

FRANK TALK

How Does 1-to-1 Marketing Affect Consumer Response Rates?

What is the consumer’s reaction to the communications they receive from the endless number of companies and services vying for their attention and dollars everywhere they turn? More importantly, how can you ensure that your piece stands out?

In this age of new and emerging communication channels, the good news is that consumers still prefer to receive unsolicited products and service information by direct mail. The mailbox provides an inherent advantage, and marketers know it. Unfortunately, marketers are all operating from a level playing field.

For most, the obvious solution has been to turn up the volume, but how effective has this been? Just look at your own mailbox. A 2007 CPC Mail Study found that the average Canadian household gets approximately 28 pieces of direct mail per week, and the trend is upward. Assuming direct mail profiles are broadly similar between Canada and the U.S., data provided by Mintel Comperemedia concludes that since 2001, total annual piece volume has increased by at least 50% in no fewer than five major vertical markets— automotive, technology, mortgage and loans, banking, and insurance.

Fighting With Lethargy

Not surprisingly, consumers are fighting back—with lethargy. According to Vertis Communications (Baltimore, MD), 56% of consumers ignore all direct mail simply because they find it irrelevant, excessive, or needlessly time consuming. Consumers are frustrated by marketing messages because they are being bombarded.

From the direct marketer’s perspective, media fragmentation and message clutter has utterly depressed consumer response and marketing ROI. This problem is not going to go away any time soon.

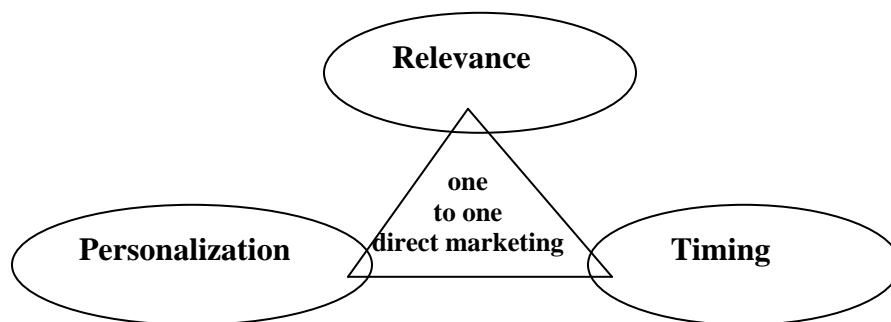
Now, the good news. Conventional wisdom overlooks the very significant impact of relevant messages combined with well-executed targeted marketing efforts—many examples of which I’ve shared in previous articles. In a 2007 Vertis Consumer Focus report, for example, 75% of consumers said that they open and read direct mail messages at least occasionally, while the lion’s share of that population (42%) noted that they read only those messages that address their unique needs.

Consumers are clearly inviting marketing messages that deliver tangible value through *relevance*.

Identifying the Next Steps

How can you, as a direct marketer, achieve the level of impact that’s necessary to make your piece stand out? It comes down to ensuring that you have incorporated three primary drivers:

- **Relevance.** *You must be delivering a meaningful offer to the target consumer’s needs.*
- **Personalization.** *You must be delivering the offer to the recipient so that the look and feel of the message is tailored to their expressed preferences and attitudes.*
- **Timing.** *You must get the piece into the consumer’s hands at the time they are the most interested in what you have to say.*



Successfully combining these three key elements is a challenge, but will ultimately result in success. Fortunately, the tools that facilitate more sophisticated targeting and personalization have made great strides in the past eight years.

Easier Than Ever

Analytics tools and customer relationship management databases (CRM) are gradually becoming accessible to direct marketers of all sizes and industries. The ability to identify applications and target multiple consumer segments for acquisition and retention has become easier and more efficient. If you don’t have the resources to do this in-house, there are a number of providers that can perform these services for you.

Digital and variable data imaging technologies allow for significantly more sophisticated personalization strategies. Response rates prove that direct marketing communications that have only one dimension of personalization (such as adding a name and address to an interior letter) are no longer captivating recipients like they once were. Consumers have come to expect a relatively high level of customization. Yet, this is where many marketers limit their 1-to-1 efforts.

So don’t short-change yourself. There are many exciting possibilities for personalized communication. Consider using variable text and colour graphics not only in your letters,

but on your envelopes, as well. For even greater impact, consider personalizing die-cut pieces or embedding text inside graphics to maximize engagement.

Finally, coordinate offers to align with purchase behaviour (purchase of a new car), lifecycle events (moving), and seasonal activities (Christmas) in consumer’s lives. Event-triggered efforts will eliminate much of the waste from “push marketing” tactics driven primarily by the need for internal efficiencies. Smaller production runs and batch fulfillment can help you optimize your timing and get your message in the hands of a receptive target consumer.

Which of the following makes a difference as to which direct mail you open?	2001	2005
Timing of the piece arriving and my need for the service	58%	69%
The package looks interesting	48%	63%
My name is on the front of the envelope	58%	59%
A special offer or discount	34%	51%
The package looks important	37%	49%
Dated material enclosed	24%	33%

Source: 2007 Vertis Consumer focus

The marketing community understands the benefits of targeted communications. Many marketers have already embraced it to varying degrees. The ongoing challenge continues to be identifying the ideal mix of campaign solutions needed to achieve optimized 1-to-1 relationships. As long as that remains an issue, I’ll be employed.