



Direct Mail – an envelope industry perspective on market developments and ways to promote DM

16 October 2019, Berne DMAB



Who are we?



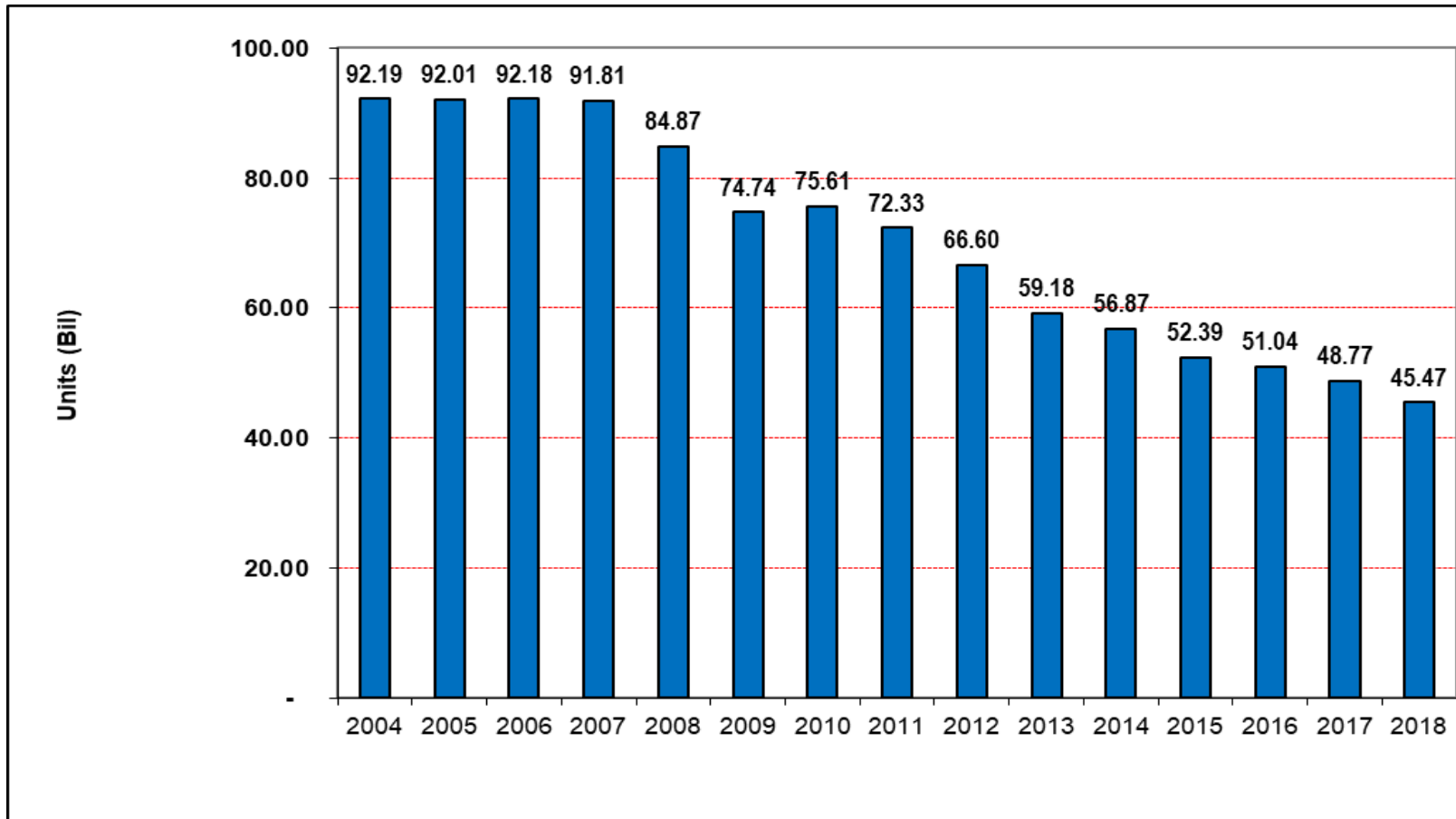
- European Federation of Envelope Manufacturers
- 52 members – envelope manufacturers & suppliers
- representing 100+ companies

Objective?



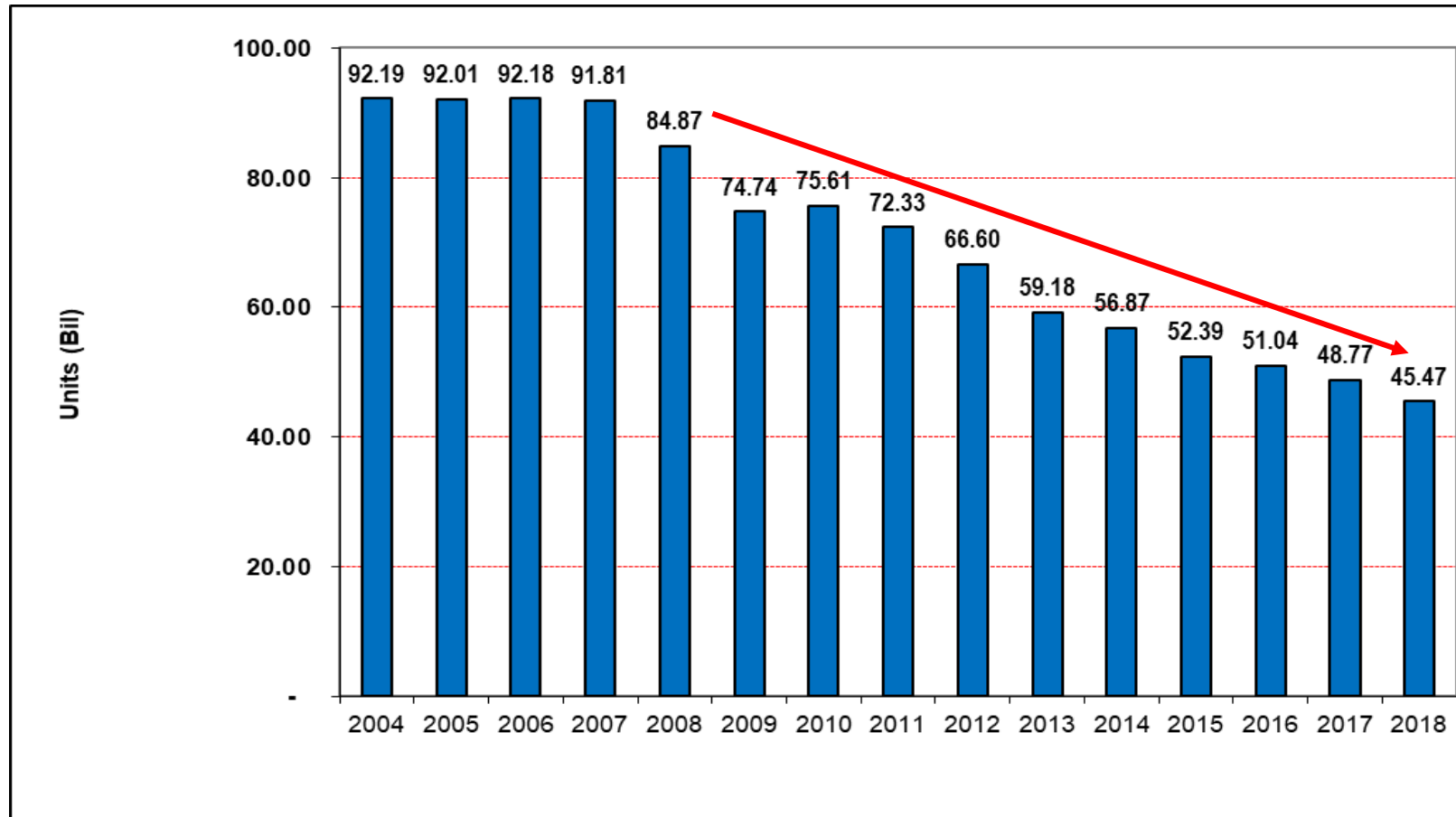
- Support, defend and promote the envelope industry in Europe:
 - the voice of the industry at EU level
 - promote the use of envelopes through campaigns
 - Provide our members with relevant market information

Envelope market statistics



*data reported by FEPE members only – representing 75-80% of the market

Envelope market statistics



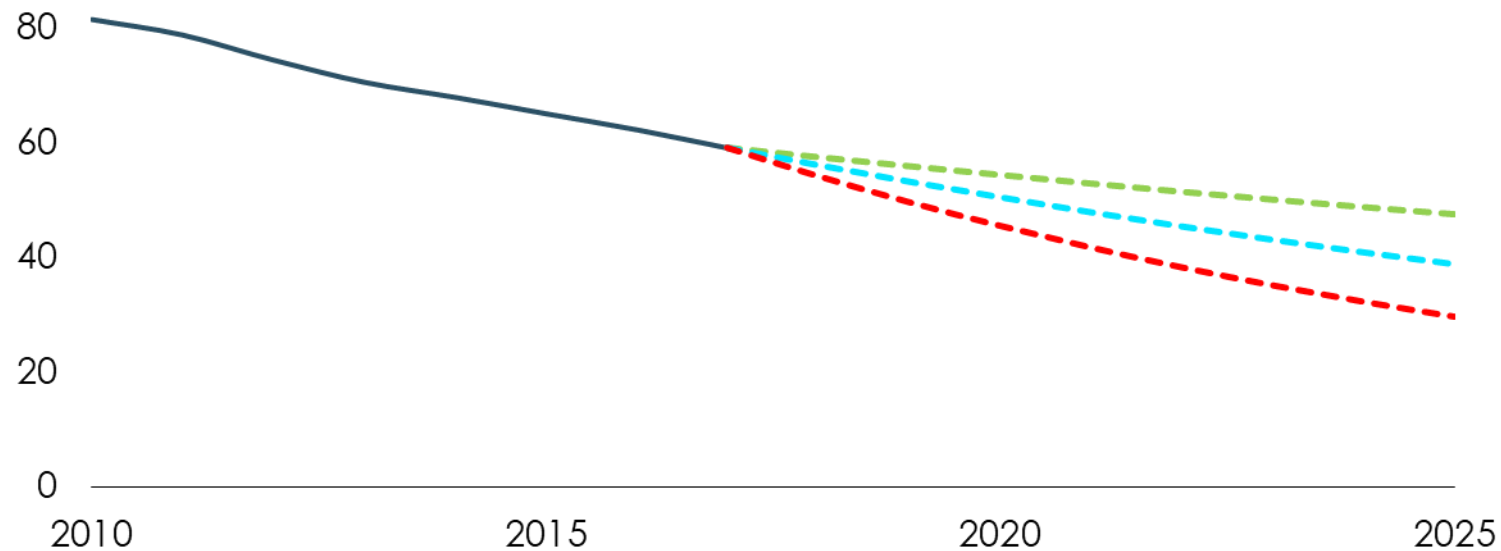
-42% in last 10 years

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Forecast 2017-2025



Letters (billion)

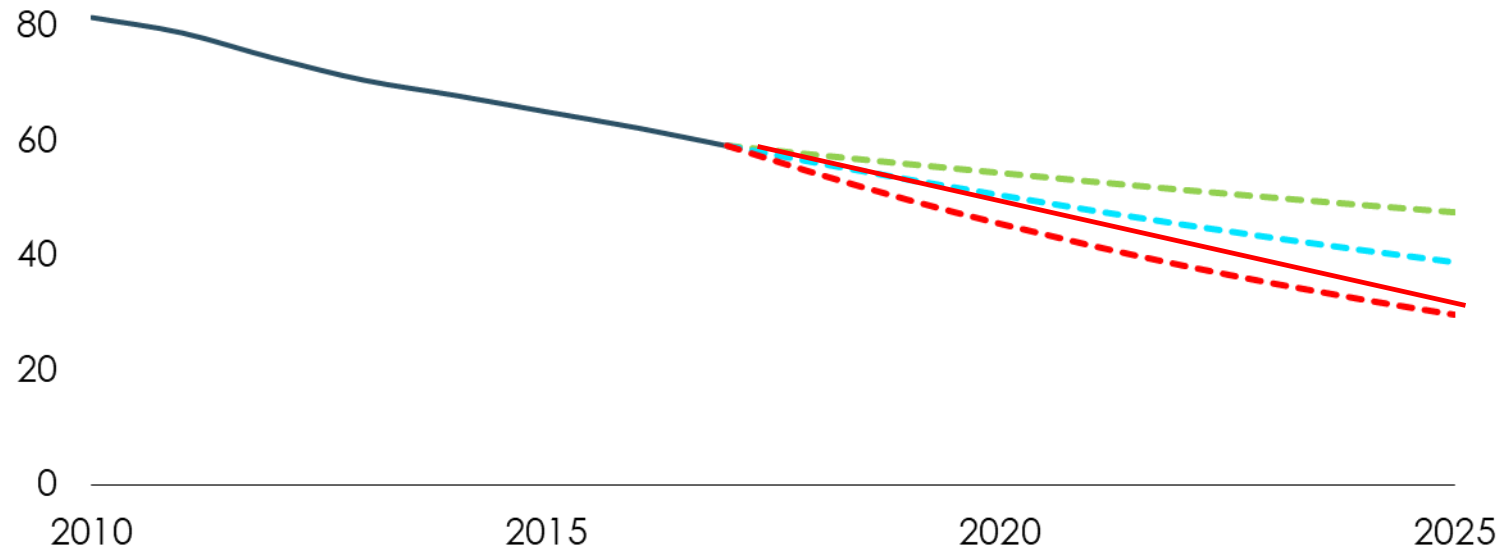


- Paper prominent** scenario
- 19% until 2025
- Inevitable decline** scenario
- 34% until 2025
- Digital breakthrough** scenario
- 50% until 2025

Forecast 2017-2025

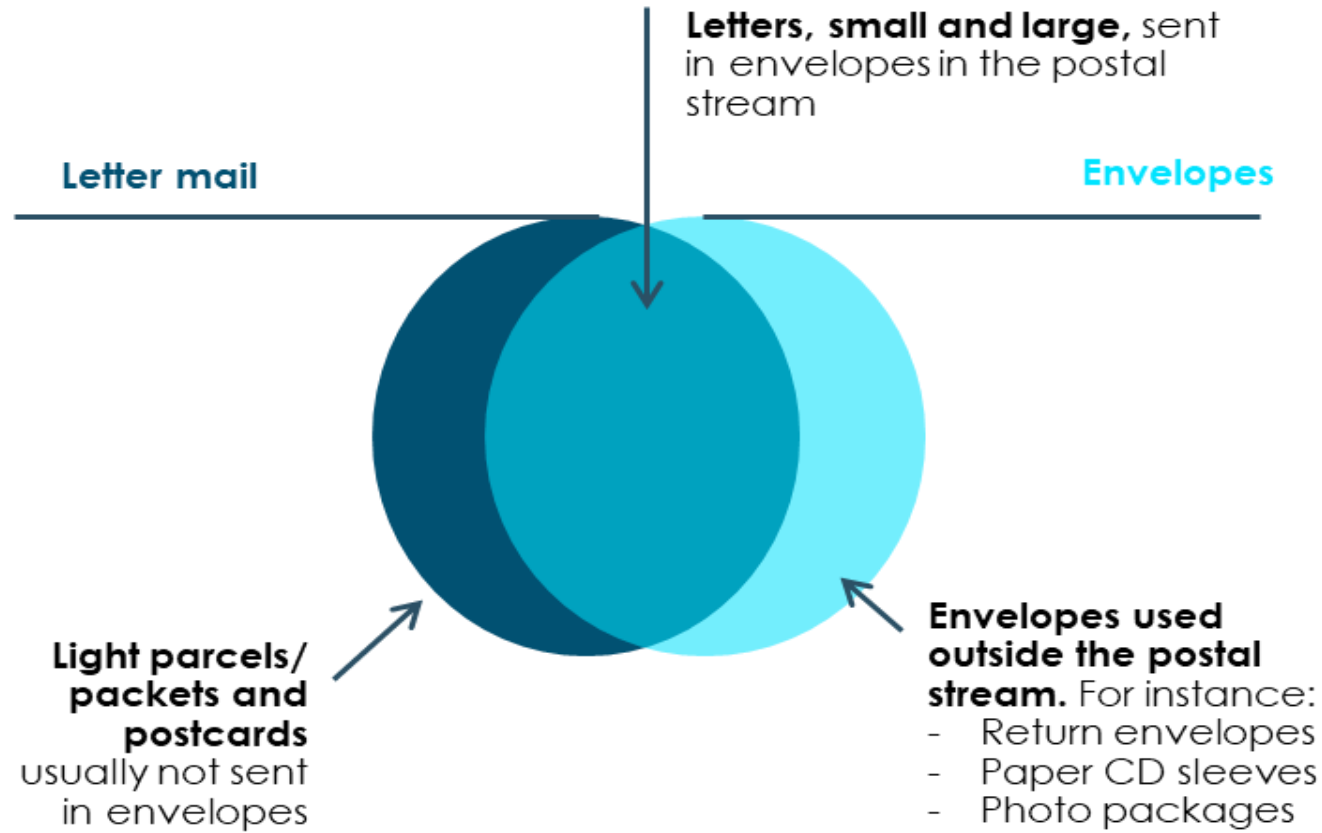


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Envelopes vs letter mail



Demand of letter mail is influenced by a variety of drivers



Fundamental drivers

Drivers inherent to changing societies

Digitisation resources (infrastructure, e-skills)

Economic activity/ growth

Demographic change

Cultural factors

E-commerce growth

Private individual preferences

Mail volume influence



Strategic drivers

Decisions of mail market actors

Preferences of large mail senders

Preferences of advertisers

Government preferences

Postal operators' strategic choices

Regulatory landscape



Relevant drivers for Direct Mail

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Strategic drivers

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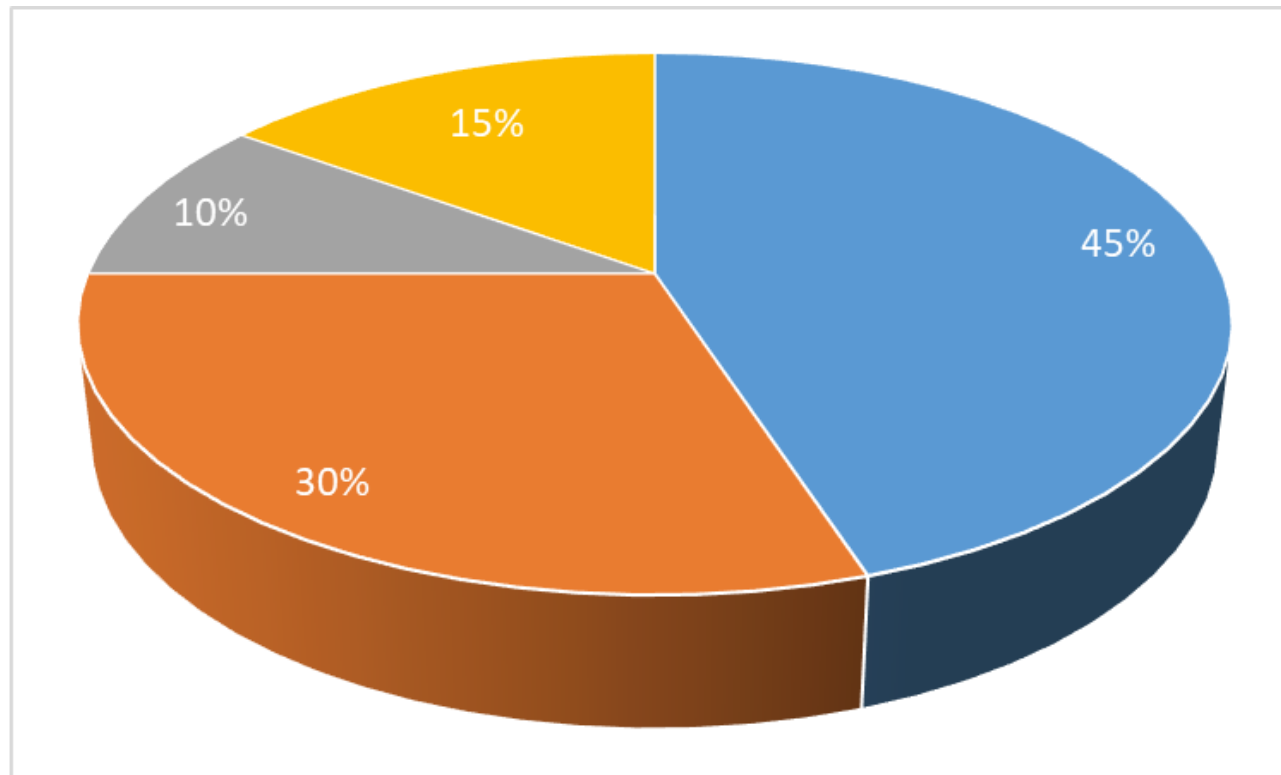
Government preferences

Postal operators' strategic choices

Regulatory landscape



Mail segments - Europe








- Business mail
- Direct Mail
- Social & other mail
- Public sector mail

Direct Mail is decreasing








- Direct mail has fallen as a share of European advertising expenditure since the early 2000s with digital growing strongly

But it has potential!

-  **High effectiveness:** great way to gain attention in a digital world
-  **Stronger targeting:** DM cannibalises on itself as more targeted
-  **Complementarity with digital:** new technologies increase DM attractiveness as complementary tool
-  **Growing e-commerce:** physical mailings prove to be effective in e-commerce
-  **Regulation:** GDPR - less legal certainty? Or legal advantage?

*opposing
drivers
impact
direct mail
volumes*

Features of Direct Mail

	<p>High effectiveness: new way to gain attention in a digital world</p>
	<p>Stronger targeting: DM cannibalises on itself as more targeted</p>
	<p>Complementarity with digital: new technologies increase DM attractiveness as complementary tool</p>
	<p>Growing e-commerce: physical mailings prove to be effective in e-commerce</p>
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DM is highly effective

- online media are **60%** more effective when combined with physical mail
- A DM in a multi-media campaign increases **ROI by 12%**
- It is kept in average **17 days**

Digital advertising is over-estimated



ARE YOU BEING SEEN?

AN ADVERTISER'S GUIDE TO VIEWABILITY

54 PERCENT
OF ALL DIGITAL
ADVERTISING
ISN'T SEEN



That can't be right?






There are many reasons why an ad isn't seen but you can take action to improve this figure



iab
Internet Advertising
Bureau of Europe

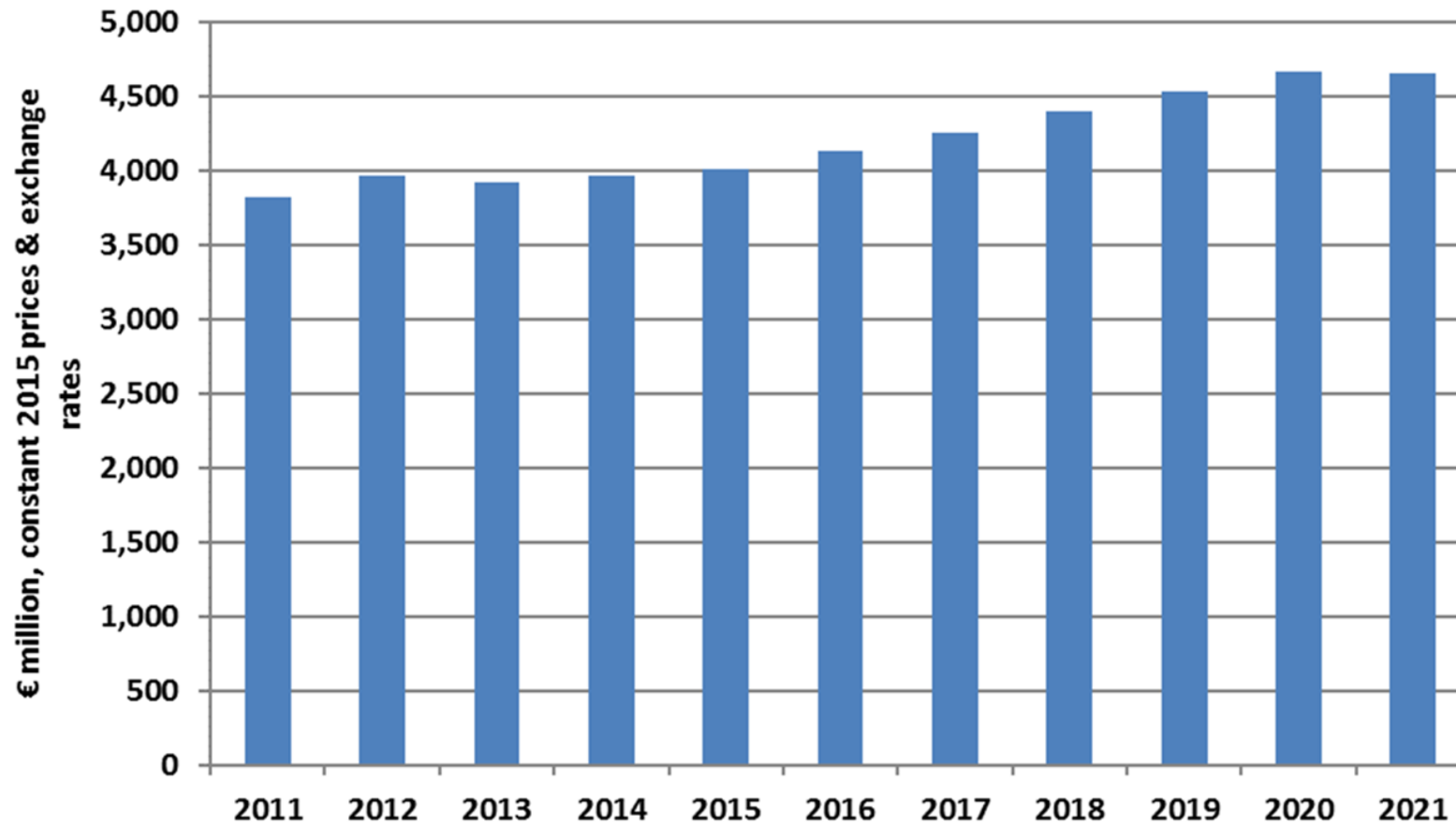
For an ad to be viewable at least half has to be in view for a min of 1 sec

Features of Direct Mail

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Direct Mail – in print value



Source: Smithers Pira (2016)



Features of Direct Mail

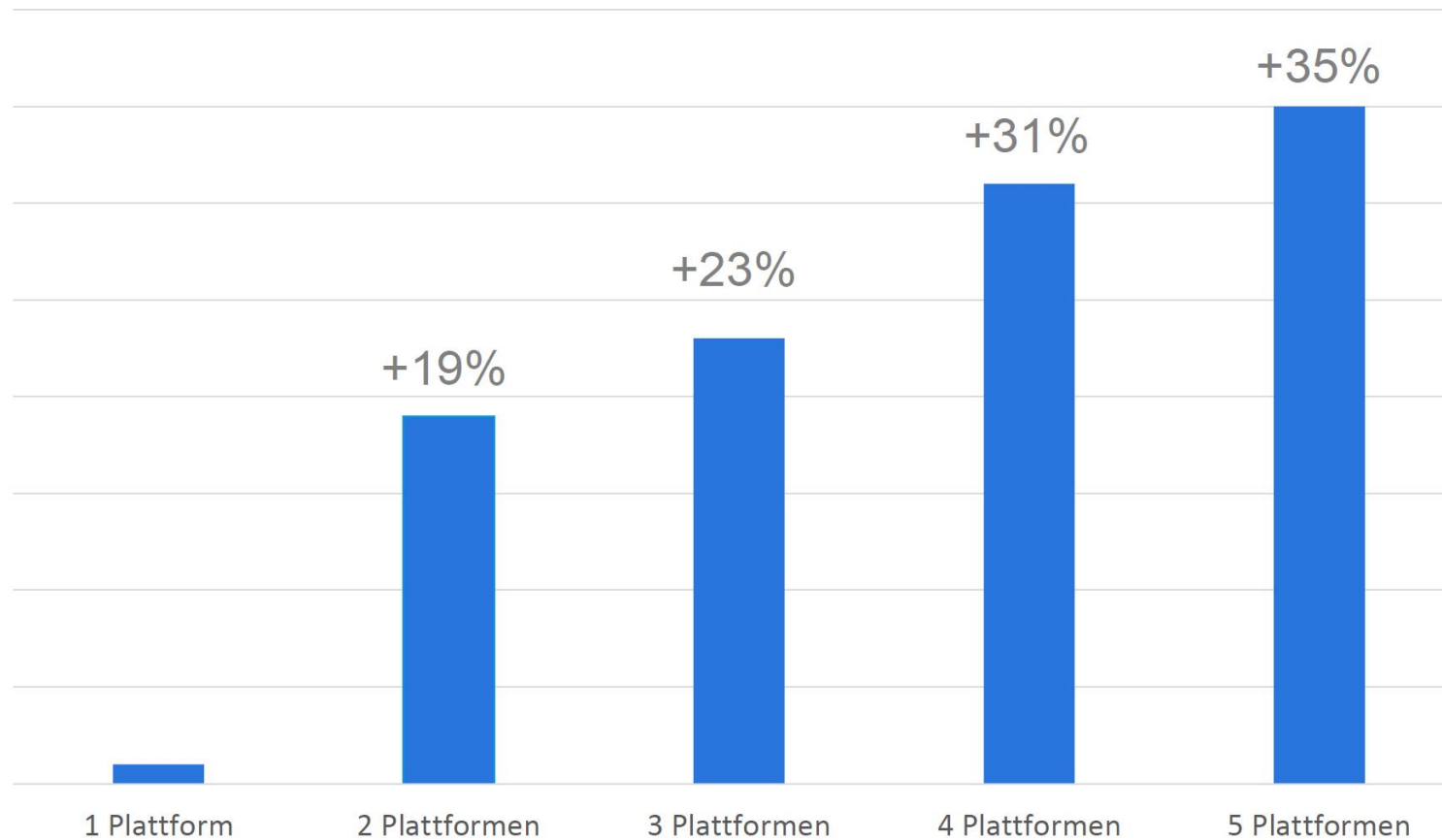
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Multi-media is trump



Increase of campaign ROI



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DM is highly effective



- **57%** of consumers received Direct Mail from e-retailers
- **44%** purchased an item online after having received a direct mail from their e-retailer



We know print in advertising is a trusted medium and it increases effectiveness...

but how to get the message across to those who **need to know**?

Myths & Facts



Print and Paper *Myths and Facts*



THE MYTH

European forests are shrinking



THE FACT

European forests have been growing by over 1,500 football pitches every day

In the EU arena...



- Elections to a new European Parliament → we sent them a letter

WILL YOU BE RE-ELECTED?

Print will make the difference in your EU election campaign

- 1 Communication campaigns including print are **67% more effective** than those without¹
- 2 Adults read their letter mail on average for **22 minutes a day**²
- 3 **60 million Europeans** have still never used the internet³

Make your voters feel as special as you did when you received this mailing!

This information is brought to you by the entire European paper and post value chain from paper making and converting to graphic and postal services. We are keen to draw attention to the effectiveness of printed media in today's digital world.

¹ Newsworks, IPA Databank Study, 2017 (from Print Power recent infographics)
² The private life of mail, RoyalMail, 2015
³ Europe has to unlock the potential of digital, European Commission, 2016

CASE STUDIES / 15 . 03 . 19

VW's clever use of print has a happy ending



Print & Digital Convention



Düsseldorf, 8-9 May 2019



- 1287 visitors
- 94 exhibitors
- 46 workshop sessions

At the same time in Hamburg...



OMR Festival

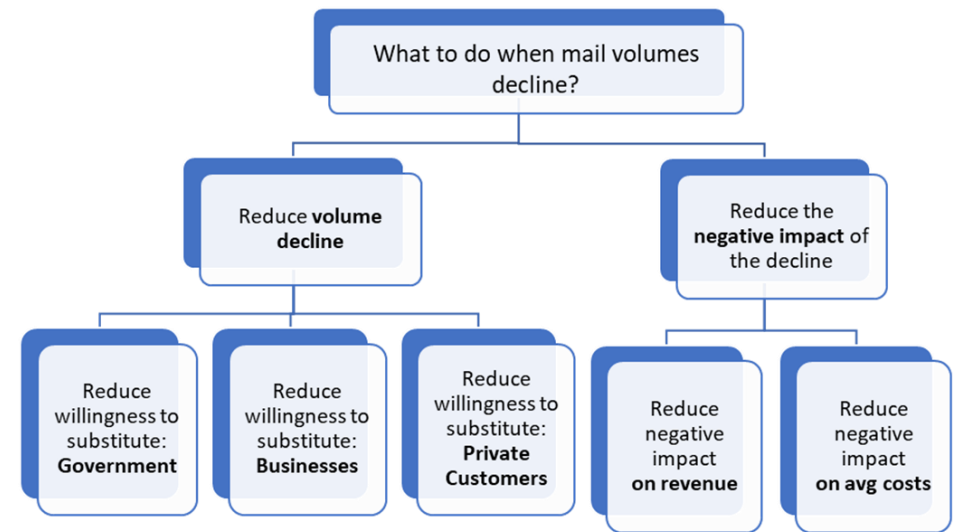


- Online Marketing Rockstars Festival
- 52.000 visitors
- over 600 speakers
- 400+ exhibitors
- master classes, side events
- And concerts



Postal operators' strategic choices matter!

- Lower letter volumes drive postal operators' cost up
- Drastic price increases may accelerate mail volume decline
- Hence, postal operators need to ensure moderate price developments by reducing cost and gaining more regulatory flexibility



Postal operators' strategic choices matter!

- Making Direct Mail „easy“ for customers
- Promotion, promotion, promotion!





Thank you for your attention!

