

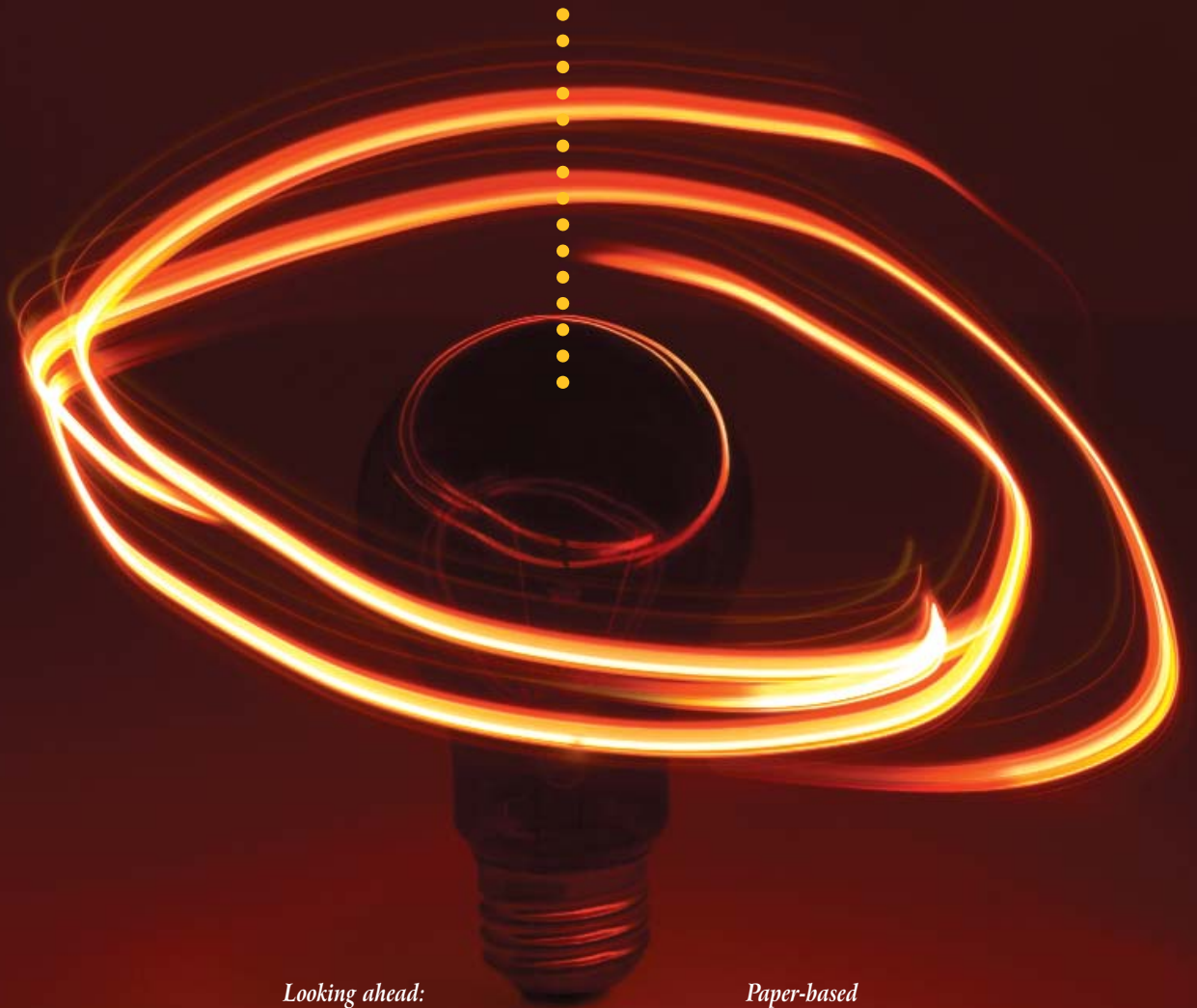
EN:Vision

INDUSTRY NEWSLETTER

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...Promoting the Future of Paper-Based Communications



In this issue:

*EN:VY Spotlight:
Showcasing brilliant use of envelopes
in campaigns across the world* 3

*Looking ahead:
Direct mail
in 2007* 4

*Paper-based
communication:
The latest trends* 5





...Promoting the Future of Paper-based Communications



Letter from the Editor

In 1843, Londoner Henry Cole produced 1,000 copies of the first holiday card. The message inside: “A Merry Christmas and a Happy New Year to You.” More than a century and a half later, despite the popularity of the Internet, postage increases, and countless other factors, paper holiday cards still outnumber e-communications by a rate of 20-to-1.

The envelope is inextricably tied to the holiday season: each year, millions of holiday cards are delivered to friends and families around the globe. Children write long letters to Santa Claus, send them in envelopes addressed to “the North Pole” and eagerly anticipate their gifts Christmas morning.

In a culture that is increasingly reliant on the Internet and technology to stay in touch, paper communication remains a powerful tradition. Quite simply, people like the safety and security of the mail. More than 84 percent of Americans believe envelopes are a trusted way to leave a memorable impression. Eighty-six percent feel envelopes are a safe, secure means of communication.

With this in mind, I am pleased to present to you the first edition of EN:Vision, the newest publication from the Envelope Manufacturers Association Foundation. The EMA Foundation is a 10-year-old education and research foundation established to promote the future of paper-based communications, study trends affecting the industry, and improve and develop the capabilities of the current and future workforce.

Each issue of EN:Vision will address the evolving demands of both our customers and yours. Our goal is to communicate the latest trends and technologies affecting direct mail marketing or transactional mail campaigns. You also will find tips that industry leaders are using to grab audiences’ attention, maximize impact, and deliver return on investment.

The theme of this inaugural issue is The Power of the Envelope. Inside, we look at the influence of direct mail and the envelope in consumer and B2B campaigns. Envelopes make the first impression in direct mail. The more innovative they are, the more likely they will pique the receiver’s curiosity. This issue also looks at how the envelope has evolved alongside the American economy to become a crucial cog in the wheel of our nation’s growth.

Upcoming issues of EN:Vision will offer an in-depth look at matters that affect the entire paper-based communications industry, such as environmental concerns and federal regulations, new technologies, postal reform, and other topics. At the same time, you’ll find regular contributions you can count on: the latest trends in design and manufacturing, industry factoids, and the EN:VY Spotlight, which highlights campaigns that achieve project goals through brilliant envelope use. The Spotlight will share industry knowledge and know-how, as well as promote creative, innovative ways to use envelopes.

This newsletter was created for you—those who need effective, measurable, and proven communications vehicles, like envelopes, to reach customers. We welcome your feedback on this first issue. As we prepare future issues, we want to know what you would like to see, how you would like to see it, any questions you may have, and how useful you find the information in this newsletter. Please share your thoughts with us by sending an e-mail to: envision@envelope.org. Also, don’t forget to visit us online at www.envelope.org

Best wishes this holiday season,

Tonya W. Muse, CAE ••• Executive Director, Editor in Chief, EN:Vision

Did you know . . .

- Envelopes offer **secure protection**. Even with the Patriot Act in effect, a federal search warrant is required to look inside an envelope sent and received within US borders. While United States customs may open international mail under the Patriot Act, opening of domestic mail requires a court order.
- Envelopes are **environmentally smart**. Soon, the EMA Foundation will release an interactive CD-ROM to educate the industry about environmentally-friendly ways to use envelopes. Content includes:
 - Key recycling programs
 - Natural resources and recycling of raw materials
 - Recycled graphic design and arts materials
 - Corrugated, pallets, and shrink board options
 - Consumer responsibility

Look for information about this CD-ROM at www.emafoundation.org.

- Mail volume is **holding strong**. In 2007, the US Postal Service expects a Standard Mail increase of 1.9 percent. Though rates for First-Class mail are rising next year, USPS expects overall mail volume to stay relatively steady.

“Each envelope speaks to the individual audience’s creativity and intelligence...”

Sid Liebenson, Draft FCB
Executive vice president and
director of marketing



EN:VY Spotlight

Draft FCB Gains Attention by Making Envelopes Interactive

TO GRAB the attention of prospective physics teachers in the United Kingdom, Draft FCB sent recruiting materials in an envelope that featured a falling penny in a window and asked the question, “How fast does a penny drop?” The answer, found on the booklet contained inside: *“It depends on the atmosphere you create.”*

In May 2005, Draft FCB was engaged to create a campaign for the United Kingdom’s Training And Development Agency for Schools (TDA). Facing a shortfall in the number of qualified individuals who applied for teaching positions, TDA needed to recruit a variety of new teachers with specific levels and areas of expertise. Draft FCB was charged with encouraging those who already had shown an interest in teaching to take the next step.

Awarded the Direct Marketing Association’s prestigious International Silver ECHO in October 2006, the Draft FCB campaign blends direct mail, e-mail, and online strategies to attract students and professionals to careers in teaching.

The campaign positions TDA as a modern, trustworthy, and supportive organization by communicating that the positive benefits of a teaching career far outweigh any objections or stigmas associated with it. The campaign also builds on people’s existing interests—materials are tailored not only for physics teachers, but also for music, religious education, modern language, and primary school teachers.

Ranging in size from 7” x 7” to 9” x 12 3/4”, each direct mail piece employed unique, cutting-edge design; rich, engaging graphics; and inspirational messaging on both the envelope and the brochure enclosed inside.

“Each envelope speaks to the individual audience’s creativity and intelligence—it engages them, encouraging them to open the envelope and read the materials inside,” said Sid Liebenson, Draft FCB executive vice president and director of marketing.

Creative strategies are provocative, interactive, and humorous, but always appropriate to messages about the importance of becoming a teacher. As a result, what could have been a run-of-the-mill government recruitment effort has turned into a series of inspired, beautifully-crafted, intelligent communications.

In its first year, the campaign delivered a 26 percent response rate. More than three-quarters of these responders went on to join a teacher training course. The campaign continues today and Draft FCB expects response rates to grow as more students graduate and professionals begin making career changes.

The EMA Foundation would like to hear about your successful direct mail or marketing campaigns. Please submit an entry for our next **EN:VY Spotlight**. Send a 500-word project overview and design sample to: envision@envelope.org or EN:Vision, 500 Montgomery Street, Suite 550, Alexandria, VA 22314-1565 USA.

The Economics of Direct Mail Ensuring industry growth in 2007

By Maynard Benjamin, CAE, President & CEO, Envelope Manufacturers Association

This year's direct mail market has certainly been atypical. In a nutshell, the reason is a slowing economy, which has resulted in tentativeness on the part of mailers when it comes to direct mail. Interestingly, transactional mail has continued on its current course.

At EMA, we like to say envelopes make the world go 'round. The economics certainly support the notion. As 2006 draws to a close, we would like to offer a brief state of the industry report, and take a look forward to 2007.

Many envelope producers feel 2006 was a strong year. Earnings have been up, they are making product deliveries, and most important, the paper situation has improved. After a strong "back to school" season, uncoated freesheet demand is holding up. Considerable interest in recycled paper is beginning to present itself in the market.

Looking ahead to 2007, mailers are understandably worried about the coming postal rate increase. Shaped-based rates and new postal requirements are causing mailers to rethink a great deal of their strategy with regard to catalog mailings, periodicals, and some types of direct mail. A new barcode symbology will impact the market next year, so mailers are anticipating increased institutional costs on the preparation side—before products even make it into the mail stream.

What does it all mean? It means, as a function of our national economy, we must ensure the paper-based mail industry continues to grow. And American consumers and businesses understand this: EMA Foundation research has shown that the envelope touches our lives, everywhere and every day. Findings from the Foundation's "Open For Business Campaign," which offers the industry firsthand insights on how the envelope is being used by the top transactional and marketing mailers in the country, have shown the envelope touches every facet of our economy as well.

Consider the facts:

- More than 9 million jobs and \$900 billion in commerce depend, in some way, on a viable postal service. Take the envelope out of the equation, and what happens to that \$900 billion?
- Majority of credit cards issued are issued because of direct mail outreach. Think how many people were able to buy a house or car because an envelope arrived at their door one day?
- The envelope is a great equalizer, providing an affordable and universal means for businesses to reach their audiences across the country and around the world. Direct mail in envelopes provides a cost effective entry into the market for small businesses and enables businesses in small towns and rural areas to reach a much wider audience.

As we look to 2007, we watch for environmental, creative, and Postal Service advances that will drive the industry forward. We will tackle these challenges head-on, and keep you informed along the way.

“As a function of our national economy, we must ensure the paper-based mail industry continues to grow.”

Employment in the Envelope Industry !

- U.S. Envelope Production Employees 30,904
- Total U.S. Wage Hours 63,500,000
- Total U.S. Wages \$911,800,000
- Total Envelope Plants 239

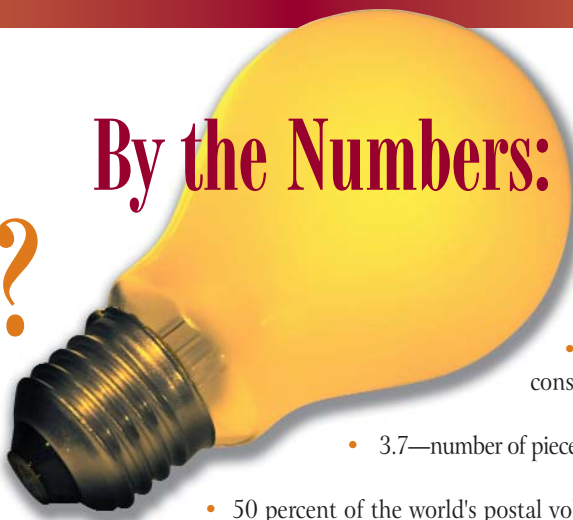
Source: U.S. Census Bureau, 2003 Annual Survey of Manufacturers and the 2002 Economic Census.



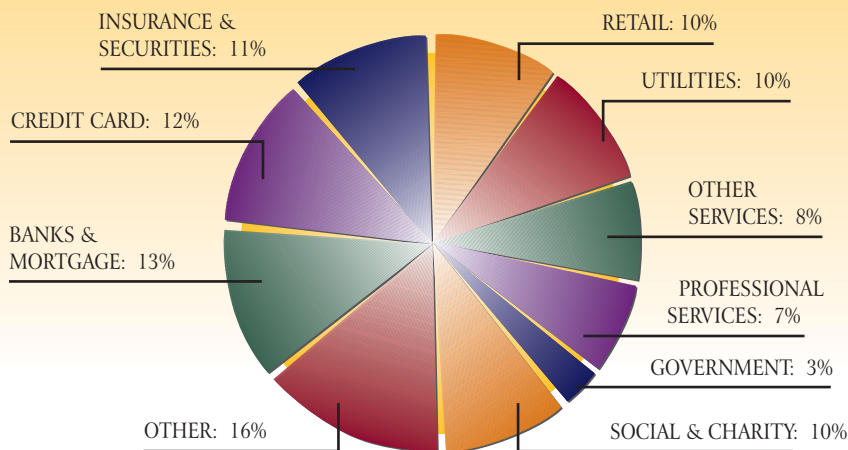
What is the EMA?

- *Nearly 75 years old, the Envelope Manufacturers Association represents the manufacturers and suppliers of 60 percent of the envelopes made around the world.*
- *EMA is active in 36 nations, from China to Chile.*
- *EMA knows and understands complex postal requirements—and can help you interpret them for clients.*

By the Numbers:



- 151.6 billion—total domestic mail pieces received by households in 2005
- 57 percent of all household mail is considered advertising
- 3.7—number of pieces of mail the average household sends per week
- 50 percent of the world's postal volume is represented in North America
- 93 percent of households pay at least one of their bills by mail
- 85 percent of households either read or scan advertising mail sent to their house
- 200 billion—estimated pieces of mail the US Postal Service processes each year
- 7.5—percent that annual US direct mail budgets are increasing annually
- 409—per capita number of mail pieces received in North America
- 4 percent of a total mass mail budget is represented by envelopes
- One quarter—amount of overall mail that is considered direct mail



2005: Business to Household Mail

Source: *The Envelope Manufacturing Industry in North America: The Market, Trends and Future Outlook*, EMA, 2005.

Coming Soon ... EMA Foundation Research

In 2007, the EMA Foundation will commission research that delivers real-time data on industry trends to help showcase how envelopes are the best way to maximize impact. Stay tuned!

And the Envelope, Please ...

Each quarter EN:Vision will arrive on your desk packaged in an envelope that displays a unique, creative way to use the product. We encourage you to save each piece as a tangible example of how your clients can offer distinctive packaging for their direct mail communications.

This month we chose a large-window envelope, which allows our brilliant cover design to shine through the packaging—enticing your audience to open the envelope to see what's inside and delivering your message in a way that is creative and powerful, but not overwhelming.



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