

The Power of Print in an E-Marketing World



No one expects print to disappear anytime soon. Direct mail remains the top choice of advertisers in terms of effectiveness among the various types of media available, according to a *United States Postal Service (USPS) Household Diary Study of Mail Use & Attitudes in FY 2005*. The study found that 85 percent of advertising mail is either read or visually scanned by recipients, 67 percent of survey respondents like getting mail about new products from companies with whom they do business, and 38 percent report that they find some direct mail pieces “interesting” – compared to just 10 percent who report that they find some email advertising “interesting.”

“Importantly, the effectiveness of direct mail is readily measurable, more so than for any other media... [newspapers, television, radio, magazines Internet, all other],” the USPS study reports. “Businesses can track the response rate to a mailing far more precisely than for a television commercial or magazine advertisement. This feature alone gives advertising mail a key advantage over its competitors.”

In fact, direct mail’s share of total advertising spending has been enjoying a strong upward trend for most of the past 15 years despite an increase in Internet spending in recent years. Advertising mail (101.6 billion pieces in 2005, up from 92.0 billion in 2003) represented about 60 percent of all mail received by households in 2005, according to the *USPS* study. Each household receives, on average, 17.3 pieces of direct mail per week

— with households with incomes of \$100,000 or more receiving twice as much advertising mail (26.3 pieces per week) as households with incomes of \$35,000 or less (11.6 pieces per week). And despite all the attention paid to online and e-mail advertising, households with Internet access receive more advertising mail than those without Internet access.

Further, *Veronis, Suhler & Stevenson*, in its *Communications Industry Forecast (2006 edition)*, reports that direct mail is projected to increase at a compound average annual growth rate of 8.5 percent through 2010 — slightly better than the 8.0 percent growth rate projected for the total marketing services sector overall — proving that direct mail remains vital and will continue to deliver a demonstrable return on investment.

People gravitate toward print, and direct mail is particularly persuasive, according to the *Direct Marketing Association (DMA)*. In a study done in conjunction with *Wharton Economic Forecasting Associates*, *DMA* researchers found that U.S. advertisers spend \$167 per person in direct-mail marketing to earn \$2,095 worth of goods sold per person — an ROI of 13 to 1. A separate study of online shoppers, conducted by *ComScore*, determined that consumers were twice as likely to make an online purchase on a retailer’s website if they received a printed catalog from that retailer.

“Junk mail” facts and figures...

Over the last year, marketers sent more than 114 billion pieces of direct mail... roughly 15 percent more than five years ago, according to the *USPS*. And last year for the first time, the volume of bulk mail exceeded first class.

Marketers are expected to spend \$59.6 billion on direct mail this year, up \$15 billion since 2000 and more than \$4 billion over the last year, according to Robert J. Coen, the director of forecasting for *Universal McCann*, an Interpublic agency.

Only about 2.15 percent of mailed ads lead to a sale or response from customers, according to the *DMA*.

“The Internet has actually been a trigger of direct mail,” said Peter A. Johnson, VP of research and market intelligence for the *Direct Marketing Association (DMA)*. “With every company now basically having a customer-facing Web site, suddenly they’re having an interactivity with their customers that is much more real to them.”

Forrester Research estimates that marketers will spend \$1.5 billion this year to send out nearly 600 billion junk mail messages.

— Louise Story, *The New York Times*, November 2, 2006



Nevertheless, print is facing a headwind, according to Gregory Barton executive VP of licensing and legal affairs at *Ziff-Davis*. "Print was more robust a decade ago," he says, "but today's marketers are seeking newer, faster, and cheaper ways to reach the audience. The audience is increasingly responding to digital formats, and marketing is following that lead."

Beth Brinton, group operations manager at *Penton Media*, agrees that "digital is the faster paced marketing vehicle, where you can change the message or the entire campaign on the fly. But," she says, "print is the 'steady-eddy' marketing approach."

THE LURE OF THE INTERNET

In its June 2006 B-to-B eMarketing Survey of 175 business executives, international market research company *GfK NOP* found that the respondents spent 17 percent of their advertising dollars on direct mail vs. 11 percent on Internet display ads and eight percent on email marketing.

The *DMA Response Rate Trends Report (October 2006)* reports that U.S. companies spent an estimated total of \$166.5 billion on direct marketing in 2006 — expenditures that, when measured against total sales, generated an estimated \$1.94 trillion in increased sales, or seven percent of the \$28 trillion in total sales for the entire U.S. economy and an estimated 10.3 percent of the total *GDP*.

The *DMA* also reports that U.S. marketers spent \$300 million on email in 2005 and were expected to spend \$400 million in 2006 (a 24.4 percent increase). Email marketing ROI is dropping, however, and headed downward for the foreseeable future. Email is projected to return \$51.45 for

every dollar spent in 2006, \$48.29 in 2007, and just \$41.05 by 2011.

Meanwhile, according to the *DMA*, U.S. marketers spent \$18.9 billion on print catalogs in 2005 and an expected \$20 billion in 2006 (a 5.7 percent increase) — only a fraction of the amount spent on email marketing — yet the ROI for print catalogs is projected to increase, returning \$7.20 for every dollar spent in 2006, \$7.24 in 2007, and \$7.28 by 2011.

Online marketing offers a lot of pluses, but there are also some minuses, according to Kerry Kyle, circulation director of national magazines at *American Lawyer Media*. "Email is extremely cost-effective," she acknowledges, "because you're not paying for printing and postage, but it's difficult to find email lists. Also, you often have to use the same service provider that the list owner uses, which makes it difficult to gather in-depth data such as the number of opens and click-throughs."

In the BtoB world, which has a finite audience anyway, the demographics of the email list are critical. "You need to reach the right people," Kyle adds, "not those who are only remotely connected to your audience. We're finding that specifically targeted emails can be very useful, but the whole industry is being very careful to follow the rules regarding anti-spam and opt out. And that also puts limits on the publisher."

CASE STUDY:

For circulation promotion, ALM combines direct mail and email
"Print is still the main thrust of our promotional efforts," says Kerry Kyle, circulation manager for national magazines at *American Lawyer Media (ALM)*, "but email is certainly very useful and definitely an integral part of our campaign."

While both approaches are important for ALM's subscriber

Working with a printer

Quality and expertise are supremely important considerations when selecting a printer that will provide the level of quality that a publisher expects. Look for a printer that offers these capabilities and services:

1 Up-to-date technology. Print becomes more and more efficient as new technology is applied. That allows more competitive pricing.

2 Pre-press. Streamlined pre-press services that allow the printer to receive jobs digitally — as PDF files — mean the client can manage virtually everything via email.

3 Turnaround time. Businesses have operated on a much faster schedule since the Internet began fostering (and fulfilling) expectations of immediate gratification. Compare your timeframe to the printer's ability to turn the project around.

4 Troubleshooting. Good communication between the publisher and the printer is crucial. When something in the file converts oddly, the printer should raise a red flag — not simply proceed with the printing "as submitted." The cost can be significant when correctable problems are not fixed prior to printing.

5 Technical support. Sometimes a situation arises where the client needs help making the file work. Perhaps you're printing in a foreign language, and the characters don't convert correctly or the fonts don't translate appropriately. Your printer should be willing to assist you with a technical (or creative) solution.

6 Paper stock. Suggestions for different types of paper stock and sizing the printed piece so that the sheets of paper are used most efficiently could result in a 25 to 35 percent savings on the job.

7 Mailing services. A mailing piece that doesn't meet strict postal regulations is an expensive error in both time and dollars, and revising or resizing a printed piece only slightly may result in significant postage savings. The printer should be knowledgeable about and willing to offer advice on all aspects of mailing.

8 Volume incentives. Money always matters. A vendor should recognize buyer trends and offer incentives for volume discounts.



Box: Top 10 Ways Print Helps You Prosper

1 Print is for keeps.

2 Print is portable.

3 Print drives a higher ROI

4 Print is beautiful

5 Print plays well with others.

6 Buyers seek print.

7 Print is credible.

8 Print puts them in control.

9 Print is personal.

10 Print is everywhere.

— “Why Print?” *The Print Council*, 2006

acquisition and retention activities, Kyle says that the relative effectiveness of the two contact methods depends on whether money is involved — ALM publishes both paid- and controlled-circulation magazines — and whether the recipient is a current customer or a completely cold prospect.

“With email,” she says, “I see a better response on the controlled side than on the paid side. Subscribers to a controlled-circulation publication don’t mind receiving an email telling them that their free subscription is up and, to renew, just click on the link and fill out the form. For paid products, print is definitely the way to go.”

Nevertheless, Kyle feels an email with a “real message” or one that has been set up with a physical (print) mailer is more effective than a generic email — even for re-qualifications to controlled publications. She often sends subscribers a print renewal notice before following up with an email. Kyle definitely sees a viable use for email but only as an additional delivery vehicle, not as a replacement for direct mail.

“Direct mail is still the best if you’re simply comparing print mail to email,” she says, “but the results are even better when you combine the two.

PRINT PLUS...THE SYNERGY

Virtually all of the 500-plus multi-platform, multi-channel publishers studied by researchers at The Mequoda Group still see a strong demand for print, according to Don Nicholas, managing

director. “They view email and Web information as companion media — not as replacements for print,” he says.

Posting promotional material on the Web may attract a larger audience for a longer duration, but areas that benefit from a printed format include direct-mail enclosures, sales collateral, event materials (brochures, agenda booklets, and handouts), client presentations, and some training materials. Even better, marrying paper and online formats requires minimal added cost and effort, but the resulting synergy provides a bigger bang for the buck.

CASE STUDY:

SpecComm International produces print and PDF media kits

At SpecComm International, it is the responsibility of Victoria Gardner to coordinate the printing and production of collateral materials — such as media kits, an occasional brochure, and advertiser-sponsored products — for the company’s six trade magazines. Gardner, director of printing and production, just produced a wall calendar for an advertiser, for example, which was folded and polybagged with one of the issues.

For the media kits, Gardner works with an outside vendor to produce a full printed version. Then, using the same creative, she produces a PDF that is posted on each magazine’s Web site. “It’s up to the business unit’s sales manager to determine the best way to reach its advertisers,” she explains. “Some want a printed version to send in the mail but also want an electronic version to email whenever someone requests it. Others are happy with only the electronic version and never request any printed copies.”

Gardner sees attributes in having both print and electronic versions. “Print has its place,” she says. “A



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printed piece is three-dimensional and is tactile. When you hold it in your hand, it feels good. When it first comes off the press, it even smells good!"

While the production costs of offering an additional PDF file are negligible, Gardner adds that she doesn't consider PDF versions of SpecComm's media kit to be as "beautiful" as print — "but an emailed kit can remain in the recipient's email client and be available whenever they need it," she says, "so I like offering both."

This is no time, then, for direct marketers to reduce their print direct

marketing efforts. The experts all seem to agree that print marketing is still the most effective method of communicating with customers and prospects and that it will remain vital in the foreseeable future. Yet, given the rapidity with which marketers want quick, cost-effective responses to their marketing efforts — and customers and prospects want immediate action — e-marketing has its place and purpose.

The more astute marketers, therefore, are finding that continuing to focus on traditional print marketing, with a complementary investment in e-marketing, seems to make the most sense.

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How's your email reputation?

Nearly 20 percent of legitimate commercial email does not get delivered to the inbox. Most marketers believe that their content is to blame for non-delivery, yet a new Return Path study shows that 77 percent of delivery issues occur because of the sender's email reputation. Content only plays a part in 23 percent of delivery issues, with 6 percent of that being linked directly to the reputation of domains included in the email content. Only 17 percent is related to factors such as words, fonts, images, or spelling.

— *Return Path Email Blocking & Filtering Report, August 2006*