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From letterbox to inbox: Building customer relationships

2013

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Introduction

The way in which consumers use the communications channels available to them has been changing rapidly over the last decade. The rise of the mobile consumer has prompted advertisers to switch their own media usage: so much so that two-thirds of the ads which consumers recall seeing yesterday were on a screen, rather than in print.

Assuming this means consumers have less interest in printed communications – or even expect them to come to an end completely – would be a mistake. For certain types of product or service (especially supermarkets, local stores and takeaways), print still dominates. In part this is down to pure self-interest – consumers enjoy receiving money-off coupons which can be redeemed in-store, for example.

The continued importance of physical contact between brands and consumers should not be underestimated. Most consumers still expect to go to a shop for their weekly food and will expect to visit a showroom if they are buying a car. A brand which stopped offering information in printed form – or introduced a charge for this – would also suffer brand damage among the majority of consumers.

Switching to digital channels is a very real trend, even so. Managing finances and planning a holiday are now done online by the majority of consumers, for example. What makes this mix of behaviours challenging for marketers is the differential treatment which consumers exhibit towards messages they receive via each channel. Direct mail retains a sense of importance, with the majority of consumers opening items straightaway. By contrast, open rates for email are not only lower, but these digital messages are more likely to be deleted if the receiver does not recognise the company which sent them.

Leveraging the built-in qualities of direct mail is a genuine opportunity for marketers. Consumers have a sense of anticipation about the daily post and are strongly influenced to open items that are personally addressed. Mailshots are often kept for reference and consumers routinely share vouchers or coupons with their friends and family.

Printed communications also carry with them a set of values that are considered important by consumers, such as trustworthiness, the ability to be personalised and the provision of good content and relevant information. Tangibility is important to consumers, too, and is inherent in direct mail, while appearance and being memorable – which both rate highly among the general population – are nearly twice as strong in direct mail compared to email.

What does make this medium a challenge for marketers is tracking any response it generates. Consumers are likely to go online to do further research or purchase, either to the brand's website or a search engine, or they may visit a store. Tracking such behaviour back to a mailing is difficult.

Consumers will share their personal information and respond more strongly to marketing messages with relevant content. This value exchange needs to be carefully handled, but should be visible.

So while digital channels continue to rise in importance for consumers and attract ever more advertising budget, the reality is that most consumers still expect to see printed communications in some form for the next decade at least. A world without print may just about be in view, but for a large number of consumers it would not be a better world.

fast.MAP's perspective

A key observation coming through is that consumers are not as focused on deciding if they want to live in an online or offline world as the marketing industry might wish or perceive them to. Consumers will use all channels at their disposal. They do not see online and offline "channels" but simply ways of making contact with companies or being contacted by them.

Online and offline complement each other. Nearly half of people (44%) stated that they could be driven online by an interesting piece of physical post, primarily to the brand's website. It's also very relevant to pay attention to the different roles online and offline can play. Direct mail is twice as more likely to engender trust than email. Post is also seen as more memorable and authoritative. But email is much more likely to be acknowledged as being easy to respond to, easier to share and relevant to likes and dislikes. This indicates that direct mail and post can lay the foundations of trust to make the role of email as a tool for response work harder.

People are expecting offline communications from business to reduce. Over six in 10 people think it will have gone online within the next 10 years. But marketers beware, because they aren't necessarily looking forward to it, with just under half (46%) saying a world without physical communications from businesses would be worse.

Finally, marketers must acknowledge the fact that only one in 10 people would want to get rid of their letterbox. It's here to stay and remains a relevant way of engaging with customers. There's an excitement that comes with receiving post – a third look forward to receiving it every day, and a further 30% will open what they get on the same day – a good opportunity for marketers.

David Cole
Founder and MD
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HP's perspective

Welcome to the HP/DMA/*fast*.MAP marketing communication research report on the effectiveness of print as a promotional medium in conjunction with online and mobile communication channels.

At a time when marketers are faced with an expanding range of marketing channels and customer communications are increasingly online, this report provides information and insights that address key questions about the roles of digital and printed communications in today's market.

The report looks at customer behaviours and addresses fundamental questions including:

- How customers prefer to receive marketing messages, and how they may want to receive them in the future
- How print and digital channels work together
- The relative strengths and impacts of these different media on consumer behaviour
- How consumers feel about personalised direct mail

These findings may challenge your thinking, but the insights gained should prove valuable to our customers and DMA members, enabling them to make informed decisions with regards the most effective communication channels for their future marketing initiatives.

Lyle Rainey
EMEA Business Development Manager
DM & Publishing, HP

Executive summary

Direct mail has faced a challenge to its place in the marketing mix over the last decade in the face of the rise of email and, more recently, social and mobile media. Yet physical communications retain an important place in consumers' affections and can be a powerful option for brands.

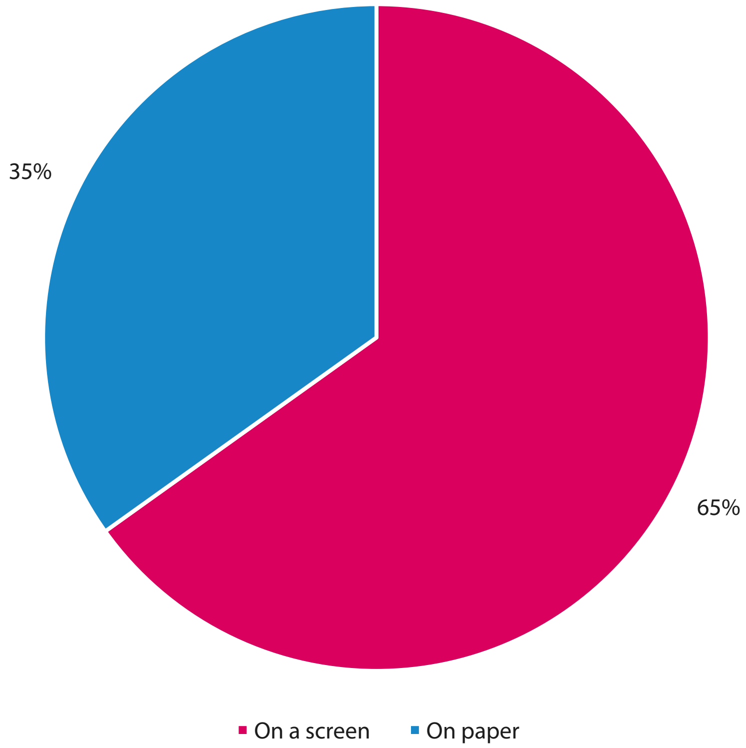
To substantiate how consumers view, treat and respond to direct mail, the DMA Print Personalisation Tracker randomly selected 1,232 individuals from the fast.MAP Consumer Voice panel to provide a representative sample of the UK population. They were served an online, self-completion questionnaire of 28 questions covering actual receipt of marketing, preferences by channel, treatment and actions with items received, and views about the changing media landscape.

This report presents the findings from this survey, which include:

- As well as being tangible (68%), consumers rate direct mail highest for being trustworthy (56%) and authoritative (55%). Email scores highest for being easy to respond to (67%).
- Direct mail is the preferred channel for receiving marketing from local shops (51%) and banks (48%), while email is preferred for events and competitions (50% each). Preferences for channel are very similar in the case of supermarkets with direct mail chosen by 48% against email being preferred by 45%.
- Surprisingly, 79% of consumers act on direct mail immediately compared to only 45% who say they deal with email straightaway.
- One-third of consumers anticipate the post and feel disappointed if none arrives.
- Nearly half (48%) of consumers say they open an item of post if it is personally addressed to them, but 41% will throw direct mail away unopened if it is not personally addressed.
- Direct mail benefits from a "mantelpiece effect" - 48% of consumers say they occasionally keep an item of interest while 17% do so regularly.
- Remarkably, more consumers say they respond to a mailing by going to a brand's website to find out more than by using a search engine for the same purpose (44% compared to 34%).
- Offered a simple yes or no option about sharing their data with marketers, consumers as a whole are almost equally split between those who will provide their personal data in order to get tailored and relevant communications against those who would accept generic messages if they do not have to provide their data.
- When consumers request information from a brand, the timescale they have in mind to receive it is specific and short – 41% want their information to arrive within two to four days of asking for it, while 44% will wait for a week.
- Consumers do not necessarily support the move to digital which many marketers have been driving – six out of 10 say it would damage their view of a brand they currently use if they had to pay in order to get information in printed form, while 56% say it would harm a brand they might consider using.
- Expectations of a fully-digital world also risk being over-estimated by marketers – the youngest group of consumers (aged 18 to 34) are the least likely to predict a world where everything has become digital. One in five of this group say this will never happen, twice the level of older age groups. Across all consumers, 45% believe a world without physical communications would be worse – just 15% think it would be better.

1. The consumer's media landscape

1.1 Recall of advertising seen yesterday

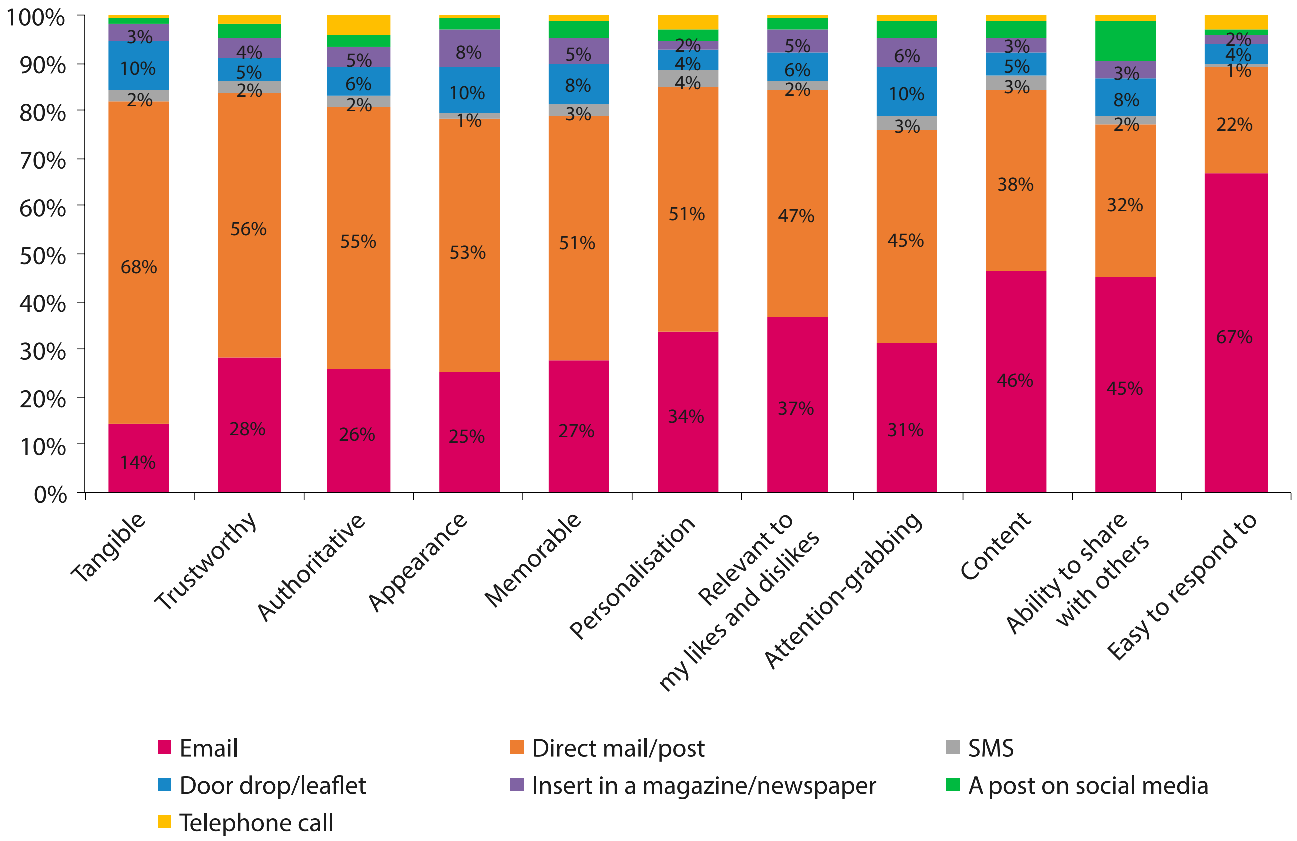


Depending on how you measure it, consumers may be exposed to as many as 3,500 ads every day (Source: *The Guardian*, 19 November 2005). The battle for recall is now taking place over a much wider number of channels than ever before as a result of "second screen" consumption, with consumers often browsing a tablet or mobile phone at the same time as they watch TV or use a PC.

Those mobile and digital channels have created a definitive shift in terms of where consumers recall seeing ads the day before. Two-thirds now say they are most likely to have seen a marketing message on some form of screen (which could be TV or equally a mobile device or PC) compared to one-third seeing a paper-based message.

While marketers need to follow where the audience is, they also need to be alert to possibilities for cutting through this media clutter. If consumers are being exposed to fewer print-based ads, then this makes paper-based channels a potentially appealing and effective option.

1.2 Attributes of marketing channels



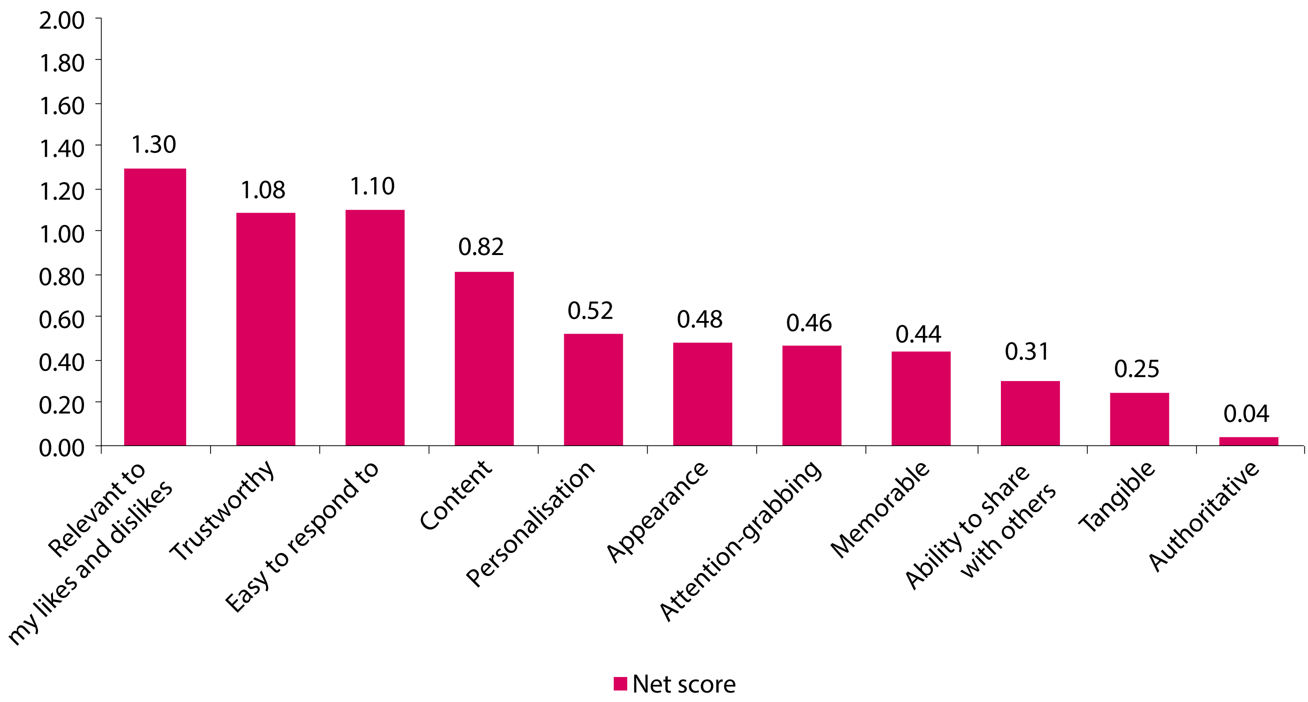
Consumers perceive a range of attributes in the different marketing channels they are exposed to. Some of these are obvious – such as direct mail being the most tangible, or email the easiest to respond to. Others are more nuanced and complex, building into a set of qualities which marketers can potentially leverage to their advantage.

Direct mail scores highest on eight out of the 11 attributes which were assessed, while email was ranked highest on just three. Other media – inserts, door drops, SMS and phone calls – scored 10% or below across all measures.

Aside from its tangible nature, direct mail was rated by a majority of consumers for being trustworthy and authoritative – very important attributes for any brand concerned about ensuring that its marketing supports its values. Mail also scored strongly on aspects for which marketers are specifically responsible – appearance, being memorable and personalisation. Scores for content and being attention-grabbing were almost as strong, giving direct mail nearly a clean sweep on dimensions which are variable by the marketing function, rather than being inherent to the channel.

Relevance is the only one of those factors on which email was scored higher by consumers, although only by a margin of 8%. The other strongest attributes of email – the ability to share with others and respond to easily – are built into the digital channel, rather than being put there by marketers.

1.3 The importance to consumers of attributes in marketing information



Consumers have pre-existing expectations and views about marketing and the channels it uses. These are then overlaid by the techniques which advertisers use within each campaign or item. Get these right and consumers will engage more strongly with the message.

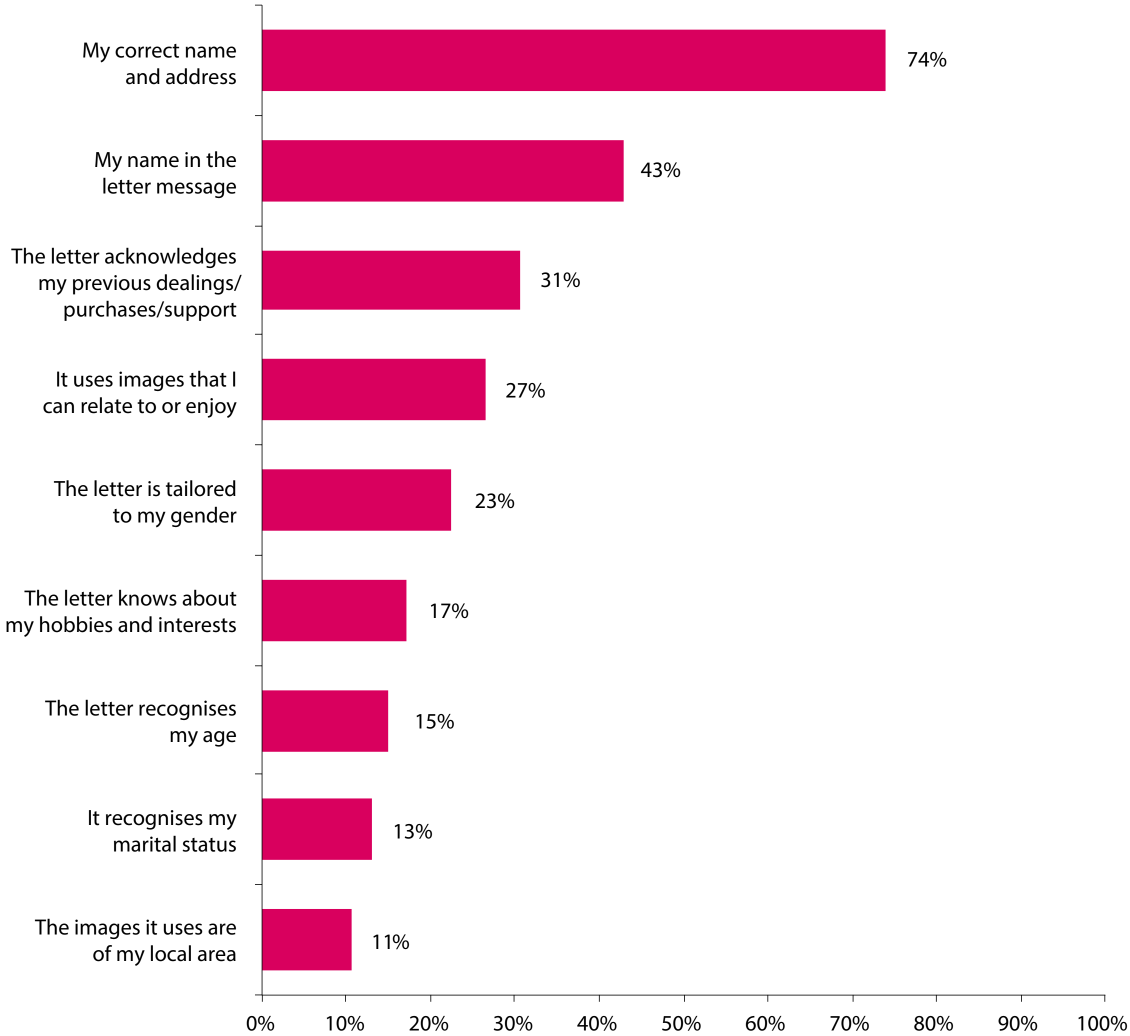
Prime among the attributes which marketing has to demonstrate is trustworthiness. While not something an individual message can create, it is possible to highlight the credentials of a brand and thereby leverage the impact on 83% of consumers who rate this highly. When converted into a scale where very important scores +2 and not very important scores -2, being trustworthy gets the highest rating of 1.29.

More specific attributes that can be built in by marketing also give a brand leverage. Content and relevance lead, with positive scores from nearly eight out of 10 consumers. Perhaps surprisingly, ease of response is seen as very or quite important by two-thirds of consumers – although the sharing and liking opportunities of socialised marketing do not gain the same level of approval with 32% positive against 24% negative.

Personalisation and creative qualities also influence around half of consumers positively, although it should be noted that there are high levels of indifference – four out of 10 have no real view on the importance of dimensions like personalisation, appearance, memorable or attention-grabbing.

Tangibility and authority also get positive scores from 41% and 37% of consumers respectively, yet these also inspire the highest levels of neutrality. To break through, marketing needs to lean harder on other dimensions within its messages. And as Chart 1.2 demonstrated, direct mail scores more highly for eight out of 11 of these qualities than any other medium.

1.4 Importance to consumers of personalisation in addressed post



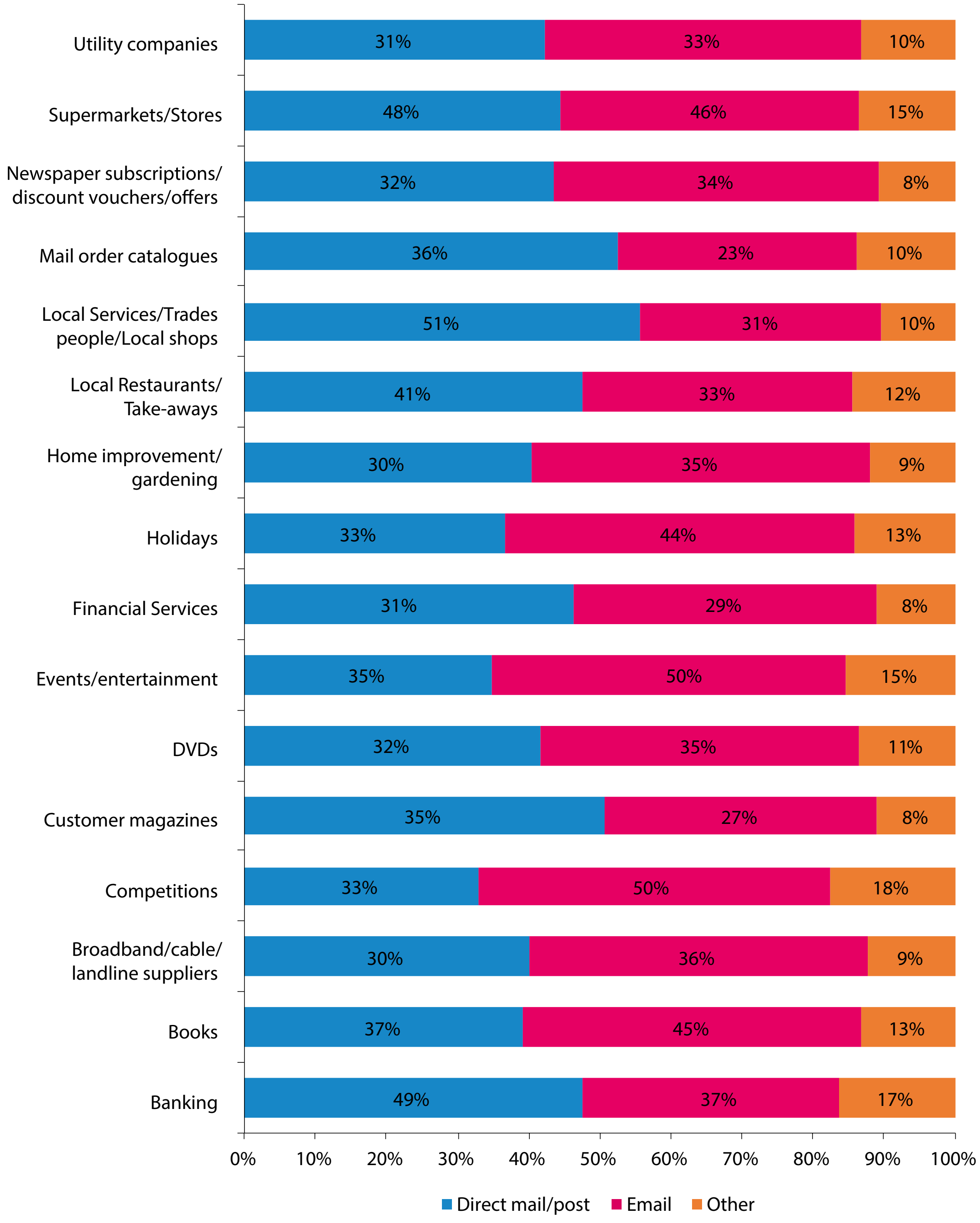
Personalisation of direct mail has a spectrum. At one end is simply addressing a letter using the correct salutation and gender, at the other is fully-tailored content based on data held about interests and purchasing history. The first is overt, the second less so as far as the consumer is concerned.

Perhaps for this reason it is the most obvious uses of personalisation which consumers say matter most to them. Three-quarters want their correct name and address to be used, emphasising the importance of basic data quality. A further 43% like their name to be used within the letter message.

More sophisticated personalisation sits in the second rank of importance with between one quarter and nearly one third of consumers saying it matters to them. Reflecting what they have bought previously (31%) is at the heart of loyalty programmes which have helped to educate consumers about how their data might be used. Gender-specific content and relevant images (23% and 27% respectively) have a clear appeal to a portion of the population.

Other uses of data to drive content get a degree of support, but only from a specific minority. Some of the data which consumers are most willing to share (gender, age) are not seen as that important when used to personalise a mailing. It is clear that marketers need to think carefully about whether permission to use data is worth exercising if the impact will only be limited in this way.

1.5 Channels preferred for receiving marketing by sector



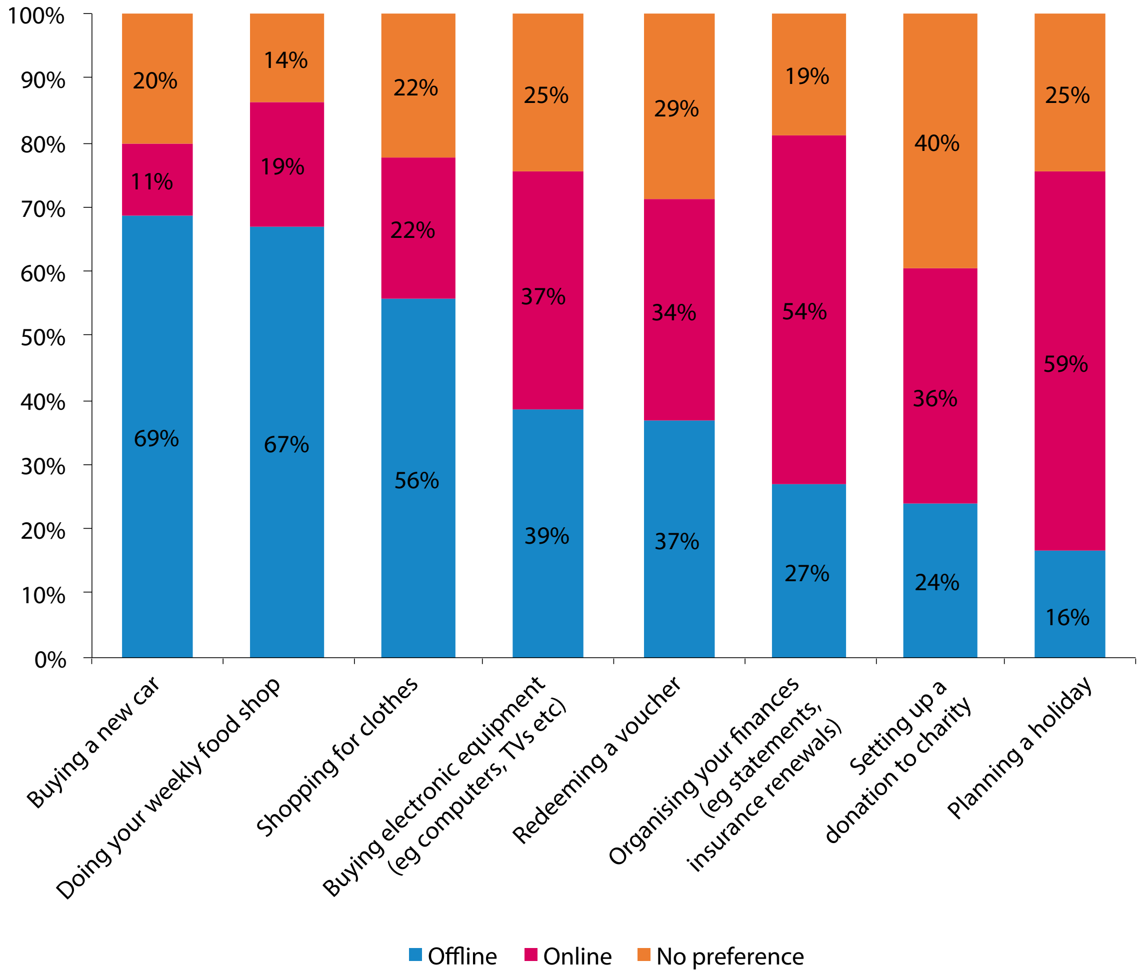
Consumers have become accustomed to receiving information from the providers of products and services through a variety of channels. As a result, they develop preferences for how marketers should distribute their outbound messages.

Direct mail retains a strong hold as an information source for services which consumers use every day and need close at hand. If scores for either channel are subtracted from each other, it reveals that local services and shops have a net score of +20 points for physical mail over email, while banking gets a net score of +11. Local restaurants and takeaways see a similar preference for physical items of +8.

By contrast, some sectors have become more closely associated with digital marketing, such as competitions, which have a net score of +17 for email compared to direct mail, and events or entertainment (+15). The immediacy of these areas of potential purchase clearly benefits from being communicated by email; while holidays, with a preference for email of +11, reflect the ease and speed of researching online. Books also see a preference for email of +8, almost certainly due to the dominance of Amazon in bookselling.

Other sectors have a much narrower balance between the two major communications channels, while emerging methods like SMS or social media score below the level of statistical significance. What marketers need to pay careful attention to is the consistent level of resistance reflected in the number of consumers who would prefer not to get any marketing through either channel. With the exception of local services/shops and supermarkets, at least one-third of consumers claim not to want to receive marketing, rising to half for financial services.

1.6 Consumer channel preferences for purchasing and researching



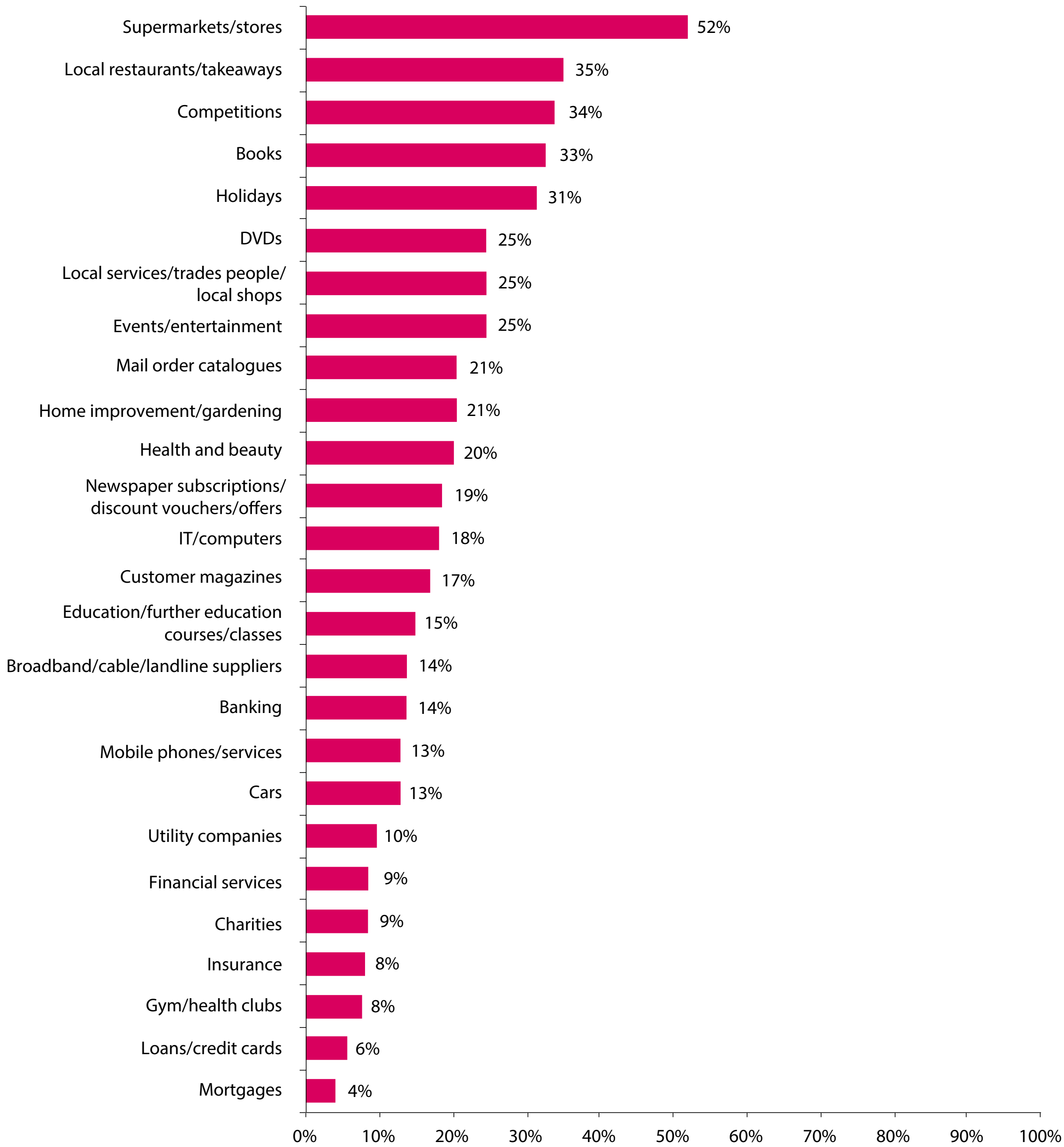
Consumers now have a wide range of choices for how to carry out the core activities of shopping. Most products and services are available through both retail and e-commerce (and often a blend of the two, such as "click and collect"). It is for the individual to decide which they prefer to use.

For some purchase categories, traditional options remain deeply ingrained – two-thirds of consumers remain committed to buying a new car or their weekly food shop offline, although there is a significant minority of one in five who now buy their groceries online. That is understandable given the size of the purchase in one case and the importance of checking freshness in the other. There is also a winnable segment who have no real preference either way.

Clothes shopping retains its dominance as a retail activity for the majority (56%), but nearly one quarter now go online. But for electronic equipment, the decision is nearly at the tipping point with just 2% fewer consumers still preferring to buy offline than online. A new behaviour – "showrooming" – may be responsible for this, with consumers increasingly visiting physical stores to assess products, but using an online store to make their ultimate purchase. Even redeeming a voucher, which has a long history as a retail-oriented activity, now only has a 4% margin of consumers who prefer to do this offline than online.

Donating to charity has already passed that point – over a third of consumers choose to set up their support online, compared to one quarter who do this offline. It is notable that four out of 10 have not made up their mind about this. The convenience of managing finances or planning a holiday online means the majority of consumers now prefer to do it this way and are unlikely to change their minds back.

1.7 Sectors consumers enjoy receiving direct mail from



In a straight choice between certain channels, consumers will play their favourites. When the choice is more specific – to say which type of companies they specifically like to get direct mail from – the profile of preferences becomes much clearer.

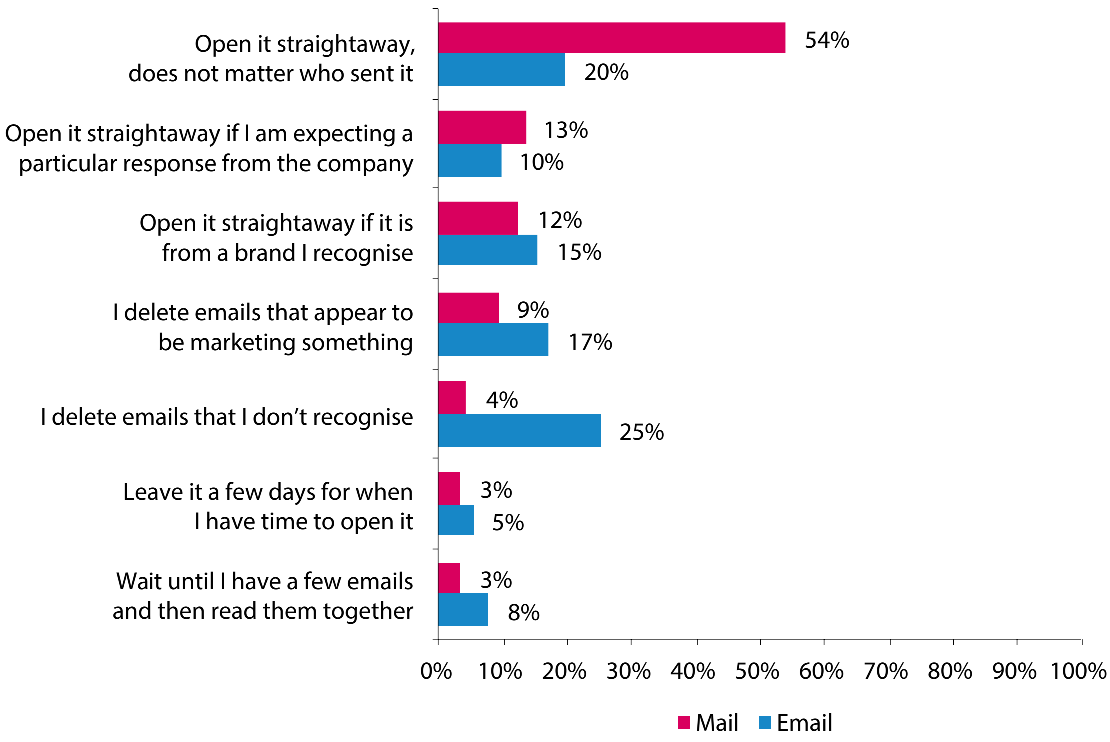
It is no surprise that half of consumers name supermarkets as the sector they most enjoy being mailed by. Not only are these among the biggest users of direct mail, but the items delivered by Tesco or Sainsbury's (via the Nectar loyalty programme) contain real benefits for consumers in the form of vouchers.

The second tier of preferred senders is surprisingly traditional, covering local restaurants/takeaways, competitions, books, and holidays. Three in ten consumers enjoy direct mail from these sectors, a proportion that would have been similar ten or 20 years ago.

A third tier of sectors broadly covers leisure and entertainment, such as DVDs, events or newspapers, together with regular sources of buying, like local shops, gardening, mail order catalogues or health and beauty. Between one fifth and one quarter of consumers give mailings from these companies a positive welcome.

Other sectors have a more mixed and lower level of receptiveness among consumers, although in many cases this simply reflects the likelihood that a consumer is in the market for these products or services at any given time. The slow housing market, for example, makes it unsurprising that just 4% of consumers enjoy mortgage mailings.

1.8 Consumer treatment of direct mail and email



Just as consumers have a preference for how they want to receive marketing from various sectors, they also have habitual reactions to those items when they arrive. In particular, the way they treat a piece of addressed post or an email reflects certain fixed characteristics of those channels.

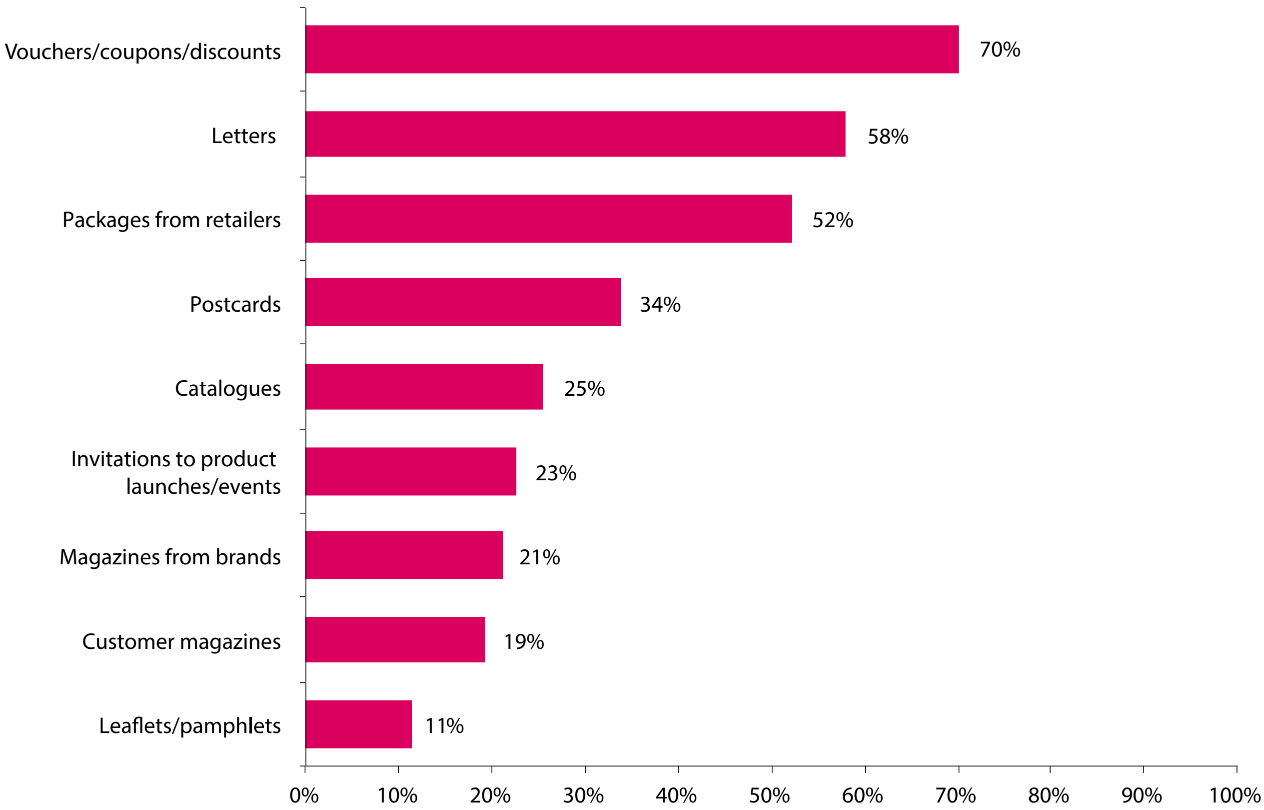
It might be expected that email would enjoy the most immediate treatment compared to direct mail. However, only 45% of consumers say they deal with email straightaway in some fashion, compared to 79% who act on direct mail immediately. Email that looks like marketing or where the sender isn't recognised gets deleted by 42%, compared to just 13% treating direct mail this way. Remarkably, 13% of consumers wait before dealing with email – something just 6% do with direct mail.

For email, the immediacy of the channel and the simple tools for managing it explain why one in five consumers open all the messages they receive and why one quarter of consumers simply delete a message from a sender they do not recognise. Emails that are obviously marketing get deleted by 17%. The reverse is also true – an email whose sender is recognised gets opened straightaway by 15%.

Email is also the one channel over which consumers have a specific control when it comes to the marketing they receive through their decision to opt-in or to unsubscribe. Consumers are actually very active in choosing to receive emails, according to the *DMA Email tracking study 2012*, which found nearly half of consumers had signed up to between one and 10 brands, while 24% subscribed to 11 to 20 brands and 19% to 21 or more brands. That level of opt-in will make much of the inbox familiar and welcome to the recipient.

By contrast, the tangible nature of direct mail appears to generate a more considered reaction – over half of consumers (54%) open direct mail regardless of who sent in, with 9% throwing away anything that is obviously marketing and just 4% throwing away post if they do not recognise the sender.

1.9 Items consumers enjoy receiving by post



To understand why consumers enjoy receiving some types of direct mail more than others is a simple matter of asking "what's in it for me?" That is why seven out of 10 name vouchers and coupons as their favourite pieces of post, since they deliver an immediate benefit – outweighing even the pleasure of receiving a letter, which six out of 10 mentioned.

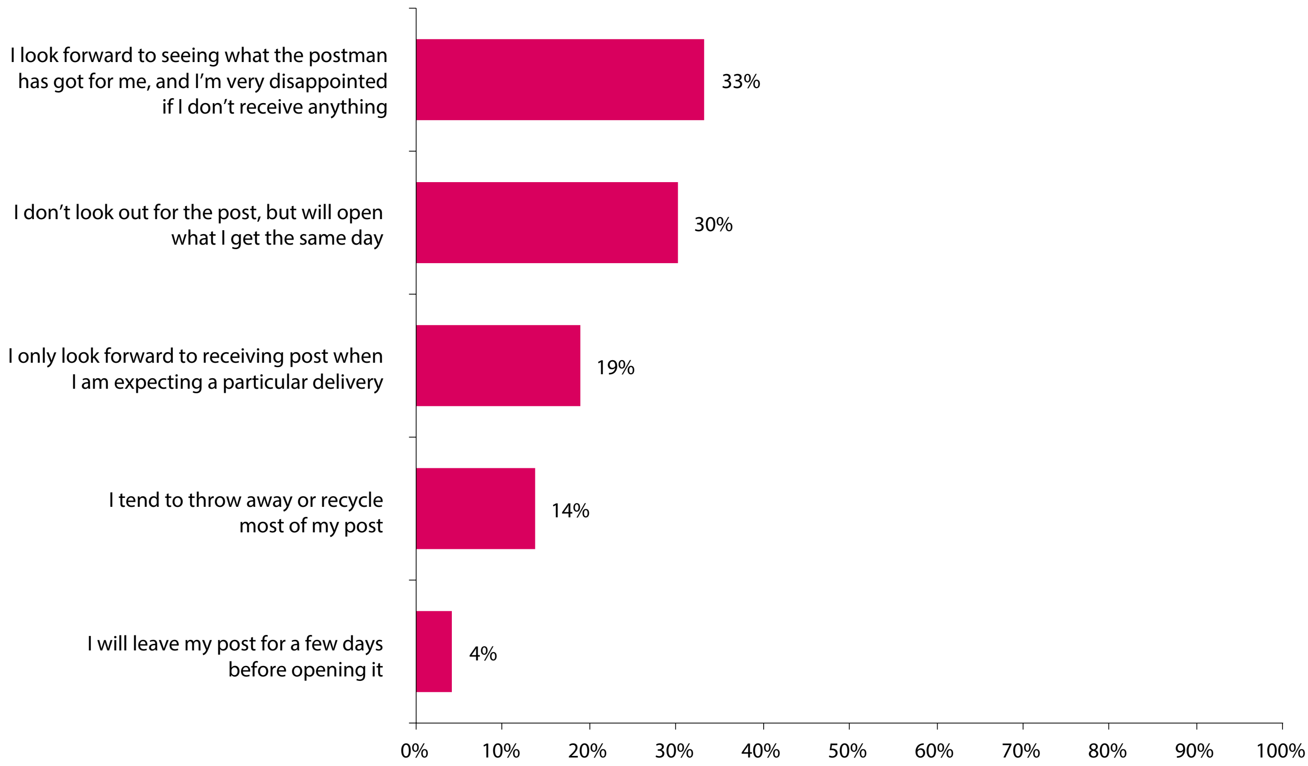
Post has also become a major distribution route for e-commerce with most households now buying some items online. Packages from retailers are enjoyed by over half (52%) as a consequences.

Positive feelings also exist to other types of mail, although at a lower level. The postcard is still enjoyed by a third of consumers – in an era of instant messaging and posting holiday photos online, fewer postcards are being sent than was historically the case, making those that do arrive a particular treat.

Catalogues retain a place as favourites for a quarter of consumers, closely followed by invitations and customer magazines. But there is clearly a disconnect between the low level who say they enjoy getting leaflets (just over one in 10) and the much higher proportion who named local restaurants/takeaways or local shops as preferred senders of direct mail, since these outlets tend to be the heaviest users of this print format.

2. Consumer treatment of direct mail

2.1 Anticipation and excitement at receiving post

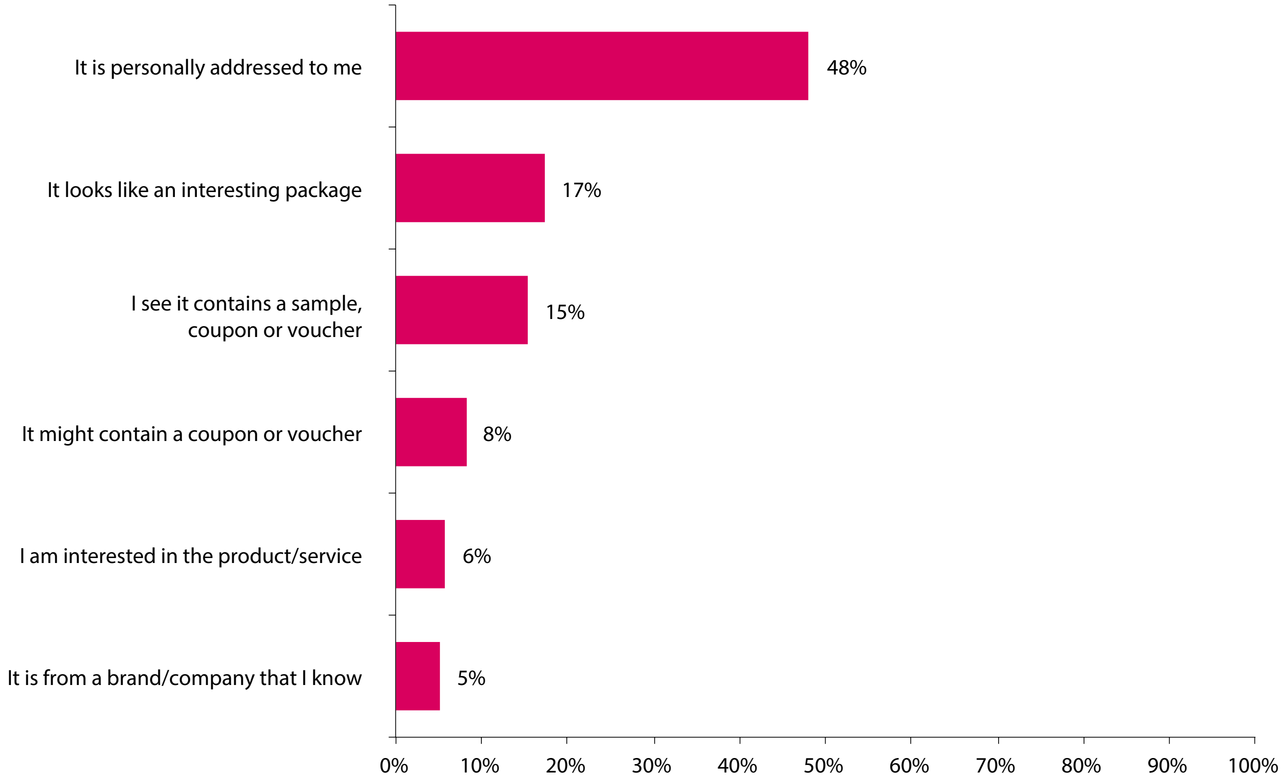


One of the undeniable aspects of the material delivered through the letterbox is that it combines the thrilling and valuable (birthday cards, purchases) with the necessary (bills, statements) and the mundane (leaflets, catalogues). It is this rich mix which over time has created a sense of anticipation about the daily postal delivery. As WH Auden put it in his famous poem *Night Mail*: "for who can bear to feel himself forgotten?"

For one-third of consumers, this is a very real emotion – they anticipate the post and feel disappointed if none arrives. If they have a reason to believe a delivery is due, 19% actively look forward to their delivery.

This also helps to explain why three out of 10 may not be anticipating getting any mail, but will still open items the same day, whereas just 4% are able to wait a few days before they examine any items. Having an unpredictable mix arrive each day does create some negative reactions – 14% throw away (or recycle) most of what they get.

2.2 Reasons why consumers open addressed post



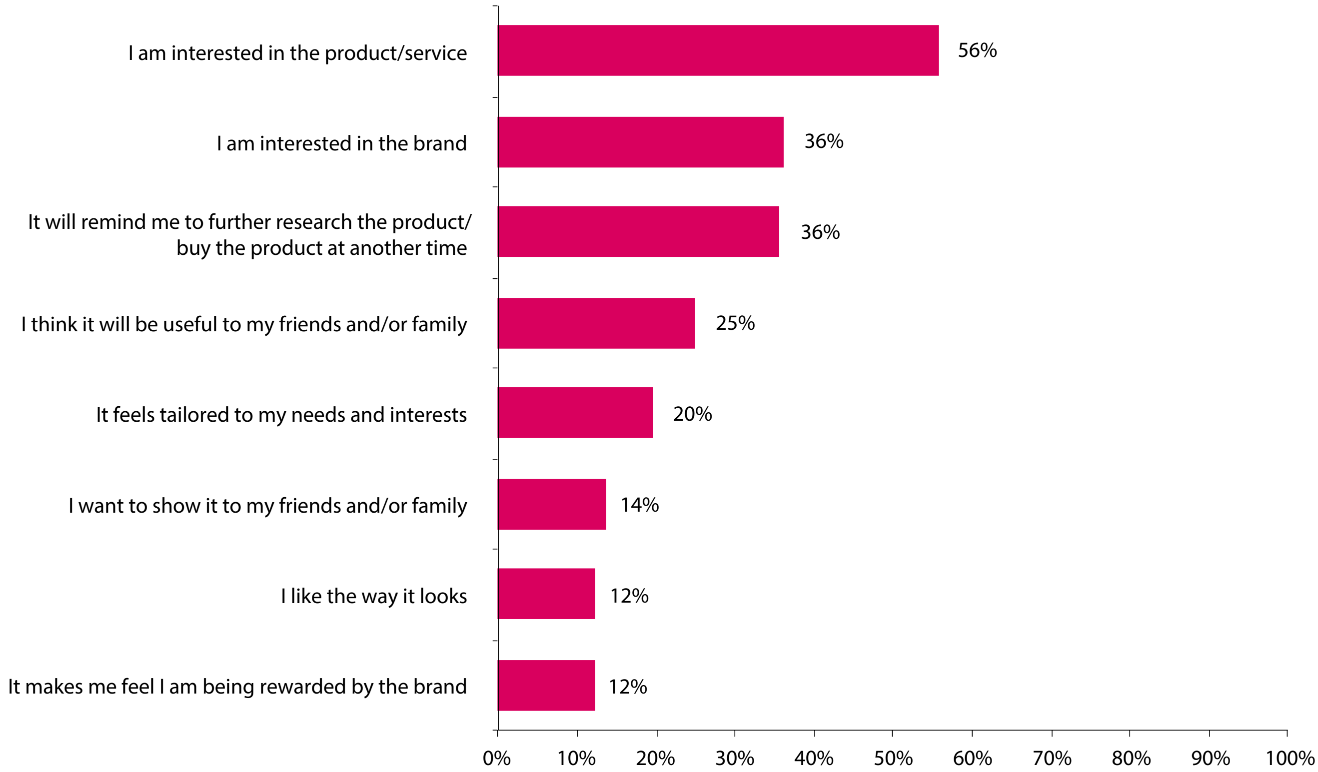
The power of personalisation remains the strongest suit for direct mail to play. Nearly half (48%) of consumers say they open an item of post if it is personally addressed to them. This power has long been recognised by users of direct mail and clearly remains undiminished, so much so that it virtually outweighs all of the other reasons given added together.

For marketers, the simple act of addressing an item needs to be constantly remembered, since it is nearly three times as powerful in getting an item opened as the creative effort to make a piece look interesting. However, there is still a substantial gap in the use of personalised print – the *DMA Response management study 2011* discovered that only 45% of companies personalised their response to enquirers.

Including a visible sample or coupon is the most compelling reason for one in seven consumers to open their post – twice the level who would open it if they merely think the pack contains a coupon. The classic marketing technique of using teaser messages on the envelope appears to be missing a trick.

While many marketers use relevance to drive targeting, it clearly lacks the impact of personalisation. According to 6% of consumers, being interested in a product or service is a reason to open direct mail, while only 5% mention if it comes from a brand they know.

2.3 Reasons why consumers keep addressed post



Once an item of mail has been opened, it is often put to one side and kept by the recipient for reference and future action. This "mantelpiece effect" is a notable feature of the channel among two-thirds of consumers which is lacking in most other options available to marketers. Nearly half of consumers (48%) say they occasionally keep an item of interest, while 17% do so regularly. Only 7% say they never do this, while for 28% it is a rare occurrence.

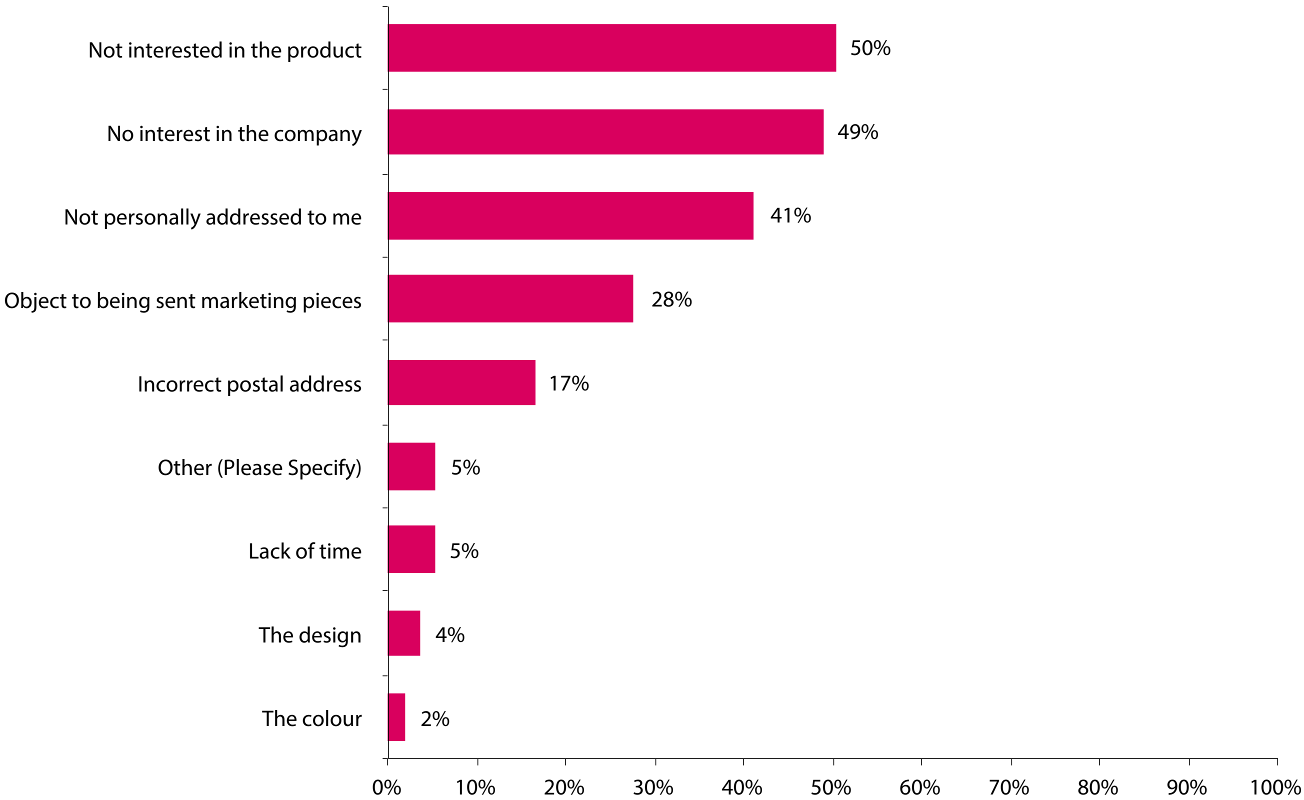
The principle driver of this retention behaviour is an interest in the product or service being marketed (56%), while a further 36% cite an interest in the brand. Engagement of this sort is highly prized by marketers and gives addressed items of post a longer timespan over which to influence behaviour.

Proof that it does influence in this way can be seen among consumers who hold on to an item (in one-third of cases) to remind them to carry out further research or to buy the product/service in future. This reflects a buying cycle in which individuals come into and out of the marketplace – aside from once in a lifetime purchases, most products or service get bought again at some point. Mail which is retained therefore has the potential to trigger buying when the consumer is ready to purchase again.

The usefulness of an item of post to other people is a reason why four out of ten consumers will keep an item – 25% because they think family or friends will find it useful and 14% in order to show it to their social circle.

The best way for marketing to achieve retention is to directly reflect these interests, since 20% of consumers will keep direct mail if it feels tailored to them. Creative work or including a reward achieve the same effect on a further 12% each.

2.4 Reasons why consumers throw away addressed post unopened



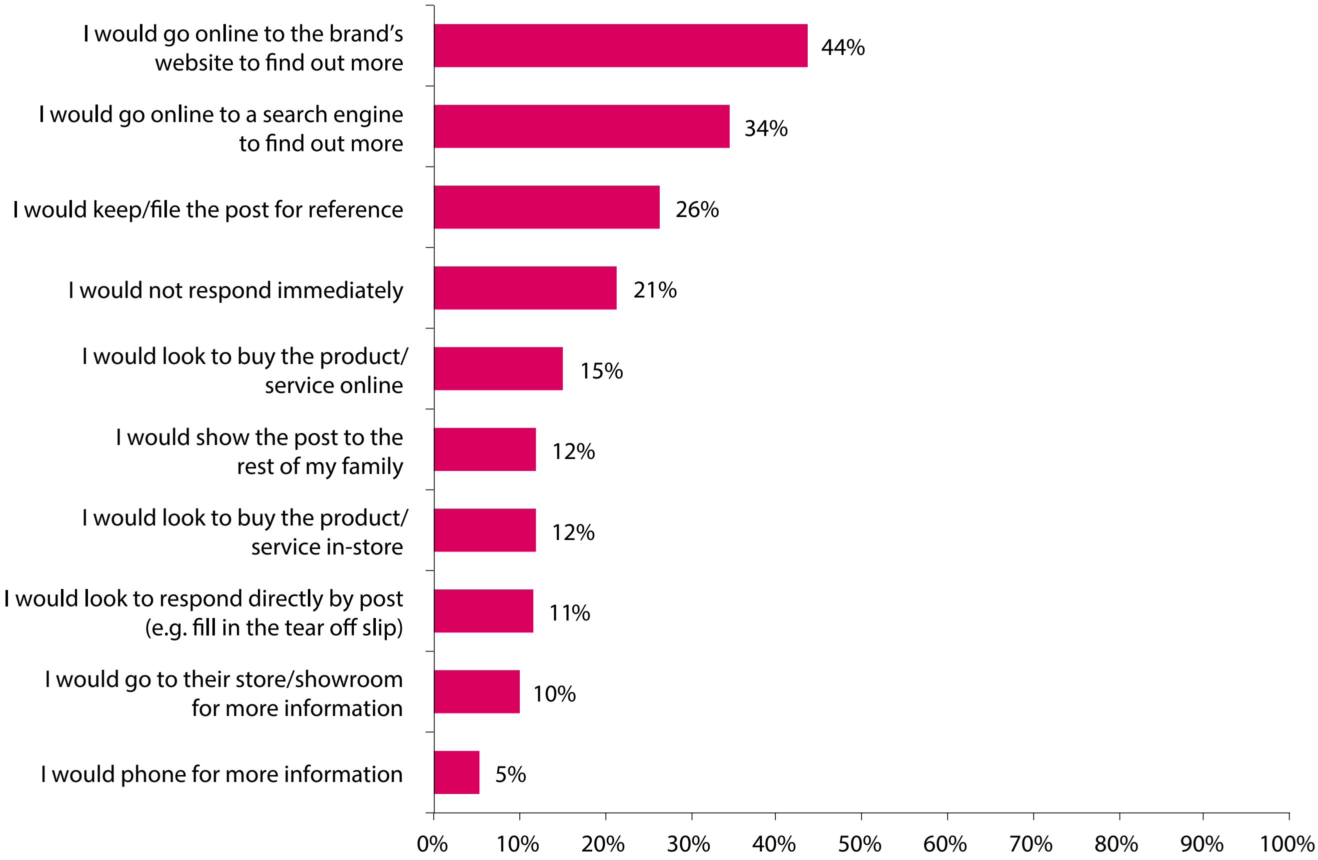
It is inevitable that some items of direct mail will receive only scant attention before being thrown away without opening. Half of the time this is simply due to the fact that the consumer has no interest in the product, service or company – in other words, that they are not in the market at the time – rather than because of any flaw in the marketing or proposition.

Consumers also have a resistance to items which are not personally addressed to them, with 41% discarding these without opening. Daily postal deliveries can include any number of items which are addressed simply to "The Occupier" or similar, since this allows for geo-demographic targeting at a lower cost than individual targeting. The built-in wastage rate for four out of 10 items suggests this may be a false economy.

Data-related errors can be a barrier to opening: nearly three in 10 consumers say they object to being sent marketing, so throw it away unopened. Ensuring that appropriate permissions have been captured and screening against the Mailing Preference Service 'do not mail' list are therefore critical to avoid brand damage. Ensuring the address is correct could also bring a further 17% of consumers back into play.

Other factors are far less influential, although it is notable that a very small minority will throw a mailpack away without looking through it if they dislike the design or colour.

2.5 How consumers respond to interesting direct mail from brands they like



The objective for any piece of addressed post is to trigger a response. The challenge for direct mail is how to track that behaviour when it could be enacted through any number of channels. Consumers demonstrate a wide number of ways in which they respond to a mailing, with going online their primary choice.

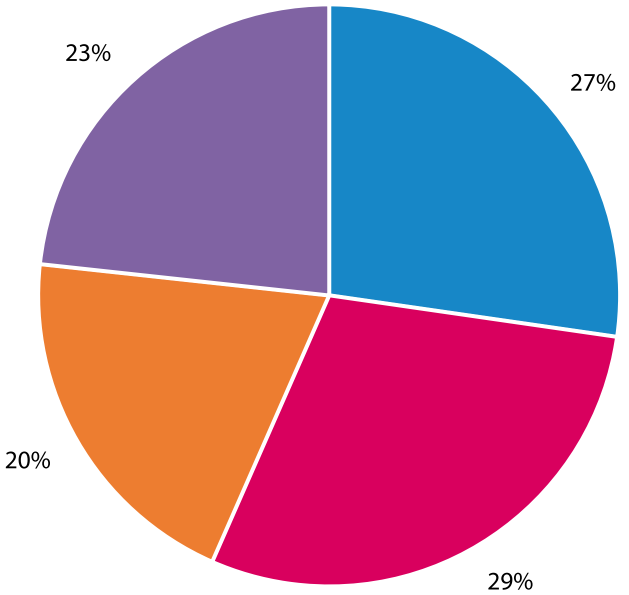
Remarkably, more consumers go to a brand's website to find out more than use a search engine for the same purpose (44% compared to 34%). With so many customer journeys tending to start at a search engine, direct mail is a very powerful way to trigger direct brand-consumer engagement. A further 15% say they go online to make a purchase after being sent an interesting item of mail.

Other direct channels of response are also used, such as sending back an order form by post (11%) or phoning for more information (5%), while indirect responses are also seen: 12% would go into a store to buy and 10% would visit a store to get more information.

Secondary influence is also created through 26% of consumers keeping an item for reference, with 12% showing it to their family (although as Chart 2.3 shows, 25% will actually keep post they think will be useful to family and friends, suggesting there is a latent uplift that could be triggered through the inclusion of "sharing" devices in a mailshot). Only one in five (21%) say they would not respond to a mailshot immediately.

3. Data-driven direct mail

3.1 Willingness to receive personalised direct mail



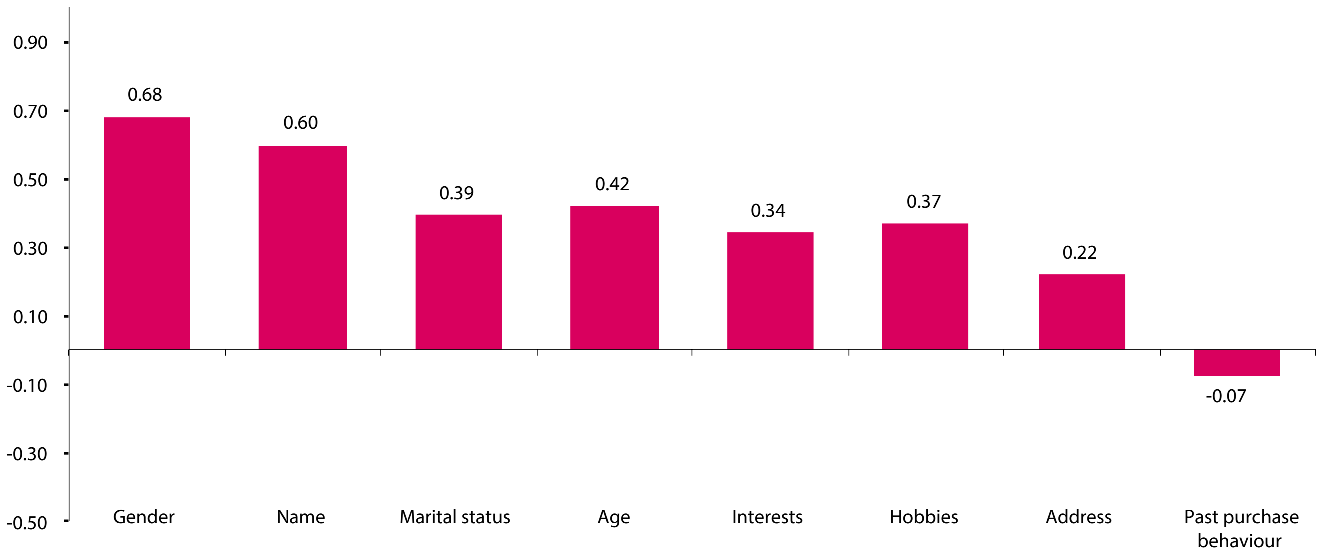
- I only want to receive information about the products/services I use
- I would occasionally want to receive information about additional services
- I would occasionally want to receive information, but only about services that are similar to what I use now
- I am open to new communications as I trust the brand

Cross-selling and up-selling are important marketing techniques. They rely on a willingness among consumers to receive direct mail for products or services which they do not currently use. Brands which already have a level of trust are generally better placed to gain this permission by leveraging the existing relationship.

27% say they only want to be mailed about the products or services they already use. One in five consumers hold a similarly conservative view – they would welcome further information, but only if it relates to products or services similar to the ones they already use.

Nearly one-quarter (23%) of consumers are open to getting new communications from these brands because of this trust. 30% consumers say that they would welcome occasional direct mail about different products or services. Taken together, this means that a small majority of consumers (53%) are willing to extend their existing brand relationships into new areas and can be mailed accordingly. As a result of this, identifying what consumers want is important if a brand is to avoid damaging its existing relationships.

3.2 Willingness to share personal information



Targeting for marketing communications relies on individuals sharing their personal information with a brand. Although permission is usually gained as an over-arching yes/no choice, the quality of targeting and relevance can be steadily improved by adding variables to what is known about a consumer.

Scoring willingness to share information on a scale ranging from +2 (very happy to share) down to -2 (very unhappy) makes it clear that there are three tiers of permission. Gender and name are the most likely to be shared, with address and past purchase behaviour the least.

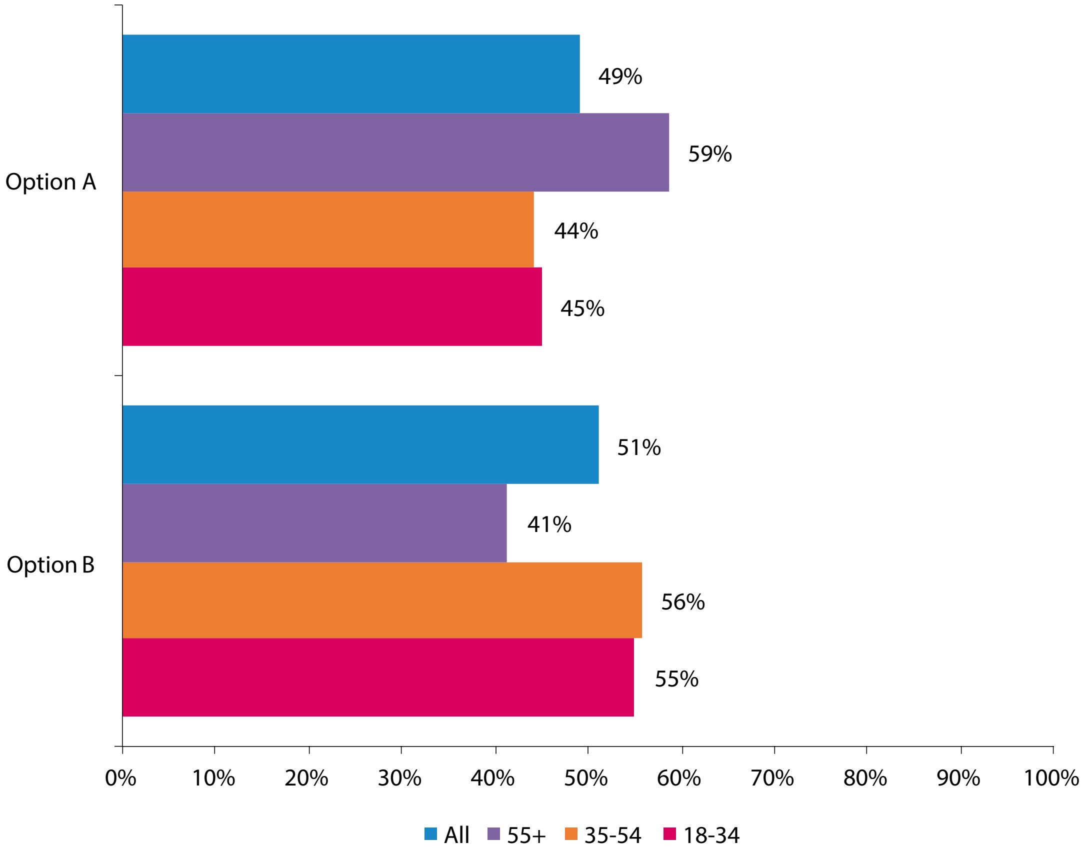
Six out of 10 are positive towards telling a company their gender, with only one in 10 being negative. Providing their name is also acceptable to 57% and unacceptable to just 10%.

Curiously, only 42% of consumers would be willing to provide their address to a brand that wants to communicate with them against 24% who would be unhappy to do so. This may reflect a digitally-native view of communications which assumes information can be sent online, rather than through a physical channel.

A bare majority of consumers willingly provide their marital status and age, with one in five unhappy about sharing this. But lifestyle data, such as interests and hobbies, has a weaker level of acceptability (47% and 46% respectively).

It is surprising that the only piece of information that more consumers are unhappy about sharing, rather than being willing to provide, relates to past purchase behaviour – brands they already trade with will already possess this information. Consumers also say elsewhere that relevance in the items they receive makes them more likely to open and respond to messages. Using past purchasing behaviour is one of the major drivers of this type of personalisation. It may be that the "behind the scenes" way in which this information is used – for example in Amazon's product recommendation engine – has led consumers to believe they do not need to share this information actively.

3.3 Consumer attitudes towards requests for data for marketing purposes



Option A - I am not happy to part with information about myself and don't mind receiving generic marketing promotions by way of magazines, catalogues, direct mail and vouchers, discounts or gifts

Option B - I am happy to part with information about myself to help companies target relevant and appropriate content to me by way of personalised customer magazines, targeted catalogues, direct mail and vouchers, discounts or gifts

Offered a simple yes or no option – albeit with an important consequence – consumers as a whole are almost equally split between those who will provide their personal data in order to get tailored and relevant communications against those who would accept generic messages if they do not have to provide their data.

When looked at by age group, however, there are more significant differences. Those in family age groups (35 to 54 years old) are the most willing to share information by 12 percentage points. It is fair to note that this group has had the most experience of the positive benefits of direct marketing through retailer loyalty schemes and the like – this is certain to have conditioned their response.

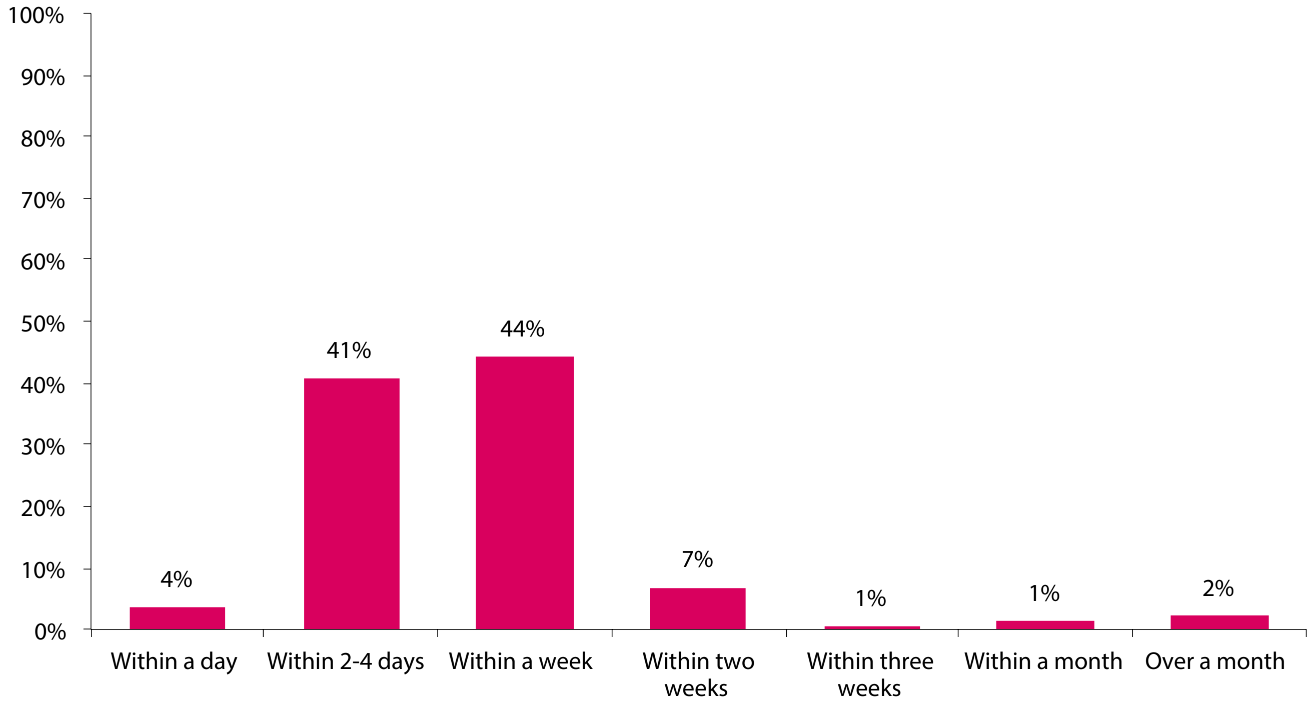
Younger consumers (18 to 34) are nearly as positive, with 10% more willing to give their data. As digital natives (or early digital migrants), this group understands the value exchange that exists from gaining access to free services by providing personal information.

It is in the older group (over-55s) that the picture is strongly negative, with 18% more consumers unwilling to trade data for targeted marketing. This group is in many respects pre-direct marketing and certainly pre-internet and demonstrate a much greater suspicion towards marketing requests for data.

The *DMA Data privacy: what the consumer really thinks* report, identified an even stronger segmentation in terms of data requests: 53% of consumers were found to be pragmatists, willing to share reasonable amounts of personal information in exchange for better services; 31% were fundamentalists who are highly resistant to data sharing; and 16% were unconcerned with a very free-and-easy attitude towards their personal information.

4. Acting on direct mail

4.1 Expectations of response times



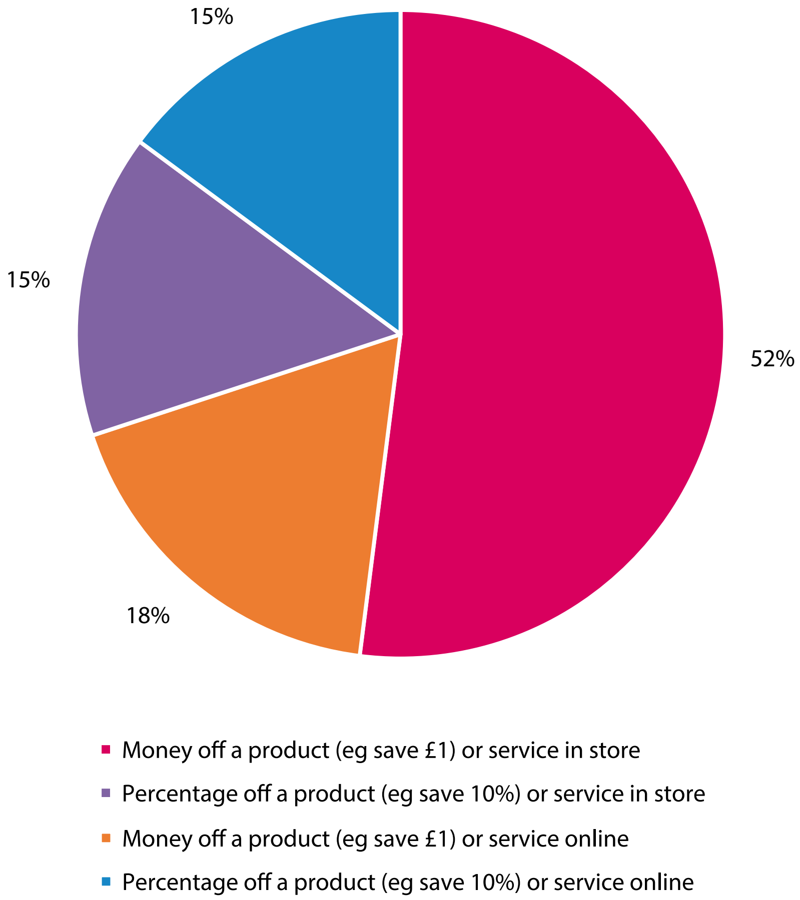
Post is not just a one-way street from the brand to the consumer – direct response mechanisms mean that many individuals are asking for information to be sent to them by post. Waiting for a brochure or catalogue to be delivered is one of the reasons why consumers look forward to their daily postal delivery.

For marketers, such a request is a clear indication that the consumer is in the market and needs to be acted on quickly. Not least because the timescale that individual has in mind is specific and short – 41% want their information to arrive within two to four days of asking for it, while 44% will wait for a week.

This is significant given the structural delays within response handling across the direct marketing industry. In the *DMA's Response management report 2011*, the average time taken to deliver a brochure after an online request was 5.2 days - 1.5 days longer than in 2009. While still falling in the window of expectation of 85% of consumers, there is a clear risk of arriving after that contact has gone cold or gone elsewhere.

One option for marketers to reduce response times is through the marriage of offline communications such as direct mail with online response channels. The use of a personalised url or QR code in print can drive a consumer to the information they need on a website, thereby shortening the whole response lifecycle.

4.2 Consumer preferences for coupons



Vouchers and coupons are the most interesting contents of direct mail for seven out of 10 consumers. But not all coupons are alike – the way the offer or discount is presented creates a different level of appeal to recipients.

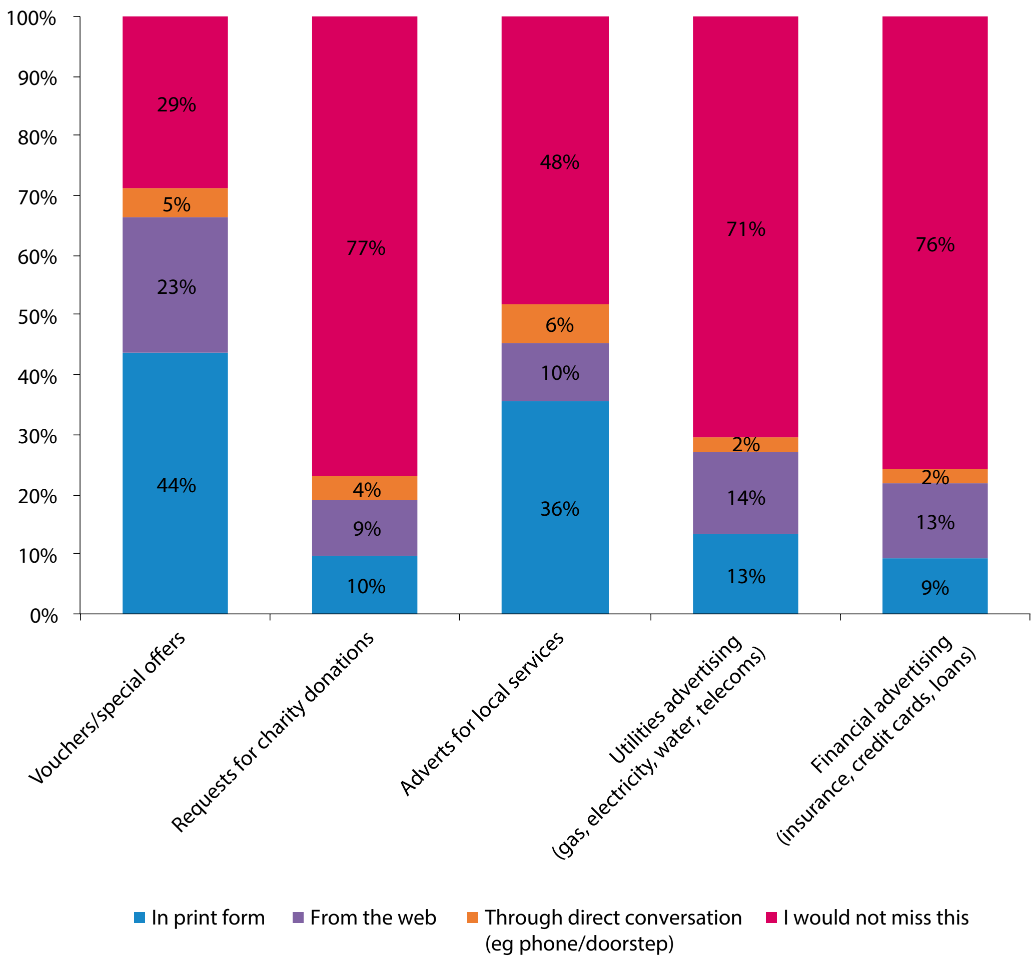
For the majority (52%), the most immediate appeal is a coupon which tells them exactly how much money they will save and which they can redeem in store. This reflects an underlying behaviour of coupon saving, with shoppers keeping vouchers for redemption in their purse or wallet to be presented at point of sale. One in five (18%) prefer to be able to get this discount online – regular voucher offers by email are becoming an increasing part of the consumer's inbox, through Groupon, Wowcher and the like.

What is striking is that the appeal of coupons can be limited by making the consumer do some mental calculation to work out how much they might save. Offering a percentage saving, either in-store or online, is attractive to 15% respectively. But this is one-third of the appeal that a store-based, cash-specific offer has. Asking the consumer to do too much work clearly might impact on redemption rates.

Coupons sent out by direct mail may also benefit from a significant "pass on" effect. Consumers were asked in a separate question whether they share discounts and coupons which they receive by post. Although one quarter (26%) of consumers keep these vouchers to themselves, over half (52%) will pass them on to others if they do not intend to use them and a further 22% will tell friends and family that a discount is available. Promotions can therefore influence a social circle as well as their immediate recipient.

5. The changing nature of marketing

5.1 Forms of advertising consumers would miss by channel



The marketing mix used by advertisers is constantly changing as new channels get adopted and less effective ones are dropped. Decisions about which to use or lose are generally based on indirect evidence of their importance to consumers. But those consumers do have their own views about whether advertising should be present in particular channels.

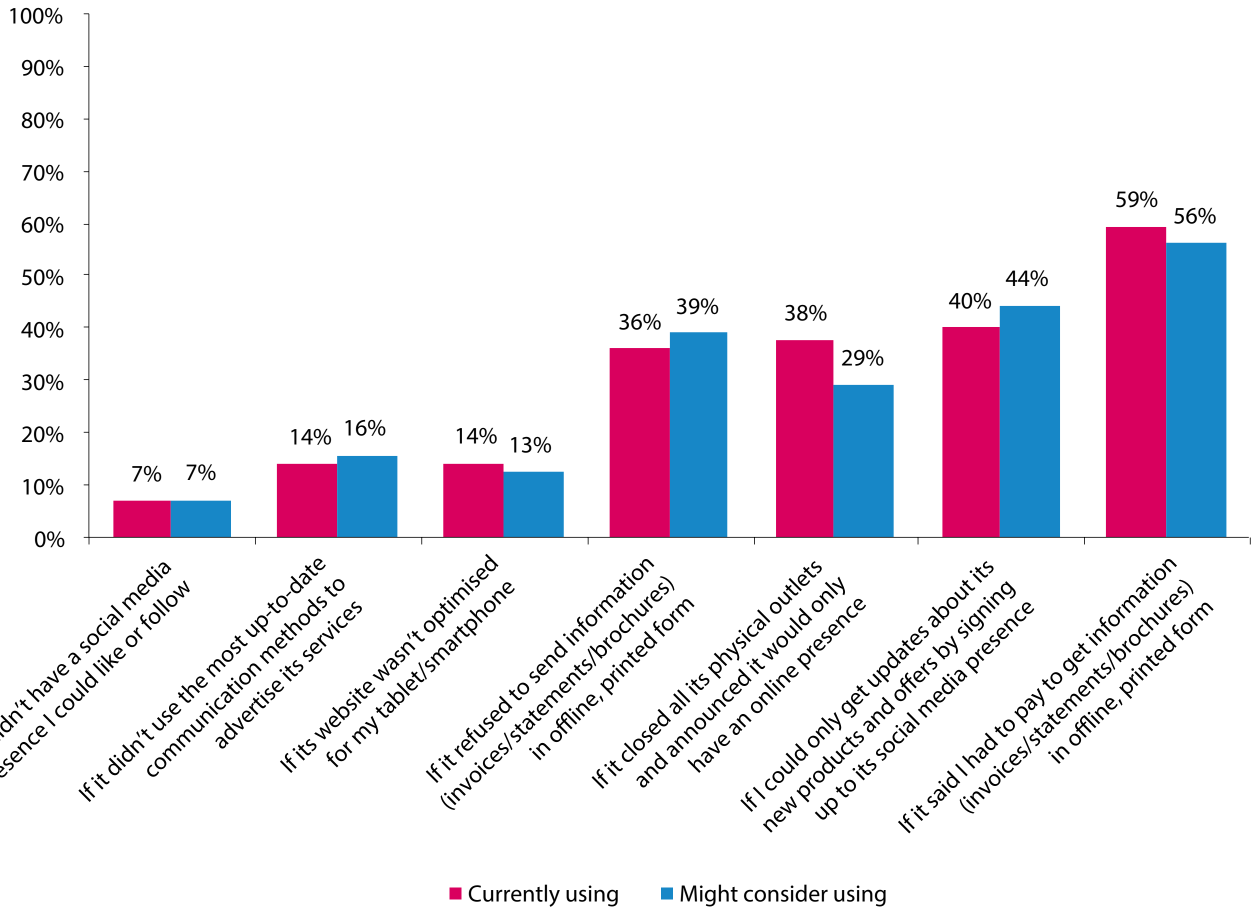
Asked what types of advertising they would miss across print media, the web and direct channels (such as telephone), it is perhaps not too surprising that three quarters would shrug their shoulders if they no longer saw financial services ads and seven out of 10 would not miss utilities ads. The first sector is still struggling to rebuild trust with consumers while the second is a considered purchase where consumers can readily seek out the information they need. It is notable that online ads for financial services would be missed more than print versions, however.

Indifference to charity solicitations – with 77% saying these would not be missed – may seem surprising, given the very philanthropic nature of British consumers. More likely it is a reflection of high street "chugging" which has generated a degree of resistance along the committed giving.

Ads for local services would not be missed by half of consumers, but well over one-third (36%) would notice the absence of printed material sent by these businesses. Only vouchers and special offers enjoy a majority among consumers who would miss them, with printed versions having a 2:1 level of support compared to online.

With many brands having reviewed their advertising investments in the economic downturn, it is worth noting that pulling out of a channel may be met with indifference – which means a substantial spend is required to win back that consumer interest, should activity be resumed at a later date.

5.2 How marketing choices could harm a brand's reputation



Many businesses have been reviewing their cost base and making the decision to switch customer management activities online where possible. Financial services providers especially are looking to turn off paper statements in favour of online sites. Often this is presented to customers as a fait accompli, rather than a choice. But consumers have their own views about brands who do this.

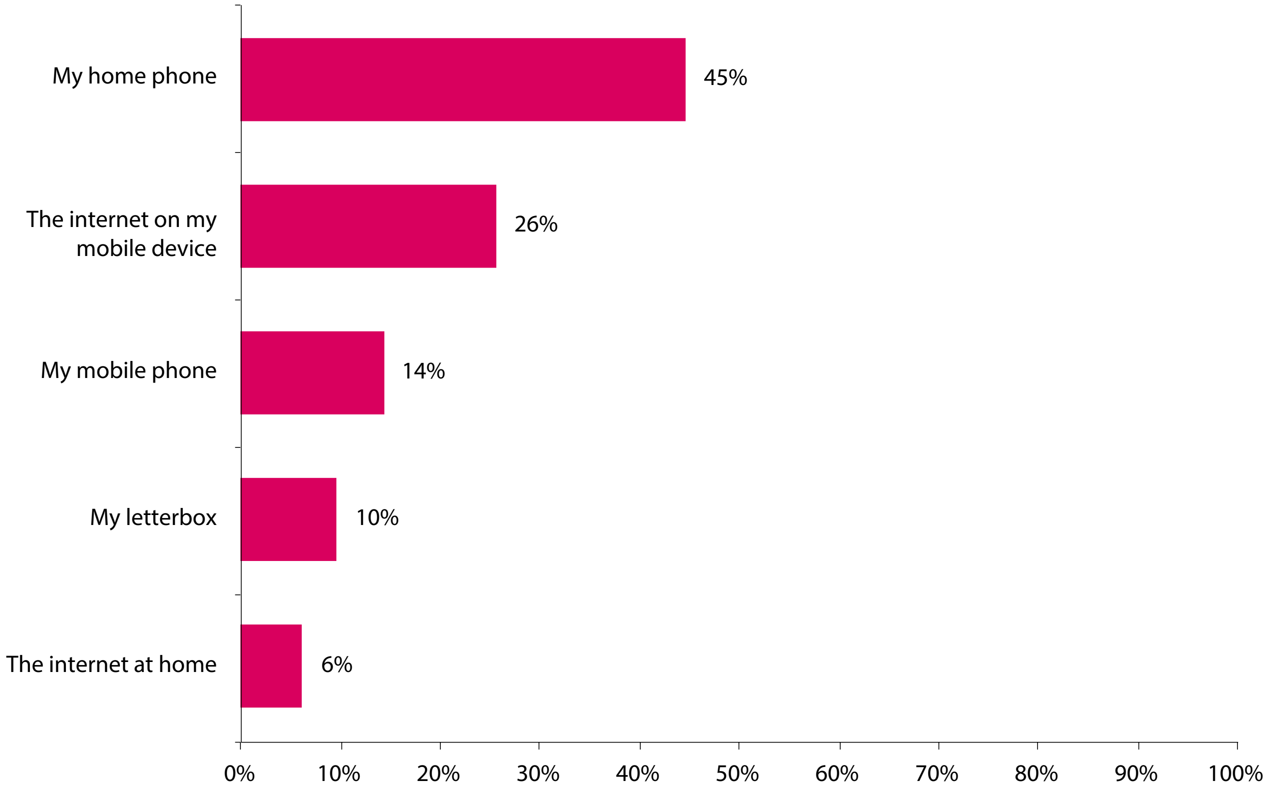
Six out of 10 say it would damage their view of a brand they currently use if they had to pay in order to get information in printed form – 56% say it would harm a brand they might consider using. That is a substantial barrier to any "take-it-or-leave-it" switch by a provider if an alternative brand is available which still offers print communications.

Remarkably, four in 10 consumers are already objecting to the concept of a brand insisting that customers sign up to their social media presence – this would be damaging to reputations among existing customers and prospects alike. Nearly the same proportion would object if brands completely stopped using print (rather than offering it as a paid-for service).

There is a noticeable difference in view between brands that are already used and those that might be considered in the future when it comes to migrating stores online, however. Nearly four out of 10 consumers say this would harm a brand's reputation if they currently use it, but this falls to three out of 10 if they are merely considering that brand.

Marketers risk brand damage if they withdraw from physical channels. There may be differences in the roles played by online and offline channels at different stages of the customer lifecycle – once a customer has been on-boarded, they are more likely to be willing to use digital channels and online self-service, for example. Marketers also need to be wary of over-estimating the importance of the very latest channels, such as mobile web and social media. Consumers are far less likely to see it as harmful to the brand if it is not active in these.

5.3 Which communications channel consumers could get rid of



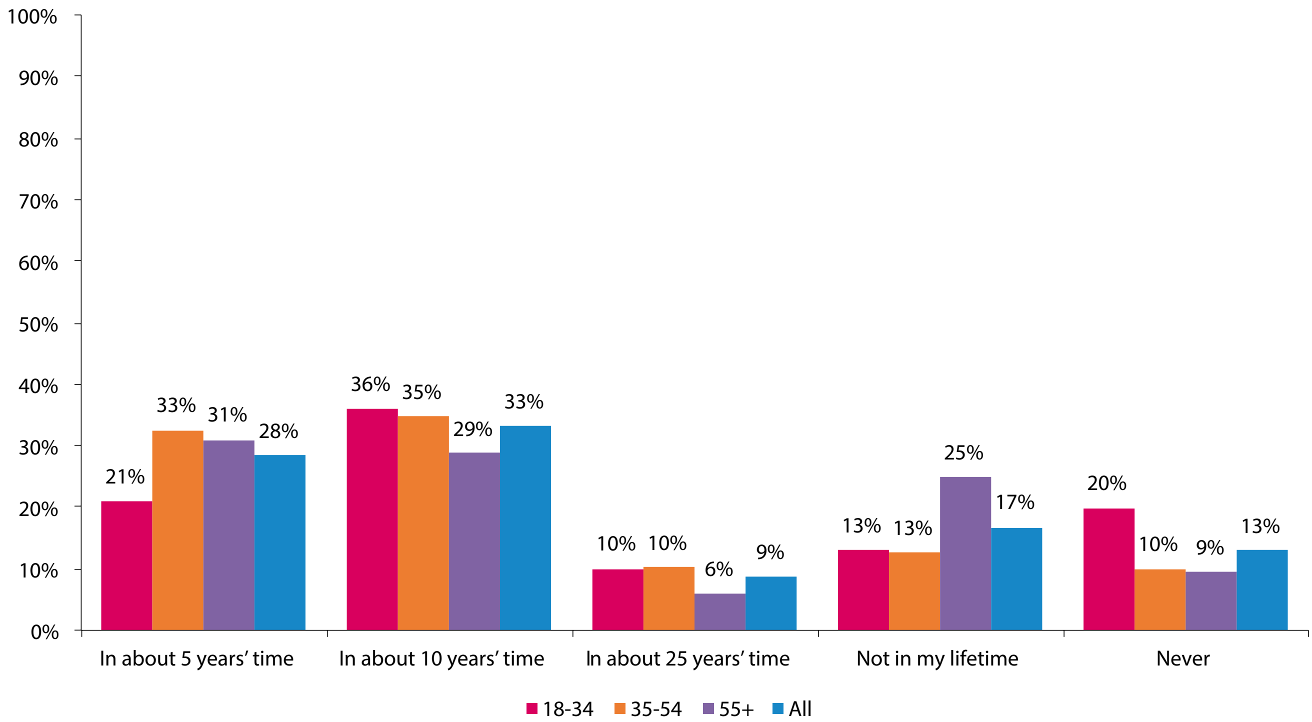
While brands may be reviewing the channels they use to send information and communications to consumers, they do so with the assumption that all options are available, but just need to be optimised. So what if some of those channels could no longer be used because consumers had pulled out of them?

Asked which channel they could get rid of and live without, consumers gave a very clear answer – the home telephone. As part of the mobile consumer trend, it has become commonplace for individuals to use their mobile phone as the primary communications channel. Home phones are maintained because a line is essential for broadband, even if supplied by a cable or satellite broadcaster. How long this will continue to be the case under pressure from such consumer resistance will need to be seen.

What is surprising is that one quarter of consumers say they would get rid of mobile internet. It may be that the growth of apps has hidden the internet as the technical underpinning. Equally, there may be a sense of resentment about data charges associated with heavy use of certain social networks via this channel. By comparison, home internet is the channel which the fewest consumers would choose to axe.

Mobile phones themselves register a limited number of consumers who would prefer to live without them, although there is an important, small group who did name this channel. The only physical communication channel – the letterbox – was only mentioned by one in 10 consumers. Getting mail remains important to most individuals, whatever else may change.

5.4 – When consumers think all communications might go online

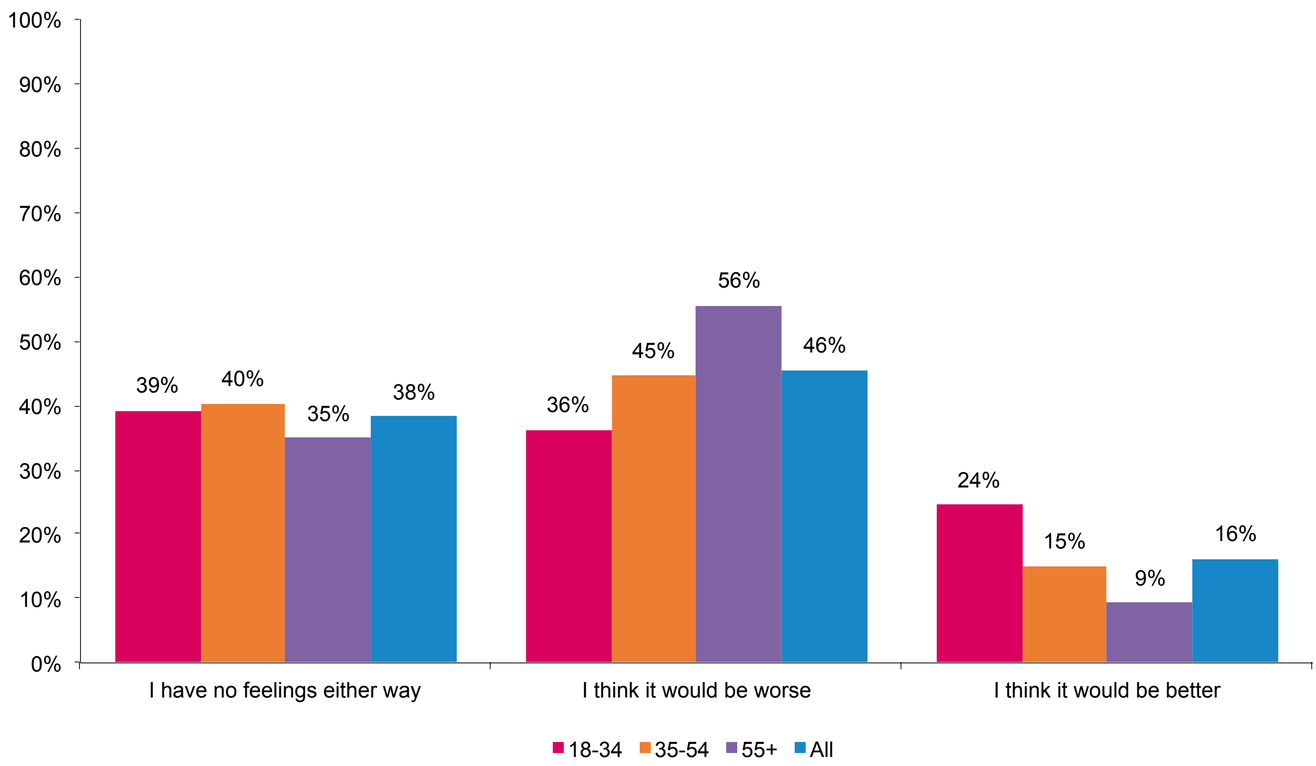


Migration into digital channels is a clear feature of modern life. Over the last decade, a wide range of behaviours from research and shopping to chatting and sharing photos have moved heavily online. For digital natives, there has never been a time when they did not operate in this way.

In theory, then, all of the marketing communications which consumers receive might be delivered to them online at some point. Just how quickly consumers anticipate this could happen reveals a lot about how far this shift might go. The most significant finding is that the youngest group (aged 18 to 34) are the least likely to predict a world where everything has become digital. One in five of this group say this will never happen, twice the level of older age groups. Equally, they are the most sceptical that communications will go fully online within five years. Although one in five believe this will happen, that is 10% less than in other age groups.

More predictable is the fact that one-quarter of over-55s doubt communications will migrate online in their lifetime, twice as many as other age groups who do not foresee this happening. For the rest, the pace of change looks to remain fairly rapid, with a third expecting this shift to be complete within 10 years' time – the probable limit of any individual's reliable forecasting period – against only one in 10 who believe it will take 25 years (or in other words, a whole generation) to take place.

5.5 What consumers think the world would be like without physical communications



The ultimate end point of the migration online and into digital channels of both consumer behaviours and marketing communications could be the end of physical channels. Without advertising expenditure to support them, many physical media – such as direct mail – are no longer cost-effective for their media owners to operate.

If that were to happen, it would be a significant change in the world. And for nearly half (46%) of consumers, that change would be for the worse. Among older consumers this view is strongest – unsurprising since their entire adult lives have been spent using print – and a full 20 points higher than among the younger age group who are less habituated to print.

It is among these 18 to 34 year olds that the sense is at its highest that this non-physical communications world would be better – one quarter of this group perceive such a shift to be positive. This could reflect an idea that print is in some way less environmentally-friendly than digital communications (a point which is strongly disputed by physical media owners).

Four out of 10 consumers claim to have no feelings either way about this scenario. It is probably that the concept seems too unlikely or too difficult to imagine to generate any real response in this group. It also means that they are potentially open to persuasion that physical communications are important and need to be retained (or the reverse, of course).

Methodology

Respondents were randomly selected from the fast.MAP Consumer Voice panel to gain a sample representative of the UK population.

The panel was closed ie members of the public could not voluntarily join. Members are recruited via a number of sources to demographically represent the markets based on age and gender.

All respondents are recruited to an online self-completion questionnaire. A total of 28 questions were answered by 1,232 respondents. The results were re-weighted by age and gender. At 95% level of confidence a confidence interval of +/-2.29 was determined. This gives us a reliability of the data ie if there is a 1% difference between two options, we cannot say that the difference between the two is significant. If there is a difference over 2.29% – say, 3%, 5% or 10% – then we can say the difference between the options is significant.

The survey was despatched on 25 February 2013 and was live for seven days.

About the DMA

The Direct Marketing Association (DMA) is Europe's largest professional body representing the direct marketing industry. With a large in-house team of specialists offering everything from free legal advice and government lobbying on direct marketing issues to research papers and best practice, it is always at the forefront of developments in the industry.

The DMA protects the direct marketing industry and consumers. It promotes the highest standards through selfregulation and lobbies against over-regulation. The DM Code of Practice sits at the heart of everything we do – and all members are required to adhere to it. It sets out the industry's standards of ethical conduct and best practice.

Our 16 DMA Councils cover the whole marketing spectrum – from the digital world of social media and mobile marketing to the 'real' world channels of door drops and inserts. The Councils are made up of DMA members and regularly produce best practice and how to guides for our members.

We also have a packed calendar of conferences, workshops and discussions on the latest topics and best practice, and 80% of them are free for members and their staff.

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About *fast*.MAP

fast.MAP solves your business problems by using online, real-time research to help marketers understand what really engages consumers. Through creative and concept testing, to messages, attitudes and price-points, the quick, incisive research helps marketers make better business decisions and maximise return on investment.

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Our marketing solutions include:

- Price testing – what is the optimum price or ask level?
- Creative testing – how can creative be improved?
- Incentive testing – which incentive should I use?
- New product testing – which new product will have the most appeal?
- Awareness testing – do people know you?
- Customer profiling – where can you get more of your best profile?
- Cross-country evaluation – how do consumers in different countries react to our ideas?
- Digital testing – how can you effectively integrate social media?

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