

Marketing Mail : 2019

Greater New York PCC

November 20, 2019

Al Gilbert
Product Development Specialist, SR
Alfred.J.Gilbert@usps.gov

Today's Discussion

- Evolution of Marketing & Competitive Marketplace for Mail
- Mail Growth Strategy: encourage application of tech/mail that drives engagement, response rate and ROI
- Market Innovations - Research, Trends and Examples
 - Tactile Sensory Interactive, Mobile, Digital to Direct
 - Augmented Reality, Shoppable Video, Smart Speakers
- Proposed 2020 Promotions Preview
- Recap & Wrap up

Traditional Marketing Channel: Marketing Mail



**Marketing Mail
Headwinds**



Continued Rise of Digital Channels

As consumers' digital (i.e., social media, mobile, search, etc.) use continues to increase, marketers are working towards striking a balance between their digital and traditional marketing spend.¹



Postage Rate increases; rising paper/print costs

The threat of rising postage rates and paper/print costs coupled with the increased focus on digital marketing forces marketers to scrutinize their marketing mix and analyze whether other channels are more cost-effective.²



5G Mobile Networks

Major commercial releases of 5G are coming in late 2019/early 2020. The increased speed, capacity, reliability, and flexibility that 5G offers will lure marketers to invest even more advertising dollars in mobile video, XR, Gaming, IOT and other digital channels.³



**Marketing Mail
Tailwinds**



The effectiveness of Direct Mail

Although more direct marketing dollars are being directed to online and mobile channels, companies remain highly committed to direct mail. Mailers insist that direct mail is one of their most effective channels. Modest direct mail growth is projected through 2020 due to a relatively stable economy and direct mail's value in complementing digital marketing channels.⁴



High Household Response Rate for Direct Mail

According to the 2018 DMA report, the household list response rate for direct mail is 9%; higher than email, paid search, social media, and online display.⁷⁰ Major drivers include the tactile properties of direct mail and the adoption of more effective mailing techniques.

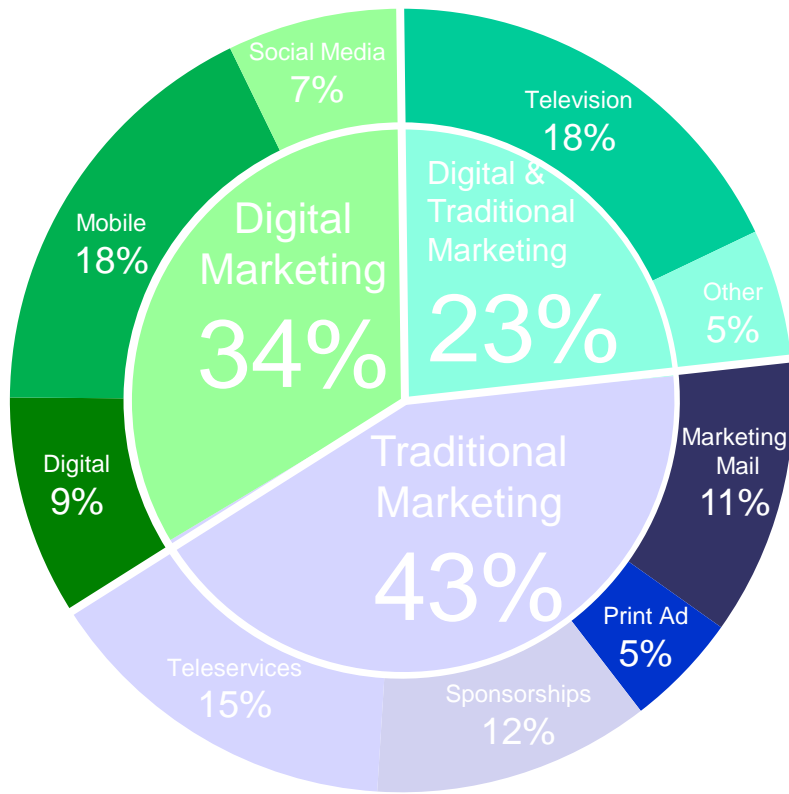


Increase in Omnichannel and Data Driven Marketing

With the increase in omnichannel marketing, retailers are getting used to their consumers starting a purchase on one device and finishing on another. Marketing mail can be blended with this strategy as it is perfect for targeting specific audiences.⁶

Marketing Competitive Landscape

Total CY2018 U.S. Advertising Spend: \$402 Billion⁶



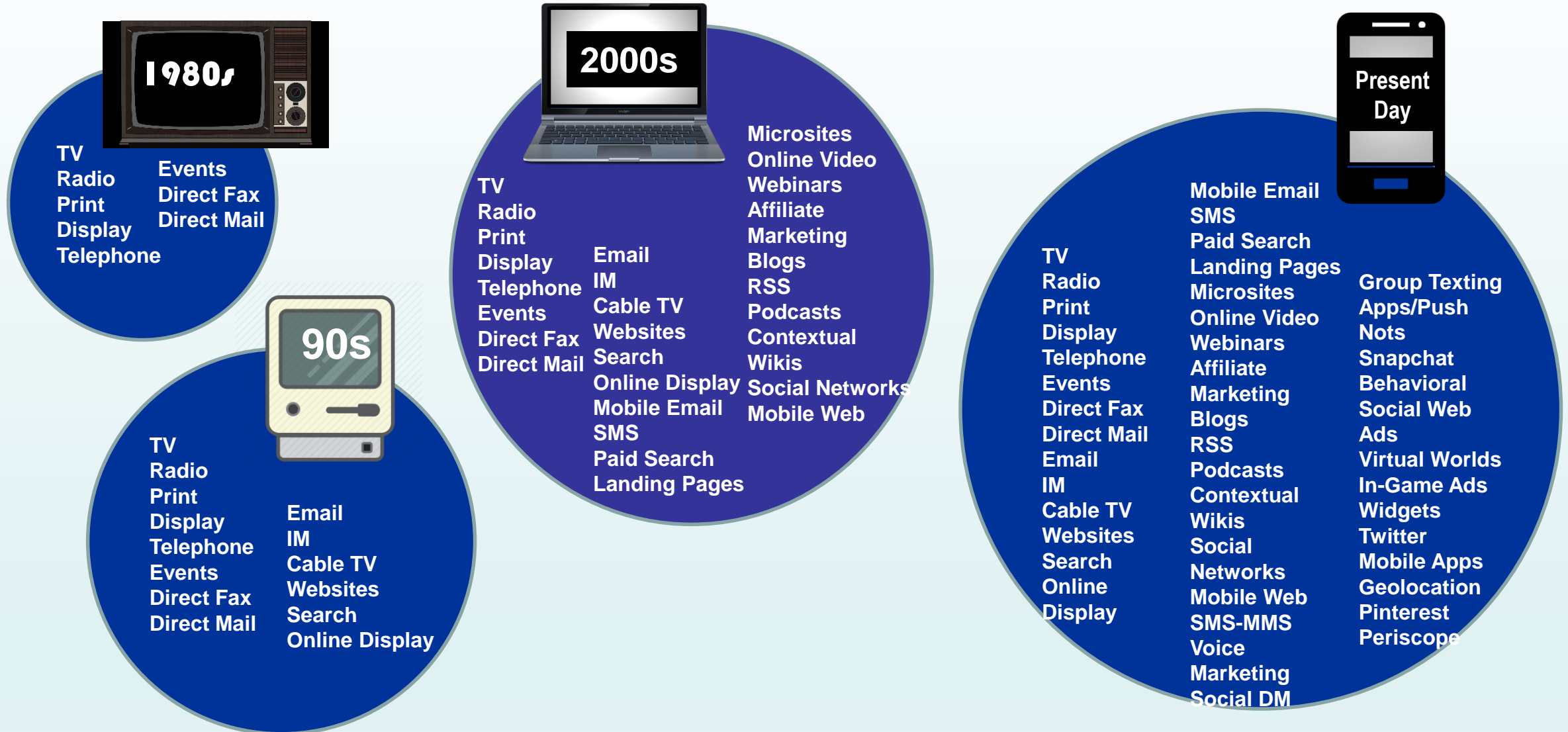
Marketing Channel	Total U.S. Spending (B)	% of Total Marketing Spend	Δ from Last Year
Digital	\$37	9.2%	17.7% ▲
Mobile	\$71	17.7%	25.8% ▲
Social Media	\$29	7.2%	32.2% ▲
Digital Subtotal:	\$137	34.1%	24.9% ▲
Television*	\$72	17.9%	3.1% ▲
Other	\$22	5.5%	0.9% ▲
Digital/Traditional Subtotal:	\$94	23.4%	2.6% ▲
Marketing Mail**	\$46	11.4%	-2.5% ▼
Postage	\$17	4.2%	2.1% ▲
Design, publish, etc.	\$29	7.2%	-3.3% ▼
Print – Newspapers & Magazines	\$19	4.7%	-17.8% ▼
Sponsorships	\$46	11.4%	6.8% ▲
Teleservices	\$60	14.9%	3.0% ▲
Traditional Subtotal	\$171	42.5%	-0.4% ▼
Total	\$402	100.0%	7.8% ▲

* Television includes multiple digital-based content (OTT)

** Marketing Mail includes all facets that go into marketing mail spend (design, publishing, postage, etc.)

For Internal Use Only

The Competitive Landscape is Evolving



¹InQuest Marketing (<https://inquestmarketing.com>)

Traditional channels

- Broadcast TV
- Marketing Mail
- Print Ads
- Sponsorships
- Teleservices

Digital/Traditional

- Television
 - Cable/Dish
 - OTT/Streaming
- Radio
- Out of Home
- Directories

Digital Channels

- Digital Desktop
- Mobile
 - Mobile In-App
 - Mobile Search
- Social

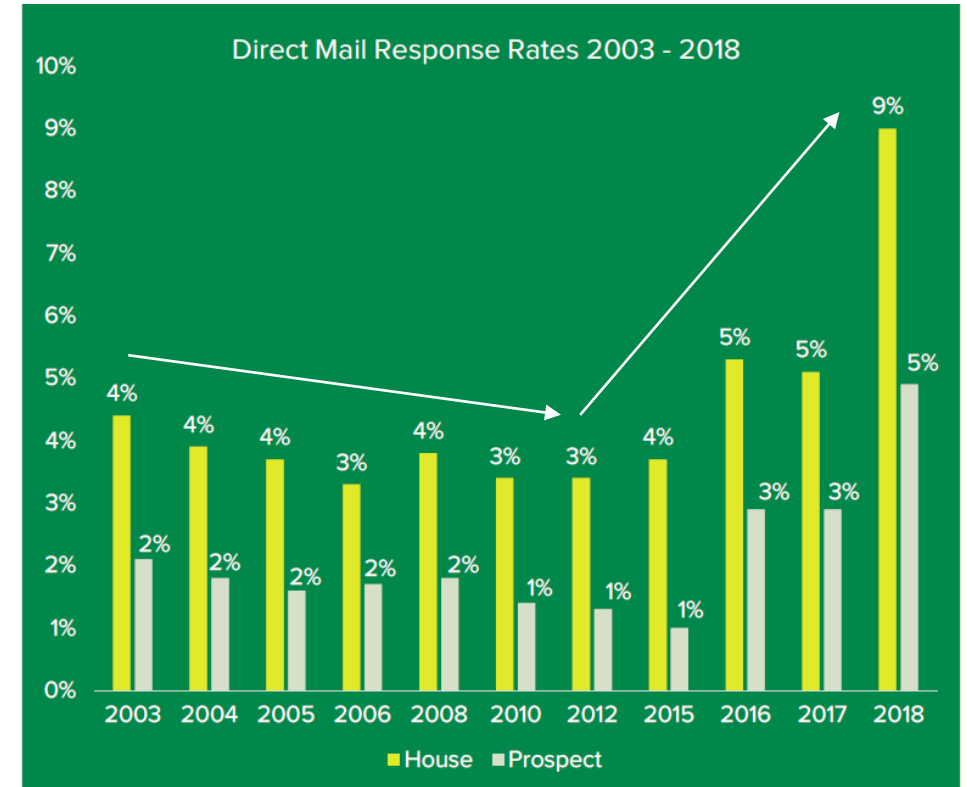


More & Deeper Connection Points > Narrower Targets



ANA/DMA 2018 Response Rate Report:

- Direct Mail Response hits new high – almost doubling ‘16/’17
- The positive trend from 2015 continues
- As other mediums get more crowded, DM stands out
 - Digital Fatigue
 - Mail Moment
 - Tactile Effect

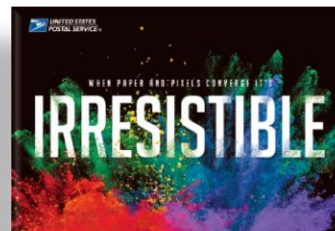


For 2018, N=79 (House) and N=61 (Prospect).

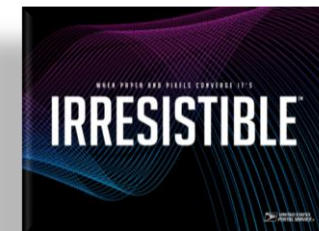
¹ ANA/DMA 2018 Response Rate Report



2015
46% volume increase
11B pieces



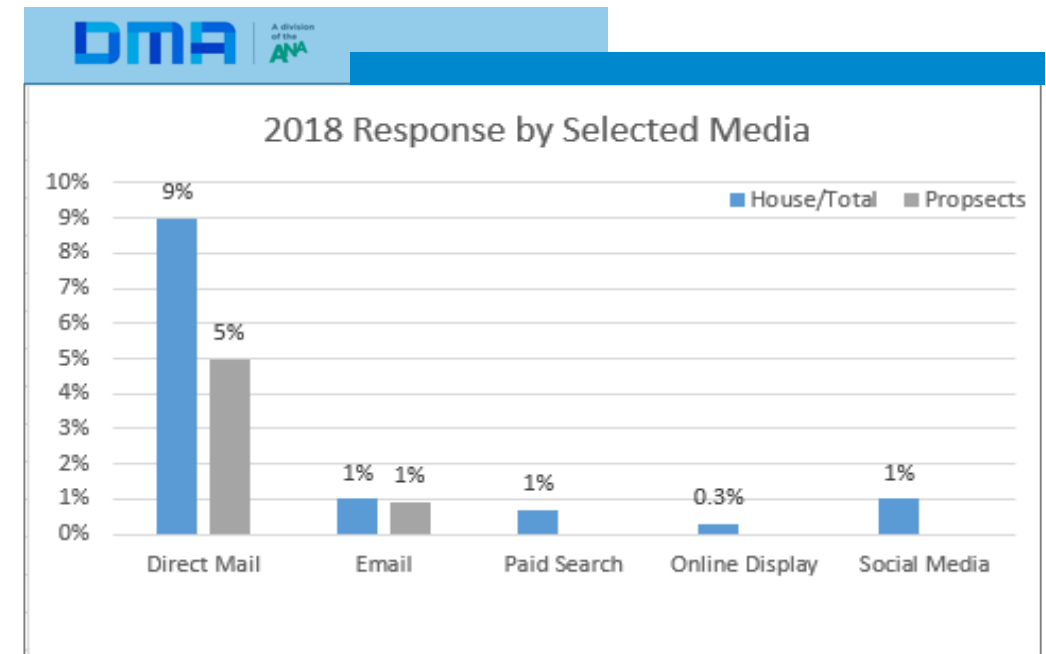
2016
23% volume increase
14.9B pieces



2017
7.3% volume increase
16B pieces

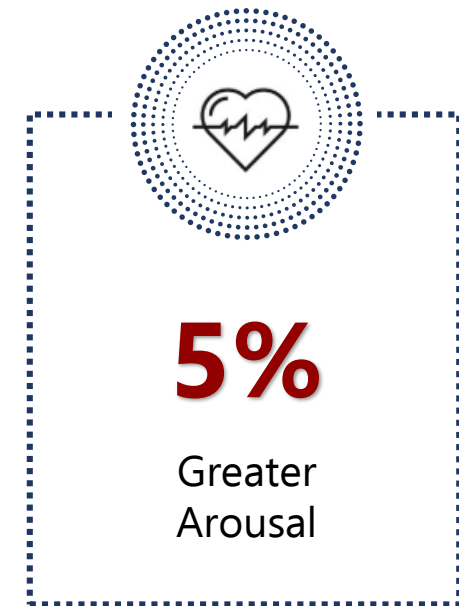
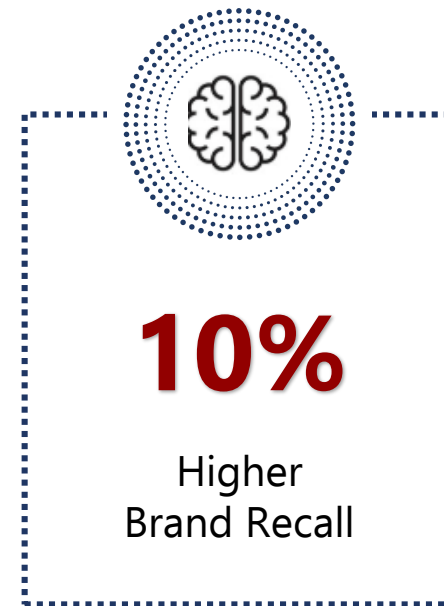
What can each channel do?

- Direct Mail Response Rate rose **2.3x** in the last three years!
 - Digital fatigue, print innovations
 - All channels improved vs. 2017
 - DM response is **9X** above any media!
- Direct Mail outperforms all other media combined by **>270%!**
- Direct Mail **with** other media, not instead



**Direct mail was plotted to the median. **CTR x Conversion rate.*

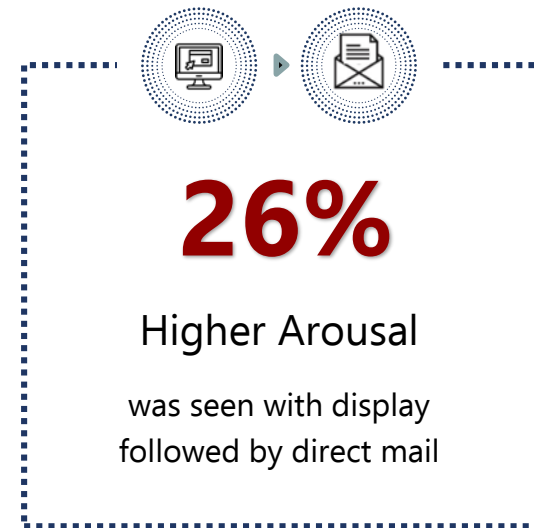
Integrating DIRECT MAIL AND DIGITAL improves factors that can drive consumer action.



than in single-media
campaigns

Source: Canada Post/Ipsos Connecting for Action, Sept 2016 What Gets People to Buy What They Buy?

The **SEQUENCE OF MEDIA** has an effect on response.



Source: Canada Post/Ipsos Connecting for Action, Sept 2016 What Gets People to Buy What They Buy?



“Campaign Math”

The whole is greater than the sum of the parts!

- 1 + 1 = 3
- Impact of layering multiple channels is not just additive
- Mail is a powerhouse for driving up campaign results

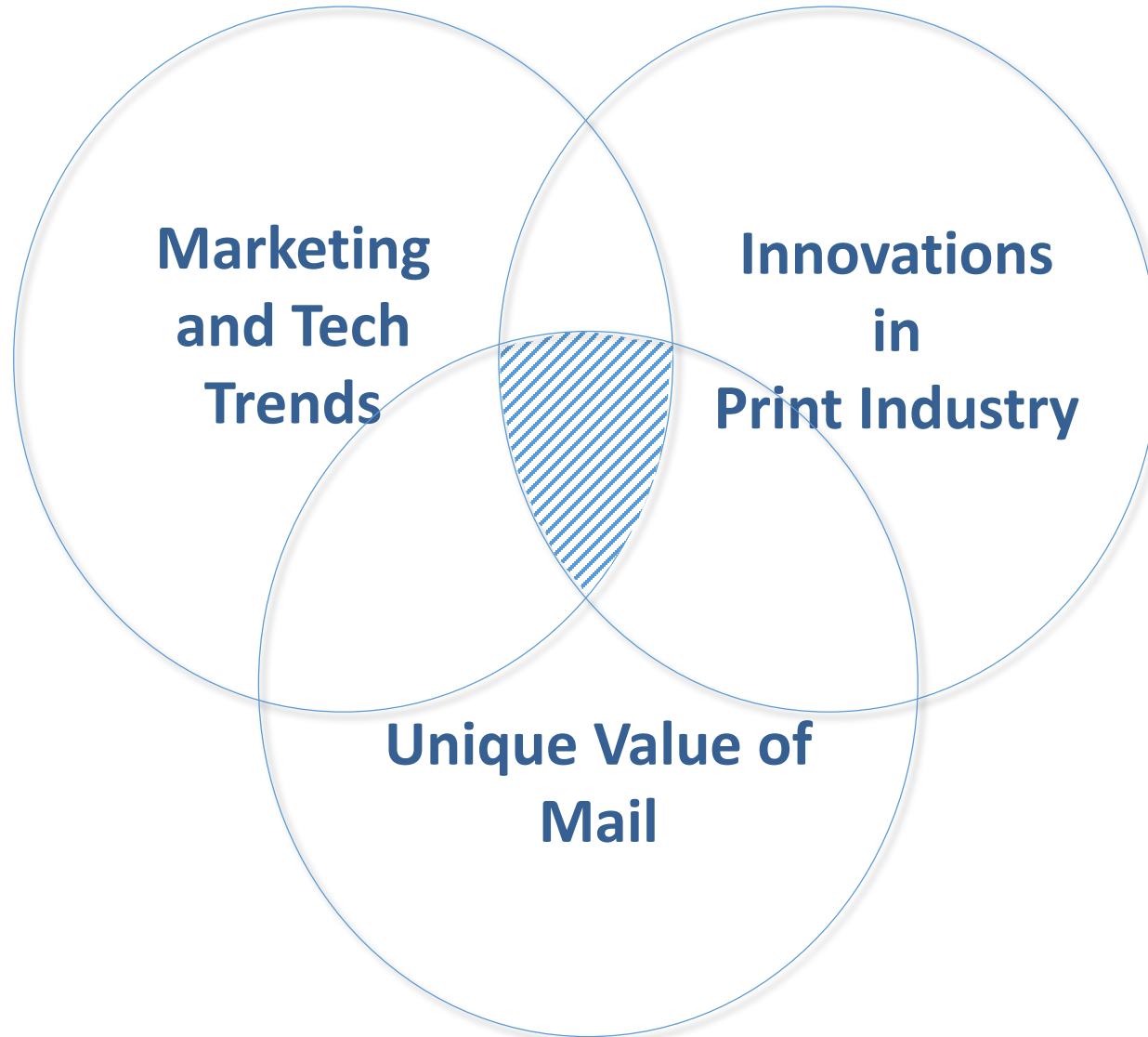
- Studies show:
 - Mail + email + web = 37% lift over individual channels¹
 - Digital + mail = 40% greater customer engagement²
 - Mail + digital + TV = 17% higher purchase intent³

1. *InfoTrends, 2015*

2. *Canada Post, Bias for Action 2016*

3. *Millward Brown, Sept 2015*

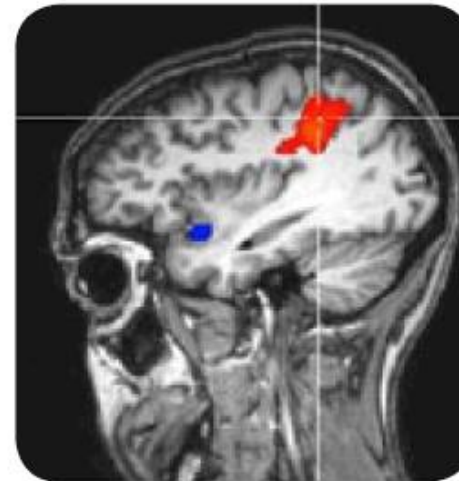
- Mail Growth Strategy is:
 - Increase recipient engagement with the mailpiece
 - Increase the response rate to a mailpiece
 - Increase ROI for the mailer
- Long-term strategy: help drive value for mailers!
- Extensive research completed to:
 - ✓ Identify trends in marketing, technology, and print industry
 - ✓ Find tools/techniques that pair well with mail
 - ✓ Position mail within integrated campaigns
 - ✓ Leverage what mail does best!
- Keep Mail in the Marketing Conversation



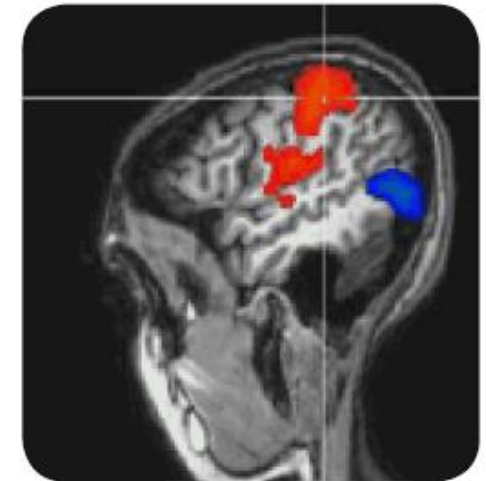
- In a sea of digital exposure and overload:

Mail's Competitive Advantage!

- Multiple independent neuroscience research studies show that physical materials activate the brain more deeply to yield:
 - ✓ Better recall over longer periods
 - ✓ Deeper emotional connection
 - ✓ Stronger brand associations



Right parietal



Left parietal

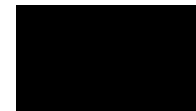
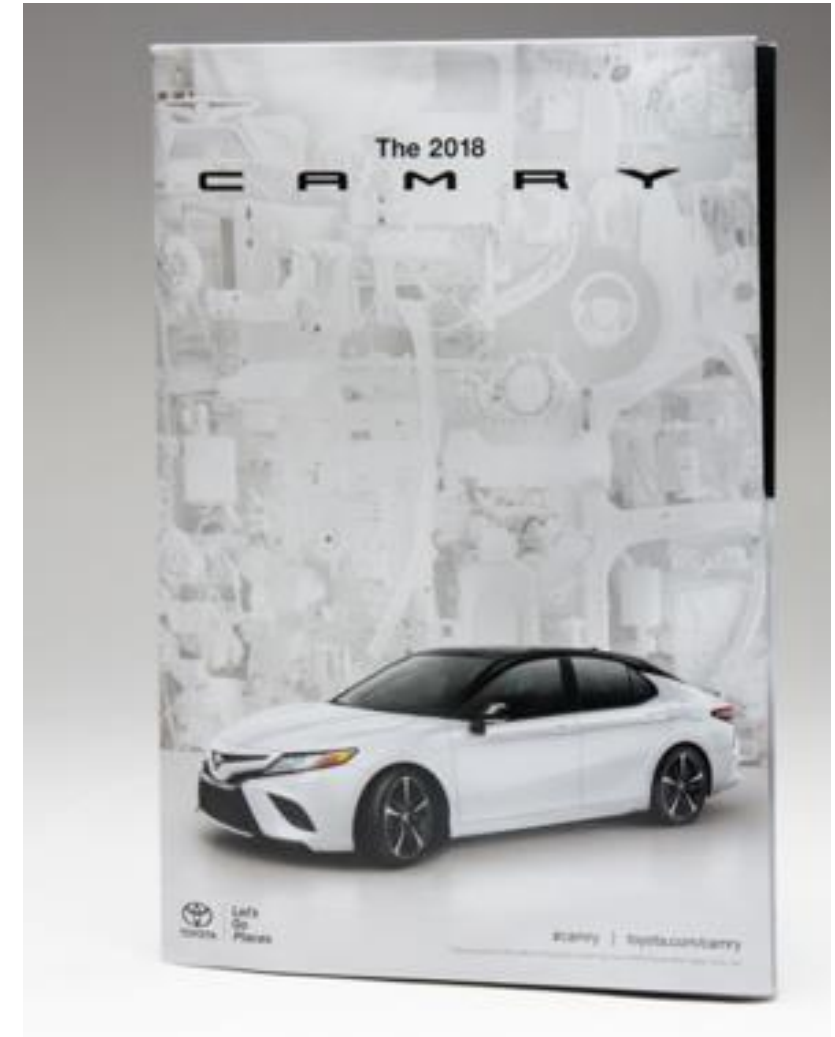
¹ Millward Brown: Case Study Understanding Direct Mail with Neuroscience

² USPS OIG Research "Enhancing the Value of Mail: The Human Response"

² Canada Post: "A Bias for Action: the neuroscience behind the response-driving power of direct mail"

Toyota Camry & Structural Graphics

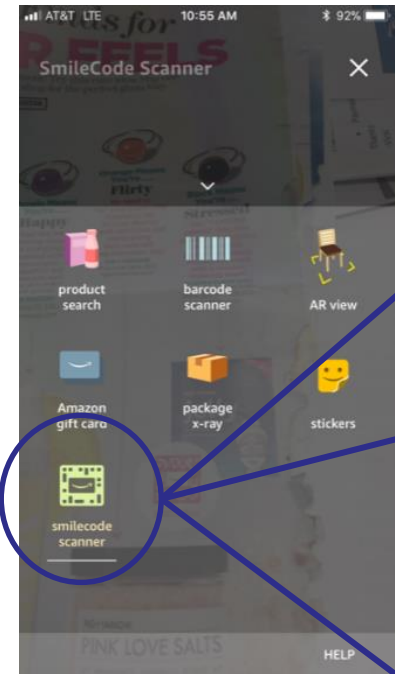
- Grip handles with “pulse monitors”
- 3D Pop-up format
- New car scent
- LED screen “beeps” and depicts heart rate



- **2016:** Mobile ad spend exceeded \$100B; 2.1B users.
 - Black Friday: first \$1B mobile shopping day in history¹
- **2017:** smartphones = #literate adults², and 77% will make purchases via mobile
 - Black Friday: first \$2B mobile shopping day! ¹
- **2018:** Black Friday & Cyber Monday \$2B+ Mobile³
 - Cyber Monday \$7.9B, with > half visits from Mobile devices³
- **2020:** 2.8B users; Internet of Things (IoT) - 75B connected devices



March Issue of Seventeen magazine (Published by Hearst)
Features “scan to purchase” purchase/pay QRs with
Amazon’s smilecodes and Snaptags



Amazon App: Products via SmileCodes

BEAUTY

Sprays
DIY rainbow strands (like our model's) with these pink and blue sprays. First, mist the pink in a vertical motion from midlength to ends. (Hold the nozzle 10 inches from your hair as you go.) Then blast blue on just your tips. Let the color set for a minute, then crush it through your hair to blend it all together.

Sponge Stampers
Use one of these color-depositing sponges to give your hair metallic accents. Press it on a bun for a tinted topknot, stamp it on braids to mimic hair jewelry, or dab it along the length of your pony for extra sparkle.

Comb Tip
Just squeeze this tube to release pigment onto the bristles. It gives you max control and is perfect for subtle highlights or gold streaks. Try smearing face-framing pieces to create soft purple highlights, or pull the comb through the ends to achieve a dip-dyed effect (you'll need a few passes to get super-saturated color).

Pastes
Get awesome all-over color with these pigmented pots. For a lived-in look, use your fingers to work the cream through dry hair; then, to diffuse the color, apply heat with a blow-dryer, continuing to style hair with your fingers. For more intensity, skip the heat and add a second coat of color instead. Bonus: The formula is infused with nourishing sunflower extract to keep strands soft!

CLAROL Color Crayon
Metallic Multi-Use Cream and Conditioner. \$19 each. [clorol.com](#)

CLAROL Color Crayon
Metallic Multi-Use Cream and Conditioner. \$19 each. [clorol.com](#)

LOREAL PARIS Colorista Spray
Metallic Spray-on Hair Color. \$19. [lorealparis.com](#)

LOREAL PARIS Colorista Spray
Metallic Spray-on Hair Color. \$19. [lorealparis.com](#)

IGK Color Mist
Metallic Spray-on Hair Color. \$19. [igk.com](#)

IGK Color Mist
Metallic Spray-on Hair Color. \$19. [igk.com](#)

SPLAT Wash & Lavage
Vivid Velvet. \$19. [splat.com](#)

SPLAT Wash & Lavage
Vivid Velvet. \$19. [splat.com](#)

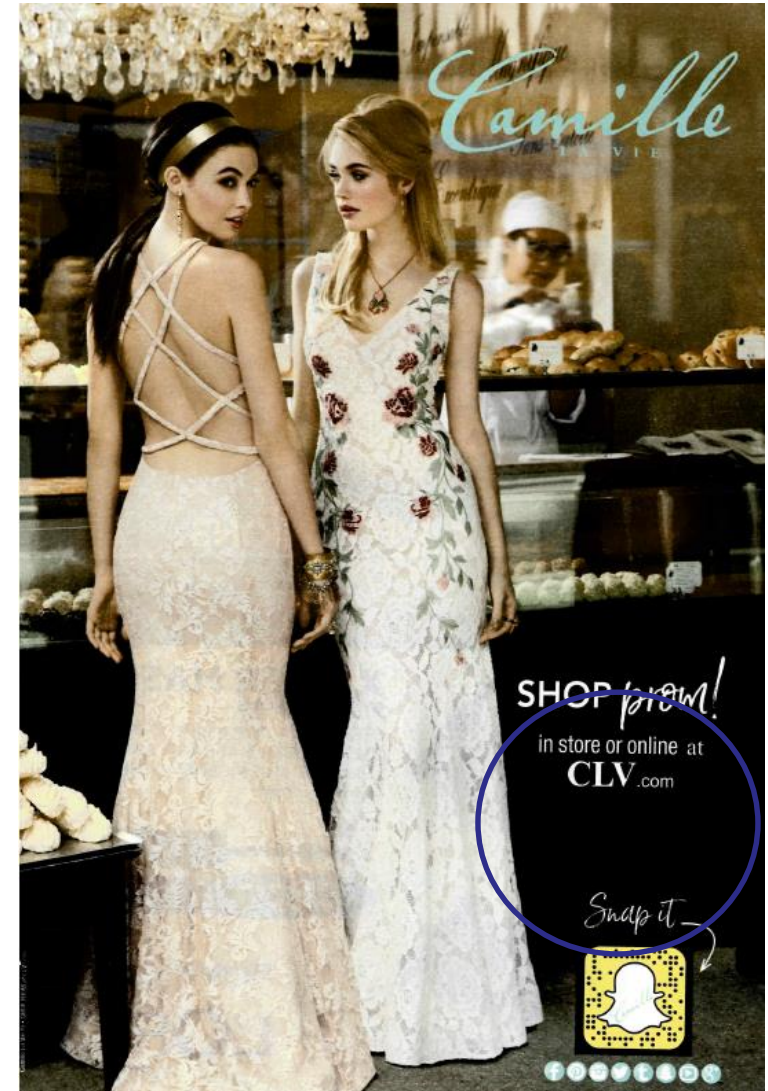
FOUSER PASTE
Goodbye Strands. \$19. [fouserpaste.com](#)

FOUSER PASTE
Goodbye Strands. \$19. [fouserpaste.com](#)

FOUSER PASTE
Goodbye Strands. \$19. [fouserpaste.com](#)

FOUSER PASTE
Goodbye Strands. \$19. [fouserpaste.com](#)

• Open your Amazon App
• Tap the camera icon
• Choose SmileCode
• Scan to shop!



CLV.com's Prom Dresses, via Snaptag

We have been encouraging the use of AR in the promotions for the last 5 years and advances and applications continue to evolve.

- 40M in US used AR in 2017; project 54M by 2019¹
- 32% of consumers have tried AR; those who have tend to use it frequently²
 - 2/3 are active monthly
 - 1/2 are active weekly
- Desired AR content:²
 - Games (72%)
 - Sports (35%)
 - City Guides (39%)
 - Retail (33%)
- 73%: high/very high satisfaction with AR²
- Native AR: ARKit (iOS11) and ARCore (Android) offering AR experiences without an app download



¹eMarketer, MarTech today, May 2017

²AI & IoT Today, April 2018



Roller Coaster

10261 AGES 16+ 4,124 PIECES

HARD TO FIND  **FREE SHIPPING**

\$379.99

*Measures over
20" high, 34" wide
and 16" deep!*

Build your own Fairground!
10257 Carousel and
10247 Ferris Wheel are
available at shop.LEGO.com.



TAKE A PICTURE OF THIS!

LEGO® Roller Coaster
360° experience!





Matches Fashion – worked with Cinematique on 120 shoppable videos¹

- Users click/shop throughout video and review saved products later
- 13% click-to-buy ratio, 9X the average

Shoppable videos on YouTube²

- Wayfair reported 300% revenue increase per impression
- Sephora saw 80% lift in consideration and 54% lift in ad recall

MikMak – focus on social video commerce³

- Reports that 14% of all users add the product in a story to a cart

Leverage mail to link to shoppable video experiences!

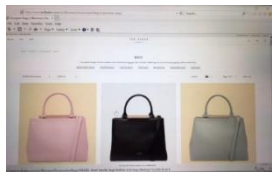


¹Digiday, December 2017

²Digiday, May 2015

³Internet Retailer, February 2018

Shoppable Video: TedBaker - Wirewax



- 67% will interact¹
- Spend 2x longer with interactive videos¹
- “Industry-smashing” 16% CTR¹

¹wirewax.com

Ted Baker Christmas

No need for frantic shopping sprees – watch @ted_baker 's fantastical film, filled with shoppable gifts. www.wirewax.com/8019770



- In 2017, >7% of US population owns Amazon Alexa or Google Home¹
- By 2019, over 75M US households expected to have voice-activated devices²
- Appeal: it's simple!
- “Enter the Audible Brand” – link with AI
- Privacy concerns: always listening
- 20% of mobile queries by voice in 2016²
- ComScore predicts 50% of all searches via voice in next 3 years²



PCMagazine, “The Best Smart Speakers of 2018”
Images: PC Magazine study, Feb 2018

¹AdAge and NPR, September 2017

²AdWeek, March 2018; eMarketer, December 2017

³MediaPost Research Brief, February 2018



Emerging Technology that Sustains Engagement

- According to eMarketer, there are 64 million smart speaker users in the U.S.¹
- Customers use of Alexa for shopping more than tripled this year compared to last year²
- The number of Alexa skills in the U.S. more than doubled in 2018³



recipe for success
With smart assists and clever upgrades like these, your kitchen can work even harder for you.

A GLOBE ELECTRIC ANDY 1-LIGHT PENDANTS
\$39.99 EACH 63731491
Online only

B HOME STYLES THE ORLEANS KITCHEN

EXCLUSIVELY OURS™
ARTISANAL KITCHEN SUPPLY*
Serve yourself up some affordable chef-quality cookware, exclusively at Bed Bath & Beyond.
bedbathandbeyond.com/aks

BED BATH & BEYOND®

"HEY GOOGLE, TELL ME THE BED BATH & BEYOND TIP OF THE DAY."
Get expert tips, hacks, and fun facts by enabling Google's Bed Bath & Beyond tip-of-the-day skill!

GOOGLE HOME HUB
\$149.00 66763796
The manufacturer does not allow coupons on Google Home Hub.

¹eMarketer, November 2018

²Amazon Holiday 2018 press release

³Techcrunch.com 1-2-2019 and voicebot.ai

Version Date 10-22-2019

JAN – FEB – MARCH

APRIL – MAY – JUNE

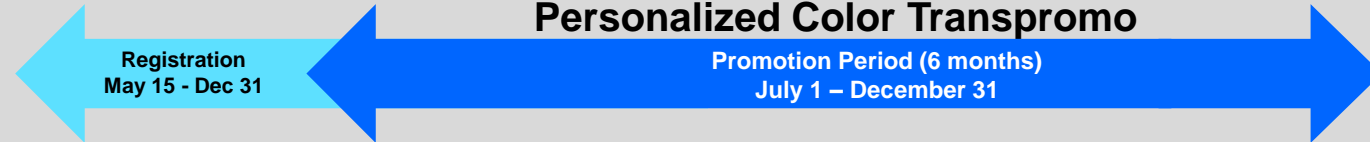
JULY – AUG – SEPT

OCT – NOV – DEC

FIRST-CLASS MAIL®



*registration closes Mar 31, 2020



MARKETING MAIL® AND FIRST-CLASS MAIL



MARKETING MAIL



Promotion subject to PRC review and approval

USPS® Mailing Promotions and Incentive Programs are designed to help marketers, printers, and mailers increase customer engagement and response rates with their mailpieces. New technologies and printing techniques can enhance the traditional benefits of a physical mailpiece, drive higher response rates, and increase overall return on investment in mail.

Technologies Integrated in Mail

USPS Informed Delivery® • Augmented Reality • Virtual Reality
Near Field Communication and Beacons • Shoppable Video • Video-in-Print
Programmatic and Retargeting Mail • Mobile and Social Media Shopping
Tactile, Sensory and Interactive Print • Trans-promotional Messaging



Proposed 2020 Tactile, Sensory & Interactive Engagement Promotion

Tactile, Sensory & Interactive Engagement Promotion

- **Eligible Mail:** USPS Marketing Mail letters and flats, and Nonprofit USPS Marketing Mail letters and flats
- **Registration Period:** December 15, 2019 – August 31, 2020
- **Promotion Period:** February 1 – July 31, 2020

Mailpiece Requirements: Mailpieces must be evaluated and authorized to claim the promotion discount by the TSI Promotion Office prior to mailing. Mailpieces must contain at least one element from one of the three following categories:

1. Specialty Inks
2. Specialty Papers
3. Interactive

Promotion subject to PRC review and approval



Proposed 2020 Emerging Technology Promotion

Emerging and Advanced Technology Promotion

- **Eligible Mail:** FCM pre-sort & automated letters, card & flats
Marketing Mail letters and flats
Nonprofit Marketing Mail letters and flats
- **Registration Period:** January 15 – August 31, 2020
- **Promotion Period:** March 1 – August 31, 2020

Promotion Changes: 2020 vs. 2019

- Seven (7) different technologies are eligible this year
- Removed Addressable TV and BLE/Beacon technology
- Updated Enhanced AR and Integration with Digital Assistant technology based on best practice research

Promotion subject to PRC review and approval

Earned Value Promotion:

- **Eligible Mail:** BRM, CRM, and Share Mail (Permit Reply Mail is excluded)
- **Registration Period:** February 16 – March 31, 2020
- **Promotion Period:** April 1 – June 30, 2020

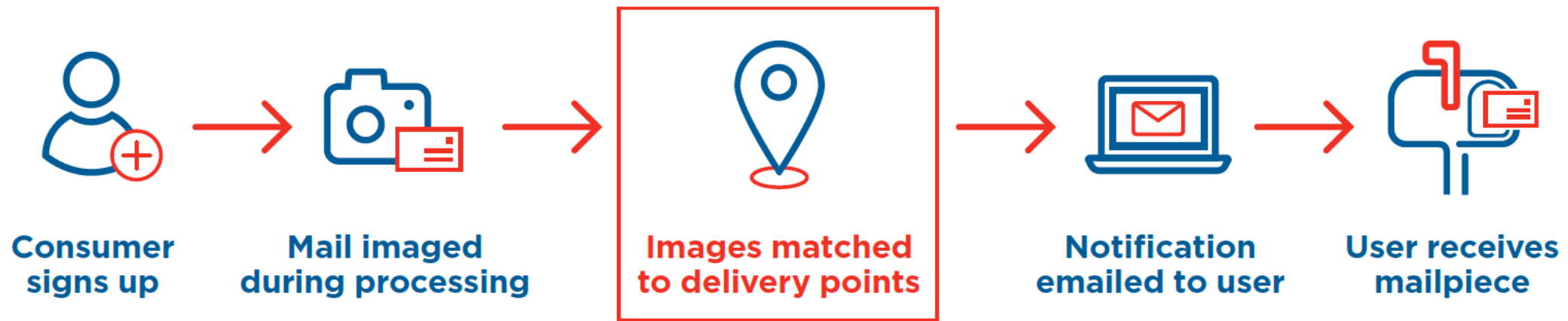
Credit Tiers:

- New Participants: \$0.02 credit for each BRM, CRM, and/or Share Mail piece counted
- CY 2019 Earned Value Participants:
 - If 2020 volume if meet or exceed 93%, but does not exceed 100% of 2019 volume counted: \$0.02 credit for each BRM, CRM, and/or Share Mail piece counted
 - If 2020 volumes exceed 100 percent of 2019 threshold volumes: \$0.04 credit per BRM, CRM and/or Share Mail piece counted
 - If 2020 volume does not meet or exceed 93% of 2019 volumes, no credit is earned

Other change: STID 700 volumes will no longer be counted

Informed Delivery[®]

- USPS' omni-channel experience
- Power of physical mailpiece with digital impressions
- Direct mail integrated with digital ads can increase conversion by 20%*



* Alan Sherman, "Drive True Omnichannel Marketing by Combining Direct Mail with Digital Channels," IWCO Direct, May 2017



20.6M

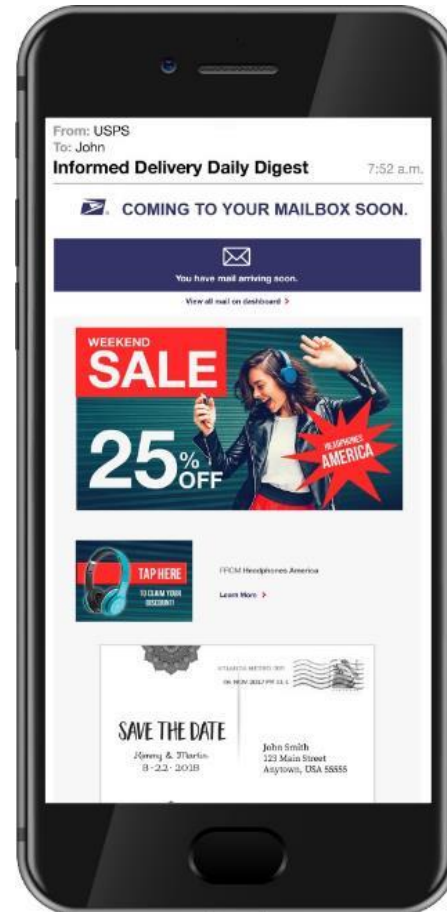
Registered Users

15.0M

Email-enabled Users

212K+

Weekly User Registrations



25,698

Campaigns Created

4,635

Brands Represented

59%

Average Email Open Rate

*Registered users and email-enabled users as of week of October 21, 2019.
Daily user registrations as of October 21, 2019 (8-week average).
Campaigns completed and brands represented as of October 21, 2019.
Average email open rate from October 2019.*

Webinar Series

- 11/7/2018 Connected TV/Over the Top (OTT) Video
- 12/6/2018: Tactile Sensory Promotion & Developments in Print Tech
- 12/18/2018: Emerging Tech: AR/VR/MR and Shoppable Video
- 1/29/19: Earned Value Promotion
- ★ • 5/30/19: Personalized Color Transpromo Promotion

Recording/slides posted on PostalPro

<https://postalpro.usps.com/promotions/webinars>

- In a digital world, mail provides distinct advantages
- Marketing, Tech and Print Industry innovation creates opportunity
- Promotions encourage and support experimentation, testing and use
- Apply new tools to drive engagement, response and **IRRESISTIBLE** results!

Questions?

Thank You!

Alfred.J.Gilbert@usps.gov

www.IrresistibleMail.com

<https://postalpro.usps.com/promotions>

Endnote Citations

1. O'Brien, Clodagh. "How to Benefit from the Convergence of Traditional & Digital Marketing." Digital Marketing Institute, Digital Marketing Institute, 13 June 2018, digitalmarketinginstitute.com/en-us/the-insider/how-to-benefit-from-the-convergence-of-traditional-and-digital-marketing.
2. "USPS Announces 2018 Postage Rate Increase - Stamps.com Blog." Stamps.com Blog - Tips and Info on USPS Shipping Software, 31 Oct. 2017, blog.stamps.com/2017/10/26/usps-announces-2018-postage-rate-increase/.
3. Wurmser, Yoram. "Getting Ready for 5G – How 5G Will Affect Digital Marketing, Media, IOT." eMarketer, 26 Feb. 2019, <https://content-na1.emarketer.com/getting-ready-for-5g>.
4. West, Darrell M., and Darrell M. West. "How to Combat Fake News and Disinformation." Brookings.edu, The Brookings Institution, 18 Dec. 2017, www.brookings.edu/research/how-to-combat-fake-news-and-disinformation/.
5. Brewer, Charles. "Eight e-Commerce Trends to Watch - Future of E-Commerce." Future of E-Commerce – by DHL ECommerce, 11 June 2018, www.future-of-ecommerce.com/eight-trends-to-watch-in-2018/.
6. "EMarketer PRO." EMarketer PRO, 2019, pro-na1.emarketer.com/.