

## Direct Mail And The Importance Of Measurement

Launch Of New Addressed Mail Feature On Roy Morgan Single Source  
Sydney, May 19, 2005 & Melbourne, May 23, 2005

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When we talked to some of the most influential marketers in the country one message came back loud and clear –

*"There is simply not enough reliable metrics to get Direct Mail 'on the radar'."*

They also told us –

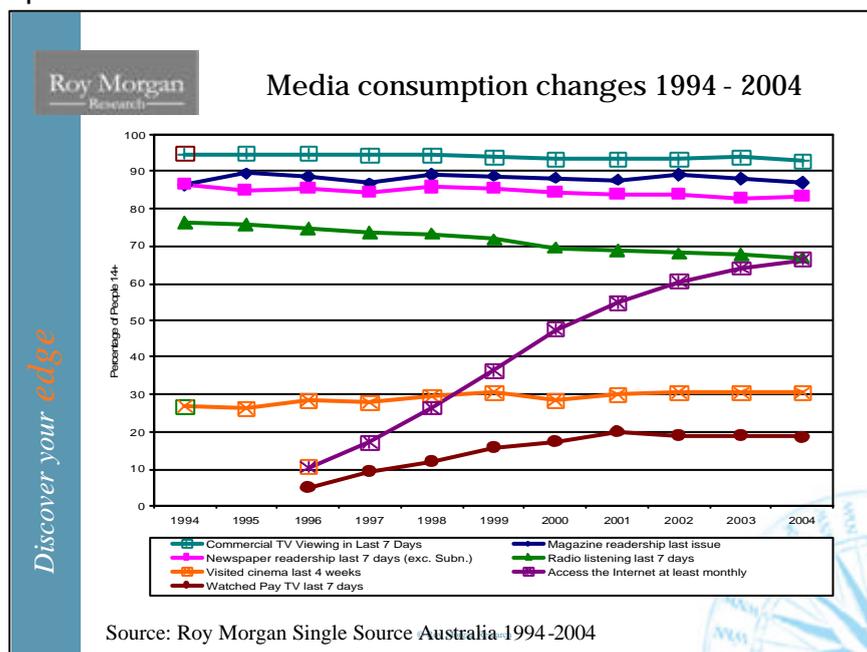
*"Make Direct Mail as easy to buy as other media."*

In the early 40s Roy Morgan worked closely with Sir Keith Murdoch (Rupert Murdoch's father). Together they undertook research into newspapers – who read them, how they read them, what stories and ads were of interest.

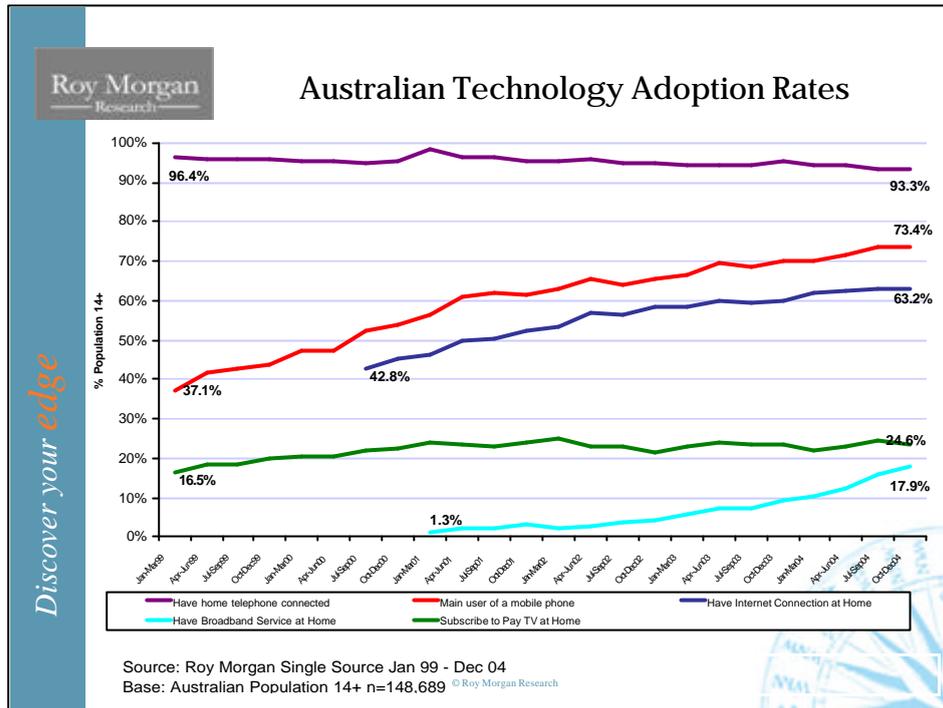
In those days newspapers were the primary media channel - as John Sintras (Starcom) said at a meeting yesterday –

*"That was the television of the day."*

Since then the number of channels to the consumer has increased in an amazing way. The last 10 years have seen dramatic change in media – predominantly focused on Internet take-up.

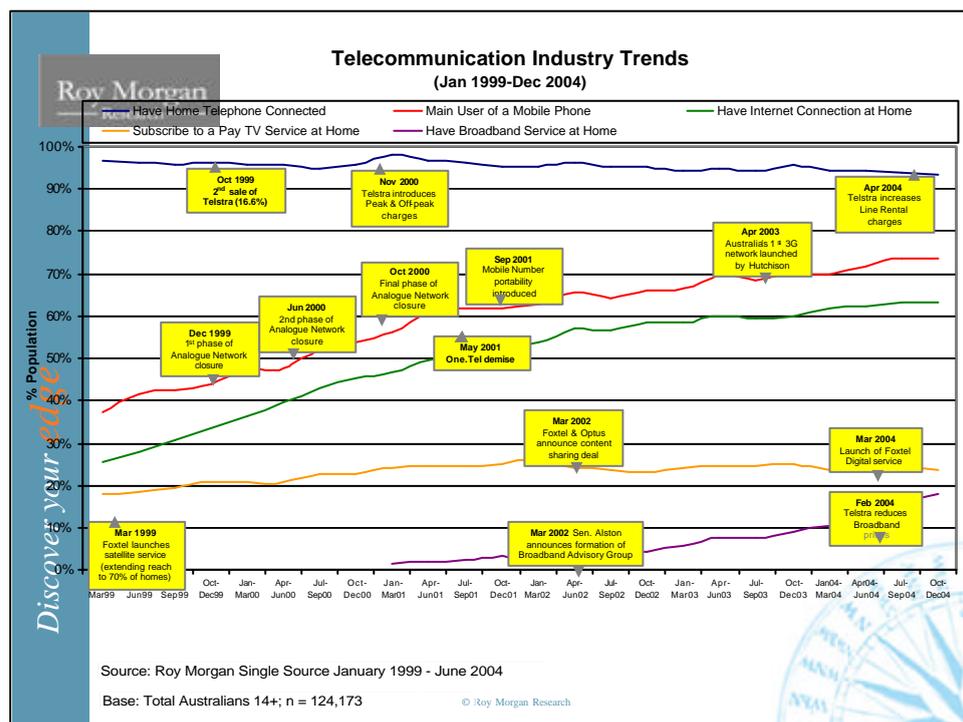


In technology broadly we see the impact of mobile phones, Internet and broadband, and an indication of fall-off of fixed line telephony.



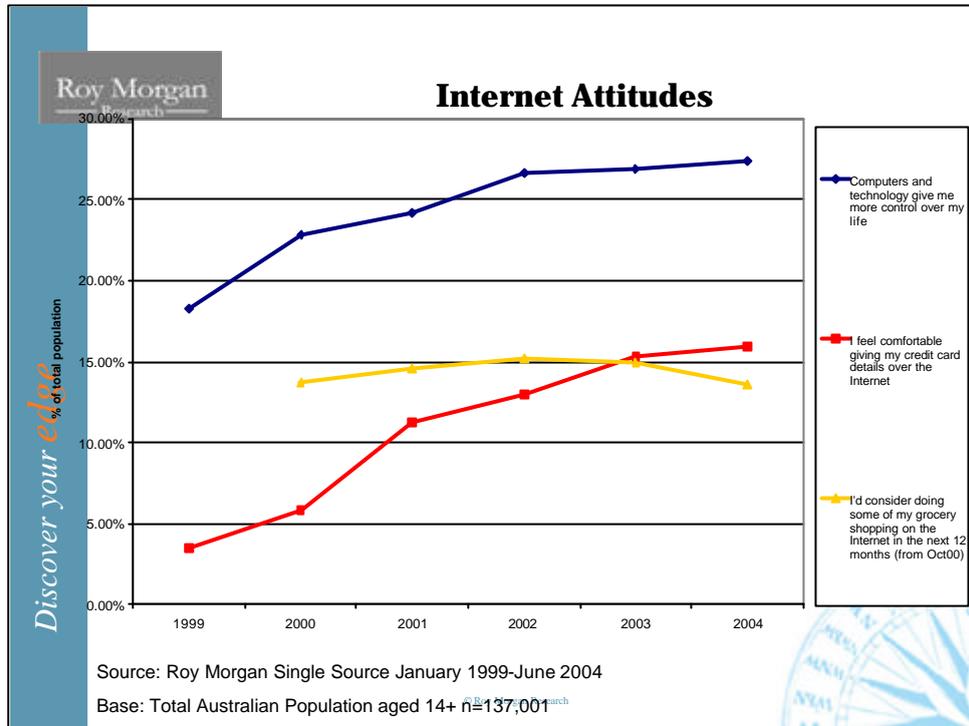
Plotting policy actions against these trends, we see some impact – e.g., Telstra’s introduction of peak and off-peak charges appeared to hold up fixed line telephony – but it was short-lived. The trend continued down.

Broadband price reductions in mid-2004 appeared to increase broadband penetration. But it was on its way anyway.

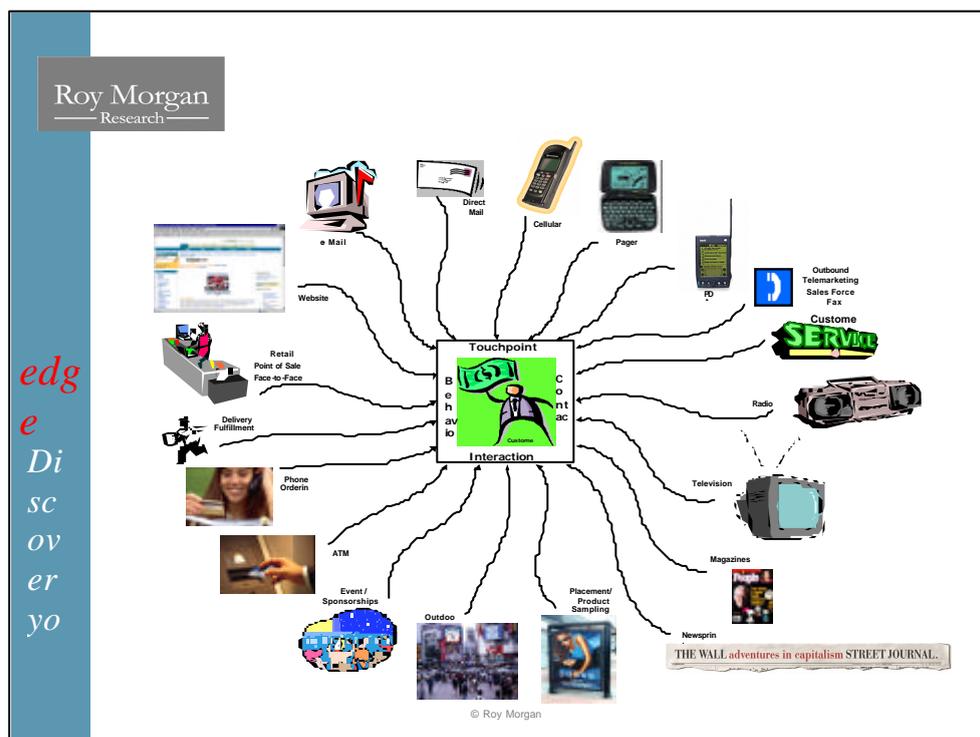


Increased comfort with the technology is obvious – with substantially more Australians now agreeing:

*“Computers and technology give me more control over my life.”*  
*“I feel comfortable giving my credit card details over the Internet.”*

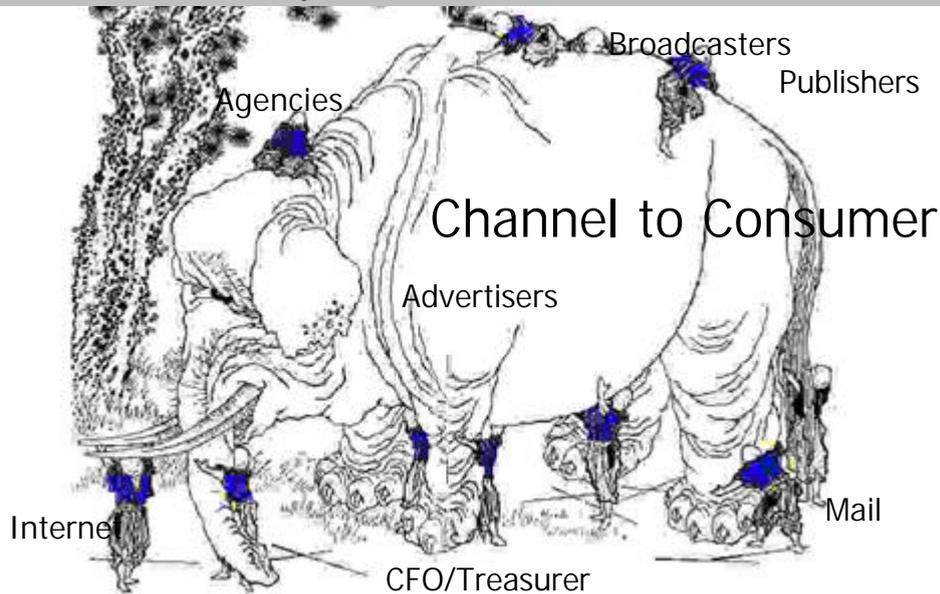


The channels to the consumer are now greater than ever before and increasing faster than ever.



These are all channels to the consumer's mind. Interestingly when it comes to the concept of 'Channel to Consumer' – it can be likened to the blind men and the elephant.

### Many Different Stakeholders



Each blind man touching a different part of the elephant had a different idea of what the elephant was – and they were all 'right' – in a way. There are, of course, today different measures for the different media:

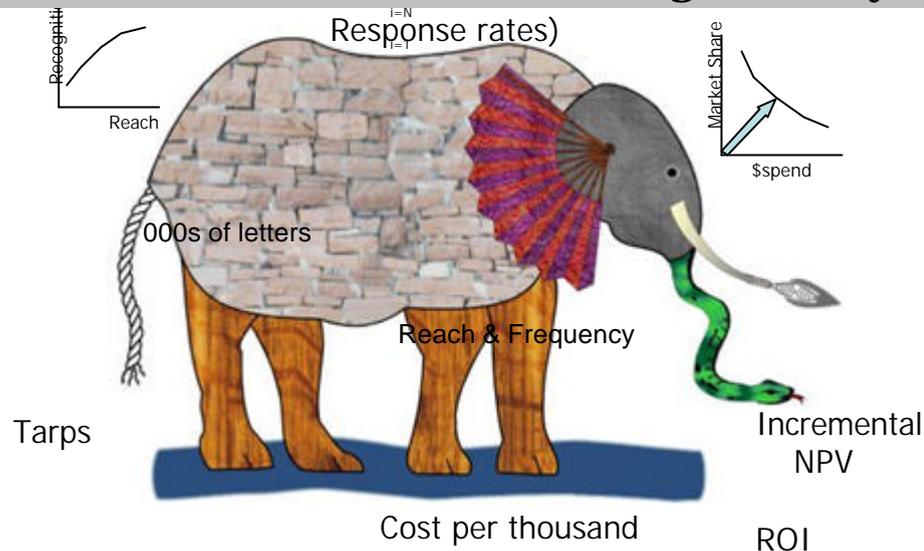
- TV
- Radio
- Magazines
- Newspapers
- Cinema
- Catalogues
- Direct Mail
- Internet

Broadly speaking, TV is measured by diary or meter; radio is measured by diary; magazines and newspapers by readership surveys either face-to-face, telephone or self-completion; cinema by surveys, etc, etc; Internet by survey, site-specific measures of hits or visits, or some combination, and until recently direct mail - or addressed mail was measured either in '000s of letters or in '000s of responses.

Clearly the broadcasters and publishers have a very different view than the agencies, who have a different perspective again to advertisers (and very different measures of success). Added to that, there are the Finance People Vs the Marketing People Vs the Board.

The real problem, everywhere in the world, is that the 'metrics' do not migrate easily across the different views - UNTIL NOW.

### The Problem: Most Metrics Don't Migrate Easily



The obvious questions are:

- Why do we need measures?
- Why are the methodologies different?
- Why are the measures different?

These are the questions we articulated and answered in the mid '90s and they have shaped the direction of Roy Morgan Research's media measurement ever since.

**Why do we need measures?** The need for measures is all about currency:

- currency for buying 'space';
- currency for planning;
- currency for evaluating performance; and
- currency for advertisers to know that the \$'s spent in advertising have some financial logic.

**Why are the methodologies and measures different?** The reason for the different methodologies has to do with:

- technology;
- the way the media is distributed;
- costs;
- end-user needs and willingness to pay, and
- history!

The real question was and still is “How do we move forward?”

At Roy Morgan Research, in order to move forward, we listen to our clients and look at what’s changed and what’s still the same.

**What’s changed?** So much has changed:

- Technology changed what we measure and how we can measure it; we have new media; the new and the old media are converging; and media is converging with communications.
- Users/clients have become more demanding, more sophisticated and increasingly more practical.
- Social changes have also come into play.
- The economics of information are changing (collecting, analysing and reporting).

The market itself has changed with moves to larger media buying houses, and globalisation of markets and marketing.

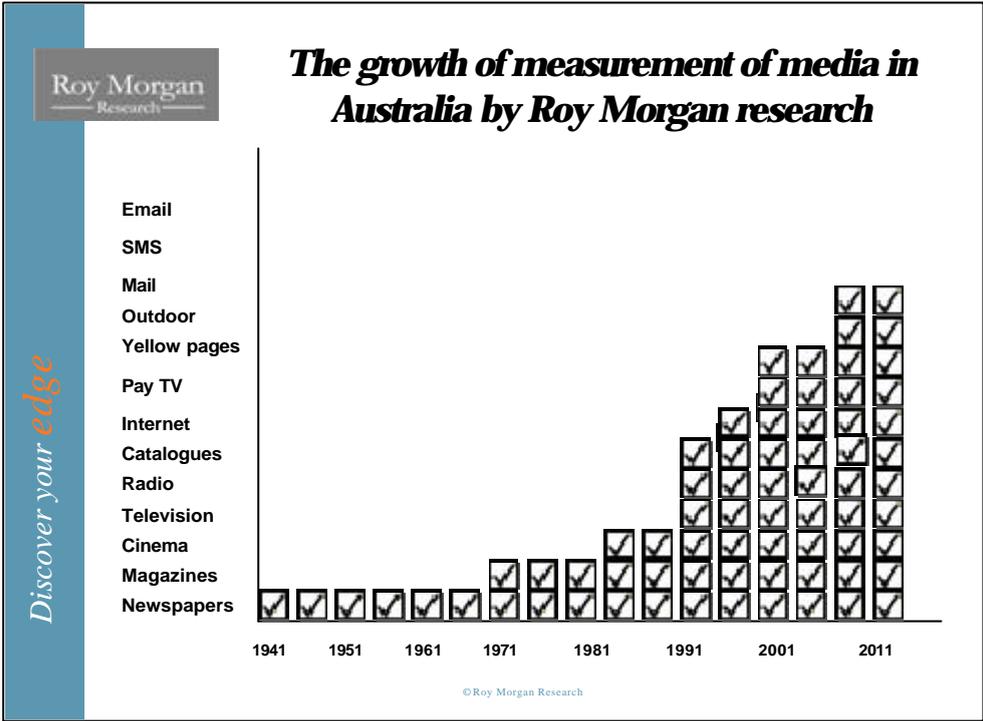
**And what is the same?** At Roy Morgan Research we have come to the conclusion three things are still the same:

- First, the end consumer - is still a person - watching, reading, listening and making choices.
- Second, there is still a need for some kind of currency between key negotiators - although the arena for these negotiations is changing.
- Third, the overall aim of the advertiser is still the same: **to achieve increased advertising productivity by enabling more powerful impact at lower cost.**

We believe the means to achieve this for the advertiser, to recognise the consumer in the equation and the changing shape of media buying is **a single focus from strategic planning through marketing, media planning into media buying.**

A single source of **authoritative information** for all media, agencies, and advertisers in all categories.

The following chart illustrates how we have taken up the various new media to build a fully integrated consumer focussed media planning tool.



Today, we can now claim to have a significant understanding of consumers' consumption and interaction with direct mail based on nearly two years of work to include this important and growing medium into the media mix of understanding. And for the first time the metrics are included in Roy Morgan Single Source.

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### Single Source – Ideal Vehicle for Addressed Mail

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Roy Morgan Single Source is:

- **Comprehensive** - in data collected
- **Accurate** - when compared to external benchmarks
- **Accepted** - by a wide range of industries
- **Widely used** - especially by media planners
- **Ideal vehicle** - for addressed mail measurement integration

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## Methodology

In developing the methodology it was critical to ensure that the metrics for direct mail were consistent with metrics for other media. The solution was a diary that respondents filled out over the course of the week.

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### *Integrating other media*

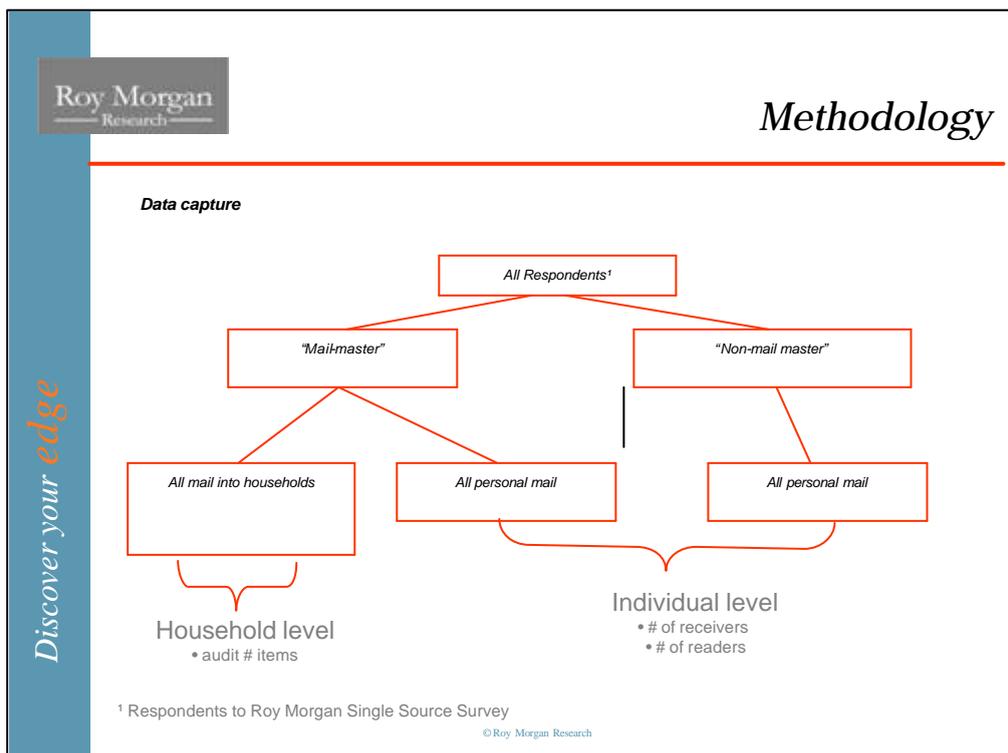
- A consideration in our survey process was to ensure a methodology consistent with the collection of TV, Radio newspaper, catalogue and internet data sources.
- We could have adopted a faster cheaper data collection process - but instead chose the gold standard – that is a diary method that a respondent fills out during the course of a week.
- This is consistent with the other forms of media and allows integration easily.

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The diary is in the media poll that Single Source respondents fill out each week. Over the period of 7 days respondents record in a diary, details of all the items of mail that come into their household and what they read. And respond to.

The concept of a "Mail Master" was also developed, tested and implemented. This overcame the issue that mail is essentially an individual channel but is delivered to the household.



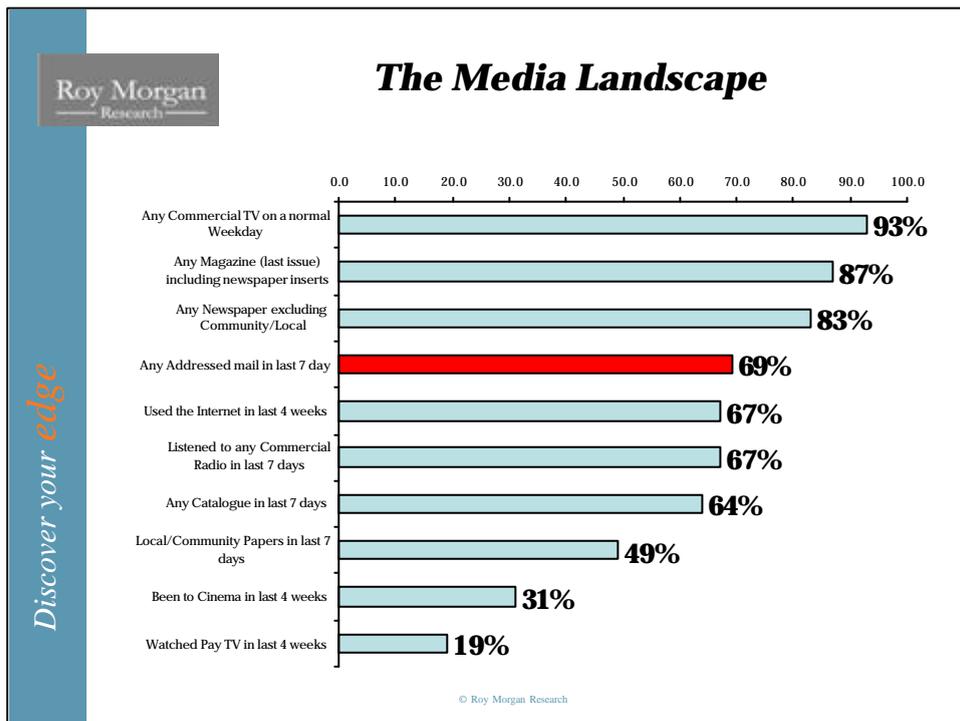
Analysis has focused so far on addressed mail. Addressed mail is now part of the Single Source of **authoritative information** for all media, agencies, and advertisers in all categories.

So first let's see where addressed mail fits in the media equation. On a top line level we can see that almost 70% of Australians aged 14 plus read an addressed letter during the week. How does this compare to other print media?

- 87% read a magazine (last issue)
- 83% read a newspaper
- 63% read a catalogue (last 7 days).

Very few letters actually end up unread; it's just that once our survey respondent has passed it on, we can't "see" what happened to it.

Magazine readership is high because there is no time limit – could have read a last months issue 3 weeks ago.



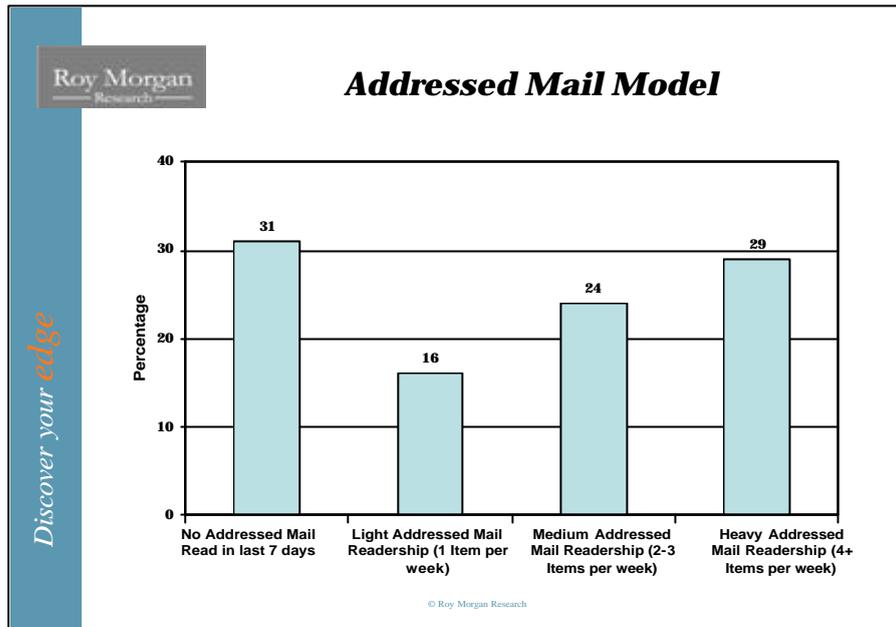
We then developed **media imperatives** around addressed mail so that we could isolate heavy medium and light users of addressed mail. Three segments of readers were devised.

29% read 4 plus letters a week (Heavy)

24% read 2-3 items (Medium)

16% read 1 item (Light)

31% did not read mail



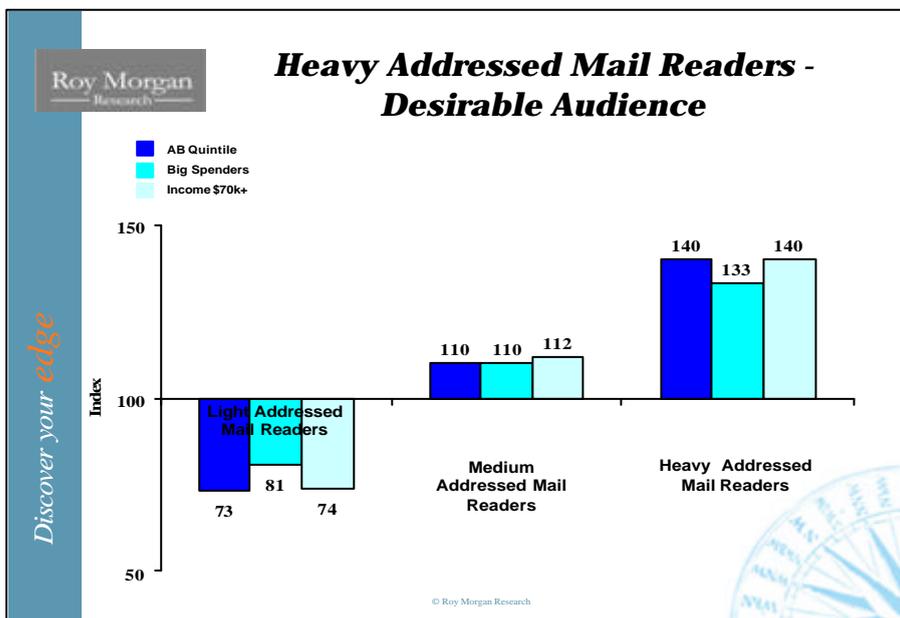
**So who does read mail?** One perception was that mail is really best for those poor old people who sit around all day with nothing better than to read the fine print. The evidence suggests otherwise.

Heavy mail readers (29% of population) are distinctly skewed to:

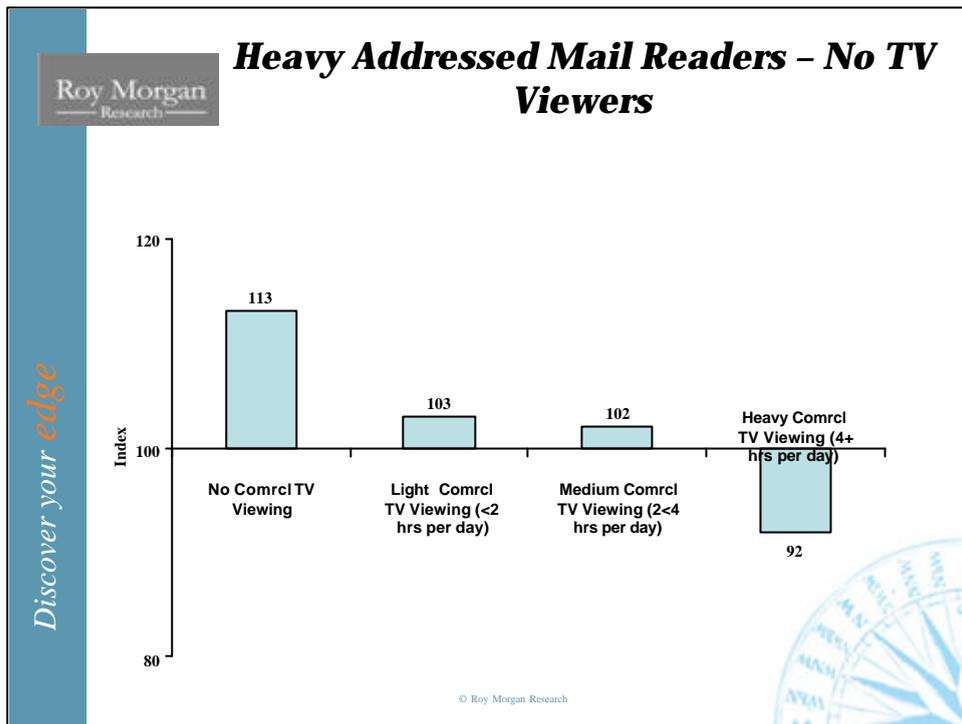
- Big Spenders
- Wealthy
- “Mid Life” households

They are 40% more likely to be "Big Spenders", 33% more likely to be wealthy and 40% more likely to be in mid-life households.

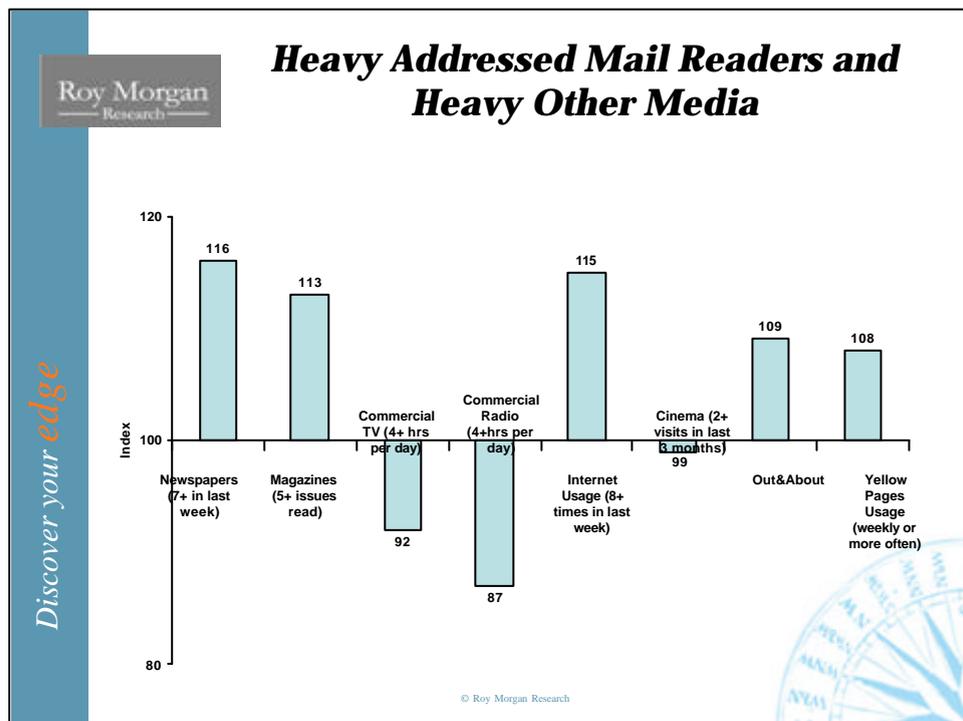
This makes sense in the sense that the more you have, the more you will be “engaged” with banks, credit cards, cars, schools, real estate charities etc – all big users of mail as a communication vehicle



Heavy addressed mail users are also less likely to be heavy users of commercial television.



In fact heavy users of addressed mail are not likely to be heavy users of television radio or cinema but index highly on use of print media and the Internet. They are also more likely to be exposed to outdoor media by being out and about more often.



But media is not just about the size of the audience. At Roy Morgan we are also interested in the qualitative aspects of the audience and their experience and involvement. We already collect information on how people spend their time with different media, their attitudes to media and their involvement with television.

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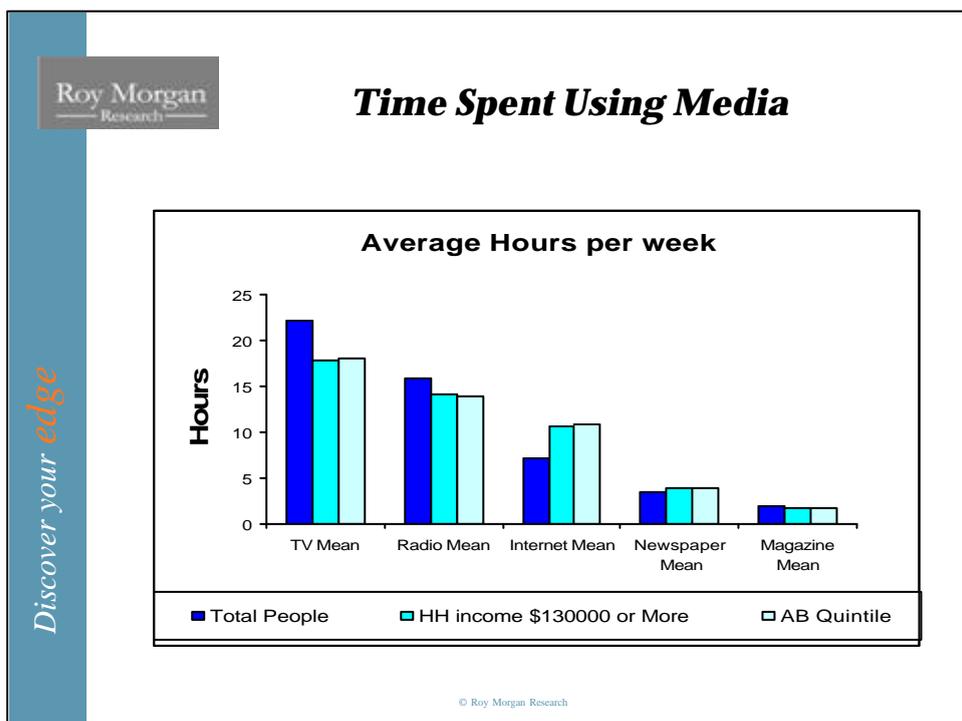
## ***Not just reach but involvement***

- *Time spent with media*
- *Attitudes to media*
- *TV involvement*

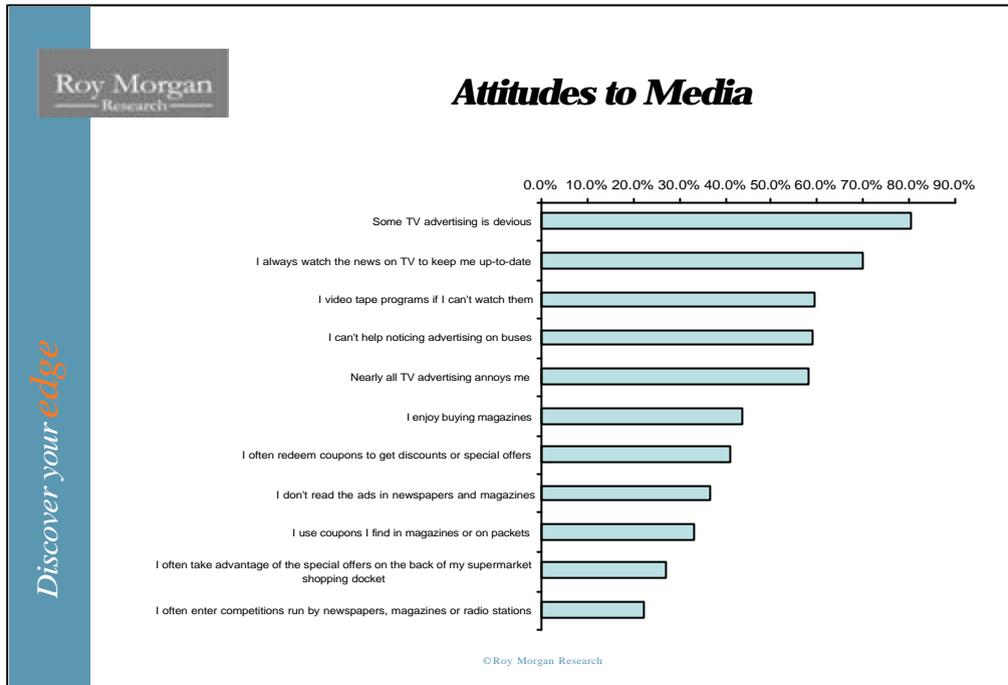
*Response to addressed mail*

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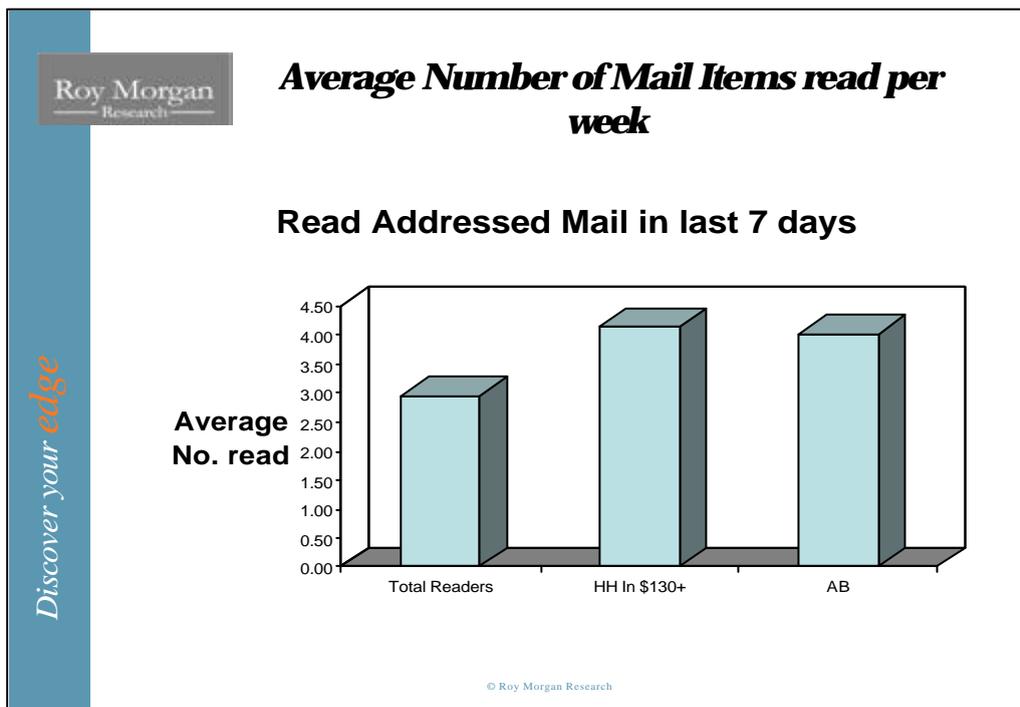
You can see here that although people spend approximately 22 hours a week watching television wealthier people spend considerably less time watching TV. Wealthier people spend more time than the average population using the Internet and reading newspaper.



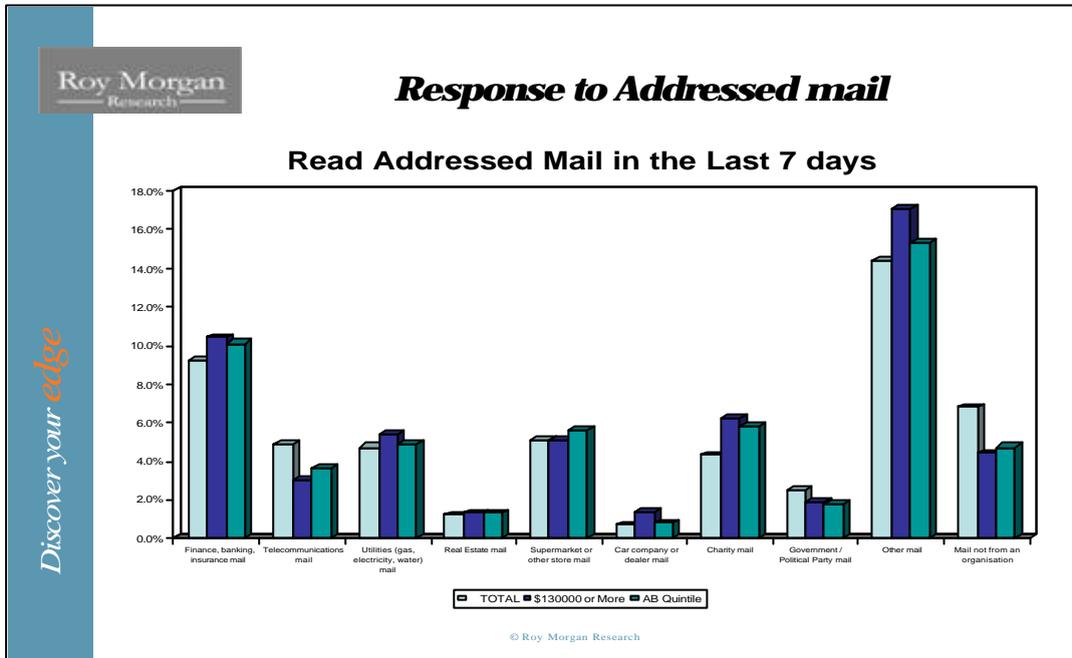
People can be really quite ambivalent about television. Here you can see that 80% of people think that TV advertising can be devious but they also like to watch the news on TV to keep up to date and they will tape favourite shows if they think they might miss them.



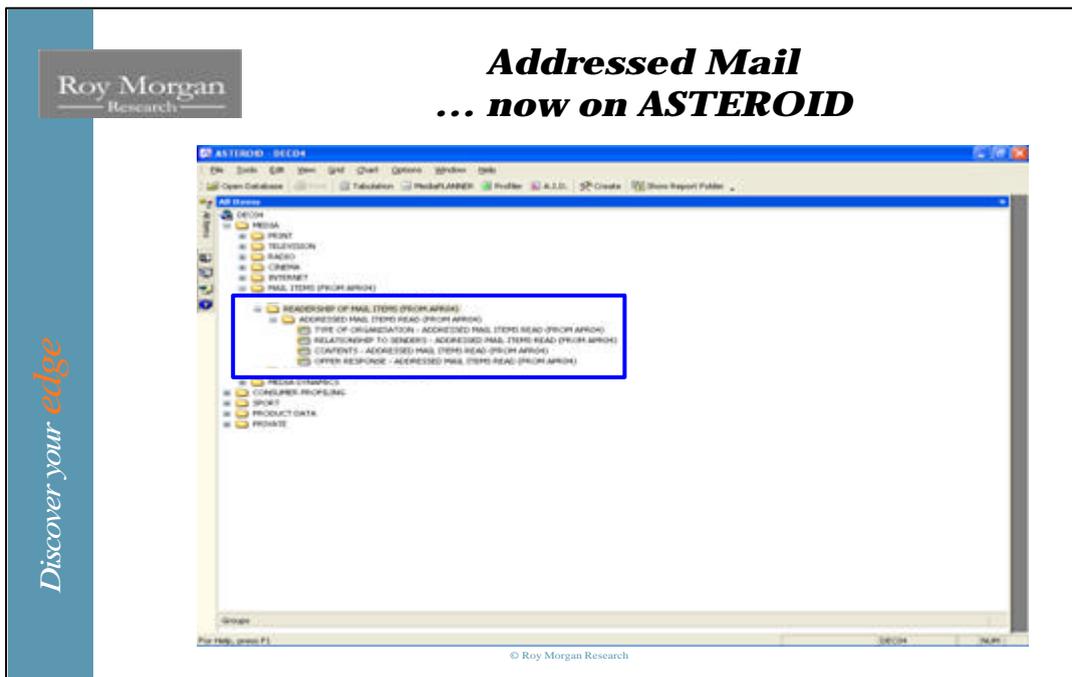
Wealthier people are also more likely to read more addressed mail each week.



When it comes to direct mail, the key is that people respond to it. Amongst people that have read addressed mail in the past 7 days. You can see here that people respond to mail from corporations as well as from other sources. Wealthier people are more likely to respond to mail than the general population.



But you can discover this and much more for yourself. With the release of the March 2005 database all media agencies will receive the addressed mail on ASTEROID along with all the other media data. It is easily found in the media folder and comparisons can also be made, through media imperatives, with other media.



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## Addressed Mail ... now on ASTEROID

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We hope you find it a useful tool and that it adds to your ability to engage with the complete media landscape.

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