

Annual door drop  
industry report  
2017



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# Introduction

Welcome to the 23rd and possibly final DMA Annual door drop industry report (more on that later) from the DMA Print Council, which investigates advertising trends relating to door drops. The report aims to quantify the size of the UK market in regards to volume and spend from advertisers who, directly or indirectly, fund the distribution of their pre-printed communications material.

## **2016 – A year of change**

Following UK ad spend growth hitting a five-year high in 2015, according to the Advertising Association and WARC, 2016 proved to be a more volatile and less predictable period for many in the UK. Media owners and channels have found predictions on overall growth rates of the UK advertising spending declining as the year evolved.

Uncertainty - driven by major global events, including the UK's decision to leave the EU - led to increased levels of uncertainty for brands. Decision making in media investments have been taken over much shorter timeframes.

Despite these challenges, the door drop industry – as seen in previous periods of economic uncertainty – saw an increase in investment of 7.39% on the prior year.

As levels of exposure to advertising have increased consistently over the last decade, achieving consumer cut-through has become an increasing challenge for advertisers, but remains one of the core strengths of the door drop channel. According to research from MarketReach, in 2016:

- 92% of all door drops delivered to a home are read
- Door drops remain in the home for on average 38 days
- Door drops are read by 1.16 people at least 2.5 times on average

The reach, high levels of consumer engagement and longevity in the home that door drops offer all result in successful commercial outcomes. These are the primary reason for brands asking for its inclusion in their media schedule.

We hope you find this insight report useful.

## **So, is this the end of your door drop annual report?**

Quite the opposite, in the coming years the future of door drop report will be bigger, more detailed and ultimately more insightful for advertisers than ever seen before. This is because the responsibility for providing door drop statistics will move in September this year to a Joint Industry Committee (JIC). The JIC, supported by the door drop industry through the DMA, ISBA and the IPA, will continue to provide all the usual updates on trends in door drop advertising along with a whole host of new insights about consumer interaction with the channel, including reach, frequency and circulation data.

This is a really exciting development for advertisers and the industry, which we hope will help advertisers achieve greater outcomes for their campaigns. We look forward to you joining us on this journey and sharing the new insight in the coming years.

*Mark Davies*  
*Member of the DMA Print Council*  
*Managing Director, Whistl*



# Executive Summary

This report estimates the volume and value of the UK door drop market over the past five years. Data come from advertisers who, directly or indirectly, buy unaddressed mail.

Since 2015, spend has risen by almost £20 million from £246.6 million to £266.3 million, a 7% increase, despite a reduction in unit volume of 3%, from 5.934 billion to 5.735 billion.

We found that:

- Door drop spend grew strongly last year, in contrast to many other media
- Spend in 2016 recovered to 2012 levels
- The industry is moving out of a period of contraction and into growth
- The total weight of door drops material reduced by 5670 tons last year
- Households received just over four door drops per week on average in 2015

Overall our data paint a picture of an industry attracting spend and becoming more environmentally aware. Declining volumes may be a reaction to rising costs or vice-versa – rising costs could be a reaction to declining volumes. Or, rising costs may also reflect improved printing and targeting techniques<sup>[1]</sup>. Despite some fluctuations over the past five years, spend recovered to 2012 levels in 2016. The overall weight of door drop material has fallen consistently over the same period.

There are fewer door drops delivered per household than five years ago. This trend suggests a successful transition to more sophisticated targeting techniques and improved campaign planning. Paradoxically, spend has remained largely flat and growth trends suggest the medium is entering a period of expansion.

Finally, we compare our door drop data to other media collated by WARC/AA in their figures. In 2016, ad spend on door drops increased more than eight other media, demonstrating the growing relevance and effectiveness of door drops to brands.

This is an expanding industry adapting to a changing market with more creative campaigns and more effective consumer targeting.

# 1. Volumes

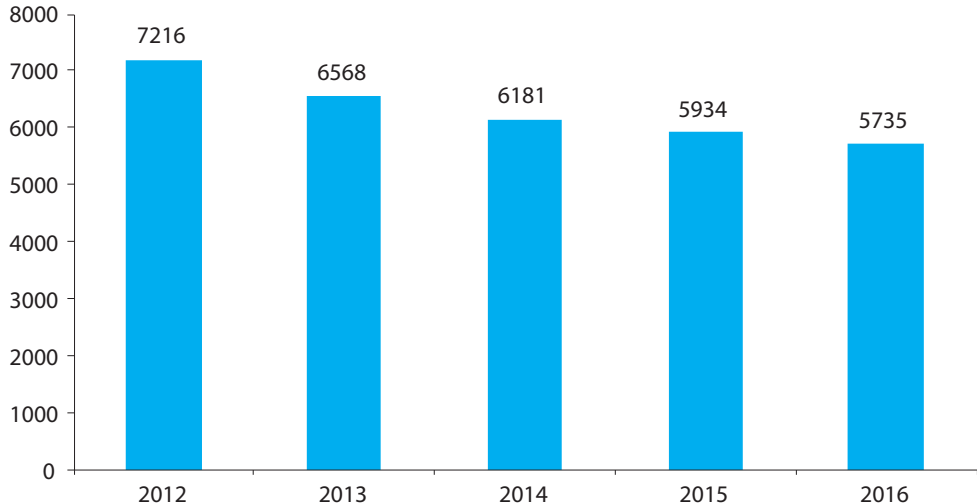
Annual volumes have fallen from 5.934 billion in 2015 to 5.735 billion in 2016; a drop of 199 million.

These falls are driven by three trends:

Firstly, as advertisers adopt data-driven techniques, so campaigns shift from widespread and untargeted to focused and relevant. Better targeting means reductions in volume, allowing advertisers to eliminate audiences that will be unresponsive to brand messaging.

For printers, rising paper prices<sup>[2]</sup> resulted in increased costs, which may have knock-on effects on distributed volumes. Better targeting also reduces waste paper volumes<sup>[1]</sup>, while environmental standards are now the norm: ISO 9001 and ISO 14001 are ubiquitous<sup>[3]</sup>. Taken together, these factors suggest that the industry plays an active part in tackling waste.

Yearly volumes (millions of units), 2012-2016

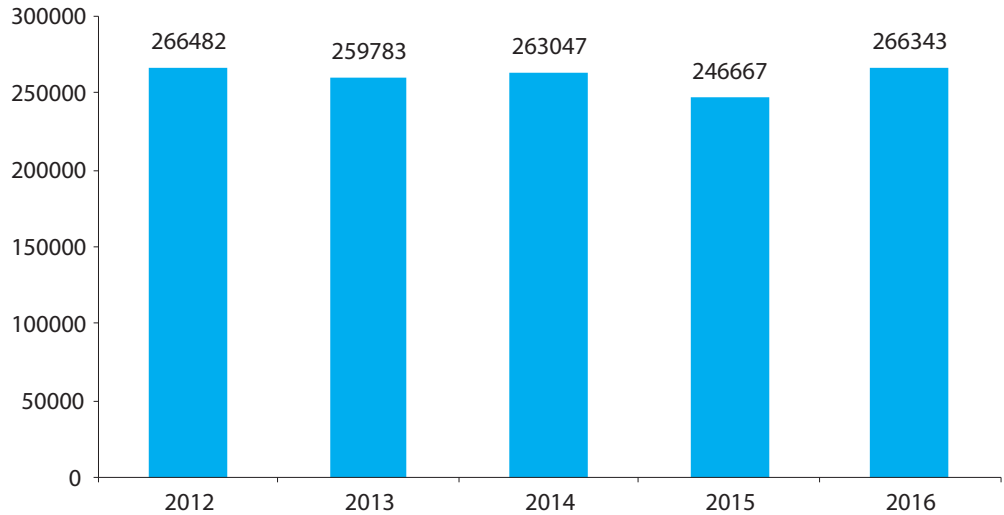


## 2. Spend

Despite a reduction in volume, spend increased by 7% year-on-year between 2015 and 2016, bringing spend back up to 2012 levels. Overall, spend over the past five years has been broadly flat.

This stability is despite falling volumes and this trend has been reflected in some other print media, such as direct mail.

Yearly expenditure (thousands of pounds), 2012-2016



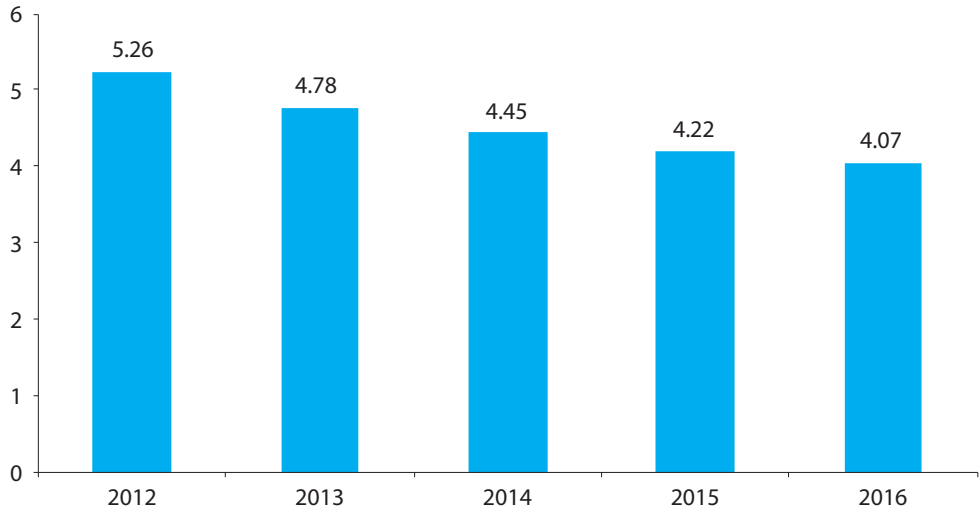
# 3. Frequency

Estimates for the average number of door drops per household per week came from Office for National Statistics<sup>[4]</sup> data, which suggests there are 27.1 million households in the UK.

The number of door drops per household in 2016 reduced by 22.5% compared to 2012, from more than five per week to around four per week. Again, this may be due to more effective targeting, with campaigns reaching smaller but more active and interested audiences.

Those advertisers using door drops now have access to consumer and targeting comparable to those choosing digital marketing media.

**Door drop frequency (units per household per week), 2012-2016**

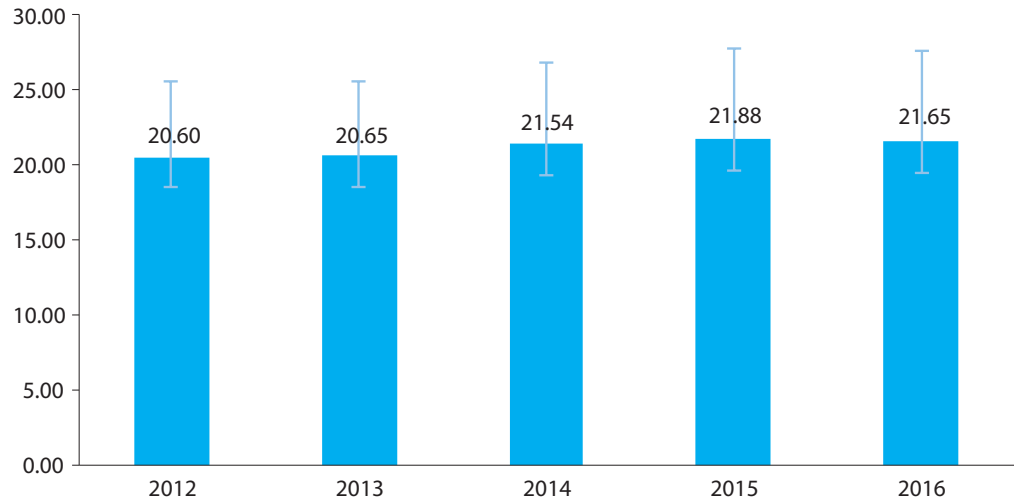


# 4. Total door drop material

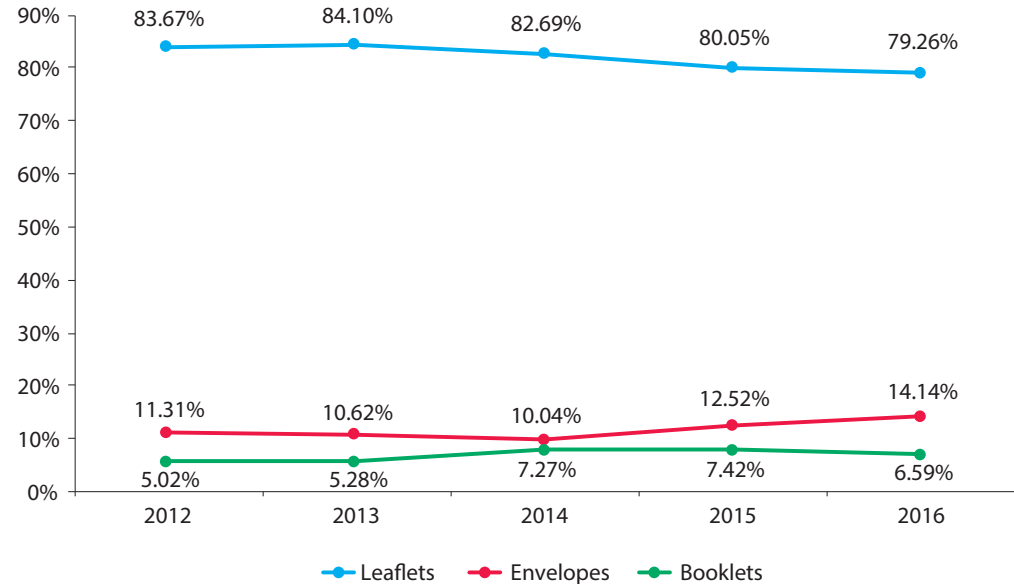
This report includes a new way to estimate the total weight of material retrospectively applied to figures from the past five years, based on the varying ratios between leaflets, envelopes and booklets and their average weights.

Over the past five years, we estimate that the average weight of a door drop to have increased from 20.6g to 21.65g, although this figure decreased 0.23g between 2015 and 2016. This change in average weight is due to the annual variation in the ratio between leaflets, unaddressed envelopes and booklets. Marketers have moved slightly towards heavier formats over the past five years, with a small but noticeable shift from leaflets to envelopes.

**Average estimated weight of a door drop (grams), 2012-2016**



**Percentages of door-drop material by category, 2012-2016**

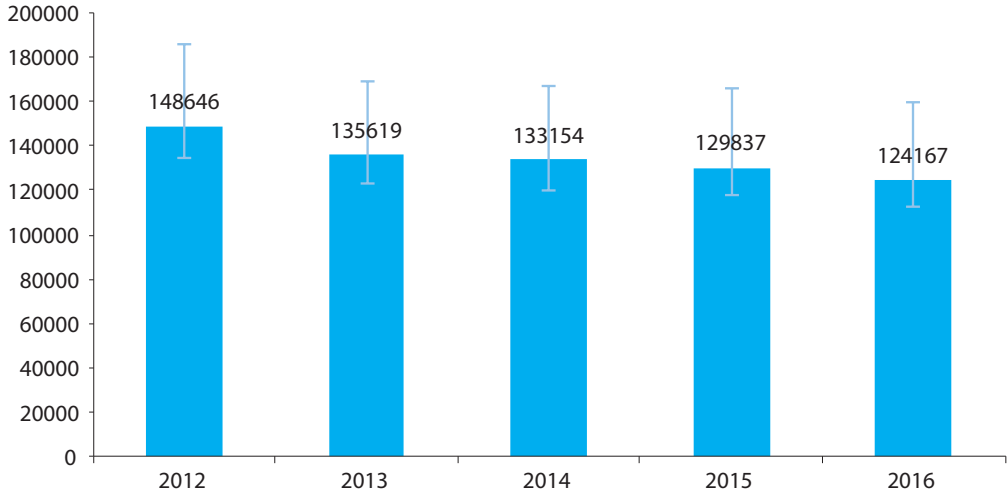




We estimate the total weight of door drop material has fallen by almost 24,500 tons since 2012. In 2016 total material reduced by 5,670 tonnes compared to 2015 due to the overall reduction in volume over the same period.

Paper prices rose steadily during this time<sup>[2]</sup>. Distributors may have switched to lighter formats as a cost-saving measure while advertisers may have reduced printed volumes to make savings.

**Total door drop material (metric tonnes), 2012-2016**



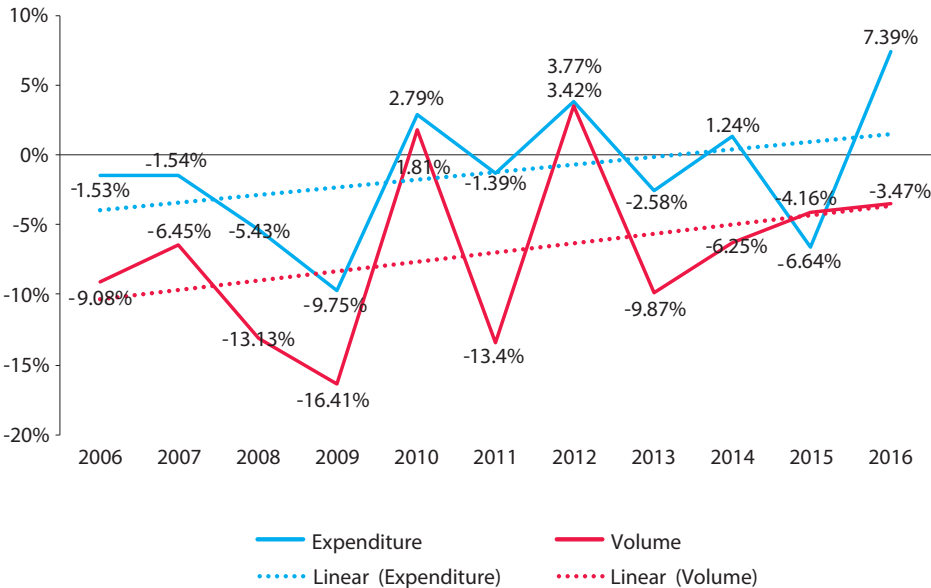
# 5. Trends

Taking a longer view, over the past ten years there was a definite period of decline between 2007 and 2009; down to the contraction of free and local newspapers. Since then door drop spend has stabilised and latterly started to recover.

The trend-line for spend, the blue dashed line below, crosses from negative to positive in 2013 when the industry re-entered growth. The industry continues to grow today. If this trend continues then spend will grow back to 2007 levels by 2020.

Volumes have fluctuated, but fell for eight of the past ten years, tracked by the orange dotted line below. This is partly due to efforts to target consumers effectively. Assuming this trend continues at the same rate, then volumes will continue to fall until 2021 when they will re-enter growth.

Change in year-on year expenditure (blue) and volume (red), 2006-2016



# 6. Comparative performance

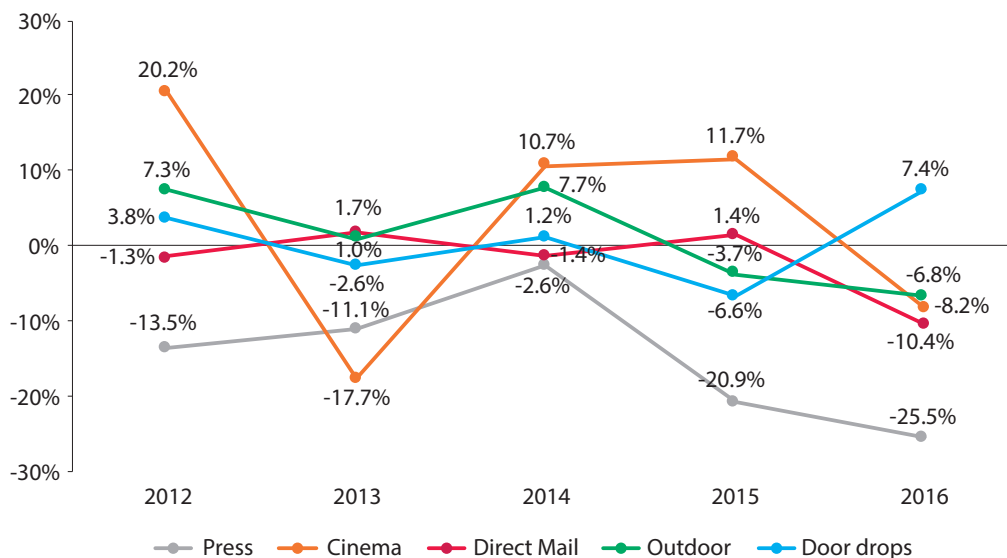
Thanks to the Advertising Association's 2017 Expenditure Report<sup>[5]</sup>, we can compare changes in annual door drop spend to seven other marketing media: press, cinema, direct mail, outdoor, television, radio and internet.

Over five years, door drop spend had the fourth highest growth of the eight media, with average growth of 0.6% per year compared to an average contraction of -0.4% for the other media combined. The heavy retraction in press advertising skews this figure.

Comparing door drops to each medium, only internet advertising grew more quickly in 2016, while only press contracted more quickly over the full five years.

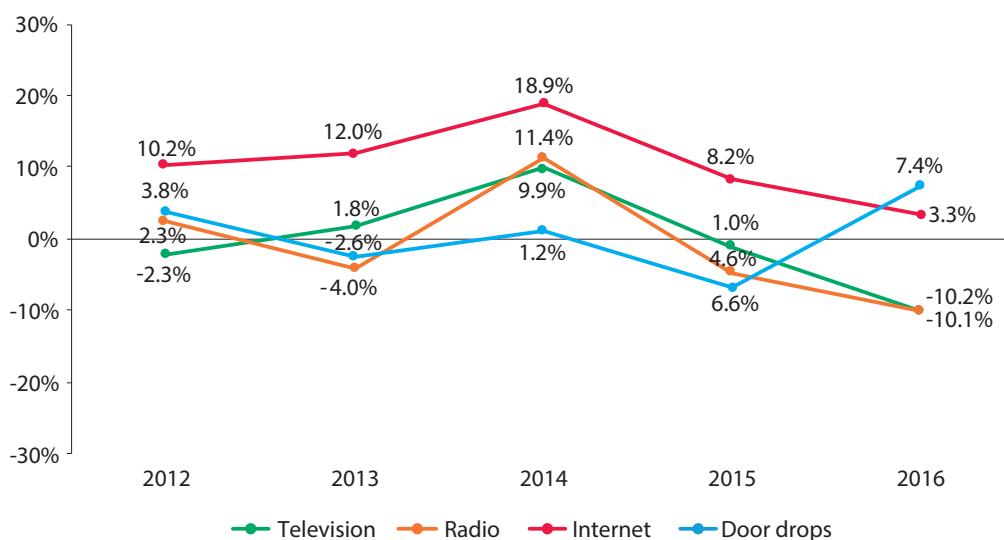
For six of the eight media, the change in spend was not significantly different to door drops, indicating that door drops perform similarly to other advertising media.

**Change in year-on-year expenditure of door drops (orange) and other media (blue)**



Door drops grew strongly compared to other media year-on-year between 2015 and 2016. Door drops had the highest growth of any medium at 7.4%. All other media declined, with the exception of internet, which grew by 3.3%.

**Change in year-on-year expenditure of door drops (orange) and other media (blue)**





# Conclusions

After strong growth in spend last year, long-term the door drops market has been steady, remaining broadly flat between 2012 and 2015 and then growing strongly in 2016, outstripping other media. The industry appears to be recovering and adapting well to new challenges.

This increase in spend comes despite reduced volumes. Increased distribution costs married to decreasing volumes may be down to better targeting. Advertisers take more care to give their consumers relevant and timely communications.

Overall, our data show a shift from mass to targeted marketing driven by the increased use of consumer data by marketers. Techniques have trickled down from digital marketing to traditional print media.

Building on this trend will make door drops increasingly competitive and another trusted tool in the repertoire of the responsible marketer. More targeting and printing innovations will mean healthy margins for suppliers with better targeting and less wastage for marketers, who can increase spend without increasing environmental concerns.



# Methodology

This survey seeks to estimate the size of the UK market in terms of volume and expenditure from advertisers who, directly or indirectly, fund the distribution of pre-printed communications material on a commercial basis. This includes leaflets, catalogues, newsletters and product samples for commercial organisations, local authorities, charities, central government as well as locally sourced directories.

The survey specifically excludes volumes and distribution expenditure for:

- Local free weekly newspapers (the actual host newspaper);
- Items inserted mechanically into paid or free publications;
- National directories, where these are effectively publications with advertising space sold by the media owner (e.g. Yellow Pages, BT Phonebooks, Thomson Directories).

The above categories measure their own advertising revenue separately and have control over their own recycling and waste control arrangements, liaising directly with Defra.

Volume and expenditure data were kindly provided by anonymous contributors. Analysis was carried out in-house by the DMA's insight department. The sample covers major door drop companies operating in the UK. This information was collected between February and March 2017 and the data corresponds to January to December 2016. All the information collected is confidential and only aggregates are published in this report.

There were several providers - including one significant provider - that had contributed data for the Annual door drop reports from 2009 to 2015 that did not take part in this year's report. In order to estimate an industry total for 2016 previous contributions were used to calculate an up-weighting factor.

The methodology for estimating weights diverges significantly from that used in previous reports. The weight estimates make use of novel data making them more reflective of reality. Resultantly these estimates differ from, and supersede, those published in 2014 and earlier.

Commentary is provided by members of the DMA Print Council and the DMA Insight and Marketing teams. The final report was prepared by the DMA Insight and Marketing teams.



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A DMA membership is a badge of accreditation. We give the industry best-practice guidelines, legal updates and a code that puts the customer at the heart. We represent a data-driven industry that's leading the business sector in creativity and innovation.

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