

## The Numbers Behind Direct Mail

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### Direct Mail Offers an Affordable Marketing Option

Direct mail may be the marketing solution your small business is looking for. The direct mail industry is heating up, with overall spending increasing to \$9.3 billion 2015. While spending is up, fewer companies are actually using this channel, meaning there is room for your message.

### Why Does Direct Mail Work?

Because fewer businesses are using direct mail, there is more room to get noticed. The electronic and social media marketplaces are getting more and more crowded, making it harder to achieve success reaching your customers or to get noticed at all in the digital world. Direct mail has a 3.7% response rate compared to the 0.62% all digital channels together manage to pull in.

The magic of direct mail is that it allows you to place your message directly in your customers' hands. It arrives in their mailbox and they have to physically touch it and make a decision about what to do with it. You can be guaranteed that they will at least look at it.

Another reason direct mail is a good investment is because it is easy to track and directly correlate success rates. You can see what is working and what isn't and adjust your strategy. And because you can control when the mail arrives, it allows you to coordinate other marketing into the same time frame, getting a bigger bang for your buck (44% of advertisers are now using three or more channels simultaneously, usually direct mail coupled with email and social media).

Direct mail allows personalization, so customers can receive a letter addressed to their name with an opening salutation with their name as well. This is called variable data printing (VDP) and it doesn't stop at copy changes. Whole images can be swapped out, color schemes changed, almost anything you think of can happen on a 1:1 basis. Personalization results in a 47% improved customer experience, so this is an important tactic to keep in mind.

### Who Reads and Responds to Direct Mail?

Of people who receive direct mail, 42.2% of recipients either read or scan it, while only 22.8% say they don't read it. That's nearly twice as many people scanning direct mail than tossing it. Consumers have the most positive response if they are already familiar with the sender, so combining direct mail with other marketing strategies can make a real impact.

55% of adults that buy something through the mail are women, so if you use direct mail, you can hone your message for this group. Response by age of direct mail purchasers is fairly evenly spread among the age groups, but the highest concentration is in the 25-54 age group. Note that the 18-21 age group is rapidly increasing and has tripled in recent years. Some speculate that this age group doesn't receive much mail at all (they do everything online) so any mail they get stands out to them. This may be a group to focus on if you're looking for the hottest demographic to tap.

### Will Direct Mail Work for You?

Studies about direct marketing show it is most effective for department stores and credit card companies, however these are businesses that spend the most on direct mail and have an enormous volume of business. What about small and medium sized businesses?

Industry statistics show response rates for restaurants have been on the rise with consumers responding to 18.6% of the direct mail they get from restaurants. Direct mail has double digit response rates for other kinds of small businesses including specialty stores, auto maintenance, leisure services, and more. Direct mail coupons have a 2.7% response rate for nonfood and an overall 6.5% response rate for food which is higher than the rates for newspaper inserts and magazines.

Direct mail response rates are second only to telephone sales, which comes in at 9 to 10%. Direct mail comes in second though, above all other types of marketing and can be the perfect choice for a small business. If you develop a house list, you'll find you can target your mailings more directly to consumers who are more likely to be interested. Response rates to house lists have been rising so this is definitely an area to direct your attention.

### Choosing Direct Mail

If you are interested in direct mail, carefully select a target audience for your direct mail project. You can buy or build a list but no matter where it comes from, it should hone in on the group that will be most interested in your product, service, or offer. The 40/40/20 rule of direct mail marketing says that 40% of your success depends on identifying your list, 40% depends on your offer, and 20% depends on the design of the mailer. It's also important to keep in mind the kind of response you want to elicit and how you can track it.

For example, if you're providing a coupon, you can directly track the sales from the mailer. However, no matter what kind of offer or ad you send, don't forget to take into account the amount of repeat business you may develop from those who don't respond but later patronize your business because you've raised their awareness or made an impression.

### Successful Direct Mail

Some people are reluctant to use direct mail because they think it's just going to get lost in the stack of mail consumers are getting. In fact, mail volume has been steadily decreasing (down by 35% over the past decade as more and more bills are handled online and fewer catalogs are being used), so direct mail is actually a great platform for standing out.

The competition in standard class direct mail is more intense (56.7% of the mail people get is standard mail), but if you choose to send your mail first class, there is less mail in this category. Direct mail tends to be most successful when it looks less promotional and resembles regular mail, sent in an official looking envelope, so the design and delivery of your piece is crucial. More customers respond to direct mail when a courtesy-reply envelope (not a business-reply) envelope is enclosed.

You are also more likely to find a higher response rate if you consider other mail formats. An oversized envelope has a 5% response rate but you can also do well with postcards (4.25% response rate), dimensional mailings (4%) or catalogs (3.9%, which is interesting since consumers always report positive reactions to catalogs but their response rates don't match their interest).

### Isn't Direct Mail Expensive?

Direct mail is actually priced very competitively, coming in at \$19 per acquisition. Compare this to \$16-18 for mobile and social media, \$21-30 for paid search, \$41-50 for internet display ads and \$11-15 for email. Direct mail offers a great return on your investment, 15-17%, which is the same as social media.

Direct mail offers an affordable, effective way to engage consumers who would be interested in your small business. By placing your carefully crafted message directly in their hands, you can expect to see a great return on your investment.

Ready to start your own direct mail campaign? Whether you need help designing the piece, printing it, or sending it to your mailing list, we're ready to make your mailing a success. Contact us today to get started: (800) 930-0272.

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**Note:** All stats cited here (that aren't already linked) come from the [DMA 2015 Statistical Fact Book](#), the leading source for direct mail research.

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