

2023 The State of Direct Mail



Lob  **COMPEREMEDIA**
A MINTEL COMPANY

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Introduction and *methodology*

For Lob's annual State of Direct Mail, we partnered with Comperemedia to understand:

- How marketers use direct mail to drive growth
- How marketers measure impact of direct mail
- How marketing budgets are changing
- What the future holds for the channel

We also looked at the differences in responses between those who automate direct mail campaigns and those who don't.

74%

of marketers agree that direct mail delivers the best ROI, response rate, and conversion rates than all other channels used. They also agree direct mail is a more effective channel for their company than email.

The impact of direct mail is undeniable. **74% of marketers agree that direct mail delivers the best ROI, response rate, and conversion rates than all other channels used. They also agree direct mail is a more effective channel for their company than email.** Given the ROI impact, **58% of marketers have more marketing budget allocated to direct mail** compared to 2022.

While data shows that direct mail positively impacts results, many practitioners aren't automating campaigns, making it harder to measure and attribute their direct mail efforts. Many are still sending non-personalized campaigns, which can be perceived as junk mail. The marketers we surveyed agreed that the maximum impact is from intelligent direct mail - personalized, attributed, and sent at any scale.

The insights in this report are indispensable for marketing practitioners and leaders seeking a greater understanding of generating maximum impact from this channel. Read on to get the key takeaways and actionable insights about the state of direct mail for 2023 and beyond.

Report Methodology

For the 2023 State of Direct Mail, Lob partnered with Comperemedia to survey 250 business professionals who work at North American companies with 1,000+ employees. 68% report their company targets both B2B and B2C audiences and 64% conduct business through both online and physical locations. Most companies state that their mail volume ranges from 100K to 100 million mailpieces annually.



eCommerce



Financial
Services/
Banking



Healthcare



Insurance



Nonprofit



Retail

Roles included in this survey:

56%

Executive leaders (Dir/VP/CMO)

14%

Managers across digital, retention,
and lifecycle marketing

15%

Marketing/print operational roles

All data was aggregated and anonymized.

Executive *summary* and actionable insights

01

Direct mail delivers the best response and conversion rates, and ROI of any channel used.

02

Marketers lack confidence in tracking and attributing results potentially due to a lack of software and technology being used to execute campaigns.

03

Marketers that automate direct mail agree it delivers the best response rate of all channels their company uses today.

04

The need to measure and manage direct mail spend is increasing.

05

Marketers are challenged by incorrect address data, budgets and response expectations.

06

Marketers aspire to implement technology specifically for targeting, improved data tracking, and high-level personalization.

KEY FINDING

01

Direct mail delivers the *best ROI*, response, and conversion rates of any channel used.

74% of marketers agree that direct mail delivers **the best ROI** of any channel used — up from 67% in 2021.



ACTIONABLE INSIGHT

Test, experiment, and optimize direct mail campaigns to understand what works best with different cohorts to maximize return on investment.



LEARN MORE

[See our ROI section for more details](#)

KEY FINDING

02

Marketers lack confidence in tracking and attributing *results*.

Marketers are more critical this year, with less than half saying their company's ROI measurement methods are more reliable than typical methods.

50% of marketers who automate direct mail feel like their company can determine ROI.

**ACTIONABLE INSIGHT**

Direct mail automation platforms with built-in analytics and tracking can ensure marketers are able to measure and prove the ROI of every campaign sent.

KEY FINDING

03

Marketers that use software agree that direct mail delivers the *best* response rate of all channels their company uses today.

81% of marketers who use a software platform for direct mail agree it delivers **the best response rate** their company uses today. This shifts to 70% for respondents who do not use a software platform.



ACTIONABLE INSIGHT

Marketers that automate direct mail reap the benefits of better response rates as the result of being able to create more targeted, personalized, and trackable campaigns.

KEY FINDING

04

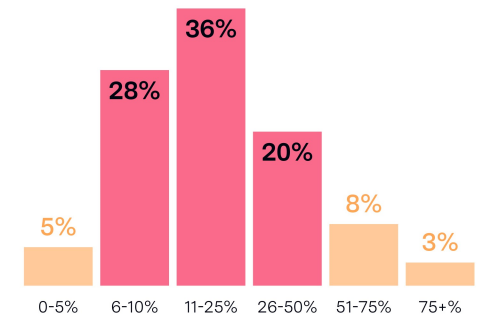
The need to measure and manage direct mail spend is *increasing*.

Companies are increasing **direct mail spend**, potentially due to a rise in competition for consumer attention, inflation, and increasing costs.

58% of marketers have **more** marketing budget allocated to direct mail compared to 2022.

Companies with under 10,000 employees are significantly more likely to say their direct mail budget is increasing in 2023.

PERCENT OF MARKETING BUDGET ALLOCATED TO DIRECT MAIL



ACTIONABLE INSIGHT

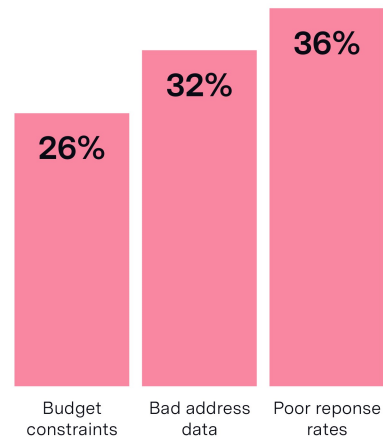
Despite recession rumblings and tech layoffs, brands are investing more in direct mail marketing to stay top of mind with consumers.

KEY FINDING

05

Marketers are challenged by bad address data, budgets and response expectations. *Intelligent* mail is crucial.

DIRECT MAIL CHALLENGES



ACTIONABLE INSIGHT

Intelligent direct mail can be triggered based on customer actions or behaviors and integrated with other marketing touchpoints to generate maximum impact from the channel.

The data in the report shows that marketers that use software are less likely to face bad address data challenges than those who don't use software platforms for campaigns. For example, bad address data can be mitigated using [Address Verification](#) to ensure addresses are deliverable before being sent and campaigns arrive at the right place, at the right time—every time.

KEY FINDING

06

The future: Marketers aspire to implement technology specifically for targeting, improved data tracking, and high-level personalization.

40% of marketers use a technology platform to execute direct mail campaigns.



ACTIONABLE INSIGHT

Brands are investing in automated, direct mail software to ensure they can effectively target, personalize, track, and attribute their direct mail efforts and get better results.

Direct mail ROI and *performance*



74%

of marketers agree:

- Direct mail delivers the best response rate of all the channels my company uses today
- Direct mail is a more effective channel for my company than email
- Direct mail delivers the best conversion rate of all the channels my company uses today
- Direct mail shows the best ROI of all the channels my company uses today

Direct mail shows the best ROI of all the channels my company uses today (by industry).



eCommerce



87%



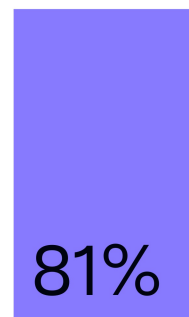
Financial Services & Banking



84%



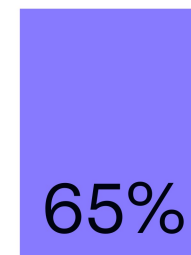
Insurance



81%



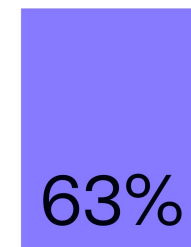
Healthcare



65%

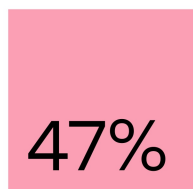


Retail

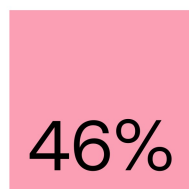


63%

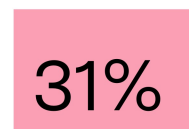
Use a software technology platform to execute campaigns



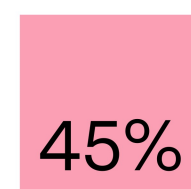
47%



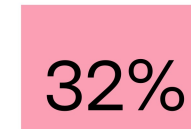
46%



31%



45%



32%

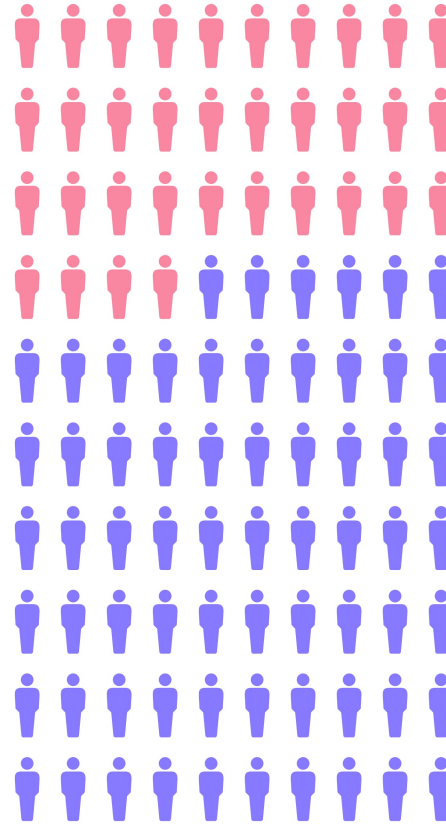
About a third (**34%**) of marketers are able to determine the ROI of their company's direct mail efforts.

34%

of marketers are able to determine direct mail ROI.

66%

of marketers are **not** able to determine direct mail ROI.

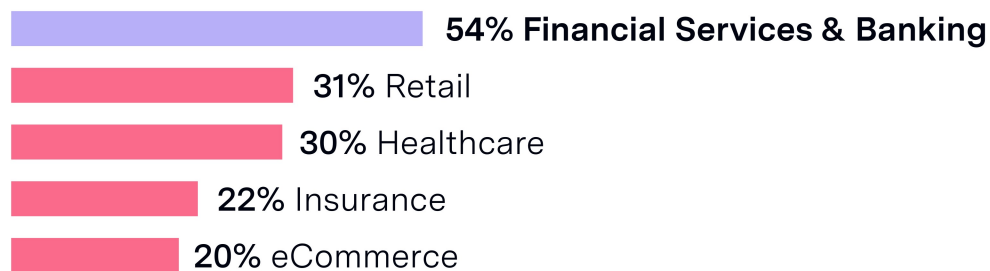


50% of those who use a software platform are able to determine ROI.

Base: N=250 for 2022. Q: Set aside your own company's approach to measuring direct mail ROI for a moment. Consider the typical methods used to measure ROI by marketers today, how reliable do you consider general direct mail ROI to be? / Now, consider how your company approaches measuring direct mail ROI. If you were tasked with auditing your company's approach, how reliable are your company's methods relative to the typical methods used to measure direct mail ROI?

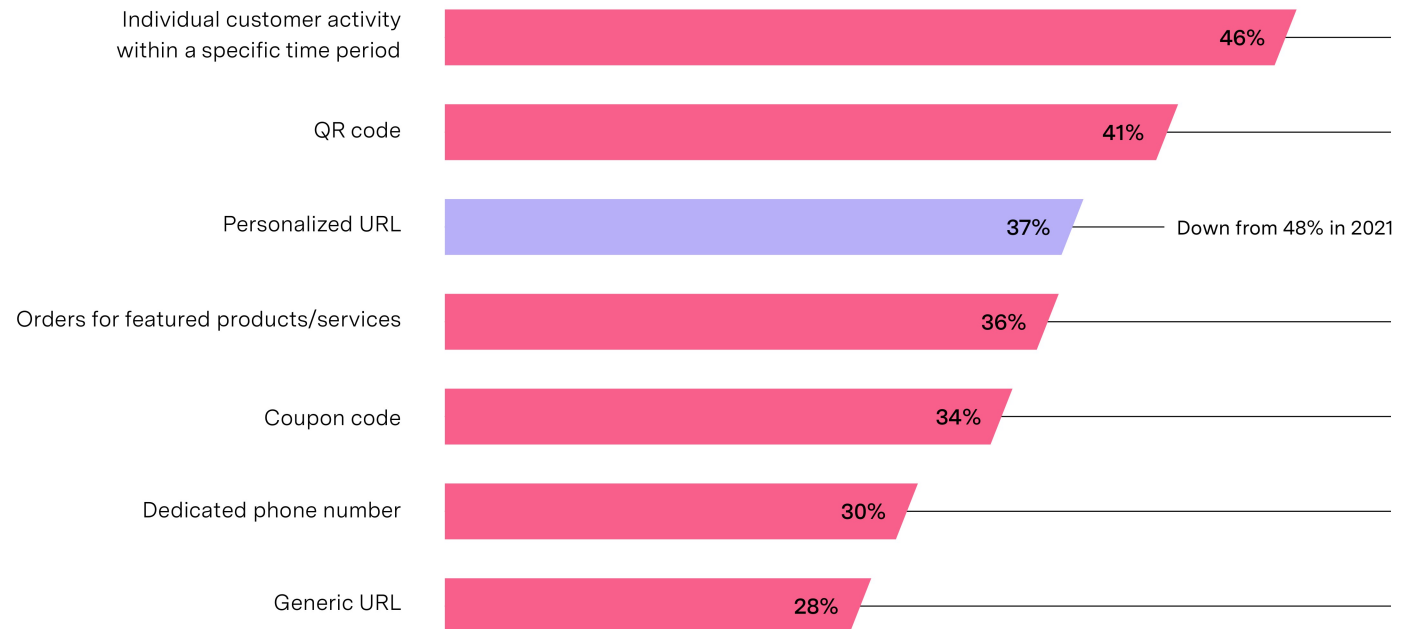
Financial services/
banking are better able
to determine the ROI of
their company's direct mail
efforts. Not surprisingly,
they also have **high direct
mail software adoption.**

ABLE TO ACCURATELY DETERMINE DIRECT MAIL ROI



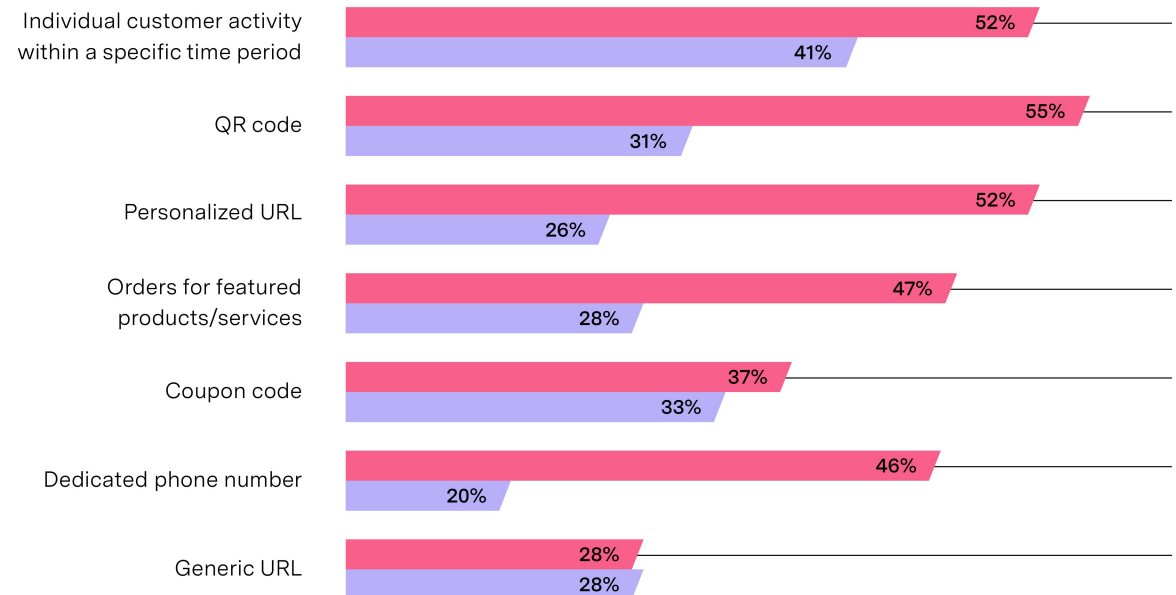
Nearly half of marketers measure conversion using tactics like **customer activity within a time period** and QR codes.


DIRECT MAIL ROI MEASUREMENT TACTICS




QR codes, personalized URLs, and customer activity in a given time period are **leading measurement tactics** used by marketers who automate direct mail for campaign tracking and attribution.

DIRECT MAIL ROI MEASUREMENT TACTICS



 Direct mail ROI measurement tactics by those who **AUTOMATE** direct mail

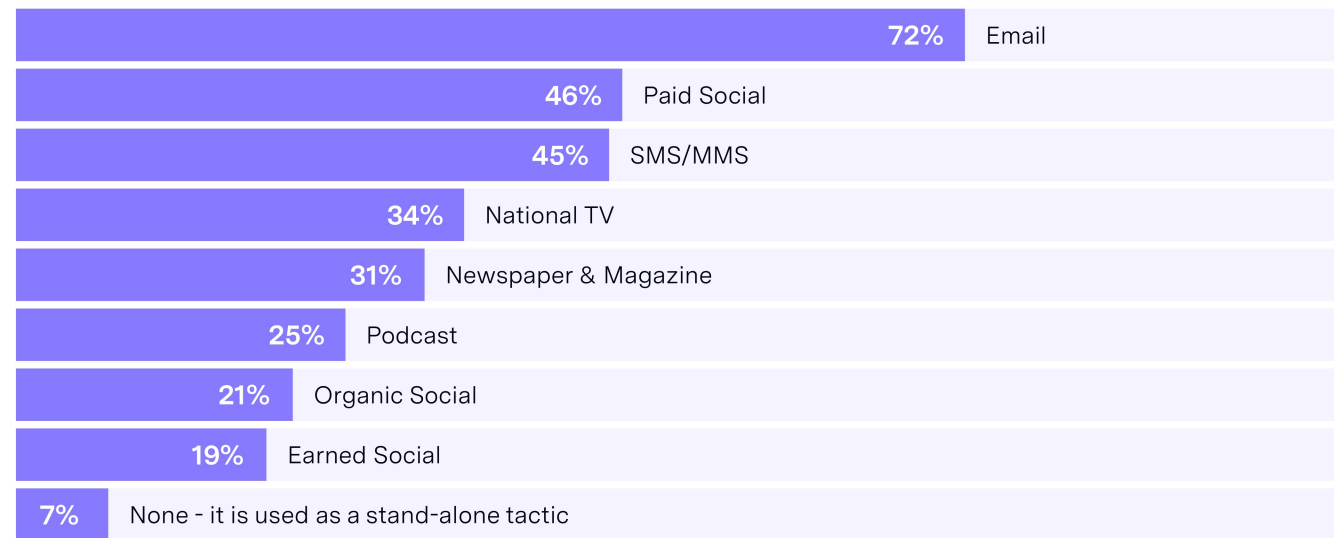
 Direct mail ROI measurement tactics by those who **DO NOT AUTOMATE** direct mail

Direct mail
acquisition,
retention,
and
reactivation



Nearly three-quarters of marketers use direct mail with email and about half with paid social and SMS/MMS.

INTEGRATION OF OMNICHANNEL STRATEGY

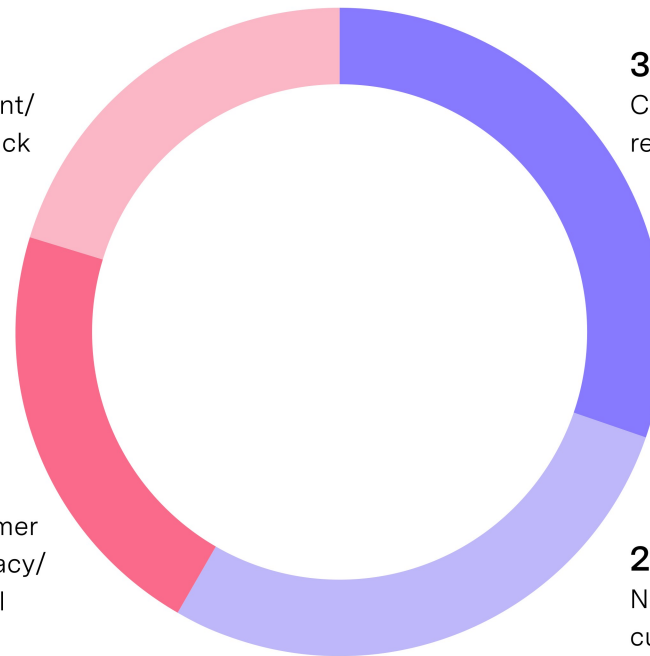


Retention campaigns are the most popular with the **highest response rates.**

CAMPAIGN TYPES SENT

20%
Dormant/
win-back

21%
Customer
advocacy/
referral



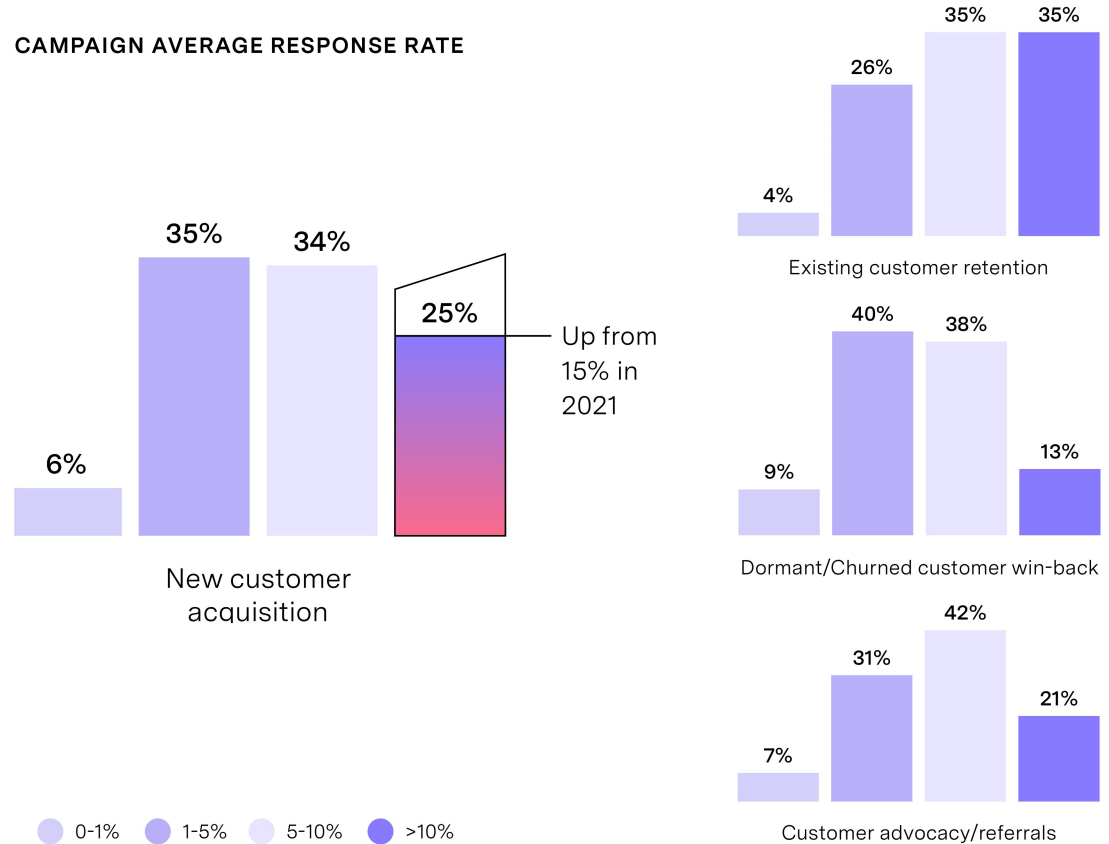
30%
Customer
retention

28%
New
customer
acquisition

Large businesses with more than 10,000 employees focus less on winning back dormant customers (14%)

Acquisition campaign response rates increased year-over-year with **25%** of responding marketers saying the average campaign response rate is more than **10%**.

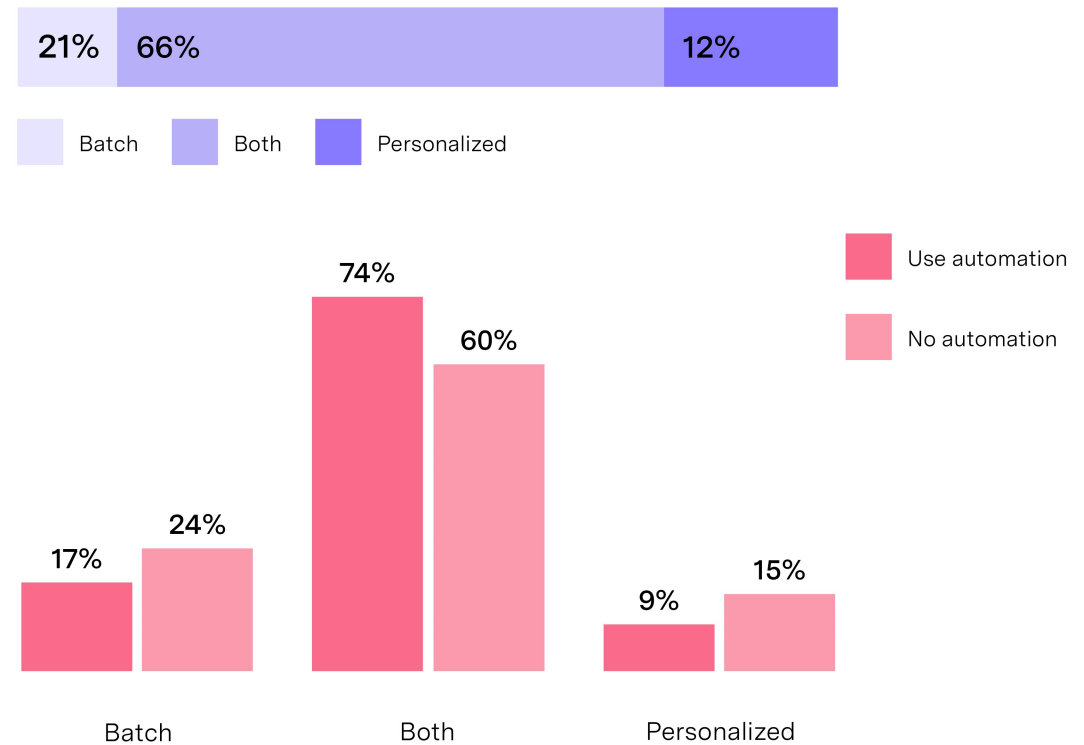
CAMPAIGN AVERAGE RESPONSE RATE



Base: Total N=250 Bases vary for Campaign Av. Response Rate Q: Approximately what percentage of your company's total mail volume is used for each of the campaign types below? / For each type of direct mail campaign your company runs, what is your average response rate?

Batch mail increased **10 percentage points** year over year. Personalized campaigns ticked up only slightly, possibly due to lack of technology being used to execute campaigns at scale.

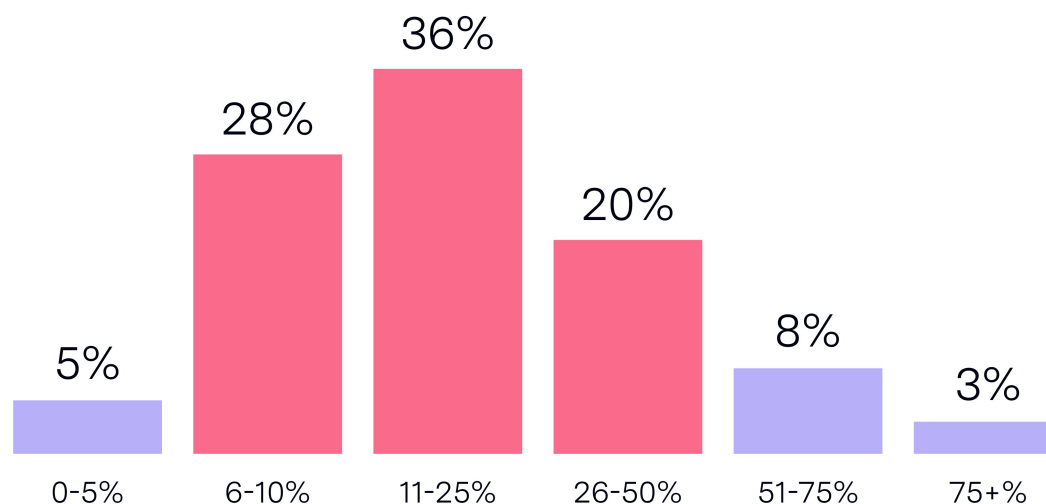
TYPES OF DIRECT MAIL SENT IN 2022



Over half of marketers have **more budget** allocated to direct mail than last year. Most companies devote up to **25%** of marketing budget to direct mail.

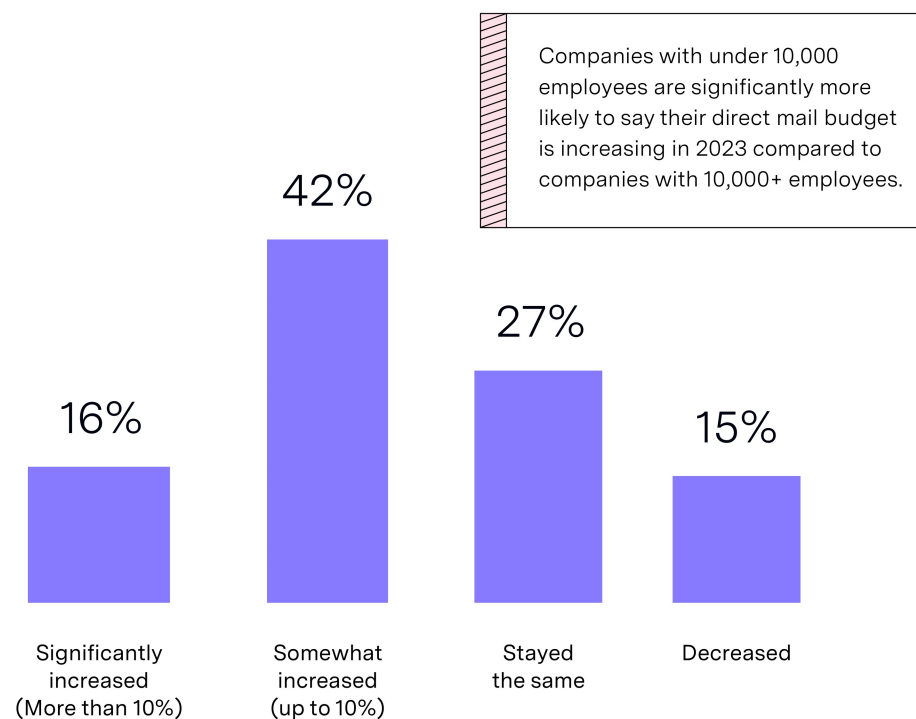
MARKETING BUDGET ALLOCATED TO DIRECT MAIL

58% of marketers have more marketing budget allocated to direct mail compared to 2022.



Companies are **increasing direct mail spend**, potentially due to a rise in competition for consumer attention, inflation, and increasing costs.

YEAR OVER YEAR DIRECT MAIL BUDGET CHANGES

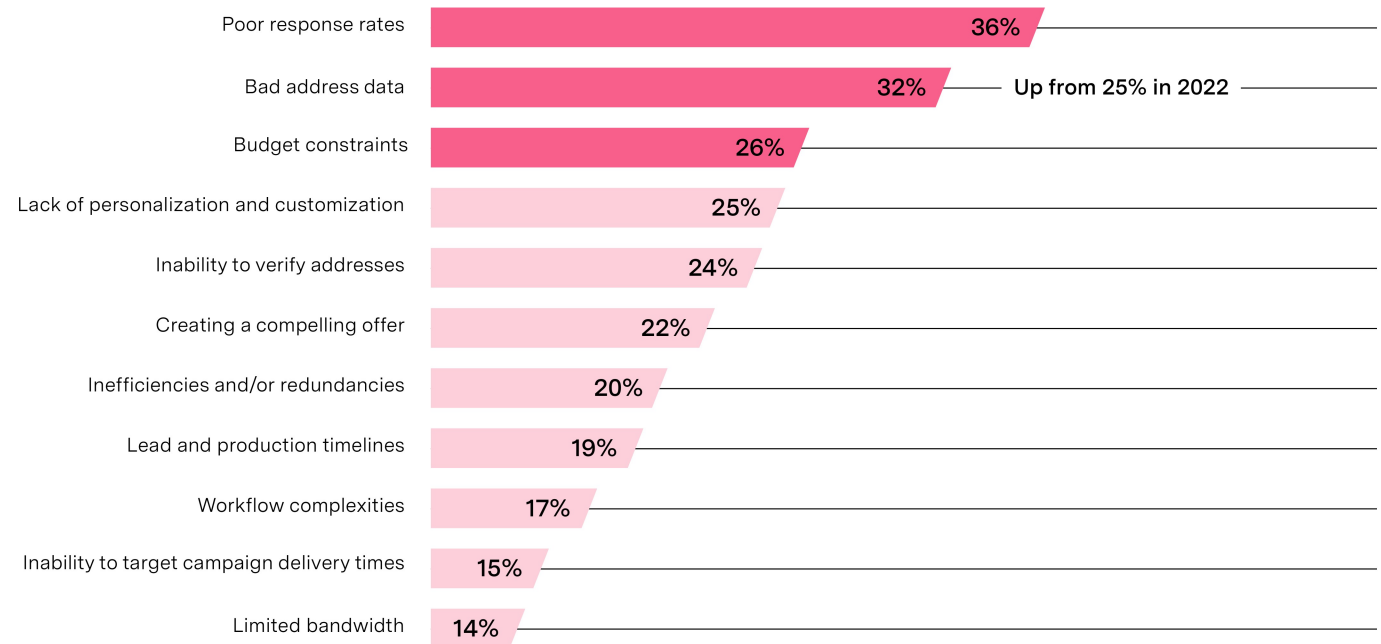


Direct mail challenges



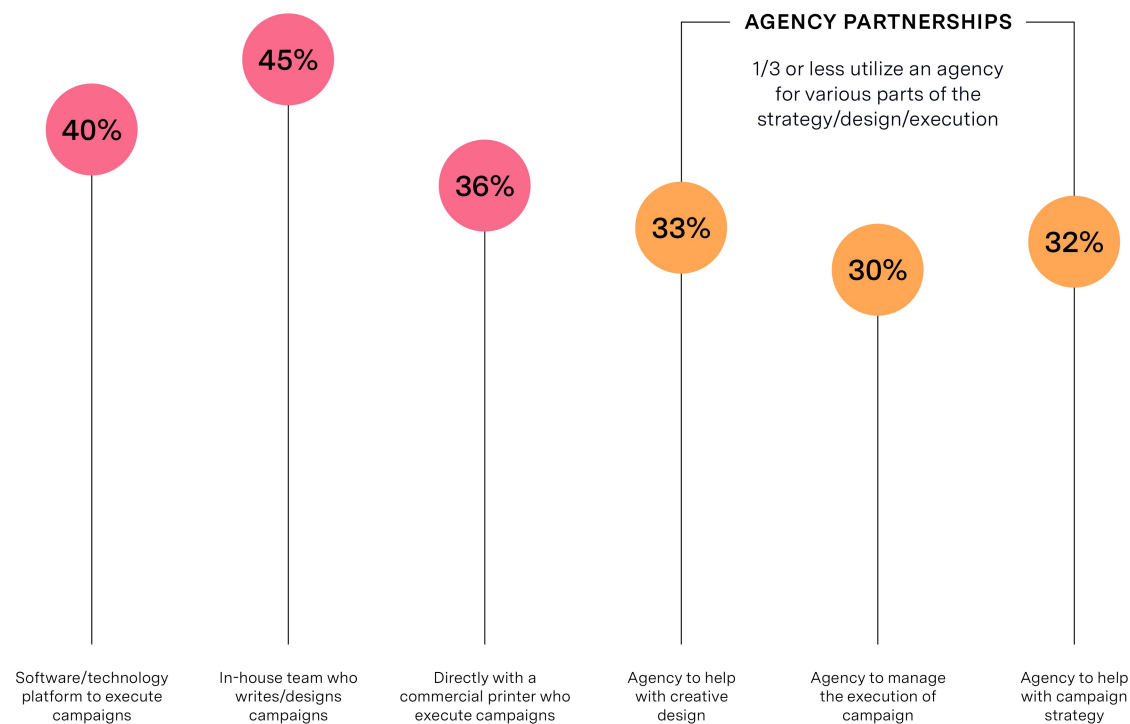
Poor response rate, bad address data, and budget constraints are top 3 challenges.

TOP 3 CHALLENGES USING DIRECT MAIL



Nearly half of marketers execute direct mail in-house, a possible cause of some of the challenges with response, bad addresses, and response expectations.

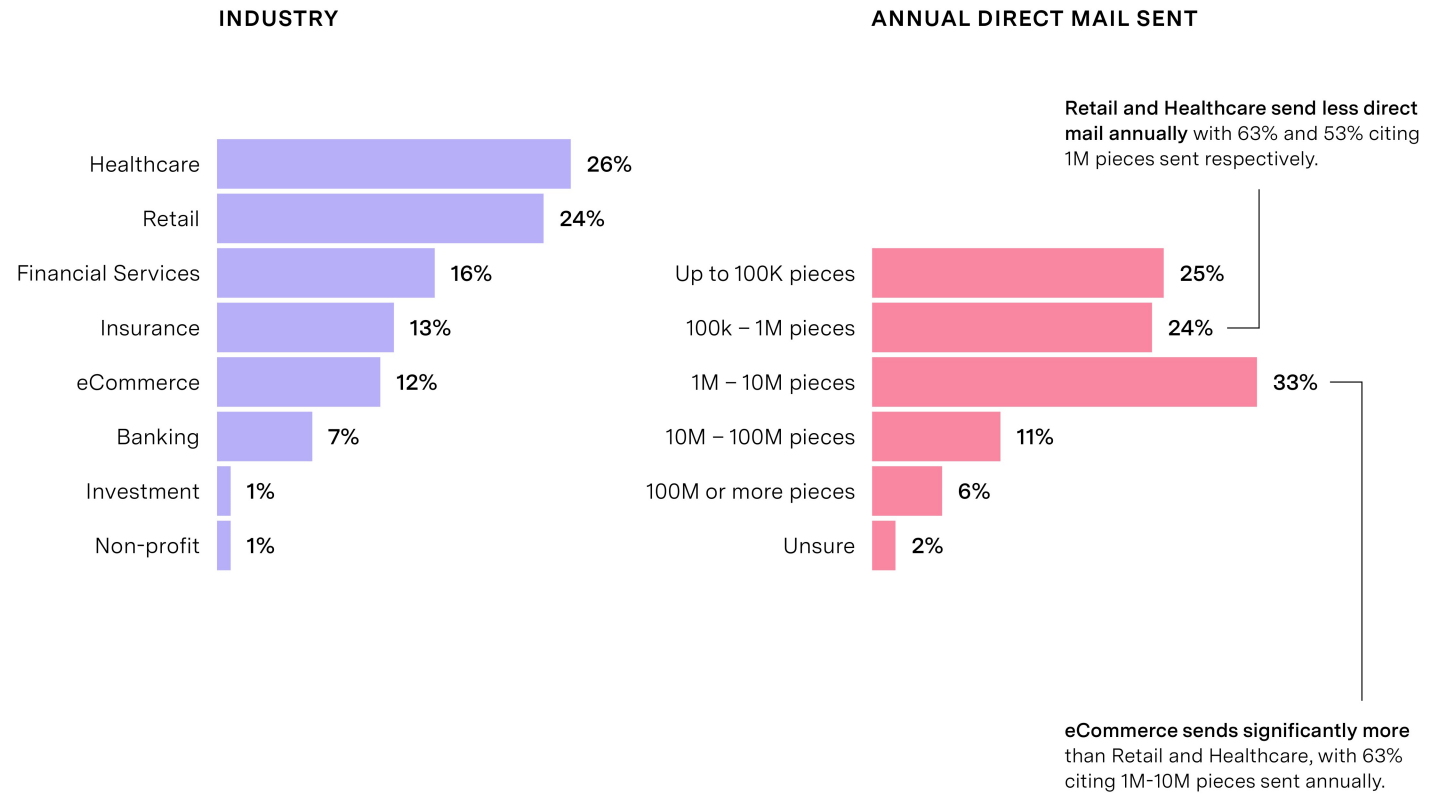
EXECUTION OF DIRECT MAIL CAMPAIGNS



Industry *insights*

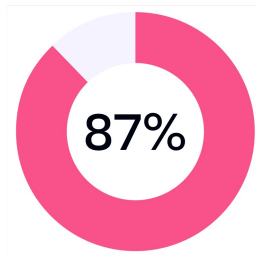


About a third send **1-10 million pieces** of direct mail annually with two-thirds (63%) doing so for eCommerce.

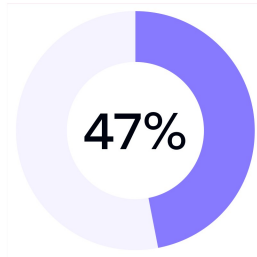




eCommerce

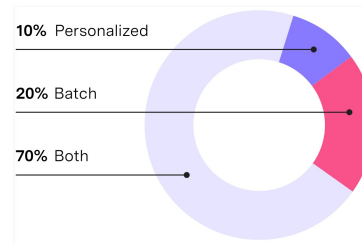


Agree direct mail shows the best ROI of all the channels my company uses today

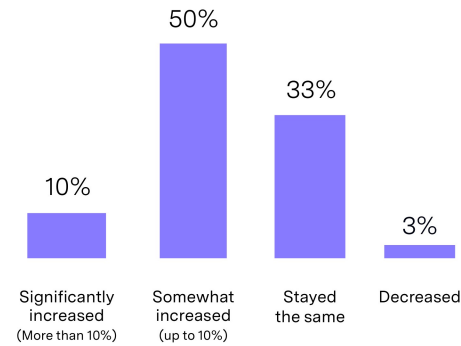


Use a software/technology platform to execute campaigns

TYPES OF DIRECT MAIL SENT



YEAR OVER YEAR DIRECT MAIL BUDGET CHANGES



TOP CHALLENGES

47%

Bad address data

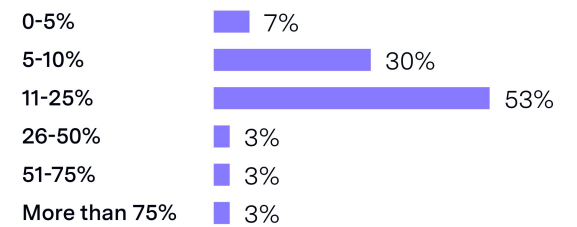
27%

Inefficiencies and/or redundancies

27%

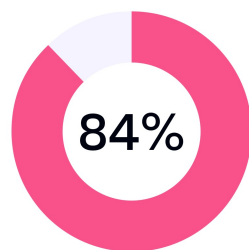
Budget constraints

DIRECT MAIL MARKETING BUDGET ALLOCATION

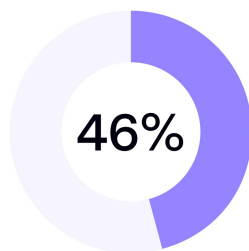




Financial Services and Banking

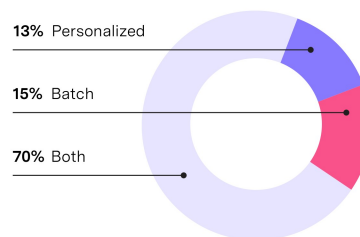


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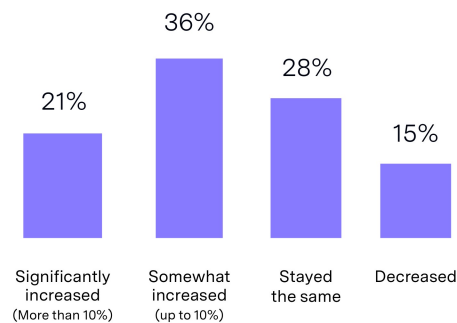


Use a software/technology platform to execute campaigns

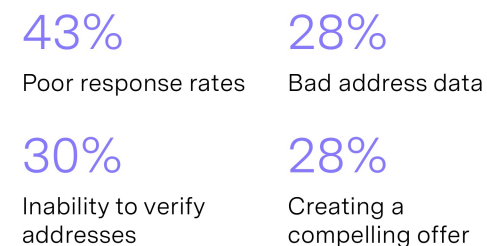
TYPES OF DIRECT MAIL SENT



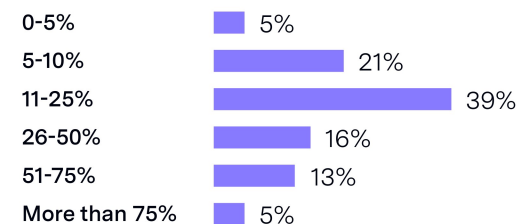
YEAR OVER YEAR DIRECT MAIL BUDGET CHANGES



TOP CHALLENGES

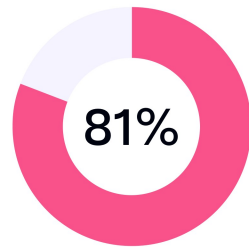


DIRECT MAIL MARKETING BUDGET ALLOCATION

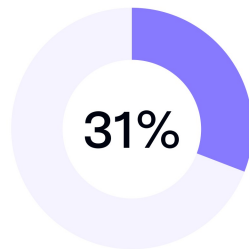




Insurance

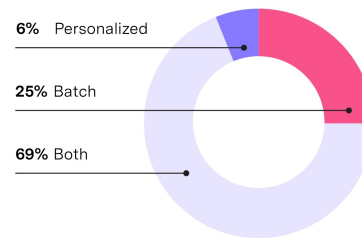


Agree direct mail shows the best ROI of all the channels my company uses today

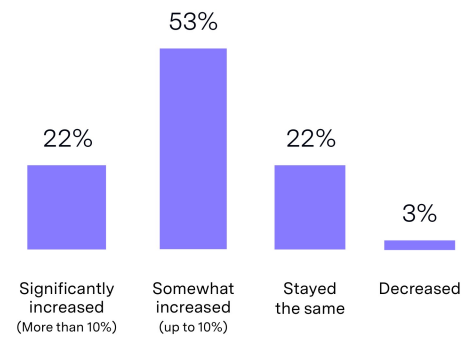


Use a software/technology platform to execute campaigns

TYPES OF DIRECT MAIL SENT



YEAR OVER YEAR DIRECT MAIL BUDGET CHANGES



TOP CHALLENGES

34%

Lack of personalization and customization

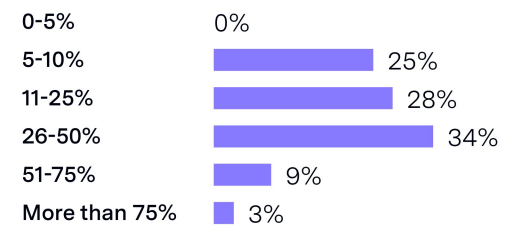
31%

Poor response rates

22%

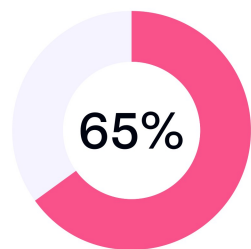
Bad address data

DIRECT MAIL MARKETING BUDGET ALLOCATION

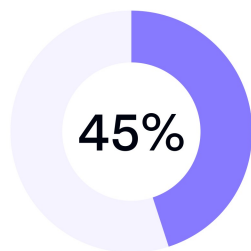




Healthcare

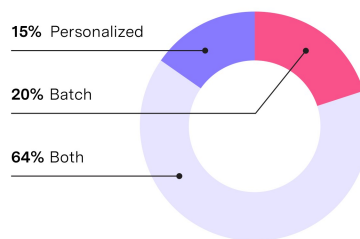


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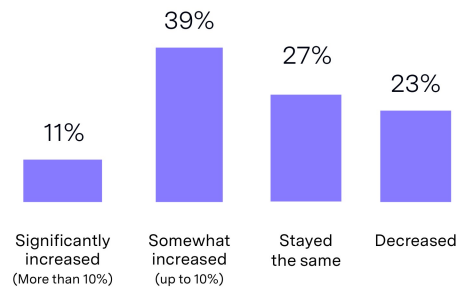


Use a software/technology platform to execute campaigns

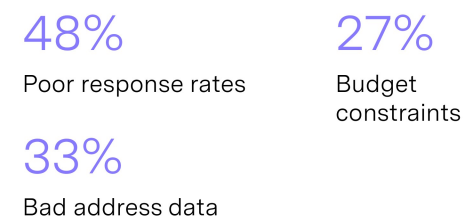
TYPES OF DIRECT MAIL SENT



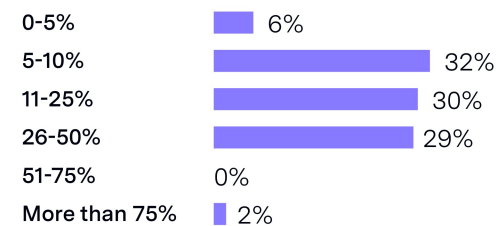
YEAR OVER YEAR DIRECT MAIL BUDGET CHANGES



TOP CHALLENGES

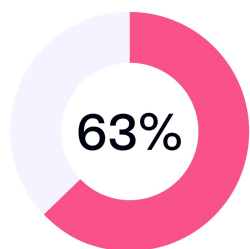


DIRECT MAIL MARKETING BUDGET ALLOCATION

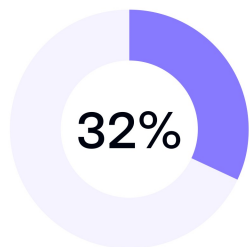




Retail

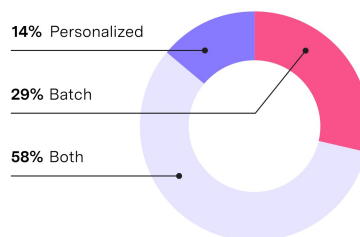


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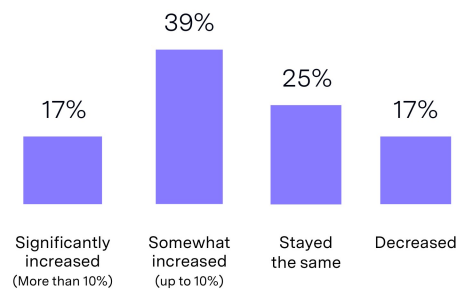


Use a software/technology platform to execute campaigns

TYPES OF DIRECT MAIL SENT



YEAR OVER YEAR DIRECT MAIL BUDGET CHANGES

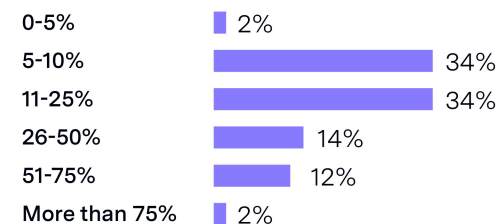


TOP CHALLENGES

32%
Bad address data

32%
Budget constraints

DIRECT MAIL MARKETING BUDGET ALLOCATION

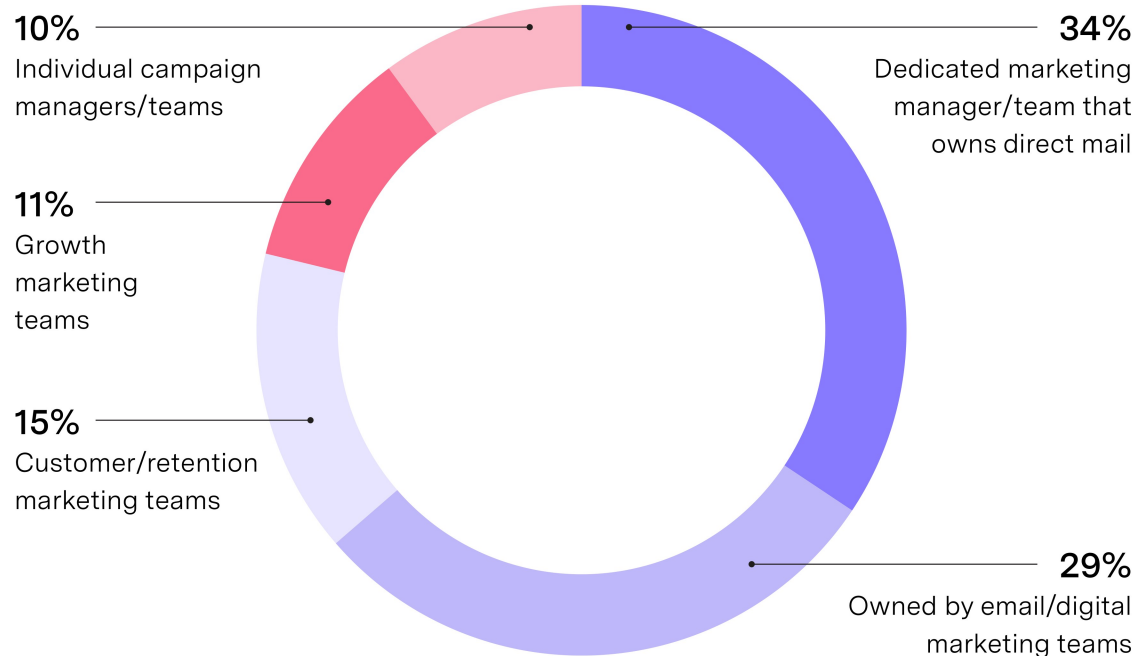


Demographics



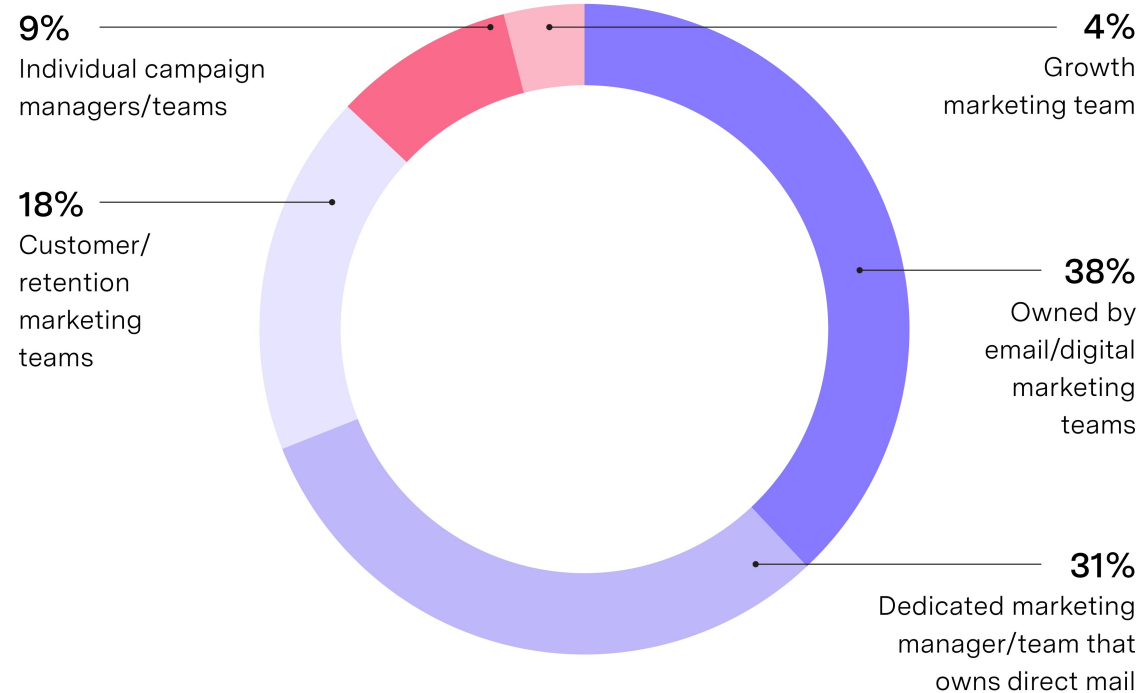
Direct mail is often owned by a **dedicated marketing team** or email/digital marketing team.

RESPONSIBILITY FOR DIRECT MAIL CAMPAIGNS



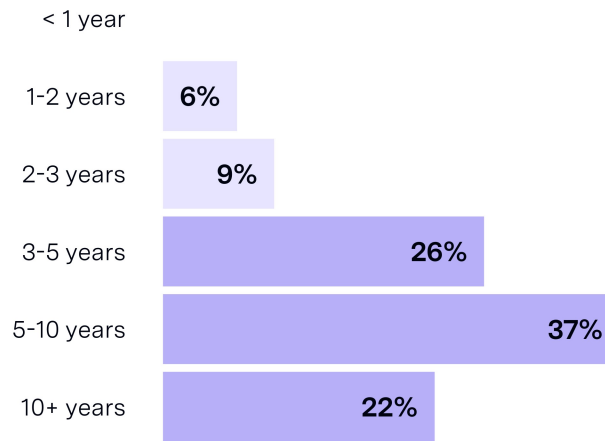
Use of automation for direct mail is highest when owned by an email and digital marketing team.

USE AUTOMATION FOR DIRECT MAIL



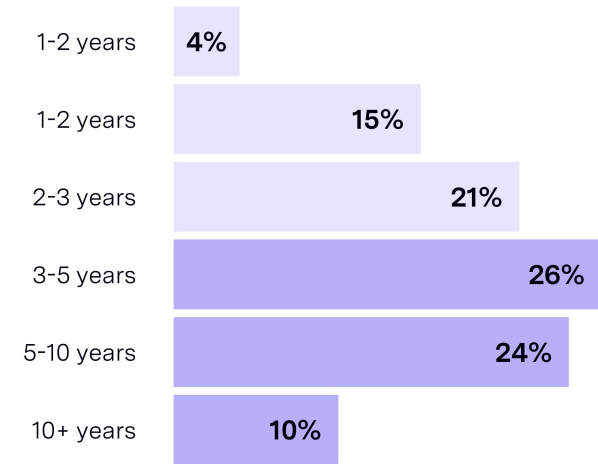
Most respondents have at least **3 years of experience** with direct mail campaigns.

DIRECT MAIL EXPERIENCE AT ANY COMPANY



More than **8 out of 10** professionals we talked to have been working with direct mail campaigns in general for over 3 years.

DIRECT MAIL EXPERIENCE AT CURRENT COMPANY



Over a third (34%) have **5 years or more experience** with direct mail at their **current company**.

The *future*

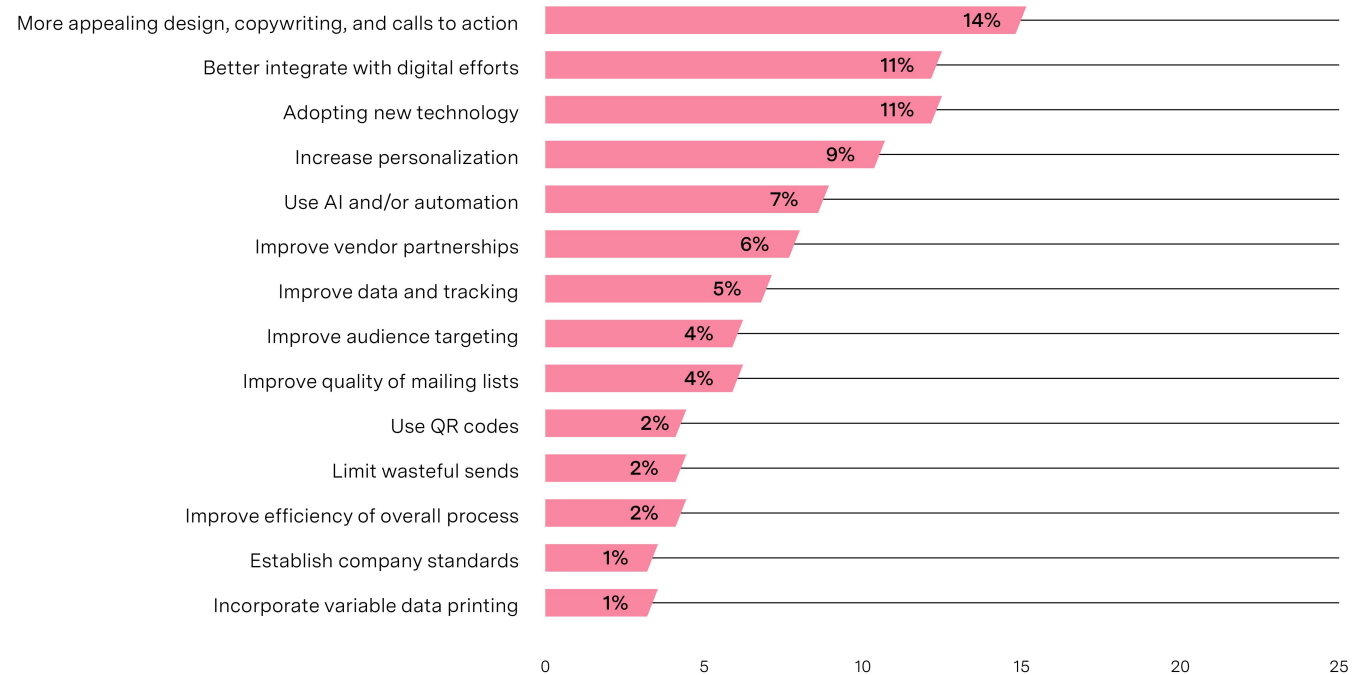


Marketers want to modernize existing direct mail processes.

Top improvements include:

- Design, copy, calls-to-action
- Better integration with other digital efforts
- Increase personalization

TOP IMPROVEMENTS INCLUDE:



Conclusion

Marketers have never been more positive about the unequivocal impact that direct mail has on their results. With economic and budget pressures on the rise, marketers will lean in on the channel they know produces results.

In 2023 and beyond, marketers will invest in automation to get maximum impact from intelligent direct mail that is personalized, attributed, and sent at any scale.

KEY LEARNINGS

- Direct mail delivers the best response and conversion rates, and ROI of any channel used.
- Marketers that automate direct mail agree it delivers the best response rate of all channels their company uses today.
- The need to measure and manage direct mail spend is increasing.
- Bad address data, budgets, and response expectations challenge marketers.
- Marketers lack confidence in tracking and attributing results due to a lack of software and technology being used to execute campaigns.
- Marketers aspire to implement automation technology, specifically for targeting, improved data tracking, and high-level personalization.

[Request a demo](#)

Lob

Lob's mission is to connect the world, one mailbox at a time.

Lob is the only direct mail automation platform for the digital age. Lob's platform automates the direct mail execution process for enterprises at any scale — from creation, printing, postage, delivery, and sustainability with end-to-end analytics and campaign attribution. Over 11,000 businesses trust Lob to transform their direct mail into intelligent mail.

Founded in 2013 and based in San Francisco, Lob is venture-backed by Y Combinator, Polaris Partners, Floodgate, and First Round Capital.

Find out more at Lob.com



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