

ANALYSIS

THE VALUE OF PERSONALIZATION IN MARKETING COMMUNICATIONS

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Introduction

In the constant battle for consumer attention, printed direct mail sometimes struggles to get the attention it deserves when marketing managers are creating their budgets. In today's world, marketing is a continual struggle over which methods (or combination of methods) will work best for acquiring new customers and maintaining existing customer relationships. Ongoing research conducted by Keypoint Intelligence provides actionable insight on what consumers value in the marketing pieces they receive across various communication channels.

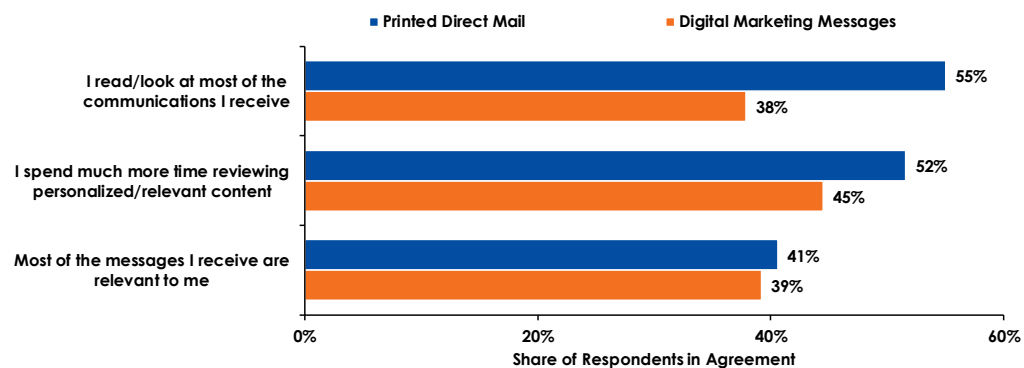
To further its research on the role of personalized direct mail, Keypoint Intelligence conducted a web-based survey of over 1,500 consumers in the US and Canada. Leveraging data from our *Annual State of Marketing Communications Consumer Survey*, this document explores the factors that can make direct mail effective. It also considers when (and how) it pays to send personalized messages.

How Does Direct Mail Stack Up?

According to Keypoint Intelligence's survey data, consumers' opinions about direct mail remain quite positive, even in this digital age. In relation to direct marketing messages, consumers were more likely to agree that they read most of their direct mail. They were also more likely to consider their printed direct mail relevant, and reported spending more time reviewing this mail when it was personalized and relevant.

Figure 1: Opinions About Direct Mail vs. Digital Marketing Messages

To what extent do you agree with the following statements about printed direct mail/digital marketing messages?



N = 1,550 Consumers in the US and Canada
Source: *Annual State of Marketing Communications Consumer Survey*, Keypoint Intelligence 2020

The data in the previous chart clearly shows that consumers pay more attention to direct mail—whereas 55% of respondents reviewed most of their printed direct mail, only 38% of these same respondents read most of their digital marketing messages. We all know how easy it is to mass-delete or ignore spam e-mail or unsolicited digital messages. In contrast, printed direct mail pieces are at least individually considered before the recipient makes a decision about keeping or discarding them.



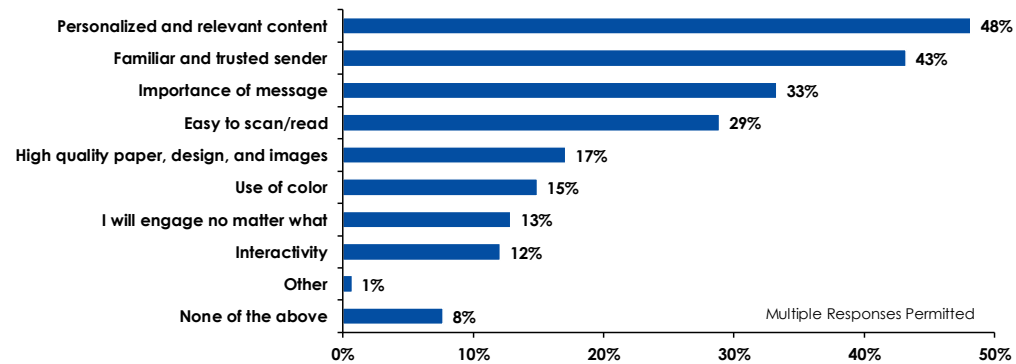
Consumers are also more likely to agree that they spend more time with printed direct mail pieces that are personalized and relevant than they do with comparable digital marketing messages. This is important because communications are more likely to be acted on when they are reviewed for a longer duration.

Consumers' Perspectives on Personalization

When consumers were asked about the factors that made them most likely to read/review a printed direct mail piece, personalized and relevant content topped the list, followed by a familiar and trusted sender. The importance of the message and a communication that was easy to scan/read rounded out the top four. It is interesting to note that these four factors, in the exact same order, were also the top reasons for reading/reviewing digital marketing messages.

Figure 2: Reasons for Reading/Reviewing Printed Direct Mail

Which of the following factors make you most likely to read/review a printed direct mail piece?



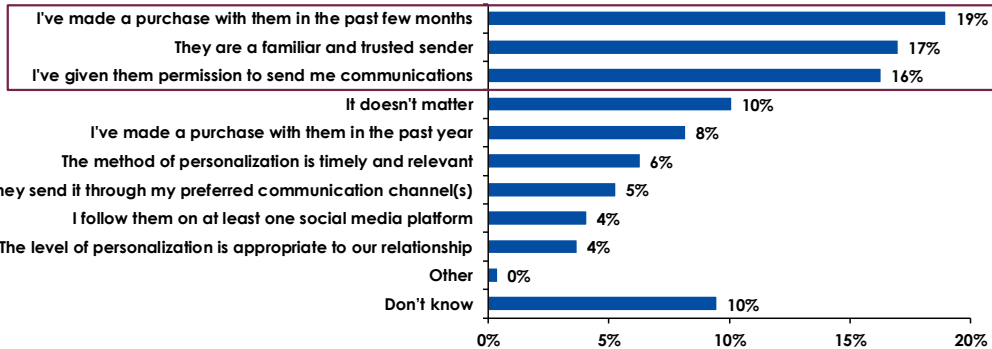
N = 1,472 Consumers in the US and Canada who read/review printed direct mail before throwing it out
Source: Annual State of Marketing Communications Consumer Survey, Keypoint Intelligence 2020

There is no question that personalized and relevant content is important, but what makes consumers comfortable with receiving these types of messages? When survey participants were asked about the qualifications they expected a business to meet before sending them highly personalized marketing communications, the top three responses all pointed to a pre-existing relationship with the recipient.



Figure 3: Prerequisites for Sending Highly Personalized Marketing Messages

What is the bare minimum qualification a business must meet before you are comfortable with them sending you highly personalized marketing communications?

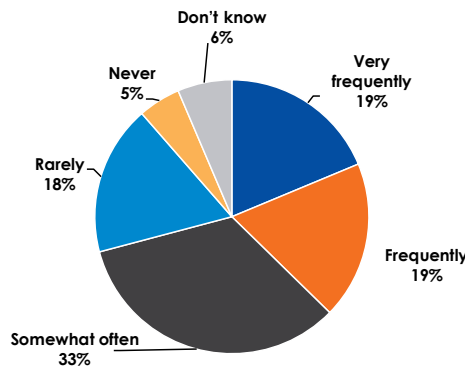


N = 1,550 Consumers in the US and Canada
 Source: Annual State of Marketing Communications Consumer Survey, Keypoint Intelligence 2020

Perhaps due to the difficulty associated with delivering highly relevant and personalized messages, consumers report receiving relatively few such messages. Less than 40% of consumer respondents received highly personalized messages frequently or very frequently. Meanwhile, nearly a quarter rarely or never received these types of messages. This speaks to a missed opportunity for direct mail and digital marketing messages alike.

Figure 4: Frequency of Receiving Highly Personalized Marketing Messages

How frequently do you receive highly personalized marketing communications (e.g., those that contain very specific information about you beyond salutation and basic contact details)?



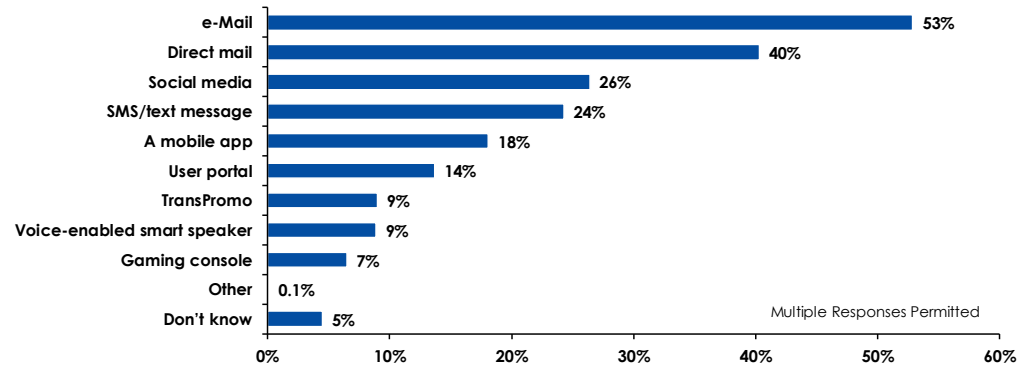
N = 1,550 Consumers in the US and Canada
 Source: Annual State of Marketing Communications Consumer Survey, Keypoint Intelligence 2020

Rising above the noise of digital marketing messages is one important advantage of direct mail—print is physical and constant, and a reminder that remains when the digital device is turned off or the e-mail message is deleted. Even an unopened envelope that is sitting on a kitchen counter provides a reminder of an unpaid bill or some sort of marketing offer. Among those consumers that have received highly personalized marketing messages, e-mail was the most popular channel, followed by direct mail. Although direct mail came in second to e-mail, it did come in ahead of many other digital delivery methods.



Figure 5: Sources of Highly Personalized Marketing Messages

Where have these highly personalized marketing communications come from?

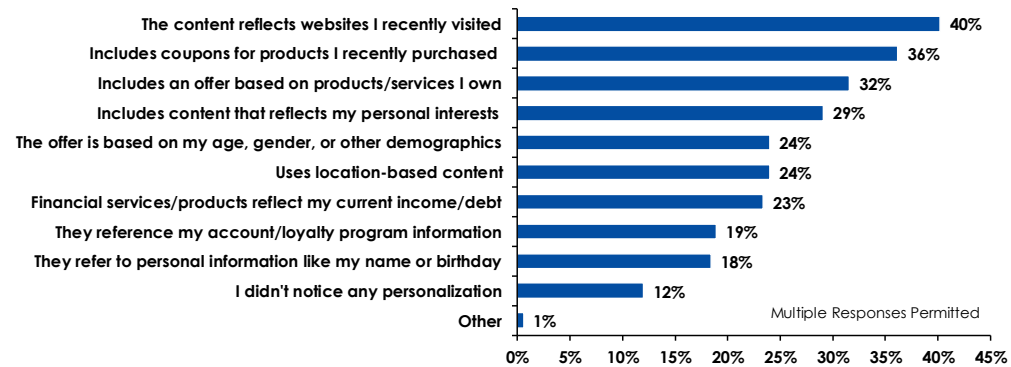


N = 1,373 Consumers in the US and Canada who have received highly personalized marketing communications
 Source: Annual State of Marketing Communications Consumer Survey, Keypoint Intelligence 2020

The methods of personalization cited by consumers reflect the same types of factors that they consider prerequisites for such messages. The top three reported methods reflect an existing relationship (e.g., websites recently visited, coupons for recently purchased products, or offers based on items that are already owned). The next tier of responses are more generic, and relate to personal interests, demographic information, location, and income/debt.

Figure 6: Methods of Personalization

How have these highly relevant marketing communications been personalized to you?



N = 1,373 Consumers in the US and Canada who have received highly personalized marketing communications
 Source: Annual State of Marketing Communications Consumer Survey, Keypoint Intelligence 2020



Recommendations

As you help your customers with their marketing campaigns, consider how direct mail and the effective use of personalization can help achieve your clients' marketing strategy goals. Keypoint Intelligence's consumer marketing communications research supports the following recommendations:

- ◆ **Take advantage of the most effective method:** Printed direct mail stacks up very well against digital direct marketing messages in terms of how consumers react to it.
- ◆ **Use personalized messages appropriately:** Personalized messages are most appreciated when they are relevant, familiar, and come from a trusted source.
- ◆ **It's the message, not the media:** Whether it is delivered in print or electronically, consumers agree that they appreciate important messages with personalized and relevant content from a familiar and trusted sender.
- ◆ **Personalization is underused!** Only 19% of consumers are receiving highly personalized messages on a very frequent basis. Meanwhile, 23% never or rarely receive personalized messages. There is certainly an opportunity for more personalization, but this will be most effective when the content comes from a trusted source.
- ◆ **Location, location, location:** Direct mail has an advantage in terms of location-based content. A street address will provide a good idea of the recipient's physical location, but e-mail addresses and social media accounts are often less reliable.
- ◆ **Interests and needs:** If no relationship exists, marketers can still find ways to personalize based on the recipient's interests (which may be revealed by website visits or other purchases), personal needs (which may be ascertainable by understanding the recipients' demographics), and physical location. A message about a local restaurant or retail store may not seem personalized to the recipient, but a QR code, map, contact information, or specific directions can make it so.
- ◆ **Timeliness:** The overall relevance of a message is tightly tied to when it is delivered. What good is a promotion for a concert or a sale if the message arrives after the event is over? In that sense, relevance is related not only to the interests of the recipient, but also the usefulness of the message based on the timeliness of its arrival.
- ◆ **The power of multi-media:** Previous research from Keypoint Intelligence underscores what most print service providers already know—effective marketing campaigns have multiple touchpoints with the combined use of print and electronic media.



opinion

The Bottom Line

All businesses want to develop and execute effective marketing campaigns, but this is by no means an easy task. Fortunately, you can remove some of the guesswork by understanding what today's consumers value and expect from their marketing communications providers. By delivering marketing communications that are relevant, appropriate, and effective, businesses can build on a consumer's trust of a given brand or product. Even if a pre-existing relationship with a customer does not exist, it is possible to foster a connection by developing an understanding of his/her physical location, personal interests, or previous purchases.



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