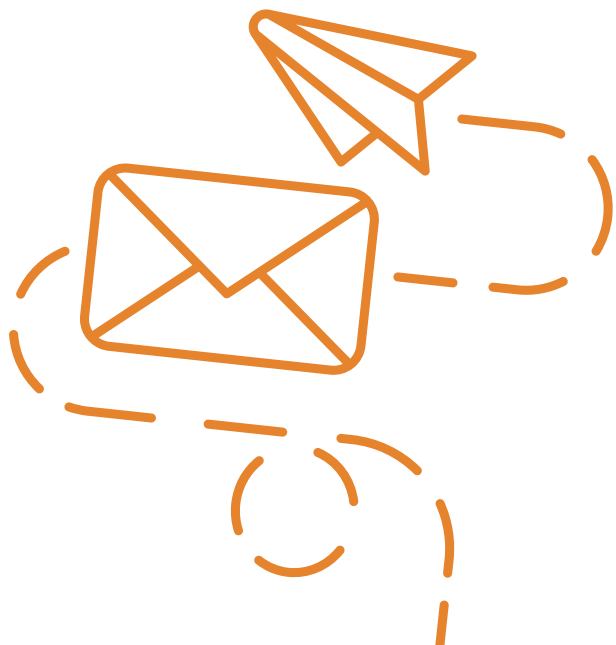


What is Direct Mail Retargeting?

Retargeting unknown visitors with digital display advertising has been a foundation of digital marketing almost as long as e-commerce has existed. Consumers are accustomed to seeing ads for sites they previously visited appear on other, unrelated websites as they browse the internet.

HOWEVER...

with click rates for online retargeting ads decreasing and with the growing usage of ad-blocking technology, marketers now wonder how they can get more dollars from those unknown visitors.



Enter Direct Mail Retargeting

Direct Mail Retargeting (DMR) is a blend of digital marketing and direct mail. Like digital display retargeting, a DMR audience is made up of visitors who have abandoned a website without completing a transaction. The majority of unknown website visitors are prospective customers. These prospects got the website by clicking on a search ad, a SEO link, an ad on social media or after exposure to other media, like TV or a mention in a podcast. While these visitors left without transacting, they have shown interest in a brand and make up a great universe of prospective customers.

DMR sends a piece of direct mail, usually within **12-24 hours**, to these website visitors. This direct mail piece is commonly a postcard mailed using USPS's **first class service** to arrive within a few days of a website visit. DMR uses an Identity Graph to locate mailing addresses for these visitors. The best practice is to also use Pseudonymous IDs for the addresses to protect consumer privacy.

DMR can also be effective with known website visitors, primarily current or lapsed customers.

However, email and/or SMS is a more cost-effective way to communicate with these known website “abandoners”. DMR can produce a **lift in total response** when used to follow up after email and SMS.

DMR Advantages Over Digital Advertising & Classic Direct Mail

Direct Mail Retargeting has many advantages over digital advertising and classic direct mail:

1 Classic direct mail audiences are composed of consumers who have not yet interacted with the brand.

Because DMR audiences have already visited the brand's website and shown initial interest, it is a warmer group that delivers higher response rates, as much as **five times greater**.

2 DMR is more effective than digital display ads at converting site abandoners into customers.

Historically, the only way to communicate with an unknown browser, after leaving a website, was to show digital display ads on other websites the consumer browsed. Even if these ads appear without the downward scroll (i.e. above the fold), they get very little attention from consumers who don't want to be distracted by ads. Furthermore, these digital ads are harder to execute due to the loss of third party cookies and the growing usage of ad-blocking technology.

3 The incremental impact of DMR is much easier to measure and understand than for digital advertising. A consumer often encounters multiple digital campaigns: email, SMS, SEO, Paid Search, social media, etc. Marketers use multi-touch attribution platforms to (subjectively in some cases) estimate how much credit a particular digital campaign should get for a conversion. For a DMR campaign, marketers can create two groups of website abandoners – a control group that receives no DMR and a test group with DMR. Marketers can simply measure the revenue from each group, subtract the difference, and determine the incremental impact produced by DMR. Simply put, deciphering multi-touch attribution for digital retargeting/advertising clouds the understanding of digital advertising's true impact. A clean a/b split test provides a simple way to calculate, not estimate, DMR's results.

4 DMR can personalize images and content to reflect the type of products/services a visitor browsed. This generates a significant lift versus sending only a single creative version to all visitors, an improvement often critical to making DMR cost-effective. This browsing-based personalization generally lifts response by 50% or more, very similar to the lift produced by personalization in triggered emails.

5 DMR also enables customization of content/offers to current customers vs. lapsed customers vs. new prospects. It is very difficult/impossible for display ads, search ads and SEO to tailor messaging based on customer type. Because DMR audiences are based on known mailing addresses, this identification is highly accurate. Marketers can confidently design DMR campaigns to focus on new customer acquisition or on customer retention/reactivation, better matching whatever their corporate priority is for the year.

Challenges to Overcome For Effective Use of DMR

While direct mail retargeting provides strong benefits, it won't make sense for every brand.

1 DMR is generally too expensive for marketers selling low cost products or services. Direct mail, which includes postage and printing costs, is significantly more expensive per contact than sending emails or executing digital display advertising. A brand generally needs an average order size or lifetime value above \$100 in order for DMR to be effective.

2 Unlike digital advertising results, which can be seen in hours or even real-time, reporting on direct mail results can take weeks. Plus, direct mail reporting often involves using a third-party company to match responders back to the audience that received mail. A few DMR providers offer online reporting similar to what email and digital display ad platforms deliver so that reporting is automatic and immediately available.

3 The “linkage” between an unknown browser to the correct USPS address (provided by an identity graph) **has to be very fresh.** Stale linkages will result in direct mail pieces going to the wrong address, reducing response rate. Because many IP addresses are not “static”, and in fact, can change daily, it can be difficult to get accurate USPS address data for unknown website browsers. Additionally, consumers make cookie-based linkage difficult because they use multiple devices and different browsing software to visit websites.

4 Brands that execute large digital and/or offline campaigns attract some visitors who don’t show enough intent to justify sending DMR (for example: visitors who leave a website after viewing only one page). These brands need some way to select only visitors who demonstrated above average intent in order for DMR to succeed.

Okay, so after weighing the advantages and challenges of direct mail retargeting, will it work for your brand?

The answer, like it often is for marketing, is to test!