



2016 European Direct Mail Market Report

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A strategic and economic approach
for European direct mail printers

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Intergraf is the main organisations representing the interests of the graphic industry in Europe, comprising 21 national printing federations in 19 countries. Intergraf works with the European Institutions to promote protect and enhance the sector's competitiveness through lobbying, informing and networking.

In producing this report Intergraf has worked with FEPE, the European Envelope Manufacturing Association. FEPE is an international association representing around 100 companies who are directly or indirectly involved in the paper envelope manufacturing sector in Europe. FEPE was established in 1957 with the aim of supporting the industry and its members.

In November 2016, Intergraf and FEPE invited the direct mail industry to a seminar in Barcelona, with the aim of producing an action oriented report to provide players in the direct mail industry with ideas about what they can do to improve their competitiveness. Smithers PIRA were commissioned to produce a market analysis of direct mail in Europe, including prospects of the industry until 2021. The finding of this research along with case studies and insights from other experts relevant to the industry, were presented at the seminar.

The first part of this report (**strategic approach**) draws together the issues and conclusions of the seminar. It presents an industry overview, the themes of a SWOT analysis undertaken by delegates, and then sets out some of the strategies that need to be considered and actions that need to be taken to succeed in direct mail – indeed to not only survive, but thrive in the future. Finally, it summarises what delegates hoped to take back home to their businesses and countries from the seminar.

The second part of this report (**economic approach**) contains the Direct Mail market analysis by Smithers PIRA. It presents an overview of European Direct Mail market and trends as well as future outlook.

Direct mail is part of the marketing mix and refers to the range of printed material mailed to a prospect – i.e., a potential, existing or new customer– with a call to action as a result. It is unsolicited mail and not expected by the recipient. Most is business to consumer. It encompasses everything from leaflets to brochures, addressed and non-addressed mail, delivered through the post or as door drops.

Strategic approach

The purpose of the direct mail seminar was to set out some of the strategies that need to be considered and actions that need to be taken to succeed in direct mail.

Background

The background to the seminar can be illustrated by the following main facts from the report:

- The European market for addressed direct mail is estimated at a little over €4.0 billion in 2015 (excluding postage), some 195 billion prints comprising 72.1 billion pages in total. There were about 18.5 billion addressed mail packs delivered by the various mail service providers.
- The advertising statistics include an additional 110 billion non-addressed items
- Volumes will continue to decline to 2021, reducing from 191.8 billion A4 prints in 2016 to 181.0 billion in 2021
- There will be value increases to 2021 in European direct mail printing to €4.657 billion
- Direct mail has fallen as a share of the total European advertising expenditure since the early 2000's, with digital (Internet, e-mail, SMS messaging, social media) growing strongly, although there are some signs that the effectiveness of these channels is being overstated.
- The increasing postal charges have a major impact on the direct mail market. The average increase in major European markets in the last ten years has been 172%
- A key factor pushing a switch from paper based communications is the environmental argument. Both paper and electronic communications have an impact on the environment with complex life cycles. It is the perception that is pushing consumers away from paper-based communications
- Technology is changing from litho/toner over print to full colour continuous ink jet printing. By 2021 ink jet is predicted to grow by 450% (from 2016) as capital costs fall and the value of innovation and flexibility becomes more obvious.
- There is no doubt that, in common with other segments of the traditional print industry, volumes of direct mail are in continuing decline; but as one door closes another is opening with innovations in technology such as quality full colour continuous ink jet printing and the use of "big data" (or perhaps we should say "better data") to refine and target consumer profiles and preferences. The Smithers Pira report also points to the way that print and other media are working together: *"There is considerable anecdotal evidence that a co-ordinated campaign, perhaps combining web ads with Facebook...and a direct mail piece...works well"*.

WHAT THE GURUS SAY

"Do not address your readers as though they were gathered together in a stadium. When people read your copy, they are alone. Pretend you are writing to each of them a letter on behalf of your client." (David Ogilvy)

"What has really been happening is questioning digital (advertising) growth. One of our clients has talked about investment in Facebook and reducing that... we have seen this before in arguments about viewability, ad fraud and measurement issues, not forgetting ad blocking" (Sir Martin Sorrell)

WHAT THE ECONOMIC PART OF THIS REPORT SAYS

"Posted advertising mail volumes are declining across Europe"

"...there will be value increases to 2021 in European direct mail printing"

Process

Conference delegates, following a number of excellent presentations which were woven into the delegate's thoughts, took part in a session using the SWOT technique to examine the industry. The various answers were refined into the top selections for each of the 4 segments and then delegates "voted" for what they believed to be the most significant. The results are shown in figures 1 and 2, below.

Figure 1: SWOT analysis word cloud



Figure 2: SWOT analysis in detail

STRENGTHS Versatility and ability to connect to all senses Proven product Innovation and use of latest technology Adding value	WEAKNESSES Perception/image – i.e. “junk mail” Complicated process Low knowledge of DM with customers Environmental image Complacency
OPPORTUNITIES Making the most of “digital overload” – targeting Doing it better – segmentation, creativity Technical innovations – e.g. continuous ink jet Increasing customer loyalty	THREATS Postage costs Digital and new media Lack of measurement tools Competition in the entertainment market Data protection laws

What delegates said in developing the SWOT

- There is no doubt that the versatility of direct mail, through variable data printing and innovative folding with its essential **tactile** nature, provides it with a unique ability to engage many if not all human senses. Ulbe Jelluma from Print Power commented that direct mail “is different from other media which may only engage one or two senses and give direct mail, which can **engage more senses**, the advantage in this area”.
- Direct mail is also, as research showed from a number of conference presenters, **a trusted media with ALL age groups** – with older persons, but especially among younger audiences.
- Multi-channel advertising campaigns that include mail are 27% more likely to deliver top-ranking sales performance than campaigns without mail (Royal Mail MarketReach research).
- However, the industry is still fighting the image conjured up by the expression “junk mail” – an image of unwanted intrusion and environmental irresponsibility. This is still a challenge the industry must overcome if it is to keep its place as a significant contributor to the marketing mix. Organisations such as Print Power (www.printpower.eu) and Two Sides (www.twosides.info) have a central role to play in collating the arguments but it is up to the industry to use those arguments with their clients.
- One difficulty, or potentially an opportunity, is that many marketers who are responsible for developing campaigns are not aware of the benefits of direct mail and believe that all roads lead to digital marketing. Once again, it is the responsibility of the direct mail industry to seize the opportunity of educating marketers. This is especially important in design agencies where the workforce is younger and lacks the **direct mail knowledge** and experience.

- There were thought to be plenty of opportunities for direct mail to hold its position as the third most important part of the marketing mix – the most important being its ability to target a consumer without the clutter, or **“digital overload”**, as put by John Bailey of the company ProCo. A direct mail piece lands on the consumer’s doormat with maybe a handful of other letters; but an email or web ad maybe ones of dozens or hundreds a day in the consumer’s inbox.
- To take that opportunity, printers have developed or **use better databases** (“big data”) which get to the consumer the brand owner wants to connect with, even if this means lower volumes. Better done, this will create more value for the brand owner and a better price for the printer – but the direct mail industry must get better at proving return on investment (a challenge that digital advertising is also facing).
- There are still threats, however. Prime amongst them are **postage costs**, which continue their inexorable rise as national postage carriers, with the “final mile” obligation, struggle to compete with new players in the market. It was interesting to learn from the speakers that in countries, albeit small users, with the smallest increase in charges we saw an increase in direct mail volumes. A most valuable skill therefore for the printer is a good knowledge of **postage discount rates** which will unleash better value and return on investment for their customer. There was evidence from the Global Postal Industry Report 2016 showing that advertising mail volumes (addressed) are growing. The USA is the largest market for direct mail and it, too, is growing – “this is a really encouraging sign”. Postal operators have the same challenge as printers – how to engage younger professionals in the industry to use direct mail. This is a “constant educational process”. (Mark Harrison, Head of Markets at the International Post Corporation).
- Although Sir Martin Sorrell (see above) says that brand owners are beginning to question the value of digital advertising, there is no doubt that digital marketing is still a major threat to direct mail. Or is it? The greatest value for the brand owner is to be from an **integrated** campaign involving all media working in collaboration – again speaker Jon Bailey highlighted the UK’s Visual Media Conference 2016 in which an integrated campaign, including a major contribution from direct mail, trebled the number of delegates.
- The industry must of course continue its quest for delivering **innovative solutions** to tempt the brand owner and their customer alike. Major improvements in “white paper solutions” through continuous ink jet printing will contribute to that as such equipment becomes more commonplace and is coupled with access to better postal rates through mixed print runs.
- Brand owners are not just interested in attracting new customers but also retaining existing ones – **brand loyalty** – and direct mail has a significant role to play in usage based loyalty schemes, driving traffic to websites with special offers and personalised loyalty magazines.
- Like all aspects of advertising and marketing the message is as critical and the medium/method used – in order for success (in terms of persuading someone to buy/act) the message needs to be relevant and compelling. This is as true for direct mail as it is for digital spend/advertising.
- The conference was told, by Olivier Proust of Fieldfisher, that the legislative landscape for direct mail was changing as from 2018, with the entry into force of the **General Data Protection Regulation** (the “GDPR”). There is, for example, both a broader definition of personal data and broader territorial scope. He said it was *“important for companies to comply as the risks of not doing so are much higher”*, meaning that the new regulation is both a threat (to the operation) and an opportunity (for the direct mail printer to be an “expert” to the market).

Actions for direct mail printers

The combination of the Smithers Pira report, the contribution of the speakers and the thoughts of delegates lead us to a number of conclusions which will help printers survive in the short term and to be around to thrive over the next years.

SURVIVE

1. Printers must come to terms with a decline in volumes
2. The “silver lining” to that cloud is that for each future mail piece greater value could be obtained – understand your value proposition
3. Help your customer get better value postal rates
4. Help your customer connect with all the senses of his customer as only direct mail can – smell the coffee!
5. Help your customer speak directly, one to one, with his customers with good personal conversations
6. Work with Print Power, Two Sides and relevant trade associations to bring the value and environmental messages to customers through statistics
7. Make better use of customer data/ segmentation so that the right messages are targeted at the right people.

THRIVE

1. Continue to invest in colour ink jet so that you can continue to amaze your customers with innovative solutions to excite your existing and new customers – you are competing to be read and need to ‘grab attention’
2. Develop your IT and database skills, either in house or in collaboration, so that you can offer real focused value at lower volumes – “doing it better” – better segmentation and targeting
3. Understand and communicate to your customers the way that targeted direct mail can cut through the “digital overload” with the “doormat test” – people are most receptive in their own homes – a massive win for direct mail
4. Concentrate on return on investment, rather than cost per piece. Be prepared to prove your worth with life cycle impact analysis.
5. Become an expert in your customers market – understand their customers and the appropriate way to communicate with them (get the facts!)
6. Be prepared to collaborate with digital marketing agencies to produce an integrated marketing campaign – with direct mail as a key part of the mix - but make sure you measure the effectiveness of all components especially print!

WHAT DELEGATES WANTED AND GOT FROM THE SEMINAR

1. Better knowledge of the future market conditions
2. How to convince customers of the value of direct mail
3. Inspiration!
4. How print connects with and drives other media
5. New trends in equipment and papers
6. How to offer the best to customers by collaboration
7. The impact of regulation, in particular the European General Data Protection Regulation
8. To find a positive future for direct mail

In conclusion

Direct mail is seen by marketers as a key element of 'a' campaign, not necessarily 'the' key element, and the direct mail industry must adapt to this "new world". The price of not adapting is Darwinian in concept and those businesses which do not recognise the three golden rules of change – adapt, innovate and collaborate – will struggle to find their place in future communications.

The direct mail industry has a bright future and can thrive but it has to change and compete and collaborate with other media. The conference and delegates believe that the industry can do that and remain a significant part of the marketing mix.

Economic approach

Introduction

Smithers Pira is the worldwide authority on packaging, paper and print industry supply chains. Established in 1930, the company provides strategic and technical consulting, testing, intelligence and events to help clients gain market insights, identify opportunities, evaluate product performance and manage compliance. Smithers Pira has worked on many projects in printing markets, and has a wealth of market data, technical expertise and strategic insight to draw upon for this project. Direct mail printing markets have regularly been covered in a number of global and European reports published by Smithers Pira.

Smithers Pira sizes the European market for addressed direct mail at a little over €4.0 billion in 2015 (excluding postage), some 195 billion prints comprising 72.1 billion pages in total. There were about 18.5 billion addressed mail packs delivered by the various mail service providers.

The advertising statistics include an additional 110 billion non-addressed items, some of this is delivered by the post services but much is door drops with delivery arranged by private companies, at significantly lower prices than the postal service providers offer.

Posted advertising mail volumes are declining across Europe. There is competition from digital alternatives, but one of the main reasons for the fall is much improved analytics and targeting that results in much more relevant content that boost response rates, and provide much better returns on investment. Companies are increasingly focusing on customer communication management, to improve their relationships and maximise the lifetime value of a customer. They will use various analytics and Big Data to understand the preferences of the individual, and provide tailored communications that take into account the individuals' preferences – as well as their profile. There is considerable anecdotal evidence that a co-ordinated campaign, perhaps combining web ads with Facebook, e-mail, SMS messaging and a direct mail piece to develop the brand awareness and engagement at a number of points on the customer journey works well. This is very different to the old-style mass-market campaigns that result in very low responses and poor payback.

Volumes will continue to decline to 2021, the print reducing from 191.8 billion A4 prints in 2016 to 181.0 billion. This decline is higher than the fall in the number of pages, as the use of toner overprinting continues to fall as single pass full colour inkjet presses, delivering very high quality results and greater design flexibility are used. Drupa saw very high quality – certainly the equivalent of web litho – single pass colour inkjet presses using standard litho papers coming onto the market. These are being installed by direct mail companies to replace litho and toner overprinting alternatives. One of the drivers is the flexibility of the white paper solution, where all content can be varied as needed. This makes the offer more attractive and tailored, while jobs can be mixed allowing the printer to maximise the available postal discounts without needing to sort the final packs. For many direct mail printers expertise in minimising postage costs, which are being increased as mail volumes fall, is a key component of their competitiveness, with many large providers trucking mail closer to the target regions and taking advantage of the downstream access provided as the national post providers open up.

Direct mail has fallen as a share of the total European advertising expenditure since the early 2000's, with digital (Internet, e-mail, SMS messaging) growing strongly although there are some signs that the effectiveness of these channels is being overstated. Smithers Pira forecasts there will be value increases to 2021 in European direct mail printing. The use of better analytics will boost the value of individual pieces, as will the use of inkjet that can provide postage savings, thus reducing the overall cost of the campaign.

Methodology

Smithers Pira developed the data in this report from a range of primary and secondary sources, including a range of interviews with direct mail users and producers, and their suppliers.

Stage 1 – research & analysis

This stage involved collecting and collating existing data Smithers Pira and other sources have published on European direct mail markets, and undertaking analysis thereof. Data was taken from our own internal print databases, which cover printed output across 24 market segments by process type as well as associated machinery and consumables demand. Research was undertaken to confirm, update and where necessary amend our latest datasets. In summary, Smithers Pira consulted a number of sources, including:

- Proprietary market data used for single-client work
- Smithers Pira market intelligence and technology studies
- Industry associations including DMA, Universal Postal Union, International Postal Corporation (IPC), Nielson, Zenith, AA (Advertising Association), WARC, ELMA.
- Other secondary research sources including Eurostat and national statistics offices, trade associations, market reports, journals and websites
- Industry contacts at print service providers, brands, agencies and suppliers into the sector

Stage 2 – Delphi technique

The market data and trends featured in the report were re-assessed using the Delphi research technique. Smithers Pira's forecasting unit, RADAR (Research, Analysis, Development and Review), consisting of print experts, examined the research findings in the light of their own expertise and also previous Smithers Pira printing research to ensure that the output was meaningful and sensible, identified key research findings and also contributed towards the final analysis and conclusions.

The European direct mail market

Direct mail covers a range of promotional printed items, mailed to a prospect in the hope of converting a prospect into a new customer; retaining or regaining a customer; or upselling to an existing customer. The item is a call to action, unsolicited and not expected by the recipient. Most is business to consumer, aimed at a named recipient with at the least an address and salutation personalised.

There may be static contents, which could be a simple leaflet up to a bound brochure or multi-page catalogue that are included in the pack. More variable content is being introduced to marketing communications to make them more relevant and appealing to the recipient that boosts response rates.

It is part of the advertising mix of product and service providers, and it competes for the ad-spend of financial institutions, retail, automotive, telephony and broadband, media, holiday, sports, and is widely used by the non-profit sector to encourage charitable giving, or support for a political party or pressure group.

As well as addressed direct mail there is non-addressed material, which may be delivered by the postal services or by alternative door-drop service providers. This has impacted addressed direct mail volumes.

For the brand or service provider, direct mail is one component of their Customer Communications Management mix, and one of the options it has in advertising and promoting. CCM software enables organizations to improve the way they communicate and engage with their customers. When done well, CCM investments typically lead to higher customer experience, better retention, more upsell/cross-sell, and higher overall lifetime value. Use of CCM is growing as organisations look to engage with customers at many customer touch points.

Direct mail volumes peaked in the early 2000's in Europe, led by the financial service industries blanket mailing prospects for credit cards as the credit boom took hold. These could run into millions of records with multi-million Euro campaigns yielding very low responses and take-up, but the high interest rates meant these paid dividends. Direct mail proved to be an effective medium and many agencies developed sophisticated, eye-catching packs for a huge range of products and services.

Technology was changing direct mail production. Faster, higher resolution mono toner printing capable of full variable text with sophisticated finishing systems allows origami-like results. Full colour single pass inkjet quality was improving, with better data analytics delivering higher response rates.

Higher postage prices increased the costs and the financial crash of 2007 resulted in major falls in direct mail volumes. The rise of the Internet, with e-mail and SMS text messaging put more pressure on the remaining volumes, which had to prove it yielded a return on investment. New analytic and data mining techniques, with the rise of Big Data were used, while single pass inkjet enabled white paper solutions meaning greater design flexibility to provide more relevant, targeted communication, while jobs could be combined to deliver greater postal discounts.

However, a major cost contributor is postage which often is higher than the total print and production cost. Postal charges continued to rise, and these costs meant unaddressed mail, delivered by alternative methods, grabbed a larger share of the work mix.

Advertising mail has generally been on the wane globally, affected by the growth in digital communications and online selling platforms. According to the IPC (International Post Corporation) Global Postal Industry Report, global volumes of addressed advertising (direct) mail fell successively by 8.5%, 4.5% and 2.1% in 2012, 2013 and 2014, and while unaddressed advertising mail volumes grew by 4.0% in 2012, these also fell subsequently, by 3.1% in 2013 and 1.4% in 2014. During this period, overall mail volume fell by successively by 2.5%, 2.2% and 3.9%, as areas outside corporate advertising such as transactional mail, governmental/institutional mail and personal mail all fell back, but from the point of view of operators this has been offset largely by the growth in parcel mail – an area that by contrast has benefited from the growth in e-commerce – which grew by 6.3% in 2014.

TABLE 1 shows various estimates of the value of the direct mail sector in Germany, France, Italy and the UK. There is considerable variance in sizing the market from the various data providers, with definitions of what is included contributing to the overall figure.

TABLE 1: Direct mail expenditure in top four European markets, 2014-2015

	2014	2015	% change, 2014-2015
€ million			
Germany	3,060	3,060	0.0
France	3,411	3,155	-7.5
Italy	349	320	-8.3
£ million			
UK	1,490-1,870	1,459-1,900	-2.1

Sources: ZAW, iREP, Nielsen, WARC

There is better agreement on the volumes of addressed and door drop volumes from the advertising statistic sources, shown in TABLES 2 and 3.

TABLE 2: EU28 + NO +CH: addressed advertising (direct) mail volumes, 2007-2014 (millions)

Country	2007	2009	2011	2012	2013	2014	CAGR (%), 2011-2014
Austria	815	740	692	690	635	581	-5.7
Belgium	675	638	620	598	575	550	-3.9
Bulgaria	8	16	9	4	5	6	-11.8
Croatia	51	41	39	32	30	24	-15.3
Cyprus	1	1	1	1	1	1	-6.6
Czech Rep.	154	169	174	165	146	146	-5.7
Denmark	139	122	96	85	75	67	-11.4
Estonia	20	16	13	12	11	11	-6.2
Finland	285	270	266	262	243	220	-6.1
France	4,832	4,378	4,238	3,904	3,618	3,230	-8.7
Germany	6,782	6,323	6,123	5,869	5,470	5,129	-5.7
Greece	84	67	50	45	39	39	-8.2
Hungary	29	23	37	36	48	59	17.5
Ireland	40	25	23	21	20	17	-10.2
Italy	1,155	998	1,139	930	812	770	-12.2
Latvia	6	7	4	3	3	4	1.9
Lithuania	2	4	3	3	2	2	-14.6
Luxembourg	32	35	33	32	32	32	-1.5
Malta	2	2	1	0	1	1	-9.4
Netherlands	1,363	1,252	1,095	997	848	757	-11.6
Norway	433	379	391	372	360	347	-3.9
Poland	192	154	133	122	164	204	15.3
Portugal	173	143	120	101	87	76	-14.3
Romania	62	24	7	5	4	3	-22.9
Slovakia	42	34	26	22	23	42	17.3
Slovenia	89	88	78	73	65	67	-5.2
Spain	950	814	712	640	577	545	-8.5
Sweden	460	423	375	357	345	333	-3.9
Switzerland	1,147	1,104	1,077	1,101	1,094	1,087	0.3
UK	6,410	5,886	5,242	5,078	4,667	4,603	-4.2
Total	25,735	23,590	22,818	21,560	20,003	18,953	-6.0

Source: UPU/Smithers Pira estimates from various sources

TABLE 3 shows the volume of door drops developing the ELMA statistics. These include non-addressed mail, with a range of leaflets, fliers, brochures, cards and various promotional items. In 2014 the average number of items delivered to each household was between two in Romania, up to 36 in the Netherlands. There is a skew toward urban deliveries with the high housing density, while postal services often make the deliveries in rural areas.

TABLE 3: European door drop statistics, 2010-2014

	Door drops (million)			Households (million)	2014	
	2010	2012	2014		Weekly door drops per household	% media spend
Germany	19,901	25,000	28,802	30.7	18	1.4
France	19,109	23,199	20,964	23.6	17	2.3
Netherlands	11,584	10,911	10,938	5.8	36	4.5
Italy	7,921	11,970	8,203	26.2	6	2.4
UK	7,822	7,097	6,016	28.8	4	1.4
Belgium	5,149	4,661	4,557	4.4	20	3.5
Austria	4,257	4,237	4,193	3.1	26	4.7
Spain	4,851	3,919	3,646	11.7	6	1.5
Poland	3,663	3,708	3,646	14.0	5	1.8
Sweden	3,168	2,860	2,734	3.1	17	5.1
Hungary	3,960	2,542	2,734	4.4	12	2.8
Czech Rep.	3,861	3,814	n/a	n/a	n/a	n/a
Denmark	2,970	2,542	2,188	1.8	23	5.1
Norway	2,178	2,013	1,823	1.1	31	7.0
Switzerland	1,188	1,801	1,823	1.8	19	4.7
Finland	1,782	2,013	1,641	2.1	15	6.1
Slovakia	n/a	1,377	1,458	2.2	13	1.0
Portugal	1,683	1,589	1,276	3.5	7	3.9
Greece	1,089	953	n/a	n/a	n/a	n/a
Romania	891	742	820	7.8	2	2.2
Croatia	n/a	636	729	1.3	11	4.8
Ireland	111	140	159	1.5	2	1.1
Total above	107,141	117,725	115,732	249.8	9	n/a

Source: Smithers Pira from ELMA

The unaddressed advertising mail volumes agree well with the door drop data. These volumes are holding up well, although the response rates are usually below the personalised direct mail there are significant cost advantages through the lower delivery costs rather than individual posting.

TABLE 4: EU28 + NO + CH: unaddressed advertising mail volumes, 2007-2014 (millions)

Country	2007	2009	2011	2012	2013	2014	CAGR (%), 2011-2014
Austria	3,957	4,257	4,257	4,237	3,903	4,193	-0.5
Belgium	5,468	5,165	5,077	4,661	4,070	4,557	-3.5
Bulgaria	8	20	95	81	61	29	-32.9
Croatia	389	473	403	636	855	729	21.8
Cyprus	10	11	7	4	3	3	-29.6
Czech Rep.	3,887	3,332	3,850	3,814	3,915	3,356	-4.5
Denmark	2,896	3,399	2,610	2,542	2,266	2,188	-5.7
Estonia	155	110	148	162	193	199	10.5
Finland	1,525	1,700	1,589	2,013	2,319	1,641	1.1
France	21,278	19,640	18,645	23,199	21,500	20,964	4.0
Germany	21,596	21,271	19,065	25,000	25,500	28,802	14.7
Greece	4,368	1,168	881	953	820	817	-2.5
Hungary	4,048	4,041	3,571	2,542	2,593	2,734	-8.5
Ireland	146	107	123	140	164	159	30.5
Italy	7,073	6,705	7,131	11,970	11,195	8,203	4.8
Latvia	52	34	99	88	44	36	-28.4
Lithuania	102	57	104	74	77	72	-11.5
Luxembourg	35	45	48	44	53	42	-4.0
Malta	17	17	20	24	28	32	17.9
Netherlands	13,380	12,731	10,750	10,911	8,927	10,938	0.6
Norway	2,566	2,169	2,236	2,013	1,949	1,823	-6.6
Poland	12,935	4,679	3,899	3,708	3,856	3,646	-2.2
Portugal	1,708	1,697	1,609	1,589	1,624	1,276	-7.4
Romania	353	450	174	742	744	820	67.8
Slovakia	1,701	1,263	1,277	1,377	2,077	1,458	4.5
Slovenia	584	653	651	599	574	583	-3.6
Spain	5,593	4,974	4,515	3,919	3,819	3,646	-6.9
Sweden	3,888	3,454	3,059	2,860	2,770	2,734	-3.7
Switzerland	1,149	1,164	1,188	1,801	1,831	1,823	15.3
UK	7,926	7,688	7,786	7,097	6,670	6,016	-8.2
Total	128,791	112,474	104,869	118,800	114,401	113,519	2.7

Source: Smithers Pira estimates from ELMA/UPU/other sources

Key drivers in direct mail

ADVERTISING TRENDS

Direct mail has gradually lost share of the overall advertising spend across Europe, because it has been challenged by alternatives. It varies between 5-20% in particular countries (including the unaddressed door drops). As more companies are able to measure the effectiveness of their advertising spend they are working to maximise the benefit of the expenditure. There has been much development on the electronic advertising sector, which is poised to overtake TV advertising revenue across Europe.

As there is greater choice in advertising the claims and effectiveness of different channels is under ever greater consideration. Paid newspaper readership continues to decline in Europe, there is pressure on physical magazine advertising. TV viewing habits are changing putting advertising revenue at risk. Watching catch-up TV means many viewers fast forward the ads, and on-demand services such as Netflix or Amazon Prime allow box-sets and films to be watched without ads.

The last ten years has seen the rise of digital advertising taking share from the established print, TV, radio, cinema and outdoor alternatives. Direct mail volumes have fallen considerably since the 1990's and early 2000's in Europe as Internet and Social Media platforms have grown strongly. There are signs that these trends are stabilising if not reversing. WPP's CEO Sir Martin Sorrell expects growth in digital ad spend to slow over the next few years as concerns grow over viewability, ad fraud and measurement impact budgets. Advertising effectiveness in sites using click-bait techniques to increase views and hence ad-revenue is under scrutiny as users employ ad-blocking software, while anti-spam filters and the concerns of users over fraud and phishing mean e-mail is not effective, even if it is cheap.

Sorrell said brands are increasingly questioning their digital ad spend. He cited the example of Procter & Gamble, which is planning to cut investment in targeted Facebook advertising after admitting it went too far. He explained: *"What has really been happening is questioning digital growth. One of our major clients has talked about investment in Facebook and reducing that, not overall but investment on particular areas of activity. We have seen this before in arguments about viewability, ad fraud and measurement issues, not forgetting ad blocking. That is where the debate is."*

Some brands are looking at whether they have over-invested in some new media alternatives. This has come, Sorrell said, because chief financial officers, procurement officers and media auditors are all increasingly asking for better metrics on the effectiveness of digital. He said digital now makes up on average 30% of brands' budgets but for spend to increase further the likes of Google and Facebook will need to provide better measurement tools.

The reality is that direct mail accounts for around 10-15% of the European advertising spend, and there are signs that as it proves to be effective it will remain a valuable component of the marketing mix.

In the investigation stage of this report a couple of important points were raised during interviews. As the staff in marketing departments and agencies change there is less print-specific knowledge about the efficacy and how to actually design and manage a print campaign. As the younger millennials come into the workforce their training and experience are focussed on electronic and social media developments, rather than traditional staid “Snail mail”. This represents an opportunity for printers to support and train their customers, to work with them at the concept and design stages to produce a campaign that delivers.

ENVIRONMENTAL IMPACTS OF DIRECT MAIL AND THE SUSTAINABILITY AGENDA

A key factor pushing switch from paper based statements is the environmental argument propounded by many service providers that this is an environmentally unfriendly option. It is not straightforward to make a direct comparison between electronic and paper communications, the full life-cycles of both must be considered but the reality is they exist together, so a consumer may receive a paper bill and make payment – or check on the current status of their account – electronically, rather than presenting or mailing a cheque payment. There have been several attempts that show the performance depends on many factors. If an individual prints out a communication on a home (or more commonly on a workplace) printer the environmental burden is different to a purely cyber interaction. Using a mobile device is different to a laptop or desktop computer. How the individual disposes of an electronic device at the end of its life makes a huge difference, as does the source of power to run it, with fossil fuel generated electricity more harmful than hydro or wind power in some locations.

Both paper and electronic communication have impacts on the environment and making valid comparisons is impossible without sorting through the complex life cycles of both. There have been peer-reviewed independent life cycle analyses in transactional print case studies, but the results are not definitive. These studies are time-consuming and complex, as the behaviour of individuals varies there will be cross-over. The general perception for many members of the public, remains, as with much print, that using paper is detrimental to the environment and going electronic is better. Whatever the actual facts the perception is pushing many consumers away from paper based communication to the detriment of direct mail.

POSTAL PRICING

The increasing postal costs have a major impact on the direct mail market. In the UK from April 2016 a first class stamp costs 64 pence – €0.83 (at pre-Brexit exchange rates), in Germany it is €0.70, in France it is €0.80 while it is €1.20 in Italy and just €0.45 in Spain. Direct mail campaigns do not use first class postage rates, of course; rather they use discounted rates, with mail-sorting further reducing postage costs.

As mail volumes have fallen the postal authorities across Europe have reacted by increasing prices, in the eight countries in TABLE 5 the average increase in price amounted to 172%.

TABLE 5: First class postal pricing

	2016	2011	2006	Change 2006-2016
UK	64p (€0.83)	46p (€0.55)	32p (€0.34)	200% (244% in €)
Germany	€0.70	€0.55	€0.55	127%
France	€0.80	€0.58	€0.54	148%
Italy	€1.20	€0.60	€0.60	200%
Spain	€0.45	€0.35	€0.29	155%
Netherlands	€0.73	€0.46	€0.39	187%
Belgium	€0.79	€0.71	€0.46	172%
Sweden	€0.70*	€0.63	€0.44	159%

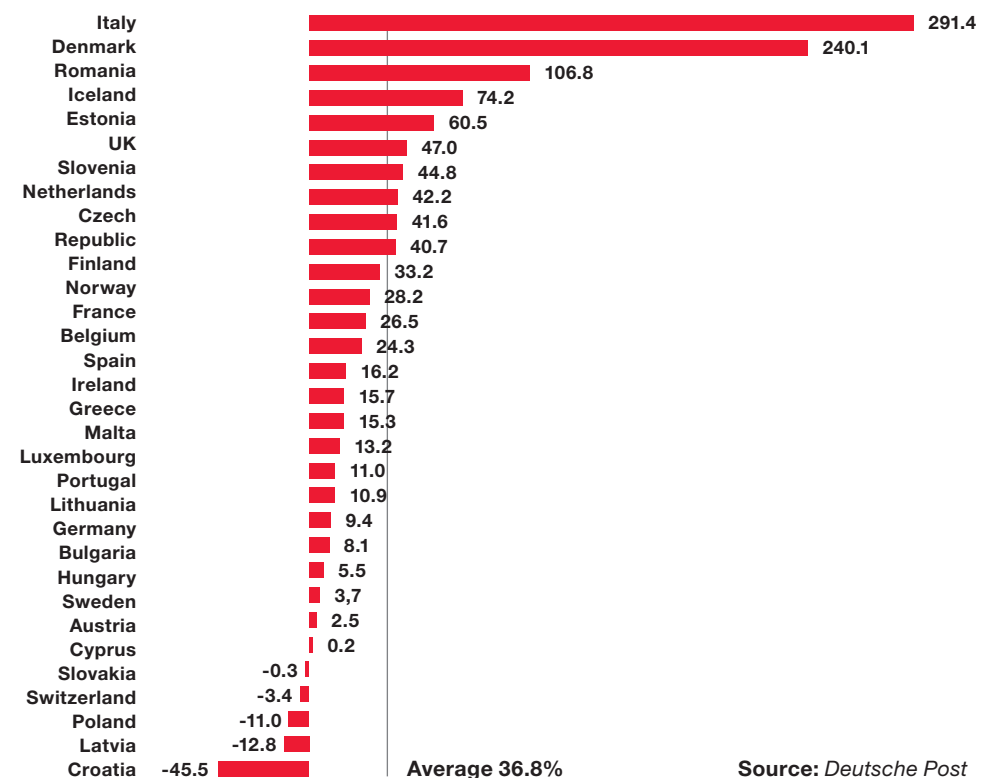
Note: *Sweden removed VAT from post in 2015.

Source: Deutsche Post, domestic Postal Providers

The Deutsche Post publishes annual domestic letter pricing comparisons across Europe, it provided the following figure in 2016 showing the inflation adjusted pricing showing an average increase of 36.8% in real terms (much higher when inflation is included) over the previous ten-year period.

FIGURE 1 Domestic first class letter price development in Europe 2006-2016

Inflation-adjusted change in letter prices 2006-2015 in %



Source: Deutsche Post

Many direct mail providers use their capabilities in mailing to minimise postal costs for their customers – mail sorting to maximise postal discounts, transporting bulk mail to regional depots to attract further discounts. In some cases the service provider is part of the national postal authority, in other cases the provider will also handle the final delivery, sometimes in conjunction with unaddressed mail and door drops.

The other way of minimising cost is to mix advertising mail with other mailings such as transactional print (bills, statements, etc.), already of sufficient volume to qualify for discounts.

ENVELOPES VS SELF-MAILERS

There is a rise in the use of self-mailers in direct mail. These are folded letter sized pieces that are addressed, sealed on its unfolded edges using either glue spots or a continuous glue line and then mailed without the need for an envelope. There may be an insert providing that the technical specifications are met, e.g. insert movement, thickness or spatial distortion.

The primary advantage of self-mailers is their lower cost. Because they mail on their own, they are cheaper to print, are easier to assemble (no need to match addressee on letter with envelope with reply card), and require less handling (no envelope and lettershop inserting costs). Self-mailers are usually easier to design. Is no design a mailing envelope, letter and brochure, just a single piece of paper front and back although knowledge of the folding and finishing is needed, so it is a good opportunity for the printer to get involved with valuable creative work.

Self-mailers are a cost-effective way to present a lot of product photos, graphs, charts and other images. They are flexible, as simple as an A4 sheet folded in half complicated with ingenious folds, with tear off coupon, order form and pre-formed business reply envelope all in one. There are disadvantages, of course. They rarely outpull the same information enclosed in an envelope, and there are generally lower opening rates. They present a seller-to-customer rather than a peer-to-peer offer.

There are technical specifics to be borne in mind when designing and producing a self-mailer, to ensure it performs well through the automated postal sorting and handling systems. These differ according to the specifications of the national handlers, with regular updates and revisions. They may go into considerable detail to define the glue-line width and position, glue tear strength, and address positioning. From the post service provider perspective good performance in their automated letter sorting and handling systems is important.

DIRECT MAIL CUSTOMERS

Most direct mail is to consumers from a variety of product and service providers, and there is a significant not-for-profit sector for education, political parties and charity fund raising.

The application splits in the UK are shown in TABLE 6; there remain broadly similar with the fastest rising segment for telecoms and computing, with a downturn in the financial services sector.

TABLE 6: UK direct mail expenditure by sector, 2010-2014 (% share by value)

	2010	2011	2012	2013	2014
Retail, mail order	32	31	29	29	31
Financial services	21	20	19	20	19
Charities, other not-for profits (social/political organisations, etc.)	17	18	17	18	18
Telecoms, computing, property, business, etc.	7	8	10	11	11
Entertainment/leisure, media, travel	11	12	12	10	10
Durable/semi durable goods	5	5	8	7	6
FMCG	7	6	5	5	5
Total	100	100	100	100	100
Share of overall advertising spend	15.9	14.9	14.5	14.1	13.9

Source: AA/Warc Expenditure report / Nielsen

There is a significant trend for many organisations to outsource their print procurement, often including direct mail expenditure. Some suppliers, including RR Donnelley, Williams Lea and Communis have success in this print management model and operate their own production facilities, while other outsourcers buy on the open market, usually from an approved supplier roster.

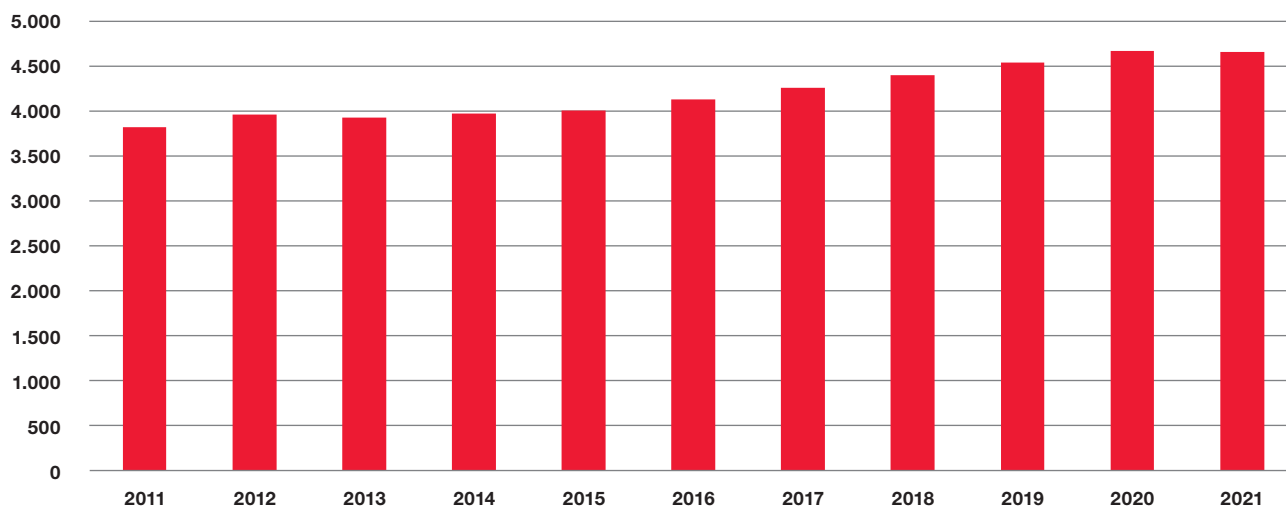
EUROPEAN DIRECT MAIL PRINTING MARKET

The European market for addressed direct mail was valued at €4.0 billion in 2015, the equivalent of 195 billion A4 prints comprising 72.1 billion pages in total (there is much double pass overprinting). There were about 18.5 billion addressed mail packs delivered by the various mail service providers. The value has remained broadly static since 2012 and there will be value growth going forward although volumes will continue to decline to 2021, the print reducing from 191.8 billion A4 prints in 2016 to 181.0 billion. This decline is higher than the fall in the number of pages, as the use of toner overprinting continues to fall as single pass full colour inkjet presses, delivering very high quality results and greater design flexibility are used. The increase in value is the result of printers providing additional services – improved data analytics, greater design flexibility through the use of inkjet white paper solutions and charging for postage optimisation to maximise discounts.

The value data represents the producer level output, including analytics and list rentals where appropriate; paper; prepress; data management; printing; finishing; envelopes and inserting; then into the mailstream. Some producers will also charge for some of the mailing, where downstream access is involved, but the postage costs are not included.

FIGURE 2 European direct mail printing output, 2011-2021f (€ million, constant 2015 prices & exchange rates)

€ million, constant 2015 prices & exchange rates



Note: constant price values show market data at 2015 prices, removing impact of inflation and exchange rate fluctuations from one year to the next

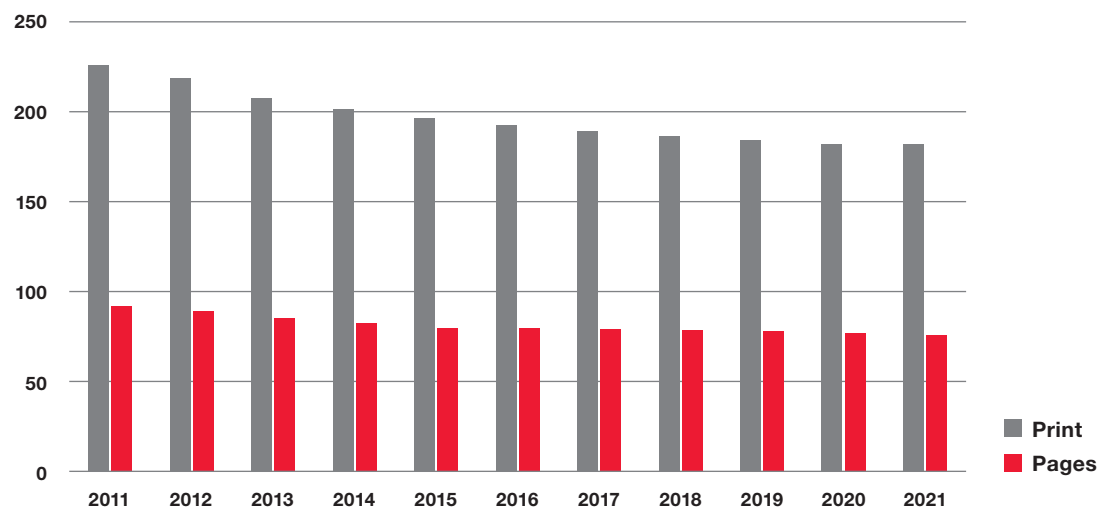
Source: Smithers Pira

The 2016 market will reach €4.13 billion in 2016, a slight rise over 2015 after four years of broadly static values. The growth in print value is partially accounted for by print suppliers providing more services to mitigate price rises in postage costs through sophisticated mail sorting and handling some of the distribution functions previously performed by the postal suppliers. The use of full colour inkjet allows greater design flexibility, leading to better responses from a high value pack.

The fall in pages broadly follows the decline in overall volumes of personalised mail, but the print volume is declining more rapidly as the use of single pass inkjet grows. There is more duplex printing of variable data as direct mail grows in sophistication from a simple name, address and salutation model. This is shown in FIGURE 3.

FIGURE 3 European direct mail printing output, 2011-2021f (million A4 pages/prints or equivalent)

European direct mail print volumes (billion A4 or equivalent)



Source: Smithers Pira

Volumes are falling as mail is increasingly only sent to prospects that are most likely to respond to the offers. Many campaigns are co-ordinated with other media channels to further boost responses.

Most country markets are seeing declines in the volume of prints and pages, but a modest increase in the value. This is through:

- Increasing use of fully variable colour content with more sophisticated design
- Improved targeting and data analytics, etc.
- Charging for postal optimisation.

The detailed country market development between 2011 and 2021 is shown in TABLE 7.

TABLE 7: European direct mail printing output by country/region, 2011-2021f (€ billion)

Country	Current prices & exchange rates				Constant (2015) prices & exchange rates*			
	2011	2015	2016p	2021f	2011	2015	2016p	2021f
Western Europe	3,411	3,937	4,004	4,850	3,770	3,937	4,057	4,577
Austria	116	124	128	151	124	124	126	135
Belgium	77	94	98	122	80	94	98	113
Denmark	14	13	13	16	15	13	13	14
Finland	36	41	42	50	39	41	42	45
France	592	608	621	706	614	608	614	641
Germany	798	934	982	1,244	858	934	970	1,123
Greece	8	7	8	11	8	7	8	10
Ireland	8	6	7	7	9	6	6	6
Italy	184	158	163	188	192	158	162	177
Netherlands	163	143	148	174	166	143	147	164
Norway	121	102	94	89	110	102	99	91
Portugal	20	16	16	19	21	16	16	18
Spain	107	102	107	130	108	102	106	121
Sweden	89	87	85	81	91	87	85	79
Switzerland	207	303	303	350	234	303	313	360
UK	865	1,190	1,180	1,503	1,095	1,190	1,243	1,469
Others	6	8	9	11	7	8	8	10
Eastern Europe	50	70	71	83	50	70	73	81
Bulgaria	1	1	1	1	1	1	1	1
Czech Republic	17	18	19	20	17	18	19	22
Hungary	3	7	7	8	3	7	7	8
Poland	13	24	23	25	13	24	24	23
Romania	1	0	1	1	1	0	1	1
Slovenia	9	10	11	14	9	10	11	13
Others	7	10	10	14	7	10	11	14
Total	3,461	4,007	4,075	4,933	3,821	4,007	4,130	4,657

Note: constant price values show market data at 2015 prices, removing impact of inflation and exchange rate fluctuations from one year to the next

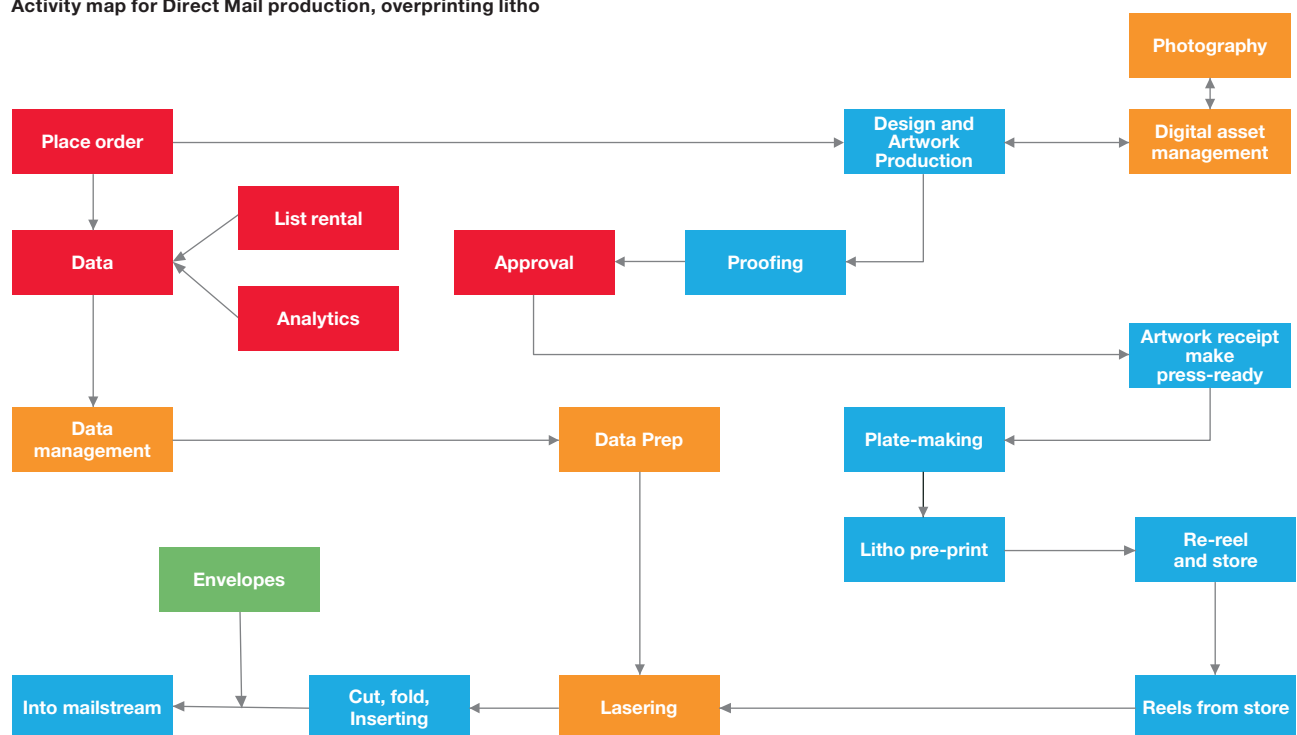
Source: Smithers Pira

DIRECT MAIL PRINTING TECHNOLOGIES

The big changes in direct mail printing have been the adoption of single pass inkjet printing, replacing mono toner and inkjet overprinting of static litho shells. Most of this involves continuous stationery web offset printing reels, with continuous mono toner overprinting as a separate operation. FIGURE 4 details the activity map for traditional direct mail production, using litho printed base shells overprinted using mono laser printing. There is some cut sheet overprinting, and some continuous stationery presses have inkjet imprinters installed, and some direct mail providers have swapped out electrophotography with mono inkjet that is faster and lower cost.

FIGURE 4 Activity map for direct mail production, mono toner overprinting litho shells

Activity map for Direct Mail production, overprinting litho



Source: Smithers Pira

The methods are well proven, with some lettershops buying in pre-printed reels, while other direct mail producers print and then personalise the base stock on site. There are few continuous stationery press manufacturers remaining following the decision by Müller Martini to exit the sector as the trend toward direct single pass colour inkjet continues.

The traditional methods are complex and time consuming, using web overprinting is inherently wasteful with many part reels and the slab and core waste involved as well as significant set-up waste.

The quality, speed and reliability of inkjet have steadily improved, making it suitable for advertising direct mail. The latest inkjet machinery is increasingly cost effective against litho overprinting. The direct comparison shows the breakeven is steadily increasing in run length, depending on the ink coverage. There is less waste and redundancy in single pass inkjet, with no capital tied up in stock and work in progress.

Smithers Pira has developed a print costing model that compares the cost of production on different printing systems. The model takes into account the capital cost of a press; cost of finance; depreciation period; maintenance; shift patterns; labour rates; energy costs; make-ready time; the plate costs (if necessary); paper size grammage and price; the set-up and running waste; the print speed and press utilisation; blanket and press chemicals; ink or toner click cost at variable coverages. It does not include postage.

TABLE 8 compares the inputs building up the costs of printing A4 sheets on a combination web litho and continuous toner overprint with two inkjet machines. In this example the litho and toner machines are fully depreciated, with zero capital contributing to the cost build up.

TABLE 8: Production printing print cost comparison table

	Toner over-printing litho	Inkjet Press 1	Inkjet Press 2
Total Capital Cost	\$0	\$1,000,000	\$1,500,000
Total Annual service cost	\$62,000	\$30,000	\$70,000
Printers (operators) per press	2	1	1
Hourly Labour cost	\$17.50	\$17.50	\$17.50
Number of Shifts	2	2	2
Total hourly rate on press	\$60.28	\$82.57	\$121.77
Typical final product format	A4	A4	A4
Number of colours (2-sides)	4	4	4
Paper Grammage	80	80	80
Paper cost per tonne	\$900	\$900	\$900
Paper width (mm)	540	500	500
Average running speed (FPM)	600	325	325
Operational uptime	60%	75%	75%
Net running speed (FPM)	\$780	300	450
Net running speed (A4 images/min)	3,061	1,232	1,847
Average running speed (PPM)	1,531	616	924
Cost per plate to press	\$20	Na	n/a
First make-ready time (mins)	68	10	10
Run-on make-ready time (mins)	30	6	8
Paper set up waste (metres)	2240	200	200
Material set up cost	\$34	\$6.68	\$6.18
Cost per first set up	\$183	\$20.44	\$26.47
Overall running waste	2.30%	0.50%	0.50%
Typical ink coverage	30%	30%	30%
Average ink price (per kg/ltr)	\$8.10	\$60.00	\$53.00
Kg of ink/1000 impressions	0.375	0.452	0.452
Ink/click charge per 1,000 sheets	\$6.76	\$21.56	\$19.05
Cost per first set up	\$183.12	\$20.44	\$26.47
Cost per subsequent set up	\$109.29	\$14.94	\$22.41
Print cost per A4 duplex sheet	\$0.0126	\$0.02987	\$0.02731
Waste cost per A4 duplex sheet	\$0.0015	\$0.00002	\$0.00002

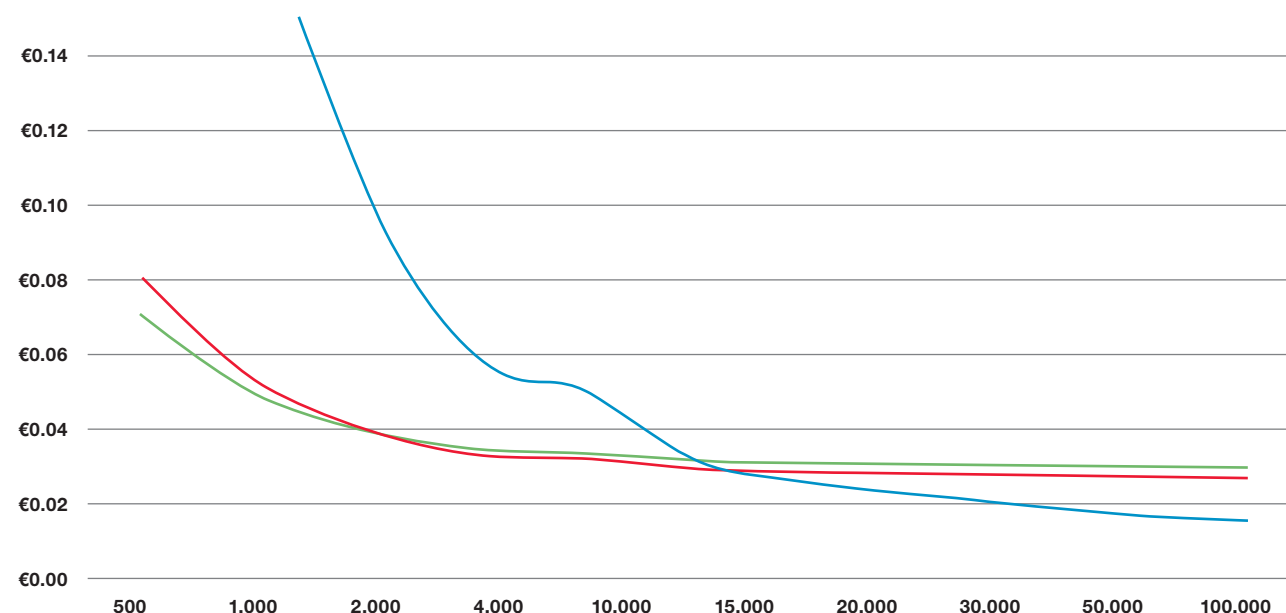
Source: Smithers Pira

In practice there are major variations in actual performance between different printing companies, and the prices they pay for equipment and consumables. Changing these alters the economic break-evens significantly. The type of litho press in use, particularly the model and age, determine the top-level performance while the culture of the company determines the method of operation. Actual street figures may be changed as prices and performance change. The ink coverage and substrate cost can be varied to cost a range of jobs to determine which process best fits a print business.

In this example the capital cost of litho and continuous toner press are set at zero, assuming the equipment is fully depreciated which is typical of the real situation in 2016. FIGURE 5 plots the comparison calculated from the above settings.

FIGURE 5 Cost comparator of sheetfed litho and digital presses

Unit cost of Production Print (€ per A4 duplex print)



Source: *Smithers Pira*

The model shows that the inkjet is cheaper than the toner overprinting up to runs of ten and twelve thousand copies respectively, even with no capital value placed on the litho and toner press. Lower ink coverage shifts the breakeven significantly higher which can be the case for many Production Print designs. There is considerable variation in the actual performance of installed litho and digital print equipment at different print companies. Press speeds, substrate choice, make-ready time and wastage can be very different. The ink consumption is important for analogue and inkjet alternatives where ink is sold by weight and consumption varies according to the artwork of individual jobs. Printers will negotiate advantageous ink prices, and when buying a digital press there may be differences in consumable cost and service charges.

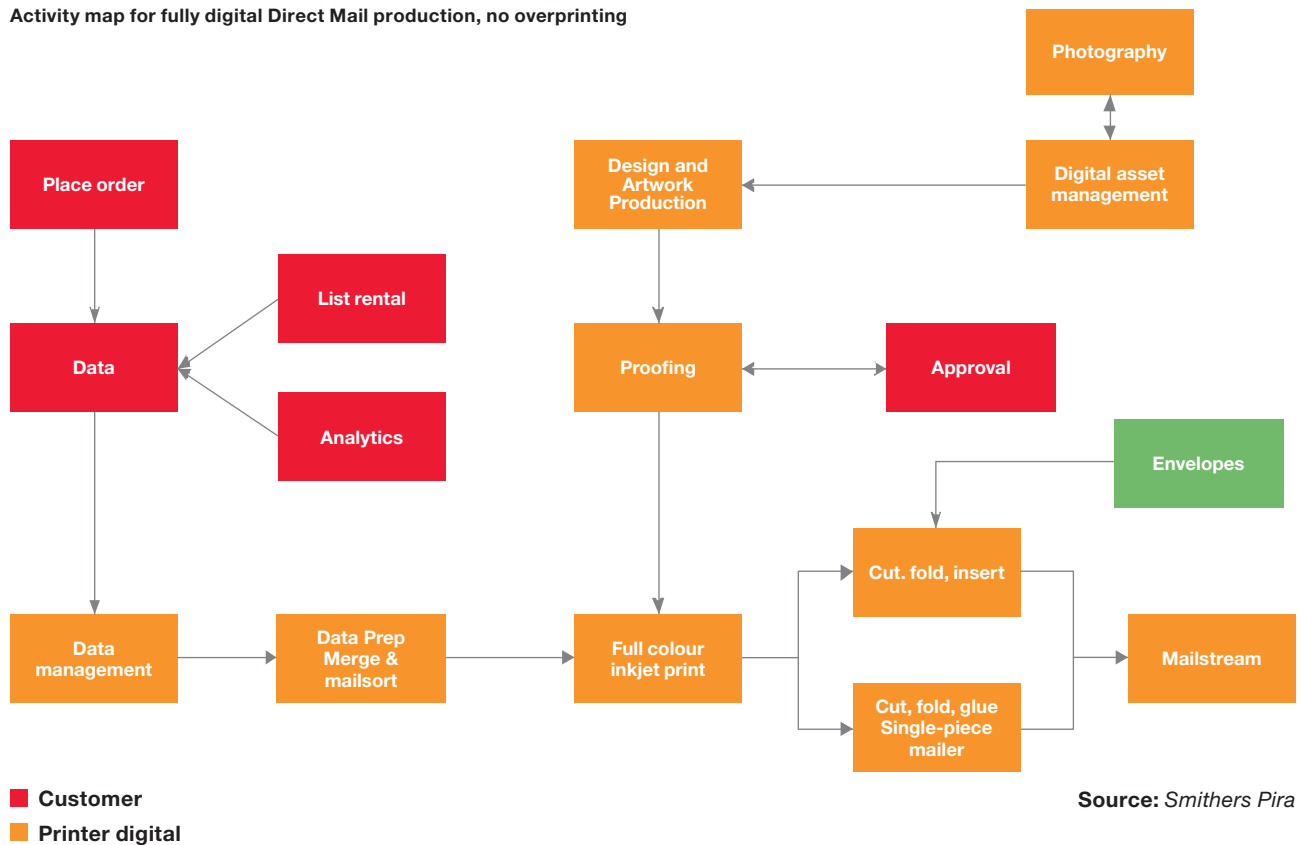
The model compares production directly, it does not include any transport or storage costs that may be incurred in double pass production. There may be significant write offs of stock if there is a design change which are not considered in this model.

The change is not just through comparative cost development. Using white paper allows greater design flexibility, as every piece can be different with a tailored offer including relevant images making them more relevant to the recipient.

The other advantage is enabling jobs to be mixed, increasing run lengths that mean potentially lower postal costs through higher mail sort discounts at the printing stage, without having to sort finished packs. Reducing postal costs is a key factor in boosting the measured return on direct mail spend to make it effective against other advertising methods. FIGURE 6 shows the simpler production methods of full colour inkjet printing, eliminating the double pass litho-toner overprinting methods.

FIGURE 6 Activity map of colour direct mail production, no overprinting

Activity map for fully digital Direct Mail production, no overprinting

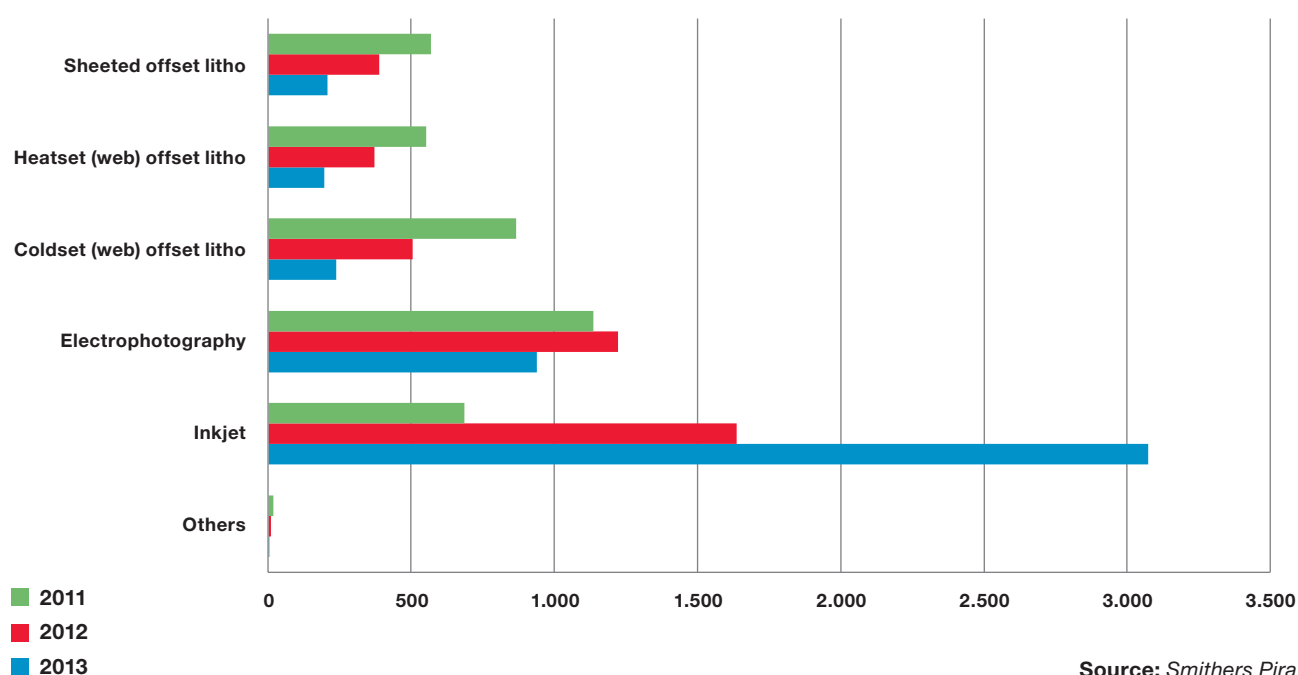


Source: Smithers Pira

The goal for direct mail is for recipients to respond to the call to action. Response rates have greatly improved through the use of better analytics and targeting which is aided by getting rid of a generic static background. Companies can further segment their customer base and branding in a single run, as well as using totally variable content. There are many successful case studies presented in marketing trade press, agency and supplier websites that provide insight and examples of successful campaigns enabled by the use of free design. One good example was the Porsche “It’s closer than you think” campaign, where the agency drove a car to the driveway of their targets and photographed the car in front of the recipient’s house. The photo was included with an offer to test drive the car and the dealership got a 32% take-up on the offer. While this level of detail and personalisation may not necessarily be available for all campaigns, it shows the value of innovation and design where there are fewer limitations.

FIGURE 7 shows the development of the direct mail market in Europe by print process from 2011-2021. The biggest change is the growth in inkjet, from €686 million in 2011 to almost €3.1 billion in 2021 as litho and electrophotography fall. Electrophotography value falls much lower, as there is growth in higher value colour toner printing, for short run high value applications, while the mono overprinting falls rapidly.

FIGURE 7 European direct mail printing output by process, 2011-2021f (€ million, constant 2015 prices & exchange rates)



EUROPEAN DIRECT MAIL INDUSTRY STRUCTURES

There has been consolidation in direct mail providers, with fewer large players across the European market. Following the de-regulation and privatisation of the postal providers (although maintaining the universal service obligation) allowed those companies to buy major printers and mailing companies. In September 2016 Deutsche Post announced it would acquire UK Mail for £243 million, the latest in a long line of mergers and acquisitions.

Among the leading European direct mail suppliers are Strålfors who is owned by PostNord (who announced they would sell its subsidiaries in the UK, France and Poland). Swiss Post owns direct mail providers in Switzerland, France, Germany, the UK, Italy, Slovakia as well as the USA and Vietnam. Deutsche Post owns Williams Lea, and soon UK Mail. MeillerGHP was sold by Austria Post to Paragon in February 2015.

There are large groups operating alongside independents and small specialists in all European countries. Large companies such as Arvato Campaign, DST, RotoMail, GI Solutions, Anton Group, Pondres, Gruppo Selecta, Leaderform, Zalsman, St Ives, Hansaprint, Elanders, Data One-Groupe Diffusion Plus, JetMail, CFI Technologies, Nic.Oud, Baumer, Telemail, and many others are making significant strides in direct mail production. Some are investing in marketing service agencies and data analytics providers, while others are forming partnerships to provide better service levels to customers.

CONCLUSIONS

The conflicting market drivers of requirement to communicate with prospective and existing customers across multiple channels, providing more targeted offers, to changing demographics with more households and greater urbanization, rising print and postal costs, with greater environmental awareness are combining to produce a complex market. Production efficiencies allow post cost savings, while many end users prefer to receive non-printed communications. Direct mail is changing to fit in with the demands of the end users and the organisations targeting them. TABLE 5 summarises the key drivers that will impact direct mail to 2021. There are often conflicting, in some cases counter-intuitively so (higher printing cost can reduce overall job cost when postage is considered).

TABLE 9: Key drivers for direct mail printing

	Status 2016	Status 2021
Cost reduction		
Electronic alternatives to physical copies	<ul style="list-style-type: none"> Multi-channel communications are offered, direct mail remains an important part of the mix Customers make the choice on their preferences for convenience and security 	<ul style="list-style-type: none"> Higher use of alternative channels, paper continues to lose share Still some of the population remain off-line
Print technology shifts	<ul style="list-style-type: none"> Continuous mono toner overprinting losing share Continuous web offset press manufactures leaving the market Great majority is webfed, cut sheet used for repairs and low runs 	<ul style="list-style-type: none"> High speed single pass inkjet dominates No new equipment is available, increasingly machines are retired as they become unreliable Most remains web, high performance toner and inkjet cut sheet machines growing strongly
Outsourcing	<ul style="list-style-type: none"> Specialist BPO companies handling printing and customer communications. 	<ul style="list-style-type: none"> Market has settled with many efficient high volume facilities
Direct mail buyers	<ul style="list-style-type: none"> New marketing personnel are not print-literate, they need support 	<ul style="list-style-type: none"> Suppliers work with buyers to obtain most effective mix, most DM suppliers offer multi-channel solutions
Postal changes		
	<ul style="list-style-type: none"> Postal volumes are falling in most regions, production print makes up a significant sector of all mail De-regulation of postal service in many countries 	<ul style="list-style-type: none"> Rising costs pushing much volume to electronic, more flexible inkjet can reduce overall job cost by optimising mail savings Some DM print players move into the sector, handling access into mailstream (although not the final delivery mile)
Demographics and volume of data		
	<ul style="list-style-type: none"> The number of potential customers and economically active individuals is increasing 	<ul style="list-style-type: none"> Big Data and sophisticated analytics provides better targeting to deliver relevant offers that are likely to be acted upon
Environmental impacts		
	<ul style="list-style-type: none"> Perception is that electronic communication is more sustainable than print, often promoted by service providers 	<ul style="list-style-type: none"> Few independent life cycle assessment studies measure the impact of print and electronic alternatives

Source: *Smithers Pira*

