Marketspace

Paul Dunn

Welcome to Marketspace. This issue examines the direct mail market in 2002. It is well known within the UK industry that direct mail usage is continuing to grow year on year, despite recent downturns in traditional above-the-line media. Over the past five years growth has been both steady and consistent, with 2002 showing a 9 per cent increase compared to 2001.

Seasonal trends remain consistent each year, with high volume activity witnessed in March, then again in September and October. Holiday periods are always understandably quiet.

The financial services sector continues to dominate the UK direct mail industry, accounting for one-third of all consumer mailings. The finance sector is not standing still either, as continuous new entrants boost total volume and spend. Within finance the key products areas for sheer volume are credit cards, personal loans and motor/home insurance.

Mail order/catalogue companies are the biggest of the non-financial consumer sectors, followed by charities and then utilities/telecoms. The charity sector in particular is easily identifiable within DM for its Q4 peak every year, seeking donations in the season of goodwill.

From an advertiser point of view, the American credit card issuer MBNA has been responsible for the largest mailing volumes in the UK for the last five years running. In 2002 MBNA issued an estimated 100.5 million items, twice as many as its closest rival, Capital One. Overall NMR UK estimates show that 1.28 billion mailed items were sent to UK consumers in 2002.

One of the most interesting growth areas in 2002 was the health/fitness industry, where mailing volumes more than doubled for gyms/fitness clubs, vitamin supplements and health and fitness appliances, all of which has naturally followed on the UK's 'health kick' among its population. A point of interest here is that recent studies have highlighted how advertisers within the health/vitamin supplement areas are most likely to fall short of Advertising Standard Association regulations, with many penalised for claims they make about their products.

Paul Dunn
Direct Mail
Nielsen Media Research
Atrium Court
The Ring
Bracknell
Berkshire
RG12 1BZ, UK
Tel: +44 (0)1344 469 190
E-mail:
Paul.Dunn@NielsenMedia.co.uk

Table 1: Top ten advertisers in previous quarter

Top ten advertisers	Q4 2002 £ (000s) 345,612	% share	Q4 2002 ranking	Q4 2001 £ (000s) 182,849	% share	Q4 2001 ranking	Full year 2002 ranking
MBNA Europe Bank Ltd	7,717	2.233	1	11,566	6.325	1	1
American Express Europe	6,464	1.870	2	665	0.364	59	7
Lloyds TSB PLC	6,077	1.758	3	3,440	1.881	4	4
Hospital Plan insurance Service	5,838	1.689	4	1,454	0.795	15	9
Goldfish Bank Ltd	5,803	1.679	5	256	0.140	154	13
Providian Financial Corp	5,152	1.491	6	979	0.535	37	17
Littlewoods Organisation PLC	4,964	1.436	7	1,720	0.941	12	5
Halifax Card Services	4,428	1.281	8	3,341	1.827	5	10
Bank of Scotland	3,762	1.088	9	3,259	1.782	6	12
DFS Furniture PLC	3,576	1.035	10	3,473	1.899	3	23
Others	291,500	84.343	N/A	152,609	83.462	N/A	N/A

Source: Nielsen Media Group

Table 2: Top ten brands by spend on direct mail in previous quarter

Top ten brands	Q4 2002 £ (000s) 345,612	% share	Q4 2002 ranking	Q4 2001 £ (000s) 182,849	% share	Q4 2001 ranking	Full year 2002 ranking
Providian — Platinum Visa	4,796	1.388	1	842	0.460	23	5
Hosp Plan Ins — Disabling plan	3,712	1.074	2	0	0.000	N/A	N/A
MBNA Europe — Express loan	3,612	1.045	3	1,252	0.685	10	1
DFS — Sale preview	3,513	1.016	4	0	0.000	N/A	47
RBS Advanta — Credit card	3,347	0.968	5	1,243	0.680	11	7
AMEX — Blue credit card	3,038	0.879	6	159	0.087	267	12
Healthy Living — Prod rge	2,976	0.861	7	382	0.209	96	4
Loans Co — Pers loans	2,611	0.756	8	577	0.316	44	11
Littlewoods — Catalogue	2,607	0.754	9	473	0.259	70	3
Goldfish — Savings a/c	2,601	0.753	10	0	0.000	N/A	75
Others	312,800	90.506	N/A	177,919	97.304	N/A	N/A

Source: Nielsen Media Group

Table 3: Top ten consumer industry groupings by spend on direct mail in 2002

Top ten sectors	Total 2002 £ (000s)	% share	Qtr1 2000 %	Qtr2 2000 %	Qtr3 2000 %	Qtr4 2000 %	Qtr1 2001 %	Qtr2 2001 %	Qtr3 2001 %	Qtr4 2001 %	Qtr1 2002 %	Qtr2 2002 %	Qtr3 2002 %	Qtr4 2002 %
Finance	485,829	37.95	28.6	33.5	33.3	31.4	36.5	38.5	37.6	38.3	38.1	38.2	37.4	38.0
Mail order	320,386	25.03	25.2	23.3	25.6	22.6	28.3	22.2	23.8	19.2	26.5	25.0	25.6	23.2
Charities	97,018	7.58	14.2	10.3	8.6	12.1	5.9	8.1	6.2	11.1	4.5	7.5	7.4	10.7
Entertainment and the media	73,709	5.76	8.3	7.1	6.3	6.5	8.4	6.7	7.0	5.7	6.1	5.5	5.2	6.2
Travel/holiday and transport	51,922	4.06	3.1	3.3	3.5	3.3	3.2	3.0	3.7	3.1	4.2	3.6	4.2	4.3
Retail	47,094	3.68	2.3	3.2	2.9	3.7	2.2	3.5	2.6	3.6	2.8	3.3	3.6	5.1
Utilities/telecoms	45,147	3.53	6.8	4.7	4.2	4.6	5.2	5.3	4.8	5.2	4.9	3.5	3.0	2.7
Pharmaceutical	33,105	2.59	1.6	2.8	2.3	2.3	2.4	2.4	1.8	2.4	2.7	3.3	2.6	1.8
Motor	32,804	2.56	3.1	3.1	2.5	1.8	1.3	2.5	2.4	1.3	2.8	2.3	3.4	1.8
Household equipment	15,983	1.25	0.7	1.6	2.1	1.5	1.2	0.6	2.2	2.9	2.1	0.9	1.4	0.5
Other	77,168	6.03	6.0	7.0	8.7	10.2	5.4	7.1	8.0	7.2	5.3	6.8	6.1	5.7
<i>Total</i>	1,280,167	100.00												

Source: Nielsen Media Group