Technology

You've got snail mail: Targeted online ads are now literally following you home

Marketers are using the same technology and data as online advertising companies to decide who gets what flier, postcard or envelope



Credit: Washington Post Illustration/iStock (The Washington Post/iStock)



By **Heather Kelly**

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SAN FRANCISCO — When 33-year-old Jenna Spinelle opened the envelope in her mailbox last month, she felt seen. It was filled with four slick ads for trendy direct-to-consumer brands like mattress company Casper and deodorant company Native, and she ended up making purchases from two of them.

"It was clearly very tailored; I knew exactly why I was getting it," said Spinelle, a communications specialist in Pennsylvania and an owner of new activewear from Lively. "It was the analog version of an Instagram ad, and I totally fell for it, hook, line and sinker."

As people become numb to targeted digital ads that follow them across social media and into their email inboxes, some high-tech marketers are turning to a surprisingly old-school approach to cut through the noise: snail mail.

And they're using the same technology and data as online advertising companies to target who gets what flier, postcard or envelope — even tying people's online browsing activity to their home address. It means after you research Parachute's bedsheets online, its ad won't just follow you around on the Internet. It may also end up as a paper ad in your hands, delivered to your front door.

"Digital's become the new junk mail of the 1970s," said Lewis Gersh, CEO of direct-mail targeting company PebblePost, referring to the decade when unsolicited-mail overload was as its peak. "If you go on a site, you look at a product, you might be retargeted [with ads for it] 40 times in a month."

Google, Facebook and Amazon have helped create the massive online advertising industry — which was projected to reach \$129.34 billion in 2019 — where troves of personal data can be used to show specific people ads based on their likely interests. But after years of diverting money away from print and TV ads to the Internet, brands have started branching out.

Plus, digital inboxes have made it easier to automatically sort junk email, such as by hiding it in a rarely opened folder. Savvy consumers can also use ad-blocking tools on their browsers and routers.

"We have digital devices around us all the time, but we also get fatigued," said Anu Verma, vice president of marketing at Care/of, a subscription vitamin company that uses mailers to find new customers. "That moment of checking the mail ... that's a nice sensation. There's something relaxing, even entertaining about it."

Retailers are combining consumer data from the online and physical worlds. Billboard companies have experimented with showing personalized ads based on who they detect



is walking by. Stores often know when certain customers have been inside, even just browsing, <u>based on GPS information</u> from apps on their smartphones. And data is collected <u>every time a person pays</u> for something at a store or restaurant with a credit card.

That also translates to mail. Five-year-old PebblePost has worked with brands including bedding retailer Parachute and the Red Cross to send hundreds of thousands of mailers a year based on who visited a website. "What we do is algorithmic, behaviorally targeted, incredibly timely, fully automated programmatic direct mail," says PebblePost's Gersh.

What that means for regular people is they might notice a flier in their mail for a company they were just visiting online days before. PebblePost uses a brand's data about people who have gone to its website, and helps the company contact them with shared or single mailers. Each company is likely already collecting a ton of data about what a visitor was up to: dwell time, how fast or slow they scrolled through a page, if they clicked through on specific products, and whether they put something in their shopping cart but didn't complete a purchase.

PebblePost starts with the brand's own information about its site visitors, narrows the pool down to the most relevant customers (can they afford this product?), and cross references the information with other sources, such as public records and data from other brands it works with, to match or confirm matching physical address. Within 12 to 24 hours, a piece of cardstock with a relevant ad and offer will be printed and mailed to an address. Gersh says his company can predict the mailing address that matches an online identity with up to 70 percent accuracy.



Jenna Spinelle @JennaSpinelle

Hipster Valpak came in the mail today. I don't hate it.



4:48 PM - Dec 7, 2019
Twitter Ads info and privacy

See Jenna Spinelle's other Tweets

Retro appeal aside, mail still comes with its own baggage. At its peak, junk mail was considered a scourge and viewed with some of the <u>same contempt</u> that is reserved for online ads today. Envelopes, fliers and catalogues overflowed inboxes, promising discounts, free credit cards and contest winnings. What made them "junk," say direct-mail companies, was that the mailings weren't always relevant to many of the people who received them.

Sleek, new online-first brands are attempting to change that. They are testing out well-designed mailers on quality card stock that go to consumers most likely to buy. Companies like Share Local Media specialize in these more modern mailers. They can contain ads for mail-order mattresses, on-demand food delivery and hipster home goods

companies. They are mailed to specific groups of people based on demographics, past purchasing patterns and interests.

For start-up Embark, that kind of targeting means being able to send cute postcards of puppies to the people most likely to spend \$200 on a DNA test for their dog. (The test is to identify breeds and potential health issues.) That might mean reaching out to college-educated dog owners with disposable income living in urban areas. Direct mail makes up about 10 percent of Embark's overall advertising spending, which is still largely online ads, according to Hannah Russin, the company's head of marketing. "It's been a growing part of our marketing approach, and the targeting has become increasingly better," said Russin. "The reaction to a direct mail piece is to glance at the front, turn it around and look at the back. It is in some ways a different interaction [than online ads]."

Older mail players are adapting as well, fueled in part with copious data collected over their years in the business. Valpak, the 51-year-old company behind the classic blue envelopes of local coupons, sends mail to 37 million households in the United States a month. It has vast amounts of its own information on who lives in each home, and a system to combine that with data from brands themselves or from third-party databases that include details about interests, income and demographics. Most of their mailers are still local, but they've worked with brands like Harry's, Away, HIMS, Postmates, Grubhub and Embark.



Jason Goldberg

✓ @retailgeek

New Amazon direct mail offer... promoting private label, targeted for my household (toddler).





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<u>5:51 PM - Apr 12, 2017 · O'Hare, Chicago</u>
Twitter Ads info and privacy

See Jason Goldberg's other Tweets

"The data piece is significant. We can target to the household level, and we have nearly half a billion demographics and <u>psychographic</u> data points," said Valpak CEO Mike Davis. "If a client gives us their consumer data, we match it up to all those attributes. Let's say I have a meeting next week with Massage Envy. I'll take their data and match up with people likely to use a spa."

The U.S. Postal Service doesn't offer this kind of targeting itself but is supportive of new mail innovations, promoting them on its site and pointing interested customers to direct-mail companies like PebblePost, said Steve Monteith, the U.S. Postal Service's vice president of marketing. "We still have what we consider strengths in the value of the mailbox," he added.



The USPS saw a 2.1 percent drop in overall <u>marketing mail in fiscal year 2019</u>, and Monteith said that is due in part to increased targeting. Instead of blanketing a whole town with ads (what the industry calls "prospecting"), a local tailor can just send postcards to professional men between 35 and 45 with high credit scores. Increasing concerns about privacy and data collection mean targeted physical mail could start to face the same suspicion from consumers as online ads.

"One the one hand, consumers don't want irrelevant ads for products they're never going to be interested in," said Jim Nail, an analyst at Forrester Research. "On the other hand, they are getting more and more uncomfortable with the amount of data it requires — that the brands and marketing companies have on them — to do that really well."

Some well-targeted mail could start triggering that familiar unsettling feeling that a phone is listening, due to the volume and detail of information amassed about people by companies such as Facebook, retailers, credit monitoring companies and data brokers. Consumers in California can get a better — if still confusing and incomplete — picture of what information companies have on them thanks to a new privacy law that went into effect this month. And a recent update from Facebook also lays it out in its own overwhelming fashion, showing what sites have shared information about a person's activities with the social network.

PebblePost's Gersh hopes to avoid the online creepy factor by only contacting people who have visited the client's site, and with tricks like not sending overly specific mailers. For example, if someone was looking at a pair of leopard print knee-high boots online, PebblePost would not recommend sending a photo of leopard print knee-high boots to the recipient. He also says his company's mailers are anonymous and aren't addressed to a specific person.

"We don't know an individual and we don't ever want to know," said Gersh. "There is nothing more personal than being invited into someone's household, so treat it with respect and trust them to do what they want to do."