

E-mail, fastest growing direct marketing segment, expands double digits



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E-mail marketing spending will continue to expand at double-digit rates – 18.5% per year – for the next five years, according to [Veronis Suhler Stevenson \(VSS\)](#), a private equity firm, in its annual Communications Industry Forecast published on August 3. VSS specializes in the information and media industries. A link to a PDF of the company's findings is found at the top of this article.

Of all direct marketing segments, e-mail is growing the fastest by far. VSS puts the total spend for e-mail at \$11.9 billion in 2008 and, by 2013, it forecasts e-mail will be a \$27.8 billion business.

“It will be bigger than catalogs and comparable to telesales spending,” said Jim Rutherford, EVP at Veronis Suhler. He said e-mail marketing performed so well because it offers a low-cost alternative to direct mail and other marketing strategies.

Overall direct marketing spending is expected to grow annually, with the exception of 2009. This year, VSS predicts a 2.6% drop, but after that, the sector improves. “It will rebound after that by our calculations,” he said. “It’ll go up 3.4% in 2010, 4.9% in 2011, 6.5% in 2012, and up 8.0% in 2013.

Direct mail remained the largest direct marketing category in 2008, with spending up 2.9% to \$35.44 billion. Direct mail represents about one-third of total direct marketing spending. However, financial struggles of automotive, financial and mortgage companies, historically heavy users of direct mail, contributed to a 12.0% decrease in the amount of direct mail pieces sent in 2008, according to Mintel Comperemedia. VSS noted those declines were offset by postage increases and higher prices charged by direct mail companies.

So while direct mail — and telesales — spending declined due this reliance on stressed industries such as automotive and financial services, direct marketing overall still registered a 3.2% increase to \$106.52 billion in 2008 and is forecast to achieve a 5.6% CAGR from 2008 to 2013.

Despite the dip in spending this year, direct marketers still have reason to feel optimistic.

“Relative to everything else, it's still a very good story,” Rutherford commented. “Yes, in 2009, it goes down 2.6%, but contrast that with total advertising, which is down 7.6% in 2009.”

He added that total advertising spending “will be almost dead flat,” up 0.4% in the next five years. “Marketers are using targeted marketing services [tactics] in addition to or instead of traditional and brand image advertising,” Rutherford said. “It's much easier to manage who is getting the message. They're measurable both on the outbound and the return path.”

According to the report, the bright spot for advertising going forward will be in digital and other alternative and targeting advertising businesses, with the most challenged segments clustered in traditional advertising. VSS predicts Internet media, business information, direct marketing, event marketing, PR, b-to-b electronic media and digital out-of-home will all grow over the next five years, while the usual suspects of traditional media – newspapers, broadcast TV, consumer and b-to-b magazines, yellow pages and traditional out-of-home – will be among the segments shrinking over the five-year period.

www.dmnews.com/e-mail-fastest-growing-direct-marketing-segment-expands-double-digits/article/141154/