

**JOHN A. GRECO, JR.
DMA08 ANNUAL CONFERENCE
OPENING GENERAL SESSION — KEYNOTE
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Welcome to DMA08.

It is great to see everybody here and we are in for a wonderful program. This morning we are very honored to have a special guest here in Las Vegas to help kick off DMA08.

In addition to being one of the top elected leaders of the country, he has one of the toughest jobs in the world — setting the agenda and managing the political traffic in one of the most important and respected institutions we have in this nation.

Please join me in a warm welcome for the Majority Leader of the United States Senate... and the senior senator from this great state of Nevada — Senator Harry Reid.

(Remarks: Sen. Harry Reid D-NV)

Thank you, Senator Reid. For being here with us and for sharing your very thoughtful comments.

We look forward to working closely with you as the next Congress tackles the opportunities and challenges facing our country.

As you know, every state has two senators. While he couldn't be with us today, Nevada's other senator, Senator John Ensign wanted to join his colleague in welcoming DMA08 to Las Vegas.

(Sen. Ensign video message)

(r u Connected? theme setter)

For anyone in marketing today, that's the question. It's timely, it's topical and most of all — thought provoking: Are you connected?

Making interactive connections in today's multichannel digital universe is what DMA08 is all about. **Making vital connections** is my message to you here this morning.

We come together in uncertain times. We have a close election pending, and real uncertainty about the global economy. New technology coming online is making some aspects of life move faster and faster, but lately our overall economic growth has been slower than anyone would like. The outlook for when we'll return to better times is cloudy, and the path we need to take can sometimes be very difficult to discern.

Anyone in marketing who hopes to succeed must create value. That's my shorthand definition of marketing. And creating value is something marketing must continue to do, even more so under tough conditions with an uncertain outlook.

And anyone who hopes to succeed in times like these, I believe, must be able to separate the things you can control from the things you can't.

Compiling that list, keeping it current — working both sides — developing goals and tactics on each side along the way — is a powerful surrogate for strategic planning... at a time when visibility is very limited, like it is today.

With the things I can control, I want to be sure I'm using every resource available, in the most efficient and effective way. I want to stay flexible enough to be able to react to uncontrollable forces and still be proactive when the right opportunity arises.

With factors that are beyond control, I want to minimize risk. I want to pay close attention to what's happening around me at all times, and find ways to share vital information with like-minded others.

Asking “r u connected?” is critical to this entire process, on both sides of the equation.

I want to talk about three specific ways of getting connected.

- First of all, as marketers we need to constantly make connections with people and organizations that are our customers, donors and prospects.
- Second, the connections we can make with one other and the greater community around us. No one can afford to go it alone in this environment, so cultivating these connections can have a lot of value.
- Third, and — perhaps most important of all — it's very clear that the future of all marketing lies in connecting the channels, most of which are direct marketing, direct response channels. Connecting the channels will allow marketers to continue to connect with customers.

Integrated marketing communications, personalized, relevant and timely is a vision of the future that many marketers now share. We all have a lot to do to make that vision real.

Let me start with something I know everyone here cares about a lot — connecting with your customers, clients or donors and prospects.

As I just said, our job in marketing is to create value for both sides of the buyer/seller relationship. That's an art and a science... and of course it's all about making connections. Whether you're a B-to-C or a B-to-B marketer, or a nonprofit fundraising marketer, constantly evaluating how well you're connecting is essential — and it can't be done in a vacuum.

Keeping score in marketing is a big part of the science. You need to have a handle on the size of the prize to know whether you're winning or even making real progress.

Here's DMA's estimate of the size of the entire direct marketing pie — well over two trillion dollars worth of sales this year, driven by direct marketing offers across all the addressable, interactive, direct response channels.

Sales driven by Internet and email marketing will exceed \$500 billion this year. That number has grown very quickly over the past year. At the same time, a total of more than \$702 billion of sales is being driven by the mail channel — including nearly \$155 billion in catalog sales. Telephone marketing accounts for another \$364 billion in additional sales, and direct response advertising in newspapers, television and other media drive \$451 billion more in sales this year.

Even in this difficult economic year, direct marketers can be more proud than ever that our sales growth continues at a pace that's faster than overall sales. Overall US Gross Domestic Product continues to benefit from the growth we generate. Across all economic sectors, direct marketing adds incremental final demand representing nearly 10% of total US GDP.

So the next step in reviewing what you control in your connections with customers, donors and prospects is to look at what you're doing in each of the channels.

Here's a bird's eye view of what direct marketers are spending this year by channel. By now it shouldn't surprise anyone to see the higher growth rates associated with email and Internet marketing.

By the way, there's one emerging piece of this pie that today is still too tiny to show up in a macro view like this, but it would certainly have the highest growth rate of all — mobile marketing.

I'll come back to that, but let's stay with the big picture one step further. The two-trillion plus in sales I showed you a minute ago, divided by the direct marketing advertising spending you see here, equals the return on marketing investment. Over all the channels, every dollar spent this year on direct marketing advertising will return \$11.63 of incremental sales. For commercial email, the return this year is \$45 while Internet marketing returns almost \$20. Direct mail commands \$15.

All in, direct marketing returns more than twice the average for non-direct general advertising. That fact explains why more than half of all today's advertising dollars go into direct marketing channels.

As tough conditions demand more exact measurement and a higher level of accountability, the pace of this changeover will accelerate even faster.

Usually the amount of money that's available for a marketing campaign is something that marketers do not control. But whatever the amount is, they do control how, when and where it's spent — and can adjust to market trends and economic conditions.

Often these days, that means going global... a real test of resourcefulness and flexibility. One of the greatest enablers we have for global marketing is the international postal system. Did you know that the United Nations plays a major role in setting international mail policy... decisions that could easily boost or scuttle your next international campaign? Here's a message from the man who heads that global effort, the Universal Postal Union's Director General, Mr. Eduard Dayan.

(Eduard Dayan UPU video)

It's good to know that when you're ready to connect with customers in other countries, there are strong, well-run international channels that can be fully integrated with the rest of your marketing strategy.

Making connections with global organizations like the United Nations... working with major in-country communications authorities such as China Post... and our partnership to create an Arab DMA in Saudi Arabia... these are all things DMA does on behalf of everyone in direct marketing.

I am often asked whether or not DMA is really a multichannel association. We do have deep roots in direct mail that we're very proud of. What's more, mail remains a very powerful marketing channel today.

If you have an integrated marketing strategy, mail is one of the most effective ways to drive people to your web site. Even the most digital of marketers use the mail to submit bills, deliver products and sometimes make incremental sales.

But just like marketing has evolved, DMA has also developed into something far different from our roots. Today, we are a truly multichannel organization.

We look at the world through a multichannel lens. We take that perspective because today's marketers need all the interactive channels — mail, email, phone, web and mobile — completely available for delivering an excellent connection with today's customers.

We instituted a major search marketing certification program to train a new generation of marketing professionals. The number of graduates has been growing rapidly, and they're trained by top people.

Our email experience council is blazing new territory and doing a great job of getting a large and enthusiastic subset of DMA members working on all aspects of excellence in email marketing, developing best practices, stimulating creativity... and sharing with everyone else.

And, as I'll tell you shortly, we have a number of exciting initiatives underway in mobile marketing, with an emphasis on integrating this evolving channel with all the others.

Some of you here today may work in one single channel of direct marketing, but I'm sure most of you are finding yourselves working across more than one channel these days. Customers demand that we be multichannel.

Next, they want us to connect the channels for them, because that's the best way to create a relevant, responsive and engaging connection.

So whether it's in the "mailstream" with variable-data print that connects a prospect to a personal url... or in the "bit stream" that carries interactive digital data, voice and video consumers can use with ease... connecting with customers means keeping all the channels open and economically viable for both the marketer and the consumer.

That's our vision for DMA. Let me repeat it: We're keeping all the channels open and economically viable for both the marketer and the consumer. Our vision is big, and it addresses a lot of the things that are beyond any one individual person or company's ability to control.

DMA members join and participate for reasons that serve their individual objectives. Most see it as an excellent way to help minimize the risk of forces they can't control — such as new laws to prohibit targeted ads based on behavioral marketing data... or a Do Not Mail registry, either state or federal.

DMA is leading the charge on both these issues and others. We depend on support from the direct marketing community to achieve our goals.

The greater direct marketing process that drives over two trillion dollars in sales represents a large and complex value chain, with lots of change and lots of opportunities.

Our community is a cross-section of both for-profits and non-profits. We span every industry and category. We touch every interactive communications channel and every addressable media option.

We are both users and providers of every channel and medium of direct communication, including all the new digital channels.

Other members offer marketing services, specialties and supplies... from data compilers and list providers, printers and mailers... to analytics services, search specialists and digital production agencies that tie this all together.

So the next question to consider is "Are you connected with this great community you have all around you?" Are you realizing the full value of those connections? Can you do more?

In a community as large, as diverse and as economically significant as ours, there's a lot of value to be found that can help anyone improve their grip on the things they control... and hedge against the ones they don't.

We have a lot we can gain from sharing with and learning from one another, as well as by uniting our voices to make sure we are heard and respected by those who control our destiny, such as the US Congress and federal regulatory agencies, as well as public policy makers in state capitals around the country and international centers around the world.

That's why we have the DMA.

Let me say that I'm delighted to see each and every one of you here at DMA08.

At least for this week, you are a member of the greater direct marketing community.

If this is your first connection with our community, welcome. We're glad to have you with us.

For those of you who are more connected, let's tell them something about what we do — because as a community, we do a lot that we should be proud of.

Did you know that 12 states proposed 15 Do Not Mail bills this year?

Thanks to the efforts of the direct marketing community... specifically DMA and the coalition we established, Mail Moves America, none of these bills were passed.

But the movement pushing for them — well funded with tens of millions of dollars — will continue... and they'll be back in many states for the new legislative session next year.

On behalf of all direct marketing, DMA established an extensive outreach to fight Do Not Mail over the long term.

We've put a solid strategy in place and set tactical plans to reach and engage legislators, our own members, the media, and directly with consumers themselves. To succeed, this will require a sustained effort and extraordinary resources and support that we all share to help minimize risk.

Even if we stop Do Not Mail...we face other, long-term challenges to the mailstream.

DMA worked for over a decade to bring about postal reform, but today's perfect storm of economic conditions and rapidly changing technology means there's still a lot to be done... not only with rates but also with the very structure and form of postal service itself.

We actively promote and protect direct mail, but we also need to define the overall future of the mail... from both a policy and a technology standpoint.

Since mail is such an established channel, it's easy to take the service for granted. But we do so at our peril. If the mail platform were to be taken away for any reason, we all would suffer.

In coming weeks, we will announce a comprehensive approach to meeting this pressing need. We'll start by convening a mailing industry leadership summit to focus on the future of mail and to take whatever steps are needed to ensure that future for the whole community.

So stay tuned — you'll hear more about "the future of mail"... in the future.

But I can tell you... keeping the future safe will be a huge effort, bigger than Do Not Mail... and beyond the scope of Mail Moves America.

Doing this job right will require significant resources, well over and above what we have available now.

Here's another one. Did you know that Congress has held several hearings this year on using consumer behavioral marketing information to generate or send relevant advertisements? The Federal Trade Commission is considering imposing new regulations for this essential marketing data.

Because DMA represents and advocates for such a large and diverse segment of economic activity — and we've been doing it for quite a while — we're recognized and trusted on issues like this one that affect all the direct marketing channels.

Believe me, as we've become multichannel... we have evolved our ability to multi-task on multiple issues.

The direct marketing community is well represented up on Capitol Hill... and before the major federal regulatory commissions and agencies. Our voice is respected in matters of trade and communications.

Generally we find a willingness to give self-regulation a fair shake before passing laws that may affect our productivity, or our ability to compete in the global marketplace.

But there are plenty of people and groups who would like to see otherwise. Many of them are very well financed and use these resources to advance their positions.

Today we have a challenge with Do Not Mail but other "Do Not Ideas" — Do Not Track, Do Not Retain, Do Not Contact — who knows? Maybe Do Not Market?

We could easily face a slippery slope that would drive relevance completely out of marketing... and direct marketing completely out of business.

So we must be very careful at every step, and not only advocate with lawmakers but also carefully protect the image of the direct marketing process.

Do you think that our community behaves like responsible corporate and social citizens? You're darn right we do.

With so many players in the mix, there's bound to be some disreputable ones. That's something no one can control, but it's a risk that can be minimized by a strong community.

We can overcome the bad apples with self-regulation... and by constantly pointing out that the vast majority of the direct marketing community are responsible marketers... brands that consumers like and value.

We first adopted DMA ethical guidelines in the mid-1960s to protect and burnish our reputation.

Along the way, we've developed programs and initiatives to educate practitioners as well as consumers about responsible marketing, and we've widened the scope to include all the channels.

Recently, we've gained some real momentum.

We've embraced environmental commitments in our Green 15 approach. This year we announced our first measurable goal... a five-year improvement in the relevance, deliverability and carbon footprint of direct mail by adopting new list hygiene practices.

We've also been tackling the mistaken and dangerous perception that direct marketing is bad for the environment by highlighting the real facts and dispelling the myths.

We've highlighted our key points in a multichannel communications effort "Mail Matters" with various topics of interest to a variety of major audiences, including the press.

You can see "Mail Matters" at the DMA booth or online at our website.

More than 90 DMA members now participate in the "Recycle Please" program we launched last year to encourage consumers to recycle direct mail pieces after reading them.

This is a tremendously important contribution you can make to our overall reputation with consumers, and it is vital to maintaining self-regulation in place of state or federal laws.

We've addressed consumers' and policymakers' preferences and concerns about privacy and choice with our Commitment to Consumer Choice and Trusted Marketer seal.

Qualified DMA members can put this seal on all marketing materials to show consumers vital steps have been taken to safeguard their privacy and mailing preferences.

If that kind of a connection to our community sounds valuable to you, we are holding multiple seminars at the DMA booth on the exhibit floor. If you're a member, you can view a short presentation and take the qualifying "Trusted Marketer" test — right on the spot, or anytime at the DMA web site.

That's just one type of connection you can make. Lots of participation gives us real credibility in front of the FTC, the Congress and others. No one can do it alone, but together it gets a lot easier.

Through DMA, direct marketers connect with the best professional development and executive education offerings to build or update valuable marketing skills. With all the changes in today's world, continuous education has never been more important for both generalists as well as specialists.

Whether in search, database marketing, creative or one of dozens of other tracks, we help marketing professionals from around the globe to harness what we call "the power of direct."

Education represents a great common ground for connecting with your community — either as a student or by sharing your experience with others as a teacher. We need everyone involved one way or another.

One more educational connection is our Direct Marketing Educational Foundation, which works to ensure that we will have enough well-prepared, market-ready professionals from undergraduate and graduate programs to accommodate the significant growth we see ahead.

DMA creates networking opportunities, meetings, seminars and other events throughout the year for the entire direct marketing community and all of them are great — but what we have before us here in Las Vegas this week is awesome.

If you want to make some connections, get out on that exhibit floor and see all the incredible solutions and offers that exhibitors have set up here just for you.

Or stop by the stand marked "My DM Story" and be interviewed about your experiences and impressions of direct marketing. You can help take the big picture to a wide audience outside the community.

Within what we call the "big tent," did you know DMA has new segment advisory boards and committees in each of nearly two dozen major membership segments?

Their job will be to complement the networking of our Special Interest Councils by providing segment-specific strategic input and advice to DMA and the rest of the direct marketing community.

Here's one more: Did you also know your community operates its own research and market intelligence service, devoted to studying, measuring and improving the direct marketing process — and that it's growing by leaps and bounds?

In the past year alone, we have added over a dozen new titles to an existing bookshelf of DMA research studies... and we're growing a valuable reservoir of industry-specific, multichannel research.

All and all, I hope everyone understands, so we can get more people connected — improving relevance, increasing responsibility and getting better results.

If we all stick to those "3 Rs" — Relevance, Responsibility, Results — then the lawmakers and regulators will let us keep doing what we do.

Now if I haven't convinced you to be more connected, let me introduce you to someone I think is one of the most well connected people around.

I've appreciated working with him as DMA's chairman for the past year for many reasons... not the least of which is that he is so well connected to his customers, his business partners and so many others across the marketing world... and as a result he has a strong understanding of how everything works.

As Chairman and CEO of American List Counsel, he's a recognized leader in his industry. He's one of the true believers who help make this direct marketing community so vibrant and so special. Ladies and gentlemen, please welcome DMA's outgoing board chairman, Donn Rappaport.

(Remarks: Donn Rappaport)

Thank you, Donn. Thank you for the world class leadership that you and the board of directors have provided over the past year. If you buy into the vision Donn and I described, you ought to buy into supporting us and being connected.

If you buy into our vision, you ought to see how vital it is your future. You ought to be ready to support what we're doing, and to connect with it.

That means not only financial resources but also your intellectual resources. We need members engaged at every level.

If you work for a member organization, thank you. If you're not a member, ask yourself, how can you afford not to be? You need us... and we need you. Because as the Association increases in size, there's so much more we can do for all our members.

In unity, there's strength, so let's be sure we emphasize the "unity" in our community. This is so important because not only does every marketer need to have every channel open and economically viable — every marketer must ultimately be able to connect the channels.

Let's move on to the question of making connections between and among the channels.

We know that the traditional direct marketing tools of personalization, addressability, direct response, testing and measurement work effectively in each channel.

When you apply these same tools across more than one channel... in a way that's intelligent, integrated and connected... you can open up a whole new world of marketing possibilities.

Integrated marketing strategy — and the ability to connect the channels — can make marketing offers truly on-demand, driven by customer interest and convenience.

Connecting the channels with data can make marketing truly personalized... far beyond just a superficial greeting or a prospect's name in a headline. Connecting the channels can make each marketing offer engaging and "sticky"... at each customer contact, no matter what channel it takes place in.

Let me quickly touch on two cases where DMA is helping marketers connect the channels.

Did you know that the number mobile devices in use worldwide today outnumber TVs and PCs combined?

Mobile devices and networks unquestionably represent the next high growth opportunity for marketing.

While spending in mobile marketing is relatively small compared to other channels, there can be no doubt that it will grow quickly.

Because it will be so important to be able to connect all the channels, DMA's strategy is to help marketers integrate mobile into their existing multichannel direct marketing mix. We will educate them with research, conferences and seminars. Like in every channel, we will advocate principled positions for direct marketing to establish appropriate use of mobile marketing channels.

Here at DMA08 you see broad evidence of our mobile initiatives, including the DMA08 mobile website and concierge. Visit the Mobile Marketing Hot Spot — a mobile "mini pavilion" in the exhibit hall where you can see some of the latest developments in this booming channel.

We're creating a segment advisory board composed of leaders in the mobile field. And we're launching a Mobile Marketing Council — another excellent way to connect with your community while meeting other people involved in this exciting, emerging marketing channel.

Want to find out more? Stop by the DMA booth in the exhibit hall and sign up.

Now let me move on to one more important example of where and how we're connecting channels.

I mentioned earlier, and Donn also described our outreach strategy for meeting the various "Do Not..." threats and preserving self-regulation.

An important part of this outreach to consumers is where we are connecting the mail channel to the Web 2.0 channel to introduce a new type of consumer preference service, DMAchoice. Say hello to our new DMAchoice web portal for consumer choice. The site "went live" this morning. As you see, we're inviting consumers in for a "Mailbox Makeover" on a best-in-class site.

The new features and functions are the result of a comprehensive effort to give consumers an opportunity to manage their own preferences, and to make the marketing communications that they do receive more relevant to their own individual interests and needs.

Instead of one single "global" opt-out, we've made the level of choices more granular, offering separate categories for consumers to consider such as catalogs, magazines, pre-approved credit offers, and other types of advertising mail.

Then the new site educates consumers about the implications of the choices they can make within each category, allowing them to make informed decisions about their preference choices.

For the first time, we are including a direct conduit to individual brands and merchants selected by consumers for any change — opt-out or opt-down as well as opt-in. We've set up over 800 organization-specific pages with direct contact information, and eventually those pages will be fully branded by each marketer and integrated with their customer contact systems.

Once a marketer has that connection, they can offer alternatives to name removal such as reduction in volume or change of frequency. Others may highlight specific brand opportunities, or focus on environmentally friendly seasonal mailings.

Of course, any DMA member will always honor consumer preference for name removal if that is the choice after presenting other options.

In addition to mail and email preferences, DMAchoice will evolve to address consumer options and choices across multiple marketing channels, making the job of managing their preferences more appealing to consumers, and easier to do.

We need everyone across the direct marketing community participating, so that everyone gains maximum value. We've launched an extensive DMAchoice communication effort with DMA members, and I very much look forward to having the entire direct marketing community supporting DMAchoice.

As Donn pointed out before, we're responding to a clear consumer desire for choice — but without allowing anything or anyone to come between a direct marketing organization and its customers. That represents a principled stand DMA is taking on behalf of the direct marketing community. We're committed to giving consumers choice about the marketing information they receive in every channel, and we believe that exercising that choice should be a free online service available to all consumers.

We have taken a principled stand that no one should collect consumer opt-outs in any way that disparages direct marketing, and that any names collected must only be used to express a choice — no other reason is acceptable.

These are the positions we stand for. They're based on our deep respect for consumer privacy, and our continuing progress towards environmental responsibility.

These and other stands we take for this community are vital to our credibility. Whether it's directly with consumers... in public with our adversaries... or testifying in front of legislators deliberating laws that could unalterably change the direct marketing process — that credibility is all important. Whatever the outcome at the polls next month, our credibility is the most effective tool we have in working with lawmakers on both sides of the aisle.

For one more perspective on this work from the Senate, I invited one more of our Washington friends to join us. Mike Crapo is the senator from Idaho we work with as a member of some of the key committees: the Senate Finance Committee, the Committee on Banking, Housing, and Urban Development, and the powerful Senate Budget Committee. Please welcome Senator Mike Crapo.

(Remarks: Sen. Mike Crapo)

Thank you, Senator. We look forward to working with you back in Washington.

From "r u connected?" to connecting you this morning with three leading members of the U.S. Senate, let me point out that all these connections I've been talking about do not just happen.

There is no government grant that makes everything connect, no philanthropic underwriting to secure the future of the direct marketing process — even though it's so vital to the economy... and so much the way customers want to deal with marketing.

Like any other business, DMA is subject to the major economic uncertainties of the day. Everything we do is funded by the dollars the direct marketing community contributes, whether in membership dues, or conferences and events, or education, training and research. I hope I have made it really clear to you today that I have a vision of where this community is and where we ought to be headed.

We are going to keep every single channel open and economically viable, so that every marketer and every consumer can interact and communicate in whatever way is best suited to that direct relationship.

DMA is the only association dedicated to this vision, and as Donn said, it's your association. Whether you're a supplier, a channel, a vertical segment marketer — you need to find out about what's happening in your part of the community, and give your colleagues some focused support.

I ask everyone to find a way to join in the effort. You can help us to advocate our position, polish our reputation and ensure our ability to continue to self-regulate.

The board and the staff cannot do it alone — we're only as strong as the number of members getting involved and making a difference.

So I ask one more time: "r u connected?"

Are you ready to join, to participate and lend support at all levels? Will you help us mobilizes the “unity” in our “community” across all the segments and constituencies?

If you will do all that, we will make big things happen.

Thank you very much for being connected.

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