

## The personal touch pays dividends

Philip Chadwick, [PrintWeek](#), 05 December 2008

As the UK slips into recession, organisations are unlikely to spend big in direct mail. As in any downturn, marketing budgets are the first to be slashed as companies battle to keep a grip on costs. As a result, printers feel the pinch too and are forced to cut costs themselves.

DM printers, however, may beg to differ. They pride themselves on investing in the latest equipment to take advantage of the demand for more targeted messages and argue that their services add value to the print offering, helping clients make money and stay afloat in choppy waters. In addition, multi-channel marketing, where a mailing campaign is linked to an email, website or SMS, is on the rise, and DM printers are perfectly placed to take advantage. But is the market for these services now coming to fruition?

A year ago, the general feeling was that multi-channel marketing was still in its infancy, unlike the more mature personalised direct mail market. But with so much data at a DM printer's fingertips, it wasn't a surprise that many had signalled their intentions to broaden their appeal by moving away from a print-only offer to data-driven services.

"You have to have an added-value to your offering," says Barry Crich, managing director for the manufacturing division at Adare. "If you are just a commodity printer, then you will find the market very, very difficult."

Gurdev Singh, managing director at Howitt, adds: "We have had a multi-channel strategy for around the past 18 months. If you are a business that's just stuffing envelopes, then you've had it."

And plenty of companies have "had it" over the past 12 months. The economic turmoil has accelerated the consolidation in the general print market and has claimed some high-profile scalps. DM was not immune. For example, this summer, Colin Clapp and its sister firm LDH Mailing fell into the hands of the administrators.

"Print has been under immense pressure, whether it's litho or digital," says Dsicmm chief executive Yolanda Noble. "In this situation, you have to have value-added services. A lot of what we offer is based around our data capabilities."

### Coming of age

The signs are there that marketers are now taking notice of these applications and dipping their toe into multi-channel, data-driven campaigns. "Clients are definitely picking up on this," says Howitt's Singh. "There was a slow start, but it offers a return on investment. It's emerging fast and helps us understand our customers and their market – it's more in tune with 21st Century marketing."

Adare's Crich adds: "We have developed the multi-channel offer and are finding that clients are picking up on it gradually. We have the advantage of having a very diverse offering and serve clients across a raft of markets. It's a good defence against a recession. In these times of cost reductions, we can demonstrate a good return on investment for clients."

Indeed, now has never been a better time to demonstrate a solid return on investment. David Laybourne, managing director at Real Digital, says that if you can offer customers a product that can not only save them money, but also increase responses, then you're sitting in a much stronger position. Highly personalised and targeted mailings can provide this and multi-channel marketing could further strengthen a business's hand.

Laybourne explains that multi-channel campaigns need to work alongside the mailing market, which, he says, is still ticking along nicely. "Our growth at the moment is coming from personalised DM models."

Howitt's Singh adds: "You have to show clients a plan and how they are going to get that return on investment. At the moment, they need reassurance."

### **Personal touch**

At Real Digital, the signs are that, while volumes in general are falling in DM, personalised mail volumes are increasing. Laybourne adds that print runs for highly targeted mailings are going from the thousands into the millions.

Last month, a survey conducted by the research company Shape the Future found that companies were still spending money on DM campaigns, as well as on print in general. A total of 1,492 businesses from within the UK were surveyed and the results showed that almost a fifth of companies are planning to increase spending on direct marketing campaigns over the next 12 months. Nearly a quarter said that they intended to increase spending on print over the forthcoming year.

These figures generally square with Laybourne's observations. Brands are tending to shift their marketing from above-the-line activity, such as advertising, to below-the-line, which includes DM. He argues that there is always a need to communicate to customers. For example, the retail sector has to try and drive people to its stores and DM can help in making them aware of special offers and reductions.

"The country is not going into hibernation," says Laybourne. People still need to buy cars and phones.

### **Invest to make money**

And while consumers still need to buy goods, print firms need to keep spending on kit to keep up with the gathering pace of technology. At GI Solutions Group, this is vital to the future of the business. Like others in the industry, the company is keen to develop its personalised products, such as transpromo – the merging of transactional mail with marketing messages. It aims for this to continue, especially following its buyout by private equity investor Grove Industries.

"Grove Industries wanted to get into our sector and we liked the way in which it has dealt with its other investments," explains Patrick Headley, sales director at GI Solutions. "It now allows us to invest in the right areas. You have to innovate or die."

For Headley, innovation means investing in the software and hardware that will enable better-targeted mailings. "That's what we are aiming for," he says. "Grove is very, very supportive of our transpromo work."

With this strong backing, GI Solutions is aiming for a £50m turnover in two years. And the company reckons it's on course for that figure, while others in the market have also

indicated that 2008 wasn't so bad. Dsicmm, Howitt and Real Digital all delivered a solid year against a backdrop of tough conditions.

### **Unsure future**

So, is it all rosy in the DM garden? Not quite. There are plenty of obstacles on the horizon and, while having a solid strategy has helped several companies in 2008, it gets tricky to predict what 2009 holds for the industry.

"I have fears all the time, although I'm confident that we are on the right track," says Singh. "Who knows what will happen? As a business, I am confident in the first quarter of next year. The second quarter will be challenging and the third quarter, I don't know. But what I do know is that we have been prudent and we can weather the storm."

Dsicmm's Noble agrees that these are tough times and warns that marketing budgets are being cut. "People are battening down the hatches," she says.

GI Solutions' Headley agrees that the future is difficult to predict. "With the credit crunch it's difficult to know what companies are going to sell. But the market we are in is very diverse and we aren't just in one sector."

Real Digital's Laybourne believes the same. "There is no clear answer to how the next few months will go – Christmas and New Year will be a watershed period."

In contrast, Adare's Crich is "reasonably confident" about the next few months. "Traditionally, the next six months are our busiest time of the year," he says. "But it does depend on people's reaction to the chancellor's pre-Budget report. The big test will be in January and February."

But while companies are cautious about how the next few months will unfold, there isn't total doom and gloom. Those businesses that have a clear strategy are convinced that they can ride through the choppy economic waters. And if that strategy includes a drive towards more personalised products and multi-channel marketing, then the signs are that they've gone down the right route. However, only time will tell if marketers will still be keen to stump up the cash for innovative DM campaigns in the coming year.

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### **PERSONALISED MAILINGS: DEMISE OF JUNK MAIL**

The publicity surrounding direct mail has usually centred on the untargeted variety. 'Junk mail' is the term bandied about by the press and it often strikes a chord. But the signs are that untargeted mailings are on the way out.

"Junk mail is a dreadful phrase and the sort of thing that we are not about," says Dsicmm's Noble.

Real Digital's Laybourne adds: "We have had clients working with us for two years who are still undertaking very personalised campaigns. And those who have been sitting on the sidelines are now increasing the volumes of their personalised drives."

Untargeted 'carpet bombing' has an additional stigma attached to it: it's considered environmentally unfriendly. And with so many brands wanting to be seen to be green, it's wise for them to get personal.

A survey from CCB Fast.Map spelt out the public's views on this. Research last month

found that untargeted direct mail piece is more likely to be seen as harmful to the environment, compared with mailouts that are personally addressed and delivered. Results showed that 46% of people viewed untargeted leaflets, coupons and samples as being bad for the environment. Personalised mailings were considered un-friendly for the environment by 20%. The survey used a sample of 2,000 consumers.

But there is a word of warning: if you're going to produce targeted mailings then get your data right. There are plenty who haven't. A total of 59m pieces of DM are sent to the deceased every year. According to mail screening firm Mortascreen, the worst affected cities were in the north of England. For example, a total of 268,528 mailings were sent to deceased people in Hull alone.

With DM always trying to improve its reputation, incorrect names and addresses can undo all the hard work the industry is trying to implement.