



ADDING THE DIRECT MAIL EDGE: DIGITAL MARKETING

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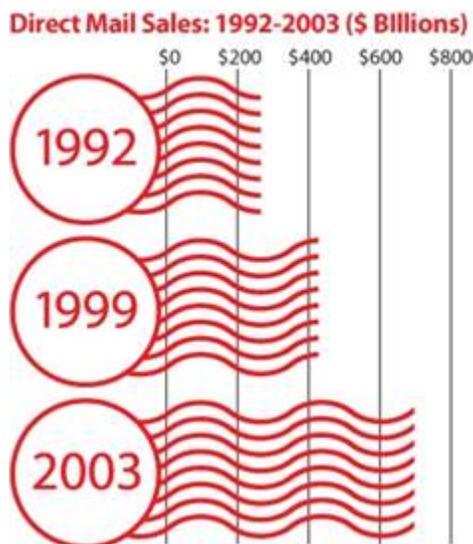
Want to get direct mail response rates as high as 60%? Think it's impossible? Not when you combine direct mail with the digital edge!

Is Direct Mail Profitable?

Consider the following:

- In 2003 direct mail advertising campaigns generated sales of \$689.3 billion, up \$54.9 billion from 2002
- Direct mail expenditures are expected to grow at the same rate as total advertising expenditures (6%) through 2008
- Direct mail response rates are targeted and measurable
- The effectiveness of direct mail is more difficult for competitors to track and monitor
- Direct mail allows for message and content testing, thereby increasing the odds of a profitable marketing campaign

Direct mail has enjoyed strong growth rates over the last decade, contradicting the backlash against "junk mail."



Source: Direct Marketing Association, 2006

The truth is people do open unsolicited mail and many respond with their wallets – especially if the piece piques their interest long enough to get to the offer.

Where's the Edge?

Direct mail campaigns are only profitable if the direct mail piece lands in the hands of the target audience, not the trashcan. Getting read requires getting noticed. Odd-shaped pieces, brightly colored envelopes, four-color printing, and specialty papers are good attention grabbers – but they are also extensively used.

Another way to entice the target audience is by including digital media in the direct mail piece. The sound, sight, motion and interactivity created by CDs or DVDs elicit an emotional response from the user, which in turn increases response rates and the overall effectiveness of the direct mail campaign.

The Benefits

Benefits gained from adding CD or DVDs to a direct mail piece are many. Depending on the content, digital formats can:

- Serve as an introduction to a company's products and services
- Drive traffic to a company's Web site with direct links
- Provide users with immediate, clickable contact information
- Feature customer testimonials
- Showcase products with live video demonstrations
- Serve as a sales tool with interactive PowerPoint presentations

Unlike other advertising methods, the response rate with CD or DVD mailers is immediate. After inserting the digital media, users can click on a company's Web site to order products, call the number featured to request more information, or fill out an online request form. The possibilities are numerous – and measurable. With a few tweaks to their Web sites, companies can measure each response generated directly from the CD or DVD direct mail campaign.

The Cost Factor

One downside to adding a digital component to direct mail is increased cost. In general, adding a CD or DVD can add 40 cents to the cost of each piece in mailing expenses alone. Then there are the other costs associated with producing the content as well as the cost of purchasing the digital materials.

In many cases, the benefits of adding a CD or DVD component far outweigh the costs. In 1999, Simba Information reported transaction revenue from CDs was growing at an annual rate of 66% per year. Research from the Digital Media Marketing Organization confirms that CD media formats can generate response rates as high as 60 percent – a rate far higher than the 1 to 3 percent rate usually expected from direct mail campaigns.

According to Keith Cave, owner of KSA Sales, Inc., "CD pricing has dropped dramatically and is now at an all time low." For companies that wish to use the DVD format in their direct mail pieces Cave notes, "DVD pricing, like CD pricing started out very high and cost prohibitive, but is now dropping as well." Both digital formats are available in the mini disc size for organizations that want to add an "attention getter" to their marketing campaigns.

Is Digital Direct Mailing Right for You?

Maybe... maybe not. Adding CDs or DVDs to direct mail works when your company has established a reputation of trust with the target audience. Individuals are unlikely to put anything in their computer from someone they don't know. Companies who use digital direct mail to attract or educate as a third or fourth point of contact are far more successful than those using it as a first point of contact. And, some target audiences will not respond to digital direct mail, regardless of the sender.

It's All In the Results

Including a CD or DVD in direct mail pieces is most advantageous for organizations with products or services that are easily showcased and for organizations with the collateral needed to make the CD or DVD interesting. When combined with the right message and packaging, direct mail campaigns with CD/DVD inserts can help rev up marketing sales efforts and send response rates soaring!

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