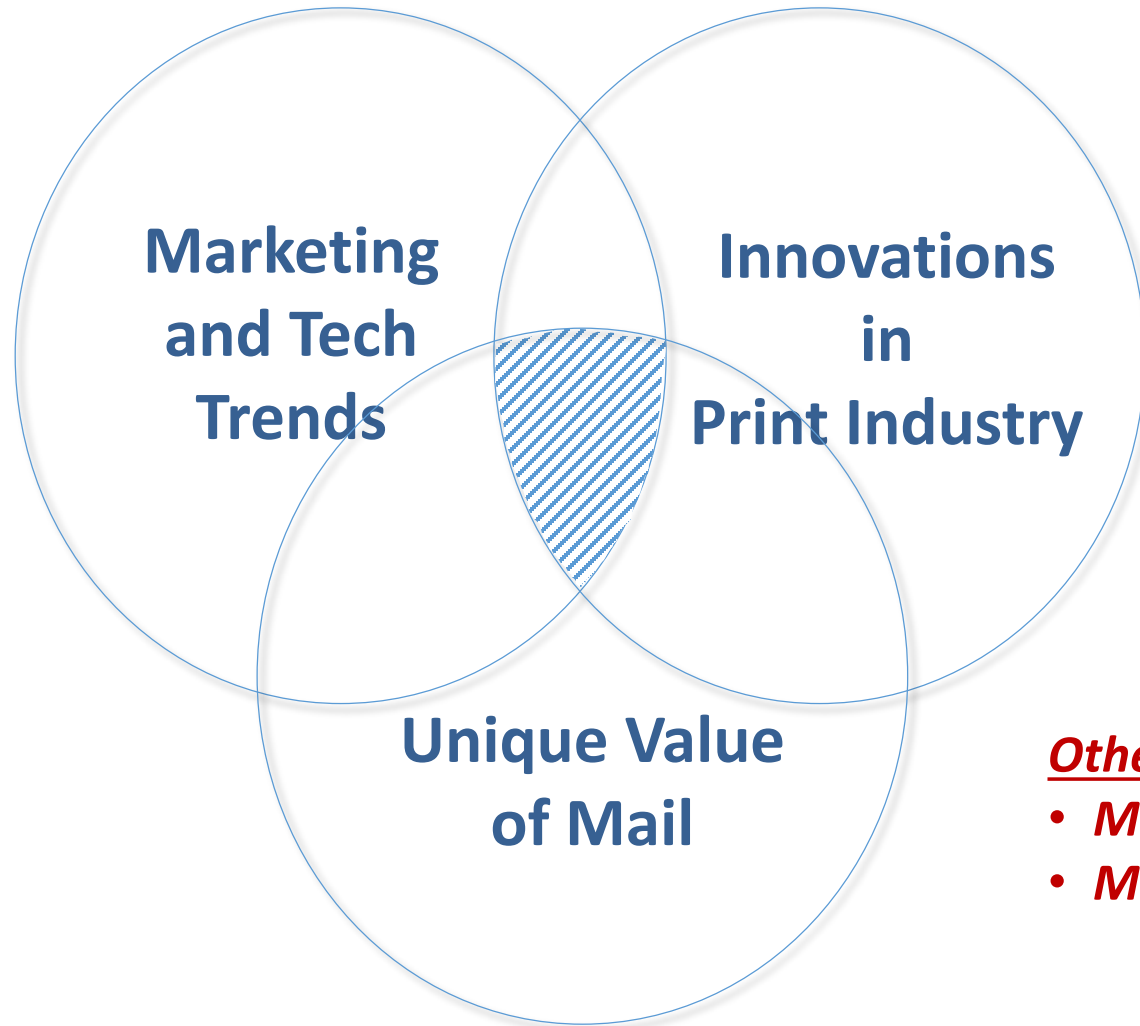


- 2016 Black Friday: the first \$1B mobile shopping day in US history²
- Mobile sales jumped 33% from last year

¹IBM Commerce: U.S. Retail Black Friday 2015

²Recode

Mailing Promotions Consider....



Other Influences:

- ***Millennials***
- ***Mobile***

WHEN PAPER AND PIXELS CONVERGE IT'S

IRRESISTIBLE™

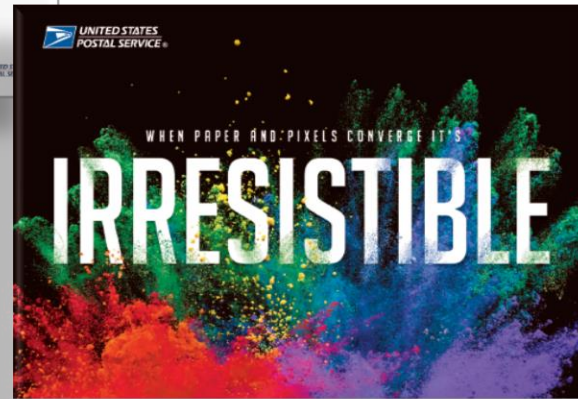
When Paper and Pixels Converge, it's...

2015:



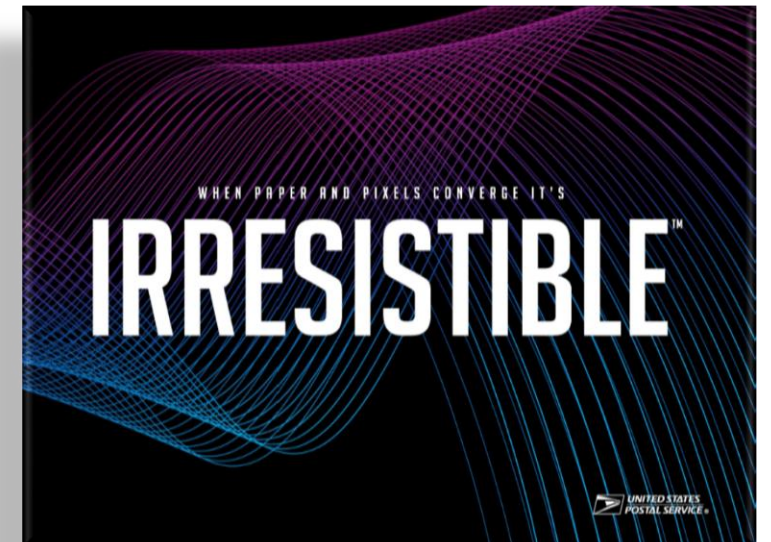
46% volume increase
11B pieces

2016:

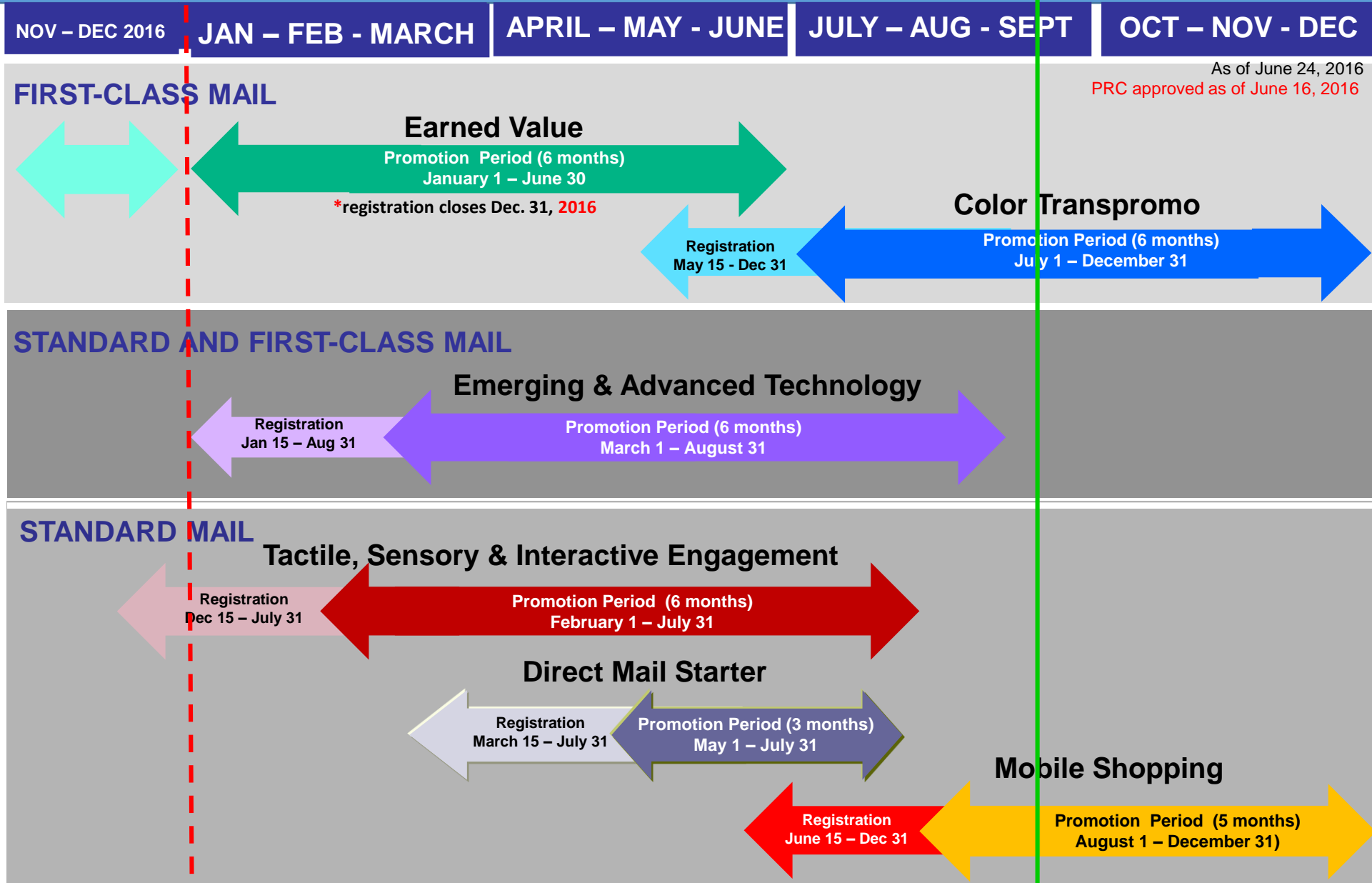


23% volume increase
14.9B pieces

2017:



2017 Mailing Promotions Calendar





Rise of “Visual Commerce”

- Origins in Mobile – visual media (images, video, AR/VR)
- US Adults now spending over 12/day consuming media¹
- Includes 3.25 hrs/day on mobile alone (with multitasking)
- Visual platform growth (Pinterest, Instagram, Facebook, Twitter)
- 72% of consumers always/regularly search for visual content prior to making a purchase²

¹eMarketer, June 2017

²PowerReviews survey, September 2016



Augmented Reality

- Tech giants rolling out new AR features¹
 - Snapchat “World Lenses”; Facebook AR camera features in beta; Apple announced AR Kit– developer tools in IOS11
- In 2017, 40M people in the US will engage with AR at least monthly – up over 30% from 2016²
- Estimated \$80B-125B market for AR/VR
- Pokemon Go, Snapchat Filters, Virtual “try on” (Sephora, Gap, Topshop)
- New uses cropping up – Apple/Ikea³, Wimbledon app⁴

¹eMarketer, April 2017

³CoDesign, June 2017

²eMarketer, May 2017

⁴MarketingWeek, June 2017

Augmented Reality

- Dramatic growth in application of AR in mail in last 2 years
- 2016 Promotions saw a 53% increase above SPLY
- 2017 – already over 4B pieces mailed with AR!



Featuring **Share Mail™**



See these experiences at www.IrresistibleMail.com



Virtual Reality

- “There are two kinds of people....”
- Record level investments in 2016: \$2.3B, >300% over SPLY¹
- All the tech giants actively pursuing development and rollout
 - Facebook’s “React VR” developer kit; YouTube’s “Heatmaps” tools
- Desired content areas: travel/exploration, gaming, shopping²
- Pave the way for Mixed Reality (combination of VR/AR)



¹Digi-Capital estimates, February 2017

²Goldman Sachs, Equity Research, January 2016

Virtual Reality

- Provides immersive storytelling
- Can help monetize through shopping/purchase features
- Many companies already incorporating via:
 - Print catalogs connect to virtual shopping experience
 - Mail pieces connect to:
 - Virtual experiences, bookings, training/learning
 - Gaming



Transition to Mixed Reality

- Think Xbox Kinect or Wii gaming systems
- Where AR meets VR



Imagine this kind of splash from a mailpiece!

Digital to Direct Mail



- Massive, continued growth in programmatic advertising
- As of 2016, digital display ad spending now exceeds TV¹
- Projected 78% increase to \$36.6B US market in 2017²
- Attention spans.... 
- Only 9% of digital ads get > 1 second's worth of attention³
- Display response rate decreased 3-fold⁴

¹eMarketer, Programmatic Advertising Estimates, April 2017

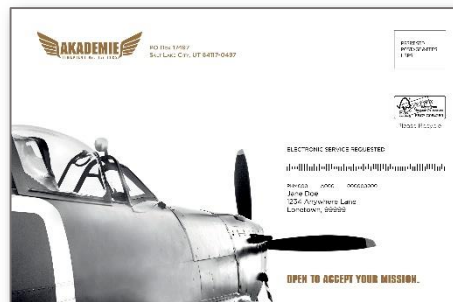
³MarketingWeek, Marketers Waste Money, July 2016

²eMarketer webinar, Key Digital Trends for 2017, December 2016

⁴DMA 2017 Response Rate Report, May 2017

Digital to Direct Mail

- Irresistible – inspirational Digital to Direct Mail
- Many possible implementations!
- Leverages the *best* of the physical and digital channels





NFC

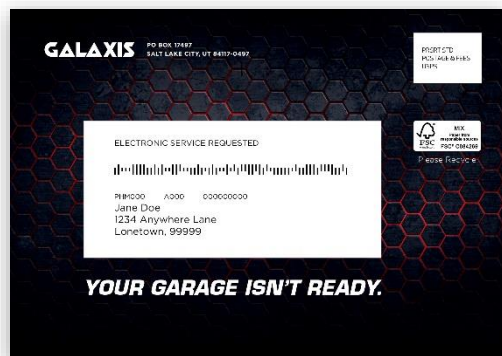
- Used primarily as Payment technology
 - Global contactless payments will reach \$1.3Trillion by 2019¹
- Big news following Apple's WWDC: Apple is opening NFC beyond ApplePay in iOS11
- Now over 100M iPhones – about 65% can support NFC
- No App Required!
- Creates great opportunities with Mail!



¹Mobile Payments Today – Juniper Research, May 2017

NFC

- Turn on NFC in settings
- Tap back of phone to tag (near battery)
- No App Required!



Video & Print

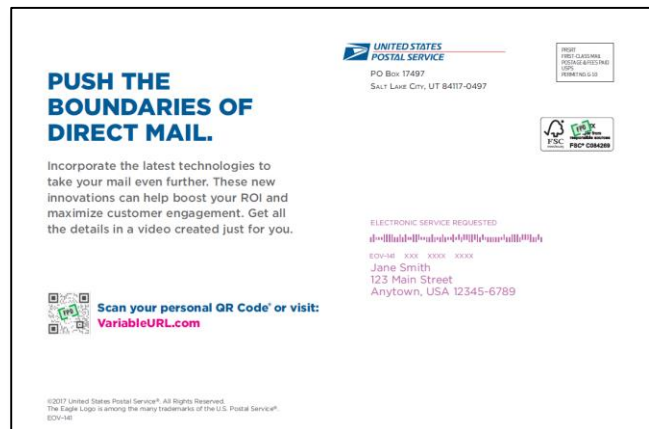
- Introduced in 2017, based on mobile video consumption trends
- Four recommended implementations:
 - Print Pieces with Integrated Video Screen
 - Video Enhanced Print
 - Live Streaming
 - Personalized, Interactive video



Personalized Interactive Video: 2017 Promotions



Mailed “invitation” with PURL & custom QR code



Player window for personalized video experience

See this in action at www.YourVideoDM.com

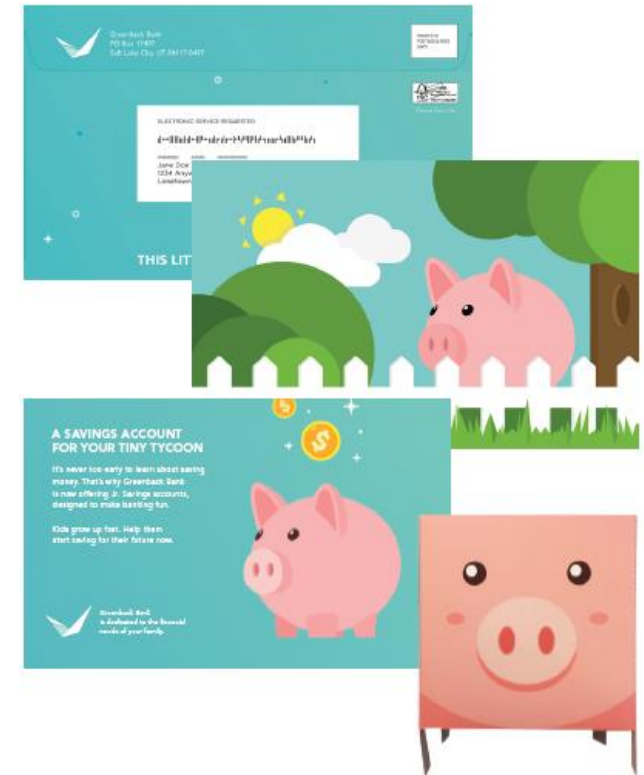
QR Codes / Mobile Barcodes

- Mobile Shopping Promotion

- 34% of mobile and 46% of tablet users have scanned QRs in-store¹
- Mobile barcodes; mobile optimized website; purchase
- **Incorporate Informed Delivery as a qualifying technology**

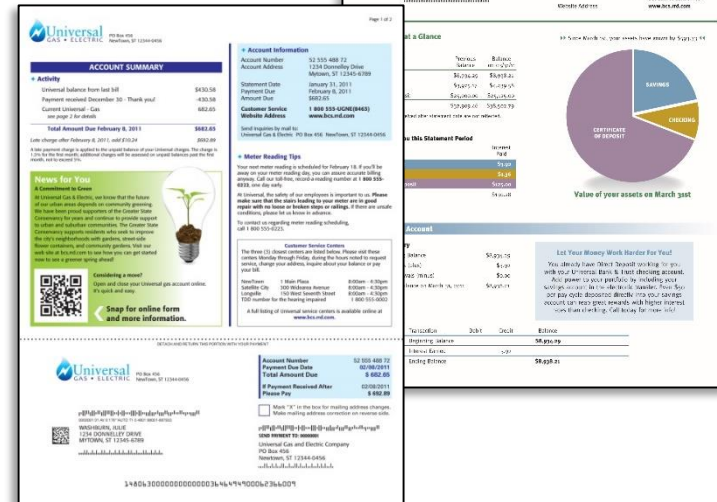
- Direct Mail Starter Promotion

- Any qualifying tech
- Multi-channel solutions



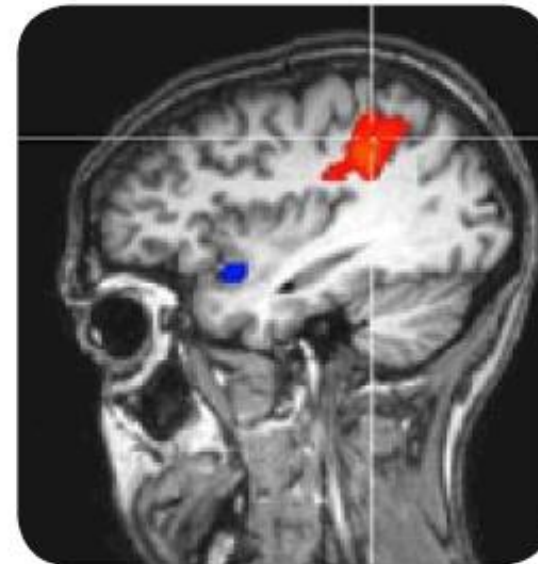
¹Exact Target, January 2016

- Dynamic Color Print
- Personalization
- Share Mail
- Tactile, Sensory, Interactive

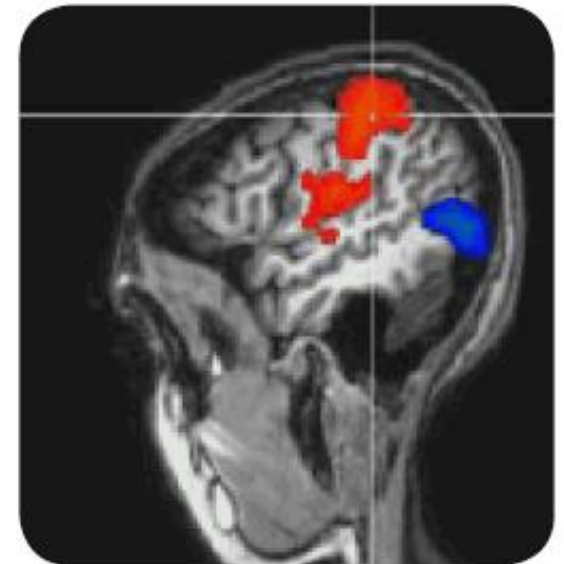


Tactile/Sensory/Interactive Mailpieces

- Three independent neuroscience research studies
- Show that physical materials activate the brain more deeply to yield:
 - ✓ Better recall over longer periods
 - ✓ Deeper emotional connection
 - ✓ Stronger brand associations



Right parietal



Left parietal

¹ Millward Brown: Case Study Understanding Direct Mail with Neuroscience

² USPS OIG Research "Enhancing the Value of Mail: The Human Response"

² Canada Post: "A Bias for Action: the neuroscience behind the response-driving power of direct mail"

Tactile/Sensory/Interactive Mailpieces

- Incorporate advances in print tech to leverage neural advantages
- Inks, papers, substrates, finishing techniques, unique folds, interactive features
- Dimensional pieces can yield 3-4x response rates





Be sure to visit our companion website: www.IrresistibleMail.com



IRRESISTIBLE MAIL™

INNOVATIONS

THE AWARD

GALLERY

GET A BOOK



WHEN PAPER AND PIXELS CONVERGE IT'S

IRRESISTIBLE



Recap:

- In a digital world, mail provides distinct advantages
- Marketing, Tech and Print Industry innovation creates opportunity
- Apply new tools to drive engagement
- Leverage mail's competitive advantages in digital world
- Drive engagement, response and results!

...and make YOUR mail.....

WHEN PAPER AND PIXELS CONVERGE IT'S

IRRESISTIBLE™

Thank You!

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www.IrresistibleMail.com
<https://postalpro.usps.com/promotions>