

DIRECT MAIL TREND REPORT Q3 2020 REVIEW



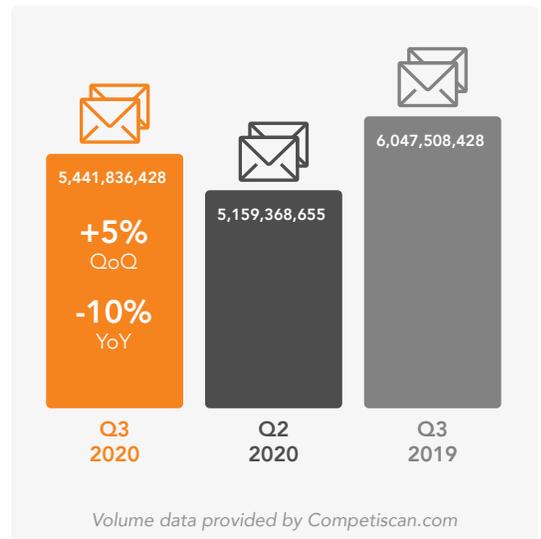
EXECUTIVE SUMMARY

In Q3, total major sector mail advertising volume continued its upward trend, growing +5% to 5.4 billion pieces since the prior quarter. Compared to a pre-pandemic Q3 2019 world, mail volume remains down -10%, but we are encouraged by recent gains.

Quarter-over-quarter growth appears across nearly all major business sectors tracked — 9 of the 11 grew in volume compared to last quarter. The most notable growth compared to Q2 of '20 — and even Q3 of '19 — is in the health insurance sector. While some of the growth (versus the prior quarter) can be explained by the start of open enrollment mailings, the +45% growth versus YA is surely a response to heightened consumer interest in the category due to COVID-19.

Financial services sectors, as always, lead the mail channel, accounting for 56% of total mailings in Q3. However, among the 5 financial sectors listed, mail volume changes were mixed. When comparing the healthy increase in mailings from the mortgage and loan sector, as opposed to the corresponding reduction in credit card mailings, an interesting indication is evident of the credit industry's significant decrease.

Retail and travel mailings also showed surprising strength in Q3, perhaps reflecting the optimism in these sectors before the most recent surge in COVID infections.



Top 3	Sectors	% Share	Q3 2020	vs. Q2 2020	% Change	vs. Q3 2019	% Change
	All Sectors	100%	5,441,836,428	5,159,368,655	↑ 5%	6,047,508,428	↓ -10%
	Automotive	8%	419,499,472	358,926,700	↑ 17%	361,257,492	↑ 16%
	Banking	9%	502,802,701	405,127,882	↑ 24%	539,683,234	↓ -7%
	Credit Card	7%	407,174,883	567,372,234	↓ -28%	1,190,452,041	↓ -66%
	Energy	2%	109,771,024	103,725,615	↑ 6%	54,301,253	↑ 102%
1	Insurance	21%	1,160,499,373	1,160,356,668	↑ 0%	1,184,557,294	↓ -2%
	Health Insurance	4%	237,392,959	169,678,998	↑ 40%	164,205,719	↑ 45%
	Investments & Annuities	1%	48,550,497	50,042,326	↓ -3%	18,672,988	↑ 160%
2	Mortgage & Loan	18%	995,690,845	901,798,563	↑ 10%	1,200,372,730	↓ -17%
3	Retail	16%	846,872,988	810,187,618	↑ 5%	704,569,515	↑ 20%
	Telecom	12%	675,360,504	606,392,078	↑ 11%	587,230,620	↑ 15%
	Travel & Leisure	1%	38,221,182	25,759,973	↑ 48%	42,205,542	↓ -9%

IN THE MAIL

Holiday cards aren't the only thing increasing mail volume these days. In the wake of COVID-19, retailers are increasingly reliant on online sales. Combine that with the high-volume holiday selling season, and you've got a recipe for plump mailboxes stuffed with marketing materials, with each one vying for the recipient's attention. Here's how top companies are cutting through:

OneMain Financial is driving response by combining two proven tactics to create one hell of a must-open piece. Their stealth brown kraft envelope conveys an official tone, and the credit card-sized tip-on card conveys to the recipient — even before opening — that this piece of mail is something they need to pay attention to. Upon opening, the benefit-driven copy conveys the true value of the offer, and the supporting insert reinforces the brand's reasons to believe (and borrow).

Amica Life is taking advantage of a form factor that's proven to drive response: the snap pack. This branded exterior—which features the copy "RATE CHANGE ALERT: OPEN IMMEDIATELY" — clearly conveys the import of the piece, in concert with said form factor. Inside, the tried-and-true letter format conveys the offer in the context of care and concern: communicating that life insurance is a means of expressing love, care, and concern for one's family.



TIPS AND TACTICS

Postmarks matter! Choose stamps to convey a 1:1 mailing, metered postage in bold red (see OneMain Financial example above) to look official.

LET'S GET AHEAD!

E-commerce retailers are predicted to be big mailers in Q4. Catalog mailers are betting big this holiday, and retailers are hoping to get local consumers into stores. All in all, retailers of all types are likely to be stuffing mailboxes right up to Christmas.

Marketers targeting service businesses are seeing encouraging results. SMB owners and senior staff are heading to closed offices to pick up their mail. At the same time, mailings that target business owners at home are becoming more prevalent. Based on good news about a vaccine, there is already some cautious planning for targeting the reopening of local retailers and restaurants.

Healthcare (outside of health insurance) has grown, too. Consumers are showing a willingness to use telemedicine technology and to visit clinics to address immediate health concerns, and those businesses are vying for their attention. We will keep an eye on that sector as national players start taking to the mail.

What's new in data? Consumer intent data is coming to direct mail. We are working with a number of providers who are tracking online consumer behavior to predict intent that can then be married to mail files to improve response. More on that in future reports...

2021 budgets approved? Let us help you build a road map for your DM success. Q1 is a great time to mail!

NOTABLE DATES

Consider these special days as part of your marketing and messaging strategies. Also, be aware that some of these days may impact the production and delivery of your mail.

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| JANUARY: | FEBRUARY: |
| 1 New Year's Day | 2 Groundhogs Day |
| 5 National Bird Day | 7 Super Bowl Sunday (LV) |
| 18 Martin Luther King Jr. Day | 14 Valentine's Day |
| 24 Compliment Day | 15 President's Day |
| 25 Opposite Day | 16 Mardi Gras (Fat Tuesday) |



"I consider Gunderson as a part of our own team — they're always willing to help us in any capacity."

- Direct Mail Manager, Healthcare Company

We hope you've enjoyed our Q3 review. If you have any questions or would like more information about Gunderson Direct, visit us at GundersonDirect.com

