

DIRECT MAIL

9 Essentials of Direct Mail Success



Direct Marketing is still the only tried and true method whereby marketers in financial institutions can generate remarkable, measurable results. Yet too many banks and credit unions haven't transitioned away from their heavy reliance upon non-measurable forms of mass marketing (TV, radio, newspaper, PR...or the old reliable yellow pages.) It is time for these old ways to step aside. Ladies, said another way...direct mail is the cutest LBD (guys that means- Little Black Dress) that you just have to have. Guys, for you – direct mail is just like sinking a twenty foot birdie putt.

As marketers, proving results from our efforts makes each of us feel better about our work, our careers and the security which comes from knowing, you can create this success again, anywhere.

If you are looking for provable ways to show your senior management that you produce profitable revenue and profit growth, and that marketing isn't just an expense, then direct mail is your Rosetta Stone. In fact, marketing departments at financial institutions of all sizes who have embraced direct marketing as their "go to, results generator" now spend at least half of their marketing budget dollars on direct mail and companion cross-channel events like email. Are you missing out?

Yet you cannot expect to go from having "very little direct mail experience" to being a seasoned expert, without understanding the terminology and the benefits of what successful direct marketing looks like. With that in mind, we must discuss the key elements that you need to know to make direct marketing your "go to, results generator!"

The Terminology

Movie star and comedian Steve Martin once said about visiting France, "It's like those French people have a different word for everything!" Can the same be true for the terminology of Direct Marketing? Perhaps. As we begin to master these terms and phrases, let's at the very least establish where to find success with Direct Mail. Many have expressed that success with Direct Mail falls into three main areas:

70% - the List 20% the Offer 10% - Creative

This rule of thumb still largely applies. Yet the elements within each of these segments have changed quite substantially in the last five years. And the results driven by these changes are nothing short of remarkable. Let's get into the basics so that we can talk later about some really cool direct mail campaigns with which you can and should get started!



Understanding the following concepts is vital in assuring that you get the most from direct mail and are able to ask the right questions along the way.

- Data analysis and target marketing
- Offer
- Creative (branding, delivery of visuals)
- Variable messaging
- Marketing channels (multichannel messaging)
- Testing & control groups
- Call to action (PURL, QR code, phone, in-branch)
- Communication with Sales
- Measuring

Data analysis & target marketing

How do you create a direct mail list? As highlighted earlier, "The List" is paramount to having success with direct marketing, representing as much as 70% of the success of a campaign. Getting an accurate list depends on knowing what you want to accomplish and on having access to the right client and marketplace intelligence. Unfortunately, most financial institutions struggle with gathering these basic elements. Client data is not readily available for most marketers - and even if they have access to it, they are not sure what parts of this information are important in segmentation so as to create the right list.

Business intelligence, which is fundamental to most retail companies, is not always available to financial institutions, even though they have the data. Many choose to employ an MCIF software program or hire a company that will manage and drive an MCIF for them, for this very purpose. Yet once you have access to this client (business) intelligence, how do you make sense of it – or better said, how do you uncover the actionable data? This is a skill that can be taught. Filtering a client database for clues is a start.

Having a tightly filtered list of clients and/or prospects that are likeliest to respond to your direct mail offer is vital. To make your budget stretch farther, it is better to send 2,000 pieces to highly target group, than it is to send 20,000 to more who might respond, but may not. This is an important step in assuring that you use direct mail dollars wisely. You want a high response/buy rate on that which is sent. Having the ability to segment in



this way is one of the main reasons why database marketing/MCIF software is so popular (along with the ability to measure the results of every campaign!).

Many sophisticated direct marketers utilize life stage codes, demographics and even credit data for many of their campaigns. Depending upon what kinds of projects you need to employ to generate the leads necessary to help you deliver on your strategic objectives, this data may not be necessary. In time, you may find that appending this data is invaluable also.

To make the data analysis – list generation part of our conversation simple to grasp, let's examine 2 concepts. The first is Onboarding. The second is Re-Boarding. Clearly there are many other truly meaningful direct marketing opportunities, but we have a great deal to discuss and not much time in which to discuss it. Let's start slow.

Onboarding is simply new client cross-selling. Onboarding is the process whereby you create a system of automated series of communications to brand new clients. Beyond a static series of letters, the systems today can generate a variety of offers. In other words onboarding creates a decision tree, where the client receives a series of offers that make sense for them, not a broad group of people. These programs will also track responses. Why do this? Two reasons: 1) 80% of cross-sales will happen within the initial six months that a client has come to your institution. This means that these new clients present enormous target rich lead generation potential. 2) 30-40 percent of these same new relationships will leave your institution inside of the first year, unless you can get them into another product/service quickly. So, for both reasons (cross-selling and retention), onboarding your new relationships will benefit you with more profitable and more loyal clients. Direct mail can do this? Yes.

Re-Boarding is a similar technique to that of onboarding. The difference is, re-boarding looks for existing relationships to cross-sell, not new clients. Let's take this another step. Let's say you want to reach out to client relationships that have been with you over one year, but only have one product with you? Creating a list and a campaign from these folks is re-boarding – or re-introducing the many products and services you have to a select group of clients. Are many of your clients single product Households? From our experience, (working with hundreds of financial institutions) over 40 percent of your clients only have one product with you. Re-boarding these folks offers target rich lead generation potential, just as with onboarding.

We have established very quickly two worthwhile segments to mail to. And every institution should be doing both. Are there are many more opportunities? Yes. How do you find those? When you take an outline of your institution's strategic goals and then overlay the data points and analysis found in MCIF data, the options become more obvious.

Data drives direct mail success. And it is data that is the "main" ingredient that drives the customized variable creative content we'll describe later.



Offer

The “list” and the “offer” are uniquely tied together. One doesn't make sense without the other. Establishing the right “offer” for your segment is essential. It shouldn't be hard; after all, you just segmented this unique group with something specific in mind. So, what unique offer do you present to incent these likely buyers to action? And remember, it is action we want and action we expect from this targeted group.

One quick litmus test of the clarity of your offer is to put your message on the opposite side of your office. Tape it up and stand back. Can you clearly see and understand what you are selling? If not, your offer needs to be improved upon.

The offer must be visible, obvious and compelling. If you can't get excited about what you are offering, why should your target group? It can be a rate, payment, savings, package, premium, convenience...in short, many things. The offer can even be a variable, dependent upon the demographics or life-stage of each person in the targeted group, or by market - depending upon the location of your branches. WOW! Talk about being all things to all people. Yet in the end, the offer must always be “compelling.”

Creative

Everything you do creatively must fit your brand. Likely you have brand standards that your direct marketing should follow. Your printer should always ask for these and employ them. If they don't, you might want to ask why.

Creative represents only 10% of the success of a direct mail campaign. Ironically, it is often the creative element where marketers spend most of their time and effort to get the look “just right.” In the end, that time is almost always best spent on segmentation and offer creation.

Your creative should be simple and branded. Resist cute or cerebral approaches to creative. Remember, you are moving someone to action. The easiest way to do that from a creative perspective is to keep your approach simple.

Construction of a direct mail piece can influence response rates. Should you use a postcard, a tabbed piece, lumpy mail, or even a standard letter with or without a perforated reply? Depending upon the project, your creative firm can help you discern which method is best and/or most cost effective.

Many marketers simply ignore the tried and true acronym “AIDA” (attention, interest, desire, action) model that has worked successfully for decades. Please embrace the simple and proven methods outlined by this acronym. It will deliver results. And after all, results are what we are all after, aren't we?



Variable Messaging

Of increasing complementary value to creative is employing variable content with direct mail. For many, variable content has consisted simply of mail merging a client or prospect's name. Today, variable content has exploded! Imagine having different visuals and offers within a campaign segment based upon life-stage codes. Why not add the picture of each branch manager, along with their name, address, phone number and signature? Maybe you would also like to place a map in the direct mail piece showcasing exactly where your client or prospect can find their nearest branch, including driving directions? And while this all sounds great, the question you should be asking is: "Does using variable data improve campaign response rates?" There is no question, it makes a difference. Variable content based upon variable data elements has proven to generate upwards of 50% lift on a single campaign!

Yet to utilize variable data in this way, you must understand the data elements. You will need to append demographics (at the Household level), life-stage codes and/or credit data. This information is not crazy expensive or difficult to get. It does, however, take some skill to use. If you are not familiar with how to leverage this kind of variable data, be sure and get counsel from a creative agency/Direct Mail firm with real life experience. Creating complex variable elements in direct mail requires special software and a proven process to assure that there are no mistakes. Done right, employing variable content is worth the effort.

Marketing Channels

Virtually every direct mail campaign is enhanced by using multiple channels that affirm your message and offer. Can we agree that sending a one-off direct mail letter will not pull the same response as sending a similar message two times? In the same way, if we are able to employ e-mail marketing and web banner messaging (just to name a few) that shares the same message and call to action, you will get better overall results.

The cost of employing e-mail marketing and web banner ads that complement the primary direct mail medium is very low compared to broad based media and direct mail. And still most financial institutions don't take advantage of the simple power of this multi-channel approach. If you want to amp up your direct marketing results and get an even better yield from every dollar spent, then use as many channels as you can.

Testing and Control Groups

There are naysayers of direct marketing that will insist that the results you generate from your campaigns would have happened anyway, because you have an established presence in your market. This has merit, to a point. To overcome these non-believers, you should use a control group for your campaigns. What is a control group? A control group simply sets aside a small percentage of those clients/prospects in your segment



and holds them back from any mailing. Why? By using a control group, you will be able to see what the response rate was to those who were mailed, and compare these results directly with those who were sent nothing. Proof is easy to prove, if you know how.

Besides using a control group, savvy marketers continuously test different elements of their direct mail campaigns. Many will make a unique offer to some recipients to see if one message gets a better response rate. Others have used different mail construction methods, for example – postcards vs. folded & tabbed pieces. Testing enables you to fine tune the message, delivery, price or offer of your direct mail so as to get the best results.

Do you have to utilize control groups or perform testing on your marketing campaigns to have success? No. Yet the better you get at refining your message to prove your results, the more advantageous it will be for you, your career and your institution.

Call To Action

Marketing must make you feel. But great marketing will make you feel and ACT! Marketing can be logical, but it is the emotional element that motivates you to act. Personalized messages, customized to who you are and what you need - confirms that your bank understands you. Beyond making a compelling offer, you must make taking action as easy as possible for your clients and prospects. Today, this means that you must employ the tools of action – the phone, your branch network, your web page, PURLs, and QR codes.

I trust you understand the first three. Are you familiar with PURLs? “PURLs” is an acronym for “personal URL” – or said another way, a unique personalized web address for each recipient that can be reached via a web browser. Imagine a personalized web page and message for each client and/or prospect. This is one-to-one marketing! And here is the great thing: even if your prospect doesn’t buy after perusing their personal URL, you will know if they looked at it, because only they have the code to access their page. Now your sales team can follow up and close business with anyone who has expressed interest by looking.

A QR Code stands for “Quick Response.” You may have seen QR codes on some advertising already. Some financial institutions are already using them in advertising and one even gives away books through the use of the QR code – which generates cool word of mouth buzz. Essentially, a QR code is a 2-dimensional bar code. Smart phone users can download a free QR Reader app to “capture” (like a photo) the 2-dimensional QR code. Once the QR reader captures the image, it will immediately launch the web browser on the smart phone and take the viewer to a special QR – based midi-web page. Because QR codes are essentially smart phone apps only, it is highly recommended that the QR landing page be a smart phone ready or midi web-site.



QR codes will become extremely commonplace inside of one year. In fact, this white paper will likely seem stale one year from now, as it describes what QR codes will be... instead of what they have already become.

If you have not employed personal URLs or QR codes in your marketing to generate a unique call to action, along with the usual avenues, then you are missing out on business. Success with direct mail requires that you maximize response rates by using multiple channels for your call to action. Make it as convenient for your clients and prospects as possible.

Communication with Sales

Some marketers are surprised to hear that the sales team is supposed to be working with marketing, and vice versa. Interestingly, the sales folks have clear goals and objectives which have been sent down from the mountaintop of senior management. The goals of marketing may or may not conflict with sales' goals. To have the success management expects, it is essential that marketing and sales align.

Beyond sitting down and discussing the kinds of leads your sales team wants and needs to meet their plan, marketing must also communicate effectively. This means that with every campaign, marketing must share the direct mail concept and objectives with the sales staff. Marketing must keep everyone in the loop. The last thing anyone wants in the retail branch, is for someone to walk in holding a piece of direct mail with a special offer that you know nothing about. Talk about frustrating.

In addition, if marketing shares the direct marketing campaigns with sales, sales may even want to be a part of reaching out to select segments within the direct mail campaign by phone to drive sales revenue and response. This benefits both the results for your sales team, as well as marketing. Internal communication is essential to get the most out of direct mail.

Measuring

If it isn't measured, it didn't happen. Why endeavor to use direct mail, if you aren't going to measure the impact of doing the campaign? Precious little of your marketing can be measured. And because direct mail is so easy to track, it is imperative that you do so, as only then can you begin to prove that what you are doing delivers measurable revenue and profit growth.

In a recent survey we found that only 37% of senior management at financial institutions expects their marketing team to prove/measure their results and ROI. Would it surprise you to learn that 75% of these marketers were members of the senior management team at their financial institutions? Proving results is the key to personal and professional growth. Proof commands a larger marketing budget.



MCIF software programs or MCIF service bureaus (where a company performs all of the MCIF segmentation and direct mail campaign management for you) make it easy for you to measure everything you do with direct mail, and the primary reason they are so popular. If you struggle with the tracking side of direct mail, explore what an MCIF would do for you, or maybe find a partner that will measure your results for you through their direct marketing fulfillment services.

If it isn't measured...it didn't happen.

The 9 Essentials of Direct Mail Success

Do you think direct mail could help you generate measurable results? The answer is yes. And while many choose to manage the process of segmentation, list generation, offer creation, creative, etc all by themselves, still a great many get help from experts. Until you are comfortable doing it yourself, getting help may be the best first course of action. Then, as you gain in experience and confidence you can take over.

Have you learned a little about the essentials behind direct mail success? Hopefully you have. While it may be new to you, direct mail is not a new concept. In fact, direct mail may be the most tried and true of all marketing elements at financial institutions today. If it is all about results for you and your financial institution...then direct mail is the answer. It is the completely measurable "go to" results generator.

If you follow these 9 essentials, you will have success too. Nothing else matters.

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