

A hand is shown holding a glowing digital globe. The globe is composed of a network of blue and white lines and dots, with a bright orange and yellow light source in the center. The background is dark with some blurred lights.

# **GLOBAL PANORAMA RESEARCH ON DIRECT MARKETING PRODUCTS AND SERVICES**

**Final Report**

Published by the Universal Postal Union (UPU)  
BERNE, SWITZERLAND

Except as otherwise indicated, the copyright in this publication is owned by the UPU. Reproduction is authorized for non-commercial purposes, subject to proper acknowledgement of the source. This authorization does not extend to any material identified in this publication as being the copyright of a third party. Authorization to reproduce such third-party materials must be obtained from the copyright holders concerned.  
UPU International Bureau

**Postal Operations Directorate**

Weltpoststrasse 4  
3015 BERNE  
SWITZERLAND

Tel.: +41 31 350 31 11  
Fax: +41 31 350 31 10  
E-mail: [info@upu.int](mailto:info@upu.int)

**Acknowledgments:**

UPU Postal Operations Directorate and, in particular, Mr Fredrick Omamo and Ms Abby Bossart.

Printed in Switzerland by the printing services of the UPU International Bureau.

Copyright 2024 Universal Postal Union.  
All rights reserved.

# **GLOBAL PANORAMA RESEARCH ON DIRECT MARKETING PRODUCTS AND SERVICES**

## **Final Report**

Submitted by Sia Partners. Sia Partners is solely responsible for the content of this report.

3 June 2024

# LIST OF FIGURES

Figure 1	Proportion du publipostage dans le mix du courrier (UPU, 2015-2022).....	10
Figure 2	Average number of letter-post items posted per inhabitant (UPU, 2019-2022) .....	11
Figure 3	Proportion of cross border in the direct mail advertising mix (UPU, 2023).....	12
Figure 4	Evolution of advertising spending share (Statista, 2024) .....	13
Figure 5	Advertising spending by medium (Statista, 2023).....	14
Figure 6	Evolution of direct messaging (Statista 2024).....	14
Figure 7	Average annual volumes of international advertising mail per region (2017-2021) (DMAB, 2024) .....	15
Figure 8	Evolution in domestic advertising mail per region (100 basis) (DMAB, 2024) .....	15
Figure 9	Evolution in digital advertising spending share (Statista, 2024) .....	16
Figure 10	Evolution in CAGR of digital products (Statista, 2024) .....	16
Figure 11	Evolution of advertising spending share (Statista, 2024) .....	17
Figure 12	ROI of advertising campaigns in selected media in the United States of America in 2022 (Statista, 2022) .....	18
Figure 13	Advertising spending share by industry (Statista, 2023) .....	19
Figure 14	Direct marketing key players .....	20

# LIST OF ABBREVIATIONS

<b>AI</b>	artificial intelligence
<b>CAGR</b>	compound annual growth rate
<b>CRM</b>	customer relationship management
<b>CPC</b>	cost per click
<b>DMAB</b>	Direct Marketing Advisory Board
<b>DO</b>	designated operator
<b>EU</b>	European Union
<b>FMCG</b>	fast-moving consumer goods
<b>GDPR</b>	General Data Protection Regulation ROI – return on investment
<b>SDR</b>	special drawing rights
<b>SEM</b>	search engine marketing
<b>IPC</b>	International Post Corporation

# Table of contents

<b>LIST OF FIGURES .....</b>	<b>4</b>
<b>LIST OF ABBREVIATIONS .....</b>	<b>4</b>
<b>EXECUTIVE SUMMARY .....</b>	<b>7</b>
<b>BACKGROUND .....</b>	<b>9</b>
<b>CURRENT PRACTICES .....</b>	<b>10</b>
<b>MARKETS, PRODUCTS AND SERVICES.....</b>	<b>13</b>
<b>CUSTOMERS .....</b>	<b>19</b>
<b>COMPETITIVE LANDSCAPE .....</b>	<b>20</b>
<b>FUTURE SCENARIOS .....</b>	<b>25</b>
<b>CONCLUSION .....</b>	<b>27</b>
<b>BIBLIOGRAPHY AND ENDNOTES .....</b>	<b>29</b>

# EXECUTIVE SUMMARY

The aim of this report is to provide a global panorama of the direct marketing products and services market. The study is based on primary research involving a survey of 32 designated operators (DOs) and 12 industry experts, as well as secondary research using industry databases and the UPU database.

The direct marketing landscape has undergone considerable changes, with digital channels becoming increasingly dominant. Financially, direct marketing represented 715.2 billion Special Drawing Rights (SDR) in 2022, with annual growth recorded at 9% between 2017 and 2022. The market is expected to reach approximately 974.3 billion SDR by the end of 2028. Direct mail accounts for 37.4 billion SDR (108 billion items delivered) and grew by only 1.8% a year over the same period. As a result, the market share held by direct mail is declining.

The survey found that 45% of the responding DOs identified digital services as their main direct marketing service, while 50% noted that clients often switch from physical to digital media. Direct mail remains a substantial market, with an estimated global volume of 108 billion items in 2021 and a total market value of 37.4 billion SDR. Direct mail remains significant, particularly in regions like Western Europe and the Western Hemisphere, where it plays a larger role than in regions such as Africa. Factors like mail culture, infrastructure and population mobility contribute to these geographic disparities. Moreover, direct communication is experiencing limited growth (+2.8% from 2021 to 2024), including in e-mail and instant messaging. Growth is from display, search and social media channels.

Cross-border direct mail remains a niche segment, with only 22% of the DOs having carried out such an operation in the past six months, primarily because of a lack of clear strategy, coupled with operational challenges. Cross-border advertising mail represents only a small fraction of total direct mail volumes. This research shows that DOs continue to support traditional direct mail products, with pamphlets (up to 2 kg) and cards (up to 20 g) being the most popular items. A total of 89% of the DOs accept samples in direct mail products, particularly in markets targeting donations and non-profit organizations.

The feedback collected during this study shows that fast-moving consumer goods (FMCG) is the industry consuming the biggest share of media budget in 2023 (22%), followed by retail (12%) and entertainment and media (8%). A total of 20% of the DOs have dedicated offers or promotions for these sectors.

To thrive in the evolving direct marketing landscape, DOs must diversify their service offerings by incorporating more digital marketing solutions alongside traditional mail services. DOs need to consider the local market context and adapt their strategy accordingly through a product-by-product analysis, to determine whether the market is growing or already well established. Depending on the level of the competition, the DO will need to position itself either alone or with a partner. For cross-border campaigns, collaboration between DOs is the key to connecting and finding the right channels in the markets to be targeted. The local DO must act as an interface with the specificities of the local market to improve the efficiency and effectiveness of cross-border campaigns.

The direct mail market must evolve from volume to value with a premiumization of direct mail and an end to mass-market mailing. To enhance this transformation, DOs must prioritize collaboration with other DOs for access to recipients' data and IT/data tracking. Then, DOs can solidify the relevance of direct mail in a marketing campaign by integrating it into the marketing agencies' value chain and developing sector-specific use cases. Additionally, developing a self-care platform for campaign management and ensuring that the products are available on key marketing tools like customer relationship management (CRM) and marketing automation will empower clients to maximize the effectiveness of their direct mail initiatives.

For the digital market, DOs must develop mixed-media services beyond traditional e-mail and telephone messaging, either by working on new services in-house, or by partnering with local and challenger providers of web push/digital direct communication services. Cooperation with other DOs for data sharing and market insights will enable DOs to tailor their offerings to meet sector-specific demands effectively.

# BACKGROUND

The aim of the study is to provide a global panorama of digital marketing, including other new and emerging forms of direct marketing.

The context within which direct marketing takes place has changed considerably over the past decade, as the world becomes increasingly virtualized and digitalized with the emerging metaverse. Nowadays, a multifaceted marketing strategy will comprise a mix of both physical and digital channels, with varying levels of effectiveness. Both direct mail and digital marketing serve to boost sales and continue to play a key role in the development of both domestic and cross-border e-commerce. The recent disruption to the global supply chain, caused by the COVID-19 pandemic, accelerated the adoption of e-commerce as more people worked from home and an increasing number of businesses gained an online presence. There is an opportunity for postal operators to support the expansion of local businesses into cross-border markets and the import of cross-border goods into local markets, by means of direct mail and digital marketing products and services. However, operational cost increases, precise targeting requirements and data privacy legislation continue to constrain most players in this field. While emerging digital technologies and social media pose a threat to traditional direct marketing products and services, they also provide opportunities and offer new ways of reaching the market in a more targeted and less costly way. A global panorama on the direct marketing products and services market will provide the UPU with strategic insights into how to develop the market in a context of growing cross-border e-commerce and digitalization.

The objective of the research is to first set a definition and framework for direct marketing, defining the aims, methodology and scope of the study. The study will then provide a global panorama of

direct marketing services and products offered by operators around the world, including domestic and cross-border trends. The direct marketing market can be analyzed through customer wants and needs. Regional differences in customer needs, wants and motivations can also be identified. This analysis highlights the gap between customer needs and the range of postal direct marketing services and products, and provides recommendations that will effectively meet these needs and the challenges of the market. The study also examines the direct marketing industry and the competitive landscape through its innovation and technological trends, the legal and regulatory frameworks, and the concerns surrounding green direct marketing. This competitive landscape is surveyed to determine the key players and competitors, their offerings and their strengths in the direct marketing market to provide a SWOT analysis of postal operators and competitors and identify opportunities for partnership.

In view of the above, the study will propose possible development scenarios and future trends for direct marketing services and products to increase postal operators' share of the direct marketing market.



# CURRENT PRACTICES

With direct mail, DOs have long been a partner of choice for brands in their direct marketing campaigns. With the development of digital marketing solutions, the position of DOs and the services they offer are being challenged.

The market context in which direct marketing operates has changed considerably over the past decade. A multifaceted marketing strategy now comprises a mix of both physical and digital channels. Based on the results of the questionnaire used for this research, 45% of the 32 responding DOs report that digital direct marketing channels are the predominant direct marketing services offered to their customer (beyond physical direct marketing channels). In addition, DOs are offering the following digital services: e-mail campaigns (52%), telephone messages (26%) and instant messaging (23%).

The direct mail market is significant: the global volume of addressed direct mail delivered in 2021

amounts to around 108 billion items.<sup>1</sup> The total direct mail market is estimated at 37.4 billion SDR across the entire value chain (from concept to delivery). Nevertheless, the data collected shows heterogeneous practices in direct mail between different regions of the world. This observation is reflected in the share of the activity of distributing addressed advertising mail against total mail activity. From 2015 to 2022, addressed advertising mail (see sections 9.7 and 9.9 of the UPU Postal Statistics report<sup>1</sup>) represented on average between 4% and 45% of all mail items (see section 9.2 of the report) from DOs across various geographical areas.

Africa has a low proportion of addressed mail in its outgoing mail mix, with South Africa and Morocco, which account for a large proportion of this region’s mail flows, declaring respectively 1%<sup>8</sup> and 4%<sup>1</sup> of their total outgoing mail as addressed mail. Similarly, the total for the Western Hemisphere region correlates with the result of the

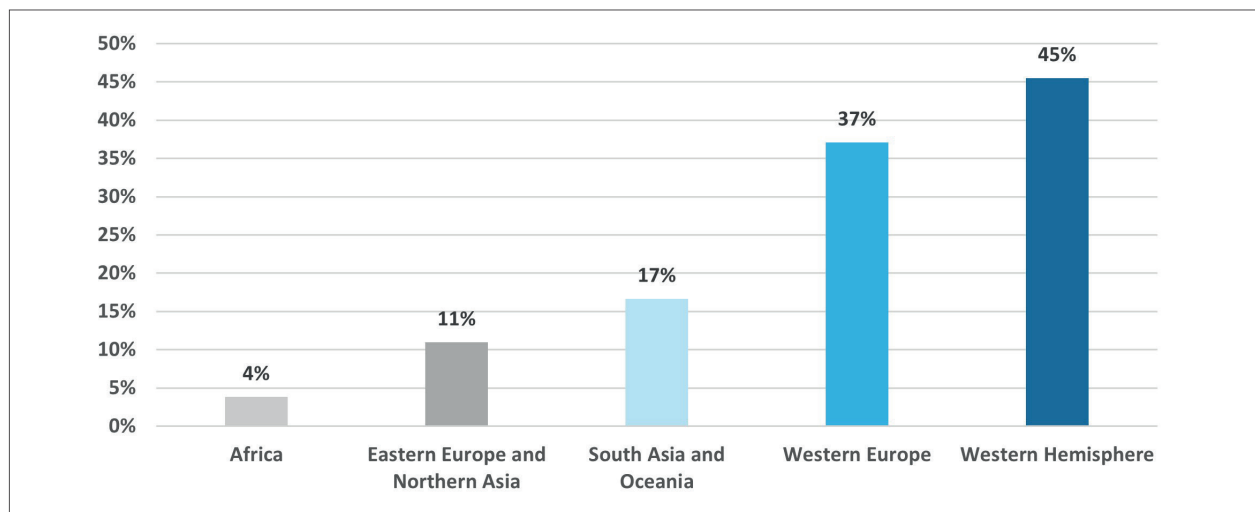


Figure 1 – Proportion of direct mail advertising in the mail mix (UPU, 2015–2022)

United States of America, Brazil and Canada, which account for a large proportion of this region's mail flows. Those countries respectively declared addressed advertising mail as representing 53%, 8% and 27% of their mail flow.

By interacting with marketing agencies, brands and associations around the world, we have identified elements that explain this disparity.

Firstly, the mail culture does not have the same presence in all geographical areas. In Western Europe, mail has historically been at the heart of cultural and commercial exchanges. The countries of the Americas and South-East Asia are disparate: their megacities represent a large part of the mail flow and benefit from structured postal systems, while services in rural areas can be less efficient. Postal services in Africa and Eastern Europe face significant logistical challenges owing to the size of the territories, the accessibility of rural areas, and less developed postal infrastructure.

Secondly, population movements – from rural areas to megacities, as well as within cities – are frequent in certain countries such as India. This trend makes tracing recipients more complex with an absence of mailboxes associated with the correct residence. Addressed advertising mail is therefore less prevalent.

This diversity in reliance on mail according to geographical regions is reflected in the data on the average number of letter-post items per capita between 2019 and 2022. In terms of average number of mail shipments per inhabitant in the reporting countries, the countries of Western

Europe and the Americas differ with larger mailing volumes than those of the countries of Africa and Eastern Europe.

Concerning cross-border flows, 22% of the 32 DOs responding to the questionnaire for this research reported cross-border advertising mail flows in the past six months (addressed and unaddressed). None of the DOs are considering launching such services in the short term. The main obstacles mentioned by the DOs for launching such cross-border services are: lack of a business development strategy and/or a clear vision of market opportunities (59%), operations and technical process with cross-border partners (24%), and economic reasons (18%).

Over the past three years, cross-border marketing mail volumes have decreased for 50% of the DOs, and remained stable for 38%.

In the UPU Postal Statistics 2022 report, the data shows that, among the countries declaring cross-border addressed advertising mail flows, these flows represent between 0.4% and 8% of total addressed advertising mail volume

Through questions to the DOs on their top five DO partners for cross-border direct mail, the study shows that there are area dynamics in play, driven by flows between neighbouring countries. This is notably explained by the local reputation of the brands (stronger when it comes to neighbouring countries), and more simplified access to databases (e.g. protection of data shared in the European Union (EU) space).

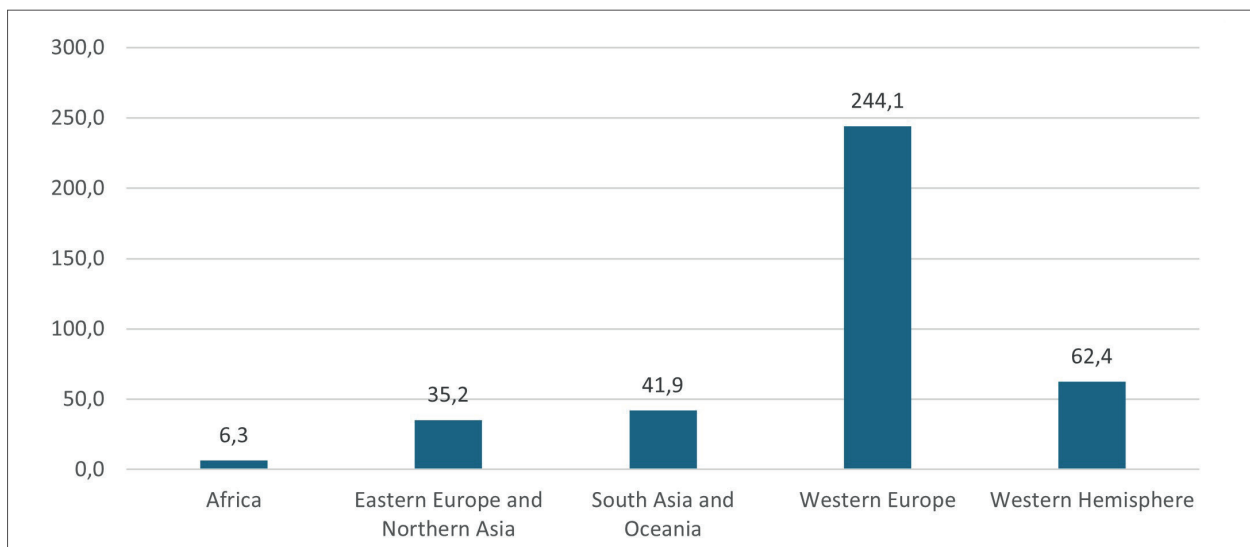


Figure 2 – Average number of letter-post items posted per inhabitant (UPU, 2019–2022)

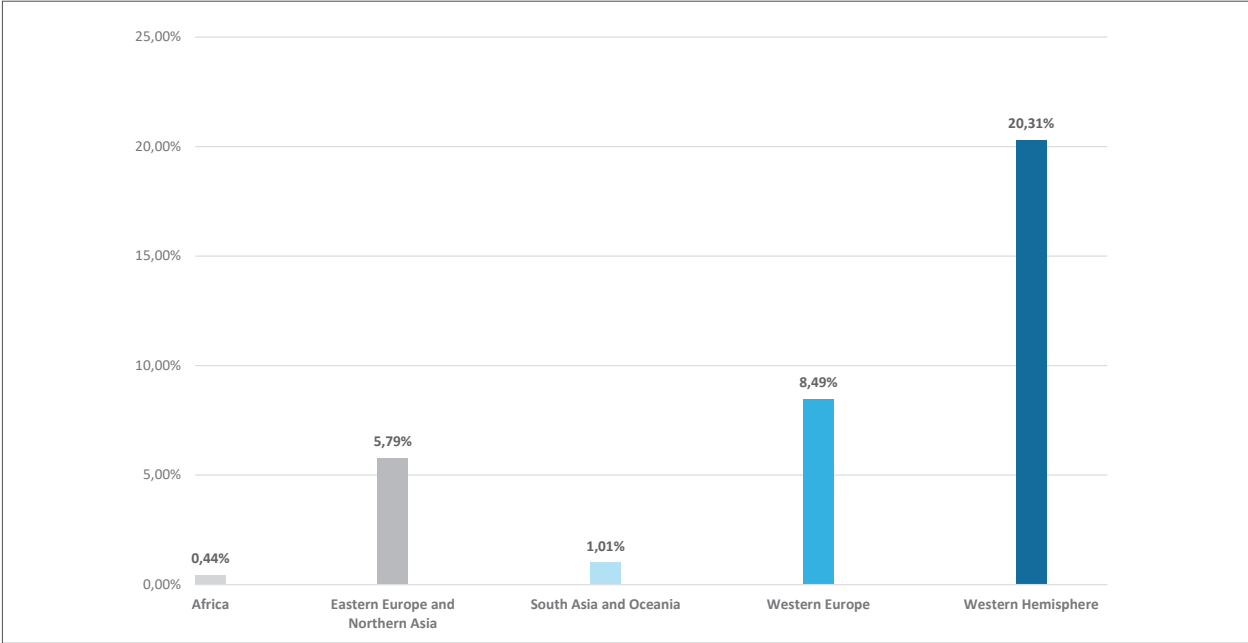


Figure 3 – Proportion of cross-border in the direct mail advertising mix (UPU, 2023). Figures represent only the DOs that reported data.

N.B. – The data displayed for the Western Hemisphere region is too limited (from only two countries) to be considered representative.

The discussions carried out during interviews with different brands, associations and marketing agencies make it possible to identify certain causes that could explain this disparity. Some regions like Western Europe allow a lot of movement of people and goods. Brands located close to a neighbouring country could therefore target cross-border users. Furthermore, the existence of common data protection legislation in the EU gives companies, through regulated access, the possibility of using a database from a neighbouring country in a marketing campaign.

Moreover, on this point, access to qualified address data for recipients seems to be a real obstacle for brands in cross-border campaigns. Postal operators are thus seen as a trusted third party to access this information, via their privileged relationships with the destination postal operator. In the questionnaire used for this research, all of the responding DOs with cross-border direct mail services offer address-based services (providing/verifying the data). A total of 33% of the DOs offering these address-based services are doing so through manual verification.

On the contrary, the absence of a universal rule on data protection makes access to a customer database difficult for an actor located in a distant geographical area. This factor could explain the

difference in cross-border direct marketing strategies for players in Africa and South Asia.

In terms of products supported by the DOs, in the direct mail offer, two distinct categories are clearly mentioned as the most popular items: pamphlets (up to 2 kg) and cards (up to 20 g). A total of 89% of the DOs are accepting samples in the direct mail product, in particular to address the donation and non-profit market.

# MARKETS, PRODUCTS AND SERVICES

## Advertising market trends

The advertising market has undergone major changes in recent years, in terms of both market developments and communication methods.

The market saw an average annual growth of 9% between 2017 and 2022 and is expected to reach approximately 974.3 billion SDR by the end of 2028.<sup>2</sup> It is segmented into different media and can be classified into two categories: traditional advertising tools such as television, radio and newspapers, and digital tools such as digital video, web banners, digital audio and search engine marketing (SEM).

Studies show a transformation in advertisers' communication strategies. Traditional advertising tools, which were once the most-used channels during a marketing campaign, have now been overtaken by digital tools which make it possible to communicate with as many people as possible

while targeting your audience more precisely. The digital medium is expected to represent more than three-quarters of global advertising spending by 2028.<sup>2</sup>

The COVID-19 pandemic further accelerated digital adoption among consumers and influenced their behaviour and the way in which they consume online content. For example, advertising spending increased by 20% on Google paid search and 26% on Amazon sponsored brand ads between the start of the pandemic and the first quarter of 2021.<sup>7</sup>

Indeed, technological advances in recent years have allowed tools connected to the Internet to become part of daily life, while Internet infrastructure has improved their speed and reliability. Thus, advertisers around the world have quickly adopted online media as their main advertising tool, with the proportion of Internet-based communica-

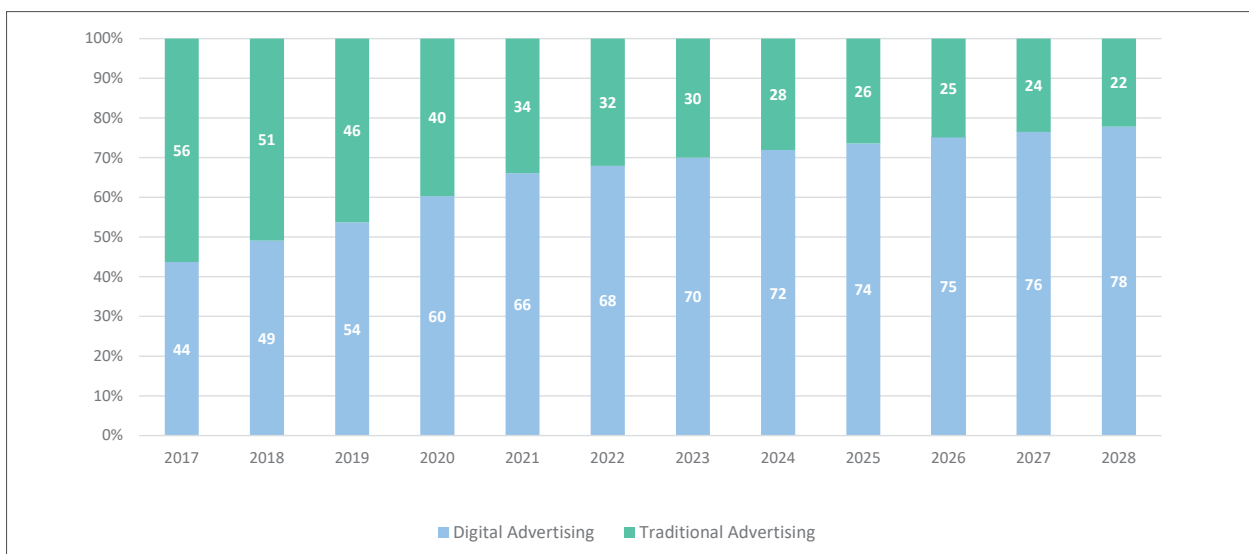


Figure 4 – Evolution of advertising spending share (Statista, 2024)

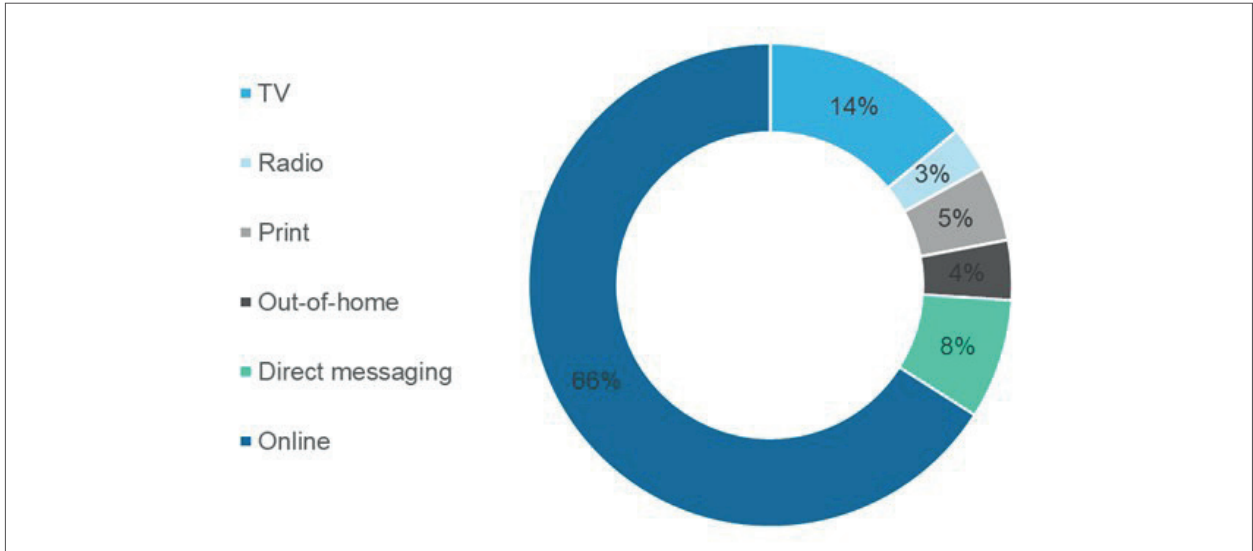


Figure 5 – Advertising spending by medium (Statista, 2023)

tion in the distribution of advertising expenditure increasing steadily in recent years, from 40% in 2017 to 66% in 2023.<sup>2</sup>

Direct messaging accounts for 8%<sup>2</sup> of advertising expenditure by advertisers. This mode of communication allows advertisers to speak directly to the consumer. The term “direct messaging”, or “direct marketing”, includes direct mail, telemarketing, e-mail advertising, web push advertising, SMS and instant messaging. Advertising spending on this mode of communication saw an average annual increase of 3% over the 2017–2023 period<sup>3</sup> and a similar trend is expected to continue, reaching an estimated budget of 67.5 billion SDR in 2028.<sup>3</sup>

The share of direct mail in direct messaging is esti-

mated at 69% for 2023,<sup>3</sup> or 5.52% of total advertising expenditure, and has experienced the same progression since 2017. This means that the major substitution is coming from outside the direct communication products, such as direct response advertising and, in particular, digital advertising – display (banners), search (SEM) and social media.

Although these figures show a slight financial increase in direct mail, they should be viewed in the context of trends in advertising mail volumes. Indeed, a major part of the volume of direct mail marketing depends on the UPU’s Western Hemisphere and Western Europe regions, which account for 71% and 24% of mailing volumes respectively.<sup>9</sup>

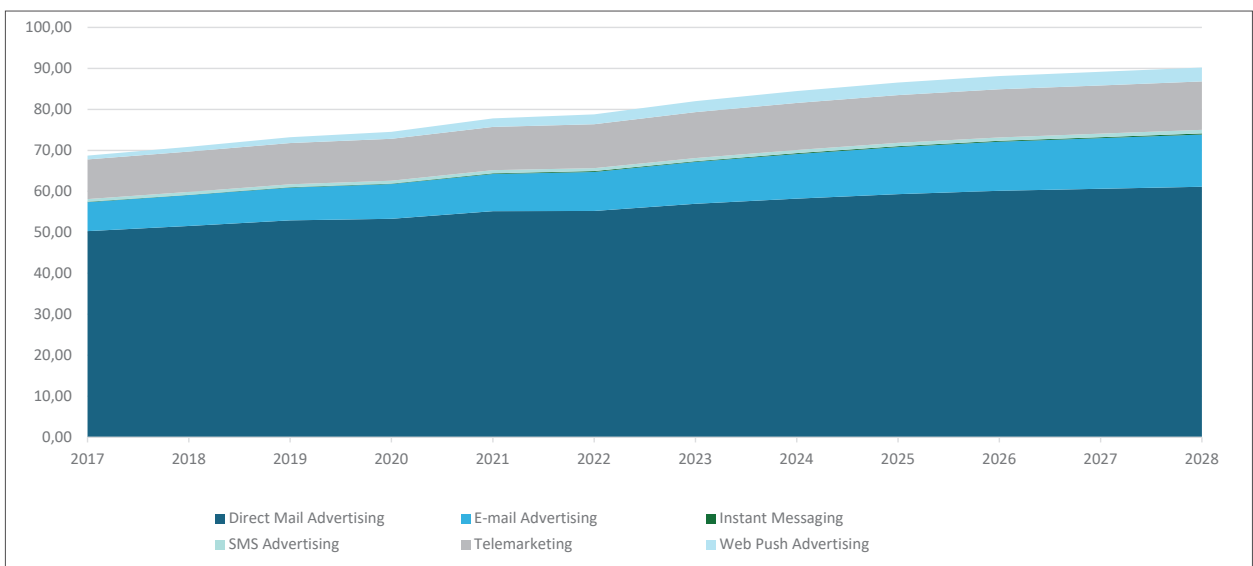


Figure 6 – Evolution of direct messaging (Statista 2024)

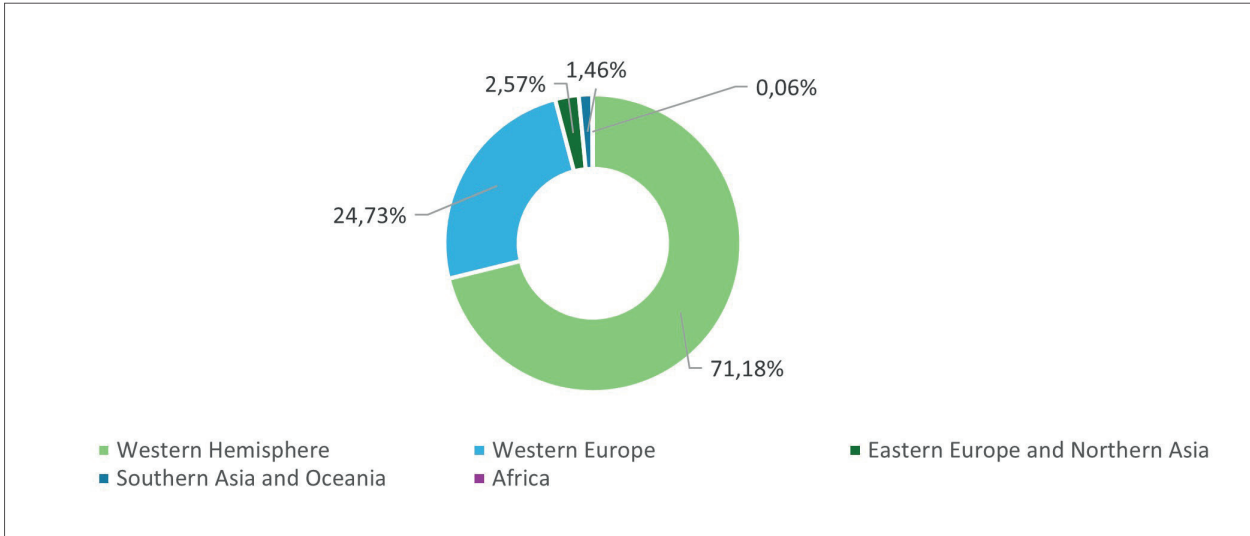


Figure 7 – Average annual volumes of international advertising mail per region (2017–2021) (DMAB, 2024) – Figures represent only the DOs that reported data.

These regions saw a drop in mailing volumes between 2017 and 2021; however, the increase in mailing costs over the same period in these regions could explain the slight financial growth in direct mail.

The increase in direct mail revenues can therefore be considered minimal compared with the development of other channels, particularly digital, which are experiencing strong growth. With 9% annual growth in the advertising market between 2017 and 2022 against 1.8% growth in the value of direct mail over the same period, direct mail is thus losing 7% of market opportunities each year and its market share is diminishing.

In responding to the questionnaire used for this research, 48% of the DOs mentioned a volume decrease in direct mail as the major trend for physical direct marketing. In contrast, 14% mentioned development opportunities for direct mail through artificial intelligence (AI) and data. More specifically, 45% of the DOs noted that the main reason why their clients are not renewing existing contracts is because they are switching to another medium (digital), with 45% identifying a lack of budget as the reason.

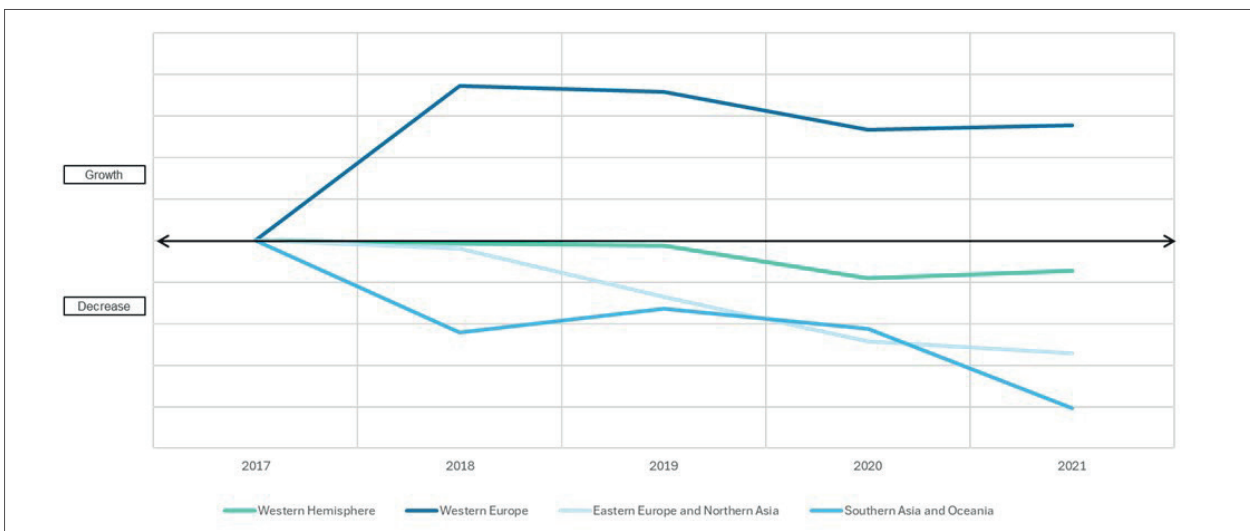


Figure 8 – Evolution in domestic advertising mail per region (100 basis) (DMAB, 2024). Figures represent only the DOs that reported data.

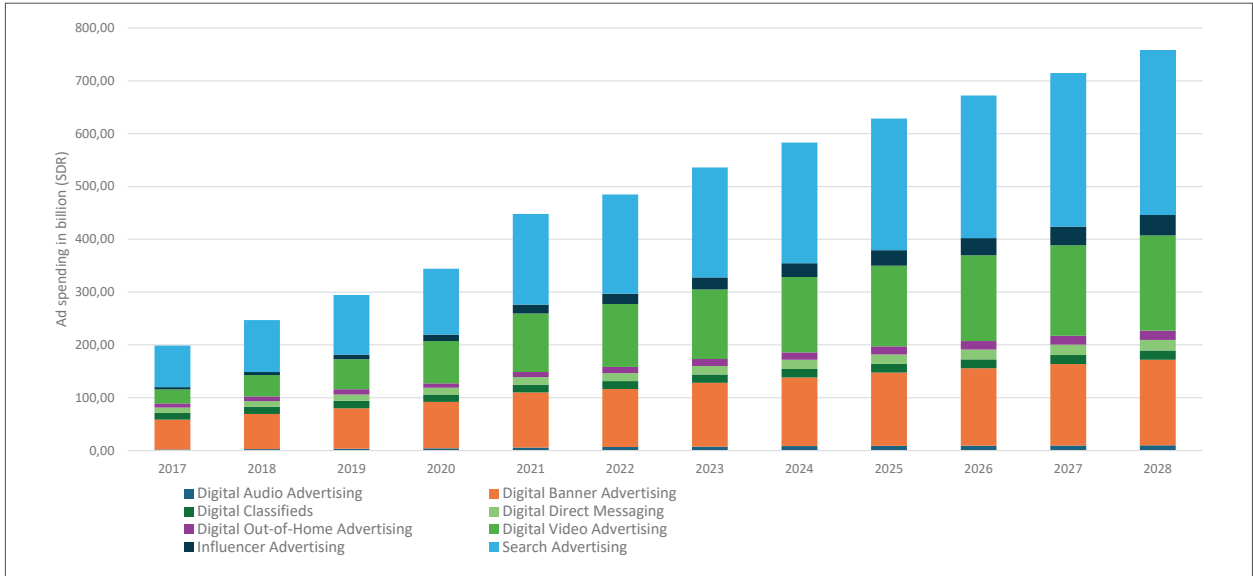


Figure 9 – Evolution in digital advertising spending share (Statista, 2024)

**Market, product and service segmentation**

The advertising market, in addition to being dominated by digital services, is becoming more and more segmented with the appearance of new distribution channels. The democratization of interconnected services – audiovisual, information and communication – has made the consumer much more accessible through new video and audio streaming applications, social networks and shopping platforms. There are therefore considerably more options available to advertisers now in the same marketing campaign. This diversity is reflected within digital media itself by a dominance of three channels – search advertising, video

advertising and digital banners – which respectively represented 208.2 billion SDR, 131.6 billion SDR and 120.6 billion SDR in 2023.<sup>2</sup>

The video distribution channel represents a new opportunity with the emergence of globalized streaming platforms which, thanks to their presence on various media (connected TVs, smartphones, computers, etc.), make it possible to reach a new audience. In addition, these new platforms are not yet saturated with advertising unlike other digital media.

Influencer marketing and digital audio advertising are digital channels which, despite their low

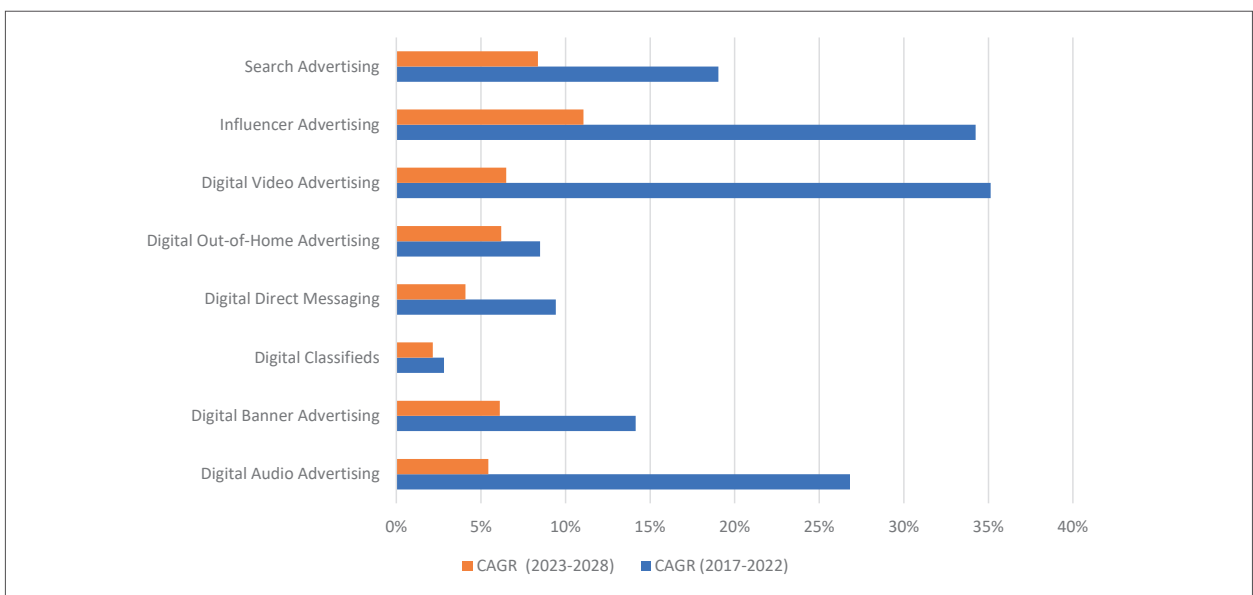


Figure 10 – Evolution in CAGR of digital products (Statista, 2024)

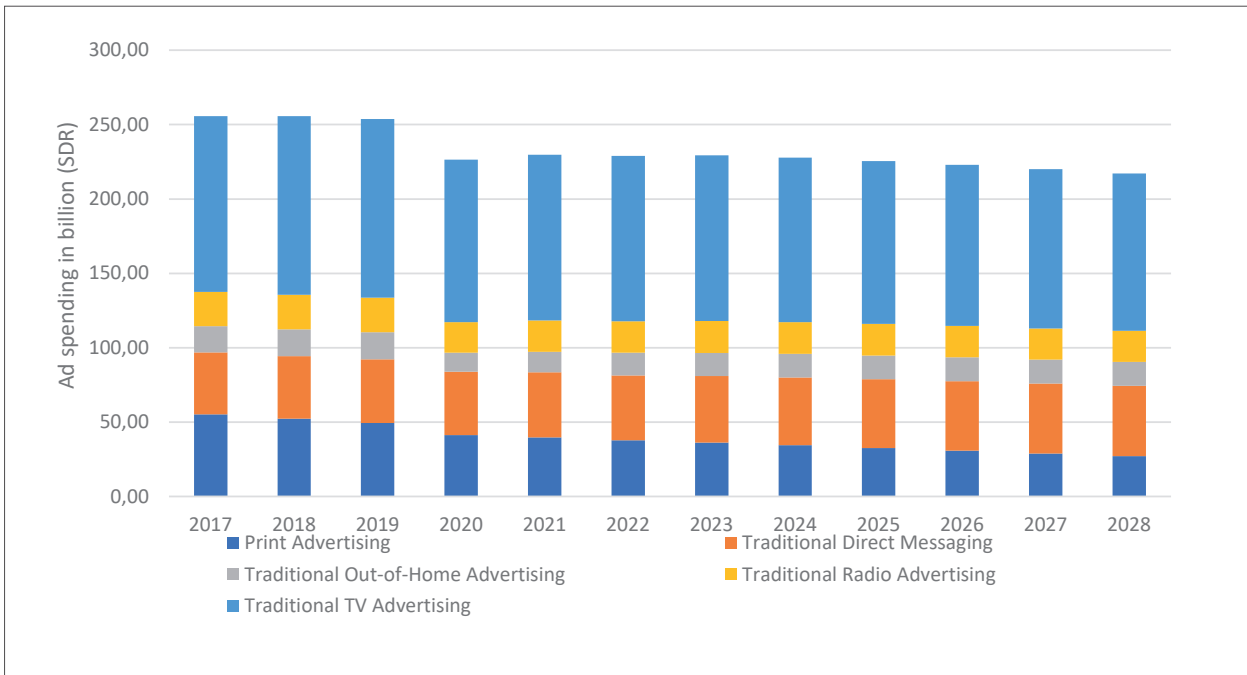


Figure 11 – Evolution of advertising spending share (Statista, 2024)

relative shares, are also likely to present strong annual growth over the 2017–2028 period, with a respective compound annual growth rate (CAGR) of 22% and 15%.<sup>2</sup>

On the contrary, investments in traditional channels decreased on average by 2% per year over the 2017–2022 period.<sup>2</sup> The media channel most affected is print advertising, with an average annual decline of 7% between 2017 and 2022.<sup>2</sup> Traditional direct messaging, which includes addressed advertising mail, experienced weak growth of 1% over the same period.<sup>2</sup>

The exchanges with different brands, associations and marketing agencies during interviews provide information on the actions taken by certain traditional media. To cope with this reduction in investment, the professions in the print advertising channel are coming together for associations and events to promote the press as a societal tool guaranteeing freedom of expression. Advertising investments in newspapers are therefore sold to brands as a means of financing freedom of expression. To cope with the digitalization of advertising, radio and TV media are transforming by integrating their services into digital connected TV platforms or into streaming applications.

### Effectiveness of advertising products

On the other hand, the multiplicity of channels would contribute to restoring visibility to physical advertising mail. Interviews with brands and mar-

keting associations inform us of consumer sentiment regarding the intrusion of advertising into their private space. With direct mail being more infrequent and only present in post boxes, consumers could pay more attention to the content, unlike the inundated digital channels. According to the Direct Marketing Guide developed by International Post Corporation (IPC),<sup>13</sup> the attention time to direct mail is more than seven times longer than the attention time to 30-second TV content, and more than 20 times longer than 20-second YouTube content.

The return on investment (ROI) of addressed mail exceeds e-mail by 11% – the second medium in terms of ROI – and by an average of 20% for the other channels considered in the analysis.<sup>4</sup> Interviews conducted with different communication agencies, however, indicate that addressed mail is an effective medium for certain advertising campaigns and may vary depending on the sector in which the campaign is carried out. The real ROI of direct mail remains difficult to measure in a simple and factual way, unlike that of digital media whose traceability offers more usable data.

In addition, advertisers are experiencing an increase in the cost per click (CPC) of digital media. For example, the median CPC of a Meta campaign increased by 57% between August 2022 and January 2024.<sup>5</sup> The sharp increase in online advertising placements would make addressed physical mail rarer, and therefore more important.



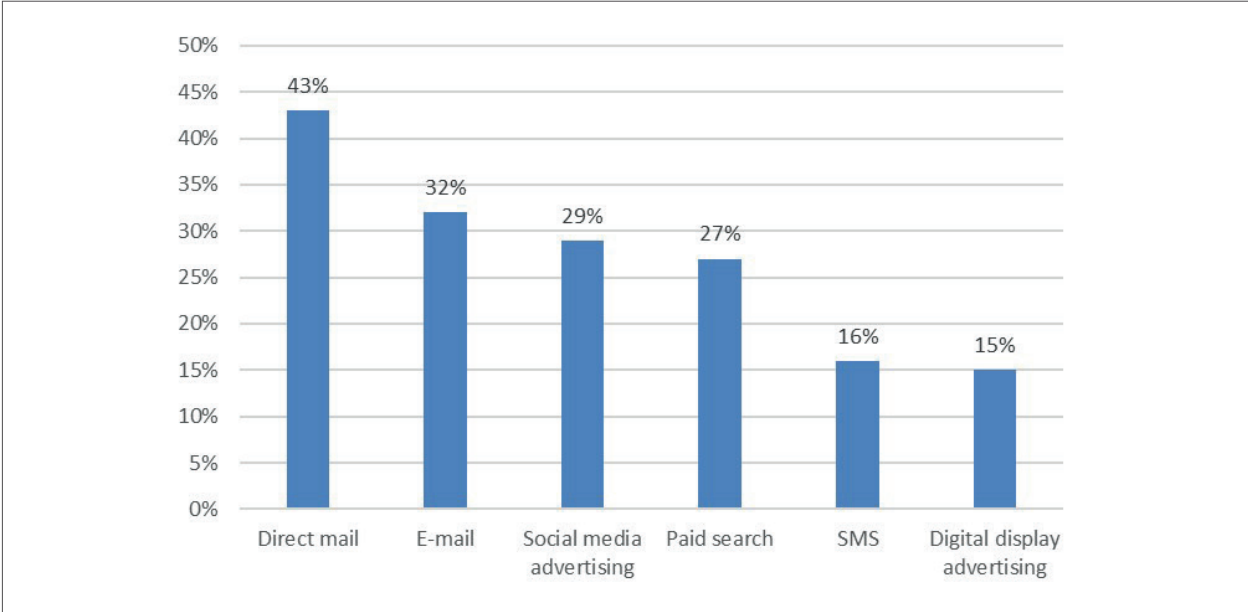


Figure 12 – ROI of advertising campaigns in selected media in the United States in 2022 (Statista, 2022)

However, the attractiveness of a channel for a brand is also linked to other elements such as the unit cost of the media. Depending on the size of its customer base, and the average basket, the use of media with a high unit cost can be a barrier. Indeed, media that are still growing will see a reduction in unit cost in the future owing to the experience effect. The more cumulative production increases, the more the unit cost of production decreases, as is the case with social media and paid searches. We can therefore expect a reduction in the unit costs of these two products, and therefore an improvement in their ROI.

Lastly, it appears that the evolution in the unit cost of an advertising mail campaign varies significantly depending on the country. For example, the basic rate for a domestic priority letter (first weight level) experienced a CAGR between 2018 and 2022 of +7% in France, +2% in Canada, +37% in Estonia, +1% in Djibouti and 61% in Indonesia.<sup>1</sup>

The reduction in mail production costs does not correct the reduction in volumes produced. DOs

may be tempted to increase the price of delivering addressed advertising mail in order to compensate for the drop in volumes seen in many countries. We can therefore expect the ROI of mail, although highly rated today, to decline as stamp prices increase. Conversely, new digital media such as social media and paid searches currently present an attractive ROI which should improve in the coming years.

# CUSTOMERS

Some sectors consume more media budget than others: notably, the FMCG sector, which represented 22% of shares in 2023; retail, with 12% of advertising expenditure; as well as the pharmaceutical/health, telecommunications and entertainment/media sectors, which each equate to 8% of the global budget.<sup>2</sup>

The data provided by the Statista study shows a comparatively minor variation in the relative shares of each industry between 2019 and 2023.<sup>2</sup>

Based on the responses from 32 DOs to the questionnaire used for this research, the data confirms the same trends: the highest demand is recorded for the fashion, beauty and healthcare,

banking and insurance industries. Nevertheless, it is observed that only 36% of the DOs have dedicated offers or permanent promotional services for these sectors.

In addition, customers reported certain needs regarding direct mail that could be improved by the DOs. Based on the questionnaire, the main issues concern quality (33%), prices (33%) and data protection and access (22%).

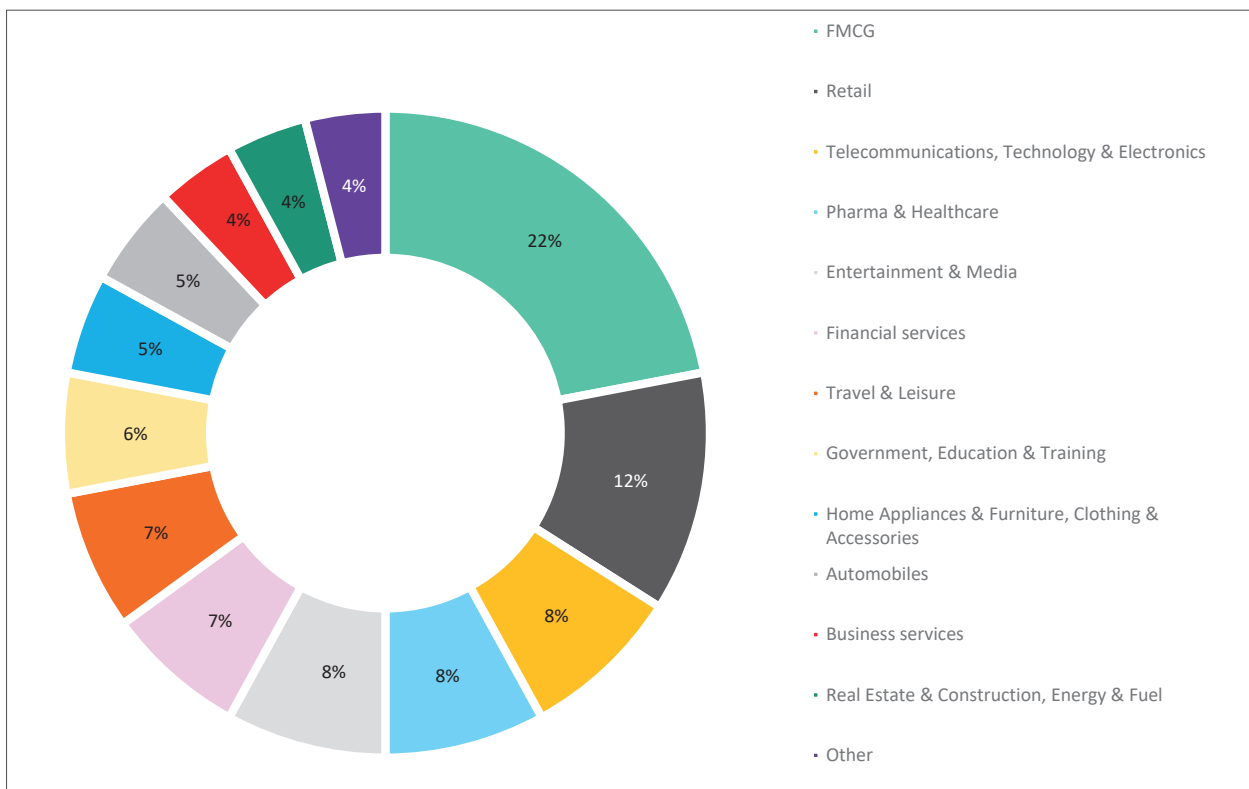


Figure 13 – Advertising spending share by industry (Statista, 2023)

# COMPETITIVE LANDSCAPE

## Key players, competitors and partners

Mail is a medium involving several key players at the different stages of its value chain during an advertising campaign. Marketing and design agencies work with brands to design advertising mail campaigns. Data collected from the 32 DOs responding to the questionnaire shows that, on average, 50% of direct mail campaign materials are designed directly by the customer (at least for creation of the campaign), and 50% are a mix of in-house/outsourced materials.

DOs are then responsible for the physical distribution of the mail to the final recipients, respecting the agreed delivery times. The data collected for this research shows 100% of the DOs to have a sales team to directly contract the customer (intermediated sales are not the preferred channel), and that for 62% of the DOs, new commercial leads are inbound leads through the DO's reputation (website, post offices).

These elements show the complexity of the mail value chain: 60% of brands take on the design of materials in-house (which contrasts with the trend of other digital methods, where it is delegated to marketing agencies). These brands also contract directly with the DO (and therefore must do the same with the other actors in the chain: printer, broker, mailing service, etc.).

During a digital media campaign, client brands work with marketing agencies to develop an effective online advertising strategy, identifying

the objectives, target audience and appropriate distribution channels. The creative teams then produce the advertising content according to the distribution channel (web banners, videos, images). Advertisers then use advertising platforms on different digital channels such as Google and Meta Ads to share their advertisements with the target audience. These platforms offer advanced targeting tools to reach the most relevant users. The performance of the advertising campaign is then analyzed and the strategy is continuously optimized by adjusting budgets, targeting and messages to maximize results. Web analytics tools are used to track user interactions with advertisements and landing pages, providing data on campaign effectiveness and allowing adjustments to be made in real time.

The increase in the number of digital channels encourages brands to concentrate their budget on a single agency. In fact, the agency can adjust the budget in real time depending on the media, based on the objectives to be achieved through customer segmentation.

Faced with the evolving media world, marketing agencies have adapted their model. In the past, they followed a model where experts were organized by distribution channel, with advertisers selecting experts for each customer segment. In this approach, there were experts dedicated to media mail. The organization of the campaign is now centred around a single specialized multi-channel agency for a client that has control over the advertiser's media mix.





Compared to the system of recruiting several agencies for the same campaign, this model allows for cost savings and consistent management over the entire media mix, which can be optimized on a day-to-day basis across all channels. Moreover, it results in the recruited agency assuming a neutral position, with less interest in influencing budgets towards a particular channel in a highly segmented environment. Marketing agency experts are now keenly aware of which channels work for their industry. We are therefore seeing a decline in expertise on mail in agencies.

Interviews with marketing directors confirm that it is this complexity of the market that gives value to advertising agencies today, thanks to their omnichannel management of advertising campaigns and their wider exposure to different sectors. Certain clients wish to use 10 or more distribution channels at the same time in their marketing campaigns, but do not have the tools required to decide on the best channel. The marketing agency will propose a dynamic budget allocation strategy according to the marketing objective. The advertising campaign can be managed according to the customer segment, the product sold and the brand image strategy. This strategy, based on mathematical modelling of the comparative performance of each medium, can be readjusted according to the initial results on different channels. In addition, automation software and platforms allow agencies to mechanically adjust certain marketing campaign communications based on previously defined performance indicators.

The maturity of certain digital channels encourages large groups to internalize part of their marketing budgets with the creation of internal agencies. A survey carried out by the World Federation of Advertisers highlights that the number of multinationals surveyed with an integrated agency increased by 16% compared to 2020 to reach 66% of respondents. A transfer of skills mainly focused on the digital creation aspect, where 56% of the business leaders surveyed plan to transfer more digital production from the external agencies with whom they have previously dealt to their in-house agencies.<sup>6</sup>

However, our interviews with brands and marketing agencies highlight the difficulty of attracting

and retaining talent, the complexity of the market owing to the great diversity of distribution channels, as well as their push for efficiency, leading them to delegate most of the management of their advertising campaign strategies to advertisers.

The advent of digital technology has enabled other players to compete with national postal operators in the direct marketing value chain.

Private printing and direct mail distribution service providers such as PGM in Portugal and Adrexo in France are competing with DOs. In the questionnaire used for this research, 44% of the DOs mention the existence of a private operator in the direct mail market (albeit in some cases, the private operator is a subsidiary of a DO: IMX – Belgium, Asendia – France and Switzerland). They leverage their ability to produce personalized marketing materials in real time and distribute them quickly, offering advertisers an effective alternative to traditional direct mail methods, with reduced costs and accelerated turnaround times. Digital tools now enable complete direct mail solutions, from graphic design to postage and distribution, with segmentation of service providers based on mailing volume.

On physical direct marketing, 44% of the DOs interviewed for the questionnaire mention the existence of a privately owned competitor in the direct mail industry (albeit in some cases, the private operator is a subsidiary of other DO(s) that are involved in the local market, such as IMX in Belgium and Asendia in France and Switzerland).

DOs also face competition from digital communications. The democratization of digital platforms allows certain players such as ActiveCampaign, AWeber, Twilio or even Mailchimp to offer solutions for direct messaging, e-mails, SMS and instant messaging. They position themselves as key players for direct digital marketing mailings. This “self-care” approach of direct marketing campaigns gives visibility to an ecosystem of more traditional e-mail or SMS brokers (all now offer accessible services that can be carried out independently by brands, from a web platform). Regarding digital direct marketing, 33% of the DOs refer to marketing and media agencies as competitors.

Direct mailing services, thanks to their knowledge of direct mail management, position themselves as partners of postal operators. However, through investments in their mail management infrastructure (physical or IT), they have developed capabilities for personalizing and automating mailings according to the specific needs of advertisers. Like direct digital marketing mailers, the emergence of “self-care” platforms has been identified, which allow for the independent creation of marketing mail campaigns. Large routing groups such as Paragon, Quadient or Pitney Bowes play a key role in access to marketing mail offers from DOs, and in the attractiveness of these offers to brands.

Automation platforms for marketing campaigns (Oracle, Salesforce, Adobe, etc.) offer advanced features for customer segmentation, message personalization and campaign automation. While postal operators primarily focus on the physical distribution of mailings and marketing materials, marketing campaign platforms enable businesses of all sizes to interact with their customers through digital channels such as e-mail, social media, push notifications and SMS. Their ability to provide instant, personalized interaction with customers gives advertisers a more direct method to engage with their audiences, bypassing the traditional delivery times associated with postal operators.

CRM platforms are tools that help businesses seeking to effectively manage their interactions with their customers. These platforms offer a range

of features from contact management to sales and marketing automation. Major players like Salesforce, Hubspot or Microsoft Dynamics 365 can be key actors in an advertising campaign and could integrate direct mail sending solutions into a customer relationship strategy.

Another segment of direct marketing, web push, is historically supported by players specializing in the channel (such as OneSignal, Firebase Cloud Messaging and others). We observe that direct digital marketing providers (e-mail, SMS, instant messaging) are now positioning themselves on this channel (Braze, Brevo, etc.) and integrating it into their platform. They are thus continuing their strategy of intermediation and platformization of direct marketing services.

Telemarketing is currently one of the least intermediated channels in direct marketing, with the presence of historical players in business process outsourcing such as Concentrix, Alorica or Teleperformance. We expect AI to have a significant impact on this channel, which could mean a platformization of this channel (in line with other channels).

In the questionnaire used for this research, we noted that 7% of the 32 responding DOs mention other DOs as competitors in the direct mail market, while 87% of the DOs declare that they do not know their market share in the physical direct marketing market (for cross-border).

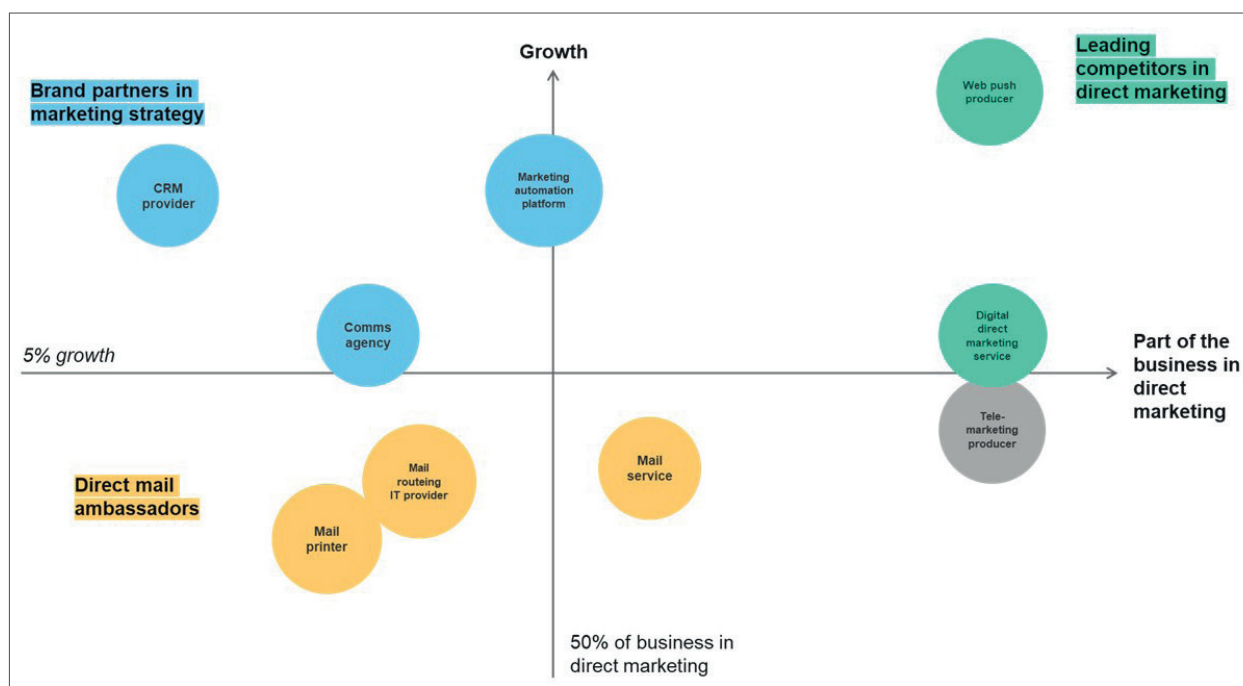


Figure 14 – Direct marketing key players

# STRENGTHS, WEAKNESSES, OPPORTUNITIES AND THREATS

## Opportunities

Mail remains a marketing method with many opportunities.

First, the high demand on digital channels and the drop in mail volumes (marketing and personal) in post-boxes make marketing mail a channel that allows brands to stand out. As revealed in the interviews conducted for this study, this point is compounded by an increase in CPC for digital channels such as e-mail or web push.

Brand marketing strategies are clearly multichannel and personalized, to dynamically adapt according to customer segmentation. Marketing services are thus worked according to sectoral approaches, with the identification of use cases and solutions specific to certain sectors. By focusing on the most relevant sectors for direct marketing, it is possible to fully integrate the standards of marketing strategies (especially if they are pushed by communication agencies).

In particular, the development of new technological solutions for printing, routing and distribution solutions will allow for personalization of mailings to recipients and better monitoring of campaign performance. We are seeing various initiatives aimed at incorporating marketing mail into the media world, particularly by making possible automation scenarios that include marketing mail. According to the IPC Direct Marketing Guide,<sup>13</sup> An Post, Deutsche Post, La Poste Group and Royal Mail are offering programmatic direct mail which benefits from the integration of technology on e-retailers' websites to identify customers' online behaviour. A simple tagging code is added to the e-retailer's website to allow a customer's behaviour to be tracked. This feature enables the e-retailer to track the customer's online journey and, when they fall out of the sales tunnel, it triggers targeted and personalized direct mail that is delivered to their address within 48 hours, leading to improved sales conversion.

The platformization of marketing mailings remains at a lower level of maturity than that of digital direct marketing products, such as e-mail, SMS and instant messaging. We can expect to see development of these services through existing platforms, which have the strategy of offering their customers the widest possible spectrum of services. The reputation of these platforms will provide good visibility to marketing mail, particularly for local brands that have internalized their operational marketing. As distributors of choice for marketing mail, DOs will be able to benefit from a growth driver.

In addition, the number of laws governing the processing of personal data and individuals' rights in this area is increasing, for instance with the General Data Protection Regulation (GDPR) in the EU. Given this growing regulation on data protection, DOs can be seen as trusted third parties and, as a result, direct mail can be perceived as a safer means of communication.

Partnerships with players such as CRM providers, marketing automation companies and communications agencies, which are growing rapidly, can help to increase DOs' share of the direct marketing market, particularly if the market is still being established in the country concerned.

## Threats

The evolution in the organization of marketing campaigns, with budgets funnelled towards marketing agencies, accentuates the presence of multichannel players specialized by sector. These players have an increased input in the decision on whether to use mail in the advertiser's media mix. Furthermore, we note that mail marketing expertise in agencies is declining, with a new generation of specialist marketing experts attracted by digital channels. The move from expertise by channel to expertise by sector is accelerating this decline in agencies.

Rampant digitalization is giving rise to new cost habits. The difference in unit price between mail and other digital media creates a major psychological barrier for the uninitiated.

Moreover, uncertain economic conditions, which are accentuated in certain sectors, could lead to reduced investment in direct mail. Alongside this, direct mail faces a lack of skills and enthusiasm among young marketers.

To compete with the leading competitors in a direct marketing market, such as web push producers or digital direct messaging mailers, substantial investment is needed to catch up in terms of customer experience. It would be a risk to invest as much as the leading competitors if the direct marketing market is already well established in the country concerned.

### Strengths

Advertising mail has unique characteristics in the direct marketing market, which tend to present it as a premium medium that can convey values and emotion.

Mail is a well-known, universal distribution channel, which benefits from an “opt-out” logic for all households that reinforces its effectiveness in the first instance (high opening rate). For this reason, marketing mail enjoys a high ROI.

Marketing mail can offer an eco-responsible alternative, by developing ecological solutions from design (paper, inks, etc.) to delivery (carbon-free distribution methods). The actors in the value chain (designers, producers, distributors, etc.) will then have to educate brands and consumers to change current mentalities – mail is not always seen as an eco-responsible solution, or even as a less eco-responsible solution than digital methods.

Mail offers advantages, the first being a single postal address per household, compared to more than two e-mail addresses per person. Then, unlike e-mail inboxes or digital messaging systems, post boxes are not saturated and are seen as a permanent feature in the household.

### Weaknesses

The lack of data to manage marketing mail campaigns is a key weakness, and one of the reasons why brands are abandoning the medium. This lack of guidance makes it difficult to calculate the ROI (and therefore the provision of proof in the effectiveness of the budget allocated to mail), and limits cooperation with other channels within multichannel campaigns.

Direct mail suffers from a poor reputation among young marketing professionals, not only in terms of ROI but also regarding its environmental impact in comparison with dematerialized means of communication.

The complexity of implementing a marketing mail campaign is also an obstacle. A marketing expert or a communications agency must connect a diverse value chain (printer, mailer, distributor), where the existence of a self-care platform remains very limited.

The unit price of a mail item is often noted by brands as being a barrier, compared to that of digital channels (regardless of the ROI). In addition, the lack of data on the mail limits the relevance of the message and the possibility of traceability of a marketing campaign through mass mailing. On the contrary, Internet media allows for ultra-personalization of the target, whether in terms of timing or the type of customer chosen. Our interviews with communications agencies also showed knowledge and training on mail to be decreasing within the agencies.

In the responses to the questionnaire used for this research, the issues most often raised by customers were the costs of direct mail campaigns, quality of service in delivery (and respect of delivery times), inaccurate or missing data (addresses), and challenges relating to logistical complexities.

# FUTURE SCENARIOS

In this changing environment, strategic decisions can be made to best position mail.

Concerning its inclusion in a marketing campaign, mail cannot compete with digital channels in terms of volume, but it can be effective as a loyalty tool for an already established customer base. It would therefore be useful to select certain sectors expressing a need for customer loyalty and offer specific proposals to benefit from an advantageous ROI. The direct marketing market could evolve from volume to value: rather than integrating direct mail into a mass-market mailing, it could instead be used in premium mailing.

Marketing agencies have a strategic importance when choosing the media to use during a campaign. It would therefore be necessary to include direct mail in marketing agencies' value chain. This integration can be achieved by developing use cases for each sector to inform and retrain marketing agencies on the advantages of using mail.

It would also be preferable to support initial and continuous training on direct mail by communicating with the colleges and universities teaching the communication talents that are later recruited by the agencies to overcome the problem of its referencing as a marketing tool. This training could be continued at a later stage within marketing agencies by means of meetings with DOs and direct mail operators to raise awareness of the advantages of direct mail.

One of the advantages of digital media is the possibility of precisely targeting audiences using data. To compensate for the comparative lack of traceability of mail, DOs could offer products integrating digital elements such as a QR code on the item, campaign monitoring services, or an automated notification integrated into the sending of the envelope. It could be also possible to develop an internal platform that integrates all

marketing tools to launch and monitor direct mail campaigns. Direct mail can also be associated with products available through marketing tools like CRM and marketing automation. In particular, we noted that 63% of the 32 DOs responding to the questionnaire mentioned mixed-media campaigns as a "must have" product in their portfolio.

As indicated during our interviews with agencies, marketing campaigns are carried out at a brand level and therefore become global. DOs might develop mixed-media services that are not limited to e-mail and telephone messaging, in order to create a multichannel campaign. These services can be developed in-house if the DO's country does not yet have any leading players, or in partnership with a web push service provider or a digital direct communication mailing service if the direct marketing market in the country is already well established. In this case, it could be preferable not to partner with the leader in its field but to select local and challenger players. The advertiser could thus include the mail in an omnichannel campaign.

Postal operators will have to decide on a development strategy for their direct marketing products, which will be either to invest in new solutions or to partner with high-growth products that have a CAGR of over 5%. Investment or partnership decisions should be made according to the conditions of each domestic market. For each country's market, it will be necessary to observe which direct marketing product is experiencing strong growth in advertiser spending shares and is replacing the others in terms of budget expenditure. For example, 40% of the 32 DOs responding to the online questionnaire position telephone marketing as their most popular digital direct marketing product, which is substituting the market share of direct mail products. It would, for instance, be interesting for an Italian operator to invest in digital marketing products on smartphones, given that mobile



internet advertising spending in Italy experienced an average annual growth of 28% between 2017 and 2022 and is expected to grow 9% each year until the end of 2027.<sup>10</sup>

Moreover, investment in new direct marketing products will depend on the maturity of the local market, following the “make or buy” dilemma. If the product’s market has emerged in the past two years, and if the DO has significant assets for this market (e.g. IT infrastructure, in-house expertise, brand reputation, production capacity, etc.), it could be preferable to invest directly in this market. On the other hand, if the growing direct marketing product is in an already mature market with established competitors, it would be preferable to forge partnerships with the established players. It could be beneficial to enter into partnerships for high-volume marketing products such as SMS messaging or e-mail with well-known players in this market, to reach a significant market size.

For the purposes of this study, let us take the example of Italy: video content is the leading digital advertising channel in Italy (in terms of value), accounting for almost a third of the country’s total digital advertising spend.<sup>11</sup> The channel is expected to grow by 5% each year until 2028.<sup>12</sup> It would be important to explore how the local DO can capture part of this growing market, and how the media currently used by the DO can better interact with video content. Depending on the local maturity of video content creators (fairly high) and the DO’s strengths in this channel, it will be necessary to decide whether the DO can create its own content (i.e. can catch up with the leading players) or whether it should form a partnership to integrate into and/or connect to the value chain

Lastly, cooperation between DOs could enhance development of direct marketing products. In fact, 25% of the 32 DOs responding to the online questionnaire mention greater cooperation between DOs as a lever of development. It could be ben-

eficial to develop cooperation with other DOs for access to recipients’ data, enabling geomarketing strategies for cross-border campaigns. Such marketing campaigns could be carried out by regional segmentation based on the type of urban area, age bracket or median income level in the chosen area, depending on the product being marketed.

Cooperation with other DOs through IT and data tracking can provide access to a secure database that is guaranteed by the postal operator as a trusted third party. This database of customer information can be updated in time to track the progress of the advertising campaign. In this way, it can enable planned strategies to be implemented for direct mail dispatch dates and omnichannel marketing campaigns.

Information could also be shared between DOs concerning regulatory and legal constraints in the destination country, such as the various laws on data protection and customs regulations.

Moreover, DOs can cooperate on the trends in their respective local markets to highlight the performance of each channel for each sector. For example, each DO could provide a matrix of information on the performance of each sector in terms of the marketing product used, and its effectiveness in terms of the geographical area targeted.

# CONCLUSION

Based on the global panorama gained through this research, we recommend the following actions to DOs to strategically adjust their direct marketing portfolio:

- **Support customers in the premiumization of direct mail (from volume to value).** Looking ahead, the projected outcome for DOs involves a strategic shift from volume to value in direct mail, emphasizing premium, personalized services. There is also mutual benefit to be gained in greater collaboration among DOs, especially in sharing data and technology, to enhance service offerings and compete more effectively in the digital space. DOs need to consider the local market context and adapt their strategy accordingly. A product-by-product analysis is required to determine whether the market is growing or is already well established, and the DO will need to position itself either alone or with a partner, depending on the level of the competition.
- **Develop mixed-media services beyond e-mail and telephone messaging.** To thrive in the evolving direct marketing landscape, DOs must adapt to the growing dominance of digital channels while maintaining the value of traditional direct mail. The advertising market is rapidly transforming, with a marked shift towards digital channels. Despite the value of traditional direct mail, digital direct marketing services – such as e-mail, SMS and social media – are becoming increasingly dominant. DOs must diversify their portfolios to include these digital offerings if they are to remain competitive. They must also innovate their traditional direct mail services, integrating them with digital offerings to meet the evolving needs of their customers. This dual approach, combined with strategic partnerships and
- enhanced data capabilities, will allow DOs to stay competitive and capitalize on emerging market opportunities.
- **Develop cooperation with other DOs on local market trends (performance of each channel for each sector).** Current practices among DOs reflect a heterogeneous approach to direct marketing, with significant regional differences in the adoption of digital services. In some regions, digital direct marketing is predominant, whereas traditional direct mail still plays a crucial role in other areas. However, the overall trend is clear: digital channels are eroding the market share of physical direct mail. Indeed, 50% of the surveyed DOs are losing clients who are switching to digital media, emphasizing the need for digital transformation.
- **Include direct mail in the marketing value chain by developing use cases for each sector (agencies, marketing tools, etc.).** This action requires cooperation with other DOs for access to recipient data, IT and tracking. Customer demand is increasingly centred around sectors like fashion, beauty, healthcare and financial services, with a clear preference for more personalized, multichannel marketing strategies. This shift is driven by the growing importance of data-driven approaches, where advertisers seek solutions that offer measurable results and a high ROI. DOs must therefore enhance their data analytics capabilities and offer personalized marketing solutions that integrate both digital and physical elements.

- **Support initial and continuous training on direct mail.** The competitive landscape is intensifying, with private “digital-first» companies and marketing agencies that tend to favour digital solutions as they master them better. These competitors offer sophisticated digital solutions, forcing DOs to rethink their strategies. Despite this, DOs have unique strengths, such as their trusted status in handling sensitive data, and their ability to offer premium, eco-friendly, efficient direct mail solutions. However, these advantages are underutilized, particularly among younger marketing professionals who may not fully recognize the value of direct mail.

# BIBLIOGRAPHY AND ENDNOTES

<sup>1</sup> UPU. Postal Statistics 2022 (2023)

The data studied comprises information relating to the total volume of letter-post mail (section 9.2 for the domestic service), and advertising mailings which includes direct marketing mailings (section 9.7 for the domestic service and 9.9 for the international/cross-border service) and unaddressed printed matter (“all boxes” and “targeted”). The total volume of mail in principle includes both ordinary items and items subject to special processing (registered items, insured letters, newspapers) as well as advertising items and hybrid mail.

<sup>2</sup> Statista. Advertising – Worldwide (2023)

<sup>3</sup> Statista. Direct Messaging Advertising – Worldwide (2024)

<sup>4</sup> Statista. Return on investment (ROI) of advertising campaigns in selected media in the United States of America in 2022 (2022)

<sup>5</sup> Statista. Meta advertising cost-per-click (CPC) in Europe from August 2022 to January 2024 (2024)

<sup>6</sup> World Federation of Advertisers. In-housing set for rapid and continued growth at major multinationals (2023)

<sup>7</sup> Merkel. The Key Trends in Digital Marketing in Q1 (2021)

<sup>8</sup> UPU Direct Marketing Advisory Board (DMAB). Case study: South African Post Office – Impact of the lack of a digital platform for direct mail (2023)

<sup>9</sup> UPU Direct Marketing Advisory Board (DMAB). Direct Marketing Services (2024)

<sup>10</sup> Statista. Internet advertising spending in Italy from 2019 to 2023 (2023)

<sup>11</sup> Statista. Digital Advertising – Italy (2023)

<sup>12</sup> Statista. Ad spending of the video advertising market in Italy from 2019 to 2028 (2023)

<sup>13</sup> IPC. Direct Marketing Guide (2024)



UPU

UNIVERSAL  
POSTAL  
UNION

**UNIVERSAL POSTAL UNION**

International Bureau  
Weltpoststrasse 4  
3015 BERNE  
SWITZERLAND

Tel: +41 31 350 31 11  
E-mail: [info@upu.int](mailto:info@upu.int)