

# MARKETING

Direct Mail

101



Partner with



Linking people Delivering business

## Target Your Market With Our **Online System** As Fast And Simple As **“Mouse-over”**

PEAK\_ |

Q Search

Prince's Building 太子大廈  
Number of Units : 168

Garden Road 花園道  
Number of Units : 240

Brown Road 寶靈道  
Number of Units : 824

Plantation Road 羅便申道  
Number of Units : 69



Our Hongkong Post Circular Service Online System offers an intelligent and convenient DIY platform for your unaddressed DM campaign. As simple as tipping your “mouse-over” in your own PC, you can search for your target market using address keywords, districts and our interactive map. Getting your mailing list, budgeting and applying to post your promotional circulars are just a few clicks away !

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# Letter from the Editor

**Many people will line up to tell** you that the age of traditional direct marketing is over. That email, the internet, and more recently, social media, have killed off an industry that has survived for decades.

But in reality DM is far from dead. Ironically, the industry has found a renewed lease on life as an effective marketing tool because of, and perhaps even inspired by, the digital revolution.

The fact that most bills are now sent electronically has cleaned up our mailboxes like never before and made space for things that are far more attractive and aesthetically pleasing than a bill from the Water Supplies Department.

DM targeting is now more sophisticated than ever due to a range of technologies. The creative product is also more elegant thanks to some great developments in how DM material is printed.

But don't just believe me.

Recent research from The Nielsen Company showed that marketers are, more than ever, embracing DM as a

channel to extend and create meaningful relationships. That same research goes on to show that consumers are more likely to read and respond to direct mail if it's relevant to them.

Smart DMs are always enjoyable to receive. Incentives, exclusive offers and invites are even better. But as with all marketing today, the magic lies not within a single channel or message, but when it complements the work of other media channels.

As you flick through the following pages, we'll make the case that DM can be a relevant, intelligent, complementary and effective media vehicle. So the next time someone tries to tell you DM is dead, you can tell them otherwise.

Enjoy our latest Marketing 101 and, as always, send us your feedback - via the post if you like. It will be a nice change from email.

*Matt Eaton*

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# Note from the partner



**Estella Chow**  
Director (product  
development,  
marketing and sales)  
Hongkong Post

In today's information age, with its proliferation of new and ever-developing media, marketers have access to a phenomenal array of media channels for reaching consumers.

Because consumer trends are becoming increasingly difficult to predict, a key challenge for marketers is allocating their media spend to maximise return-on-investment. Are new technologies gradually replacing traditional media such as direct mail? To gain insight into the best media channels for achieving various communication goals, Hongkong Post commissioned Nielsen to carry out a market research study on the communication channels Hong Kong consumers and marketers prefer, and how effective they are.

Perhaps surprisingly, Nielsen's research findings revealed direct mail continued to play an important role, significantly complementing the work of other media.

The study showed the growing importance of integrated marketing campaigns, and the effective role direct mail can play when used in conjunction with other marketing activities.

It also revealed mail remained an essential marketing mechanism for converting desire and intention into action. The findings coincided with similar studies in markets such as Australia and UK. We are moving from seeing new technologies as a threat to traditional mail, to embracing the potential convergences and synergies between mail and new media.

The fact is, direct mail remains an essential marketing channel for virtually any business seeking to build relationships with existing and prospective customers.

This is because it's tactile, personal and virtually guaranteed to grab the recipient's attention – even if, only for a moment. Thanks to today's mailroom technologies, it is now easier than ever to put together effective, cost-effective marketing mail campaigns.

It is up to the marketers' imagination to create the right "mail moment" for customers and prospective customers.

I hope the research highlights presented here will provide useful insights that will help you find the right balance of channels for reaching increasingly fragmented audiences in 2012.

# Is direct mail still relevant?



In the digital age some may question if direct mail has the power to stay. As consumers switch their communications to email and SMS, is direct mail still relevant?

In 2011, Hongkong Post commissioned Nielsen to study the media preferences of Hong Kong marketers and consumers. The results revealed substantial promise for direct mail as a marketing channel.

- 75% of marketers have used direct mail in 2010 and/or 2011.
- 90% of consumers read promotional mail received at home on a weekly basis.
- More than seven out of 10 consumers prefer receiving important business communications such as utility bills and financial statements by mail instead of email.

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## WHAT MARKETERS SAY

Direct mail complements mass media in providing in-depth information about products, services or promotional campaigns.	<b>85%</b>
Direct mail can remind people about the brands or services they have seen advertised on other media.	<b>82%</b>
Direct mail is a cost-efficient alternative to complement mass media.	<b>73%</b>
Campaigns involving direct mail usually yield better results.	<b>64%</b>

Source: Hongkong Post survey conducted by Nielsen. Percentages represent strongly and somewhat agree to the above statements.

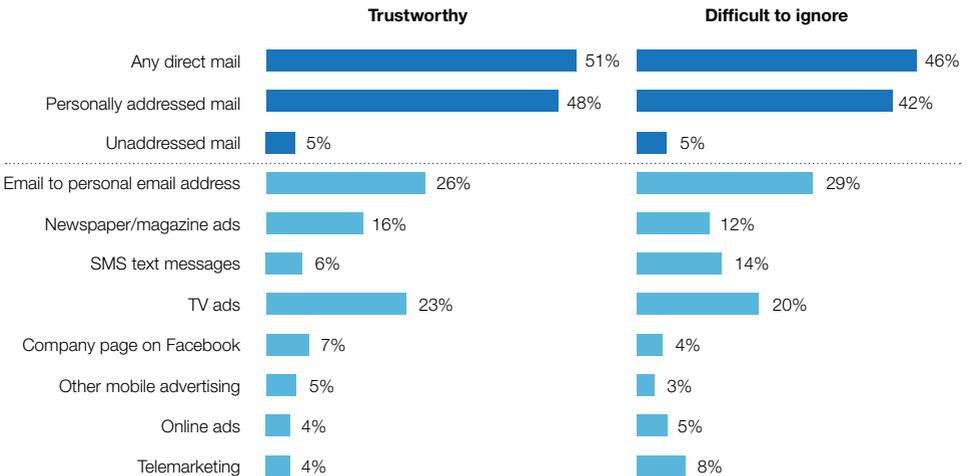
# What consumers say

Consumers rate personally addressed mail as the most trustworthy and most difficult to ignore among all advertising channels.

Fifty one per cent of respondents agreed they trusted advertising messages coming through direct mail more than from any other channels, including newspapers, TV and online. Forty six per cent said direct mail was difficult to ignore.

The study also found consumer preferences of communication channels vary by industry. Utilities (51%), banking and finance (42%) and government and political organisations (41%) were the top three industries from which consumers preferred receiving direct mail.

For retailers, restaurants, travel, health and beauty and car companies, consumers preferred receiving information by email to direct mail.



Source: Hongkong Post survey conducted by Nielsen.

# What consumers say

Consumers treat direct mail as a source of information and a way to engage with brands.

Most marketers would think of direct mail as a way to give customers the latest product or service information, but more than 50% of surveyed consumers find direct mail a way to build a relationship and engage with brands.

Direct mail can serve as a targeted way to create a long-term relationship with your existing and potential customers.

Fifty three per cent said they were more likely to shop from companies that constantly kept them in touch through mail, while 58% said direct mail was a less intrusive marketing message they could read in their leisure time.

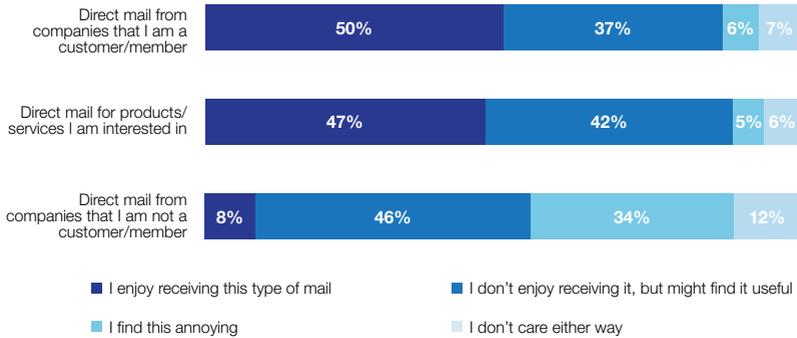
<b>CONVERT TO ACTION</b>	After receiving promotional mail from companies where I am a customer/member, I am more likely to use the services/purchase the products.	57%
	I am more likely to use the services/purchase the products from companies that constantly keep me in touch through mail.	53%
<b>CUSTOMER ENGAGEMENT</b>	Direct mail is less intrusive. I can read it in my leisure time.	58%
	I enjoy receiving and reading relevant promotional direct mail.	50%
<b>SOURCE OF INFO</b>	I don't mind receiving and reading direct mail to stay up to date.	50%
	Direct mail provides me with information I won't notice elsewhere.	54%

Source: Hongkong Post survey conducted by Nielsen.

# What consumers say

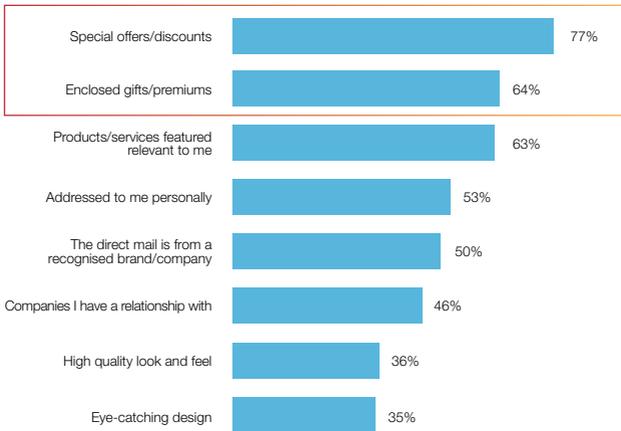
## Attitudes for different types of direct mail

Having a relationship with, and relevancy of messages to consumers, are the keys to the success of direct mail campaigns.



## Factors attracting consumers to read direct mail

Special offers and enclosed gifts attract recipients to read direct mail. Marketers can consider using offers or samples to encourage reading of direct mail.

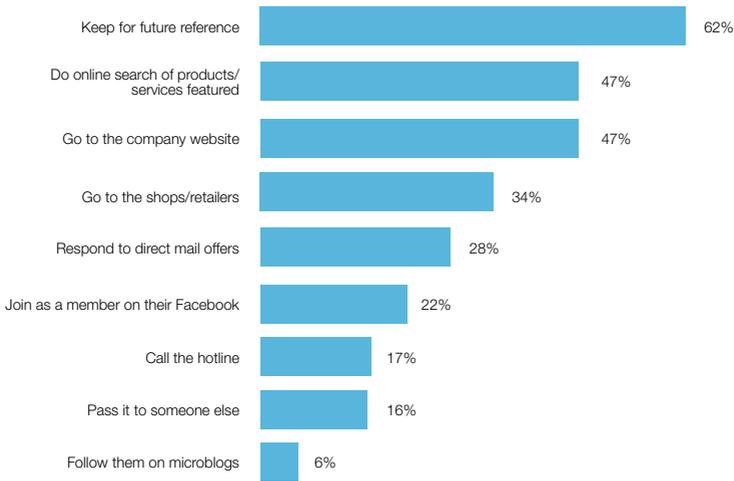


Source: Hongkong Post survey conducted by Nielsen.

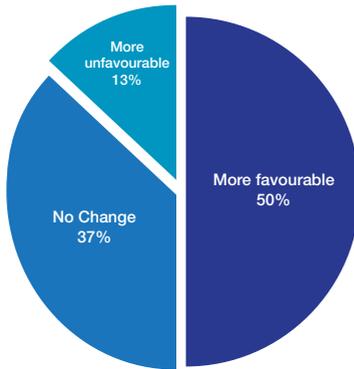
# What consumers say

## Actions taken after reading direct mail

Sixty two per cent will keep direct mail for future reference after reading it. Marketers can provide useful information in the direct mail to encourage readers to keep it and thus stay in touch with your brand for a longer time.



## Consumers favourable to companies that use recycled materials in their direct mail



Fifty per cent say they are more favourable to companies that use recycled materials in direct mail.

Source: Hongkong Post survey conducted by Nielsen.

# Five smart tips



## 1. Source of database

Consumers are concerned about privacy issues and thus prior consumer consensus should be sought before sending direct mail. If third party databases are used, pay attention to how the company recruited the names and addresses.



## 2. Customer relationship

The customer database is an important asset for marketers. Consumers feel more valued when they receive addressed direct mail from brands and are more likely to buy the featured products and services.



## 3. Relevancy

Consumers are more likely to read and respond to direct mail if the products and services are relevant to them. Customer segmentation can help marketers understand customers and send relevant messages to different customer groups.



## 4. Messages

Give special offers, small gifts and premiums to draw customers' attention. Clearly state company information on the direct mail such as websites and shop addresses for consumers to get more information about the products and services.



## 5. Direct mail creative

Consumers keep direct mail for future reference. Make your direct mail captivating with quality material, special design and useful content such as branded calendars and note pads.

# Direct mail's core strengths

## Measurability

One of the principle advantages of direct marketing over advertising lies in the measurability of the results. Direct mail is no exception.

While it is always easy to decide a media choice based on its cost, a common mistake is to evaluate and decide on a medium based on its cost per thousand (CPM) – the cost to reach out to each customer who is exposed to your advertisement.

In fact, a more in-depth evaluation should be on cost-per-conversion.

The definition of conversion varies depending on the situation. It is sometimes considered to be a lead, a sale or purchase. With direct mail being a targeted media, it typically garners a higher response or conversion rate and hence achieves a much more cost-effective ROI for the campaign.

## Emotional connection

Consistent research has shown there is more emotional involvement when readers handled material printed on cards than when they viewed the same material online.

Think of the difference between looking at a printed wedding invitation and an Evite.

Greater emotional processing with physical material should help to develop more positive brand association, making a more personal connection and consequently enhancing motivation.

## Complement other media

An integrated campaign means much more than spanning the same creative across various channels.

Direct mail can lead an integrated campaign by giving you the cut through you need to deliver your message, backed up by reach and frequency in mass media channels. It can also drive response, leading customers to SMS or email follow up.



# Case study one



## BBC.COM

### Brief

To highlight BBC.com's position as the No.1 international news website by engaging media planners and brand advertisers in Hong Kong through direct mail.

### Idea

A USB thumb-drive was creatively packaged to resemble part of the numeral one in the up-front message "BBC.com is Number 1 in Hong Kong" with a box packaging bearing the brand's signature purple-fuchsia hues.

The interactive flash presentation included statistics and "did you know" compiled by the news site's consumer insights team in English and Mandarin that catered to the city's bilingual target audience.

### Result

Recipients could toggle between versions at any one point for greater clarity and the interactive aspects of the presentation proved engaging and informative. Responses included requests for additional soft copies for further circulation after the direct mail pieces were sent out in Hong Kong.

"A direct mail that would impress BBC.com's advantageous position effectively upon its target audience, not only through presentation, but also through interesting factual content."

**Terri Seow** – head of marketing of APAC, BBC World News.

# Case study two



## AMERICAN EXPRESS

### Brief

The American Express Cathay Pacific credit card was launched two years ago, but there were Asia Miles members who had not signed up. The challenge was to get their attention out of Hong Kong's many credit card ads and demonstrate the card's earn rate in a way they could relate to and appreciate.

### Idea

American Express turned to OgilvyOne and came up with an idea of sending a letter to customers from their future selves. Think of it as a testimonial from yourself one year from now, which you wrote on a beach holiday using the miles you had earned. The direct mail was sent from Australia with a real stamp containing a letter from yourself saying: "The sooner you apply, the sooner we'll be here."

### Result

In the first two weeks, the number of responses was more than twice of all previous promotional packs aimed at the same target audience. Respondents were Marco Polo members who are Cathay Pacific's high-tiered frequent flyers.

"When done right, direct mail can be a tactile, interactive and engaging experience – like the best digital work."

**Houston Wong** – creative director, OgilvyOne Worldwide Hong Kong.

# Case study three



## VENETIAN COTAI

### Brief

Recruit VIPs for the luxurious resort in Macau and manage their needs over the long run. The target profile included people who had expressed travel interest and who had distinguished tastes and spending power.

### Idea

The creative was inspired by the “Please don’t disturb” door sign as a boost of the vacation mood to the direct mail receivers. There were six versions of the creative in the campaign with different combinations of hotel discounts and free casino dollars. Each direct mail was personal and printed with the individual’s name, address and a unique code that receivers had to present to enjoy the discount offer.

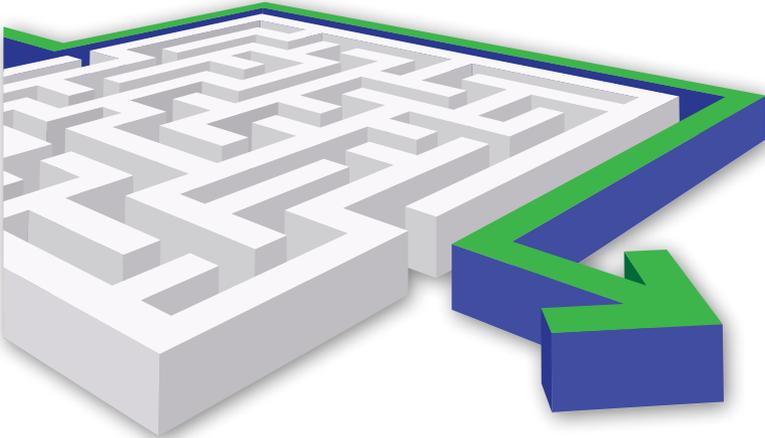
### Result

Venetian Cotai worked with Direct Marketing of Asia to ensure its direct mail went to its target consumers who had opted-in for promotional information. The campaign’s positive results led to a long-term partnership between the two companies.

“By making sure all receivers were opt-in consumers, Venetian could ensure all marketing efforts were allocated to the right potential customers while avoiding all risks associated with privacy intrusion.”

Mabel Yeung – general manager, Direct Marketing of Asia.

# Final word



## Effective direct mail at minimal cost



### 1. Target with personalised messages

Unlike mass media advertising such as television, radio, newspapers or magazines with broad-based messages, direct mail enables you to target a particular segment with a personalised message. This makes your direct mail campaign efficient and effective.



### 2. Understand your prospects

Go beyond the profiling data and think about your prospects. What do they think, feel and want at the moment? What do you want them to think, feel or do as a result of your mailing.



### 3. Offer real incentives

Keep your promotion mechanics simple. Give straightforward offers and simple promotional mechanics because complicated steps may turn potential customers away. Build customer loyalty by offering real incentives.



### 4. Constant testing

Direct mail marketing is the art of constant testing. You have to be committed to trying different approaches from everything such as design and copy to packaging and offers.



### 5. Respect consumer privacy

This, in particular, has been an issue not only for direct mail, but for digital marketing. A proactive initiative from direct mail service providers to enhance consumer privacy would help improve credibility of direct mail and eventually lead to an increase in effectiveness and reduce cost-per-engagement.

# Reach Out to Mainland Consumers with our "One-stop" Cross-border Direct Mail Service



## CHINA-HONG KONG DIRECT MAIL SERVICE

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Want to tap into the growing spending power of Mainland visitors? Our "one-stop" cross-border direct mail service is your ideal solution. The service is collaboration between Hongkong Post and China Post. It offers Hong Kong enterprises a customised marketing solution for getting information about their products to Mainland customers quickly and effectively. A particularly valuable feature of the direct mail service is its 'one stop' character, with Hongkong Post handling everything from selection and rental of mailing lists, through to printing, delivery, and reporting.

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