

**Special
Edition**

Is Direct Mail for you in 2014?

(Warren Buffet says yes.)

In this issue of the "Marketing Mix," it's all about mail, mail, and more mail. The lead article both highlights some recent trends, as well as supplies some sound information to help you with your own direct mail efforts. The supplemental articles and information all focus on information that can really benefit you on a day-to-day basis. The reason for this "Special Edition" is two-fold.

Direct mail is a proven and critical tool used by many marketers and institutions, but to be used effectively, certain principles and practices must be followed. We highlight many of these practices in this edition.

Second, in the last year we've significantly expanded our own direct mail capabilities here at McClung Companies, both in terms of technology and personnel, and we want you to be able to take advantage of the opportunities this expansion presents.

I really hope you find this information helpful. I always try to put these newsletters together keeping in mind that if our roles were reversed, this is the kind of information I hope you'd supply for me.

Your Success is Important,



Larry Miles
President

Chances are good that if I hadn't added the line about Warren Buffet to my headline above I would immediately have lost nearly half of you.

It's true, though: Warren Buffet actually did bet on direct mail in 2014. The Oriental Trading Company, a direct mail "Cataloger," who ranked in the top 50 overall direct mailers in 2013, was recently purchased by Berkshire Hathaway, a sign of Buffet's confidence in a business that relies heavily on its direct mail business.

So what about direct mail? Well, one sign that it is remarkably effective across multiple industries is the makeup of the "Top 50 Mailers of 2013" list (composed by the market research group "Whose Mailing What" WMW). Several financial services firms (American Express, Chase, Capital One), insurance companies (Geico, New York Life, Allstate), telecom firms (Verizon, Sprint/Nextel, Comcast), nonprofits (March of Dimes, Special Olympics, American Cancer Society), and catalogers (L.L. Bean, Lands' End, Oriental Trading Co.) all top the list. Additionally, the list is sprinkled with retailers like Macy's and Bloomingdales, as well as food companies like Omaha Steaks, and technology companies like Dell. According to the September 2013 cover story from *Target Marketing* magazine, "No matter how much integrated/multi channel marketing will be the constant theme going forward, expect direct mail to be featured as the 'tree' of a campaign from which all other branches extend." Why? Simply, because according to the DMA (Direct Marketing Association), direct mail is still, by far, the biggest money maker.

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So how can you make direct mail work for you? The remainder of this article will outline some of the “best” best practices that can help you achieve success with direct mail.

1. START WITH A PLAN

A strong direct mail program must take the overall marketing strategy in mind. It is tempting to launch a direct mail campaign without first documenting a marketing plan, but if you do so, your chances of hitting even the average response rates of 1-3% are very slim. Part of your plan should be integrating your direct mail with other vehicles in your marketing plan (your website, eblasts, etc.). You will see at least a 20% increase in pull if your direct mail effort is integrated with all other vehicles in your plan. Additionally, plan for success and set a frequency of at least 4x (vs. one-off). Many clients tell us, “We’ve tried direct mail and it didn’t work.” Most of the time, we find they tried it ONCE. The DMA tests show that your mail must be delivered at least 4x to pull the desired response rates.

2. IDENTIFY A TARGET LIST

The list is possibly the single most important element to an effective direct mail effort. Your response rates absolutely depend upon it. In fact, 40% of your direct mail success relates to your mailing list.

3. DEFINE THE OFFER

The offer is a critical element to a successful direct mail effort. Despite its importance though, many direct mail efforts do not get it right. In fact, many direct mail pieces don't really have an offer at all. A successful offer: Has a direct and RELEVANT connection to the target list you've chosen. Needs to be more SPECIFIC than just “Call us or visit our website for more information.” Must be SINGULAR. Do not try to promote more than one thing in a direct mail piece. Should be TIME-SENSITIVE to create a sense of urgency. Is EASY to understand and respond to and applies use easy response methods, such as toll-free numbers, email address, or easy-to-type URLs. Feels EXCLUSIVE. A person is much more likely to respond to a direct mail piece if they feel they are part of an exclusive group being offered the deal. Offers as GUARANTEE. Companies are afraid of guarantees, but buyers LOVE them. A guarantee helps your prospect feel less nervous about their purchase and builds trust that you really want to do right by them. And the risk is low...only about 1-2% of your buyers will exercise the guarantee. Is OBVIOUS. Don't hide your offer in the small text. Make it a prominent feature of your direct mail piece.

4. CHOOSE A FORMAT

Direct mail comes in a variety of formats—the postcard, the business letter, etc.

READ RATES (from the DMA Statistical Fact Book):

- Postcards 42.0%
- Catalog 36.0%
- Flyers 35.5%
- Larger Letter Envelopes 35.2%
- Letter Envelopes 34.0%

5. WRITING YOUR COPY

I could say all manner of things about how to develop proper advertising copy for direct mail, but legendary marketer David Ogilvy probably said it best. “I do not regard advertising as entertainment or an art form, but as a medium of information. When I write an advertisement, I don't want you to tell me that you find it ‘creative.’ I want you to find it so interesting that you buy the product. When Aeschines spoke, they said, ‘How well he speaks.’ When Demosthenes spoke, they said, ‘Let us march against Philip!’”

Opinions on the effectiveness of direct mail abound. More importantly, the facts do too, and the facts are that it is an effective way to generate commerce and customers. In fact, the *2013 DMA Statistical Fact Book* states that not only was more money spent on direct mail than any other advertising channel, direct mail also earned the highest ROI of any marketing channel. If you'd like to explore how direct mail can work for you in 2014, please don't hesitate to contact your McClung Companies Account Representative or feel free to contact me directly at 540-941-7700 or larrym@mcclungco.com.

Real Mail is the Real Deal

Comparing 2013 to 2012, 28.0% of companies say they plan to increase their spending on direct mail and 14.5% say they plan to increase their spending on insert media

(package inserts, FSIs, etc.).

Source: “Annual Media Usage Survey,” Target Marketing, March 2013





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Postage Tips that Pay You Back

Use Personalization to Save on Postal Costs

As marketers, we live in a world of never-ending postal rate increases. Fortunately, there are steps you can take to offset those costs. To make the value even sweeter, those steps can also make your marketing more effective.

Here are four bottom-line boosting ideas:

1. Clean up your database.

According to Experian, on average, businesses not using CASS address standardization find that up to 20% of their addresses are inaccurate or undeliverable. By using CASS certification, you can identify these addresses before mailing. The result is less returned mail and cost savings up to 20%.

2. Target your mailings.

Work with us to determine key customer groups. This might be your most active and inactive customers. It might be groups based on preference or need. This allows you to target your communications rather than mailing to your entire customer base each time.

3. Personalize kits or catalogs.

If you're sending out large, undifferentiated kits, newsletters, or catalogs, you can save money by personalizing the information only by what's relevant to each recipient. You see insurance companies, colleges and universities, and financial institutions doing this all the time.

4. Adjust design elements to reduce cost.

It's best to start with database cleansing or targeting to reduce postal costs. You can also reduce costs by making design adjustments, such as going from over-sized to standard-sized postcards or reducing the weight of your stock. Keep in mind, however, that while this might save money, it might negatively impact your effectiveness as well.

Nobody likes to pay more postage than they need to. Think of today's postal expenses as an opportunity to push you out of your marketing box and do things in more targeted — and effective — ways.

What Does Address Verification Really Do?

CASS certification can reduce postal delivery errors and reduce your postal costs considerably. How does it do this? It certifies that the addresses match the U. S. Postal Service's "master list" of addresses and ZIP+4.

Many addressing solutions also do the following:

- Append, update, or correct ZIP+4 codes
- Correct undeliverable addresses where possible
- Fix most spelling errors
- Format addresses to USPS standards
- Flag multiple matches and undeliverable addresses

This improves deliverability even further.

MC Marketing Mix

Marketing Calls for Today's Professionals

Since 1946 McClung Companies has coupled expertise and technology with commercial printing, so that our customers can streamline processes, support sales efforts, and implement marketing initiatives.

In This Issue You'll Learn:

- Is Direct Mail for you in 2014? Some of the "best" best practices that can help you achieve success with direct mail.
- Postage tips that can make your marketing more effective and boost your bottomline
- Facts about direct mail and its impressive ROI



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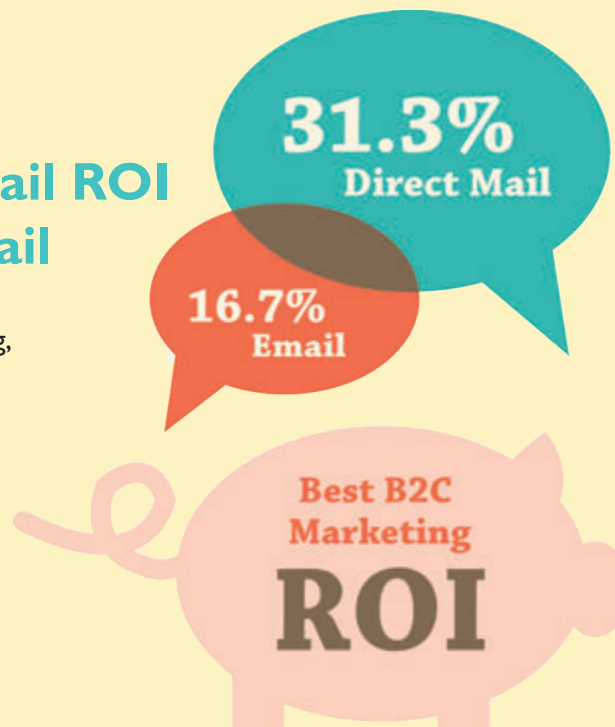
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Direct Mail ROI Tops Email

For B2C marketing, 31.3% of marketers say that direct mail has a better ROI than email (16.7%).



Source: "Annual Media Usage Survey," Target Marketing, March 2013

About This Issue

Paper Used
100# Sterling Gloss Text

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