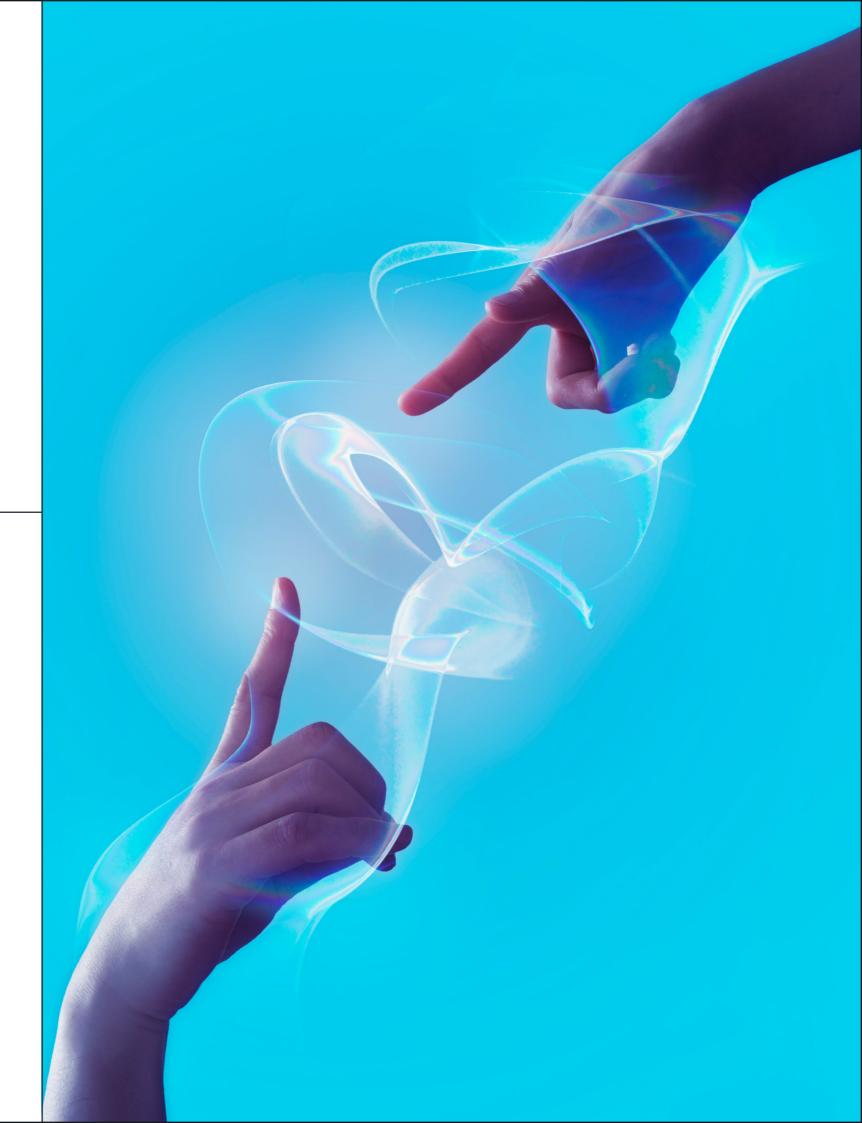THE MODERN MARKETER'S GUIDE TO

Customer Retention Using Direct Mail

Lob

IN AN ERA where customer loyalty is waning and your competition is only a swipe or click away, retaining customers is critical. As marketers, we work hard to acquire new customers and get them to make that all-important first purchase. But we must work just as hard to keep them engaged, make repeat purchases, and mitigate churn.

While a certain allure comes with capturing new customers, existing customers will result in greater ROI and cost 5-25x less, increasing lifetime value and revenue. This practical guide will give you real-life methods pro marketers use to keep customers engaged, loyal, and buying more.

Why customer retention matters

Managing retention is the most important part of growing a sustainable business. According to research from Harvard Business School, increasing customer retention rates by only 5% increases a company's profits by 25-95%. The end goal is to transform first-time customers into repeat customers and maximize lifetime value. If your company is like most, your *current customers* are likely the lifeblood of your revenue.

HERE IS WHY CUSTOMER RETENTION PAYS

65% of a company's business comes from existing customers: Not only is it more cost-effective to retain current customers, but these loyal customers are 60-70% more likely to spend with you
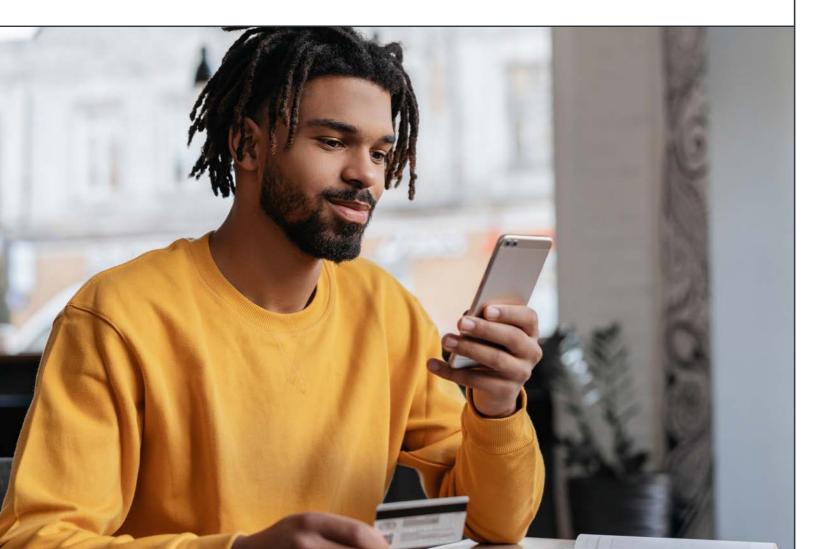
50% Current customers are 50% more likely to try new products and spend 31% more than new customers

5% Increasing customer retention by 5% increases profits by 25-95%

Real-life customer retention strategies

67% of marketers say [direct mail delivers the best ROI of any channel they use,](#) so it's an obvious choice to retain customers and grow CLTV and revenue. When used as part of an omnichannel marketing strategy, direct mail amplifies the response rate of other tactics like email marketing, making it the perfect wingman in any campaign.

Here are some real-life examples from enterprise marketers.

IMPERFECT FOODS

Imperfect Foods integrates customer data to grow retention

Imperfect Foods, a direct-to-consumer grocery delivery service, wanted to optimize the customer experience and grow lifetime value. Using **Segment**, a popular CDP, to collect user activities, Imperfect Foods fed that data into its A/B testing tools, which allowed it to set up and run experiments in its digital properties for different audiences. Again using Segment, Imperfect Foods passed the data back into its data warehouse, where it analyzed the results with several tools, including **Amplitude**. This setup allowed Imperfect Food's small team to quickly set up and evaluate experiments.

The team hypothesized that allowing customers to select foods they didn't want in their monthly box would improve customer satisfaction and loyalty. Imperfect Foods built the functionality, tested it, established their target market (Los Angeles), and launched the feature to 50% of their LA subscribers. The update had a significant impact on retention. **Customers that used the new feature were 21% more likely to be retained**. The streamlined data infrastructure and integration across all of its tools allow the Imperfect Foods team to uncover small customer experience changes that impact retention.

Property management software provider delights customers with intelligent direct mail

One of the leading property management software providers enables customers to send time-sensitive mail to the communities they serve as part of their contractual obligations. Some examples of these mailings include statements, newsletters, and other letter-based communications that they are legally bound to send on behalf of their customers. Lob's out-of-the-box integrations made it easy for this business to create an exceptional user experience in their product by offering an automated process that has traditionally been manual.

The company used Lob's intelligent direct mail solution and soon realized it was a game-changer for its existing user base. The company was able to delight their customers by opening up time in their days that were previously spent stuffing and licking envelopes, preparing mailings, and standing in line at USPS. Their customer base quickly expanded and used the solution with great success improving customer satisfaction and lifetime value. The company now calls Lob its mailing "secret weapon."

"Lob has been a game-changer for our customers. The simple API made it easy for us to create an exceptional user experience in our product by offering an automated process that has traditionally been manual.

The ability to send time-sensitive mail to the communities we serve as part of our contractual obligations enabled us to improve customer satisfaction and lifetime value. Our customers were delighted to save time that they previously spent stuffing and licking envelopes, preparing mailings, and standing in line at USPS. We call Lob our secret weapon."

Sue E.,
Manager Value Added Services,
Property Management Software Provider

Trafilea

Trafilea keeps engagement high using personalized intelligent, direct mail

Trafilea is a marketing and advertising company specializing in disruptive, data-driven e-commerce strategies that help build online customer-centric global brands. Trafilea harnesses the strengths of branding and performance marketing to provide unique, data-informed customer experiences that deliver results for businesses worldwide.

To proactively communicate with customers impacted by shipping delays from one of its brands, Shapermint, Trafilea created and sent personalized mailers with a unique coupon code for a future purchase.

The goal was to keep loyal customers and prevent them from becoming dissatisfied due to the shipping delays which could cause them to churn. Trafilea's team used intelligent, direct mail from Lob. With just a few clicks, the team could use merge variables to personalize the content for each recipient.

THE RESULTS

- By sending a personalized letter to customers whose orders were delayed but already delivered, Trafilea saw an 8% conversion, compared to a 2% conversion for customers whose orders were still in transit.

- Letters saw up to a 3% increase in conversions compared to postcards.

- Tracking 180 days after sending the letter, Trafilea saw a 10% increase in repeat purchases.

Now that you've discovered some real-life uses for intelligent direct mail, let's look at how you can use it to increase retention.

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Customer retention mini checklist

Use the strategies in this mini customer retention checklist to help increase customer lifetime value and ROI.

8 in 10

enterprise companies use some type of personalization in their direct mail marketing

☐ Use data

Data is king, and using it correctly can make your direct mail campaigns more effective. Using data to segment your marketing means sending targeted messages directly to the right audience, and it's key to improving your return on investment (ROI) for a direct mail campaign. Using data about your customers, from browsing history to past purchases, can help you trigger cross-sells and upsells and provide the most compelling offers. You can also use data to personalize and customize mailpieces making them more likely to convert.

☐ Go omnichannel for impact

Using data from your CRM, marketing automation platforms, and other integrations, you can precisely segment and target your audience members to receive the right message at the right time. This coordinated effort results in more targeted mailpieces (good for sustainability efforts) and better response and ROI metrics.

Only 5% of enterprise marketers use direct mail as a stand-alone tactic.

☐ Personalize

In the State of Direct Mail Consumer Insights report, 52% of consumers said they expect direct mail to be personalized to them.

Like email, every mailpiece should be completely customizable, from the images, text, and layout, to different form factors. You should also consider demographics, past buying behavior or past purchases, and search patterns to send valuable and relevant mail to recipients. Direct mail should feel like it's arrived just in time to solve a problem and meet an immediate need.

☐ Track and measure results

Digital channels provide clear metrics to measure impressions, opens, conversions, and return on investment. In comparison, direct mail can be perceived as hard to measure. Measuring the success of your direct mail campaigns can be accomplished by looking at metrics that include response rate, revenue generated per mailpiece, ROI, and the cost of time spent orchestrating the campaign.

The next step in your customer retention journey

Direct mail is critical for retaining your customer base—but it isn't the only tool at your disposal. Use a combination of direct mail and digital marketing to keep people coming back to your brand.

Digital marketing and direct mail work best when paired together in omnichannel campaigns. Using each medium's best attributes gives you a unique opportunity to increase retention.

Get a demo and discover how intelligent direct mail can help you retain customers.

About Lob

Lob is the only direct mail automation platform for the digital age. Lob's platform automates the direct mail execution process for enterprises at any scale - from creation, printing, postage, delivery, and sustainability with end-to-end analytics and campaign attribution. Over 11,000 businesses trust Lob to transform their direct mail into intelligent mail.

Founded in 2013 and based in San Francisco, Lob is venture-backed by Y Combinator, Polaris Partners, Floodgate, and First Round Capital.

Find out more about Lob on our website: Lob.com