



The Envelope, Please: Direct Mail's Not Dead Yet

Certain approaches -- such as mass-mailing campaigns -- are nearly on the "endangered list," but when done right, direct mail continues to generate the appropriate response.

by [Shelby Harwood](#)

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Spending on direct mail in the United States continued to grow in 2007, climbing 5 percent from 2006 to total \$58.4 billion in aggregate investment, according to a white paper recently released by Winterberry Group, a leading strategic consulting firm serving the marketing industry. Spending is expected to increase to \$61.3 billion this year and \$65 billion in 2009.

"Direct mail...is growing at a faster rate than any other interactive media," says Jonathan Margulies, primary author of the white paper and director of Winterberry Group. "It's all about getting the right message to the right person at the right time."

The projected direct-mail spending growth, according to the report, will be largely supported by the insurance, healthcare, and retail markets -- activity in each of those segments is expected to outpace the growth of the overall market:

Projected Direct Mail Compound Annual Growth Rates, By Vertical Market (2007-2011)

- Financial Services: Insurance.....6.9%
- Healthcare/Pharmaceuticals.....6.4%
- Retail: Traditional.....5.8%
- Technology.....4.9%
- Telecommunications.....4.7%
- Retail: Multichannel/Catalog.....4.6%
- Business to Business.....4.5%
- Automotive.....3.8%
- Not-for-Profit.....3.8%
- Hospitality.....3.2%
- Publishing.....2.9%
- Financial Services: Banking and Credit Card...2.8%

Source: Winterberry Group analysis of data from the Direct Marketing Association

For 2008, Margulies concludes that several macro direct-mail industry trends will affect mailers, the first of which is the increasing political and societal pressure to "go green." Margulies says this will force marketers and service providers to adopt environmentally friendly processes to remain competitive. Other trends that could continue to have immense impact on the direct-mail market include "do-not-mail" privacy protection and proposed legislation restricting data use -- which are on the table in several states. According to Margulies, "even a single successful do-not-mail initiative could have disastrous implications for the entire channel."

The vertical market-specific trends affecting direct mail in 2008 may be key. Marketers are already cautious in developing direct-mail spending plans for 2008 because of the "lukewarm" U.S. economy. The financial services industry has significantly decreased volumes in 2007 and is expected to continue this practice in 2008. While events such as the upcoming Summer Olympics in Beijing and the U.S. presidential election in November may boost the direct-mail channel, marketers are still approaching their 2008 direct-mail spending decisions with a wait-and-see attitude, according to the report.

Another trend involves marketing automation platforms. The platforms -- which comprise numerous technology functions including CRM, enterprise resource planning, data segmentation, digital asset management, and campaign execution -- continue to draw attention from midmarket players. Previously seen as out-of-reach for many mailers, the platforms continue to grow more accessible thanks to new technology and lower costs. The platforms also allow greater production efficiencies and enhanced campaign flexibility.

Finally, according to Margulies, marketer consolidation will increase the number of consumer touchpoints and drive the demand for commerce-driven multichannel integration. He also notes the significant attention paid to possible deals in the financial services and transportation sectors, a trend that favors direct mail and supports multichannel marketing.

Even in the face of rising costs and threats of impending legislation, Margulies says he still sees direct mail remaining a viable form of marketing over the next 10 years. He adds that, while certain approaches -- such as mass-mailing campaigns -- are nearly on the "endangered list," direct mail gets the appropriate response when it is used correctly as a marketing strategy.

"The direct-mail process is very well established," he says. "There is over a 250-year legacy of mail being used as a marketing channel in this country."