
The changing value of mail in a digital world

Jonathan Harman
Managing Director, Royal Mail MarketReach



Today's presentation

- In the next 30 minutes, I want to do three things:
 1. Provide an overview of mail's changing role – and value – as a business and fundraising tool
 2. Show some early outputs from the work we're currently doing
 3. Demonstrate the commercial value of mail

About MarketReach

- Over the last 15 years, the environment for mail has been re-defined
- This has increased the inherent value of mail to business and created new uses for marketers that previously did not exist
- The role of Royal Mail MarketReach is to help our customers see, realise and measure the new value of mail for their business
- We have two priorities:
 1. Prove the unique value of mail for organisations
 2. Enable our customers to realise this value in their organisation – with minimal pain and maximum return

Mail's timeless strengths

- Mail has always had value to organisations in three distinct ways:
 1. Creating and, particularly, deepening relationships with customers / donors
 2. Enhancing sales and marketing activity, throughout the customer / donor journey
 3. Being powerful in getting people to think, feel, know or do things

A re-defined environment

- But mail does not exist in a vacuum
- The environment in which mail is used constantly changes and the application of mail's strengths constantly evolves in line with this
- Never has that been more true than today: in the last 15 years, the environment for mail has been fundamentally re-defined
- This is very good news for mail – it transforms its value for senders and its uses for marketers

Our forward agenda: help marketers realise the new value of mail

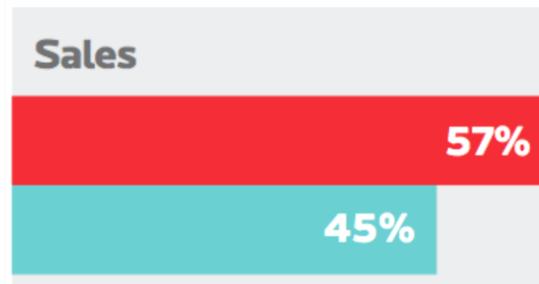
- Over the next three years, we are investing to define, prove and help marketers realise the new value of mail in their organisation
- The research and analysis we're doing to explore differing aspects of 'The new value of mail' is unprecedented worldwide
- It will create a wealth of powerful, original and challenging content that we believe should be of primary interest to marketers, that will be launched in April 2014
- Today, I want to preview our work in two areas:
 1. Mail's value in complementing advertising
 2. Mail's value in complementing digital

Mail's value in complementing other media

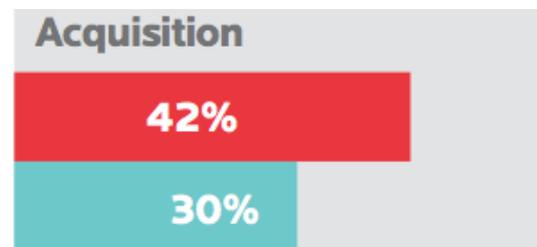
- A strong body of evidence has built up that mail makes advertising campaigns work harder by increasing their ROI and impact / effectiveness
- There has not been a concerted effort to prove this and to understand how best to plan and deploy mail alongside advertising campaigns
- That's the work we're now doing
- Two examples today:
 1. Meta-analysis of IPA Advertising Effectiveness Databank by Peter Field
 2. Neuroscience work comparing consumer responses across a range of media

IPA meta-analysis: mail increases campaign effectiveness

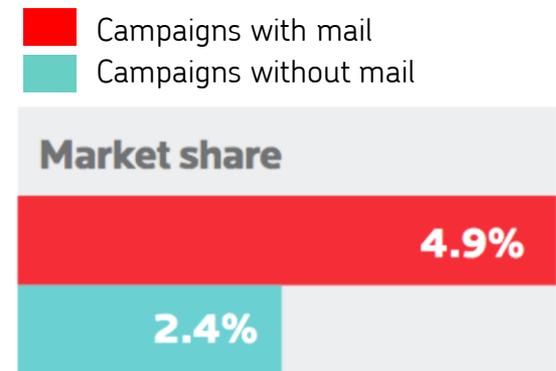
- The meta-analysis findings quantify mail's ability to increase the effectiveness of campaigns:



Campaigns with mail have a **27% higher impact** in long term sales



Campaigns with mail have a **40% higher impact in** acquiring new customers over the long term

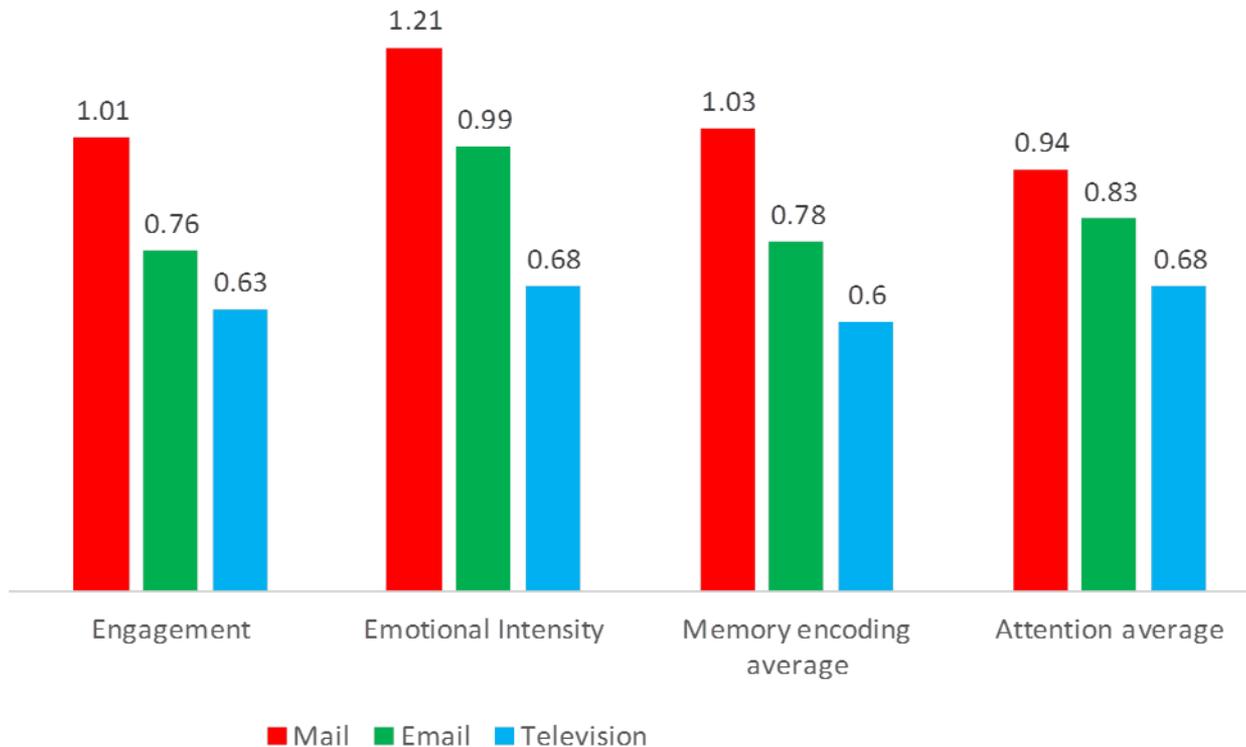


Campaigns with mail show an **increase in average market share** that is more than double for those without

- The early findings of the meta-analysis of ROI impact also strongly suggest that the ROI from campaigns with mail is nearly three times higher

Neuroscience: mail engages consumers more strongly than TV

- This can lead to greater brand predisposition to boost the effect of marketing campaigns

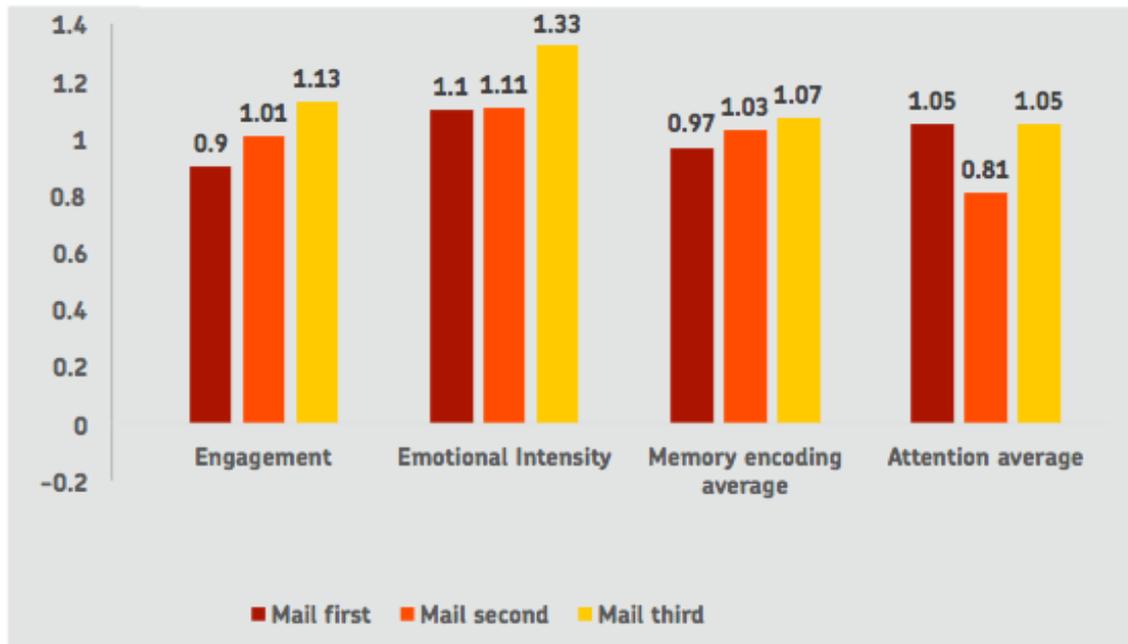


Neuro Insight study, August 2013
160 adults, UK



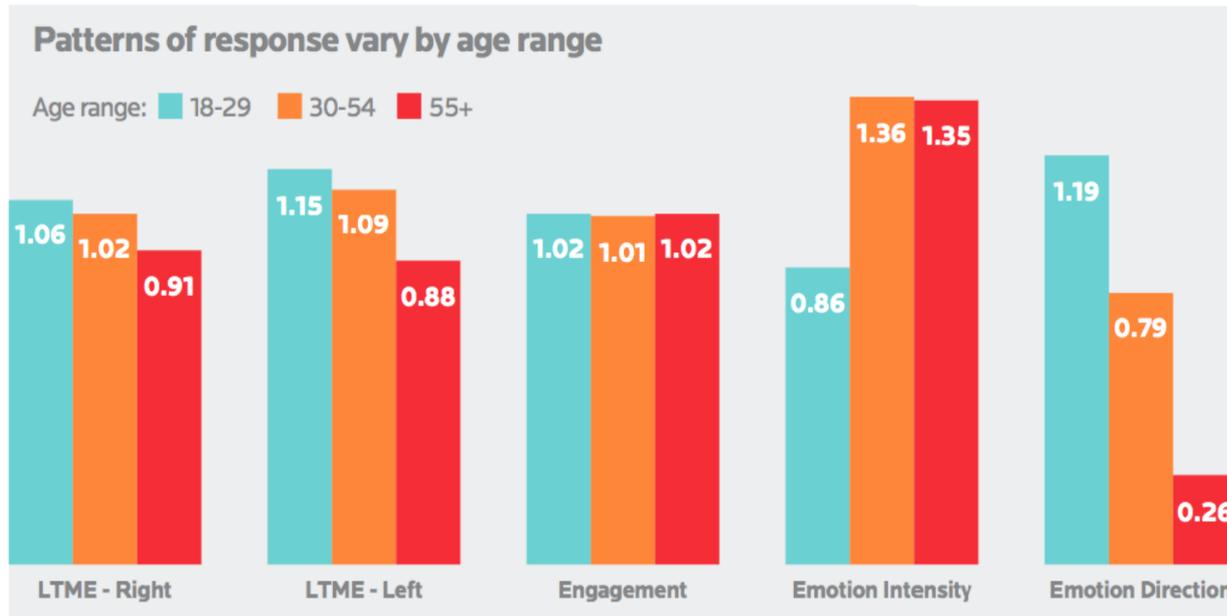
Neuroscience: TV primes mail very strongly

- Order effect on mail viewing (all items) – mail works best when it's shown **after** other media



Neuroscience: mail works across all ages

- It is worth noting that – contrary to common belief – younger audiences are as responsive to mail as older audiences

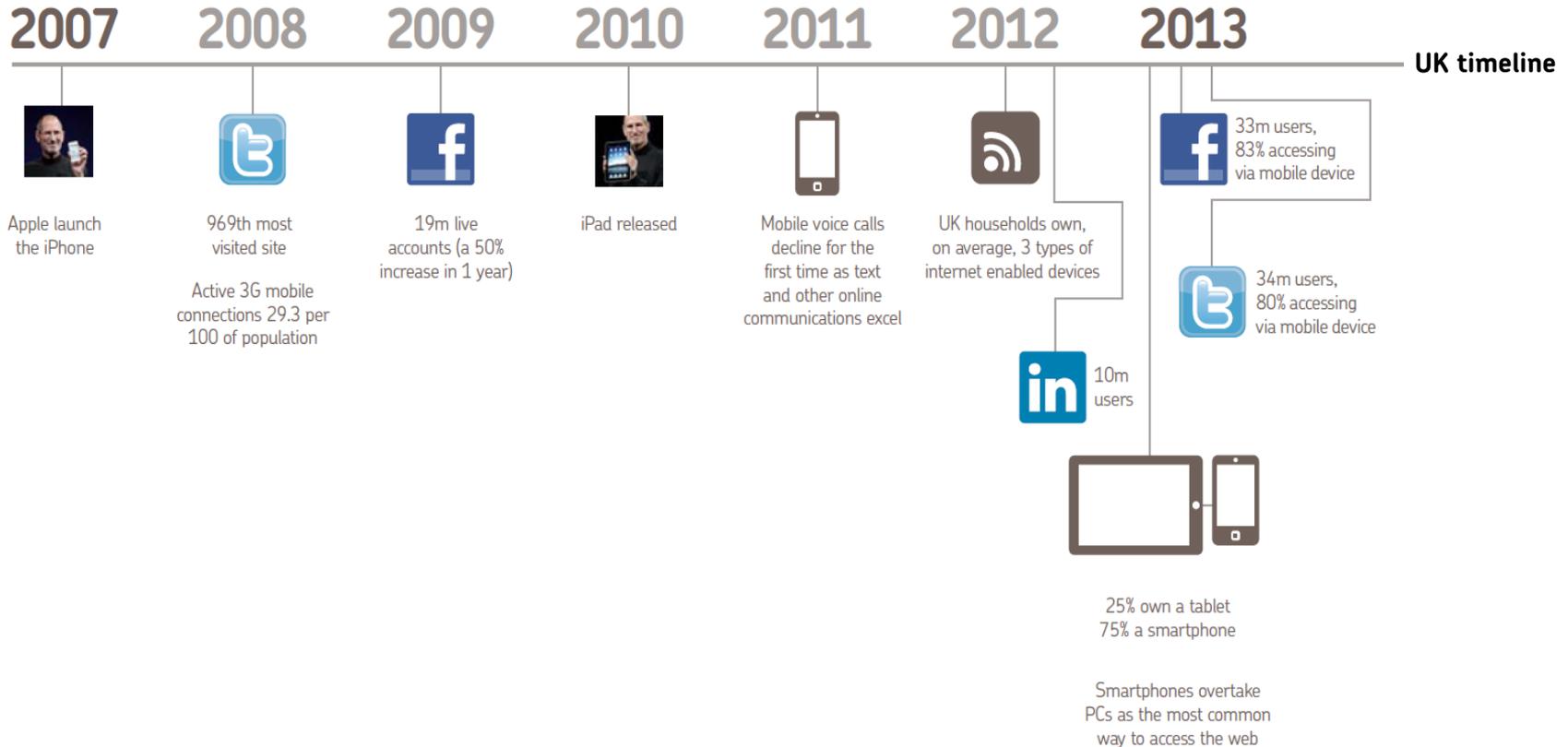


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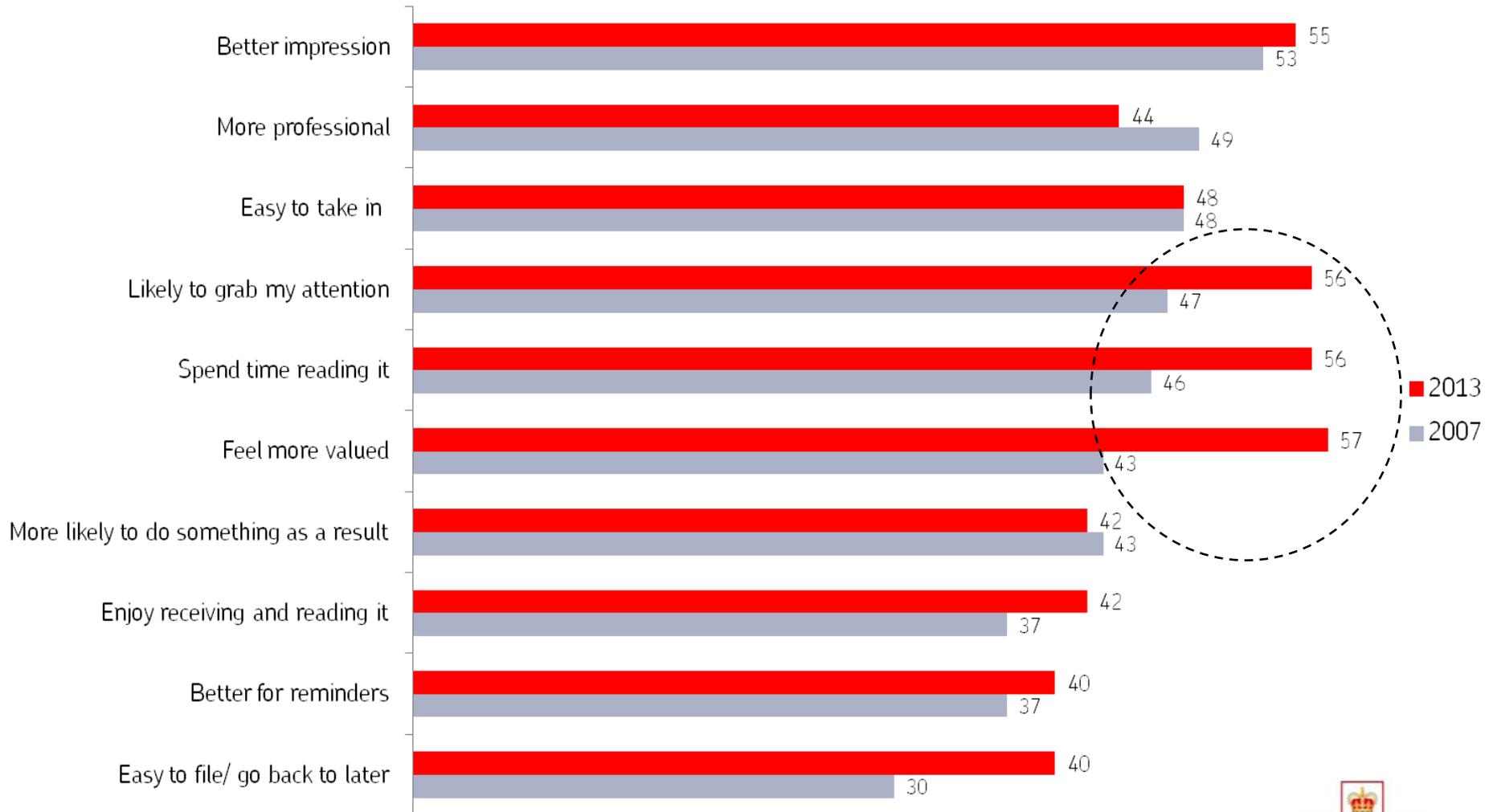
The impact of digital

- Digital has accelerated mail's evolution from a social to a business channel
- It has also re-defined mail's strengths and weaknesses, drawing out the essentially complementary nature of digital and mail
- A modern digital economy – e-commerce and all that goes with it – could not work without the letterbox
- An early view of the work we're doing looking at digital and mail:
 - How mail and email work together

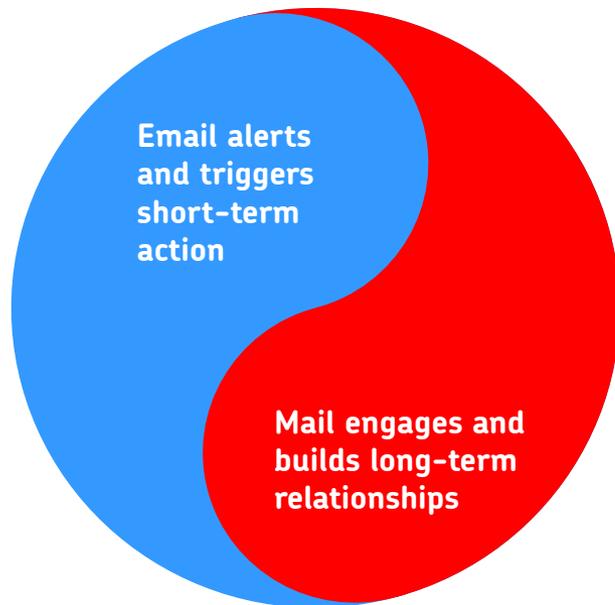
Digital: a lot's happened since 2007



Digital: mail has stood its ground in terms of cut through and making people feel valued

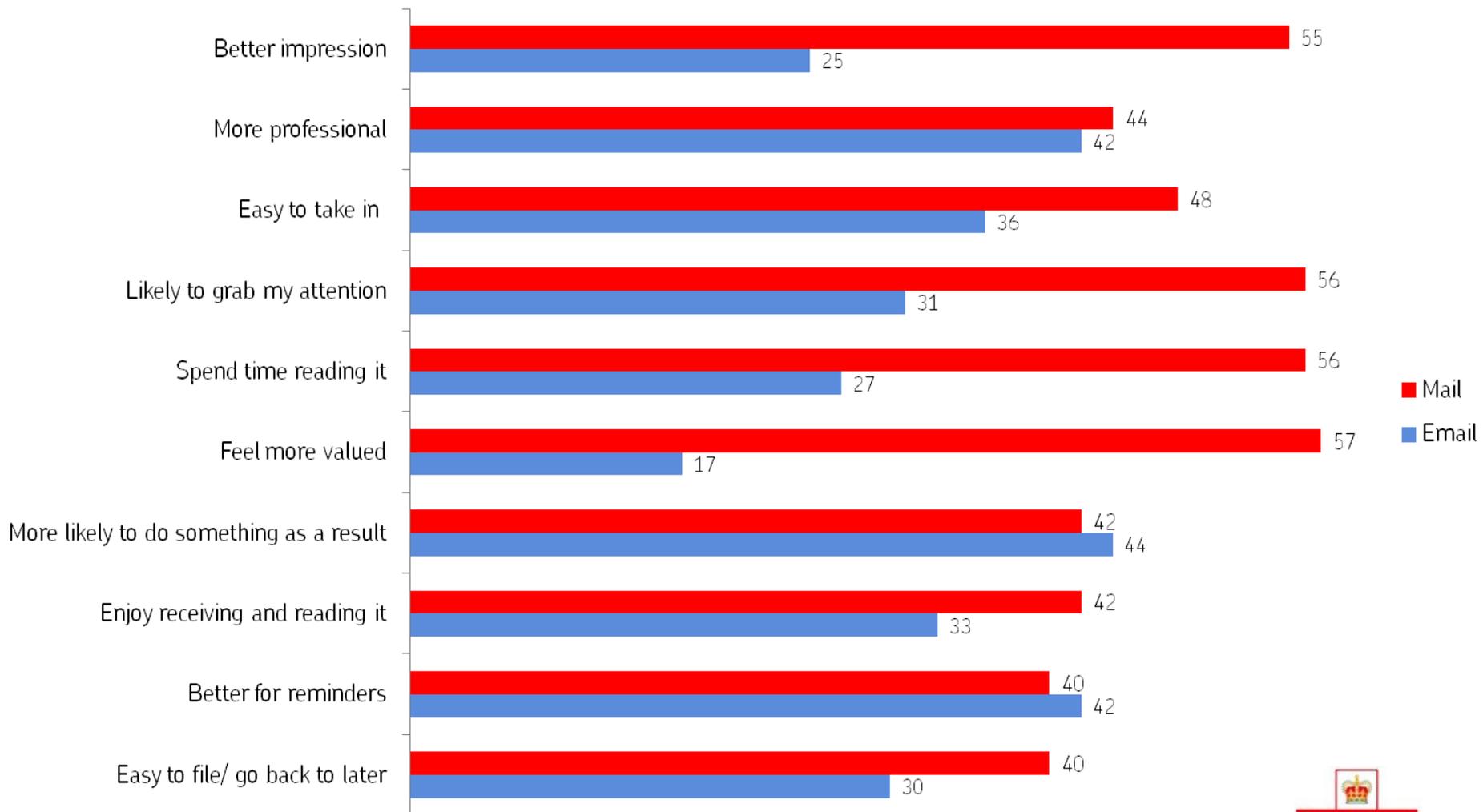


Digital: understanding the complementary strengths of email and mail is the key though



1. Email and mail continue to play distinct and complementary roles
2. Email is strongest where mail is weakest and vice versa:
 - Email is better at producing **short-term measurable response**
 - Mail is better at delivering **emotional impact and long-term value** in the customer relationship.
3. The ability to reach and engage consumers is the key challenge of the digital age. Mail's strengths make it more valuable than ever for this

Digital: mail is taken more seriously and makes people feel more valued



Digital: optimising the use of email and mail

Email: skim and scan

Use email to:

- Alert
- Create short-term action
- Drive click-through
- Get information across in real time
- Promote
- Prospect 'cold'
- Drive up-sell and cross-sell
- Remind

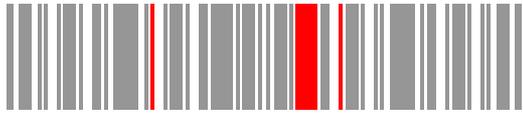
Mail: read and hold

Use mail to:

- Engage
- Create longer-term value
- Encourage keeping
- Properly talk to customers/ donors
- Make customers/ donors feel good
- Deepen relationships
- Find quality customers/ donors
- Drive up-sell and cross-sell
- Drive loyalty/ ongoing donation
- Deliver the brand



Innovation: Mail Mark



- **Mail Mark**
 - Links production with delivery to improve speed, efficiency and performance
- **Data**
 - Every household, business, public sector and not for profit organisation in the UK

Situation analysis: 2007



- Back in 2007, the Salvation Army faced challenges you can all probably relate to
- Mail formed the backbone
- In all, £1.9m was spent on mail in Christmas 2007 – to very good effect
- Great results. But, declining results

Building for future growth: 2008



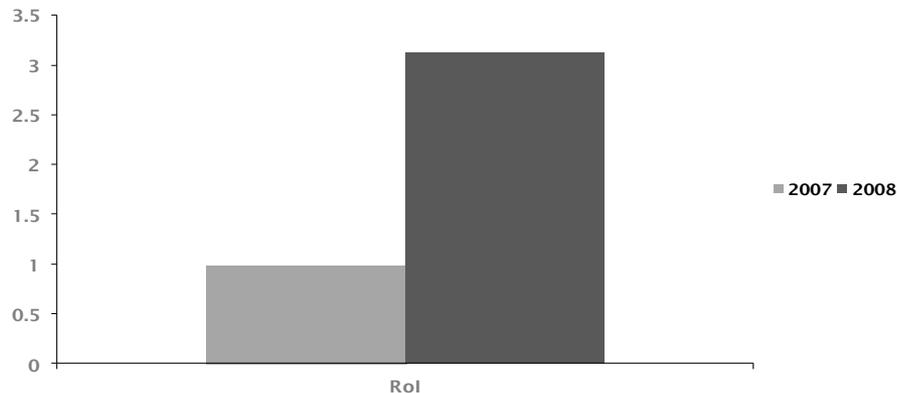
- Salvation Army started with a very clear objective: grow the number of new donors and, thus, the volume of net income they could generate over 5 years
- That meant setting 4 key metrics:
 - Volume of new donors (i.e. never given to Salvation Army before)
 - At a one year ROI of 1.0 or more, so that recruitment is cash neutral within year
 - Value of each new donor over the next 5 years
 - Cost per new donor recruited



Short-term, 2008 results



- And Christmas 2008 came, and with it the new tests with TV and search added to the control mix of cold mail, door drops, press and inserts
- And lo, in response to the new campaign, came new donors:
 - 115,000 of them
 - 13,000 more than the previous year – that's 14% growth
 - Cold ROI dropped by 2%; warm donor ROI grew by 6%
- And tripled online ROI

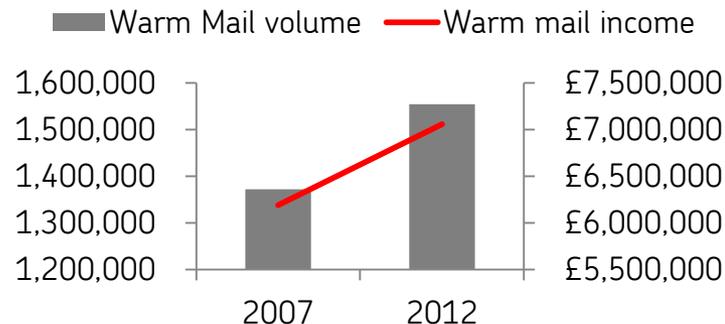
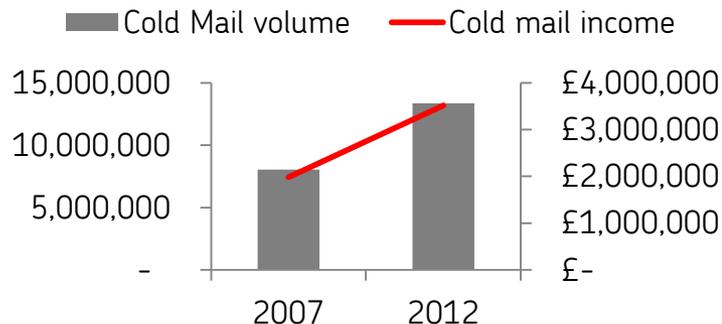
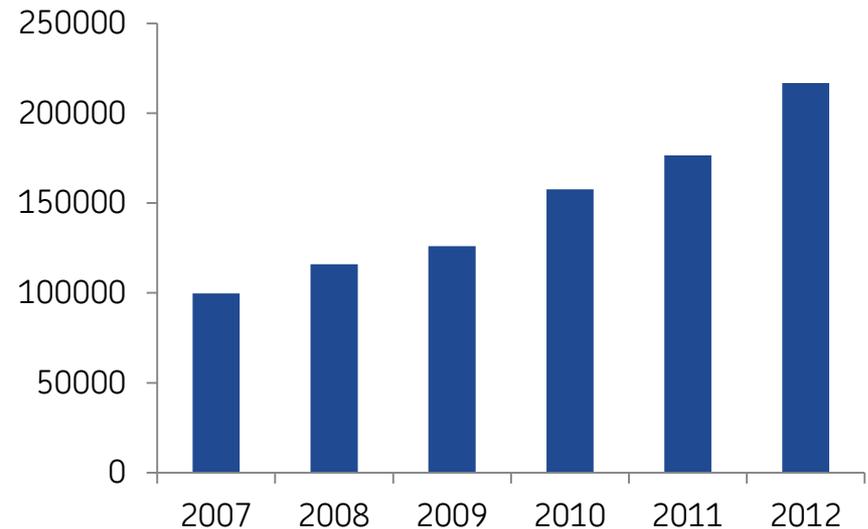


From 100,000 to 217,000 donations in 5 years



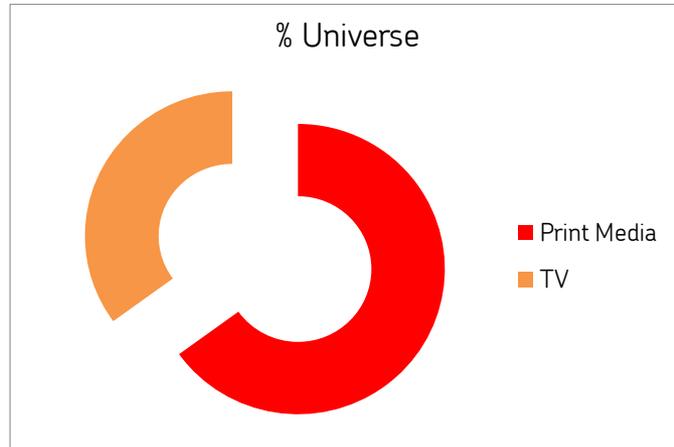
- With 44% growth in total income
- ROIs maintained despite huge volume growth
- Five fold growth in digital income
- Volumes up by 86% in 5 years for cold mail: both addressed and door drops
- Equally true of warm mail
- Warm digital income up 8 fold, with 12% of warm income driven by mail

Responses to cold activity

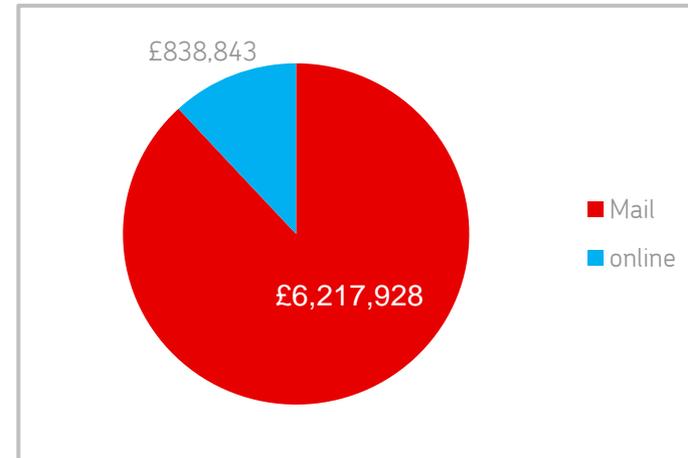


Four insights drove this growth

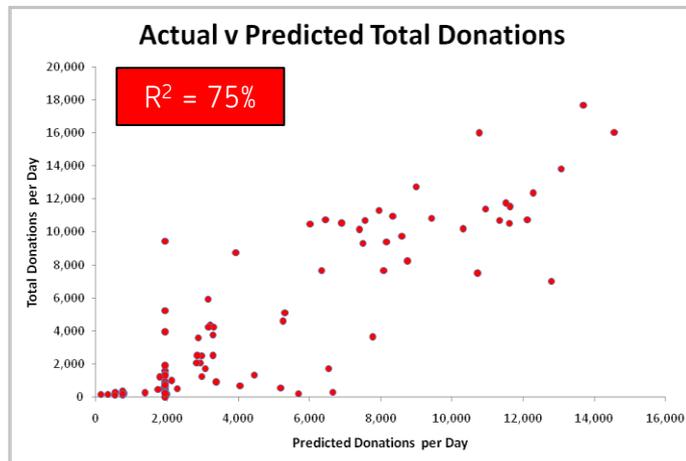
- TV reaches the parts...



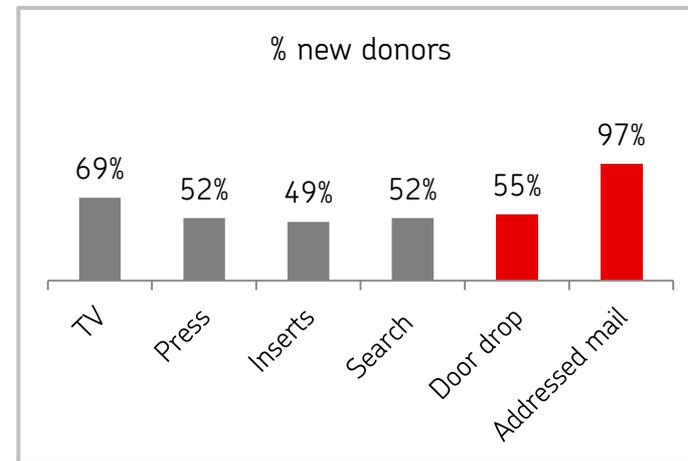
- Mail drives digital income...



- Counting coupons is not measurement...



- Define a role for each channel...



Some learning



1. Don't plan mail in isolation – donors don't see it in isolation
2. New measurement standards are needed
3. Measure the value that mail creates
4. Tailor the creative, refresh it and make it act at several levels

The view from within



“Mail - addressed and unaddressed - forms the absolute backbone of The Salvation Army's direct marketing fundraising operations.

“It is the medium which quite literally changes lives by enabling us to raise millions of pounds in donations to fund our community and social work.

“Over the last five years, we have diversified and expanded our appeals and acquisition programme as new media open up.

“The ways in which people respond have changed too, but mail is still our anchor medium to put The Salvation Army visibly on the doormat of many millions of homes each year”.

Julius Wolff-Ingham, Head of Marketing, The Salvation Army.



Thank you

