

Direct One – Helping Businesses find Innovative Ways to Cut through the Digital Noise and Connect with Customers through Direct Mail



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Interview conducted by:
Lynn Fosse, Senior Editor
CEOCFO Magazine

CEOCFO: *Mr. Stewart, the first thing on the Direct One website is "Innovating Direct Communication Solutions." What does that mean at Direct One?*

Mr. Stewart: In our heart and soul, we are a direct mail company. We started out doing direct mail and eventually expanded our services to other aspects of commercial print. We will do some pledge processing; we will even do some digital ads. What it all comes back to is innovating communications for our clients, helping them solve problems.

CEOCFO: *Why is direct mail still viable, if not a preferred way to communicate?*

Mr. Stewart: I think if you go and check your email right now, you are going to find that you have maybe 100 messages and 99 of them are going to be spam. I think if you get on the internet right now, you are going to be bombarded with pop-up ads and ads on the side. If you go to Google, you are going to get a bunch of search terms that you didn't ask for.

Now more than ever, direct mail is a way to cut through the digital noise. Sure, you are going to get some junk mail and trash, but you also get to physically feel that mail piece and there is a little bit of that connection there. I am bullish on direct mail over the next ten to twenty years.

CEOCFO: *Is there a particular size of companies, industries or campaigns that lend themselves more to direct mail, and are there some areas where the direct mail advantage is not recognized?*

Mr. Stewart: I think ultimately this is a B2C channel. You will see some B2B, but it is few and far between. It can be companies of all sizes. When I go in now to talk to a prospective client, it can be either a small business owner or a marketing executive of a Fortune 1000 company.

Usually, what I am talking to them about is how direct mail can play a part in the marketing mix, how it can go along with their digital strategy. You are not necessarily going in, and all they are going to do is direct mail; it is part of what they are doing to reach their target consumer.

CEOCFO: *How do you help a client figure out what is best for them?*

Mr. Stewart: We start by sitting down and talking to them about their goals. I believe most of us are self-centered in a way, and we sometimes take for granted that our target audience may not be as well-versed as we had hoped, on what we are offering and who we are. We all make this mistake. We know who our clients are and know what we are trying to do, but sometimes people don't know a lot about us or know a lot about our product. They want to hear about it and learn. Usually, if a client comes to us with a creative design or strategy, they are trying to cram four or five talking points onto that mail piece.

Our style is to boil it down and decide "what is the number one takeaway you want them to have coming away from reading this?" You look at the attention span as part of the digital world we are in and you may have five or ten seconds tops to convince someone to take a deeper dive into the product that you are trying to sell. You want to cut through the noise and get right to the point.

Our approach is to figure out what your goals are, let's look at what you have done historically, figure out what has worked and what hasn't, and then take that information and create something that is targeted and simple to understand.

"Now more than ever, direct mail is a way to cut through the digital noise." Evan Stewart

CEOCFO: *Would you walk us through a typical engagement as well as something that might be outside the box?*

Mr. Stewart: The first one is going to be a very well-established company; maybe they have several million dollars that they are spending on marketing throughout the course of the year. Usually, these folks are coming to us and they may already have the data file from their historical customers or CRM that they want us to use. They probably already have a design. Maybe we are taking that creative that they already have on digital, and we will turn it into a mail piece - with this group it's really about execution. It's about knowing how we are going to get this out at the exact time they need it to be hitting mailboxes. They are trusting us to be a partner more or less for them, and an executional partner to help them take care of that part of the process.

Then there is a client on the other end of the spectrum who doesn't know where to begin. They have an idea, they have a product, and they want to do direct mail. So, we are starting that process right from the beginning. We are talking to them about what direct mail does and what they can expect on the ROI. We will walk them through the process and get them involved with a strategy and creative direction. We explain that this is not just sending out one direct mail piece. We are going to want to do this about three to four times over a certain timeframe, so they will have a repeated conversation with a customer.

From there, we will mark up the creative, secure a data file for them based on their target parameters, and then we will go through the process. We will create it, get it approved, we will print it up, send it out, and get tracking on the back end so they can see the analytics of when this is hitting mailboxes. If we have QR codes on it or other ways to track attribution, we will track the QR codes and scans and let the client know so they can make decisions based on future marketing campaigns.

CEOCFO: *When is a postcard better than an envelope?*

Mr. Stewart: It is interesting because we have been having this conversation a lot with some customers. It depends on a couple of different things. Time of year is important. Towards the end of the year, when you start getting more envelopes, these are usually going to be nonprofit or fundraising types of entities where they are sending out letters.

They are trying to get a lot of information across about where your fundraising dollars are going, or what offer they want to give you. It is more detailed, and they want to communicate what the steps in the process are.

As far as postcards are concerned, these are going to be pieces that say things like they can get 20% off or "hey scan this QR code," something where the message is very simple. I often advise clients, for their first mail piece if we are going to be doing a sustained campaign, that they should not do a letter. It is just going to get thrown away. Usually, you are going to want to send them a letter in an envelope if you are a known entity to that target. That way, they see what it is on the outside. If you are just randomly sending an envelope or letter to somebody and they have never received anything from you before, they will rip it up before even opening it.

CEOCFO: *Are you able to help most of your clients with mailing lists?*

Mr. Stewart: It is probably 70/30 that we are going to help them with a mailing list of some type. Probably 50% are going to come with their own mail file already. We will just help them with it, with some more data. You have a whole industry now that has developed over the years, just on the data sciences and data analytics side. That is all these companies do, so you are kind of hurting yourself if you don't go and work with some of these partners because their data is going to be better than what you have. That is how they stay in business.

I would say 50/50 if they have a data file already or not, but even the ones that do, probably 50% of them, we will go ahead and augment that with some sort of enhancements or help them target it a little more. Then maybe do some lookalike modeling based on the data file that they gave us.

CEOCFO: *At Direct One your mission is to become a nationally recognized leader in integrated communications and campaigns, with a direct mail component. Where are you in that mission?*

Mr. Stewart: We are getting closer. We started pushing out nationally a little bit. We did make the Inc. 5000 this year, which was a target for us. We actually got there a year earlier than we were expecting, but now we have to keep that up and sustain it and stay on that list. Within the industry itself, we are starting to pick up some traction, which is important. We joined a couple of boards. I am currently sitting in an airport coming back from a conference where the main purpose is just to increase our visibility.

In this industry, we actually end up getting a lot of work from peers, from fellow print professionals because everyone has something they specialize in. We network with folks and let them know what we can do to help them with their problems and pain points, and then maybe how they can help us as well. That is important. Right now, if I had to put a percentage on it, I would say we are probably 30% of the way to our goal.

CEOCFO: *What about new equipment, new technology and AI? Where do these elements come into play?*

Mr. Stewart: The average age of our industry is about 53 years old. If you walk through our production facility, you are going to see folks that have been working on those machines, those presses, the folders, and inserters for 30-40 years. At some point, they will be retiring. This is an industry-wide issue that we are all facing. That means the presses, the equipment that is coming out, the manufacturers are not making it as mechanical anymore. These are very high-tech machines with a lot of R&D dollars behind them. They are designed so that we can take someone right out of high school today and get them trained on how to run a press, versus 20 years ago when this was an apprenticeship, a skilled trade. The way the technology is set up is for a declining workforce and labor shortage. That is why the presses cost more money today, but they are factoring in that labor component.

On the AI side, we have been able to implement some AI tools just to help us with data processing components and workflow. Over the next five years you will see more automation on the actual shop floor, more robot arms, like when you walk through a car factory. That is coming to manufacturing at our level. It will be down to robot arms and the autonomous robots that are moving pallets and skids across the production floor. I am not sure where we are on the robotic side for actual human-sized robots, but there are going to be some companies, as soon as they are available, that will try to implement them.

CEOCFO: *Your company values list includes, "Collaborative Spirit," how does that play out day to day?*

Mr. Stewart: For our shop, if you go and talk to some of these companies that are peers, they probably have 70 or 80 clients. We have over 500 paying clients a year. That means that we have a lot of projects that come in and aren't

necessarily just set-it-and-forget-it or oh, we have done that before. Maybe that is 60 or 70% of the projects, but that 30% requires some real expertise and thinking and problem-solving.

Our team has been working together for decades, not just years, so we know the skill sets; we know who the subject-matter expert in the building is for this and for that. So, when these things come along, we like to get together and figure out how we are going to execute a project and what is the most efficient and best way for the company and for our customers to get this done.

CEOCFO: *What about some of the other services you offer, do you see growth there or is it more an accommodation for clients?*

Mr. Stewart: It is an accommodation. We don't like to say "no" to a customer, but we are starting to look more critically at what services we are offering and asking ourselves if this service will help us sell more direct mail. That is how we approach it. If a client comes to us and asks if we can help them place some Facebook or Google ads, and we are going to be using the same creative that we are using for the mail piece. We will usually say "Yes" because it doesn't take very long on our end to do and it helps our client save money. Or if they want us to send some text messages to the same mail list with the same message, we will do that for them. Those are things where it's supporting the direct mail effort, so we like to accommodate and make that happen. Ultimately, our strategy is to sell more print and direct mail, so we want the service to come back to that at the end of the day.

CEOCFO: *Do you see any challenges in the next year or so?*

Mr. Stewart: Who knows what is happening with the economy or tariffs? In our industry, we talked about the equipment earlier; most of that equipment is made overseas either in Japan, Germany, or Switzerland, or even Italy. There are tariff concerns there.

The labor shortage is real. You are going to have more folks retiring. I have three that are going to be retiring over the next twelve months, just in my shop alone. That will be a challenge.

Then, it is a political year, and political years always bring more direct mail. We just need to make sure that we have the capacity to plan things out properly without sacrificing quality.

CEOCFO: *Do you need to keep a large inventory of paper stock or board stock?*

Mr. Stewart: We have a good relationship with our vendors. We have been doing this for 30 years, have learned that there are about six to ten stocks that we are using regularly, and must keep on hand. There are specialty orders that come in every day, but you are not keeping those on hand; you are ordering those. So, I would say the answer is yes and no. We have on hand the stocks we use a lot, and we have those we hardly ever use that we have to order.

CEOCFO: *Do you do much outreach?*

Mr. Stewart: We are starting to, and that is about trying to move up to a national level. We are not going to be able to grow just through word of mouth. We have to actively go out and sponsor things. We have some digital ads, a social strategy, and, of course, we send mail pieces out. We are doing conferences to connect with people and let them know about who we are, understand who they are, learn their pain points, and see if we can help them.

CEOCFO: *How do you stand out at a conference?*

Mr. Stewart: We try to be strategic. We are not going to go to a generic marketing conference for example; we are going to go to an insurance conference that maybe is more about education or something along those lines, but we are going to be the only booth there doing marketing or direct mail. That is how we have approached it. You have to work it beforehand as well. We are not just showing up for the first time, having never done anything or talked to anybody. Before the conference, we are reaching out to folks and letting them know who we are, where we are going to be. We send out a mail piece to people with a QR code and set up a private 15-minute conversation ahead of time and try to get the word out.

CEOCFO: *What have you learned over time from your customers?*

Mr. Stewart: First of all, the digital variable imaging. We were early to that. In the industry itself, when you think of printing, you think of what is called offset printing. You think of these big offset presses and people are printing a million-

piece runs and every piece is the same. With the rise of digital, people wanted more personalization. They wanted to be able to target better, so our customers started asking how we could make this more personalized. They wanted to do three or four versions of the mail piece. They didn't want to just do one. We invested in that equipment early on, about a decade ago. So now probably 90% of our work is on the digital variable imaging side. We can do a million-piece run but every single mail piece in that run can be a little bit different. It can be personalized with a name or have a different photo on the cover that better aligns with the customer's profile. For instance, if someone has children and we know they have children, then maybe a photo of a family of four would be more effective than just a husband and wife.

CEOCFO: *Why choose Direct One Inc?*

Mr. Stewart: If you look in the space, the vast majority of companies were actually commercial printers that moved into the mail space. That is not us. We got started in direct mail. I would put our direct mail expertise up against anyone in the country hands down.

When I talk about our people, what really shines through is that we care about the client. We have folks that have been working with the same client for 15 or 20 years. They go to their clients' kids' weddings, or they go to the same church. These are people who become like family. It is not just somebody we do a project for, and they pay, and then that is it. When a client comes to us and we start an engagement, we try to get to know what it is they are really trying to do, what are the pain points, and what have they tried in the past. Ultimately, it is what is going to be a good investment for them to get them that ROI that they are seeking. Their success is our success.

