

REACHING
BOOMERS
DIRECTLY

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SORTED

THE MAGAZINE
FOR DIRECT
SUCCESS

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EDITORIAL



Over 150 years ago Charles Darwin introduced the world to evolution and the idea that species needed to adapt to survive. Fast forward to 2011 – increased competition, fewer resources, and a rapidly changing landscape present the same challenges to marketers, and show that even we must evolve. Fortunately we have managed to keep pace, and in the following pages you'll see how successful businesses are capitalizing on exciting opportunities and placing consumers at the center.

One of the important parts of marketing is understanding our customers' needs and delivering on them. It sounds like child's play, but the techniques marketers use to achieve this are becoming increasingly sophisticated. Improvements in data collection, research and analytics allow us to attain insights into customer behaviors and purchasing patterns, which means that budgets and messages can be directed accordingly. At the same time, new tools, technologies and designs are capturing our customers' attention and engaging them like never before. Our cover story (beginning on page 10) looks at how Direct Mail (DM) weaves all of these threads together to remain at the forefront. In fact, you can scan the QR code on the cover of this magazine to see how print integrates well with online.

We consider *Sorted* to be a magazine of best practices, and we're happy to share it with you. Within the following pages you'll find out how DM serves as an effective solution for a wide variety of businesses. You'll learn about the role it plays for organizations in the not-for-profit sector (page 19), how it's allowing marketers to reach out to Canada's increasingly multicultural community (page 14), and how segmentation and modeling helps us target those who will buy instead of those who can buy (page 5).

In our 2010 issue we discussed green marketing, and we've taken that to heart. These pages demonstrate Canada Post's continued commitment to environmental sustainability, as *Sorted* is printed on 30% recycled paper. We consider the magazine you hold in your hands proof that responsible direct marketers can make a significant difference without compromising the quality of their work.

As always, I encourage you to send any comments, suggestions or queries about any of the content in this year's edition of *Sorted* to sorted@canadapost.ca. Our objective is to deliver compelling, actionable content that can help make you a better marketer.

Thanks for reading,

Laurene Cihosky
Senior Vice-President, Direct Marketing
Advertising & Publishing Business
Canada Post



From the cover

If you don't have a scanner on your smartphone, download one for free at getscanlife.com (standard data rates apply). Or visit www.canadapost.ca/DMEvolution for your chance to win.

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THE SECRET OF SEGMENTATION

IN B2B, IT'S ALL ABOUT SEPARATING
THE CAN BUYS FROM THE WILL BUYS.

Cosmo Mariano says one of the biggest mistakes direct marketers in the B2B space make is “targeting prospects who can buy a product or service versus targeting those who will buy.” As partner of best practice demand generation firm Lift Agency, he says his agency is helping companies determine those customer segments who have the highest propensity to buy. ▶▶

"The trend we are seeing is the execution of many smaller, highly targeted campaigns, versus generic batch-and-blast messaging to a large audience," says Mariano. "The reason for that is while it initially can cost more to execute a number of smaller campaigns which are highly targeted, in the end they yield the best results for your overall investment."

Still, he says it can be a tricky balance for B2B marketers. "If they target too narrowly, they'll starve their sales force of leads," says Marino. "But if they target too broadly, they will overwhelm and frustrate their sales force with too many markets to be experts in and will end up with poor quality leads that in the end are unlikely to close."

some leads may be best nurtured through a combination of e-mail and direct mail, while others having already received some direct communication may be ripe for a call from a sales rep.

To help with lead generation, Lesser recommends companies create a profile of their best customers. "You need to find out who are your best customers by profiling your customers with as many attributes as you can – the size of the organization, geographic location, what industry they are in – and then group them into buckets," says Lesser. "With that information, you can then identify additional prospects within your house file, or by going into the market to purchase direct marketing lists, that correspond with the profile of the customers you've identified as most qualified."

"By using predictive analytics to segment your customers, you can take the guesswork out of identifying your best targets."

– Cosmo Mariano, partner, Lift Agency

Through proper segmentation and targeting of their customer databases, B2B players can avoid making such costly mistakes. "By using predictive analytics to segment your customers, you can take the guesswork out of identifying your best targets – the ones that won't just respond to your communication but actually make a purchase," says Mariano. "This also allows you to identify and target other customer groups who may not be as likely to buy right now, but perhaps at a later date or when their market matures a little more."

Mariano says Lift Agency uses a two-step targeting process that scores and ranks customer groups through an external factor perspective that considers variables such as key trends (including buying cycles), as well as the health of the target (is the company in a sector that is in growth mode, for instance).

It also gives weight to internal factors like how strong the corporate database is and the sales teams' domain expertise. "The best targets rise to the top – showing themselves to represent the best allocation of marketing resources – while the rest can be nurtured until they become more favourable or laid dormant indefinitely," says Mariano.

Robert Lesser, president of Direct Impact Marketing, a B2B outsourcer of lead generation services, is in agreement about the importance of identifying customer variables to help identify qualified, sales-ready leads.

"Without identifying customers ready to buy, you might send out a piece of communication that creates all this interest in a particular market – the market may even love your product, in fact – but the reality may be they simply can't afford it."

He says lead generation identification can help B2B marketers identify the best way to reach specific customers, as well. Lesser says

By having a better understanding of your customer base, predictive analytics and segmentation ultimately lowers cost and improves ROI of your direct marketing programs, says Lesser. "It is all about engaging your sales force in actual leads rather than just responses." ■



DIRECT MAIL BY THE NUMBERS

\$71,439,000,000

Amount, in U.S. dollars, spent globally
on direct marketing in 2007.¹

\$1,486,000,000

Amount, in Canadian dollars, spent on DM in
2009 – 11% of all advertising spend in the country.²

140,000,000

Number of addressed mail pieces that did not make it
to their intended recipients – a problem easily remedied
by improved data hygiene and list cleaning.³

87

Percentage of Canadians likely to read mail
that is addressed to them personally.⁴

43

Percentage of Canadians who will read most mail
promotions just in case something catches their eye.⁵

24

Percentage of Canadians who pay attention to
addressed direct mail, ahead of direct response television
ads (21%) and unaddressed direct mail (7%).⁶

18.1

Number, in billions, of direct mail pieces
sent to Canadians in 2007.⁷

3

Time, in seconds, that a direct mail recipient takes
to decide whether to keep or discard a mailer.⁸

¹Winterberry Group, "Outlook 2011: What to expect in direct & digital marketing" ²Television Bureau of Canada: <http://www.tvb.ca/pages/nav2.htm>
³Undeliverable Mail Study CP#08-203 ⁴Consumer Attitudes to DM and Traditional Media, CP 09-210, March 2010 ^{5,6,7}Marketing Research Fact Sheet:
Canadian Attitudes towards Direct Marketing and Mail ⁸Keith Thirgood, creative director of Capstone Communications Group in Markham, Ont.



REACHING BOOMERS DIRECTLY

They may have Facebook friends and Twitter followers, but DM remains a key tool for reaching this valuable (\$388 billion in annual income) segment.

While Canada's baby boomers are increasingly gravitating towards social media tools like Facebook and Twitter – a recent Yahoo Canada survey pegged the amount of boomers using social media at nearly 50% – they are not necessarily receptive to marketing via these channels.

Keith Thirgood, founder/creative director of Capstone Communications Group in Markham, Ont., and a boomer himself, says traditional media, including direct mail, does the heavy lifting in any marketing outreach to this particular constituency.

The primary reason marketers continue to rely on DM to communicate with boomers, Thirgood says, is that they've grown accustomed to receiving marketing materials in the mail; unlike an unsolicited e-mail, it's not considered an intrusion. Plus, he adds, physical communications – tactile, colourful and occasionally interactive – have a better chance of standing out in today's increasingly cluttered digital environment.

Today's consumers typically manage multiple e-mail accounts and their in-boxes are growing more cluttered with each passing day. A 2009 study by research firm Radicati Group estimated that 81% of the 90 trillion e-mails sent in 2009 were spam.

Thirgood, like many other marketing professionals, says he personally receives a deluge of e-mails each day, and that e-mail marketing has almost no chance of catching his eye. A physical piece, particularly one that is well crafted and relevant, has the capability to stop him in his tracks, he says. "It still has a tendency to be a piece of paper boomers pick up and look at," says Thirgood. "When a manufacturer or designer or whoever can get a piece of effective material in a boomer's hands, they stand a chance of getting noticed."

"Boomers are still very much affected by the feel of print in their hand," he adds.

"Customer Focus," a survey by Baltimore-based market research firm Vertis Communications, provides compelling evidence of DM's power to influence boomer behaviour. According to the study, 33% of baby boomers who received a mailer from a retailer visited that particular store within three months of receiving the piece, which also speaks to DM's longevity.

And another study by Clearwater, Florida-based direct mail experts OnlinePrints.com found that 95% of boomers say they sort

their mail when they bring it in their house, with 79% bringing it in the day it is delivered.

“There’s a lot of equity in a printed piece with someone’s logo on it,” says Catherine Mazzocato, director of direct response for JAN Kelley Marketing in Burlington, Ont. “It resonates with that group very strongly.”

And getting noticed by boomers can be invaluable for marketers. According to Statistics Canada 2006 Census, boomers – defined as people born between 1946 and 1965 – comprise nearly 14% of the total population and, according to the Print Measurement Bureau, boast a combined yearly income of about \$388 billion out of a Canadian total of about \$974 billion. That puts well over a third of all spending power in the hands of this segment.

“If it’s really high-impact and speaks to them about an issue they happen to be dealing with at the time, you stand a chance of getting through to their desire. They’ll pause,” says Thirgood. The key, he says, is creating a message or offer that aligns with recipients’ needs, which is why he espouses a campaign-type approach with multiple DM pieces delivered over a specific period.

DM, he adds, can be the trigger that shoots consumers over to a company website – where they can potentially complete a transaction or find out additional product or company information that can’t be adequately conveyed in a mailer. “If you don’t overload them with information, but hit them with some sort of emotional hook, they will then take the next step of going to look at your website,” he says. DM can be particularly effective at driving to the web,

“If you don’t overload them with information, but hit them with some sort of emotional hook, they will then take the next step of going to look at your website.”

– Keith Thirgood, founder/creative director, Capstone Communications Group

But while boomers have traditionally been known for their carefree spending habits – whether on new vehicles, luxury vacations, home improvements, etc. – the economic uncertainty of recent years has created a rare period of frugality.

“They’ve got money but they’re being tight with their wallets,” says Mazzocato. “They’re being really careful about what they’re spending their money on.”

This, she says, has placed an added onus on direct marketers to create mail pieces that provide highly relevant and timely information. “It’s about making sure that we’ve got the correct data with the offer,” she says. “I don’t think it’s been more important than it is now.”

There are typically two recurring themes in conversations with direct marketers these days: integration and relevancy.

The first is simply the new way of doing business, since few major ad campaigns rely solely on one communications platform – with most working in conjunction with other media and typically linking to a website or Facebook page.

Relevancy, however, has become especially important, particularly in the wake of the global economic downturn, when consumers aren’t about to open their wallet for just anybody.

he says, because it provides marketers with an opportunity to engage recipients.

To ensure that its DM efforts are relevant, JAN Kelley uses focus groups and a consumer panel to test a variety of offers and creative concepts to see what resonates. Such testing, Mazzocato says, can also help clients step outside of their comfort zone to create truly impactful mail pieces. “It does help some clients push the envelope and get them out of that standard mode,” she says.

Marketing to a generational cohort requires a mindfulness of the environment, memories and events that have shaped the lives of those people, as well as their specific needs at a point in time. While broad-based marketing mediums often struggle with this point, it plays to one of the key strength of DM – its targeted nature allows businesses to personalize their pieces in a way that helps them stand out from the crowd and resonate in the mind of customers and prospects.

If social commentators identify a group in society, then DM remains the perfect vehicle to market to that group. Generations advance, but this fundamental truth remains the same. ■





The DM [r]evolution

THE MORE THINGS CHANGE, THE BETTER THE PROSPECTS GET.



In the survival of the fittest, marketers are finding that direct mail is the missing link.

There was a time, not so long ago, that the Direct Mail (DM) industry's world was flat. Mailboxes from coast to coast were filled with two-dimensional admail that communicated various entreaties – eat here, bank with us, test drive this – in almost rudimentary fashion.

But in a new world where consumers increasingly expect marketing to be both functional and relevant – or at the very least entertaining – it has become incumbent on direct marketers to ensure their communications possess a certain amount of pizzazz if they want to connect with their target audience.

Accordingly, DM has evolved. Former attributes like impersonal, untargeted and passive have been replaced by characteristics like targeted, relevant and engaging. In short, today's admail has taken on an extra dimension – sometimes literally as well as figuratively.

DM pieces are increasingly being adorned with pinwheels, pullouts or flaps that encourage interactivity; technological developments are enabling direct marketers to incorporate everything from scent strips to tactile surfaces; still others use embedded technology to offer augmented reality experiences.

However, an attractive exterior can only take a message so far, and it's frequently the consumer knowledge and expertise employed in the creation of these pieces that continue to make them such an effective marketing communications tool.

Perhaps more than any other medium, DM enables marketers to establish a one-to-one relationship with their customers. Increasingly robust databases and segmentation tools, meanwhile, are deepening their understanding of consumers, their brand preferences, motivations etc. in addition to the detailed demographic information already available. This is enabling marketers to deliver personalized messages that are timely and relevant, and thus more impactful.

"It's not about where you communicate and what channel you use to communicate with consumers, it's how you communicate with them," says Mark Russell, president/managing director of Wunderman & Blast Radius in Toronto. "Are we engaging them in a dialogue, a conversation; are we representing the brand with human-like qualities?"

Today's consumers are skeptical of brands, he adds, making it harder than ever to win them over. The continuing migration towards digital is also making it increasingly important for direct marketers to apply technological solutions to a medium that, until recently, had remained relatively unchanged for decades.

One marketing solutions company, Kyp Canada, is bridging the physical-digital divide with a device called the iKyp webkey – admail that can also be plugged directly into a computer's USB port. With offices in the UK, US and Canada, the company, which managing partner John Reeves describes as "phygital," has conducted hundreds of campaigns for blue-chip clients including Verizon, Procter & Gamble and AstraZeneca.

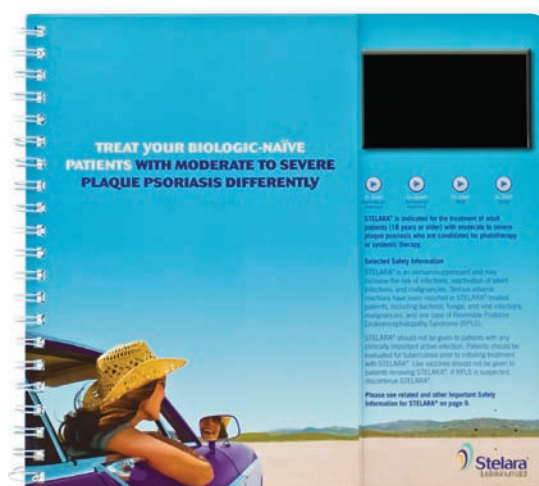
Kyp's work embodies a growing symbiosis between the digital and direct disciplines. "I'm a digital person, and digital people have grown up thinking that the world is all about digital, and that traditional media plays no role for the consumer of the future," says Reeves. "But I think we've all come to the realization that it's neither one nor the other – it's and/and. To be successful, we need to be successful in both channels."

The result is that today's DM is being transformed from simple communications pieces into conversation pieces – capable of engaging, enticing, even delighting consumers. This revolution in design and approach has resulted in a marketer's dream.

At the same time, improved database technology, greater research capabilities and powerful new segmentation tools are enabling marketers to reach qualified audiences with more appropriate messages than ever before.

Could this be the best time ever to be a direct marketer?

While digital media continues to capture a growing share of the ad pie – largely at the expense of traditional media like newspapers – DM remains particularly adept at up-selling, cross-selling, creating brand advocates and educating/informing existing customers. ►►



Anna Percy-Dove, managing partner for Toronto agency Elvis, says DM continues to play a “very particular role” in communicating with existing customers. Its greatest attribute, she says, is something that digital, for all of its measurability and connectivity, can never replicate: its physicality.

“It’s tactile, which you don’t get with an e-mail,” says Percy-Dove. “We put out a lot of e-mails, and we try to do the best job we can in making them look different, but you have a lot more latitude in the physical world.”

And unlike the fleeting impressions delivered by digital and broadcast media, DM – particularly standout DM – also offers marketers the added bonus of longevity. “The television goes on

Niagara, Ont., winemaker Andrew Peller Limited, says that one of the reasons DM remains a key component of the marketing mix is because it continues to evolve, adapt and deliver relevant messages to an audience that, through scrupulous research, is usually pre-disposed to receiving them.

Peller has been adding DM to its marketing plans over the past 18 months, conducting about 15 mail drops – including a recent initiative for premium product Croc Crossing that targeted households within a five-kilometre radius of its retail stores.

Brisebois says she continues to stick with DM because it gets results. Depending on the geographic region and the offers conveyed in its mailers, Peller has achieved response rates as high as 7% with

“[When it comes to digital versus traditional], we’ve all come to the realization that it’s neither one nor the other – it’s and/and.”

– John Reeves, managing partner, Kyp Canada

and off, websites come and go, the radio’s switched on and off, but a DM piece actually exists in your house,” says Percy-Dove. “It can be stuck on a refrigerator to look at next week, it can be stuck into an agenda – you can do something with it if you want to react to it.”

Michelle Brisebois, marketing manager, retail division with

some of its recent campaigns. “Generally with 5% I do the happy dance, so with 7% I was thrilled,” says Brisebois.

Brisebois says the campaigns’ success is attributable not only to highly targeted and relevant offers, but rejuvenated creative products. The Croc Crossing mailer, for example, took the shape of a bottle of wine with a rich black and gold colour scheme, the words “G’day eh” on the front – the wine is a blend of Canadian and Australian wines – and a \$3 off offer at the nearest Vineyards Estate Wines store (one of two retail banners operated by Peller).

“I really do believe that if you’re going to do direct mail, make it pretty, make it premium and make it interesting,” says Brisebois. “Just make it jump out of that letter box. That’ll get consumers to open it, and the offer will get them to act on it. It’s a one-two punch.”

But the evolution of DM has not been limited solely to the creative product. In fact, the emergence of new research tools will almost assuredly have a more profound impact on the industry than any cosmetic upgrades.



Brisebois came to Peller from the financial services sector, which combs through reams of consumer data to craft highly targeted, relevant DM campaigns. “Your bank probably knows more about you than your mother,” she jokes. “I know where to get a hold of you, I know if you’ve got money to spare that you might be interested in a GIC with a great rate of return.”

Working in tandem with Canada Post, Brisebois says that DM agencies are becoming increasingly proficient at doing unaddressed drops in what she calls a “fairly targeted” manner. One recent Peller campaign for a female-targeted wine, for example, successfully targeted neighbourhoods that over-indexed against females of a certain age.

“You can target income level, age levels, multi-people households using GeoPost Plus, a Canada Post targeting tool, and then overlay psychographic [information] to refine that data based on consumer insights, BBM media usage, new segmentation tools, technographic profiles,” says Percy-Dove. “The tools available to really hone in on a specific target via unaddressed ad mail are very powerful now.”

While targeting is vital to creating campaigns that work, clean data lies at the heart of any successful marketing database, and without it the costs to businesses extend far beyond production spend per DM piece. Over 140,000,000 items of mail are either sent to incorrect recipients or inaccurate addresses each year. In addition, customers are switched when their names are misspelled, and sending multiple copies of the same piece to the same household is not only bad for the bottom line, but also damages the brand by giving it an

air of laziness. Fortunately, marketers are cluing in on the importance of accurate data, and are assisted by tools, which allow them to clean and update their customer and prospect mailing lists.

As always in the marketing realm, knowledge is power. Asked to theorize how the direct industry might look a decade from now, Wunderman’s Mark Russell responds that he sees clients “needing to embrace that they can measure a heck of a lot more than they ever could, and they need to start measuring it, create insights from it, and market back to their customers in a more personable, personalized way.”

Russell says that DM’s previously utilitarian approach to customer engagement has been forever altered by what is occurring in the social media space. “If you have a communication platform like [longtime Wunderman client] Ford does that’s socially based, then all of the channels have to adapt to meet the demand of the social platform and how we communicate,” he says.

Throughout its history, DM has proven remarkably versatile in how it adapts to both changes in technology and marketing approaches. In short, as long as there are mailboxes, there will be DM. ■

DM EVOLVED: TECHNOLOGY IN THE MAIL

Today’s marketing world is increasingly split into two camps: digital and everything else. Each side has its adherents. Traditional media proponents praise its ability to create an emotional connection with consumers; digital media practitioners espouse their discipline’s measurability and hyper-targeting capabilities. An ideal solution would bridge the divide, combining the benefits of both the physical and digital, and savvy businesses have realized that with increased integration this has been made possible. Here are three technologies that companies are using to deliver success:

Web Keys

These devices have the appearance of a traditional mailer but feature a USB connector that pops out of the side of a package like a pocketknife. When inserted into a computer, the device takes users to a customized web page capable of conveying everything

from additional product information and benefits to exclusive offers. Unique codes in each key allow marketers to determine which recipients are inserting the webkey into a computer, how long they engage with a site, and even how many times they use the device.

QR Codes

An excellent example of how direct mail campaigns can support online efforts, these images can be scanned with smartphones, directing users to company websites, where they can access more information. They also add an extra dimension to the measurability of a DM piece because it’s easy to track how many recipients scan the QR code and land on the website. Requiring only a smartphone and free scanning application, they showcase the seamless integration possible between physical and digital.

Audio Chips

Not just for greeting cards anymore, audio files can now be customized to target segments and even individual customers. A huge improvement in technology has delivered a crisp sound worthy of any pitch.

THE MAILBOX MOSAIC

How marketers are using DM to reach Canada's vast and growing ethnic population.

Last November, several thousand Rogers Cable customers who had demonstrated a fondness for Spanish TV channels through their tuning habits opened their mailbox to find a replica TV remote that prominently displayed the Rogers Cable logo.

The two-dimensional remote was identical to its real-life counterpart, except for the fact that the customary +/- symbols on the volume and channel buttons, as well as other navigational buttons, had all been replaced by the flags of countries including Brazil and Argentina.

When opened, the mailer invited the recipient to "Enjoy the most wanted Spanish channels at a must-have price," and went on to outline Rogers Cable's new "Spanish TV package," which offered six Spanish-themed TV channels for \$15 a month.

Rogers Communications regularly tries to up-sell existing customers or recruit new subscribers to its cable, Internet, mobile and home phone services. And with Canada's ethnic makeup undergoing a profound shift – about 20% of the current population is foreign-born, with visible minorities expected to comprise more than 50% of the population of larger cities like Toronto and Vancouver within a decade – reaching out to ethnic groups is a major component of its marketing strategy.

Bobby Sahni, who currently oversees Rogers' multicultural marketing efforts and has extensive experience in multicultural marketing with organizations such as the Ontario Lottery and Gaming Corporation, says DM is a critical component of his company's ethnic marketing strategy.

According to Sahni, Rogers has gathered considerable insights into its customers through their interaction with its products – the channels the watch, the countries they call long-distance, etc. – that enable it to deliver relevant, meaningful DM communications to existing customers.

"Direct mail allows us to be very targeted and tailored to their unique needs or the custom products or pricing or packaging that would be particularly relevant to their household needs," he says.

"It gives us an opportunity to speak with customers in their language of comfort."

By addressing ethnic consumers in their native language, simultaneously incorporating appropriate imagery and cultural references, it can make them more receptive to a company's marketing message. "The DM that we do, which is customized to these households, really cuts through the mailbox clutter," says Sahni. "When you get something that's been customized, or speaks to the language or culture of these customers, it tends to get noticed."

While there is a growing marketer interest in the segment, Doug Norris, senior vice-president and chief demographer at Environics Analytics, cautions that it's still "early days" for the practice. "A lot more has to happen if you're going to be successful," he says.

That starts with collecting information about why and where ethnicity matters: What are the preferences of different immigrant groups? Do we need to differentiate Chinese, South Asian and Filipino populations? What drives their purchasing habits? Are they the same as mainstream consumers or different?

"We need to acknowledge the diversity within the cities we serve and the customer segments we serve," says Sahni. Communication packages, he

says, need to incorporate images, style and language that are not only appropriate and respectful, but also relevant to a growing and diverse customer base. "Any one of those components can be tweaked to be reflective of a multicultural community," says Sahni. "It comes down to being a case-by-case scenario and having the appropriate insights."

Also crucial is acknowledging cultural touchstones and characteristics. Rao, Barrett and Welsh, a Toronto agency specializing in multicultural marketing, oversaw ethnic work for Unilever's Sunsilk Shampoo that targeted the South Asian market with highly specific exterior messages like "My hair's drier than a Khara biscuit without chai" and "My hair is poofier than a helium-filled gol guppa." Inside, the pieces continued to offer a high degree of specificity with references to a "desi dad" and "samosa-shaped hair."





But even while ethnic marketing is still being refined in Canada, marketers are increasingly turning their focus to foreign markets in an attempt to woo prospective customers. The rationale is clear: potential immigrants are likely to have an affinity for brands in their native country and are likely to be unaware of indigenous brands.

Onboarding, in which companies attempt to build trust and consumer loyalty early in a relationship, is increasingly occurring overseas as marketers try to sway prospective immigrants. “It’s a growing trend,” says Sahni. “It’s recognizing an opportunity to get customers.” Rogers, for example, has done targeted marketing on overseas customers to generate brand awareness among potential new Canadians.

With Canada’s multicultural population growing, the notion of “mass marketing” is evolving into something entirely new. “A lot of this multicultural marketing that used to be very targeted and niche is starting to spill into mass,” says Sahni.

And the mailbox, he predicts, will continue to reflect the Canadian mosaic. ■

THREE KEYS TO SUCCESSFUL ETHNIC DM

1

Personalized:

Sending a blanket piece to a neighbourhood is not personalized, and won’t make the recipient feel like you’re talking to them specifically.

Tip: Address pieces to the individual you’re targeting by name.

2

Customized:

Whether it’s a self-mailer or letter, make sure the target audience can relate. If a piece is aimed at Chinese consumers during Chinese New Year, reference that in the text and visuals.

Tip: Leverage icons that mean something to the community to whom you’re speaking.

3

Insight driven:

To really appeal to the target, bring out what’s special to them. When talking to the Chinese population about TV, for example, Bell points out the huge selection of ethnic programming from China, and explains what that is. When marketing long distance, it talks about calling plans for the country that community comes from.

Tip: Bring out attributes that appeal to the target you’re selling to.

“Direct mail allows us to be very targeted and tailored to customers unique needs or the custom products or pricing or packaging that would be particularly relevant to their household needs. It gives us an opportunity to speak with customers in their language of comfort.”

— Bobby Sahni
Head of Multicultural Marketing, Rogers Cable Communications Inc.



I'M WITH THE BRAND

And DM got me there.

After GoodLife Fitness underwent a period of rapid expansion propelled by both acquisitions and organic growth, the fitness chain's marketing team knew it needed a strong brand strategy to unify its more than 280 locations across Canada.

"We wanted to develop a strong and distinctive brand image in the consumers' mind as a safe, welcoming and convenient place to get in better physical condition," says Sharon Litwin, director of marketing for the London, Ont.-based chain. "We needed a campaign that would allow consistency of messaging across Canada."

Launched last year, the resulting rebranding campaign – "The good life. Made easy" – reflects the fact that GoodLife removes many of the barriers to getting fit through convenient and numerous locations: women-only clubs for members who might feel intimidated in a co-ed environment; group exercise classes for all fitness levels, etc.

“A lot of great brand ads do emotion really well and a lot of great tactical plays do offers really well, but with direct mail the challenge is pulling off those two things together.”

– Doug Robinson, doug & serge

This new positioning permeates every aspect of its marketing, from radio and print to social media and direct mail advertising. “Our DM is working in tandem with all of our other marketing elements,” says Litwin.

Indeed, marketers like GoodLife and Telus believe that a brand identity can – and should be – integrated into tactical elements like direct mail.

Time-strapped consumers decide within seconds if they’ll engage with marketing. If a marketer can create a more meaningful message through brand integration, the chances of conversion can increase substantially, says Roehl Sanchez, VP, chief creative officer for BIMM Communications, a Toronto direct and digital agency that includes Telus and Audi among its clients.

Doug Robinson, chief creative officer of doug & serge, the Toronto agency GoodLife hired last summer to boost its brand, says brand positioning can get lost in media like DM because the focus is generally on the call to action. Both the offer and brand elements, he says, are equally important.

“The brand side is about communicating an emotion, and that’s ultimately what makes the connection for the consumer today,” says Robinson. “A lot of great brand ads do emotion really well and a lot of great tactical plays do offers really well, but with direct mail the challenge is pulling off those two things together.”

For the GoodLife rebrand, the DM component included a two-sided formatted mailer with a front image of a father playing on the monkey bars with his son. The headline reads, “The good life is about taking your kids to the park. And feeling like a kid yourself.” The offer on the back – \$1 enrolment on a one-year membership – also played into the brand strategy with the headline, “Joining Made Easy.” The direct mail component also makes heavy use of red, which Robinson says is a colour GoodLife wants to own.

“We targeted the DM primarily at adults 35+ who have historically been hesitant to join a fitness club,” says Litwin. “They were either intimidated by their perception of the environment at the club, because they didn’t feel they could succeed in improving their physical condition, or it was just too inconvenient.”

The GoodLife example also illustrates the importance of using DM to support digital channels that consumers are increasingly using to communicate with brands.

Those who received the DM piece were encouraged to visit GoodLife’s website and social media properties, including its YouTube channel – where they could watch a 60-second aspirational anthem that defines the “good life.” In the spot, the voiceover says the good life “is about balance in a world that often forgets the meaning of that word.” It ties back to the DM by using playtime at the park with the kids as one of many examples of living the good life.

So far, the integrated branded approach has helped GoodLife meet its monthly sales targets, says Litwin. And she says the company will continue to place an emphasis on brand in its DM communications for the remainder of 2011.

“We have developed templates for [this] calendar year to ensure that the copy and imagery aligns with our campaign direction,” she says.

At Telus, DM plays a key role in brand building, according to the company’s two key marketing directors: Denise Bombier, director

of marketing communications for Mobility, and Rachael Mens, director of marketing communications for Future Friendly Home. “In DM, you have an opportunity to extend the brand story further than you can in other media” says Bombier.

DM offers valuable real estate, which enables Telus to use a lot of white space and animal imagery that have become the signatures of its “The Future is Friendly” brand promise. But it allows for more copy and other messaging to help convey that brand story, as well. “With mass advertising, you generally want to pique consumer interest,” says Mens. “DM gives you an opportunity to tell the full story, and drive the action or sale you’re ultimately looking for.”

That is why Telus, with the help of BIMM Communications, executes numerous direct mail programs each year, both as stand-alone communications and in support of integrated marketing campaigns. Depending on the objective, Telus uses a combination of both addressed and unaddressed mail, both for retention and customer acquisition.



While not divulging response rates, Mens says they’re best when the DM piece is applicable to the recipient, not only in terms of factors like the offer and timing, but also brand messaging.

“The thing is if the [message/offer] is not relevant to your consumer, the response rates will go down in any advertising channel – that is why you have to make sure that you’re hitting [the right] consumers with a relevant message,” she says. “For direct mail, if you can tie back the relevance to the full brand story, you can keep your return on investment high.” ■

Tips for DM in Today's Environment

We are told that the world is an ever-changing place, and businesses that do not adapt to changes in this fast moving environment will struggle to survive. Demands for greater social and environmental accountability have already changed the way we work. Factors like changing customer preferences, fluctuating economic cycles and increased competition all pose significant risks, but by implementing best practices companies can not just survive, they can also thrive. We asked leading executives what their recommendations were for using DM in 2011 and beyond:

1. Demonstrate the value of marketing

Marc Cooper, vice-president of Agency 59, says that campaigns featuring some kind of direct response element are often among the agency's first recommendations to clients: "It's the easiest to prove to the board of directors or shareholders that their marketing dollars are being well spent because of the ROI that's easily measurable," he says.

2. Integrate across all channels

Direct mail can enhance your current online and e-mail campaigns by reinforcing your message, and driving people to visit your website. Danielle Brown, director of automotive marketing for XM Satellite Radio Canada, also says print can provide a welcome contrast to the often informal nature of online messages: "It's like telling the customer they're worth the money we're investing in each communication."

3. Keep it clean

You might be targeting the right audience with an exceptional offer but you may be missing the easiest way to lift response rates and improve your bottom line: clean data. Maintaining an accurate and current list of your customers and their addresses ensures messages reach the intended recipient and delivers an instant return on your marketing dollars.

4. Use your data

Measure campaign results, tweak and optimize. Take the information your customers are giving you, and target them with relevant messaging that engages them. Analyse your data to find out who is most likely to purchase from you and pick the low hanging fruit.

5. Become a poet

Great story writing is about saying as much as possible, as emotionally as possible... in as few words as possible, says Wills Turner, senior writer at Huntsinger & Jeffer. As consumers see and hear you across a wide range of online and offline channels, it's critical to make your message short, clear and emotional.

6. Position yourself for growth

This is the time to believe that if you build, they will come. Frequency of contact places your business top of mind with the consumer, creates loyalty and boosts purchases. Proactive companies will have the best chance to start building – and re-building – strong, profitable customer relationships.

7. Qualify leads

Marketing should not stop once the customer replies to an offer. By correctly qualifying leads and matching the right customer to the right channel of communication, and even the right sales agent, there is a far greater chance that a one-time buyer will be converted into a loyal repeat purchaser.

8. Provide Direction

Brenda McNeilly, vice-president, creative director for Fuse Marketing Group: "If you have a great brief, you're going to get a great campaign. Sometimes when creatives are floundering and twisting in the wind, they're trying to fix a strategy that's wrong or wasn't there in the first place."

ONE:ONE



Jennifer Schnare, director, direct marketing at Sunnybrook Foundation, talks about the crucial role DM plays in the not-for-profit sector.

Jennifer Schnare has spent more than half of her professional career in the not-for-profit sector. She joined the fundraising arm of Sunnybrook Health Sciences Centre as director of direct marketing in 2010, after having previously worked as direct marketing manager for Unicef Canada.

What role does direct mail play for the Sunnybrook Foundation?

It's a really important part of our strategy. We have a pretty active donor base that we mail up to eight times a year – that's two newsletters as well as multiple appeals – and we also use mail to acquire new donors.

What makes DM so effective in the not-for-profit sector?

The older generation [which comprises the bulk of Sunnybrook's donor base] is one that is really comfortable giving through the mail. We've been so heavily reliant on direct, and direct mail specifically, that people out there expect it – they understand it, they know it, so it's just about being able to stand out from the clutter. We're not going to mess with a great formula.

You mentioned standing out from the crowd. Are there any hard and fast rules for achieving that objective?

It's not necessarily about having a glitzy and fancy package. It's more about the storytelling and making sure [recipients] really understand what our cause is about and how we're using that money.

You had tremendous success with a recent fundraising initiative. Can you provide some details?

We had a package that we mailed which was a really strong piece about cancer. One of the things I've learned during my career is that if you include a small premium – we had envelope seals as well as a nickel tipped-on to attract attention – you can get phenomenal results. We measured it against the control package and actually had a 99% lift in response rates – which is almost unheard of. It more than doubled what the other package generated.

Do you measure ROI strictly in terms of donations, or do you factor in other aspects?

We look at the cost of acquisition. It's great that we had more revenue, but what was the average gift and how much did it cost to acquire? In not-for-profit acquisition, it's unusual to make money. We actually look at those donors over time to see how many convert to a second gift.

Where do you think the future of direct lies?

I see mail being as important today as it was three years ago, although we're going to have to really use the data to drive the mail, because if we're just sending them the same thing they're always receiving without any customization or personalization, then we're not going to see success. Direct mail is also going to become very integrated with online, not mutually exclusive.

WORLD'S BEST DM

A sample of today's best DM pieces, hand picked for you.



Funky and creative

Name: BoomBox

Client: SoftChoice

Agency: Fuse Marketing Group, Toronto

SoftChoice provides data storage solutions to corporations. Aimed at company COOs and IT managers, the "BoomBox" mailer was intended to demonstrate how data storage solutions have evolved over the years – and that SoftChoice is at the forefront of these technological developments.

The mailer featured a working cassette tape featuring "super hits" of the '70s and '80s. The cassette bore a message reading "some storage solutions had their day," with the cover of the included brochure offering the payoff: "your server shouldn't be one of them."



Rock out results

Name: ARV Plectrums

Client: Rock4AIDS

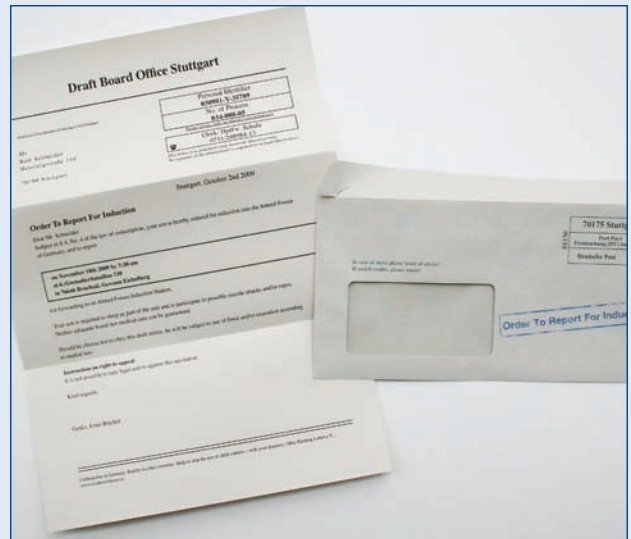
Agency: Joe Public, South Africa

Gold winner in the direct category at the 2010 International Advertising Festival

Rock4AIDS is a benefit concert that raises funds for the fight against HIV/AIDS. The challenge was to make both potential sponsors and international bands aware of South Africa's AIDS epidemic and enlist them to help in the fight against it.

The direct mailer appeared to be a box of antiretrovirals. When opened, it was found to contain a blister pack containing a set of 28 unique guitar picks, each bearing a single letter that spelled out the phrase "Treat the cause. Not the symptoms."

The piece enticed internationally renowned band Prime Circle, local artist Josie Field and stand-up comedian John Vlismas to perform at the 2009 Rock4AIDS concert.



Enlisting DM

Name: Child Soldiers

Agency: Jung von Matt, Hamburg

Client: Ohne Rüstung Leben (Life Without Weapons)

Gold winner in the direct category at the 2010 International Advertising Festival

Child soldiers are commonplace in many countries, and advocacy organization Ohne Rüstung Leben wanted to raise awareness of the problem and collect more donations.

Army service is mandatory in Germany, with prospective soldiers receiving an official letter to report upon reaching adulthood. Jung von Matt created a DM piece resembling an official government letter – including copy on the outside that read "order to report for induction" – and sent it to families with children between the ages of 8-14. The accompanying letter outlines the grim realities of the child's military service, including suicide missions, before the payoff: "Unthinkable in Germany. Reality in other countries. Help us stop the use of child soldiers – with your donation."

The mailer was sent to 14,000 German homes, with 855 recipients making a combined donation of approximately 5,300 Euros.



Food for thought

Name: Must-have gifts

Client: Christmas Bureau of Edmonton

Agency: Calder Bateman Communications, Edmonton

The Christmas Bureau of Edmonton's purpose is to supply the city's neediest children with true necessities – like food.

The mailer consisted of a series of customized "toy boxes" that contained everyday items like potatoes and carrots. They were sent to major donors and philanthropists during the Christmas season. The accompanying text on mailers such as the do-it-yourself mashed potato kit outlined how these were the true must-have gifts of the season for some of the city's neediest children.

HOW DM MEASURES UP



Using customer data to drive direct mail success

With the tides of marketing communications continuing to drift inexorably from mass towards one-on-one, consumer data is playing an increasingly vital role in shaping marketing outreach.

“What’s happening across the competitive landscape is that brands are looking to understand their customer better, being more targeted and more customer-centric in their focus,” says Candice Troupe, senior director, collector segments and programs, for LoyaltyOne.

Marketers are amassing terabytes of customer data that augments basic demographic information with more specific details such as brand preferences and how, where and how often they shop. Modeling software can then be used to predict their propensity for purchasing similar goods and services.

Encompassing an estimated 10 million collectors and more than 100 partner brands, LoyaltyOne’s Air Miles Reward Program is a major

The primary communications vehicle was Collector Update, a quarterly mailer sent out to Air Miles collectors that informs them of their account balance, rewards and sponsor promotions. Troupe says that Air Miles collectors typically refer to it as “fun mail” since it is a piece they enjoy receiving. It is also an incredibly effective marketing communications vehicle, boasting an open rate of about 96%.

The mailer was sent to an estimated 180,000 Sobeys customers in Atlantic Canada. In addition to being personalized via variable printing, the mailer featured product offers that were honed according to recipients’ shopping preferences – all gleaned from their use of the Air Miles card – as well as a customized transactional offer and even a letter from the manager of their local Sobeys.

“The message was not ‘We know you buy Frito Lay chips you should try Smart Food,’ instead the data powered the offer, so you

“We weren’t so in the face of the consumer to be obvious that we were using the data to drive the offer.”

– Candice Troupe, LoyaltyOne

repository for detailed information about Canadian consumers. Each swipe of an Air Miles card in one of more than 15,000 partner locations across the country helps create a picture of its users and refine future marketing communications.

LoyaltyOne uses proprietary software to extract this data and use it to enhance and refine its own marketing communications and those of its partner brands. In January 2010, the Toronto-based company partnered with Sobeys to create a direct mail piece that reinforced the power of targeted communications and the importance of quality data.

“Sobeys basically said ‘I have some data, you have some data, we have a pretty good understanding of our customer, let’s try to put together a piece of communication for them that has a relevant offer,’” says Troupe.

might receive an offer for Smart Food because the data suggests that you have a high propensity to eat Smart Food,” says Troupe. “We weren’t so in the face of the consumer to be obvious that we were using the data to drive the offer.”

Response rates for the campaign were five to 10 times higher than previous DM campaigns, while the high level of collector intimacy produced about 10 times the customary issuance of Air Miles reward points.

Such responses can help shape future communications says Michael Weiss, vice-president of marketing at Environics Analytics. For example, an addressed mail piece sent to a cluster of postal codes might feature a tracking code that can define exactly who the person who responded was and match them to a lifestyle type to refine future mailers.

So while marketing is increasingly being personalized, it’s also about to get a whole lot more personal. ■

GREEN BUSINESS IS GOOD BUSINESS

A continued emphasis on sustainability results in a “monumental” year for Domtar.

Amid tough times for the paper industry, Domtar continues to perform well. The secret to bucking the industry-wide trend, says president and CEO John D. Williams, is in giving customers what they want. And in today’s environmentally-conscious environment, what they want is eco-friendly paper. Williams describes 2010 as a “monumental year” for Domtar, with the Montreal-based pulp and paper company posting net earnings of US\$605 million, up from US\$310 million in 2009.

Domtar’s response to paper’s bad rap

Despite its current success, Domtar is facing a long-term decline in demand for paper products. “We expect an average of 4% decline in commodity paper per year,” says Williams.

While this can largely be explained by the increased popularity of new media, the bad reputation paper has been getting hasn’t helped. But Domtar is reminding people it has come a long way from its early days. “Yes, historically our industry has had some issues,” says Williams, “but we have significantly reduced our emissions and our use of chemicals.”



To demonstrate its ecologically-sound practices to the public, Domtar sought to certify its operations to highly credible independent standards such as the Forest Stewardship Council (it has since achieved full chain-of-custody certification by FSC for all of its operations).

All of Domtar’s FSC certified products are sold as the Domtar EarthChoice brand, demand for which has grown exponentially: about 50,000 tons were sold in 2004, increasing to 600,000 in 2010. “Not only is it good for the environment, but it stimulates growth,” says Williams. “Big institutions and customers want eco-friendly paper.”

Domtar also launched a massive advertising campaign aimed at the public and its business partners, called Paper Because. “The main message is about using paper responsibly,” says Williams. The campaign also reminds people that paper is “sustainable, renewable, recyclable.”

The company also works closely with independent ENGO’s – including the World Wildlife Fund (WWF) and the Rainforest Alliance – to underscore its commitment to sustainability. Both organizations approved the campaign messages and Rainforest Alliance participated in the campaign. In addition, the EarthChoice line of paper is certified by the Rainforest Alliance and supported by WWF. “These two ENGOs bring credibility to our campaign,” says Williams. “Believe me, they’ll hold us accountable for our actions.”

Looking forward, Domtar plans to diversify its product line to become less reliant on paper sales. “If you think about it, we’re fundamentally a pulp company before being a paper manufacturer,” Williams says. As an example, that’s why Domtar started a joint venture with FP Innovations to develop nano-crystalline cellulose – a nano-material extracted from the molecular structure of cellulose – products from wood fiber. Using this technology could eventually allow the company to market security paper, iridescent pigments, sunscreens, cosmetics, etc.

For Domtar, it seems the tree has been hiding a forest of possibilities. ■

John Sample Early adopter Married 3
 2004 X 100k Drives an SUV Works in marketing 4
 2 kids \$7k Saving for his children's education
 Reads his mail after dinner every day and shares it with his wife.
 Customer since 3 times a year Holidays 3

Find out who John Sample really is so you can build a long-term relationship, with relevant information and offers.

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