

EFFECTIVNESS OF RETARGETED DIRECT MAILINGS: (WHEN) DOES IT WORK?

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Abstract

Abstract Marketers continue to use direct mail (DM) in the recent years, even in the digital age (DMA, 2022). As technology continues to innovate, direct mail marketing is also evolving in order to provide retailers with improved targeting techniques, shifting toward retargeted direct mailings (RDM), where retailer deliver more targeted DM to customers according to customer's past purchase behavior. Although business press predicts that RDM have a higher relative performance in comparison with mass DM (Forbes, 2022), yet, there is scant academic evidence on the effectiveness of the RDM. Hence, this paper aims to investigate whether such retargeted direct mailings are really more effective in impacting customer purchase behavior compared to mass direct mailings, using real-life data from a group of Dutch retailers and employing an empirical a quasi-experimental setting. We found that retargeted direct mailings are effective in increasing the purchase likelihood as well as spending amount. Plus, the effectiveness of retargeted direct mailings depends on its timing, customer characteristics and retargeted direct mailing's type. The results of the study provide valuable insights for managers when allocating the direct marketing campaign's budget.

Keywords: *Retargeted direct mailings, Customer retention, Quasi-experimental analysis*