



The Letterbox Diary

Dear Reader,

Expenditure on mail as an advertising medium has grown by over 50% between 1995 and 2002*. Sustained growth over so long a period is a clear indication of the fact that direct mail works.

The power of mail

Why mail gets the results it does is very straightforward. It speaks to the individual. It's measurable. It's tangible. It's informative. It's non-intrusive. And it can complement every marketing mix. It has proved itself effective for companies, large and small, in acquiring new customers, retaining current ones, and winning back old ones. Recent research has shown that Australian consumers prefer personally addressed mail for most of the communications they receive from companies and other organisations.**

Inside the Australian letterbox

At Australia Post, we are determined to help existing and new users of mail really get the most from using such a powerful medium to customers and prospects. To achieve this, it is essential to have a clear picture of the context in which mail is being received. Australia Post have developed **The Letterbox Diary**, a representative rolling survey recording in detail the type of mail Australian households are receiving.

Amongst the many findings, the survey identifies:

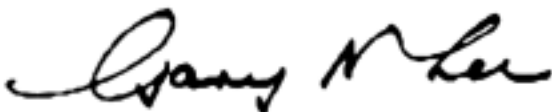
- How many items of mail a household receives weekly
- How many of these contain advertising material
- How this varies with the composition and location of the household
- What kinds of organisation are sending the most advertising mail
- Consumer response comparison to items and offers received

Follow mail into the future

It is planned to update **The Letterbox Diary** regularly, providing ongoing snapshots of the types and volume of mail being sent in Australia. This is designed to help both commercial and not-for-profit organisations make ever more cost-effective use of this powerful and expanding medium.

I hope you find this interesting reading, and of value in developing your own use of mail.

Yours faithfully,



Gary Lee
Group Manager - Letters

*Source: *Direct Marketing in Australia*, Commercial Economic Advisory Service of Australia (CEASA) December 2002

***Reaching Consumers in the Information Age*, TNS 2003

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Executive summary of the key findings

- 1) The average Australian letterbox, whilst a popular communication channel, is far from saturated.**
The average Australian household receives just over eight addressed mail items per week and just less than twelve unaddressed items.
- 2) Personally addressed mail has more cut through than unaddressed mail.**
Unaddressed mail is four times as likely to be thrown away without being opened or read as addressed mail, though more consumers may glance at it.
- 3) Consumers are more likely to respond to addressed mail than they are to unaddressed mail.**
18% of consumers stated that they would respond to the promotional offers they receive via personally addressed mail, compared with 8% for unaddressed mail.
- 4) Some types of organisations are capitalising on the cut-through of addressed mail, while others are not.**
The survey identifies the types of organisations that use addressed mail much more than others.
- 5) Essential communications represent the most common use of personalised mail.**
Most mail from organisations is of an essential nature (including statements, bills, acknowledgements, etc) – less than 10% is advertising or promotion related, further highlighting the lack of channel saturation.
- 6) The most common use of unaddressed mail is for catalogues and advertising leaflets/brochures.**
In contrast to addressed mail, advertising and promotional messages account for nearly all unaddressed mail.
- 7) The average number of items received in the letterbox varies with the composition of the household.**
Empty nester couples receive the highest average number of addressed mail items, followed by families and couples without kids.
- 8) The average number of items received in the letterbox varies with the location of the household.**
There are significant variations in the volume of both addressed and unaddressed mail by state. Queensland residents receive the most addressed and unaddressed mail.
- 9) The average number of items received varies with household income.**
More affluent households receive markedly more addressed mail than lower income households. Unaddressed mail follows the opposite pattern, with lower income households receiving more.
- 10) The average number of items received varies with residential status.**
People who own or are paying off their home are more likely to receive addressed mail than people who are renting.

Glossary of terms

The following expressions, used throughout this document, are taken to mean the following:

Consumer

An adult individual, who may or may not be a customer of an organisation – note that the universe for this research, comprised 527 Australian consumers. Consumers provided feedback on items they received from organisations that they were customers of as well as items from organisations that they were not customers of.

Personally addressed mail

Mail personally addressed to the recipient from an organisation that the recipient may or may not have a relationship with.

Direct mail

A subset of the above definition, describing personally addressed mail that solely relates to advertising or promotional information.

Unaddressed mail

Unaddressed advertising or promotional information that has not been requested by the consumer from organisations they may or may not know. The item may be sealed in an envelope but will not carry the recipients address.

Survey methodology

The Letterbox Diary is a comprehensive survey exercise designed to provide a representative picture of the mail being received by Australian consumers. Australia Post commissioned the independent market research company McNair Ingenuity Research to design the appropriate survey technique and execute the fieldwork.

As its name suggests, the survey approach uses a mail diary maintained by the consumers who took part in the study. Participants were provided with sheets of stickers to put on each mail item received by their household during the survey period and an envelope to post the items back to McNair Ingenuity Research. They were asked to do this for all items that came through their letterbox, but not to include metropolitan or community newspapers. They were also asked to leave all marketing items in the envelopes, and to note on the envelopes who the items were from, if it wasn't clear. Participants were responsible for recording all letter-boxed items for the household, not just their own personal mail.

Participants were asked to tick boxes on the stickers to answer the questions about each item. At the end of the survey period they were required to put all the items in the envelope and post it back to McNair Ingenuity Research.

This survey was included in McNair Ingenuity's Australians Today Consumer Insights self-completion research program between the 6th August and the 24th August 2003.

Just over 1,067 people were recruited to participate in the survey by means of a short telephone interview. Reminder calls were made to all participants about a week after they were sent the questionnaire. A 1800 freecall number was available for participants in the survey to call and ask for assistance in completing the questionnaire. The incentive to participate in the survey was a free movie ticket. In total 617 people responded to the ATCI survey, a response rate of 58%.

Of these, 527 people completed the household mail survey providing a representative national sample for this study.

All analysis was conducted by McNair Ingenuity Research. Validations were conducted on the data entry to ensure the highest possible standards.

The key findings from the survey

1) The average Australian letterbox is far from saturated

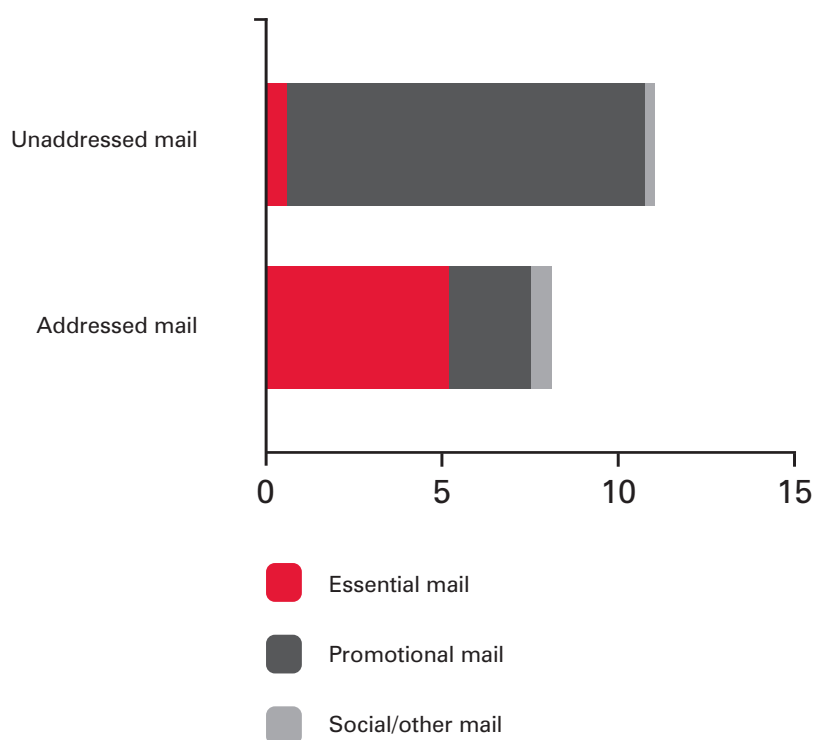
The letterbox continues to be a popular communication channel, with the average Australian household receiving just over eight addressed items per week and just less than twelve unaddressed items. The vast majority of these communications are from businesses or other organisations. Only 2% originates from family members or friends (described as social/other mail in Figure 1).

Of the addressed mail received, 5.3 items comprise essential mail (including statements, bills, acknowledgements, etc) and 2.3 items are of an advertising or promotional nature (direct mail).

This fairly low figure may stand in stark contrast to the amount of mail consumer's think they receive. People tend to "remember" peak days of mail delivery, particularly days with heavy concentrations of unaddressed mail, and tend to "forget" days with little or no mail.

This shows that the letterbox is some way from saturation point in terms of advertising and other commercial messages.

Figure 1: The average weekly composition of items received in an Australian mailbox



Source: Australia Post Letterbox Diary Winter 2003
n = 527 households N=7510 weighted households '000's
N=146556 weighted items '000's

The key findings from the survey (cont.)

2) Personally addressed mail has more cut through than unaddressed mail

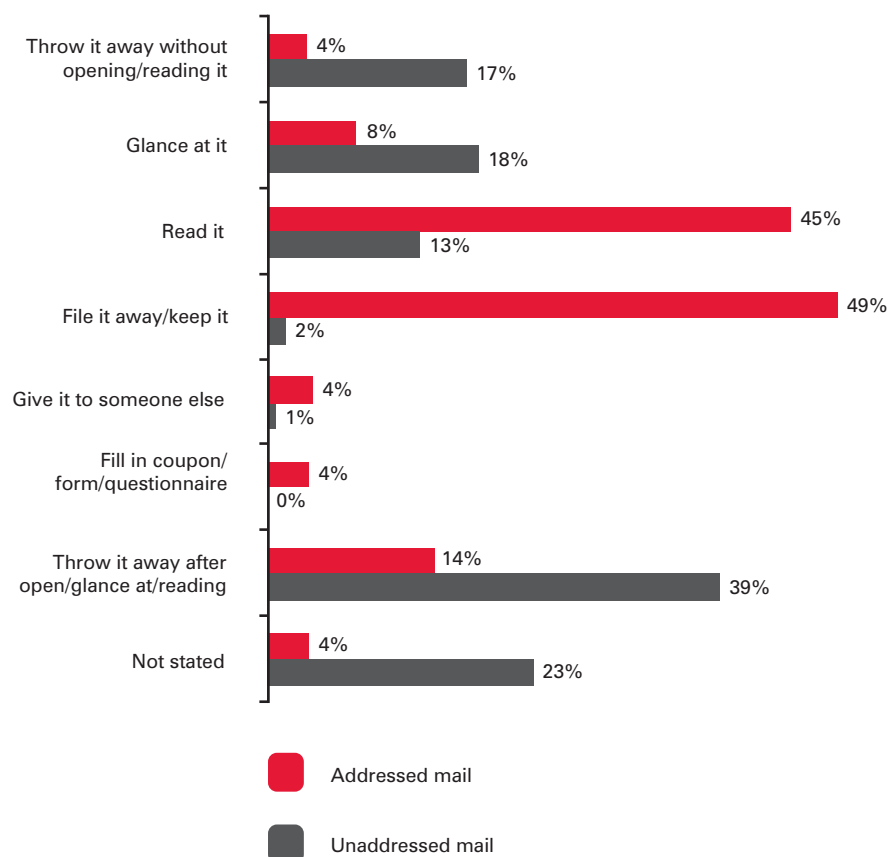
Personalised mail has a much higher chance of being read than unaddressed mail, signaling the degree of cut-through that a personalised message can achieve. 45% of recipients of personalised mail will read it, compared with 13% for unaddressed.

Unaddressed mail is 4 times as likely to be thrown away without being opened or read as addressed mail, though more consumers may glance at it. This is likely to be because much unaddressed mail is not delivered in an envelope and can therefore be quickly scanned by the recipient.

Nearly half of all respondents stated that they keep the personalised mail they receive, highlighting a key attribute of paper-based communications. Only a tiny proportion of recipients of unaddressed mail keep it for future reference.

It is also important to note the smaller but still potentially significant group of respondents who pass the mail piece on to someone else.

Figure 2: What consumers do with the personally addressed mail they receive



Source: Australia Post Letterbox Diary, Winter 2003

n = 527 households N=7510 weighted households '000's

N=146556 weighted items '000's

NB Totals are more than 100% as respondents could give multiple answers

The key findings from the survey (cont.)

3) Consumers are more likely to respond to addressed mail than they are to unaddressed mail

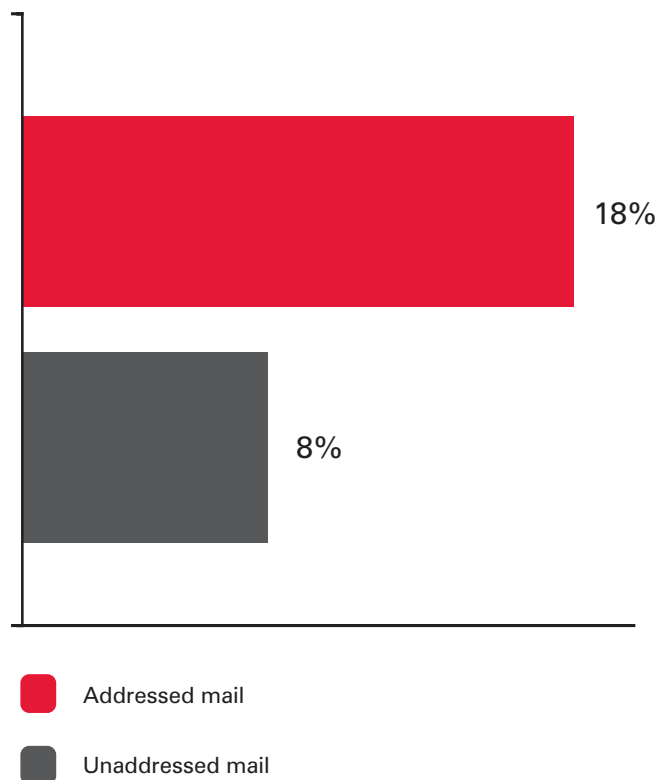
A significant 18% of consumers stated that they would respond to the promotional offers they receive via personally addressed mail. 8% of consumers stated they would respond to offers in unaddressed mail.

This finding provides further evidence of the much greater effectiveness of a personalised message compared with an unaddressed one.

As well as encouraging the consumer to open the communication, there is also the opportunity to provide a higher degree of targeting, and hence relevance of message.

Of course a number of factors in a mailing campaign would need to be right to achieve a response at the levels suggested in Figure 3, what is clear is that a significant proportion of consumers responded to real offers received through the letterbox during the survey.

Figure 3: Percentage of respondents who state they do respond to promotional offers in the mail



Source: Australia Post Letterbox Diary, Winter 2003
n = 527 households N = 7510 weighted households '000's
N = 146556 weighted items '000's

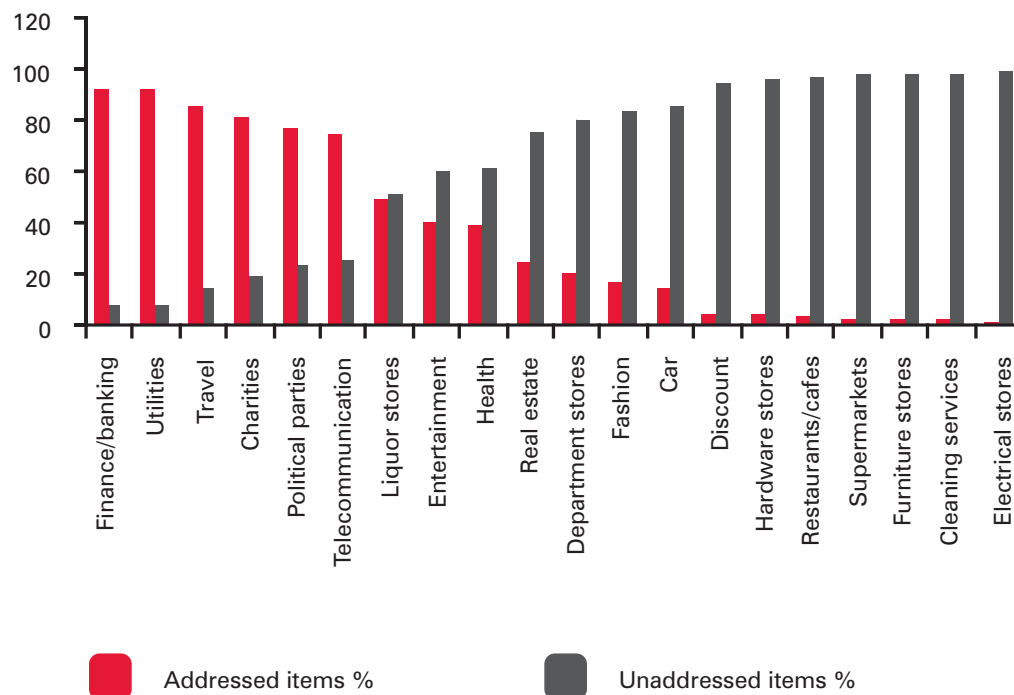
The key findings from the survey (cont.)

4) Some types of organisations are capitalising on the cut-through of addressed mail, while others are not

Some types of organisations use addressed mail much more than others, especially where there is a transactional or essential need to maintain customer specific records. However, many of these have turned this to their advantage, creating a new distribution channel through personalised direct mail.

Certain types of organisations – especially in the retail sector – are much more likely to use unaddressed mail. As these organisations often now have access to individual customer data (through loyalty and store cards as well as promotional offers that ask for address details), this may represent a missed opportunity to capitalise on the greater degree of cut-through that personally addressed mail can achieve.

Figure 4: The split of addressed vs unaddressed mail by type of organisation sending it



Source: Australia Post Letterbox Diary, Winter 2003
n = 527 households N=7510 weighted households '000's
N=146556 weighted items '000's

The key findings from the survey (cont.)

5) Essential communications represent the most common use of personalised mail

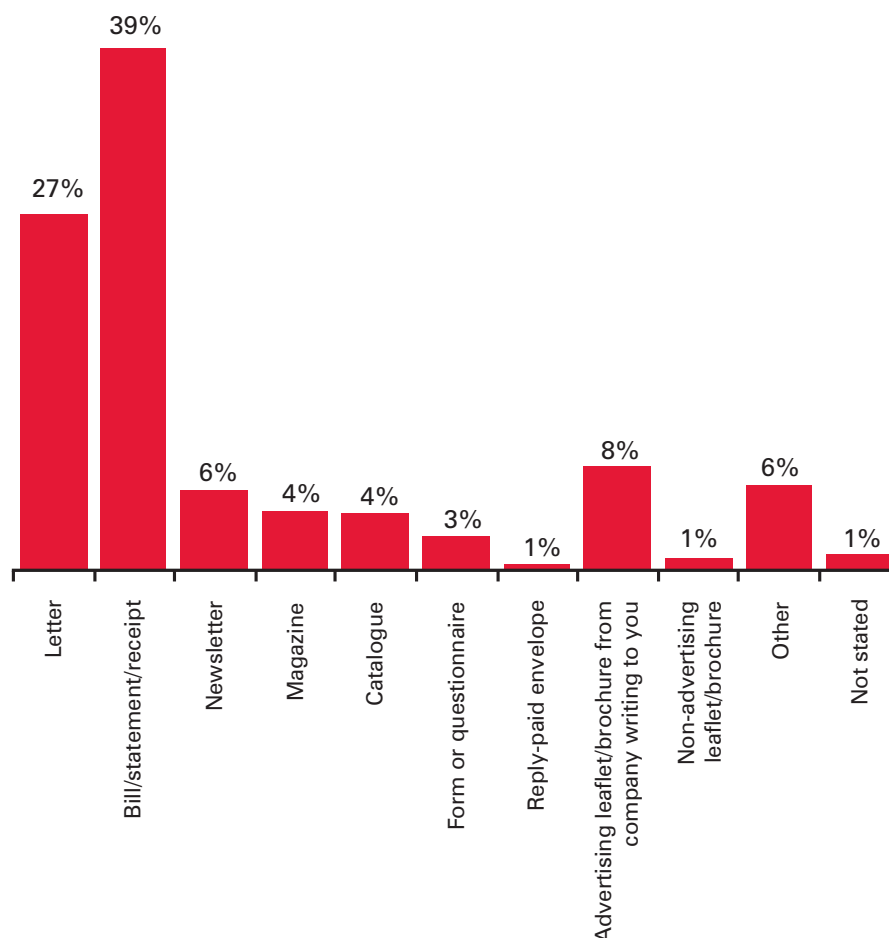
When looking at the main item contained in personally addressed mail, Figure 6 shows that essential communications (bills, statements and receipts) form the largest single group. Letters follows this, where the definition of a letter is an addressed communication that carries a signature.

Advertising leaflets and brochures as the main item comprise 8% of the total, while newsletters account for 6%. Magazines

and catalogues account for 4% each. This is further evidence of the relatively low level of saturation of the letterbox channel for advertising purposes.

3% of the total comprises forms and questionnaires, signaling how an increasing number of businesses are keen to collect information from their customers to assist in service or communication improvements.

Figure 5: The main items contained in personally addressed mail



Source: Australia Post Letterbox Diary, Winter 2003
n = 527 households N=7510 weighted households '000's
N=146556 weighted items '000's

The key findings from the survey (cont.)

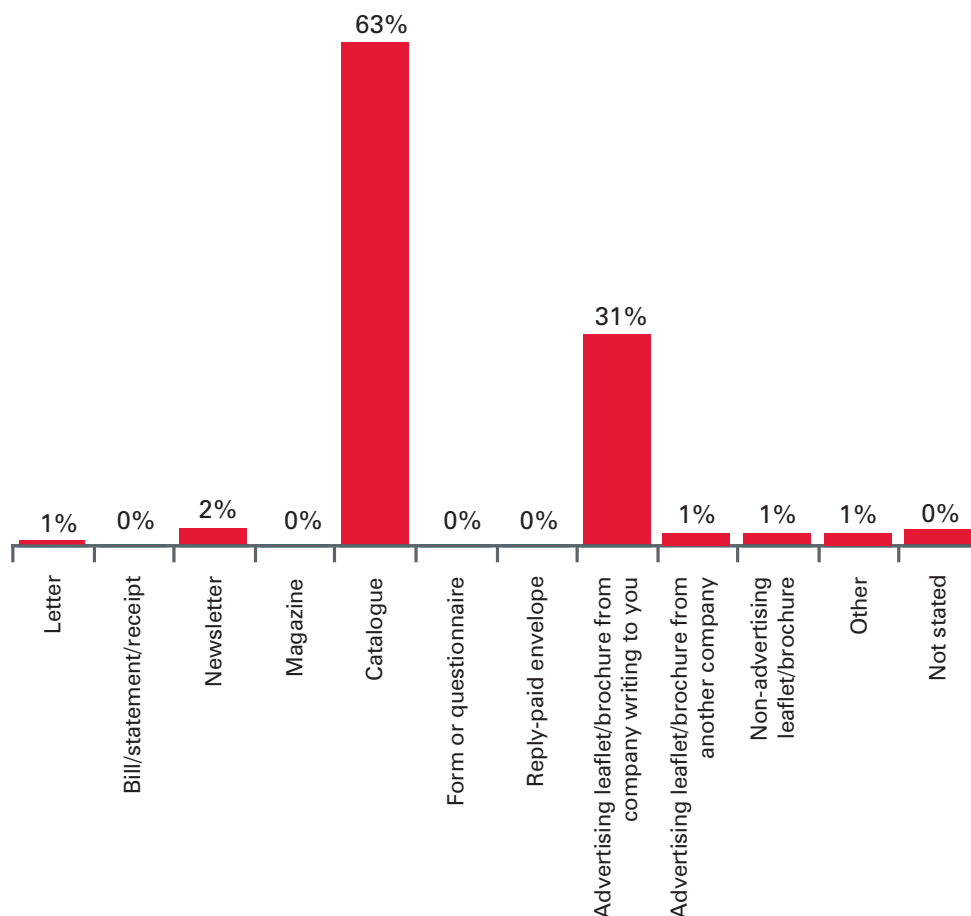
6) The most common use of unaddressed mail is for catalogues and advertising leaflets/brochures

Nearly all unaddressed mail contains a promotional message of some sort, with catalogues accounting for nearly two thirds of the total and advertising leaflets or brochures almost a further third.

Other research recently sponsored by Australia Post (*Reaching Consumers in the Information Age* TNS 2003) has indicated that Australian consumers prefer unaddressed mail for advertising and promotional messages from some key sectors - primarily the retail sector - over other media.

This preference clearly helps to drive the picture below.

Figure 6: The main item contained in unaddressed mail



Source: Australia Post Letterbox Diary, Winter 2003
n = 527 households N=7510 weighted households '000's
N=146556 weighted items '000's

The key findings from the survey (cont.)

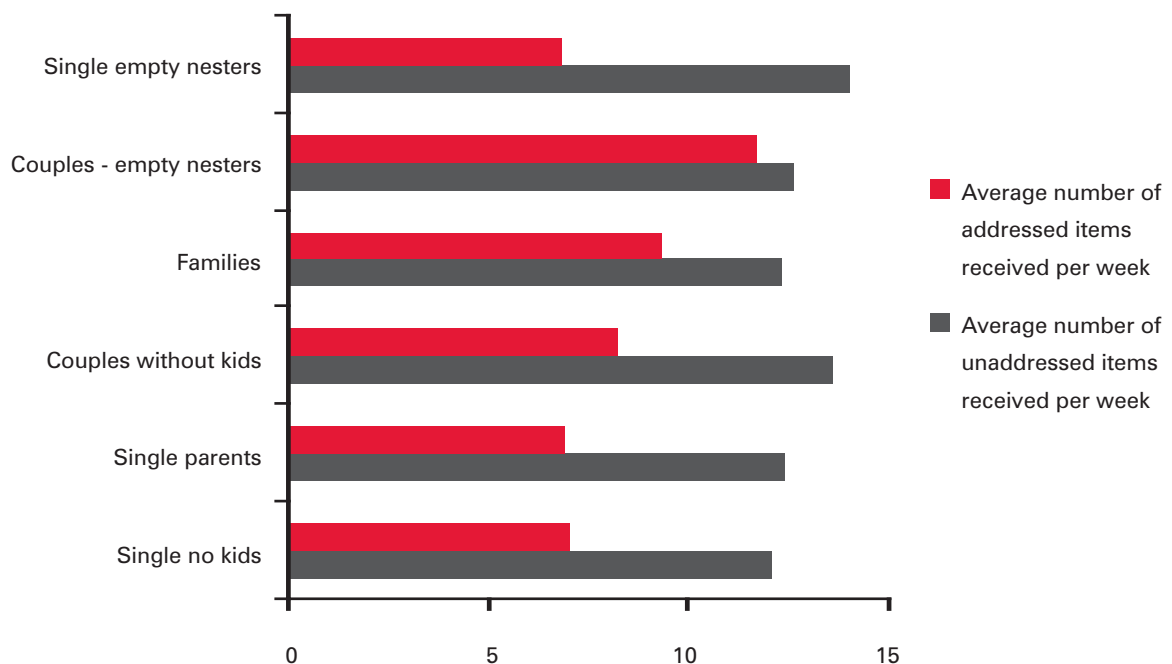
7) The average number of items received in the letterbox varies with the composition of the household

Empty nester couples receive the highest average number of addressed mail items, followed by families and couples without kids. This reflects the fact that empty nesters tend to increase their economic activity as more disposable income becomes available. Also, being older, these individuals have formed more relationships with organisations, many of which will keep in touch through mail. This finding is verified when it is noted that single empty nesters receive approximately half the volume of addressed mail as their couple counterparts.

It is interesting to note how the average number of addressed items is relatively low for couples without children, as this can be another lifestage where disposable income tends to be higher. Single parents also receive a lower amount of addressed items.

Unaddressed items peak with single empty nesters, followed closely by couples without kids. Most other households receive about 11 unaddressed items per week.

Figure 7: Average number of items received in the letterbox broken down by household composition where this was stated by respondent



Source: Australia Post Letterbox Diary, Winter 2003
n = 527 households N=7510 weighted households '000's
N=146556 weighted items '000's

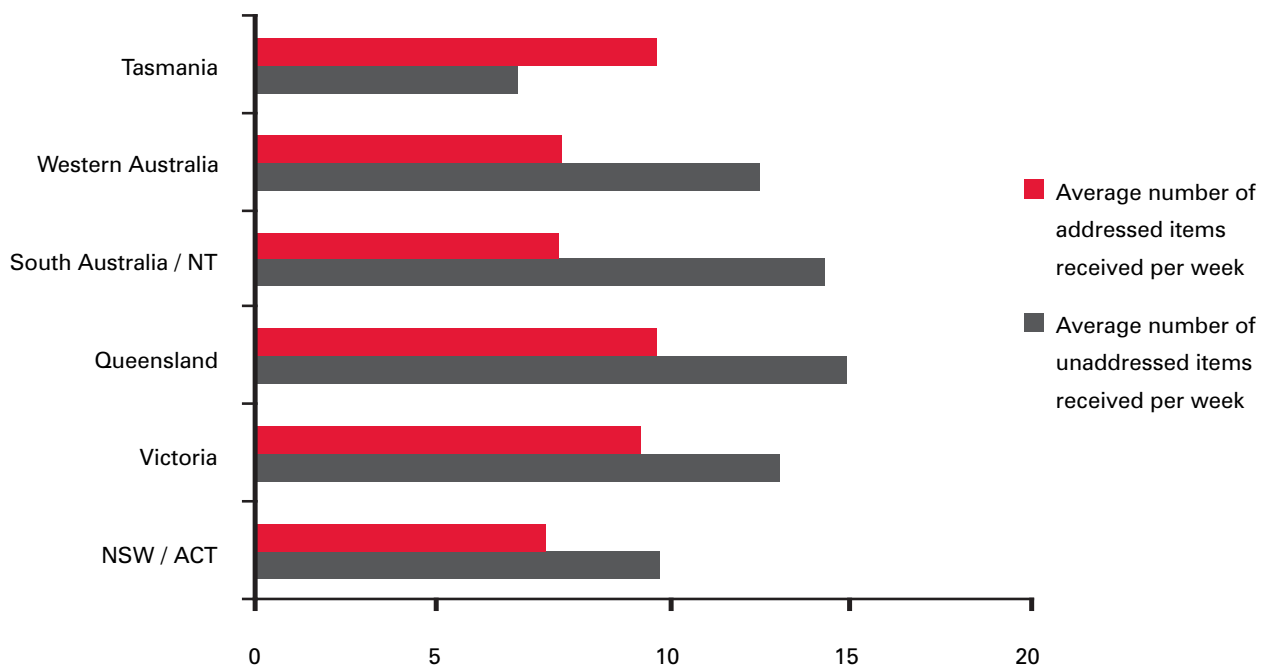
The key findings from the survey (cont.)

8) The average number of items received varies with the household location

The average number of addressed items varies across the country with Queensland and Tasmanian households receiving up to 25% more addressed mail on average per week than some other parts of the country.

Unaddressed mail shows an even more marked variation by geography. Queensland households receive a third more unaddressed items than households in NSW/ACT and nearly two thirds more than the average Tasmanian households.

Figure 8: Average number of items received in the letterbox broken down by geographic location



Source: Australia Post Letterbox Diary, Winter 2003
n = 527 households N=7510 weighted households '000's
N=146556 weighted items '000's

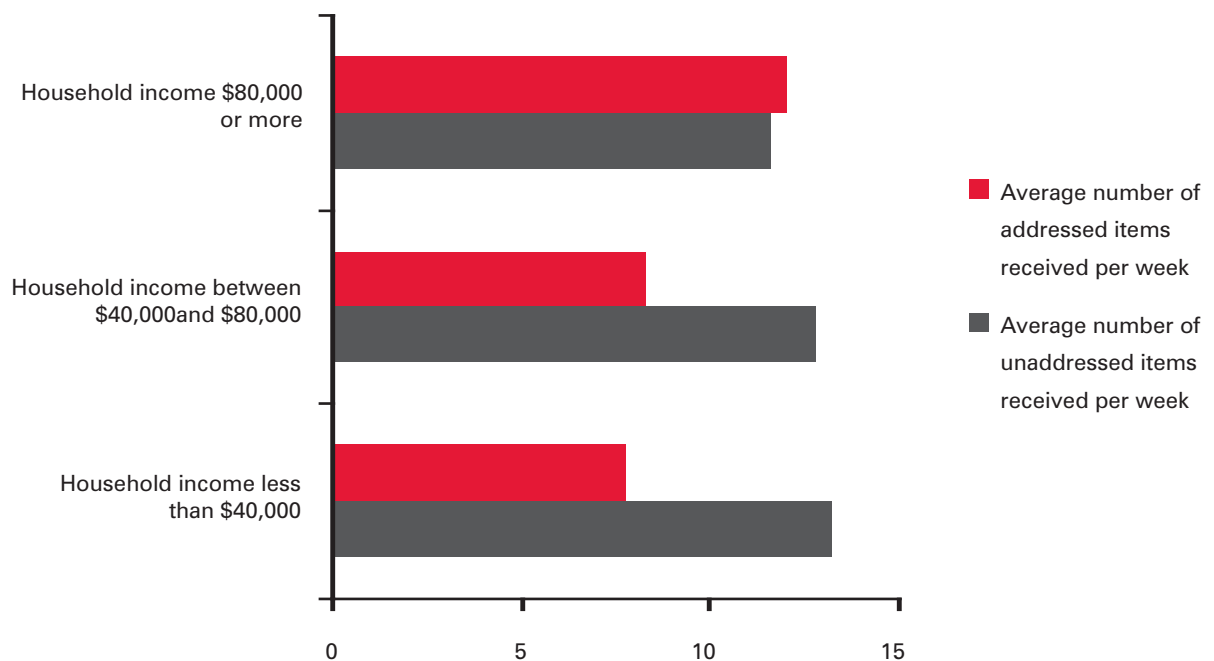
The key findings from the survey (cont.)

9) The average number of items received varies with household income

More affluent households receive markedly more addressed mail than lower income households. As affluence increases so does the likelihood to interact with more organisations e.g. banks/credit facilities, telecommunications companies, motor vehicles, department stores.

Unaddressed mail follows the opposite pattern, with lower income households receiving more than higher income ones.

Figure 9: Average number of items received in the letterbox broken down by household income per annum where this was stated



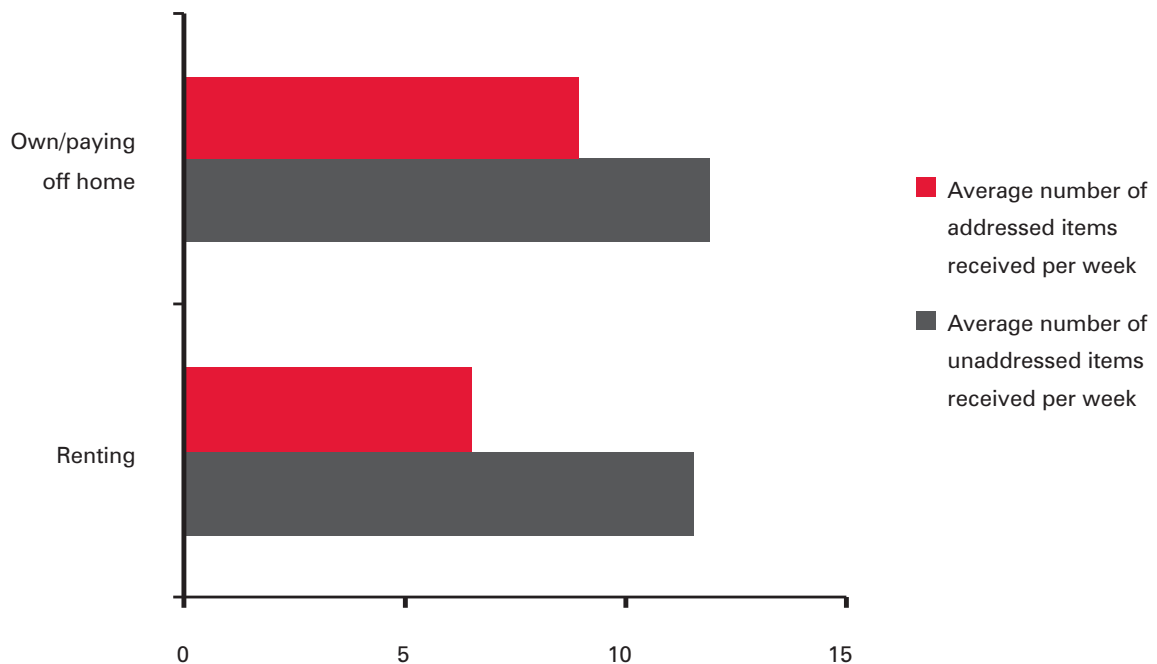
Source: Australia Post Letterbox Diary, Winter 2003
n = 527 households N = 7510 weighted households '000's
N = 146556 weighted items '000's

The key findings from the survey (cont.)

10) The average number of items received varies with residential status

People who own or are paying off their home are more likely to receive addressed mail than people who are renting. This is also true of unaddressed mail, though the difference is not so marked. This reflects the fact that addressed mail from advertisers will often target homeowners, while unaddressed mail is unable to discriminate at this level.

Figure 10: Average number of items received in the letterbox broken down by residential status



Source: Australia Post Letterbox Diary, Winter 2003
n= 527 households N=7510 weighted households '000's
N=146556 weighted items '000's

Other research about mail

Australia Post commissions independent specialist companies to undertake research into direct mail usage and perceptions amongst Australian consumers. These reports, as well as the Letterbox Diary, are available on the Mail Marketing website www.auspost.com.au/mailmarketing

Reaching Consumers in the Information Age – undertaken by TNS, the world’s third-largest marketing information company

Qualitative Study – This study involved six in-depth focus groups of between six and eight participants, differentiated by metropolitan and regional area and age groups. The purpose of the qualitative study was to determine consumer-friendly terminology for each media channel and provide more in-depth responses.

Quantitative Study – This study involved 1,001 telephone interviews with the person in the household either totally or mainly responsible for receiving and opening household mail. A representative sample of households throughout every regional, rural and metropolitan area within Australia was selected. This research considered media preferences for customer and non-customer, by type of message, by industry type, throughout the marketing and business cycle.

Marketing Media in Australia

Undertaken by ResponseAbility, this research examined consumer and business people’s attitudes towards various marketing media in Australia.

Nielsen Media Research Insight Reports

Derived from the detailed activity report “Who’s Mailing What”, this monthly report can help you evaluate levels of competitor direct mail activity.

The main Data Tables for the survey are available on request and can be obtained by contacting your Australia Post representative, or visit us at www.auspost.com.au/mailmarketing

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