



PostScripts

MAILING & FULFILLMENT SERVICE ASSOCIATION

MAILING AND FULFILLMENT: A FOUNDATION TO BUILD ON

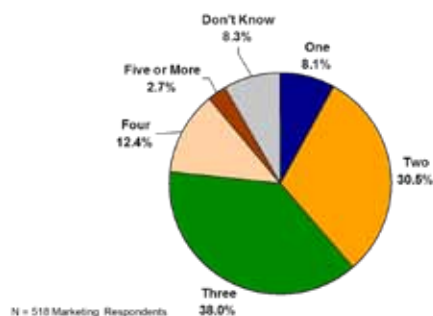
By Matt Rees
Sr. Consultant, Business Development Services
InfoTrends

Firms offering mailing and fulfillment services are in a unique position to offer cross-media marketing services, where two or more media types are combined in a campaign backed by solid strategy. A key requirement in cross media is personalizing campaigns with information collected about the recipient. Organizations offering mailing and fulfillment services such as list acquisition, data cleansing, and personalization possess a firm foundation to build the advanced data-driven services required for success in cross-media marketing services.

It's a New Media World

Marketing used to be easy. Or rather, it used to be simpler. When billboards, print ads, radio, and three major TV networks made up the majority of the media a consumer interacted with on a daily basis, marketers had an easier time managing their brand and their message. With the introduction of desktop publishing, database and CRM marketing, the internet, and mobile, the number of media channels accessible to consumers and marketers alike has increased dramatically. More than half of the marketers surveyed in the InfoTrends study titled, *The Cross Media Direct Marketing Study* indicated that the number of media types their company uses for a direct marketing campaign has increased for the past two years. *The Cross Media Direct Marketing Study* also found, on average, marketers use three different types of media in a single marketing campaign.

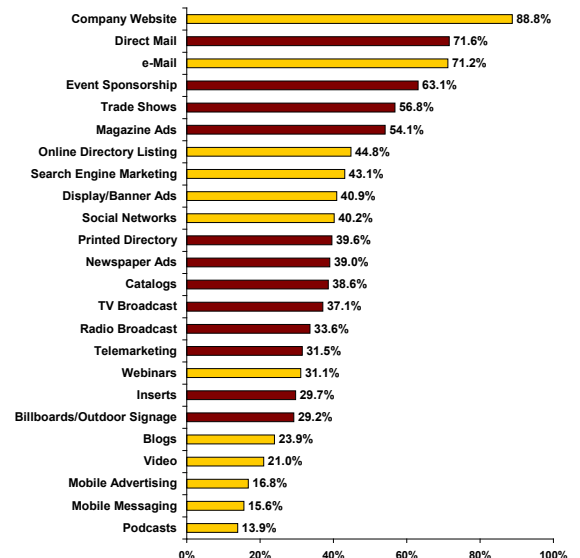
Figure 1: On average how many media channels do you use in a marketing campaign?



Marketers selection of media channels used are determined predominantly by the target audience, customer communication preferences, and the nature of the campaign. Despite the very active conversa-

tions, reports, and general focus on social and mobile media channels, InfoTrends research has found that company websites, direct mail and e-mail, are the dominant media channels used by marketers.

Figure 2: Which of the following media types does your company use?



Direct Mail: A Gateway to Online Environments

More and more marketers are balancing their marketing spend to meet consumer preferences for consuming media. Veronis Suhler Stevenson's recent *Communications Industry Forecast* shows that from 2005 to 2010 the most significant changes in marketing spend were in the distributions of money spent on direct marketing (direct mail, e-mail, catalogs, etc.) compared to Internet and mobile services. Close to a 10% shift was made in marketing spend. Direct marketing spend dropped from 56% in 2005 to 45% in 2010, while internet and mobile services marketing spend rose from 15% in 2005 to 24% in 2010. These spending patterns are projected to continue.

Despite these shifts in marketing spend and a diversifying of media channels, direct marketing media channels such as direct mail, continue to play a crucial role within cross-media marketing campaigns. According to the Magna Advertising Group, American businesses spent \$171 billion in 2010 to advertise their products and services. Of this total, Magna estimates that 12% was spent on direct mail. The U.S. Postal Services (USPS) calculates that households in 2010 received 83.5 billion pieces of advertising mail. This represents 59% of all household mail. The USPS

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Matt Rees
InfoTrends

Matt Rees is a Senior Consultant for InfoTrends' Business Development Services. In this role, Matt will support service initiatives by assisting customers in growing and developing new market opportunities. Rees has a broad range of experience within the production printing/software space. His background includes positions with companies such as ColorCentric Corp., Consolidated Graphics, Hammer Packaging, and Kodak NexPress. His experience at these organizations runs the gamut from technical field operations and equipment implementation to business development and market analysis.

Household Diary Study, an ongoing yearly study surveying US households in order to provide a comprehensive and continuous description of the mail originating and destinating in American households, found that 81% of households either read or scan advertising mail that is sent to their household.

Personalized direct mail can deliver higher response rates as a standalone promotional tool, when compared to static direct mail. In addition, with the support of QR codes, pURLs, SMS text message codes, and augmented reality, direct mail can act as a gateway to online, mobile, and social media channels. Direct mail is a powerful tool marketers need to be leveraging as one part of their cross-media campaigns.

Fulfillment: It's About Optimizing the Marketing Supply Chain

Marketers spend billions of dollars producing, warehousing and shipping marketing literature, packaging, documentation, point-of-sale displays, premiums, giveaways, signage and handouts for all channels of market contact and engagement. How well this portion of marketing operations is managed and controlled can materially impact go-to-market effectiveness, as well as the optimal use of marketing dollars in creating business value and competitive advantage.

While investment in traditional marketing channels has been decreasing throughout the past few years, marketing consumables still make up a significant portion of the marketing mix. According to a recent Chief Marketing Officer Council study on the marketing supply chain, 63% of the marketing materials used to help impact a customers' buying decision are product literature/brochures, 57% are displays, and 49% are product/service information sheets.

Marketers, however, report the supply chain is broken. According to the CMO Council study, 78% reported having a closet or warehouse full of old materials, 33% had no form of inventory management, 55% do not have any real-time access to inventory or utilization levels. This creates real and tangible challenges as marketers look to integrate multiple channels, and deliver a consistent, timely, and relevant message to a consumer at critical moments during their purchasing patterns.

A Unique Position, A Quick Transition

The CMO Council's 2011 Marketing Outlook study surveyed more than 750 marketing executives who were tasked with maximizing marketing impact and value. In 2011, 64% of the respondents were focused on enhancing customer segmentation and targeting initiatives. Companies that currently support mailing and fulfillment are in a unique position to help marketers achieve these goals, while also repositioning themselves as marketing service providers.

The evolutionary path from traditional print service

provider to marketing service provider is one that starts with mass communications and single media channels, to personalized and interactive communications that leverage numerous media channels. The transition is from simple print and email, to data driven personalized mailings and emails, to cross media campaigns that leverage closed loop data analytics.

Service providers currently offering mailing and fulfillment services are uniquely positioned to quickly transition into offering cross-media marketing services, given the infrastructure requirements necessary to provide these services. From a mailing standpoint services such as list acquisition, data cleansing and personalization provide a solid foundation upon which more advanced data driven services can be built on. In addition, the InfoTrends study titled *The Evolution of the Cross-Media and Marketing Services Provider* found that one of the key differentiators between companies that offer cross-media marketing services and those that don't was the use of mailing and inserting equipment in their operation. From a fulfillment standpoint, the web-enabled workflows and systems used to track inventory, pull materials, and create kits that meet the unique needs of an end customer provides the foundation for more advanced trigger based marketing systems.

Making the Transition

Companies that primarily offer mailing and fulfillment services can transition quickly, to offering higher value added services, by building out these services internally or by developing partnerships with external experts. The decision of whether to support internally or partner, needs to be made based on existing infrastructures, the type of services currently offered, willingness to invest, and customer needs. Services such as data analytics, tracking and reporting, database programming, mobile 2D barcode creation and tracking, and the creation of a campaign dashboard are complementary to core mailing and fulfillment services. In addition, online services such as microsite generation, email marketing, website development and programming, and email page design support broader trigger based marketing campaigns.

Print is only one component in today's complex communications channel strategy, where value is derived from combining media options in the development of data-driven personalized campaigns. Marketing follows the customer, not the other way around, and it must be truly customized to specific needs. Success in the new media world demands that companies make the transition. Companies whose core portfolio of services lie in mailing and fulfillment are in a strong position to adapt quickly.

To learn more about industry trends and how to make the transition into cross media marketing services, join us June 24-27 at the Annual MFSA Conference in Asheville, NC.