



## 'Dead-tree Medium' No Longer: For Many Marketers, Print Outperforms Digital

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Paper costs are rising, mail rate hikes are looming and competition from new media continues to grow. Yet marketers' use of direct mail and other printed materials is stronger than it's been in years. Thanks to variable-data printing, companies can now tap purchase-history databases to design, create and print entirely personalized catalogs that cross-sell products and services to individual consumers. They can also combine print with other media in the evolving discipline known as cross-channel marketing.



According to the U.S. Postal Service, approximately 103 billion items were mailed at the commercial rate last year, surpassing the nearly 96 billion letters sent first class. The Direct Marketing Association (DMA) projects print-based expenditures will rise slightly in the 10-year period ending in 2012, even as traditional mass media channels -- TV and radio, but especially newspapers and magazines -- continue to struggle.

### 'People Want to Feel Special'

Mocked as a "dead-tree medium" not long ago, print today defines as its core strength the flexibility once claimed by digital communications. Email, hailed in its infancy as a cost-effective panacea, has grown into an unruly adolescent with a spam-tarnished image that keeps many legitimate marketers away. Traditional broadcast and print media face eroding readerships and struggle to preserve their shrinking advertising base. And flavor-of-the-moment digital media, like blogging and instant messaging, are potentially paradigm-changing, but still untested.

According to Wharton marketing professor [Eric Bradlow](http://marketing.wharton.upenn.edu/people/faculty.cfm?id=8) (<http://marketing.wharton.upenn.edu/people/faculty.cfm?id=8>), print offers marketers a clear advantage over digital media, such as email. "Many people see email as impersonal and costless to write," he says. "People want to feel special. In marketing [terms], email is transactional; paper is relational."

Ed Manzitti, chief researcher at the DMA, suggests that paper is *both* relational and transactional. "Print is very much a potent channel for marketers," he says. "It has a flexibility that online doesn't offer to the same degree, and it has the possibility of tremendous personalization. But the biggest attraction may be simply that people read it -- to a degree they don't read email. The marketer can include four or five pages of words with the expectation it will get read. An email? You better make it short and punchy, because that's all you can expect will be read -- maybe."

It's clearly a change from the late 1990s when the direction of mass marketing seemed strictly digital. Indeed, commercial printing has gotten its momentum back in large part by doing what digital was supposed to do best -- creating and delivering the highly-individualized message. It has done this through variable-data printing -- also called one-to-one printing -- where marketers create, print and distribute mailers customized around individual profiles. Companies like Xerox have helped push this along.

Robert Pente, a strategic-marketing consultant based in Toronto, worked closely with Xerox last year to develop a cross-selling direct mail campaign for Reader's Digest Canada. Pente's job was to integrate the client's databases with its internal catalog-printing operation, allowing Reader's Digest to cross-sell by creating individualized catalogs. His team wrote a program that first tapped each

customer's buying history, then created a personalized catalog that reflected presumed interest in other products and services. Each catalog was designed based on the customer's past purchasing history, affinities and demographic information.

"If a person buys a book called *The Battles of World War II*, we know that person is also likely to buy *Chevy Hot Rods* and maybe *Stamp Collecting through the Ages*," he says, offering fictitious titles to illustrate his point. "There's a good likelihood he will buy a book on home repair, too." Like any marketer, Pente wants to contain costs. "This guy isn't buying a book on embroidery," he adds. "Let's not waste a catalog page trying to sell him that."

But a country-music CD or a country-music DVD is another story. "It's all about the database and the customer profile," Pente notes. Typically, customer profiles centralize data about an individual's purchasing habits from a variety of sources, while factoring in demographic information such as age, income and lifestyle. Products bought by neighbors might also be touted. He says his campaign resulted in sales increases that Xerox now cites to potential customers: a 74% overall increase in sales, paced by a 111% increase in DVD sales in the lead test group.

### Sunday's Ads and Tuesday's Circulars

While catalog printing captures the industry's high-tech side, the bulk of direct-mail's print expenditures still goes to the workaday world of inserts, post cards and circulars -- a shoulder-to-the-wheel business little changed from previous generations.

"Everybody talks about digital media and the Internet and cell phones -- blah, blah, blah," says Therese Mulvey, a vice president of marketing with Valassis Communications, the insert-media giant. "The fact is, people like paper, and we know paper works. People have habits. They buy the newspaper on Sunday and get the Sunday ads. They get the circulars on Tuesday. This business will always have a place."

Perhaps. But newspapers are thinning down, and readerships are dwindling. Expenditures on newspaper inserts dropped 3.7% between 2002 and 2007, according to the DMA. Some of that business is migrating to electronic media. Email expenditures tracked by the DMA rose 14.5% during the same five-year period; another 20.2% cumulative increase is envisioned between 2007 and 2012. Also on the upswing are Internet marketing expenditures other than email, including projects that generate consumer-created content, efforts to place stories and items with bloggers, and instant messaging, a popular strategy among marketers targeting the under-30 set.

Tricia Robinson, vice president of market and product strategy for StrongMail Systems, an email solutions provider, says that while email has not replaced direct mail, as some early advocates predicted, it has grown into a respected partner. "We're seeing more and more companies integrating email with catalogs and other forms of direct mail. Sending catalogs is expensive. You want to encourage people to read them, so you send emails saying their catalog is coming."

As for the impression that all unsolicited email is garbage, she strongly disagrees. "When I send out emails, I get an open rate of 40%," she says. "I can then send each one of them another message based on that behavior. We can drill down quite a bit. The goal is to set up campaigns so that e-mailers can market based on behavioral traits" rather than endless solicitations.

Still, people hesitate before responding to email from strangers. Gary Lindsey, vice president of marketing at the Parent Company, a holding company with 10 consumer product brands aimed at young parents, says that while his companies are primarily Internet-based, he still drives sales through print catalogs. "There's real return-on-investment from those catalogs. About one-quarter of our customers come back to the web site and spend, based on our emails. When we send them catalogs, about 36% return and spend." His conclusion: "People love shopping online, but there is something powerful when you combine print and Internet."

Cross-channel marketing -- sometimes called Integrated Proximity Messaging -- "really means you should be communicating with your customers in every medium they attend to," says [Patti Williams](http://marketing.wharton.upenn.edu/people/faculty.cfm?id=21) (<http://marketing.wharton.upenn.edu/people/faculty.cfm?id=21>), a marketing professor at Wharton. "You should strive to deliver the right message in just the right medium. Some messages are best received by letter, others by email or by phone."

One reason Williams thinks written communication continues to exist is that "it seems like a person sending a written note vs. a person sending email is investing more of himself or herself in that communication. It takes more effort to write a letter," and people often equate effort with how much a person cares.

Regardless of whether it's print, email or voice, addressing the consumer successfully can be fraught with danger. Email especially seems prone to communications disasters. Use the greeting "dear," and you risk seeming clueless; go the casual route, and you might antagonize a more formally minded recipient. "People make email mistakes every day that can end or derail their careers," says Will Schwalbe, co-author with David Shipley of *Send: The Essential Guide to Email for Office and Home*.

Wharton marketing professor [Jonah Berger](http://marketing.wharton.upenn.edu/people/faculty.cfm?id=208) (<http://marketing.wharton.upenn.edu/people/faculty.cfm?id=208>) agrees that how you greet your message recipients can impact whether your message -- printed or spoken -- influences their course of action. Berger, who is currently conducting research on consumer buying decisions, says the use of a name increases the tendency to comply with the speaker's demand. He cites an earlier research project at Stanford University in which associates went door-to-door seeking canned food donations. Students who addressed potential donors by name succeeded 79% of the time, as compared with a 39% success rate reported by students who did not use names. They also received larger donations.

Berger's study, co-authored with Nathanael Fast of Stanford University, focused on interactions between strangers as opposed to previous research that found similar results among people who were acquainted.

Brendan Hoffman, president and chief executive of NeimanMarcus.com, the retail web site, says that even though print is expensive, it gets the job done. While the web site is the company's biggest single outlet in terms of sales volume, it is through print catalogs that customers are motivated to visit the store online. "We send out approximately a million catalogs a year, and about 99% are thrown out," says Hoffman, a board member of the [Jay H. Baker Retailing Initiative](http://bakerretail.wharton.upenn.edu/) (<http://bakerretail.wharton.upenn.edu/>) at Wharton. "But when we stop mailing out those catalogs, we lose customers." There are, he says, no plans to stop.

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