

Direct Mail Takes a Tumble

Survey says spending fell 3 percent last year, but the decline will be worse in '09

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-By Elaine Wong, Brandweek

NEW YORK Spending on direct mail campaigns fell 3 percent in 2008, which the sharpest decline over the past 60 years, according to new research from Winterberry Group.

The marketing consultancy recently released a white paper detailing the fate of direct mail in a down economy. The report, "A Channel in Transformation: Vertical Market Trends in Direct Mail 2009," also predicted that spending on such campaigns would drop by another 8-9 percent this year.

The missive attributes this drop to the recession. When Wall Street took a hit, financial services firms severely cut back on direct mail activity. Marketers that use direct mail campaigns, meanwhile, are switching to lower cost digital alternatives.

Chief marketing officers, too, are keeping close watch on the bottom line and seeking greater return on investment. And so, marketers have turned to direct mail for "[precision] targeting" instead of the usual "saturation mailing," the research concluded.

Mail volume also declined. These factors are the building blocks for a new, emerging wave of direct mail media. Some of these trends include:

- **The end of untargeted, high-volume campaigns.** "While direct mail volumes traditionally bounce back after a period of economic stagnation, the magnitude and timing of the current recession are expected to affect the direct mail channel in a long-term, systematic way," per Winterberry Group. (Translation: Say goodbye to unwanted mass mailings.)
- **Technology is a key driver.** New developments in marketing automation technologies are shifting the focus from "mass" to "targeted" mailing programs.
- **U.S. Postal Service in jeopardy?** Marketers are looking beyond the USPS as their primary means of delivery as postal rate rise and less direct mail volume is required.

"The dramatic events of the last few years have come home to roost for direct mail. Postal shocks, environmental pressure, recession, media consumption shifts and enhanced targeting tools have brought about an end to the 'batch-blast' era of direct mail," Bruce Biegel, Winterberry Group's senior managing director, said in a statement. In the long run, Biegel added, the sharp drop in direct mail spending will prompt marketers to look for more efficient and integrated marketing media.