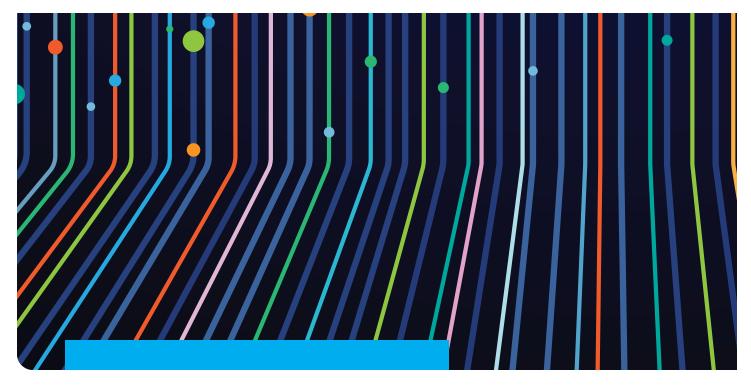


How Mailing Can Prevail Against Digital Fatigue







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Software solutions in the mailing segment are enhancing opportunities for providers to increase engagement with recipients.

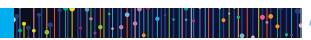
Despite the ongoing digitization of business-to-consumer marketing, printed direct mail has consistently delivered high success and conversion rates for companies that use it. As consumers report digital fatigue and are quick to dismiss and delete promotional emails or notifications on their smartphones, engagement with physical mail pieces is delivering a return on investment that has businesses assessing the role that printed direct mail plays in their marketing strategies.

While a printed mail piece may appear to the recipient as less technologically advanced than a digital campaign, the data management and logistics behind every delivery is complex. Particularly at a time when advancements in print technology are opening the door to personalization, versioning, and other methods of customizing direct mail, printing and shipping these print pieces is just the surface of what goes into the production of a successful mailing campaign. As mailing packages sent by marketers now often reach and surpass several hundred versions, mail service providers are turning to software solutions engineered to help manage the complexity and data management involved in executing a direct mail campaign.

This report will explore the value of software solutions in producing direct mail and will highlight how companies can leverage these platforms to maximize the effectiveness of their printed mail output. This report will explore the following benefits direct mail software delivers:

- Increasing data analysis capabilities
- Expanding segmentation capabilities to accommodate the increase in unique mailing packages
- Increased personalization in direct mail campaigns
- Enhancements and embellishments of substrates, formats, finishing, and envelopes.







ACHIEVING RESULTS IN THE CURRENT MAILING LANDSCAPE

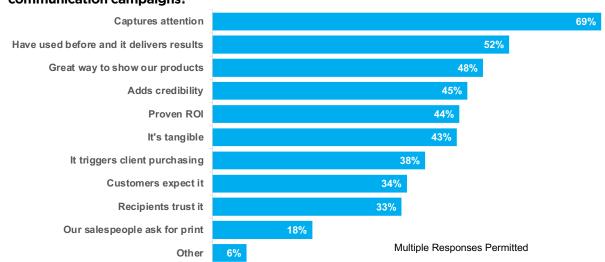
Marketers have many choices for communicating with consumers, but many have realized that direct mail is among the most effective channels to do so. For example, according to the 2023 State of Direct Mail report produced by Lob and Comperemedia, 74% of marketers report that direct mail provides the best return on investment compared to all other channels they use. This statistic becomes even more telling when compared to the 67% of marketers that cited direct mail as the top marketing channel based on ROI in 2021. These research findings demonstrated the value direct mail delivers to its users.

Nearly 70% of respondents stated that print is used in their campaigns specifically because it captures attention, and more than half (52%) state that they have used print in the past and achieved results with the medium.

Part of what makes direct mail so effective is it is tangible, and unlike digital media is not easily ignored. In fact, according to NAPCO Research's 2023 Annual Commercial Print Industry Trends and Strategy Service, communication buyers and influencers that use print in multichannel or omnichannel campaigns do so because it both captures attention and delivers results. Nearly 70% of respondents stated that print is used in their campaigns specifically because it captures attention, and more than half (52%) state that they have used print in the past and achieved results with the medium.



Q. What are the top reasons your organization includes print in your omnichannel communication campaigns?



n=216 North American communication buyers and influencers that use print in their multi-channel or omni-channel campaigns

Source: NAPCO Research Annual Commercial Print Industry Trends and Strategies Service, 2023









Consumers have also expressed the positive impact printed direct mail has had on their purchasing decisions. For example, in the 2022 State of Direct Mail report from Lob and Comperemedia, 62% of the 2,000 consumers surveyed stated that direct mail was a driving factor in them acting on a marketing message. Additional research from eProductivity Software (ePS) further emphasizes the success that direct mail can bring to marketers. For example:

- Mailing's Superior Lifespan: Research shows that the average lifespan of an email is 17 seconds. Direct mail, meanwhile, boasts a lifespan of 17 days.
- Undeniable ROI Advantages: For every \$167 spent on direct mail in the United States, nearly \$2,100 worth of products or services were sold, resulting in a 1,300% ROI.
- Open Rates Dominate: Email open rates are comparatively low, registering in at 23%. Meanwhile, recipients open up to 90% of direct mail.

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TECHNOLOGICAL SOLUTIONS DRIVING DIRECT MAIL SUCCESS

Behind the success and effectiveness of direct mail are various technological solutions that enable feature enhancements that drive results. On the production side of direct mail, emerging digital printing, finishing, and embellishment technologies have led to brands and marketers being able to personalize and enhance direct mail, improving the connection brands have with recipients. With personalization of mail pieces, printing a recipient's name is certainly a good first step in attracting attention, but the most effective personalization efforts take that one-to-one messaging to new heights.

For example, direct mail that incorporates a combination of personalized images and text can increase response rates, due to its ability to stand out to recipients in the few seconds they take to sort through the day's mail. In addition to digital printing to create a true one-to-one mail piece, technologies such as Google Maps with Streetview have been incorporated to personalize mail to such a degree that a photo of a recipient's home is included on the printed piece. These strategies have been leveraged by real estate companies seeking to entice a homeowner to sell a house.

Other personalization opportunities that blend images and text include offers from retailers that target consumers based on past purchases. For example, with the proliferation of loyalty programs at a variety of retailers spanning grocery stores, pharmacies, and clothing stores, marketers are armed with immensely valuable data that details items that a specific consumer has bought in previous visits.

For example, if a consumer scans their loyalty card or enters their phone number at checkout when they visit a certain grocery store, that retailer will have records of items the shopper bought and can monitor their spending trends. This can provide clues to the types of products they frequently purchase or the brands they trust. Using this information, retailers can create direct mail pieces







that are sent to the consumer, who likely provided their address as part of signing up for the loyalty program, with images of and coupons for items they have purchased in the past. By providing this incentive to shop at the store location for items they are known to purchase, retailers can encourage these consumers to return on a regular basis to acquire products they need in their daily lives.

According to NAPCO Research's 2023 Commercial Print Industry Trends and Strategies Research, personalization of direct mail is occurring throughout the industry. Specifically, of the respondent base that produces direct mail, 85% implement personalization to at least some degree, with 29% stating the direct mail they produce features highly personalized variable images and/or text, or has large portions that are dynamic.

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While targeted and personalized mail is a strong method of catching mail recipients' attention, enhancement and embellishment of direct mail can take that engagement to new levels. These enhancements can include physical processes such as foiling, stamping, and embossing. However, enhancing a mail piece can also include interactive digital components such as a QR code that ties in a virtual experience, or a personalized URL (pURL) that recipients can access for a variety of added components.

In a <u>panel session held at PRINTING United Expo 2023</u>, three direct mail providers shared their insights into a variety of embellishment opportunities. Beyond enticing the senses of sight and touch, Chris Matthews, account manager for Scentisphere, shared the benefits of adding scent to printed pieces. Scentisphere is a company specializing in scented print technologies, and Matthews discussed how companies can deepen their connections with mail recipients by leaving an impression via multiple senses.

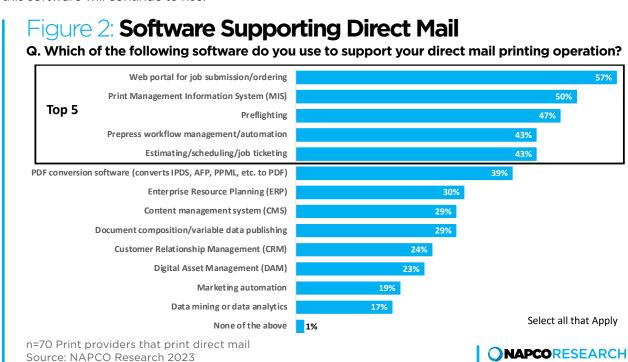
"Being recognized is the way to raise response rates," Matthews shared during the panel discussion. "It's all about engagement — all of these features are meant to engage the consumer. I think scent at a high level engages mail recipients in a big way — and I'm not talking about jamming a random scent into a campaign, but using relevant scents that match the imagery."





SOFTWARE SOLUTIONS ARE ESSENTIAL IN MANAGING DIRECT MAIL

With data management, enhancements, and digital media tie-ins, oversight of a mailing operation should involve a robust software solution to maximize success. Not only does production of direct mail require significant workflow management, processes such as billing, finishing, and envelope printing must be factored in, and can be streamlined via software. According to NAPCO Research's 2023 Trends in Direct Mail Printing research study, print providers that offer direct mail utilize a variety of software solutions, but lag in their marketing automation and data mining and analytics capabilities. In fact, only 19% of respondents report using marketing automation software and 17% implement data mining and analytics. As mailings become increasingly complex, the importance of this software will continue to rise.



To understand how software platforms fit into the direct mail landscape, it is important to understand the various components of a mailing job, many of which occur behind the scenes, and out of sight of direct mail customers.

Starting with the elements of a job that occur prior to production, mailers and marketers need to identify the job components and pricing and determine the elements that make the most sense for the campaign. Using a software platform, mailers can provide customers with various options and their prices, which offers visibility into all of the job components that can be included in the campaign.

Once project pricing is determined, customers will need to select options, including postal details and versioning. Among the essential job specifications are the class of mail the piece will fall under, the type of piece it is, and permits needed, as well as mail identifiers (MIDs) and Customer Registration IDs (CRIDs). With the specifications in place, the mailer and marketing team can then think about the various versions of the mailing to produce.







Versioning of mailing can be accomplished in several ways. For example, if a mailer is offering three different programs or deals for its products or services, it can create a distinct version for each offering. Then, utilizing the data on hand, the mailer can assess which recipients would be best suited to receive each version. This can be assessed using past purchases, demographic information, geographic details, among multiple other data points.

Prior to the mailing being sent, other key components of a mail job include what is referred to as packages, or the various components of the job that are sent. This can include a customized envelope, a postcard, personalized letter, return envelope, or any other printed collateral to be delivered.

During and after the production process, the mailer and marketing team will also want to manage and monitor the key events and milestones of the job. This process involves keeping track of dates and deadlines required to hit delivery targets, communicating between the various departments involved, collecting approvals from necessary stakeholders, and more.

21% of respondents reported a lack of standardized software that fits their requirements is among their top three pain points.

HOW SOFTWARE MANAGES THE WORKFLOW AND DATA NEEDED FOR SUCCESS

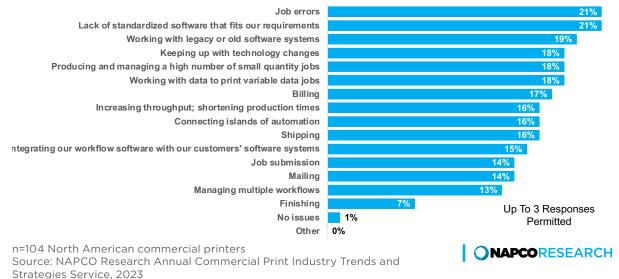
While the complexity of a mailing that includes features such as personalized messaging and print embellishments may not be evident to recipients, behind the scenes, software solutions play an integral role in making what can be a complicated process run smoothly. However, print service providers have expressed struggles with their current solutions. Specifically, in NAPCO Research's 2023 Commercial Print Industry Trends and Strategies Research, 21% of respondents reported a lack of standardized software that fits their requirements is among their top three pain points. Additionally, 19% report working with legacy or outdated software, and 18% struggle with working with data to produce variable data jobs.





Figure 3: Top workflow inefficiencies

Q. Overall, what are your top THREE biggest pain points or inefficiencies in your current workflow?



Software platforms, however, can ease and eliminate workflow challenges. Dedicated mailing solutions offer the ability to better manage these highly specific and complex workflows, and can help with the following processes:

- Job initiation: Interfacing with the client and planning the campaign
- Preproduction: Creative processes, prepress, data processing, approvals, and job preparation
- Production: Receiving and storing materials, printing, finishing, delivery, and billing
- **Postproduction:** Tracking the campaign, monitoring, and reporting results.

In today's mailing landscape, these tasks are often undertaken with sizable manpower and a variety of tools, often in a disconnected, disparate manner. For example, companies that have not invested in a robust mailing software platform can fall victim to potential error that occurs when managing jobs and data with antiquated tools, such as spreadsheets. Additionally, when these processes are managed by staff members, companies are at risk of losing their internal knowledge of the process should they leave the company, and risk human error if there is a single source of oversight.

However, software solutions, such as those from eProductivity Software, are designed with mailing in mind, and are engineered to manage all of the various components of the mailing process. In particular, the ePS Enterprise Mailing Suite provides tools that deliver results for mailers of transpromo materials, direct mail, transactional and cyclical mail, as well as commercial printing.

These solutions factor in the entirety of the workflow, beginning with the early stages of a product, such as estimating and pricing. Additionally, the order entry components, milestones, permitting, and specifications are managed within the software, along with job scheduling, planning for production capacity, communication of approvals, and gaining signoffs. Production steps are managed within the software, including real-time reporting and analysis of jobs.







Among the key elements of the Enterprise Mailing Suite is that it is backed by ePS's Quote program, which provides accurate estimating, quoting, and production planning of a job. The automated process also analyzes and recommends the ideal workflow for a project to progress through a facility, ensuring that production is optimized based on the available equipment, materials being used, and specifics of a mailing job. While mail service providers are likely to be knowledgeable of their equipment and workflows, any opportunity to automate processes and reduce human touchpoints can make for a more efficient experience for both the provider and customer. Additionally, allowing automated software systems to help users make informed decisions about their workflows can reduce the potential for human error, which becomes especially important in mailing, given the level of complexity and data management present in many jobs.

Beyond planning and production, mailing software such as the Enterprise Mailing Suite can help stakeholders maximize the revenue of their projects through its cost and profitability analysis features. Additionally, with real-time reporting, mailers can access information about how their jobs are faring while in the field, and can report these accurate results to their customers. With this information at the ready, and powered by innovative tools that give users the ability to easily manage and maximize the data needed for a successful mail job, mail service providers will win more business and keep satisfied customers returning for future campaigns.

CONCLUSIONS AND RECOMMENDATIONS

The reality of digital fatigue can be challenging for marketers to contend with, particularly as brands and consumers have increased their connectivity in their daily lives. However, data has shown that despite the influx of digital communication channels, consumers often prefer a tangible printed product. This has created significant opportunities for direct mail providers, particularly as digital printing and advanced software solutions have opened the door to high levels of personalization, increased embellishments, and interactivity of printed mail pieces.

The resulting opportunity for mail providers is an undeniable return on investment for their customers. For example, as eProductivity Software's research has shown, direct mail boasts a 1,300% ROI, with \$2,100 worth of products or services sold per every \$167 spent on direct mail. Printed mail's ability to cut through digital fatigue is further underscored by its 90% open rate, compared to email's 23% open rate, along with its sizably longer average lifespan - 17 days versus 17 seconds for email.

While the opportunity that direct mail's counter to consumers' digital fatigue presents, creating a personalized and engaging mailing campaign can be highly complex. Processes including pricing, personalization, and creating multiple mail packages require management of vast amounts of data, a task that is best performed using a robust software solution designed specifically for the mailing industry.

Investing in technology solutions specifically designed for the mail workflow, such as the Enterprise Mailing Suite from eProductivity Software, gives mailers a leg up on the competition in multiple ways. By automating several processes, including estimating via the iQuote feature, and planning the best path for a job to take through a facility, mailers benefit from a more efficient and cost-effective process, allowing them to process more jobs through their plants and maximize the return on investment for their customers. Additionally, managing personalization data and the data needed to produce multiple mail packages per job can be handled by the software, making the process much simpler for operators and production staff.







As consumers continue to be bombarded my marketing emails, push notifications, and digital advertisements, the opportunity for mail service providers to provide marketers with an alternative channel to combat digital fatigue should not be ignored. Investment in technological platforms, including mailing software solutions, can maximize the effectiveness of mailing campaigns, engaging consumers, and keeping them brand loyal into the future.







WHO WE ARE



eProductivity Software (ePS) is a leading global provider of industry-specific business and production software technology for the packaging and print industries. Its integrated and automated software offerings and point solutions are designed to enable revenue growth and drive operating and production efficiencies. At the forefront of its offerings is the ePS Enterprise Mailing Suite, a comprehensive suite empowers businesses to manage a spectrum of mailing projects, from simple tasks to intricate, multi-product endeavors, or time-sensitive cyclical mailings with precision and efficiency.





WHO WE ARE

NAPCORESEARCH

NAPCO Research crafts custom data-centric solutions that leverage our highly engaged audiences across the markets in which we operate, our industry subject matter experts and in-house research expertise. We partner with our clients to identify their unique business problem and create solutions that enable deeply informed decision-making.

NAPCO Research can help with:

- Business goal prioritization
- Opportunity discovery
- Market segmentation
- Landscape insight
- User needs and wants
- Product features and functionality
- Content marketing strategy
- Sales strategy and tactics
- Market conditions
- Benchmarking
- Industry trends
- Brand awareness

Contact <u>research@napco.com</u> to talk with our analysts to find out how we can help you with your research needs.