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Direct Mail Is a Viable Option for Marketing to Small Businesses

Posted March 8, 2010 by sharonmarkovsky in [Marketing](#). Tagged: [entrepreneur](#), [Marketing](#). [10 Comments](#)

Much like Mark Twain said about himself during the late 1800's, the death of direct mail has been greatly exaggerated. With all the great things that can be accomplished online and through social media these days, some people have written direct mail off as just another version of interruption marketing whose time has come. While I agree that internet marketing and social media will do great things, direct mail has certainly not met its demise.

Consider this: according to the *Statistical Fact Book* put out by the [Direct Marketing Association \(DMA\)](#) in 2009:

- Thirty-five percent of marketing budgets are allocated to direct mail—though this number is expected to shrink as social media and internet-based strategies spending rises.
- Response rates were higher than in previous years, perhaps as a result of better list management and more sophisticated targeting. The Catalog and Retail segment outperformed other industries in direct mail response rates.
- Email to customers and direct mail (other than catalogs) are top direct marketing promotion methods.
- The average US consumer receives 25 pieces of any type of mail per week.
- About 81 percent of households either read or scan advertising mail sent to their homes.

Consider this...For those of us in the insurance business: [Mintel Comperemedia](#), a service that provides direct marketing competitive intelligence, reports that insurance companies upheld direct mail volumes throughout 2009, despite budget cuts and the growing strength of social media.

- Mintel Comperemedia saw modest changes in insurance direct mail during 2009: life insurance offers rose 9 percent from 2008, health insurance offers increased 4 percent, and property and casualty direct mail declined 5 percent. In contrast, credit card direct mail fell by approximately one-third.

While people are using it, I would have to admit that direct mail is not effective in a vacuum. So what do I mean by vacuum? I mean that direct mail alone won't do the "heavy lifting" for you. To be effective, direct mail needs to be part of an integrated campaign. When marketing to small businesses, I have been successful by using the following strategy: three marketing materials (one letter and two follow up postcards) touches and then follow-up phone calls. With this type of direct marketing, I have been able to achieve a ROI of over 150%. And, for the record, to calculate ROI, I use the net present value of 4 years of profit from a policy that is sold through the program.

I have been successful with this type of direct marketing for a couple of reasons:

1. I can do the letter component of the marketing touches in house...for pennies on the dollar.
2. I give people many ways to respond to the marketing material (phone, fax, URL and business reply card)
3. I have a dedicated set of agents participating in the program who make the follow-up calls to close the deal.
4. I limit the mailings I do for each agent so the agent isn't too overwhelmed with prospects. When they are too overloaded with prospects...they will cherry pick whom they are going to call. It's human nature to go after the low-hanging fruit so why not just embrace it!?

Even with the current success of my direct mail program, I am not completely happy. That's because I know we can do even better. So, to make my direct mail programs better, here's what I plan to do in the near future:

1. Test the usage of PURLs (personalized URLs)—And I mean test! I am not convinced that in a b2b sale that PURLs are going to be worth the cost of outsourcing the letter mailing—which would have to happen for me to use them.
2. Test new offers—I have had some success in using offers for educational materials and geographic "pride" type items (very successful in Texas).

So, remember...direct mail isn't dead...it's just no longer a stand-alone methodology. If you only focus on social media and the internet to do your marketing, you will be missing a lot of potentially lucrative prospects that aren't ready to get your offer in that manner.

Happy Marketing!

Sharon

10 responses to this post.



Posted by [Michael Lemons](#) on [March 8, 2010 at 4:30 pm](#)