



## Direct Mail Drop

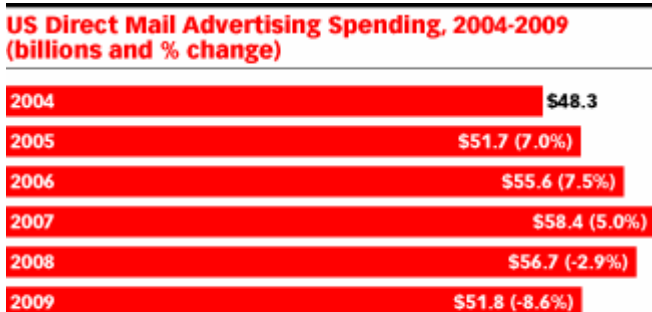
MARCH 9, 2009

### Lickety split.

Consumers may call it junk mail, but for over half a century marketers considered direct mail to be the “old reliable.”

Now, for the first time since direct mail began to be tracked in 1945, figures show that both direct mail spending and volume declined sharply in 2008.

According to “A Channel in Transformation: Vertical Market Trends in Direct Mail 2009,” from the Winterberry Group, US direct mail spending fell nearly 3% last year.



Source: Winterberry Group, “A Channel in Transformation: Vertical Market Trends in Direct Mail 2009,” provided to eMarketer and eMarketer calculations, February 27, 2009

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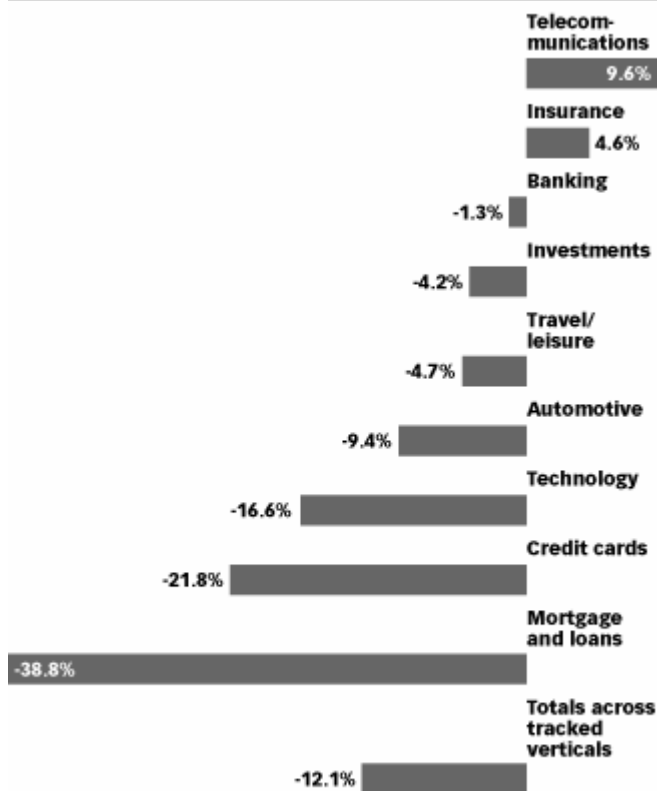
Spending dropped from \$58.4 billion in 2007 to \$56.7 billion in 2008.

Worse, Winterberry projects that direct mail spending will fall another 8% to 9% this year.

Mintel Comperemedia found that the volume of direct mail among the leading

vertical industries fell an average of 12.1% in 2008.

**US Direct Mail Volume Growth, by Industry, 2008 (% change)**



Source: Mintel Comperemedia as cited in Winterberry Group, "A Channel in Transformation: Vertical Market Trends in Direct Mail 2009," provided to eMarketer, February 27, 2009

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"Direct mail volumes declined dramatically—even more precipitously than the falloff in spending, in fact—as mailers sought to integrate more precise targeting methodologies, production efficiencies and other value focused initiatives in an attempt to cut costs and preserve the economic return of their mail programs," Winterberry analysts wrote in the report. "Direct mail has seen its influence as a high-volume, mass-oriented response driver all but vanish."

The crisis in the financial services industry—a sector that mails on a mammoth scale—helped fuel the decline. Other reasons for the drop were rising costs in postage, labor and production.

Consumers' ever-growing involvement in digital media was a factor, too.

In a Winterberry survey of service providers, 87% said they were seeing higher

demand for digital products such as e-mail and search.

Nevertheless, direct mail still accounts for over \$50 billion in US spending and, this dip aside, remains a viable industry. However, in the place of many old tried-and-true tactics, a wide variety of new mail applications are now beginning to emerge.

In the face of challenging conditions, mailers are shifting to lower-volume, more targeted and higher-value campaigns, and saturation mailings—call them “batch-blast,” “spray-and-pray” and “junk” mail—may soon be relics of the past.

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