

The Mailbox is the Message

How the U.S. Postal Service is making its medium its message with *Deliver*—a new magazine that raises the bar on best practices in direct mail.

by Anita Bizzotto
Chief Marketing Officer
U.S. Postal Service



Picture yourself in this scenario: Your company's next great "whip the world" product will go to market in three months. The advertising budget is locked in and now you need to come up with a campaign. Your challenge is to build brand awareness rapidly and motivate action or purchase among your target audience.

Pretty familiar stuff, right? All you need now is the campaign. Here's when things that were familiar are suddenly no longer what they once were. Consumers are more elusive and media choices are less reliable. Tough as it might be, choices still have to be made.

Increasingly, those choices are including direct mail. Recently, Robert Coen of Universal McCann predicted expenditures on direct mail will rise by 8.5% this year while overall advertising expenditures will grow by 5.7%. Direct mail's share of advertisers' overall spending is projected to grow from 19.8% to 20.3% by year-end.

So what's going on? After all, mail is older than dirt. On one level, mail keeps doing what it's always done. It keeps making that personal connection to the precise audience a marketer wants to reach. But that doesn't fully explain why advertisers are increasing their investment in mail. What we see is an awakening occurring. It's as though many of you thought you were driving a dependable little three-speed car only to discover you were really driving a hot five-speed muscle machine.

To help marketers discover the higher performance potential of mail in campaigns, the United States Postal Service realized it needed to create a resource of best practices in direct mail.

There are a lot of publications out

there that inform on the advertising industry, the marketing industry and even the direct marketing world. But there is still a gap in all of these publications in that no single marketing journal concentrates solely on direct mail. At the Postal Service, we are committed to changing the perception of direct mail as "other" when it comes to advertising categories.

Enter *Deliver* magazine in February of 2005. Published six times per year, *Deliver's* mission is to demonstrate the innovative possibilities of direct mail when combined with advertising and the rest of the media and marketing mix. It reminds marketers that there is creativity in the mail with examples of the energy that can be found in the mailbox—there's a "brand in hand" philosophy behind mail.

Through best-practices case studies and opinion pieces written by CMOs, thought leaders and marketing strategists, brand marketers looking for new and innovative frontiers in direct marketing will discover solutions to the daily test of making marketing dollars work harder.

In its first three issues, *Deliver* has featured insightful case studies from a diverse array of marketers, including Harrah's Entertainment, Canon U.S.A. and Herman Miller. To give you a sense of the kind of informative articles that fill →

General Motors: Market Mover

Using information from its owner database, plus detailed transactional information gathered from its co-branded credit card, General Motors is compiling a database that allows it to model its customers, develop targeted offers and measure the results to see what works.

It's what the group's leader, Jack Bowen, general director, GM-CRM, likes to refer to as optimization of data. "There's a big difference between having a transactional database and having a marketing database," he observes.

For example, a database might segment a cardholder as a "high-volume transactor" but that doesn't necessarily provide the insight and detail needed to create a marketing strategy aimed at that person. So, Bowen and his team created categories that gave marketing teams some hint of intent-to-purchase and how to target appropriately.

In addition, they built in the tools they needed to be able to access the information in a meaningful way: quick list pulls, campaign tools to evaluate specific offers and a feedback loop to collect data on the transactions that did occur and the offers re-

sponsible for making those sales. Most important, they instituted ways to measure ROI throughout the process so that the company understands how much it's spending to make those sales, and which offers succeed most efficiently.

Those changes have led to recent successes, Bowen says. In the past year, using information from its CRM database, the company doubled the lift on its sales offers while significantly decreasing the costs of each of those offers, he says. He also notes that without changing its sales rates, the company has been able to reduce its redemption expenses by effectively analyzing and targeting its offers.

Bowen says he often thinks about how all this emphasis on data and targeting is changing the nature

of advertising, asking his marketing partners, "When did advertising become about process and structure and data? It used to be about ideas." The answer, he says, is simple. "It's still about ideas, but now the idea needs to be delivered with the right level of process and thoroughness and accountability."

Excerpted from "Market Mover" by Dan Grantham, Deliver (May 2005).



Sample of a GM Card retail offer with variable incentives.

John Deere: Growth Strategy

"For us to do any national advertising or promotion, including prices, on behalf of our dealers becomes very difficult," says Scott Ford, advertising and retail manager for John Deere Parts and Service Marketing.

For example, the company's Agricultural Equipment Division works with nearly 1,500 dealers in markets all around the country, and labor costs alone vary widely, says Ford. Sometimes, he notes, dealers in the same county have different labor rates.

So the division, which accounts for a major portion of the \$19.9 billion in sales generated by the company overall, has turned to PromoXpress, an online program that lets dealers access templates to create customized mailers and postcards based on a number of available offers.

The result is a system that lets John Deere control the offers, the branding and its image, but still gives dealers the flexibility to set prices, choose the most relevant offer and set timing. In short, it gives each side what it wants: flexibility and control.

Using PromoXpress, dealers can create direct mail pieces in about 15 minutes, putting marketing materials in customers' hands within two weeks. Thirty-five templates are currently available; Ford expects an increase to 60 or 70 in the future. The minimum PromoXpress order is 100 pieces, with postcards at \$0.40 each and self-mailers at \$0.75 each, postage included.

To supplement the program, John Deere's Agricultural Divi-

sion provides a web-based mailing list program for dealers called "Customer & Market Profile Mapping," which provides names based on delivery receipts from new and used equipment sales. Using the program, dealers can run filters to specifically target customers with offers that will best appeal to them based on the equipment they own or may need.

Teri Peterson, director of marketing for Kleine Equipment Inc., a John Deere dealer in Galesburg, Ill., says her company sent out eight separate mailers during the first two months of 2005. "It's just stupid if you don't use these," she says. "For three cents, you're getting a postcard and making an impression," referring to the investment required by dealers.

Prior to PromoXpress, Kleine's direct mail campaign costs ranged from \$0.65 to \$0.80 per mailing for postcards and postage. "What was taking me two to four days before now takes five minutes and I'm done," says Peterson. Dealerships are automatically added to PromoXpress mailing lists, so stores receive direct-mail pieces the same day customers do.

"It's out of my hands and I don't think about it until I see a direct-mail piece in the mail and I know my customers have theirs," she says, adding: "I think consistency and frequency are the best ways to get results in marketing your business... and PromoXpress helps with both of those goals."

Excerpted from "Growth Strategy" by Christine Hansen, Deliver (July 2005).

Southwest Airlines: Perfect Takeoff

Despite being part of an industry rocked by terrorist warnings and increasing jet fuel costs, and one in which an empty seat is revenue missed, Southwest Airlines has moved steadily forward, building business by building customer relationships.

To that end, Southwest uses massive television buys to get its humorous and memorable ads in front of as many people as possible. But it backs that with direct mail and e-mail campaigns that also build the business.

"We've found that if you have some kind of continual program in place, you have better ROI," says Susan E. Parker, senior director of marketing programs. "You also have a more logical communications plan to the customer. They're hearing from you regularly with meaningful information, so they are going to be more receptive to your offers."

Regardless of the channel used, the goal for each is the same: Drive customers to the web site where more than 60 percent of all the company's revenue is booked. Since its inception in 1971, Southwest has offered customers access directly as well as through travel agents. In the old days, the company relied on call centers, but the bulk of business has now shifted to the web.

Much of the direct campaign is aimed at members of its frequent flier program, Rapid Rewards. But the company also drives its fair share of casual fliers to its web site. For example, Southwest has more than 4.3 million subscribers for its weekly Click 'n Save fare e-mail list. The feature is so popular that Southwest derives more than half of its annual revenue from the specials.

And while the company is highly secretive about numbers related to its Rapid Rewards program, industry reports say members redeemed about 2.5 million free flights in 2003, up 13.6 percent in a year when most

other airlines saw a decline in their numbers.

Yet even as it drives passengers to the web to book travel, Southwest still finds time to send many of its members a birthday card in the mail. "There's absolutely no solicitation for business, no offer," says Parker. "It's strictly a love letter, if you will, from Southwest to the customer celebrating his or her special day."

And it works. "Overwhelmingly, year after year we receive the most comments on this simple, personal initiative," says Parker. "Customers write to thank us for being so thoughtful and caring."

So far, it's been a flight pattern for success.

Excerpted from "Perfect Takeoff" by Christopher Hipple, Deliver (March 2005).

← *Deliver's* pages, we've included three excerpts of articles featuring:

▶ **Susan Miller** of **Southwest Airlines**, who explains how the carrier has soared past its rivals, delivering enviable ROI through a deft combination of television, the web and, of course, direct mail.

▶ **Scott Ford** of **John Deere**, who details how an innovative online tool called Promo-Xpress has given its dealer network a quick and effective means to connect with their customers via customized direct mail campaigns.

▶ **Jack Bowen** of **General Motors**, who articulates his approach to database marketing, and his view of the relationship between a big idea and a big return on marketing investments.

Deliver has also featured great thinking from great marketers such as Doug Holroyd of McKinney, Don Peppers and Martha Rogers of Peppers & Rogers, as well as Fred Rubin of Deutsch, Inc. And our inside back page is always reserved for CMOs like Shira Goodman of Staples, offering their perspectives on the creative potential of direct mail in today's marketing environment.

By publishing our own magazine and direct-mailing it to our own targeted database of 350,000 CEOs, corporate marketers and their creative agencies, the U.S. Postal Service intends to practice what it preaches and use the direct medium to "deliver" the key message.

If you haven't seen *Deliver* yet, visit www.usps.com/delivermag to sign up for your copy. We'd also love to have you contribute some thoughts. Let our publisher, Patrick O'Connell, know if you'd like to write a column—from technology points, to brand launch and even an agency viewpoint, we can use your ideas to fuel the growth of the direct mail industry together. ■



Anita J. Bizzotto is chief marketing officer and senior vice president of the **U.S. Postal Service**. In this role, Bizzotto, a 31-year postal veteran, reports directly to the Office of the Postmaster General and is responsible for Sales, International Business, Customer Service, Product Development, Pricing and Classification and Advertising, and private express statute administration.

The recipient of several prestigious awards, Bizzotto has received the National Newspaper Association's Chairman Distinguished Service Award in 1997 and the Graphic Communications Association's Donald A. Mumma Award in 1995.

