



Consider a "Magalog."

Is it a magazine or a catalog? According to the latest marketing trend, a "magalog" is a little of both. Hybrid publications have been popping up everywhere, from Outdoor Living Products to Borders, and have been gaining popularity among consumers. Why? They're an interesting mix of retail products and editorial features closely tailored to the consumer's mind-set. So they have a better chance of breaking through and holding attention. What's more, they contain a high degree of "pass-along" value that can spread your message far and wide.

"Our new magalog is a much more cost-effective approach than spending a lot of money on advertising in regular magazines," says Steve Weinstein, brand manager for Outdoor Living Products. "This way, we can really target the market we want to reach."



Magalogs come in all shapes and sizes, ranging from 16 to more than 100 pages. As the examples illustrate, they are an ideal way to distinguish yourself from the competition and have become a visible component of the marketing mix for a number of retailers.

Our goal at the United States Postal Service® is to remain the leading mail resource for businesses and consumers. If you found the information in this brochure helpful, please visit usps.com/dminfo for additional studies conducted by the Postal Service™ as they become available.



Been coming to Vegas for years
 Not a big spender, but makes frequent visits
 The more she plays, the more perks she earns
 Can't wait to see what will bring her back next

Second trip to Vegas
 Currently celebrating milestone birthday
 Responded to personal invite from management
 Looks forward to return visit





Mail: the better the piece, the better the return.

As most marketers know, successful Direct Mail requires more than just a clever execution and postage. It's about connecting on a deeper, more personal level...really relating to your customers one-on-one. For more effective initiatives, you need to assess the bigger picture — from audience definition and targeted messaging to fulfilling household-related jobs. What follows are some key insights into Direct Mail “best practices” and the tactics used by successful marketers.

Insight 1 Personalization is key.

Today, people demand to be spoken to as individuals. It's no longer viable to send a mailing to “current resident.” The more you know about your customers, the more effectively you can use that information to speak to them — and the more likely they will respond. Content that is tailored to the individual is far more compelling and will typically outperform generic, one-size-fits-all copy.

Personalization adds importance and credibility to a mail piece. Digital printing not only allows you to incorporate the person's name, but also include personalized variable text. So you can customize your offer based on audience segment, perceived relevance or information value with far greater

results. For example, “Yo, Mike, visit mysite11.com for a FREE music download” speaks to a youthful Gen Y audience and is much more compelling than a URL alone.

Personalization can also give consumers a sense of trust by connecting them with a company agent or representative. By including a photo and other specific agent information, consumers get a sense of familiarity that can help with follow-up contact and relationship management.

Bottom line? The more personalized the message, the greater the potential return.

Case in point: Harrah's Entertainment
Target: Existing customers
Objective: Improve loyalty

Harrah's Entertainment took a different approach to customer loyalty. Rather than relying on big spenders, or “whales,” to pump up revenues, they focused on their best customers, who spent less but visited more often.

Harrah's collected extensive customer data — personal demographics, how loyal customers were, how often they visited, etc. — and used the information to develop a series of relationship-building activities. They then used the data to deliver targeted, customized messages and offers to members through Direct Mail and e-mail.

This highly segmented direct marketing program enabled the relaunch of their loyalty program, Total Rewards. Customers sign up and are given a card to

swipe each time they play a game. The more they play, the more credits they earn. Credits can then be used for discounts at on-site stores, preferential seating at casino restaurants and invitations to exclusive events. Learning what activities customers liked doing at their property allowed Harrah's to target specific messages to them.

“It's all about knowing who your customers are and how you can encourage them to be more loyal to you,” commented David Norton, Harrah's senior vice president of relationship marketing. “We're not asking people to spend more money gambling. We're just saying, why not be more loyal to us?”

As a result of its customer loyalty program and subsequent personalized messaging program, Harrah's increased the share it gets of its customers' gaming budgets to 45 percent.

Personalized by player name, point total, award level and rewards list.



Insight 2 Define your target audience.

Deciding whom to send your marketing communication to is one of the most important parts of a Direct Mail campaign. It's not just a way of reaching your market — it **is** the market. One way to define your audience is through data modeling.

Modeling relies on data intelligence to help identify prospects who are more likely to respond to your offer. Use what you know about your customer. Information such as age, income, product affinity and purchase history can help you segment future campaigns and tailor them to your most viable prospects. This will enable you to match the most relevant message and offer to that prospect.

In addition to targeting specific messages to a more narrowly defined market, modeling can help you increase response rates while decreasing mail volumes.

Case in point: Scotts LawnService
Target: Busy homeowners in need of lawn care
Objective: Increased market share

Scotts LawnService wanted to add new market segments and grow in existing markets. To do this, they enlisted Vertis, Inc., a provider of targeted advertising, media and marketing services, to give them a “snapshot” of their most likely customer. Vertis started by looking at characteristics of Scotts' current customers.

Using sophisticated data analysis, Vertis dissected existing customer segmentation with other key

How to Hit It Big. These findings were compiled by the U.S. Postal Service* to demonstrate successful targeting tactics used in real case studies. Source: “The Mail Moment,” a study conducted by InnoMedia.

variables. The resulting model helped pinpoint the do-it-for-me customer Scotts was seeking — busy parents with busy kids, the weekend golfer who would rather play the back nine than fertilize the lawn, and the homeowner who wanted a lush, green lawn the neighbors would envy.

Vertis was able to identify such customers via ZIP Code™ clustering and other proprietary demographic and psychographic variables. Using this highly defined list to customize its mailings, Scotts experienced superior results. In the first year of the program, response rates tracked 15 percent ahead of Scotts' historical average.

According to Art Hall, senior director at Vertis, “Everyone has access to the same data. But how you append information, analyze and apply it separates the effectiveness of one model from another.”

Insight 3 Make sure your message is relevant.

Today, consumers expect business correspondence in their mail and use it to help manage their homes. Your marketing initiatives have a greater chance of breaking through when the message relates to household tasks and centers on at least one of the following three jobs:

Browsing for consumption. Mail has become the new “window shopping.” Consumers make time to browse through their mail to see what's new and consider products that may enhance their lives. It helps them relax, unwind and stay in touch with what's going on.

Managing the home. Consumers use mail to stay on top of household duties, such as arranging doctor appointments, scheduling oil changes or planning shopping excursions.

Overseeing finances. From paying bills and reviewing account statements to clipping coupons and saving money, mail helps consumers oversee financial matters.

Once the function of your mailing is decided, make sure your message fulfills an emotional need to help engage the consumer. For example, does your offer make a consumer feel good? Make things easier? Help them feel in control or be more efficient? The more your message helps consumers shop, manage their home or oversee their finances, the more likely they'll read it.

TARGETED MAIL WORKS HARDER.

Personalized communications can take many forms and be defined in many ways. The more customized they are, the more likely prospects will notice your message and maybe even respond. From audience definition to targeted messaging, be sure to consider a number of best-practice strategies to strengthen the effectiveness of your direct marketing campaign and “hit it big” with your customers.