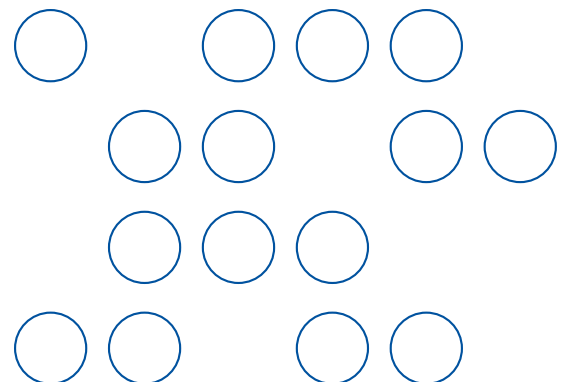




Are we paying attention?

A study of the attention span given to bills, statements, official correspondence and direct marketing





Key Findings

- Printed statements or bills receive more attention than their web equivalents. This suggests that organisations concentrating on putting targeted cross-selling messages on physical statements will achieve high return on investment
- There is also an implication that statements could be effectively monetised by introducing exclusive offers from affinity partners
- Bank & Credit Card statements are in the top slot:- in the UK, France and the U.S. they receive even more attention than tax correspondence
- Companies using direct mail have, on average, just under three minutes to get their message across, a key point of guidance when designing direct mail campaigns
- Email to existing customers receives almost as much attention as the typical direct mail piece, a testimony to the power of email in customer relationship management. However, prospecting emails are far less powerful, having to grab the recipient's attention within 50-90 seconds.
- Generally speaking, Italians spend most time looking at the documents they are sent, and Americans spend the least time, closely followed by the British
- Direct Mail receives least attention in France; Bank & Credit Card statements in Germany and Spain
- The US, Italy and France spend most time looking at their Mobile Phone bill, whereas the Germans spend long minutes studying their Utility bills

Introduction

In the old days, marketing was easier. You commissioned either an advertising programme or a direct marketing campaign, or both. Now these traditional media have fragmented greatly, and a host of new media have appeared – email, web, SMS, sponsored links, blogs, viral campaigns, ambient media, and many more. Fragmentation of media reaching their audiences gives marketers an enormous headache. It also makes it potentially much more expensive to identify, test and roll out the optimum media combination.

As a result, marketers have had to think much more laterally to reach their audiences in the most cost-efficient manner. Affinity activity, where a company shares its customer 'contact points' with appropriate (paying) customers has taken off. Alongside this, much attention is now devoted to existing points of contact with customers, either to present those customers with cross-selling offers, or to introduce offers from affinity partners.

Traditionally, the envelope carrying a bill or statement has largely been used to carry standardised additional leaflets. Not surprisingly, response rates to these insertions have been negligible. This low payback, plus the fact that the channel is perceived by traditional marketers as unglamorous and 'free', has devalued its perceived potential. Now however, as competition has become increasingly fierce, and as companies increase and extend their offerings to customers, attention is focusing back on the customer relationship management (CRM) potential of the humble bill or statement. Research from Group 1 Software three years ago amongst top 1000 company marketers in the UK, showed that marketing offers which accompanied bills, statement and other customer correspondence typically generate response rates of around 5.5% - not far off the typical direct mail campaign response rates. However, this is only achieved when marketing messages are targeted to the recipient's profile and where they associate a printed message on the bill or statement with accompanying inserted literature. The technical ability of firms to print a targeted message, and then insert the appropriate accompanying leaflet into an envelope, is only a few years in the marketplace.



Anecdotal feedback from a number of industries that have regular (often mandatory) transactional communications with their customers, suggests that IT departments – themselves under pressure to monitor and measure their activities – have started to levy a charge into marketing for use of bills and statements as a marketing channel. This has no doubt served to focus marketing minds on getting better return on investment for this activity. In the end, putting marketing messages on transactional communications cannot substitute for stand-alone campaigns. Yet they can be used as a potentially powerful means of delivered brand, retention and cross-selling messages to an essentially captive and warm audience, so long as marketers take the channel seriously and apply their full campaign targeting techniques to the medium.

The Research

It is critical, therefore, in assessing which combination of media to use, to understand the level of attention that consumers typically devote to their monthly statements, the direct mail they receive, the email communications they receive, and so on.

Group 1 Software therefore commissioned independent research amongst a representative sample of 1000+ adults in each of the UK, France, Germany, Italy, Spain and the United States. Respondents were asked to estimate the amount of time they typically spent looking at:-

- Their monthly bank or credit card statement received through the post
- Their monthly mobile phone bill
- Their quarterly or half yearly utility bill
- Each piece of addressed direct mail they receive

Attention paid to messages received over electronic media was also tested with respondents, covering:-

- Monthly time spent looking at bank statements on the Web
- Time typically spent looking at utility bills on the web, covering power and telephone
- Attention span devoted to email received from a company of

which the respondent was already a customer

- Attention given to “cold” prospecting emails (this category specifically excluded ‘spam’ emails)

Finally, to set the whole study into context, two ‘control’ factors were also introduced. They comprised:-

- Time spent looking at each piece of correspondence from central or local government (excluding the tax authorities)
- Time spent looking at correspondence from the tax authorities

The purpose of these last two contextual factors was to set parameters which every one of us can identify with. Most people would imagine that one would devote most attention to correspondence about personal taxation, in that it directly affects one’s disposable income. Equally, it is reasonable to suppose that governmental matters – especially from local or regional authorities – would get close scrutiny in that they affect the recipient’s home and/or the environment in which they live.

It was therefore of great interest to see that in the UK, France and the US, people spend more time looking at their bank statement, than they do looking at their tax correspondence. Some explanation for the UK and the US might be that they are both low income tax economies, but this does not account for France. Perhaps across the channel, the explanation lies in the efficiency and clarity of the French personal taxation system.

The relatively low attention span devoted to government correspondence may be seen as carrying an important message for local and regional authorities (who make up the larger proportion of such correspondence). Evidently, communications are not sufficiently clear or compelling if they are only commanding not so very much more attention than a piece of direct mail. This could be something of a wake-up call for government to start using some of the attention-grabbing techniques of the commercial world.

Despite the variations across the different countries studied, a number of common themes emerge:-

- A great deal of attention is paid to monthly statements, especially financial and mobile telecoms. This means that any such organisation that is not using this ‘touchpoint’ as a means of putting targeted marketing offers in front of the customer is simply wasting valuable sales opportunities. There is evidently also



great scope for monetising the attention that recipients pay to their statements. Suitable affinity partners may be allowed, for a fee, to occupy the advertising slot on a statement and/or insert a leaflet. If such partners are also required to develop offers exclusive to the statement issuer, then the issuer can also gain brand value and customer retention benefits.

- Web statements receive significantly less attention than their printed equivalents - attention which also may be fragmented across the month. Therefore banks, credit card issuers, mobile telecoms companies and utilities may be well advised NOT to actively migrate customers to the economies of web self-service, but instead concentrate on generating additional income through advertising on printed bills and statements, whether through additional cross-sales, or through charging an affinity partner.
- Email emerges as a powerful medium, but principally for communications with existing customers rather than as a customer acquisition tool. This study provides statistical

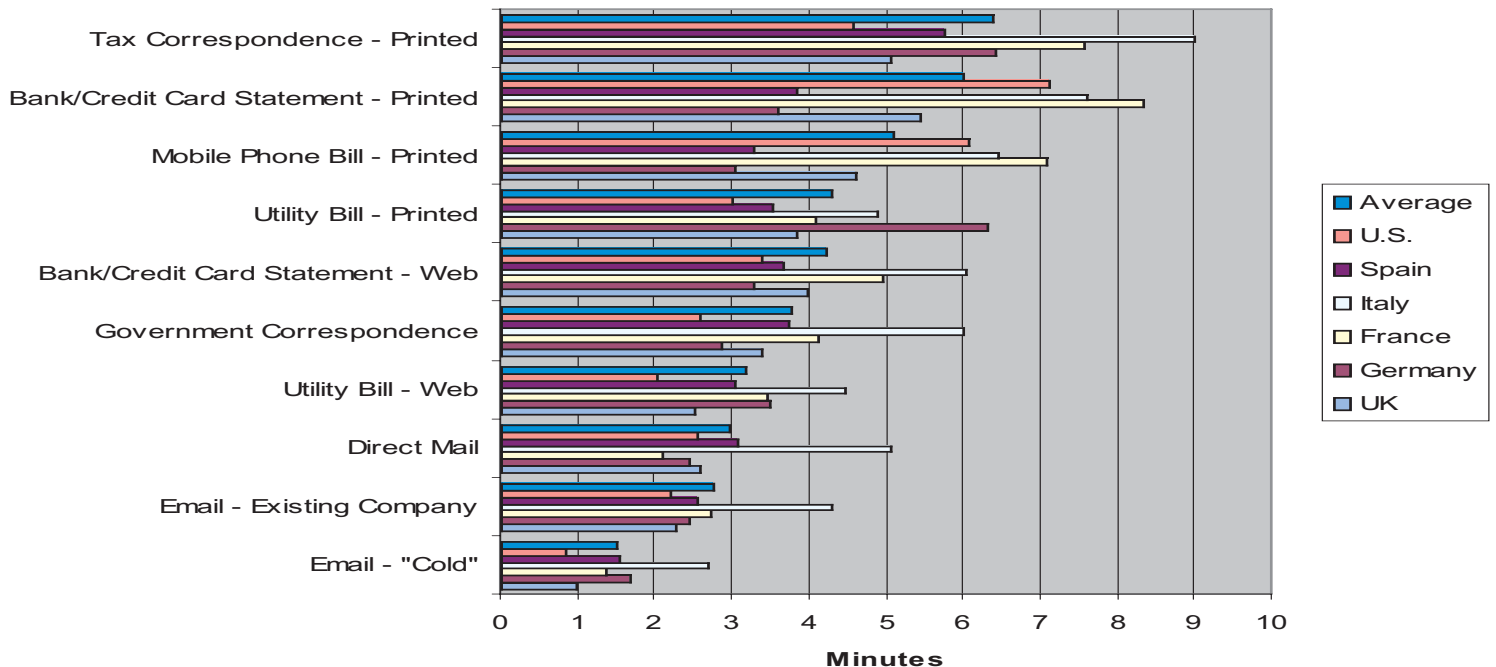
confirmation for the voice of some pundits who have long predicted that email would become focused on existing customer management.

- Direct mail remains firmly ahead of cold email in terms of the recipient attention it can command. Given the universal reach of direct mail, plus its relative lack of legislative restriction compared with email, it is likely that the medium will retain its key place in the marketer's armoury.

Methodology

Over 1,000 consumers were interviewed via web survey in each of the UK, Germany, France, Italy, Spain and the United States, during May/June 2007. Respondents were asked to estimate the typical amount of time that they spent looking at a range of documents, from their monthly bank statement to the direct mail they received.

Attention Span - Bills, Statements, Official Correspondence, Direct Marketing





For further information please contact;

Andrew Greenyer, VP International Marketing on
00 44 (0) 1704 871 658 or 00 44 (0) 7771 761 286.
Email: Agreenyer@Group1Software.co.uk

Deborah Pickering on
00 44 (0) 1923 216 060 or 00 44 (0) 7733 103 172.
Email: Dpickering@Group1Software.co.uk

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Group 1 Software
4200 Parliament Place • Suite 600
Lanham, MD 20706-1844
1-888-413-6763

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