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**DIRECT MAIL SPENDING AND VOLUME IN STEEP DECLINE—
2008 SPENDING FALL OF 3 PERCENT IS FIRST IN OVER 60 YEARS OF
MEASUREMENT; EXPECTED TO DROP ANOTHER 8 TO 9 PERCENT IN 2009**

Recession, media consumption changes spur shift from “saturation mailing” to targeted, analytical approach, says new study from leading strategic consulting firm

NEW YORK, February 27, 2009—Squarely impacted by the “triple assault” of the recession, rising postage rates and growing marketer preference for low-cost digital communications, total U.S. direct mail spending declined sharply in 2008—falling 3.0 percent—and was accompanied by an even more significant cutback in mail volume, according to a white paper released today by Winterberry Group, a leading strategic consulting firm serving the marketing industry.

The white paper, entitled *A Channel in Transformation: Vertical Market Trends in Direct Mail 2009*, is the New York-based consulting firm’s fifth annual study of trends in direct mail media. Based upon feedback provided through hundreds of interviews with executives from throughout the industry (including both mailers and the service providers who support their campaigns), it explores macro trends, unique production sector issues as well as developments specific to one or more vertical markets.

According to Winterberry Group, a rapid drop-off in financial services mail activity (brought on by the crisis in the banking and mortgage sectors) fueled the overall decline in mail spending, the channel’s first in a recorded history that began in 1945. Further decay in mail activity is expected to continue through the course of the recession, at which point the direct mail channel will likely emerge as a medium used more for precise targeting than “saturation mailing” as it has been over the last decade.

The report concludes: “A wide variety of new mail applications will continue to emerge. Based largely on deep data and technology underpinnings—and structured to take advantage of direct mail’s unique ability to enable customer acquisition and integrate with other media—these applications have been incubating for several years. The events of the past 18 months have moved them to the forefront, and both marketers and service providers alike would be wise to follow.”

The white paper outlines six trends that took hold in 2008 and another three that are expected to continue defining the role of direct mail in 2009. Expected 2009 developments include:

- 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

Direct Mail Spending, Volume in Steep Decline; Channel in Transformation Given Effects of Recession, Postage Rates, Growing Digital Presence

long-term, systemic way—effectively ending the prevalence of untargeted, high-volume campaigns

- The accelerating shift from “mass” to “targeted” direct mail programs has been enabled by an increasingly powerful array of marketing automation technologies, many of which are making their way into the toolsets of marketers both large and small
- Independent the effects of the recession, rising postage rates, declining volumes, an increasingly complex array of postal regulations and other threats to delivery efficiency may compromise the viability of the Postal Service as the principal mail delivery channel.

“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,” said Bruce Biegel, Winterberry Group’s senior managing director. “In the face of exceptionally challenging conditions, it is apparent that mailers have shifted their focus to lower-volume, more targeted and higher-value campaigns, with traffic generation to the store, Web and call center being the primary objective. In turn, this shift is generating a realignment of the supplier community and the marketing operations process—opening the door for more and better integrated marketing over the next several years.”

Beginning Monday, March 2, *A Channel in Transformation: Vertical Market Trends in Direct Mail 2009* will be available for complimentary download via the Research page of Winterberry Group’s Web site, located at <http://www.winterberrygroup.com/research.html>.

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About Winterberry Group

Winterberry Group is a unique strategic consulting firm that helps advertising, marketing services and digital media companies build profits and propel shareholder value. Its services include comprehensive strategic consulting—through its flagship *Opportunity Mapping* process—plus business planning & assessment, market intelligence & sector research and transaction support services. The firm’s global stable of clients includes service providers, marketers and financial investors representing every segment of the marketing industry. Over the last six years, the firm has successfully provided advanced strategic counsel to over 150 of the these companies, including Acxiom Corporation, Alterian plc., American Capital Strategies, arvato Services / Bertelsmann AG, Canada Post Corporation, Capital One Financial Corp., The Carlyle Group, Direct Group, eCircle AG, Hewlett-Packard Co., IWCO Direct, MediMedia USA Inc., Modern Postcard, Onex Corporation, Rosetta Marketing, Transcontinental, Inc., Xerox and Yahoo!.

Winterberry Group’s impact is further enhanced through its affiliation with Petsky Prunier LLC, a leading investment bank providing merger-and-acquisition advisory services to companies in the direct marketing, marketing services & technology, advertising & promotion and information industries. Working in close collaboration, the two firms offer a unique dual perspective on corporate growth grounded in market knowledge, value assessment and strategic insight.

For more information on Winterberry Group, visit www.winterberrygroup.com.