

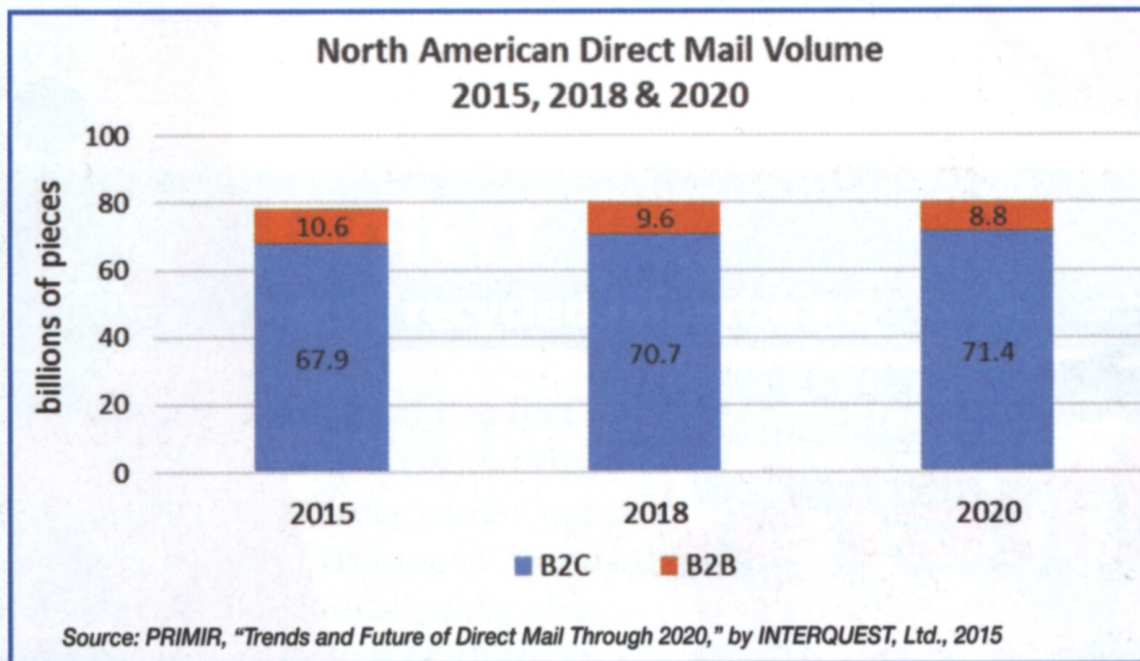
TRENDS and FUTURE of the DIRECT MAIL MARKET



Based on the evolution of the direct mail market, a new 2015 PRIMIR study "Trends and Future of Direct Mail Through 2020" examines the impacts of changing consumer demographics and preferences, how direct mail has changed, and provides an outlook for the future. This research identifies verticals using direct mail, utilization of new technologies including variable data printing, QR codes, URLs, augmented reality, 3D and more. The study also delves into changes in manufacturing technology, the role of 'big data,' and supply chain needs.

Direct mail was negatively impacted by the 2009 recession and the slow economic recovery. Key factors for the decline in direct mail volume were reduced marketing budgets and the availability of less expensive electronic alternatives. However, from 2010 to 2014, direct mail volume stabilized and has shown modest growth during 2015. Estimates indicate that North American direct mail volume (excluding catalogs) declined from 93.1 billion pieces in 2008 to 77.9 billion pieces in 2014. However, modest direct mail growth (0.4%) is projected from 2015 to 2020 due to a relatively stable economy and direct mail's value in complementing digital marketing channels. B2C direct mail volume will increase by 1% annually over the period and B2B volume will decline 3% to 4% per year (Exhibit 1).

EXHIBIT 1



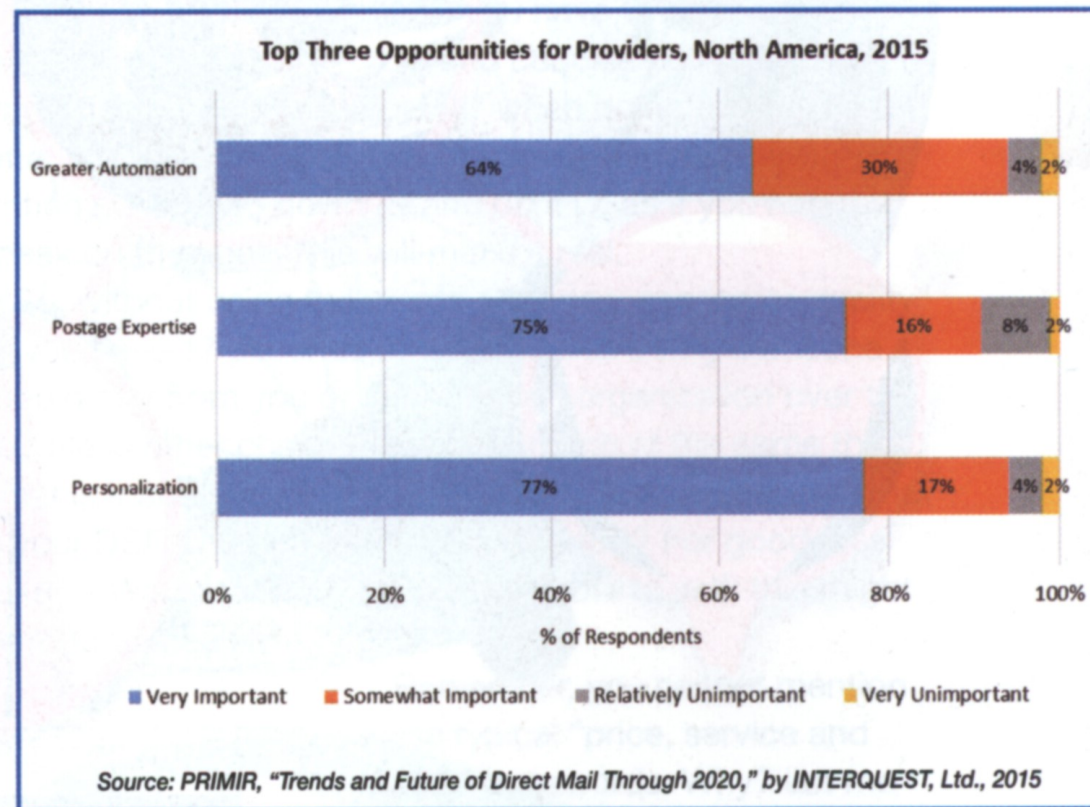
Although historically over optimistic, nearly 80% of direct mail providers believe direct mail volumes will increase at an average annual growth of 4% to 5%.

According to the PRIMIR study findings, the majority of printers anticipate growth in their direct mail volume over the next few years, and also digital print volume to increase driven by innovations in color and inkjet. Key market trends they noted were: digital color printing, targeting and personalization, industry consolidation, and multi-channel communication. Among the toughest challenges they identified were: price pressure, postage cost increases, and the level of investment required to remain competitive. On the upside, they viewed personalization, postage expertise, and greater automation as their best business opportunities (Exhibit 2). Providers project that non-print services will account for nearly half of their revenue in three years.

About PRIMIR

PRIMIR, the Print Industries Market Information and Research Organization, is a global source of data, analysis and trend information about print and related communications industries. PRIMIR research is funded by member dues as well as through support from NPES The Association for Suppliers of Printing, Publishing and Converting Technologies. PRIMIR annually provides over \$400,000 in timely research studies including relevant market data and detailed information on graphic communications and related fields. For more information about PRIMIR phone: 703/264-7200 or visit: www.primir.org.

EXHIBIT 2



Although more direct marketing dollars are being funneled to online and mobile channels, companies remain highly committed to direct mail. They insist direct mail is one of their most effective channels and, for most, direct mail maintains a prominent share of their direct marketing budget. While mailers are just beginning to wrap their arms around integrated marketing, using more digital channels, their use of digital media has not negatively impacted their view or use of direct mail.

Printing firms will continue to face unique new challenges. Postal expertise will be the primary value-add for solidifying a printer's role in effectively implementing customers' direct mail campaigns. Direct mail has experienced growth over the past two years, as have printed catalogs and printed book sales. This trend is expected to continue in the years ahead as the print industry overall continues to improve and evolve.

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