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Direct Mail *Remains Vital to Bank Marketing*



The more things change, the more they stay the same.

Despite an ongoing shift in U.S. consumer age demographics and a proliferation of electronic media channels, direct mail continues to be an essential part of bank and credit union promotional planning.



According to a Direct Marketing Association (DMA) poll, direct mail offers marketers the ability to convey personalized sales messages to diverse consumer audiences as cost-effectively as other media channels.

The *2015 DMA Response Rate Report* measured success metrics for email, paid search, internet display, social media, mobile, telephone marketing and, of course, direct mail. Here are some surprising findings from the companies surveyed:

- **70 percent** said “snail mail” was more “personal” than the internet.
- **56 percent** of customers described receiving physical mail as “a pleasure.”
- **39 percent** said they tried a business for the first time because of direct mail advertising.



Cost and Effectiveness

According to the DMA report, direct mail is several times more effective than digital channels alone. In head-to-head matchups across industries, direct mail averaged a 3.7 percent response rate when using a “house” list; dropping to 1.0 percent when using a “prospect” list. In comparison, digital channels - mobile, email, social media, paid search and online display ads - achieved a combined 0.62 percent rate, while telephone enjoyed the highest response rate, exceeding 9 percent.

Return on investment (ROI) for direct mail averaged 15-17 percent based on the study, putting DM results on a par with social media, while exceeding mobile, paid search and internet display. Email ROI led the way at 21-23 percent. Meanwhile, the median cost-per-response for direct mail was \$19, making it competitive with cost-per-acquisition (CPA) for paid search (\$21-\$30), social media, mobile ads (\$16-\$18), and email (\$11-\$15); and less than half the CPA for internet display (\$41-\$50).

Highly personal in nature, direct mail remains a powerful marketing resource. In one Nielsen poll¹, Gen Y consumers described ...

... **75 percent** said “snail mail” was more “personal” than the internet.

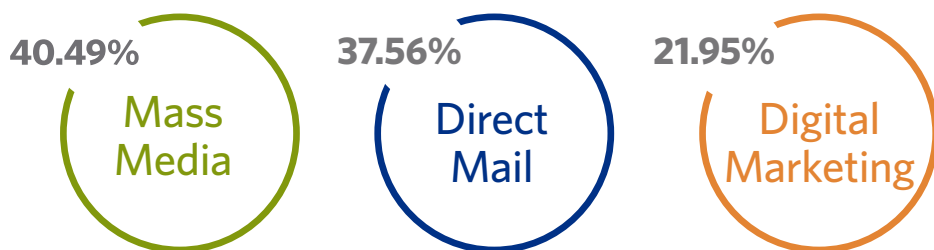
... **92 percent** of customers described receiving physical mail as “a pleasure.”

... **73 percent** said they tried a business for the first time because of direct mail advertising.

Multichannel Approach

When it comes to developing promotional strategies to acquire new checking accounts and expand existing customer sales activity, direct mail is typically among the first options. Many financial institutions embrace a balanced marketing approach to cross-selling other financial products and services like savings accounts, CDs, safe deposit boxes, mortgages, credit cards, vehicle loans and home equity lines of credit.

Average percent of funding by category: Direct mail continues to play a central role for marketers of financial services.



Source: Harland Clarke, “Survey of Financial Services Marketers,” 2015

Marketing departments have in recent years increased expenditures in the digital arena to pursue younger, more mobile account holders plugged in 24/7. Over the past five years, 72 percent of marketers reported increasing their DM expenditures or keeping it the same, according to a 2015 Harland Clarke survey.

Your Competition

In today’s world, a successful marketer must be a multichannel strategist weaving direct mail into a well-rounded communications plan. Each communications channel should play a distinct role and complement others in pursuit of targeted sales goals. In that way, direct mail serves as an essential link between traditional marketing models and electronic alternatives.

So how are your competitors preparing for the future? The DMA says 65 percent of survey respondents use two or more communications channels in their marketing campaigns, with 44 percent using three or more - typically a combination of email (83 percent), direct mail (50 percent) and social media (34 percent), followed by paid search (30 percent), Internet display (29 percent) and mobile (5 percent). In the coming year, 82 percent of companies said they expect direct mail usage to either grow or remain constant.

Stay Flexible

In an increasingly digitized marketplace, consumers want to be informed about financial products and services through multiple venues. As a result, marketers must be prepared to reach out to existing customers and prospects of different age groups and locations using as many communications channels as possible within budget, including reliable direct mail. Keep in mind, too, that the quality of your direct mail execution and promotional techniques will impact response rates.

For support in developing a comprehensive marketing plan that includes direct mail and helps your financial institution connect to a diverse customer audience, call **1.800.351.3843**, email us at **contactHC@harlandclarke.com** or visit **harlandclarke.com/MarketingServices**.