



Annual door drop industry report

2018



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Introduction

Welcome to the 24th annual door drop industry report, from the DMA Print Council. This report aims to quantify UK door drop volumes along with spend from advertisers that, directly or indirectly, fund the distribution of their pre-printed communications material.

2017 was a period that promised growth for the door drop industry, but resulted in a small decline in both volume and spend. In spite of this, the general trend remains one of recovery from several years of decline earlier in the decade, and door drops were relatively resilient in the context of the continuing struggles of other print media, such as local press.

We believe the modest decline of door drops in 2017 can be explained, at least in part, by the UK's political and economic uncertainty. In most General Election years, door drop expenditure and volume would receive a welcome boost. However, the condensed nature of the campaign last spring made it difficult for political parties, media owners and client organisations alike to plan and deliver marketing strategies.

As a result, larger regional and national door drops underperformed against expectations in May and June (when the election took place). 2017 effectively became an 11-month year for many, which is reflected in the annual figures set out in this report. Meanwhile, Brexit continues to fuel the anxiety that is hindering planning and growth in many areas of marketing.

Looking forward, 2018 should be a fascinating year for door drops and one that will give us greater insight into its importance in the overall marketing mix. [JICMAIL](#), the industry's flagship measurement system, launched at the beginning of the year. While initial figures were not available for this report, JICMAIL will at last give us a level playing field, enabling door drops to be compared with other channels.

We believe that the year ahead will be a strong one for door drops. Unlike many other channels, our medium is GDPR compliant from the off because it doesn't require any Personally Identifiable Information (PII). We're already noticing a new wave of interest in the channel from client organisations and we are confident that this will continue. The reach, high levels of consumer engagement and longevity in the home that door drops offer all result in successful commercial outcomes, which is the primary reason for brands seeking to include them in media schedules.

The DMA's annual report is – and will continue to be – the only comprehensive analysis of the performance of door drops in the UK. We hope you find the information contained here useful and look forward to a year of progress.

DMA Print Council

Executive Summary

This report estimates the volume and value of the UK door drop market in 2017. It also looks at trend data across several years, gathered from advertisers that, directly or indirectly, buy unaddressed mail.

In 2017, we found:

- Door drop spend decreased slightly, though not as much as for some other channels
- Spend also remained ahead of totals for 2015, though behind 2016 which was a year of strong growth
- The decline in door drop volumes has slowed to a negligible amount and suggests we can be hopeful of seeing growth in 2018. Spend has remained relatively consistent, slightly down on the previous year.
- The total weight of door drop material reduced by 3650 tonnes over the 12 months
- Households received just over four door drops per week, similar to the figure in 2016.

Overall, the data paint a picture of an industry continuing to attract spend and becoming more environmentally aware. Whilst industry volumes have declined over a six-year period, this will in part be a result of improved campaign planning, printing and targeting techniques, which are beneficial to the reputation of the medium. Alongside the positive outlook at a national level, distribution of door drops continue to be a popular choice of media amongst small and medium sized local businesses.

Reductions in volume and spend, in comparison with 2016, should not signify a wider malaise for door drops. The medium was hit by the snap General Election, which disrupted planning and spend halfway through the year.

Finally, we compare our door drop data to figures relating to other media collated by WARC/AA. In 2017, ad spend on door drops increased more than TV and press advertising, while digital expenditure grew more slowly than in previous years. We believe door drops will be a beneficiary of this latter trend in years to come.

Volumes

Annual volume fell from 5.735 billion in 2016 to 5.708 billion, a relatively small drop of 27 million items, but a drop nonetheless.

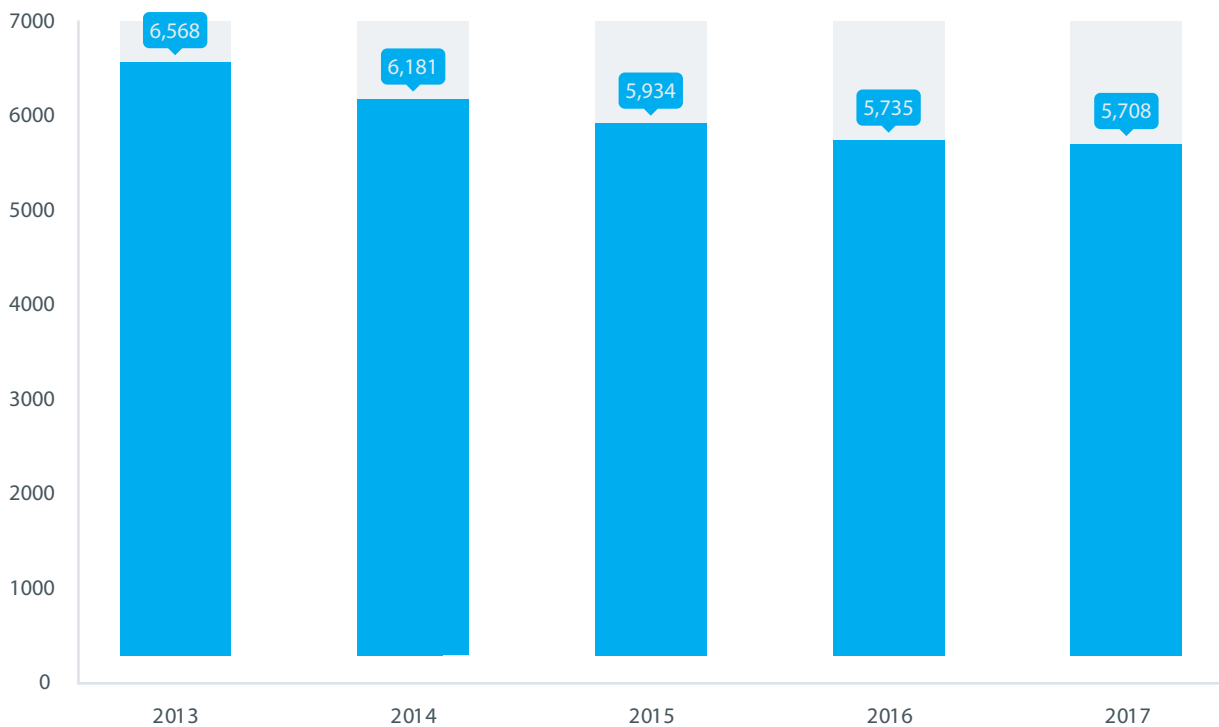
These falls are driven by several trends:

Political uncertainty: Brexit continues to hit advertisers' ability to plan and forecast. Meanwhile, the snap 2017 General Election resulted in two months' disruption to the planned marketing cycle for many businesses while activity was paused pending the poll's outcome. The bounce normally witnessed from increased spend by political parties around a national election did not happen due to the contracted campaign period.

Rising paper costs: This may have knock-on effects on distribution volumes (particularly when viewed alongside a slight decrease in spend on door drops during the year).

On a positive note, better campaign planning and targeting also reduces waste paper volumes. Environmental standards such as ISO 9001 and ISO 14001 are now the norm, as our industry collectively tackles waste.

Yearly volumes (millions of units), 2013-2017



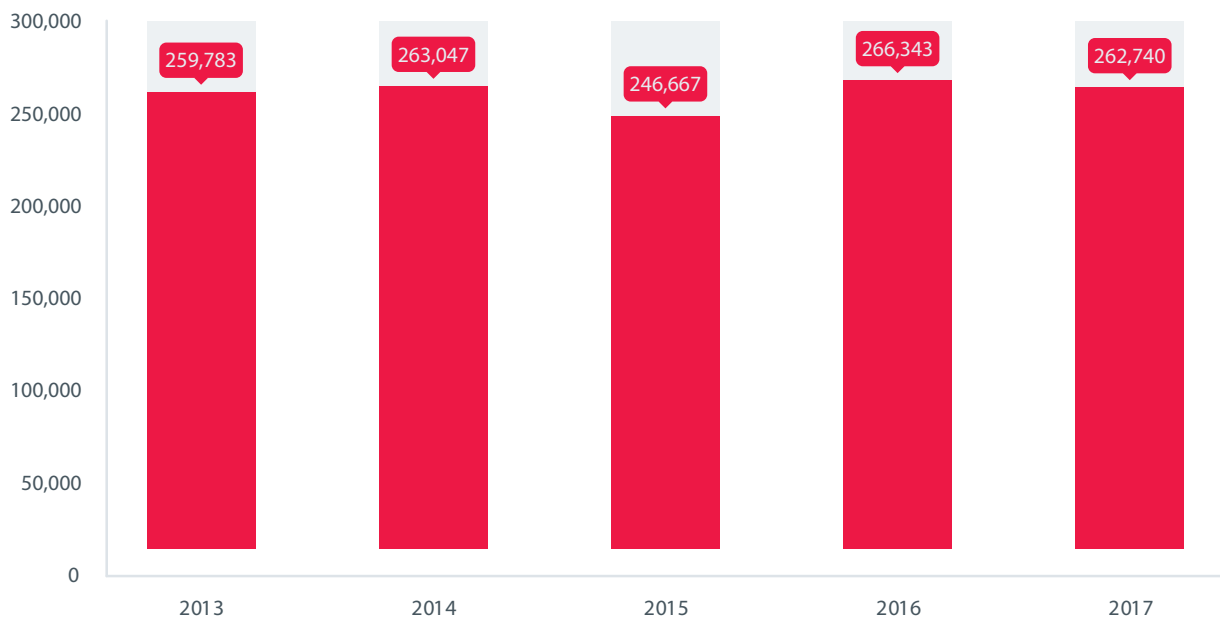
Spend

Alongside the reduction in volume, industry revenues also fell by 1.3% year on year between 2016 and 2017. Spend was slightly short of the previous year, totalling £263m in 2017, compared to £266m in 2016.

Expenditure has now fallen back to a level last seen in 2014, although it remains ahead of the total for 2015. Overall, spend for the past five years has been broadly flat with little variation in revenues.

As noted previously, the pausing of budgets in the period around the General Election may be responsible for the overall drop in spend.

Yearly expenditure (thousands of pounds), 2013-2017



Frequency

Estimates for the average number of door drops per household per week use [data from the Office for National Statistics](#), which suggests there are 27.1 million households in the UK as of November 2017 – unchanged from the previous year.

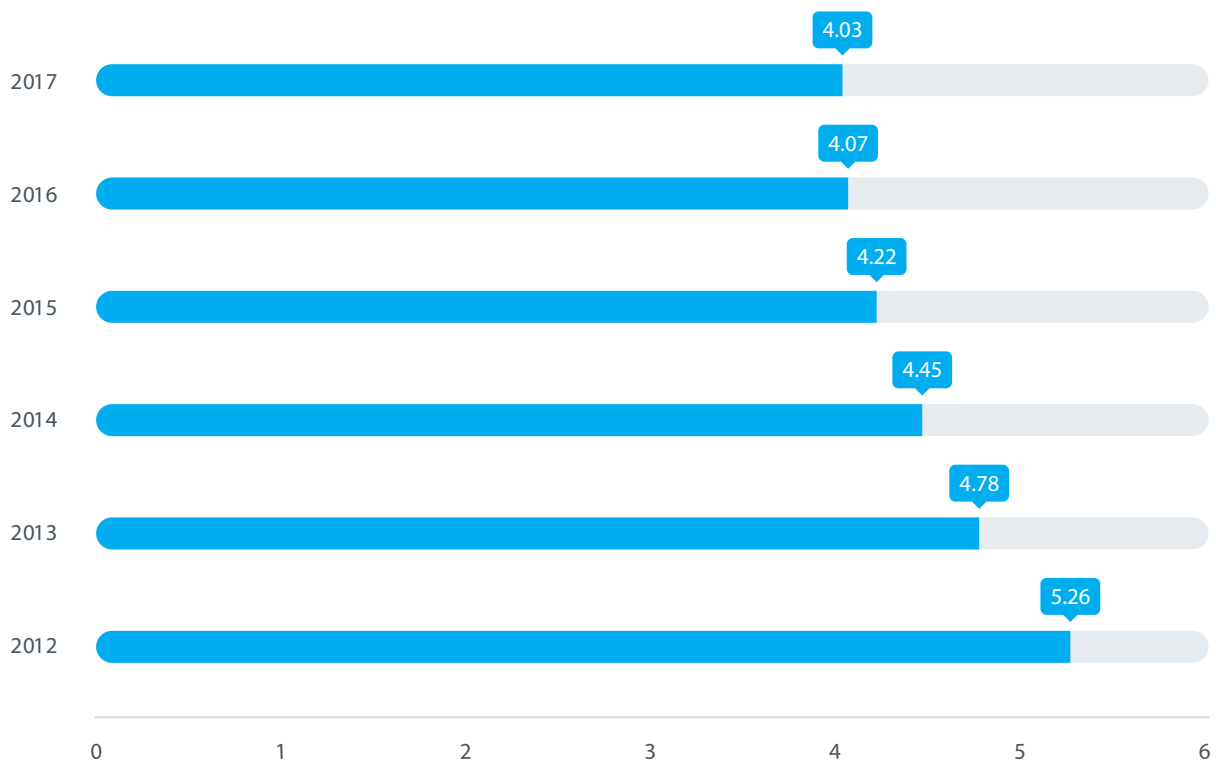
The number of door drops per household in 2017 has reduced by 43% when compared to 2012 (from more than five per week to around four per week), and whilst that downward trend continued in the latest period, the decline has all but ground to a halt. This leaves us positive about future growth in volumes.

This reduction in frequency can be related to continued improvement in targeting underpinned by better data, as well as improved efficiencies in printing technology. Organisations are also becoming more likely to experiment with smaller campaigns, though these are often more frequent. Advertisers using door drops now have access to consumer data and targeting comparable to those choosing digital marketing media.

This improvement in targeting and data has seen new users test the channel and it will play an important role in how the industry targets future growth.

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Door drop frequency (units per household per week), 2013-2017



Total door drop material

We have recently updated our way of estimating the total weight of material, based on the varying ratios between leaflets, envelopes and booklets and their average weights, and applied this to the past few years.

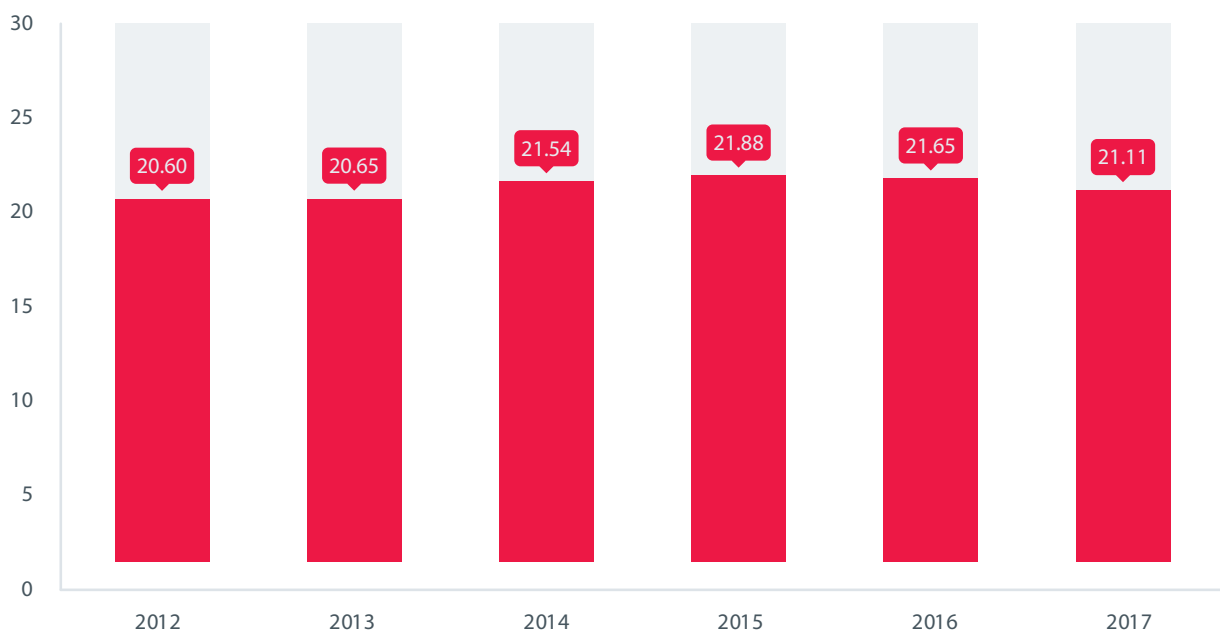
Since 2012, we estimate the average weight of a door drop to have increased from 20.6g to 21.11g, although this figure decreased by 0.54g between 2016 and 2017 – almost double the fall measured in the preceding 12 months.

This change in average weight is due to the annual variation in the ratio between leaflets, unaddressed envelopes and booklets. There is a small but noticeable shift away from booklets towards leaflets and envelopes, prompting growth in the latter as advertisers rationalise weight.

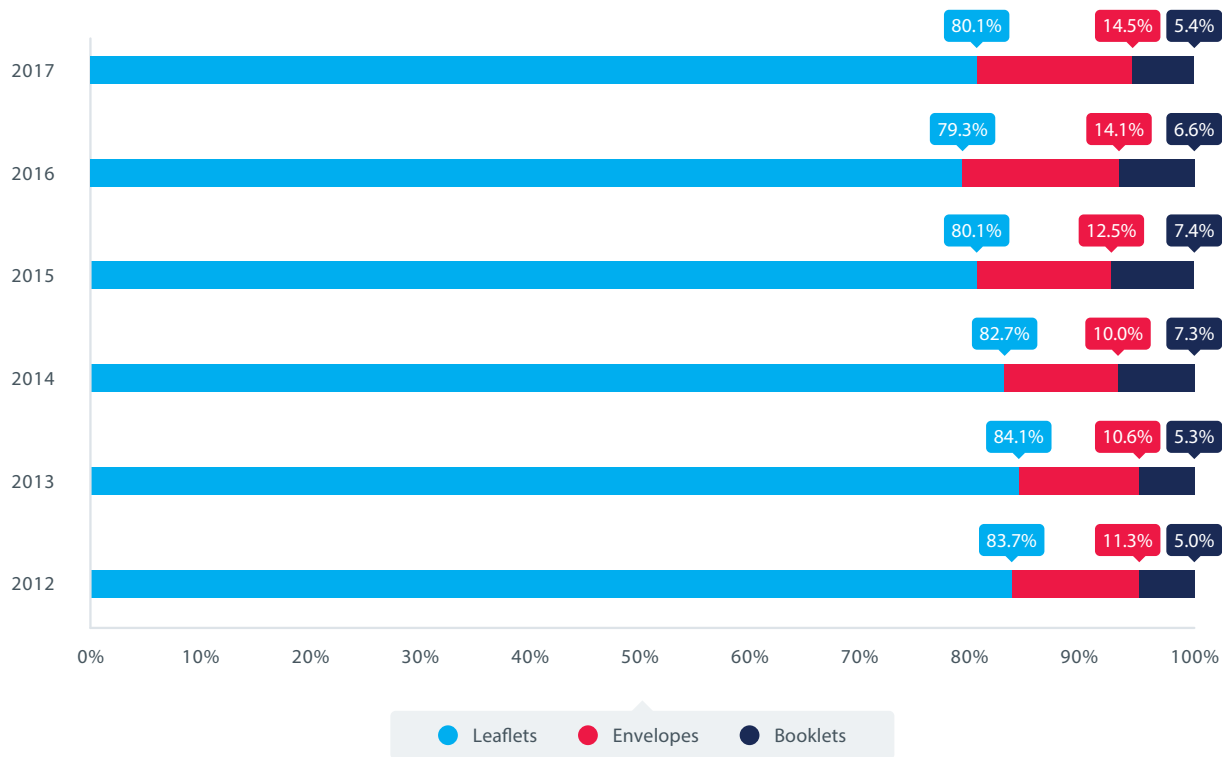
Since 2012, the total weight of door drop material has fallen by more than 28,000 tonnes, we estimate. This may in part be the consequence of a much-reduced regional press. In 2017, total material reduced by 3,650 tonnes compared to 2016, largely due to the overall reduction in volume during the same period.

Paper prices continue to rise. Distributors might have switched to lighter formats as a cost-saving measure while advertisers may have reduced printed volumes to make savings. We expect this gradual decline to continue. Cutting frequency and cost does not, however, cut performance.

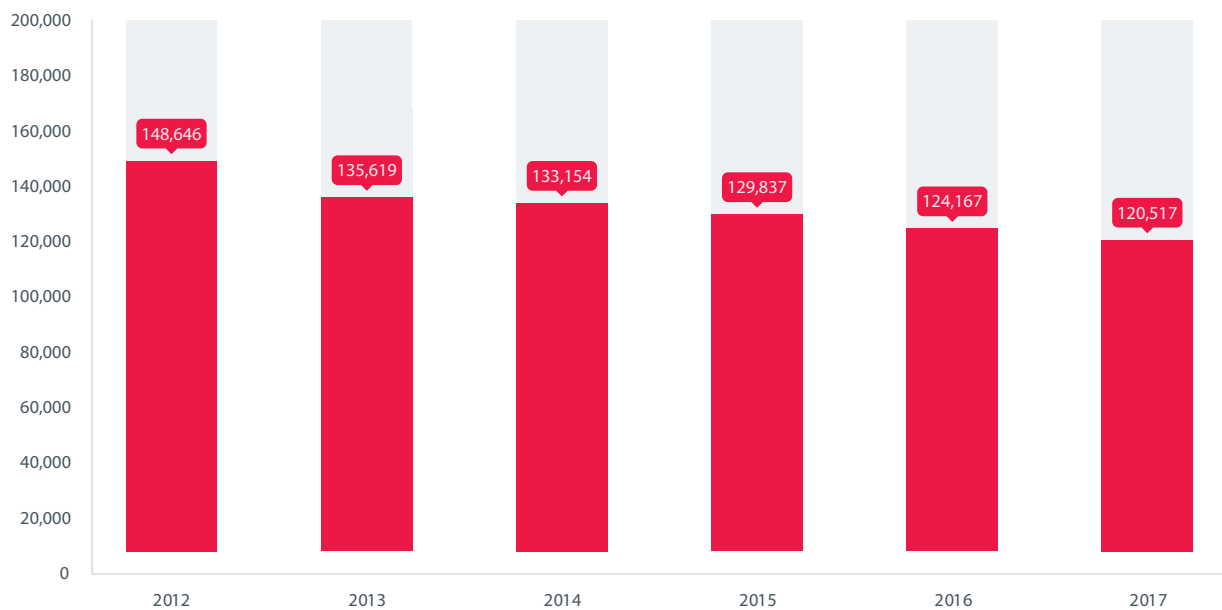
Average estimated weight of a door drop (grams), 2013-2017



Percentages of door drop material by category, 2013-2017



Total door drop material (metric tonnes), 2013-2017



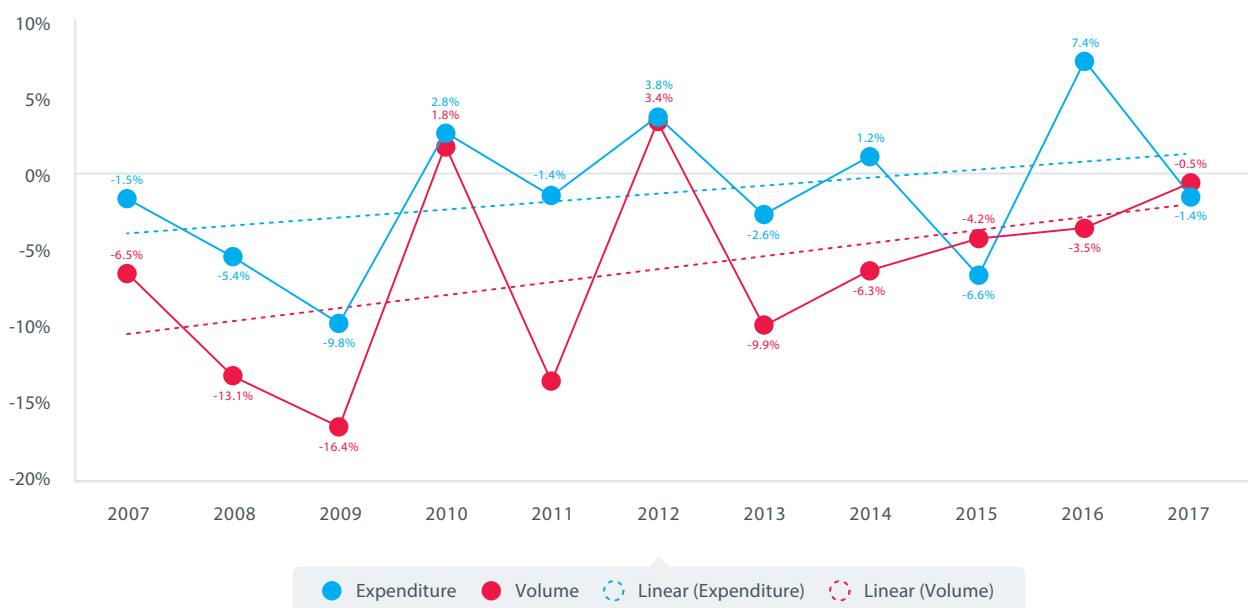
Trends

The past decade has been something of a rollercoaster ride for door drop volumes. The early part of that period - coinciding with the demise of local newspapers in the UK and a global economic downturn - resulted in a sharp decline. Overall, it's been a mixed picture with single-digit decreases the norm more recently, occasionally punctuated with small peaks of growth. Spend has also stabilised.

In our view, the decline in volumes is flattening out - based on the evidence of the past five years - and we confidently predict a return to steady growth in the next few years. Although 2017 saw a slight decrease in both volume and expenditure, the trend lines for both - dating back to 2008 - retain an upward trajectory.

Spend has fluctuated; volumes show a steadier downward trend in the past five years. This is partly due to efforts to target consumers effectively. However, we expect volumes to recover slowly each year and, at current rates, reach the levels last seen in 2015 by 2021. Projected growth of sales in 2018, meanwhile, will increase revenues to 2014 levels and will in our view continue to push ahead during the subsequent three years.

Change in year-on-year expenditure and volume, 2007-2017



Comparative performance

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

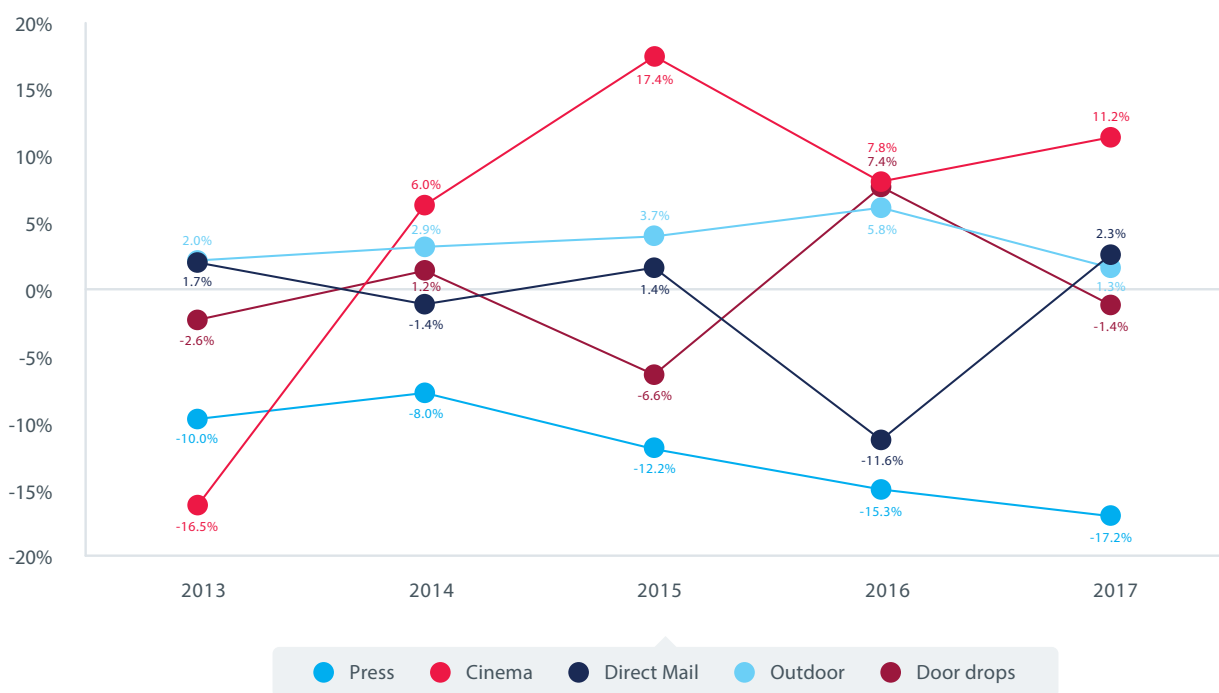
Over six years, door drop spend had the fifth-highest growth of the eight media, with average growth of 0.3% per year compared to an average growth of 2.3% for the other seven channels combined. The heavy increase in internet advertising over that period skews this figure.

Comparing door drops to each medium for the most recent 12 months, only TV and press advertising showed slower growth in 2017. It was a particularly good period for cinema, while radio, internet and outdoor also enjoyed relatively strong growth.

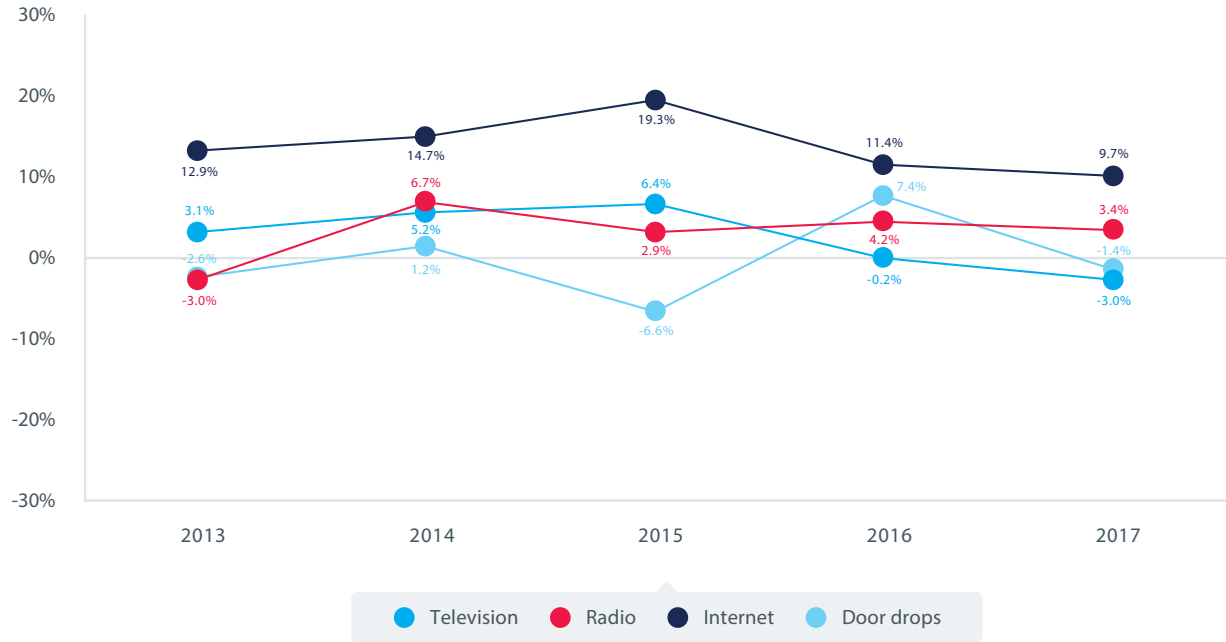
This is in contrast to the figures for 2016, when growth in spend on door drops eclipsed all but three of the other channels. One reason for this may be the improvement shown by direct mail in 2017. Door drops and direct mail often take market share from each other, so any annual recovery for one channel will invariably mean a decline for the other.

It's also worth noting there may be a 'use it before you lose it' mentality as greater restrictions will be placed on direct mail following GDPR's introduction. A spike in repermissioning by mail may be partially responsible for its rise. Door drops will face no such problems thanks to the use of postcode, rather than PII.

Change in year-on-year expenditure of door drops and other media, 2013-2017



Change in year-on-year expenditure of door drops and other media, 2013-2017



Conclusion

Door drops, a proven acquisition channel for advertisers requiring volume and reach, continue to show resilience despite long-term decline in other print media. In fact, the medium could be considered to be punching above its weight in the face of macro-economic factors such as Brexit and continued under-investment compared to [many other European markets](#).

As digital marketing comes under further scrutiny following a series of difficult data episodes such as Facebook and Cambridge Analytica, door drops are likely to be among the beneficiaries of redirected budget.

Despite falls in both volume and spend during 2017, we expect the long-term trend of steady growth in door drops to continue. The medium will really prove its worth now GDPR has arrived, thanks to its ease of deployment in comparison to other channels which rely heavily on PII, rather than postcodes, for targeting.

The industry has been gearing up for a renaissance over the past few years, refusing to stand still against a backdrop of print decline. Instead, we've reinvented, modernised techniques and built in efficiencies by accessing and harnessing better data. That hard work is now starting to bear fruit, evidenced by a growing number of conversations with clients who are keen to find out more about the acquisition attributes of door drops.

With regulatory pressure pushing advertisers towards the medium and the launch of JICMail bringing measurement in line with rival channels, 2018 promises to be an unrivalled year of opportunity for door drops.

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 and 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 2018 and the data corresponds to January to December 2017. 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 2017 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. As a result these estimates differ from, and supersede, those published in 2014 and earlier.

Commentary is provided by the Door Drop Committee and the DMA's insight and marketing teams. The final report was prepared by the DMA's 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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