

The State of Direct Mail

2022



Provided by:



Dynamic direct mail has the best ROI of all the channels used by enterprise marketers.



2021 brought many changes to the way brands do business. Marketers are transforming legacy direct mail processes with automation and technology, ushering in a new era of direct mail that is personalized, trackable, measurable, and drives bottom-line impact in the form of acquisition, retention, CLTV, revenue, and ROI like never before.

For the second State of Direct Mail, we wanted to understand how enterprise marketers are using direct mail, the challenges they face, and how they are transforming the channel into a crucial part of their omnichannel marketing strategy.

Methodology

For the 2022 State of Direct Mail, we partnered with Comperemedia to interview 170 marketing executives from companies across the US with 1,000 or more employees within specific industries that send up to over 500M mailpieces per year. 74 % target both B2B and B2C. The majority of companies state that their mail volume ranges from 100K to 100 million mailpieces per year.

Roles included in this survey:

Executive Leaders

58%

Managers across digital, retention, and lifecycle marketing

18%

Marketing/print operational roles

14%

Others

10%

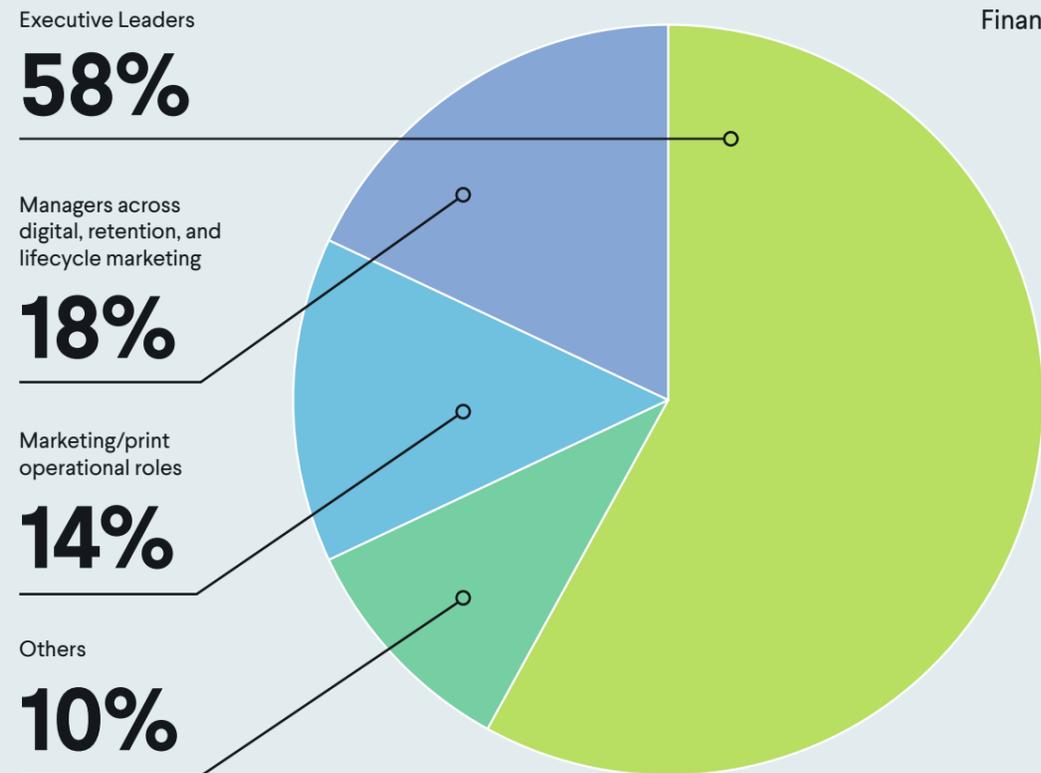
This study included businesses across the following industries:

Financial Services/Banking

eCommerce/Retail

Healthcare

Insurance



All data was aggregated and anonymized.

Direct mail is a core part of omnichannel marketing strategy

For enterprise marketers, direct mail is a piece of the marketing strategy puzzle: Companies are integrating direct mail into their existing omnichannel strategy with email, marketing automation, and data from their CRMs.



Only **5%** of enterprise marketers use direct mail as a stand-alone tactic.

Key Takeaways

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01

Every touchpoint counts in the customer journey and marketers are mailing smarter, not harder. By using data from their CRMs, marketing automation platforms, and other integrations, marketers can precisely segment and target members of their audience to receive the right message at the right time in conjunction with other touchpoints in the customer journey.

02

This coordinated effort results in fewer targeted mailpieces being sent (good for sustainability efforts) and better response and ROI metrics.

The Challenge

Direct mail is now an afterthought to our email campaigns, and I believe there are better ways to align.

The Evolution

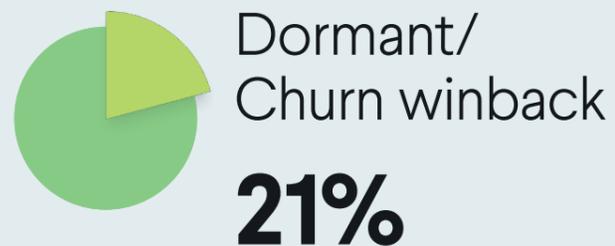
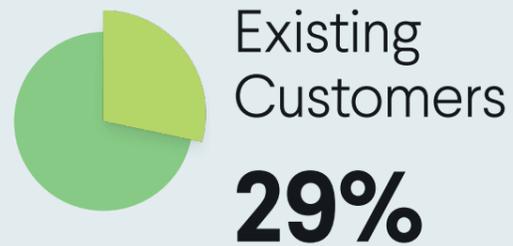
Direct mail campaigns can fit seamlessly with digital activities, particularly when using modern tools to integrate channels and automate the process.

The Goal

The most innovative direct mail will involve better targeting, more personalization, and amazing timing. Marketers will use behavioral data from other channels to deliver direct mail communication just-in-time. The integration between other channels and direct mail is vital.

Marketers rely on direct mail for both acquisition and retention

Enterprise marketers are using direct mail for a variety of use cases from generating demand, mitigating churn to winning back dormant customers. Here's how usage breaks out:



Key Takeaways

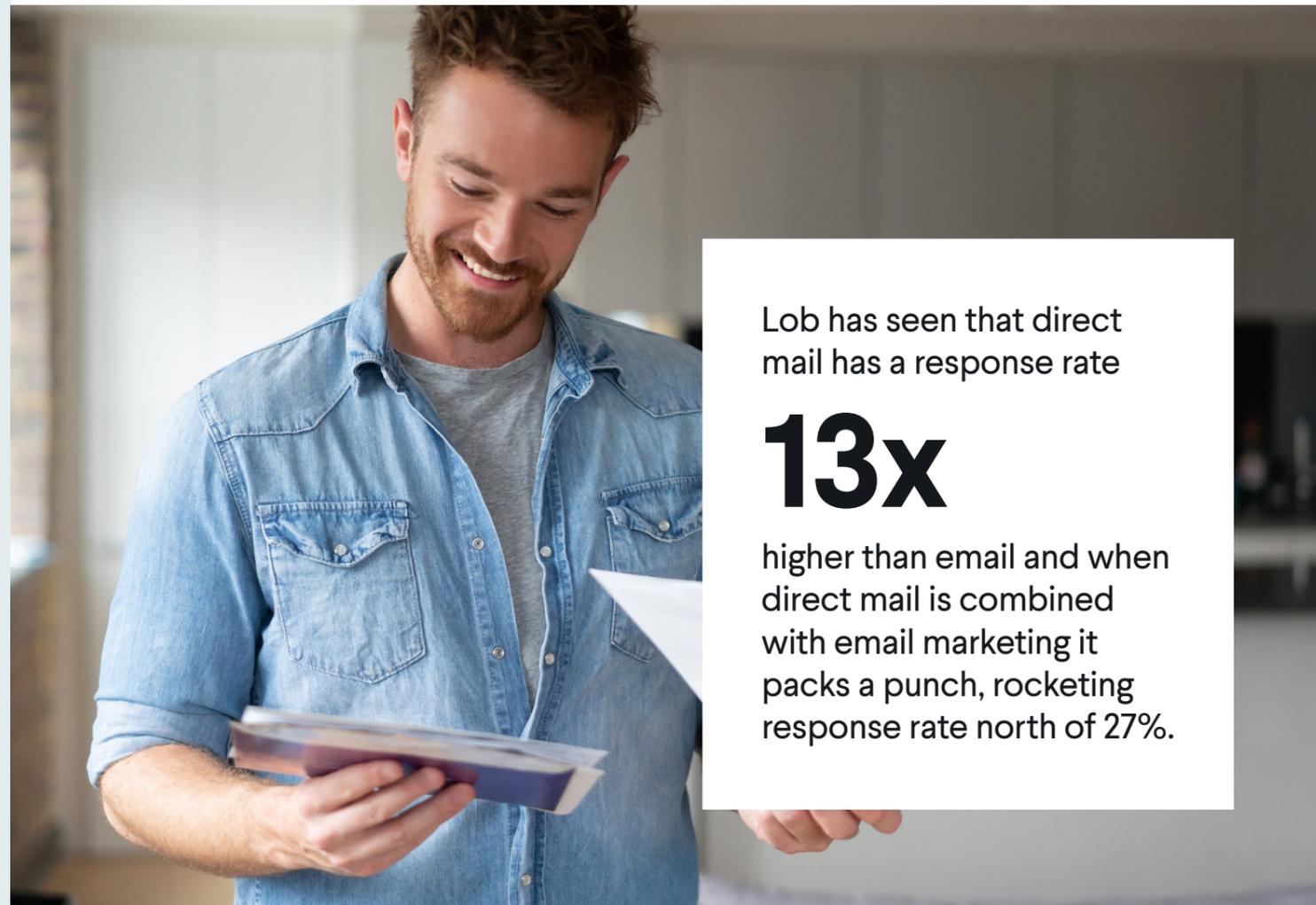
01

With CAC (customer acquisition costs) on the rise, marketers are using direct mail campaigns strategically as part of an omnichannel campaign to keep existing customers engaged with cross-sells, upsells, education, and other value add content that keeps the brand top of mind.

Once customers are happy, direct mail is used to encourage advocacy, positive reviews, and referrals.

02

Direct mail use for acquisition is very important to keep the customer base growing and offset attrition.



Lob has seen that direct mail has a response rate

13x

higher than email and when direct mail is combined with email marketing it packs a punch, rocketing response rate north of 27%.

Response rate, personalization, and workflow complexities are top challenges with executing direct mail campaigns

Direct mail processes present marketers with a myriad of challenges, including:



Half (51%)

use technology to execute campaigns, possibly transforming old legacy processes to enable personalization and analytics.

Key Takeaways

01

Marketers are looking for new ways to engage consumers to stand out from the digital noise. Direct mail provides the perfect complement to digital channels bringing offline and online experiences together to increase response rates.

03

Personalization and customization are must-haves though many organizations can't include any personalization beyond the customer's name and address. Marketers are looking for infinite personalization and customization options to meet and exceed consumers' expectations.

02

Direct mail campaigns often involve dozens of stakeholders, doing an array of tasks that are often manual, time-consuming, and not integrated with other systems, platforms, and technologies being used.

Based on Lob's experience, **when direct mail is automated, marketers can produce direct mail 150% faster. On average, project timelines are reduced by two-thirds, from six weeks to two weeks or even days.**



Half of marketers use software to execute direct mail campaigns



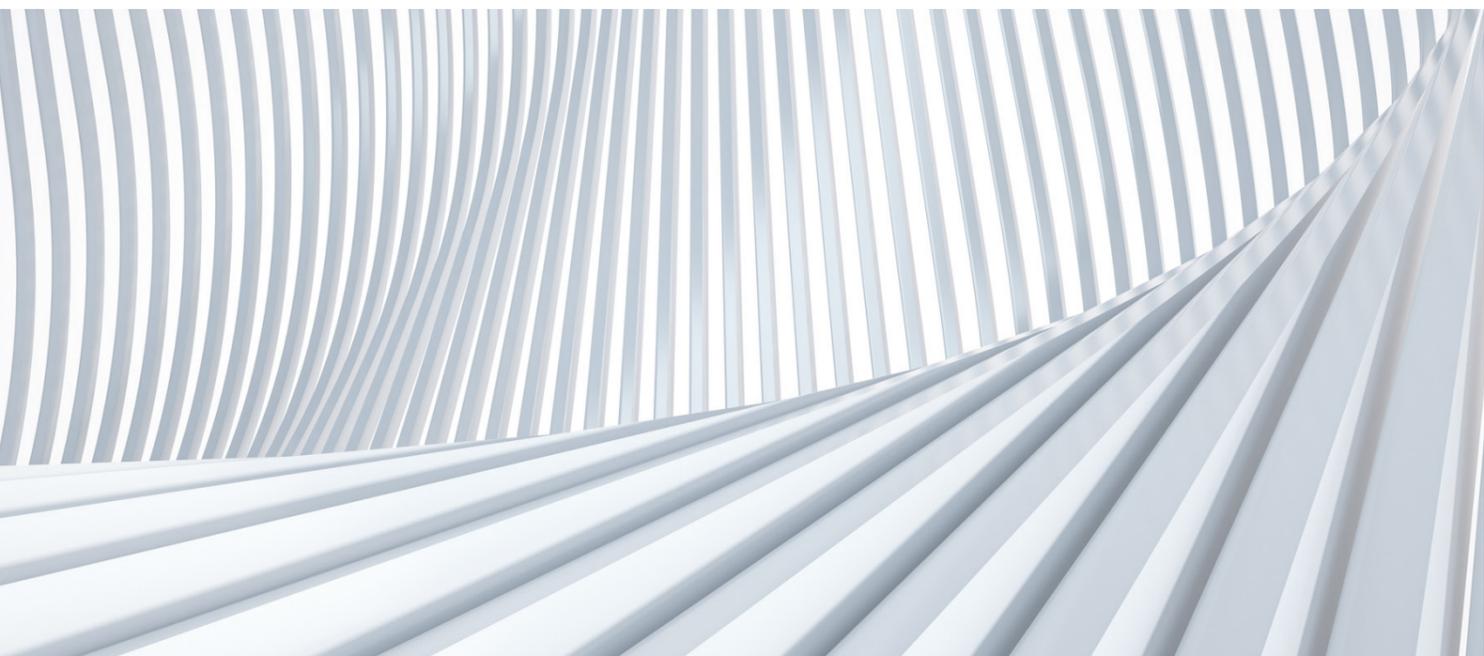
Use a software/tech platform to execute campaigns



Work with in-house teams who write/design campaigns



Or less use an agency for various parts of the strategy/design/execution of direct mail campaigns



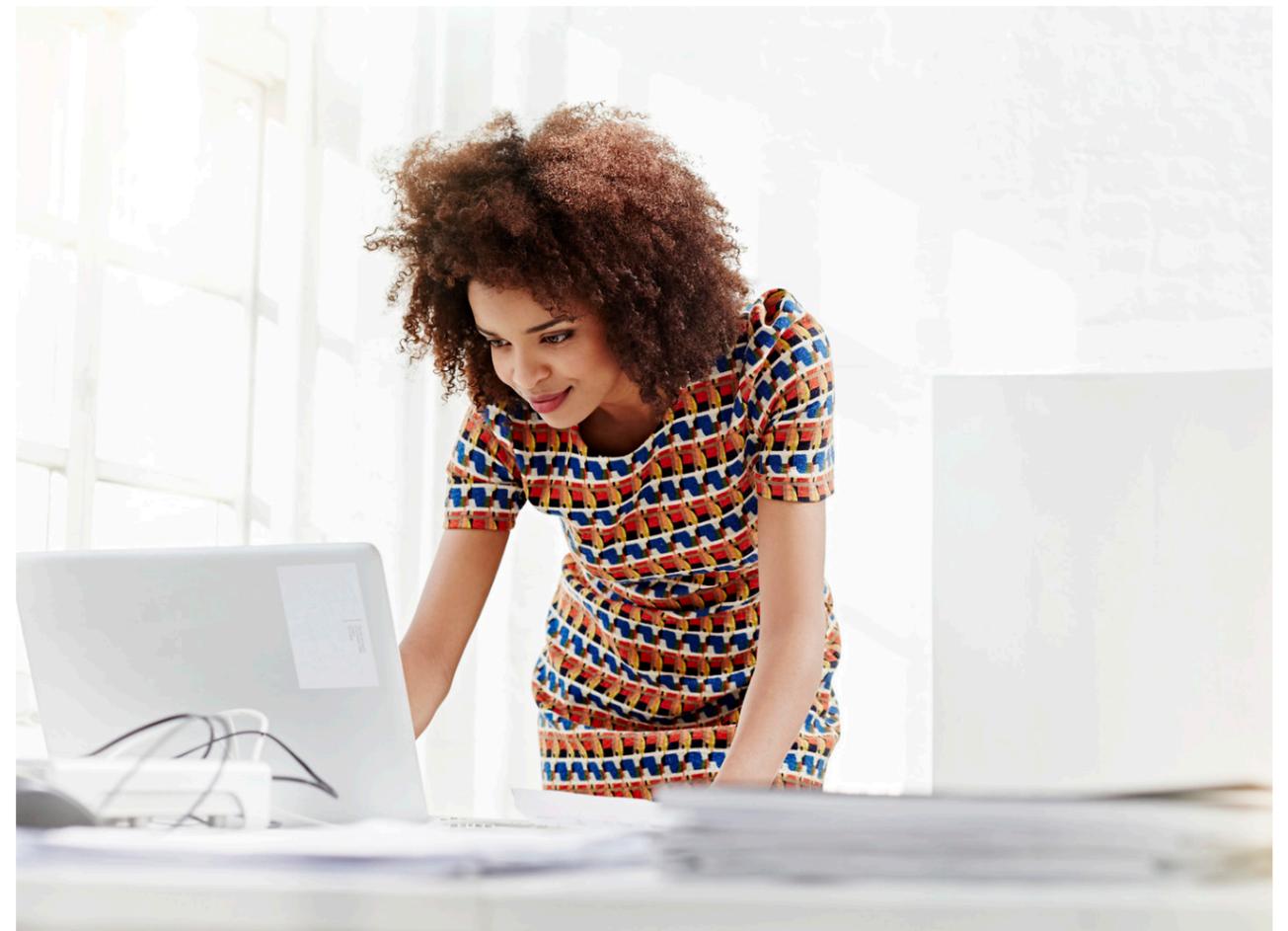
Key Takeaways

01

As direct mail is integrated into omnichannel marketing campaigns, marketers need the speed, flexibility, and measurability that technology brings to the table. Marketers have moved away from agencies to using in-house teams and technology platforms to create, send, and track modern direct mail campaigns.

02

Budgets for direct mail run the gamut, the majority reporting 5-50% with smaller companies spending larger portions of their budgets on direct mail than larger organizations. Traditionally, direct mail has been both time and labor-intensive. That's all changing with direct mail automation.



Personalization levels up

Marketers know that personalized direct mail provides a lot more ROI than traditional static mail.

8 in 10

enterprise companies across all industries surveyed send some sort of personalized direct mail

46%

of respondents in eCommerce report sending personalized imagery



Over

50%

personalize both type of direct mail sent (letters v. postcards, etc.) or the text/copy in the direct mailpieces

Key Takeaways

01

Just like email, every mailpiece should be completely customizable, with images, text, layout, and a variety of different form factors.

02

Direct mail needs to be triggerable so marketers can send a welcome postcard when a customer makes their first purchase, or send out a promo code when an existing customer hasn't ordered in 30 days, or a birthday card on their birthday – if you can trigger it in email, you should be able to trigger it in direct mail.



Measuring effectiveness matters, in all marketing channels

Campaign effectiveness is measured with a variety of metrics with revenue and ROI leading the pack.

86%

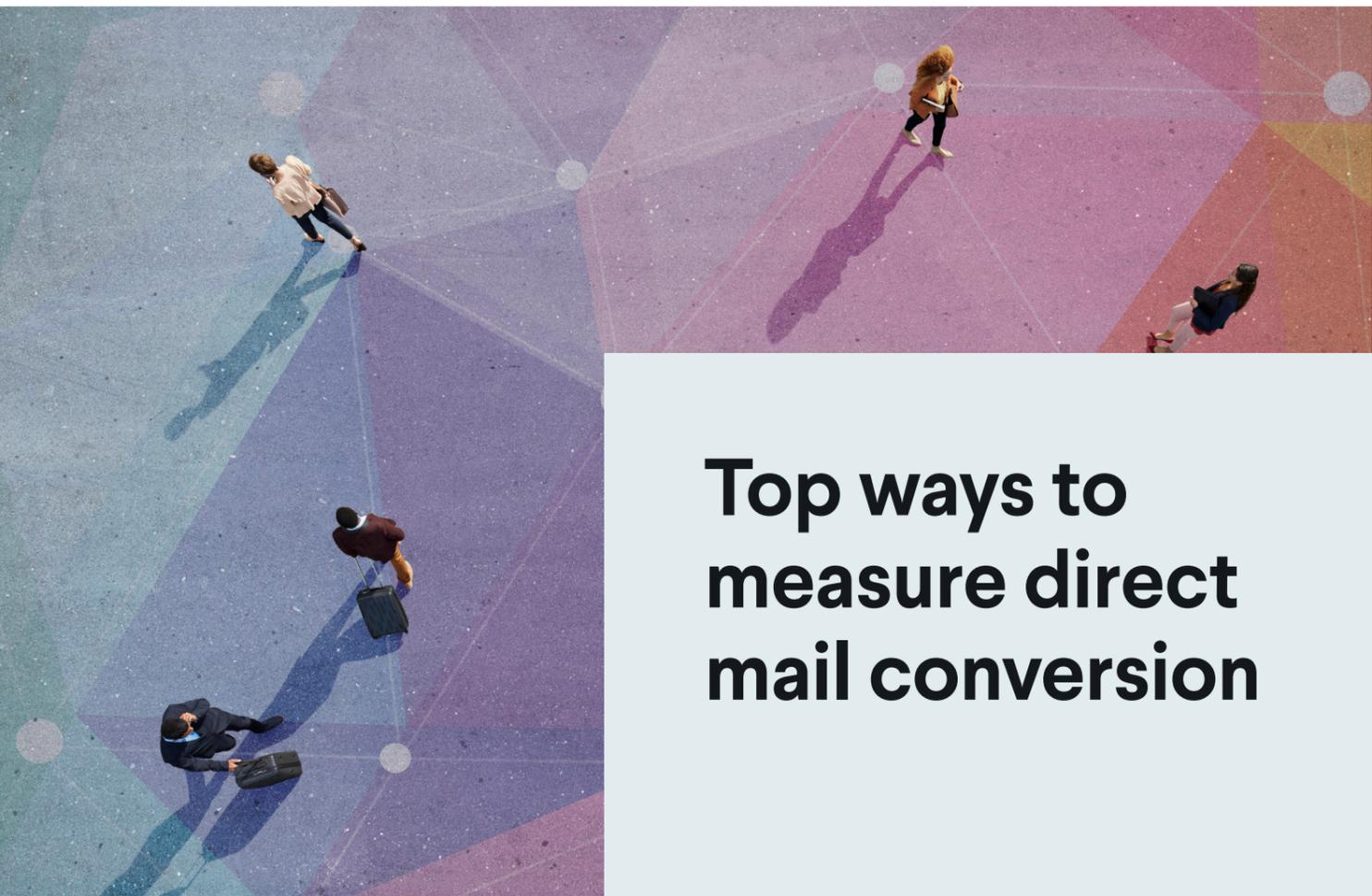
believe their company can determine the ROI of its direct mail efforts

72%

agree that typical methods used to measure direct mail ROI are generally reliable

60%

say their company's methods of measuring ROI are more reliable than typical methods



Top ways to measure direct mail conversion

Key Takeaways

01

As more companies have moved to technology platforms to power automated direct mail at scale, measuring conversions is critical to ensure effectiveness and ROI.

02

Using more segmented and targeted campaigns is resulting in better response rates and conversions.



67%

Agree that direct mail shows the **best ROI of all the channels** their company uses today.

03

Lob experience shows that making the direct mail workflow more operationally efficient can reduce costs by up to 85% and increase ROI making the channel the most effective in an enterprise marketers tech stack.

Companies measure conversion rates from direct mail using a variety of methods:

52%

Individual customer activity within a specific period of time

48%

Personalized URLs (PURLs)

45%

QR codes

Conclusion

As marketers continue to navigate the new normal, reaching customers and prospects with personalized direct mail campaigns that arrive at exactly the right time is the secret ingredient to turbocharging conversions and ROI.

Key Learnings

- 01** Direct mail is a core part of a marketer's omnichannel campaign.
- 02** Marketers rely on direct mail for both acquisition and retention.
- 03** Old, legacy processes may result in challenges with response rates, personalization, and workflows.
- 04** Those challenges can be turned into opportunities with the advent of direct mail automation and technology.



Lob has shown that when marketers transform their legacy direct mail workflows, they see:

68%

Measurable return on campaign investment with hyper-personalization, continuous optimization, and multiple mail formats.

85%

Cost savings by automating repetitive processes.

<1 week

Reduction in time to get campaigns out the door and into mailboxes to days, not months.



In acquisition, an automated direct mail program can effectively target customers using your own, or third-party data resulting in lower CAC and more ROI.

In upselling and cross-selling, direct mail enables you to deliver well-timed messages, using what you know about your customers' past preferences to get them to convert to other products increasing their lifetime value. And finally, in retention, direct mail gives you a way to engage customers effectively and reduce churn and increase retention rates which is priceless.

Lastly, when you modernize your direct mail, you make it infinitely more efficient, and you can integrate it with your digital channels to make your existing campaigns more effective. A true win-win.

The future has never looked brighter for marketers or direct mail.

Request a demo with Lob.

About Lob

Lob is the leader in direct mail automation, enabling marketers and mail operations teams with dramatic increases in campaign ROI and employee productivity with SaaS software. The company offers the only automation platform for marketers who rely on direct mail, automating campaign creation, printing, postage, delivery, and sustainability with end-to-end analytics and campaign attribution. Lob's 10,000+ customers have sent more than 700 million pieces of mail through the platform.

1-in-2 US households have received mail generated via Lob's platform.

About COMPEREMEDIA A MINTEL COMPANY

Comperemedia is an industry-leading competitive intelligence agency serving the United States and Canada. A Mintel company, Comperemedia provides solutions for marketers through omnichannel intelligence tools, expert insights, and custom consulting services.

