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EFFECTIVE TRACKING & MEASUREMENT STRATEGIES FOR DIRECT MAIL

Executive Summary

Direct mail remains a potent acquisition tool for marketers, combining the tactile engagement of print with the precision of data-driven strategies. No other marketing channel has the capacity to be so all-encompassing in its reach. However, to fully capitalize on its potential, effective tracking and measurement are essential. This white paper explores the fundamental metrics and tools for assessing direct mail performance, highlighting how integrating these elements can optimize campaign outcomes and drive ROI.

Introduction

When it comes to direct mail, results matter. In today's data-driven marketing landscape, tracking and measuring direct mail performance is no longer an afterthought—it's essential. And while direct mail has always been one of the most effective channels for driving engagement and conversions, measuring that success has historically been complex, even for seasoned pros.

At Nahan, we live and breathe direct mail. We know the impact a well-executed campaign can have, but more importantly, we know how to track it with precision. From the first mail drop to the final conversion, understanding how your audience interacts with your mail piece—and how to refine your approach based on real data—can make all the difference.

This white paper will walk you through the key strategies and technologies that make direct mail measurement not just possible, but powerful. If you've struggled with how to quantify the success of your direct mail, we're here to cut through the confusion and show you the way.

The Role of Tracking in Direct Mail

Tracking is the backbone of any successful direct mail campaign. It provides the data needed to gauge performance, refine strategies and validate marketing investments. By understanding who engages with your mail and how, marketers can fine-tune their targeting and messaging, improving both response rates and ROI.

Key Benefits of Tracking:

Measuring Engagement

Understand which recipients respond and how they interact with your content.

Optimizing Campaigns

Use data to adjust tactics in real time, maximizing impact.

Demonstrating Value

Provide clear metrics that showcase the effectiveness of direct mail within a multichannel strategy.

Marketing Profitably

With data from testing and reporting, we can zero in on the audiences most likely to convert—all while staying within our target cost per acquisition.

Essential Metrics for Direct Mail

To accurately measure direct mail success, marketers should focus on several key metrics:



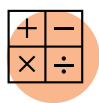
Gross Response Rate:

The percentage of recipients who take action after receiving your mail. A fundamental indicator of campaign engagement.



Conversion Rate:

Tracks how many respondents complete the desired action, providing a clear measure of effectiveness.



Return On Investment (ROI):

The ROI from your campaign is calculated by comparing revenue generated against the cost of the campaign.



Cost Per Acquisition (CPA):

The cost to acquire a new customer, helping to assess the financial efficiency of your efforts.

These metrics, when tracked effectively, offer a useful view of campaign performance and identify areas for improvement. Depending on the industry, there are other metrics in the marketing funnel. For example, in insurance direct mail, we also look at Cost-Per-Quote and Cost-Per-Policy. In personal lending, we might also look at Cost-Per-Funded-Loan.

Understanding Attribution

In the realm of direct mail marketing, understanding the impact of your campaigns is crucial. Attribution plays a key role in this process, helping marketers determine which efforts are driving results. There are two primary types of attribution: direct and indirect.

Direct Attribution refers to the ability to directly link a specific marketing effort to a consumer action, such as a purchase or a sign-up. This is often achieved through unique tracking codes, toll-free numbers, personalized URLs or specific call-to-action prompts that can be traced back to the original campaign.

Indirect Attribution, on the other hand, involves recognizing the influence of various marketing efforts that contribute to a consumer's decision over time. This might include multiple touchpoints such as follow-up emails, social media interactions or even word-of-mouth recommendations.

Indirect Attribution acknowledges that while a single campaign might not lead to immediate action, it plays a significant role in the overall customer journey and eventual conversion. In some cases, a recipient may receive a mail piece and then promptly search online for the brand—resulting in attribution being credited to both direct mail and the online channel. However, it's important to recognize that the initial search was often triggered by the direct mail itself. We recommend the consideration of Multi-touch Attribution, which assigns conversion credit across all marketing touchpoints a customer interacted with, rather than just the last one. Common types include linear (equal credit to all touches), time decay (more credit to recent ones), position-based (heavier credit to first and last touches), and custom rule-based models tailored to a company's specific goals or sales cycle.

Non-Mail Control Cells (Holdouts):

To measure the true incremental impact of direct mail, one of the most effective methods is to include a non-mail control cell. By randomly selecting a portion of the target audience to not receive the mailer, we can compare the key performance indicators (KPIs) of the mailed group to the unmailed group. This allows us to isolate the net lift generated by the campaign—including both direct and indirect responses—and establish a reliable benchmark for future mailings. This approach is especially valuable in high-volume or recurring mail programs where understanding true ROI is critical.

Pre-Post Lift Analysis:

Another valuable approach to measuring indirect response is to compare marketing performance before and after the mail campaign launches. By tracking baseline activity—such as website traffic, branded search, quote requests or call center volume—in the weeks leading up to the mail drop, and comparing it to activity during the in-home period, we can identify meaningful lifts that correlate with the campaign. If such an analysis is to be done, it is important to share full new customer results across all channels for a given period of time before the direct mail campaign in question.

While this method does not control for other variables (like seasonality or concurrent marketing), it's a quick and insightful way to visualize campaign impact, especially when used alongside more controlled methods like holdouts or matchback analysis.

By leveraging both direct and indirect attribution methods, marketers can gain a comprehensive understanding of their campaign effectiveness and optimize future strategies for better performance.

Tools and Technologies for Effective Measurement

Matchback Reporting

Matchback Reporting is one of the most comprehensive methods for evaluating the success of direct mail campaigns. It provides a clear picture of how direct mail efforts contribute to conversions by matching the customer file of those who made a purchase or took action back to the original mailing list. This process is especially valuable because many customers do not respond through the direct channels promoted in the mail piece. Instead, they might search for the brand online or visit the company's website directly, making traditional tracking methods insufficient.

Key Benefits of Matchback Reporting:

Accurate Attribution:

Tracks customers who respond indirectly, such as through a website visit, not just through the campaign's direct response channels.

Audience Insights:

Identifies which audience segments are most engaged, enabling more targeted marketing efforts.

Channel Performance:

Highlights which channels (e.g., phone, landing pages or online searches) drive the most conversions, guiding resource allocation.

As Alan Sherman, Nahan's VP of Strategy, explains,

"Matchback reporting is the most comprehensive way to measure direct mail campaign results. The process leverages sophisticated matching software to account for variations in first names, household and business names, and addresses between the mailed and customer files. This helps to resolve attribution issues, particularly when recipients engage through indirect channels."

Matchback Reporting is essential for gaining accurate insights into how different audience segments are interacting with the campaign. It can also help businesses understand which channels drive the most engagement, allowing them to allocate resources effectively. For instance, if a large number of responders visit a landing page or call a dedicated number, marketers can invest more in optimizing those response vehicles.

By providing a full view of campaign performance, Matchback Reporting empowers marketers to refine their strategies and improve future results.

Advancements in technology have introduced various tools that enhance direct mail tracking:

Personalized URLs (PURLs) and QR Codes:

Enable tracking of individual responses and provide insights into user behavior. These can provide directional insight into response but should be looked at in conjunction with other response channels, such as toll-free numbers, for a more complete picture. PURLs can drive additional response, but that response must out-weight the additional cost of their set-up and measurement.

Personalized Toll-Free Numbers:

Many industries depend on toll-free numbers so their call center people can close the sale. A toll-free number specific to the direct mail campaign.

Unique Promotional Codes and Call Tracking Numbers:

Offer additional layers of data on consumer engagement and conversion.

Direct mailers do themselves a favor if they ensure that their creative highlights and encourages use of these direct tracking tools.

Best Practices for Direct Mail Tracking and Measurement

To maximize the effectiveness of tracking and measurement, marketers should consider the following best practices:

Set Clear Objectives

Define what success looks like and choose metrics that align with your goals.

Regularly Review and Optimize

Continuously analyze data and adjust strategies to improve campaign performance.

Ensure Compliance

Stay updated with data privacy regulations to maintain consumer trust and avoid legal issues.

Balance Precision with Practicality:

Match your tracking approach to the campaign's goals and budget, weighing the value of recipient-specific tools (like PURLs and unique toll-free numbers) against simpler, campaign-based methods such as shared codes or landing pages. The right fit depends on how much insight you need—and how much complexity you're willing to manage.

Adhering to these best practices ensures that your tracking efforts are robust, reliable and capable of delivering actionable insights.

Overcoming Challenges in Direct Mail Measurement

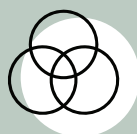
Despite the benefits, tracking direct mail comes with its own set of challenges, such as data integration issues and maintaining accuracy. Overcoming these challenges involves investing in reliable data management systems and adopting a proactive approach to testing and validation.

Key Challenges and Solutions:



Cleansing and Standardizing Data

When matching a mail file to a customer file, both data must be clean and standardized to facilitate accurate matching. This must be done with special software that can identify the same person or household across the files.



Measurement Accuracy

Determine in advance how indirect attribution will be handled and what is your business's approach to allocating response across channels.



Data Silos

Integrate data systems to ensure seamless information flow.



Regulatory Compliance

Regularly update practices in line with data protection laws.



Fuzzy Matching Capability

Use software that can detect variations in name, business and address to account for differences in a mailed record and what comes back as a response record.

By addressing these challenges head-on, marketers can enhance the precision and reliability of their measurement efforts.

Future Trends in Direct Mail Tracking

As technology rapidly advances, so do the methods for tracking and measuring direct mail campaigns. Several emerging trends are shaping the future of direct mail, allowing marketers to gain deeper insights and create more personalized, data-driven strategies.

Unified Customer View:

A major trend in direct mail tracking is moving beyond channel-specific data to create a **Unified Customer View**. This approach consolidates promotional history, response behaviors, purchase history and engagement data across all marketing channels—direct mail, email, digital and more—into a single, universal ecosystem. By doing so, marketers can break down data silos and gain a holistic understanding of each customer's journey.

As Krista Black, Nahan's VP Marketing & Account Services, explains,

"Rather than simply blending data from different sources, the future is about creating a unified customer view. This means ensuring that all customer interactions across various channels are tracked, analyzed and used to refine future marketing efforts in one central ecosystem. While this is possible today, not every marketer is taking full advantage of it."

Key Benefits of a Unified Customer View:

Comprehensive Insights: Enables marketers to see the complete customer journey, from initial contact through purchase and beyond.

Better Personalization: By understanding customer preferences across channels, marketers can create more targeted, relevant campaigns.

Cross-Channel Optimization: Allows for real-time adjustments to campaigns based on how customers are interacting across touch-points.

Looking Ahead:

While tools for creating a unified customer view exist today, new technologies are emerging that will make this even easier in the future. **AI-powered analytics, customer data platforms (CDPs), and advanced machine learning models** are streamlining the process of data integration, helping marketers not only capture data but also analyze it more effectively. These innovations will continue to enhance marketers' ability to create seamless, integrated customer experiences across all channels, including direct mail.

Staying ahead of these trends will enable marketers to leverage new tools and techniques, ensuring their direct mail campaigns remain innovative and effective.

Conclusion

Direct mail is one of the most impactful marketing channels when done right, and tracking it effectively is the key to unlocking its full potential. The days of guessing how your direct mail campaigns perform are over. With the right tools, technologies and expertise, tracking and measurement can give you a clear picture of what's working and where to optimize. At Nahan, we're more than just direct mail experts—we're your partners in turning data into results. Whether you're a seasoned marketing veteran or exploring direct mail for the first time, we've got the insights, strategies and know-how to help you succeed.

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