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## **The Future of Direct Mail: Three Powerful, Converging Industry Trends** By Don McKenzie

The direct mail industry experienced an interesting 12 months in 2007, including postal rate increases that had a substantial impact on direct mail campaigns. Facing what is now an annual rate-increase environment, service providers and direct marketers continue to establish new techniques and invest in new technologies to combat rising costs. Through this effort, three mutually reinforcing industry trends have emerged that warrant examination:

- The rapidly increasing adoption of trigger-based mailings;
- The availability of revolutionary digital printing technology; and
- The demand for more effective postal strategies to combat recent and future rate increases.

While each of these trends is significant on its own, taken together, these developments support each other and combine for powerful changes to come on the direct marketing front.

Searching for new mechanisms to increase ROI, many direct marketers have begun turning to trigger-based mailings as a tool for achieving desired results. **Bruce Biegel**, a leading direct marketing industry analyst and Senior Managing Director at **Winterberry Group**, said, “Tests have shown that highly personalized trigger mailing using fully variable color formats can produce upwards of 5 to 15 percent response rates, compared to the traditional direct mail channel, where 1 to 3 percent is considered a good return.”

With the value of trigger mailings becoming increasingly clear, direct marketing service providers have begun to invest more heavily in sophisticated printing systems, especially those with highly advanced, variable digital printing features, offering the capabilities and flexibility required by trigger mailings and other direct marketing options. Systems like the Océ JetStream 2200, for example – which will soon be installed at Direct Group – offer unprecedented versatility, helping marketers achieve highly variable messaging, quality color, mixed forms, commingled data streams and affordable short runs – all within the same workflow.

This trend toward highly advanced digital printing technology, according to a recent report from **Winterberry Group**, seemingly has no end in sight. The report states that digital print is expected to command as much as 30 percent of the overall print market by 2012.

Equally important to trigger-based programs and advanced printing technologies, marketers continue to seek effective postal strategies to combat continued rate increases. Enormously effective technologies are now available for optimizing postal strategies and instituting intelligent mail techniques. The most advanced among them offer comprehensive solutions for entry-point deliveries, commingling and other logistics strategies, including optimal packaging, targeted in-home delivery dates, load planning, reporting, co-palletization and standardized interfaces that determine the most efficient trucking and transport options. In addition, the USPS offers a number of paperless, electronic interface options that help reduce time-consuming paperwork and expedite mail handling.

As these trends continue to converge and reinforce each other, they shape the future of direct mail. Providers that offer streamlined, optimized mailing strategies – in addition to trigger mailing tools and the latest in digital printing techniques – are likely to emerge the winners in 2008 and beyond.

*Don McKenzie is President & CEO of Direct Group, a fully integrated direct marketing services provider, where he is leading directives to build one of the most comprehensive, client-centric direct marketing services platforms in the industry. He has more than 20 years of management experience in strategic planning, corporate re-engineering, operations, leadership development and mergers and acquisitions. McKenzie is widely known as an accomplished leader and visionary in the field of direct marketing, having served in top management roles for a number of direct marketing services companies and the industry's leading investment bank.*