

BOOST YOUR RESPONSE RATES—NOW

Experts reveal their latest, must-know strategies

GET SERIOUSLY SAVVY ABOUT YOUR ROI

A renewed focus on measurement can help boost campaign performance

GO GREEN

By adopting these environmentally-friendly practices

\$ORTED

THE MAGAZINE FOR DIRECT SUCCESS



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THE MONTREAL MUSEUM OF FINE ARTS PROMOTED A RECENT ANDY WARHOL EXHIBIT BY TURNING DIRECT MAIL INTO WORKS OF ART



EDITORIAL

In today's new economy, corporations are scrutinizing the value of their advertising spend more than ever. That's why the fundamentals of DM are so important today, when every marketing dollar counts. Direct marketing allows you to measure your results, so you know how your marketing investment is contributing to your bottom line.

A renewed focus on ROI can help you justify and maintain your marketing spend. Studies have shown that companies with the resolve to stay the course by maintaining their marketing efforts will grow revenues more significantly during recovery than those who cut back their marketing spend.

One of the best ways to weather change is to get back to basics. Yet it is surprising how many companies aren't following best practices on the ROI front. Measuring return on investment isn't simply about justifying your ad spend, but learning from it. It is about getting more out of your marketing budget. By clearly understanding what worked and what didn't, you can boost the ROI of your very next campaign. And that is why direct mail is a real gem, because you can continually learn, then refine your direct mail campaigns and improve ROI.

With that in mind, I'm particularly excited about this year's issue of *Sorted*. We have several stories that spotlight ROI—the measuring, tracking and increasing of it. Our cover story (pg. 8) profiles the Montreal Museum of Fine Arts and how it boosted the ROI of its entire advertising spend by adding direct to the marketing mix. We also spotlight two organizations—UNICEF Canada

and Tennis Canada (pg. 14) – to get an up-close-and-personal look at how they track and measure their ROI. And finally, we convinced the experts in the direct agency world to share with us their secret, sure-fire methods to help boost response rates (pg. 11).

And, as always, you'll find our regular features and column that spotlight terrific creative, CRM strategies and more. You'll also hear from forward-thinking companies that are moving towards direct mail strategies that are better for the environment, something we at Canada Post feel strongly about and encourage.

Finally, I'd also like to take this opportunity to let you know about some exciting news. In addition to the yearly magazine, Canada Post has started publishing *Sorted* in a four-page newsletter format, both in printed and electronic editions. *Sorted News* will deliver the latest news, insights, techniques and case studies to help you become a better direct marketer.

With that in mind, please keep those suggestions, comments and queries coming. Drop us a line at sorted@canadapost.ca, and let us know how we can help you become better direct marketers. We look forward to continuing the conversation.

Laurene Cihosky
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SORTED SCOOP



Get the latest direct marketing news...4x a year!

Can't get enough of *Sorted*? Thanks to reader demand, Canada Post has started publishing a four-page, quarterly newsletter, *Sorted News*, delivering all the latest news and research, relevant case studies, expert tips and tricks, from across the country to help you get more out of your direct marketing dollars than ever before. Check out the latest issue, online at www.canadapost.ca/sortednews.

An answer for telemarketers

Fed up with intrusive and annoying telemarketing calls, so far over 3.3 million Canadians have registered their telephone numbers on the National Do Not Call List (DNCL). Last fall, a Harris/Decima survey showed that 72 per cent of all Canadians eventually plan to sign up. The penalty, should a company call a number listed with the registry? \$15,000.

So where should businesses, particularly small- and medium-sized enterprises (SMEs) that rely on telemarketing to generate customer leads, turn to fill the void? Direct mail may be the answer, according to a recent study conducted on behalf of Pitney Bowes Canada, which indicated consumers regard direct mail as being non-intrusive, and a welcome alternative to telemarketing calls. In fact, 49 per cent of Canadians said they prefer to receive mail from companies they are currently doing business with, and 52 per cent prefer to have their first time business solicited through the mail.

"Direct mail is an inexpensive way to deliver messages quickly and compellingly, while tightly targeting existing and prospective customers," says Deepak Chopra, president of Pitney Bowes Canada and Latin America. To help SMEs use direct mail more effectively, Pitney Bowes Canada has launched dmworks.ca, a one-stop, do-it-yourself online marketing tool that makes it simple for SMEs to create and send professional-looking direct mail programs.

RBC maps out its paper route

RBC FINANCIAL GROUP is among a growing list of Fortune 500 companies that are ensuring its paper source is sustainable, including its marketing and direct mail materials. “We still have a way to go, but we’ve made a lot of progress in terms of when we do communicate to customers using direct mail, that it is printed on sustainably-sourced paper,” says Sandra Odendahl, RBC’s director of corporate environmental affairs.

For fiscal 2008, 85 per cent of all RBC’s envelopes and 65 per cent of its work produced internally in Canada was printed on paper from sources certified by the Forest Stewardship Council, an international, non-governmental organization dedicated to promoting responsible management of the world’s forests. Odendahl expects that figure to be much higher by the end of 2009, as RBC looks at other ways to reduce its environmental footprint, including using printers that are also FSC-certified in their practices.

Although there are no hard statistics of the number of Canadian companies using FSC paper, well over 200 major companies in Canada use FSC-certified wood and paper products, says Maia Becker, vice-president of the Forest Stewardship Council of Canada.



What is the difference between recycled paper and FSC paper?

FSC (Forest Stewardship Council) is a forest certification and labelling system for paper and wood products that comes from responsibly-managed forests and verified sources such as post-consumer reclaimed material in accordance with FSC standards.

Recycled paper does not label paper from responsibly-managed forests, only paper that has some recycled content in it. Choosing recycled paper is normally an environmentally-sound decision since its production requires less energy and water and emits less greenhouse gases, but no organization polices the “recycled” designation, which means the paper could have very little recycled content and, possibly, even none at all.

To help sort out the confusion, the Canadian Standards Association (CSA) and the Competition Bureau of Canada recently published a guide for industry and advertisers around environmental claims, which provides more detailed explanations around the proper use of the logo*.

* [http://www.competitionbureau.gc.ca/eic/site/cb-bc.nsf/vwapj/guide-for-industry-and-advertisers-en.pdf/\\$file/guide-for-industry-and-advertisers-en.pdf](http://www.competitionbureau.gc.ca/eic/site/cb-bc.nsf/vwapj/guide-for-industry-and-advertisers-en.pdf/$file/guide-for-industry-and-advertisers-en.pdf)

Going green

In addition to making socially responsible paper choices, there are other things you can do, both small and large, to ensure your direct mail is greener.

- Choose inks that don’t leave a mark on the environment, such as vegetable-based ink. Its environmental benefits include lower solvent emissions than petroleum oil, and it is also biodegradable and renewable.
- Keep your mailing list up to date, as a more accurate list means less returned and undeliverable mail, which translates into less wasted paper. Cleaner lists also typically lead to significantly higher response rates.
- Don’t forget to encourage and remind consumers to recycle by including a “Please Recycle” logo on your direct mail pieces.

For more useful, earth-friendly ideas on how to target your direct mail messages to consumers, please visit www.canadapost.ca/green. ★

In The Mailbox

Whether your product is a brand of beer or intimate apparel, these two campaigns show some thoughtful creativity can go a long way in breaking through

Your relationship is served

The competition is fierce among beer companies to be among the beverages served in restaurants and bars, and typically brewers rely on sales reps to visit those establishments to build a rapport with the managers and owners.

But how do you cultivate a relationship with managers of smaller bars and restaurants scattered across a region where sheer geography makes it too costly to send out reps? Molson Canada turned to Rivet Canada, and the Toronto agency came up with a smart and simple solution: A dimensional mailing to promote one of the brewer's brands, Rickard's Red, around the idea of a fictional "Local Beer Lovers' Coalition."

The campaign was delivered to almost 700 bars and restaurants across Western Canada. The package came in a box wrapped in brown paper, and inside was a glass with a manifesto printed on it: "We, your local beer lovers, humbly request that you fulfill our desire for a distinctive, perfectly balanced, robust yet smooth, thirst quenching pub ale...stock Rickard's will ya!" The box also included a pint glass.

"It allowed us to open the door and build an ongoing dialogue with these accounts for future business opportunities."

—Ross Buchanan, director of digital and relationship marketing, Molson Canada

"The Local Beer Lovers' Coalition was fictional, so it was like the owners of the local establishments were opening up a signed petition from beer lovers," says Scot Riches, group account director at Rivet (formerly FCB Direct). "Our research showed that Rickard's is a beer liked by a lot of people, but in a lot of smaller cities, most establishments just weren't carrying it." The mail piece also included a personalized brochure, which spoke to pricing and how Rickard's would help the restaurants and bars build sales.

The result: a significant increase in baseline sales during the promotional period for those targeted establishments. Eighty-four per cent of all owners and managers also opted-in to receive future communications, adding to Molson Canada's already robust internal database. "Considering we didn't have an existing relationship with any of these establishments, it allowed us to open the door and build an ongoing dialogue with these accounts for future business opportunities," said Ross Buchanan, director of digital and relationship marketing, Molson Canada.

Molson Canada served up a dimensional mailing to bars and restaurants, which helped increase baseline sales of Rickard's Red.



“That’s the beauty of direct mail – we were able to create a piece that looks and feels like a bra.”

–Shelley Sutherland, vice-president, creative director, RAPP

Almost as good as the real thing

A bra is the last thing one might expect to discover waiting for them in their mailbox. But that’s exactly what women from across Canada found, courtesy of an integrated campaign from Montreal-based Hanesbrands Inc. that aims to get females thinking about the Wonderbra brand in a new, fresh way.

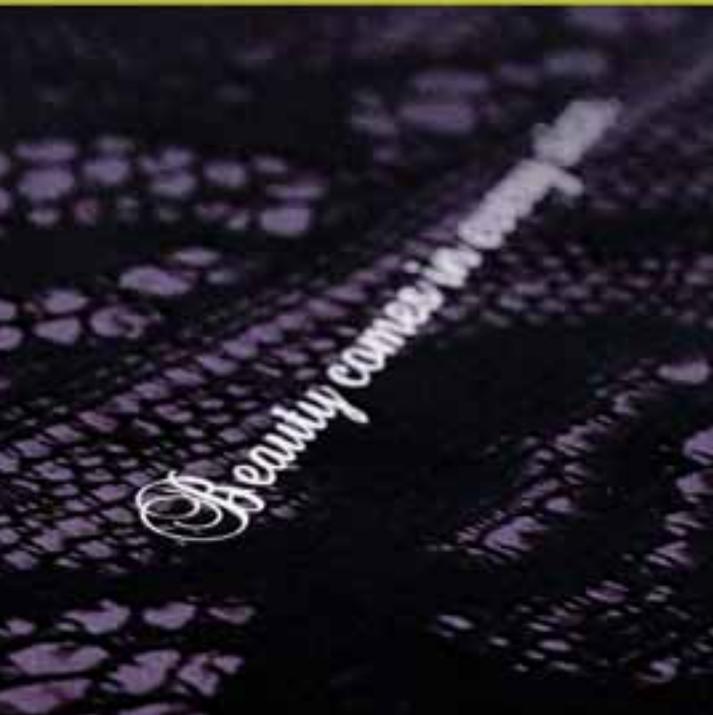
“That’s the beauty of direct mail – we were able to create a piece that looks and feels like a real bra, so we could really involve women in what the Wonderbra experience would be like,” says Shelley Sutherland, vice-president, creative director at RAPP, the agency behind the campaign. Adds Marianne Cobb, director of marketing at Hanesbrands:

“We really wanted it to be a showstopper.”

The piece has the lace texture of a Wonderbra, and even the die cut of the design is modelled after a bra. The direct mail is part of an integrated campaign (print, tv, online and POS) that aims to illustrate that Wonderbra offers a variety of styles and colours, including for younger women. “We wanted to reinvigorate and change the perception of the brand, and let people understand Wonderbra offers something for everybody, regardless of size, age and body type,” says Cobb. “We’ve been challenged by the fact our brand has been in the marketplace for many years now, and with that, comes the stigma that we’re an older brand that targets a woman’s mother or grandmother. We’d like to change those perceptions.”

The direct mail was delivered to female subscribers of *Elle Québec*, *LouLou* and *Châtelaine* in Quebec, and in English Canada, *LouLou*, *Chatelaine* and *Flare*. The direct mail was also dropped to a small database of Hanesbrands’ customers. To help track the response of the mailer, the direct mail featured a \$10 rebate purchase offer, along with a postage-paid reply envelope, to make it as easy as possible for recipients to redeem the offer.

To add a little extra leave-behind value, inside the piece were two magnets, each featuring a message of female empowerment: “Creating my own kind of perfect” and “Life is short. Eat Dessert first,” followed by the Wonderbra.ca URL. The magnets also tied into the overall position of the brand. “Intimate apparel is often positioned as being sexy, and while it is, it is also about feeling comfortable and confident,” says Cobb. “We want women to feel empowered when they wear Wonderbra.” ★



••••• A direct mail piece that looks and feels like a real bra had women thinking about Wonderbra in a new, fresh way.



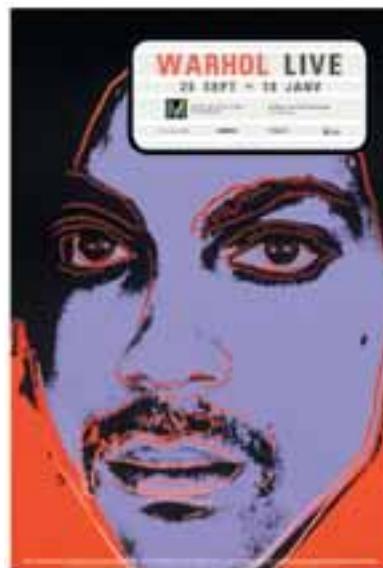
THE (POP) ART OF DIRECT MAIL

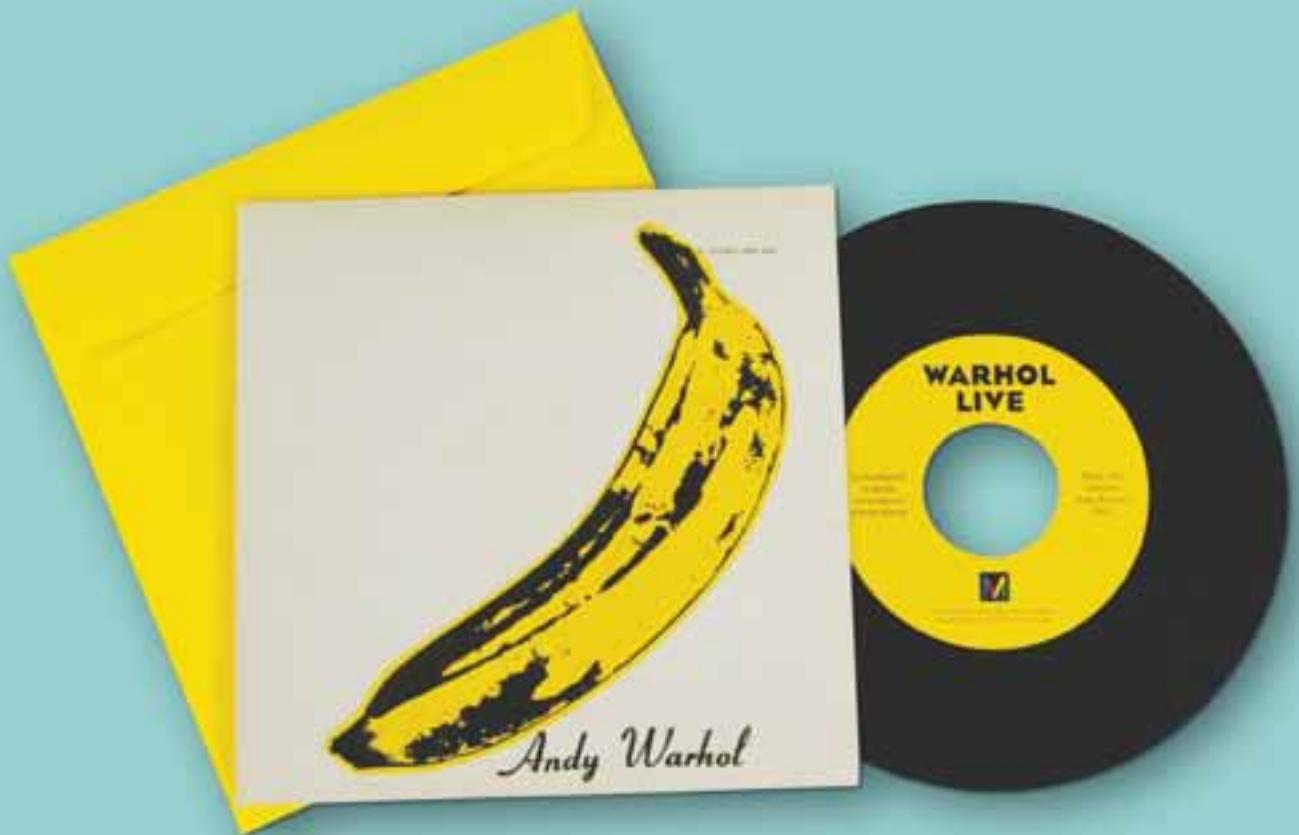
THE MONTREAL MUSEUM OF FINE ARTS
REACHED MUSEUM-GOERS WITH A MULTIMEDIA
CAMPAIGN THAT TURNED DIRECT MAIL INTO
WORKS OF ART

Andy Warhol wasn't dubbed the King of Pop Art for nothing. He may have been most well-known for his Campbell Soup work, but his art also delved greatly into the pop music scene.

That art was recently highlighted in the Montreal Museum of Fine Arts' exhibit, *Warhol Live: Music and Dance in Andy Warhol's Work*, which debuted in late September 2008 and continued until January 18, 2009. The blockbuster exhibit of 600 works, from album covers to profiles of such stars as Mick Jagger, Elvis Presley and Michael Jackson, was heavily promoted in a multimedia campaign that included outdoor, TV and print as well as direct mail.

Direct mail "is very important because it's a way for us to quickly increase awareness of our events, and to secure customer loyalty," says Danielle Champagne, director of communications at the museum. For the Warhol exhibit, as with all major temporary exhibits, several thousand invites to the vernissage (opening) were mailed out to sponsors, lenders of artwork and a variety of influential people in the business and arts communities.





Designed to look like an old 45 vinyl single, the exhibit invite included a faux record cover of Warhol's famous banana album cover for the Velvet Underground.

But in tune with the exhibit theme, it was no ordinary invite. Designed to look like an old 45 vinyl single, the invite included a faux record cover mimicking the famous banana album cover Warhol did for the Velvet Underground's debut album. To top it off, there was a fake vinyl single (well, actually cardboard), black on one side and with text on the other containing the actual invite.

"The direct marketing aspect is very important to the client and we try to put a lot of time and creativity into it," says Nicolas Massey, creative director of Amen, the Montreal agency that created the campaign. "For some marketers it's just direct marketing, but [for us] it's a major part of the campaign. The MMEA invests a lot of time and money into it."

The advertising campaign also included outdoor, print and TV work featuring Warhol's profiles of musicians such as Prince and marquee of the kind you'd see outside a concert hall or theatre. The print ads ran in the Montreal dailies *La Presse*, *The Gazette* and *Le Devoir* and cultural weeklies *Voir* and *Hour*, while the 30-second TV spot appeared on the Radio-Canada, Télé-Québec and Artv networks.

Champagne says while the mailing for the Warhol vernissage is not in the same style as the rest of the campaign, there is a sufficient association between the various elements to make it work together. "It's strong enough that people made the link between Warhol and his music, the 45 and the campaign's live concert marquee theme."

While print and TV constitute the main elements of the museum's advertising campaigns for temporary exhibits, direct mail "is very important when we're seeking new members," she says. As an added plus, direct mail allows the museum to do high-quality reproductions of artwork on paper – a definite bonus for an institution that showcases art.

"For some marketers it's just direct marketing, but [for us] it's a major part of the campaign. The MMFA invests a lot of time and money into it."

-Nicolas Massey, creative director of Amen



In addition to mailings that promote individual exhibits, the museum usually conducts direct mail-only campaigns once a year as a significant element of its client development aims. The latest move to boost museum membership included a mailing sent to about 45,000 prospects.

"The museum wants you as a VIP," read the text, with the mailing including a fake credit-card like membership card containing the recipient's name and a plastic holder of the kind worn by accredited conference-goers. It included "8 good reasons to become a Museum VIP," such as free access, discounts and a magazine subscription. While not divulging results of that most recent direct mail campaign, "in general we have response rates that are well above the average," Champagne says.

And attendance numbers seem to be going the right way for the museum: In the 2007-08 season (which ran from April 1, 2007 to March 31, 2008), it had 636,218 visitors, the highest attendance in its entire history, up slightly from the previous year.

As for the current Warhol exhibit, "it's attracting as much the young as the old," Massey says. That is something that can't be said for all exhibitions. Attendance is higher than forecasted, and it will definitely surpass 100,000 visitors, "which," says Champagne, "is very good." ★

• A "free pass" for two was mailed to sponsors, lenders of artwork and other influencers in the business and arts communities.

Why the MMFA makes direct an art

For cultural institutions like the Montreal Museum of Fine Arts, direct marketing campaigns serve as a vital way to boost membership, develop customer loyalty and maximize awareness of exhibits and the museum itself, says communications director Danielle Champagne.

But increasing members is the principal goal of the museum's direct marketing. The new Friends of the Museum (VIP members) that result from such campaigns "are very important to us because new members bring us revenues and, as a private museum, all new revenues are important to us."

BRIAN BIMM
BIMM Communications Group



JOHN WRIGHT
Wunderman



UWE STUECKMANN
Blitz Direct



COSMO MARIANO
LIFT



10 WAYS TO BOOST YOUR RESPONSE RATES-NOW

Discover the latest, must-know strategies that can dramatically impact the response of your direct marketing

Everything's conspiring in direct mail's favour. The looming economic downturn puts the spotlight on its accountability. The affordability of variable print technology in recent years makes smaller, more personalized campaigns financially viable for small- to medium-sized companies. Even the Do Not Call List's got marketers eyeballing the benefits of direct marketing over telemarketing. But in your rush to develop your mailings, don't confuse the old standby with a sure bet – there's no guarantee you'll like the results just because you can measure them. Any marketer worth his or her salt knows direct marketing is as much an art as it is a science. In the quest to perfect a direct mail campaign, our experts share a few of the latest ways companies are experimenting to boost response rates (and remind us of one or two oldies but goodies). Proceed with educated enthusiasm.

1 Go variable and get really personal

Oh sure, marketers have been able to change recipient names forever. But that's not "personalization" according to Cosmo Mariano, partner at LIFT Agency in Aurora, Ont. "It's about making your brand personal. And you can do that in two ways. First, you personalize the media with technologies like variable printing, personalized email, dynamic websites or personal URLs. Second, you need to translate the brand in a way that's meaningful in the personalized, direct format. That's where a new world of possibilities opens up, where it is possible to create an entirely new value proposition for each individual customer in one campaign." It's not as complicated as it sounds – for a detailed case study of how customization works, see our ROI feature on page 14. Once marketers see how it works for their businesses, says Mariano, they can't imagine how they went without it. "In our experience, I've never seen it do worse than double a response rate, and I've easily seen five, 10, 20 times that."

2 Make your offer about savings

Let's face it, given the current economy, whatever you emphasized last year in your direct mail offer isn't necessarily going to work this year, advises Brian Bimm, CEO of BIMM Communications Group in Toronto. "Now is the time to test offers that emphasize value and savings," he says. "This can work for any marketer. It doesn't matter whether you're in the luxury market, retail, real estate or travel – people are more influenced by value and savings than they were before."

3

Give 'em different ways to respond

"There's a push to interact through multiple channels," says John Wright, president of Toronto-based Wunderman. This means you might want to try to diversify inbound and outbound channels. "If you give people a choice to reach you, they're more likely to respond," explains Wright. "Customers want to be in control," he adds. "Today, 'CRM' really means 'customers really manage' not 'customer relationship management' anymore."

4

Use PURLs to drive leads

A lot of marketers use vanity URLs (e.g., www.companyABC/promotionXYZ.ca) to help track the results of different campaigns. But what if you could track the interaction of each individual customer with your inbound channels? You can, using a PURL (Personalized URL), according to Mariano. The customer connects into an individual microsite through a direct mail PURL (e.g., www.companyABCpromotionXYZ/JohnSmith.ca), and on the back end, the information is sent instantly to the lead management team who can follow up, for example, with a phone call, in real time. "The key is finding a partner who can manage the intricate support network required," says Mariano.

5

Test the waters

One of Bimm's biggest pet peeves is that testing seems to be a forgotten art. Too often in the rush to market, direct marketers fail to slip in a few tests. "It doesn't take that much effort or cost that much more. Yet quite often marketers just send out a basic proposition and there's a missed opportunity to learn something else from the campaign that was already heading out the door. For example, testing one more audience segment or a richer offer or simpler response mechanism."

6

Tell them something that matters

Uwe Stueckmann, senior vice-president and general manager of Blitz Direct in Toronto, says his agency has another name for this: switching from "campaign-based marketing" to "curriculum-based marketing." Mariano at LIFT Agency calls it moving from "product-focused marketing" to "customer-focused marketing." The point is this: Your direct mail messaging should not be driven by quarterly goals but by specific customer needs at a set point in time in order to be anticipated and relevant. Says Mariano: "The biggest mistake I see marketers make is that they are so product focused. They do a great job talking about features and benefits, but most of the time it's internal speak and no one stops to interpret it into what matters most and when for the customer." Stueckmann adds that savvy marketers find the signals in consumer behaviour for timely, relevant and meaningful communications.

7

Stand out from the clutter

In certain circumstances, dimensional mail done right can really move people out of the “flat space” and into the “entertainment space,” says Wright. “People are going to other channels and getting video right in front of them. If you’re going to compete with that kind of experience, your mail needs entertainment value. We’ve used very specific dimensional pieces to break through mailbox clutter and deliver a wow [response].” Wright cautions that dimensional mail has to be done right, however: namely, be very specific and niche-oriented, and that the cost of the campaign versus the profit potential has to make business sense.

8

Pretest your offers in emails

One of the tricks Blitz has been using lately is to pretest offers and other content through email (either with a panel or existing contacts). “We apply the learnings in the direct mail piece,” says Stueckmann. “One of the nice things about email is you know exactly which components people interact with and you can customize your direct mail pieces on the heels of it.”

9

Try viral DM

LIFT Agency coined this term after launching a tremendously success referral campaign for DEWALT Tools Canada. As part of an opt-in direct marketing campaign in 2008, recipients were given a coupon book to hand out to friends. Each customer gained points toward a DEWALT prize every time a friend redeemed a coupon. “Once people recognized we were tracking the coupons they gave to their buddies, they knew it was credible and it went gangbusters. We had over a 50 per cent response rate and thousands and thousands of referrals. The viral component alone generated more than enough revenue to pay for the campaign,” adds Mariano.

10

Finally, surprise them

Increase the engagement factor of unaddressed mail by using what Bimm calls an “involvement device.” This is essentially any mechanism that invites physical interaction with the piece and gets recipients to spend more time with it. For example, BMM tipped a ruler onto Telus’s unaddressed back-to-school mailing, which proved to be so successful, the same campaign was used again this year. “An involvement device can counter some of the lost impact because unaddressed mail is not personalized.” ★



Get Savvy **About Your ROI**

Why measurement is so important to your bottom line

Personalization was so sophisticated that almost each of the 150,000 UNICEF pieces sent out carried a unique value proposition.

Jennifer Schnare, manager, direct marketing at UNICEF Canada, was about to mess with a very good thing. A catalogue promoting the charity's Gifts of Magic program had netted a cool \$1.2 million in revenue in 2007 – double the previous year – without any extra promotion (it had been inserted in a magazine, and distributed through a regular mailing). “My gut told me this was a great selling tool,” says Schnare. Her instincts also told her that if the catalogue made this much money on its own, it could make a lot more with a relevant, direct call-to-action.

After crunching some numbers, Schnare decided that she was willing to spend a little extra to also test a highly-personalized direct mail technique. “I did the calculation on the return on investment and felt that what I would gain by spending more would definitely be offset. I thought making recommendations that were relevant to each donor would make sure we maintained a similar ratio to last year, and raise more money and increase the average donation.”

“In the past, we’ve never been able to attribute which marketing campaign drove which individual responses... [Now] we know exactly where every call, web donation or order form comes from.”—Jennifer Schnare, manager, direct marketing at UNICEF Canada

She hired Aurora, Ont.-based LIFT Agency, specialists in variable direct marketing, to create a highly-personalized cover wrap for the 2008 catalogue. The variable sophistication was so high, that almost each of the 150,000 pieces sent out at the beginning of November carried a unique value proposition (there was some creative and copy overlap among the variations, but not much). “I had the most fun with creating the different versions,” she adds. There were up to six different variable elements: the donor’s name, UNICEF’s 2008 “needs”, the donor’s previous year giving history, the ‘Gift of Magic’ choice and corresponding story and images. Depending on a donor’s past giving behaviour, each was carefully sent one of six ‘Gift of Magic’ theme choices, e.g., the gift of health, play, education, relief, hope or water. Schnare also targeted a group of lapsed donors.

Thanks to some calculated risk-taking, UNICEF received its own gift of magic: The average dollar value of donations jumped by 16 per cent (\$119 to \$132), the campaign grew in revenue by 26 per cent and achieved a 310 per cent return on investment (ROI). “Our strong ROI was achieved through both our personalized retention efforts driving up average gift for past purchasers, and our acquisition strategy which drove over 105 per cent more new donors to our database than last year.”

The fact that UNICEF achieved such stellar numbers, says Cosmo Mariano, partner of LIFT Agency, is all the more remarkable given the pieces dropped during the height of economic uncertainty. “Charitable giving is one of the first things consumers cut back on during tough times.”

On the other hand, because direct marketing is measurable, it’s typically one of the last things companies cut from the ad budget. That gives even more reason for marketers today to get seriously savvy about tracking, measuring and – of course – boosting their direct marketing ROI.

Up your tracking capability

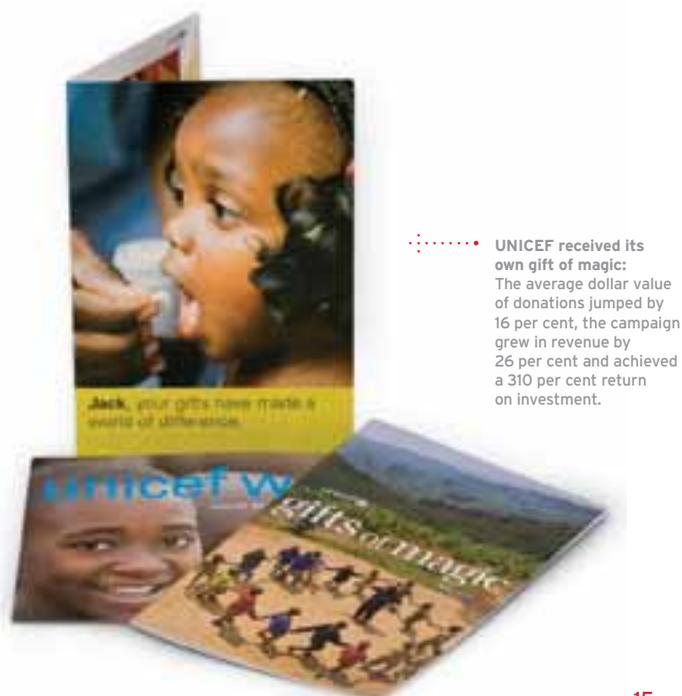
In the case of UNICEF, Schnare says it upped its channel tracking abilities in 2008 by applying vanity URLs and motivation codes on every order form. “That way, we know exactly where every call, web donation or order form comes from. In the past, we’ve never been able to attribute which marketing campaign drove which individual responses,” she says. To ensure the back end was supported, they created performance incentives for lead management teams to keep tracking top of mind. “You can do all the upfront work on your direct marketing, and then forget how it’s coming in,” cautions Schnare.

In fact, experts contend that many clients aren’t giving enough attention to tracking and measuring direct programs in general.

“The major thing that’s lacking in organizations is the discipline to set up a proper measurement and tracking framework when doing campaigns,” says Richard Boire, partner of Boire Filler Group, a Pickering, Ont.-based database marketing/data analytics consultancy. “Sometimes marketers don’t do it all, or in some cases they’re not looking at the right things.” While the advice may seem like direct marketing 101, Boire contends that every campaign needs a control (a group that receives no direct mail) in order to truly measure success or the incremental spend. He estimates that about half of all marketers fail to measure incremental spend.

To further clarify, a campaign’s response rate is not a true measure of a campaign’s success, according to John Wright, president of Toronto-based Wunderman. “What you want to measure is the incremental revenue and profit or the difference between the control group and the group that got the communication.” He says that the vast majority of clients are very good at setting overarching objectives, such as customer acquisition targets and allowable cost per new customer. However, he adds that thanks to legacy systems, some organizations lack the ability to dig down to customer profitability from each campaign.

Wright points out why database analysis is so crucial to direct marketing success: “The measure of a campaign is the results plus the learning. Sometimes you may not get optimum results, but as long as you have a way to read the data, to get learning, that can be the spark behind the next successful campaign.”



Tennis Canada's return on investment for the 2008 direct marketing campaign was 800%



Test, target and learn

Testing different offers was a major priority of Tennis Canada's direct mail campaign promoting the 2008 Rogers Cup, according to Toronto-based Adam Bloom, regional director, marketing and promotions. "This year, we tested two different products – one more expensive, our Executive Suites geared toward corporate hosting opportunities, and one less expensive, our Platinum Plus package, geared for individuals, to see which would work best."

Bloom explains that direct mail gives the organization an opportunity to reach out to customers three to four months in advance of mass advertising, which hits six weeks before the popular summer tournament. However, he adds that a small budget and the timing of the event means, "We only get one shot at our direct mail. We don't have four quarters to test our strategy."

They hired Toronto-based agency Field Day to develop the creative, and then set about targeting their database very carefully, choosing to send out 6,000 pieces in total. "Finding the right people to mail to is crucial," says Bloom. "We found in 2006 that just purchasing lists instead of mining the data did not result in sales." An email blast followed the direct mail, and then Tennis Canada's sales and ticketing team called each recipient.

"That phone call was vital," says Bloom. "The call got people talking and thinking about the event." He adds that the email was a very cost effective way to reinforce the direct mail piece. Uwe Stueckmann, senior vice-president and general manager at Blitz Direct in Toronto, points out that email is a lot less expensive, but on its own also a lot less effective direct marketing method for customer acquisition. "But in conjunction with direct mail, email is a really powerful tool." The variable cost of an incremental email campaign is next to zero, he adds, and therefore, the results are gravy.

Bloom can vouch for that: The return on investment for the 2008 campaign was 800 per cent. "Keep in mind our investment was small. But our goal was not to mail out more than our sales team could follow up with. The results proved that an e-blast and follow-up call worked. This was our most successful year yet." As for the more successful offer? The Platinum Plus sold far more than the Executive Suite, though that generated a good response rate, too. Bloom and agency Field Day are discussing ways to apply 2008 learnings to next year's Rogers Cup. In other words – thanks to a focus on ROI – expect Tennis Canada to deliver even more aces the next go around.

- Direct mail gives Tennis Canada the chance to reach out to customers three to four months in advance of mass advertising.

How do I calculate ROI?

A return on investment is a calculation of your net profit. So let's say your direct mail campaign is delivered to 100,000 individuals and garners a response rate of 2% – that's 2,000 respondents. Then, let's say that of those 2,000 respondents, 35% of them bought from you – that's 700 new customers! Of those 700 people, the average resulting sale of the advertised product or service was \$250. The total revenue of your program would then be \$175,000 (Respondents multiplied by Average Sale).

Now let's assume the entire cost of your direct mail campaign was \$40,000. If you then subtract \$40,000 from the \$175,000 you made in revenue, then divide that by your cost, you come up with a ROI of 338% – which would be pretty phenomenal. ★

ROI

$$= [(Revenue - Cost of Campaign) / Cost of Campaign] \times 100$$

Solicitations: 100,000

Response rate: 2% (or 2,000 respondents)

Conversion rate: 35% (or 700 customers)

Average sale: \$250

Total revenue (Respondents x Average Sale): \$175,000

Campaign cost: \$40,000

ROI (Profit/Cost): 338%



CHECK-IN!

Those in the hospitality sector are already smart direct marketers. Now they're becoming even smarter

The Hazelton Hotel targeted 20,000 homes in Toronto's affluent neighbourhoods using Canada Post's geo-targeting services.

Considering the hospitality industry is founded on making 'decent proposals,' it already has a leg up using direct mail. Over the years, they have developed smart direct marketing initiatives to entice people to stay overnight not only in the best of times, but in tougher times. Now, direct communications will need to be even more targeted and meaningful to produce more convincing invitations and boost those RSVP numbers, says Tony Pollard, president of the Hotel Association of Canada. While industry growth is predicted to be flat in 2009 (at about 65 per cent occupancy) – fortunately, between 25 and 30 per cent of all travellers are members of frequent stay programs, excellent permission-based fodder for the industry to tap into. Here's how three very different companies in the hospitality sector are using direct mail to their advantage.

BY INVITATION ONLY

The prestigious Hazelton Hotel has relied on direct mail from day one. Upon opening in 2007, a highly targeted, exclusive campaign, developed by Toronto-based agency Endeavour, was delivered to 200 of Canada's top CEOs inviting them to take advantage of an introductory offer. The allure of VIP status incited by the campaign drew a stellar 20 per cent response rate, according to general manager Matthew Opferkuch. "The message was variable and highly personal," he says. "We are not a member of a chain and so we pride ourselves on our ability to know our clientele."

More recently, the five-star hotel relied on Canada Post's geo-targeting services to send a direct mail piece to 20,000 homes in Toronto's affluent neighbourhoods. The homeowners were invited to experience The Hazelton's premium spa services, as well as to become a member of The Spa at The Hazelton Hotel. The campaign is an example of how Opferkuch is exploring one-to-one communications because he recognizes the value. "In this day and age when everything is electronic, when you're trying to sell a luxury product, sending something personalized in the mail is almost a novelty," says Opferkuch.

Hence The Hazelton Hotel's plans to launch a loyalty program in 2009. While details remain under wraps, Opferkuch says the program won't mimic traditional, ubiquitous programs built on reward schemes. Instead, The Hazelton will buoy the brand's exclusivity. "Membership will be guaranteed particular rates any time of year, no black-out periods, and always last-room availability." Opferkuch's such a fan of direct mail that he often takes the time to pen hand-written letters to guests himself. "Sending a letter speaks volumes about personal attention. Everyone gets emails. But when you open a letter from someone you met weeks ago, it leaves a lasting impression."

"In this day and age when everything is electronic, when you're trying to sell a luxury product, sending something personalized in the mail is almost a novelty."

–Matthew Opferkuch, The Hazelton Hotel's GM



•••• O Hotel Suites in Calgary played on the theme of “change” to promote its short- and long-term serviced accommodations.

“Even if people don’t call us right away, they’ll understand who we are and we’ll keep targeting them.”

–Claire Halpin, sales and marketing coordinator,
O Hotel Suites

CHANGE IT UP

When locally-operated executive class condo suites in Calgary rebranded under O Hotel Suites at the start of this year, they used direct mail (in tandem with mass advertising) to get the word out. The message? O Hotel Suites are specialists in short- and long-term serviced accommodations.

“We thought it was a fun way to get people across Canada to learn about us,” says Claire Halpin, sales and marketing coordinator at O Hotel Suites. Specifically, they developed a campaign with the help of Calgary-based agency Glue Solutions that played up the theme of change. With that in mind, they sent 1,000 jingling pieces to human resource professionals, relocation experts and business executives. Curiosity compelled recipients to open them up and discover nine cents (a nickel and four pennies) and a letter that played up the theme of “change.” The headline read: “CHANGE (how you think about hotels).”

“We had a lot of positive feedback through word of mouth,” says Halpin, adding that O Hotel Suites has sent out two more direct mail campaigns more recently. The “Change” campaign allowed them to tidy up and enhance their database, so they’re expecting even better response rates in the future. They’ve also hired a webmaster to help them create and track direct mail responses through microsites. “Direct mail is great way to get our brand out to the right people,” says Halpin. “Even if people don’t call us right away, they’ll understand who we are and we’ll keep targeting them.”

THE LIFT IS UP

The marketing team at Blue Mountain Ski Resort in Collingwood, Ont. are big fans of direct marketing because of its sophistication. “It started for us in 2002, and we’ve grown a little more scientific each year in how we use our data and how we contact guests,” says Paul Pinchbeck, director of marketing.

The resort sends out at least 12 highly-targeted campaigns a year (developed in-house) with the expertise of a few on-staff CRM team members “who are constantly poring over our database warehouse.” Pinchbeck explains that the success of each campaign rests heavily on how well they’ve targeted segments from their database, which now contains more than 250,000 names.

Blue Mountain Ski Resort in Collingwood, Ont. sends out at least 12 highly-targeted campaigns a year with a committed focus on CRM.



“We’ve found the most effective mailings are those that go to small, niche segments.”

A November 2008 season’s pass renewal mailing targeting lapsed guests of two years or more doubled the number of “win back” customers to 3,000 from 1,500 per annum. “Three thousand pass holders at an average price of \$200 and change. That’s a good ROI,” says Pinchbeck. He attributes the campaign’s success to the tightly targeted mailing. Creative is also important, says Pinchbeck, who adds that they are always looking for unique ways to encourage people to open the mailing.

The team at Blue Mountain Ski Resort finds direct mail is the most cost-effective for cross-selling and upselling rather than for new customer acquisitions. And Pinchbeck says that developing a loyalty program is on the radar. “Being part of the hospitality industry, it’s incumbent on us to communicate with our repeat guests and potential repeat guests in a manner that is more personal, and direct marketing allows us to do that.” ★

“Three thousand pass holders at an average price of \$200 and change. That’s a good ROI.”

–Paul Pinchbeck, director of marketing,
Blue Mountain Ski Resort



Go Green

With Your Direct Marketing

Follow these tips to go green with your direct mail – without being seen as green washing

Figuring out how to be green is not as easy as you might first think. If you don't do it right, your efforts to go green could be seen by your customers as nothing more than “green washing”. Green washing is when a company makes self-congratulatory environmental claims that stretch the truth, or mislead consumers because the product may be better for the environment in one aspect, but not so great in many other, equally important areas. But as you'll discover below, going green can have enormous benefits, both in terms of what it can do for the planet and for the effectiveness of your direct marketing.

Be authentic

Authenticity is king when it comes to the environment, which means demonstrating to consumers in a tangible, concrete way the truth of any green claims. After all, consumers today (as will those of tomorrow) are making sincere efforts to lead greener lives themselves, through such actions as recycling, purchasing energy-efficient appliances and light bulbs, and even car pooling with work colleagues.

So it may come as no surprise that consumers expect the same efforts from corporate Canada. A Harris/Decima study commissioned by Canada Post revealed 43 per cent of Canadians cited both consumers *and* businesses as being the main contributors to today's environmental ills. Put another way: Consumers believe businesses share in the responsibility to improve the health of the planet, not only for themselves, but for future generations.

In fact, the study found 84 per cent of Canadians agreed with the following statement: “I expect companies to change their behaviour significantly in order to reduce their environmental impact, even if it means products might cost more.” While cost is obviously a strong consideration factor, the environment has emerged as one of the top considerations for people when making purchase decisions.

Best practices for direct marketers

From a direct marketing perspective, there are a number of actions you can take. Your first line of environmental defence is list management, which means ensuring your direct mail pieces are being sent to the correct addresses as well as interested recipients. By doing so, you will use less resources (paper, ink, energy) to reach your target market.



You need to ask yourself questions like: Do you maintain an in-house “do not market” list to clean out unresponsive households? Are you taking advantage of customer segmentation to hone in on your target markets? Next, you'll also want to ensure you're making socially-responsible paper and ink choices (for more on that, see “Sorted Scoop”, starting on pg. 4). Last, select partners that are also working to alter the entire direct mail process for the better. This can mean choosing partners based on their location, practices or environmentally-friendly capabilities.

The business benefits of going green

Businesses that adopt authentic green policies and practices stand to benefit in terms of increased business and consumer goodwill. In fact, several studies have shown that truly “green” companies enjoy a stronger brand reputation than those with a poor environmental record.

By following the guidelines above, you'll not only reduce DM waste, but save money because your messages will be delivered to a receptive audience. Return on investment sometimes sounds like a fuzzy business term – that is, until you can put a number to it. Here's an example of the savings you could generate by going green with your list management: If your annual mailing of 800,000 pieces had a 15 per cent wastage rate, you'd have 120,000 pieces that essentially went unseen. That means if each piece cost \$1.50, you could have saved \$180,000 in campaign costs (not to mention recouped lost revenue because your mailing never got to a potential customer).

So whether you start from a cost-savings perspective or an environmental one, it's simply good business to focus on waste reduction. You're doing good for the environment – but also, frankly, for the profitability of your business.

Newly-updated green microsite for DMers

For more information on how to go green with your next direct mail campaign, check out the www.canadapost.ca/green microsite. It includes a handy checklist of earth-friendly ideas on how to use direct mail and features guidelines and recommendations for DM targeting and smart mail design and production, as well as several other green tips. Before you know it, you'll be well on your way to helping the environment – and helping your bottom line. ★



ONE:ONE

with Kevin O'Rourke

Customer Experience Marketing Manager, Mitsubishi Motor Sales of Canada

Over the past year, Mitsubishi has debuted some of the most highly-rated vehicle models in the country. The 2008 Mitsubishi Outlander, for instance, was ranked by *World of Wheels* magazine as the country's best SUV/Crossover vehicle under \$40,000. And a reviewer in *The National Post* described the new, high-performance Mitsubishi Lancer Evolution with one word: "Wow!"

As the marketing manager for customer experience at Mitsubishi Motor Sales of Canada, Kevin O'Rourke drives communication strategies and brand positioning for its various brands. He spoke to *Sorted* about the inherent strengths of DM, the future of customer relationship marketing and why direct will be an integral part of the automaker's branding strategy moving forward.

How does direct fit into Mitsubishi's overall marketing mix?

Its role is to help Mitsubishi share information and engage in a dialogue with both its customers and dealers. From a customer standpoint, it provides us with a combination of very timely and more relevant communications, whether that communication is to inform, survey or better understand their needs. We also communicate with our dealers using DM. By communicating with dealers about their needs, it enriches the owner/dealer relationship.

What are the strengths of direct relative to other media?

Can it be a branding tool, or do you see it as a direct response mechanism?

DM is targeted and—because it can often be a combination of using both offline and online channels—there is a greater efficiency and ability to measure. It also creates a more personalized experience that may not always be possible with other media. Every action or interaction of a brand is either building, reinforcing or diluting the brand promise. So consequently, yes, direct is a critical component of branding efforts since branding is not attributed to any one medium in the media mix. This is supported by the fact that the top 10 brands on the Worldwide Interbrand survey include brands that were not built using television.



Mitsubishi welcomes new Lancer Evolution owners with a direct mail kit (put together by its ad agency, BBDO), complete with car wax and buffing pad.

Mitsubishi had some high profile launches in the last year or so, including Go Far and Drive@Earth campaigns. What role did direct play in those launches?

When developing our brand positioning statements or launches, DM, in concert with our online activities, helps to give consumers not just the description or meaning of the tagline, but the overall sentiment and emotion being communicated to identify their own personalities with our brand in a more direct, one-to-one relationship. DM can provide an ability to both introduce new campaigns, and continue or amplify the equity built from online and other traditional media.

Mitsubishi collects a lot of information about its customers. How do you manage that information to effectively communicate?

One of the ongoing challenges with data collection is data execution. Mitsubishi has been successful in mining the appropriate consented information to engage our owners and help activate prospects. Presently, a communication vehicle might include lease renewals and owner loyalty, where we will look to filter and profile our database to increase the number of returning customers we capture – as well as increase

conversion rates of prospective customers. The key to utilizing the information collected is to provide relevant and timely information when the prospect is in the purchase funnel. At the same time, we want to provide owners with different and unique information to cultivate the passion for the brand as well as give the customer creative that matches that direction so that it arrives unexpected, but leaves understood.

How is relationship marketing evolving?

Relationship marketing is evolving as an integral component towards keeping the Mitsubishi brand promise relevant and reinforced to both internal and external audiences. Since the audience has an opportunity to unsubscribe to the overall relationship at any point, it is critical that whoever the audience is – we provide valuable information that is helpful, motivating and useful. The aim long-term is to provide a consistent, engaging and meaningful dialogue and interactions that create a unique bond between Mitsubishi and our internal and external audiences. ★

PUT DIRECT MAIL TO WORK FOR YOU

Because of its ability to get noticed, Direct Mail allows you to:

- Target your message directly to your most likely customers
- Build relationships with customers
- Customize your offers for greater response
- Boost awareness of a new product or service

You can track, measure and learn from your direct marketing campaigns, which is why Direct Mail regularly provides such a strong Return on Investment (ROI).



(HAZELTON HOTEL - PAGE 17)

(UNICEF - PAGE 14)

MAKE YOUR MARKETING DOLLARS COUNT

Increase awareness with Unaddressed Admail™

If your goal is to boost the general awareness of your product or create sales leads and data for future campaigns, Unaddressed Admail is the right choice for you. Combined with our GeoPost™ Plus service - an extra feature that allows you to focus more accurately on areas with specific demographic and lifestyle data - the prestigious Hazelton Hotel was able to target 20,000 homes in Toronto's affluent neighbourhoods and really reach the people most likely to respond.

- Zero in on your target audience
- Reduce customer acquisition costs
- Increase your ROI

PLUS, our new oversized format (12" x 9") provides even bigger opportunities to make your message stand out.

Build relationships with Addressed Admail™

Addressed Admail can be used for a wide range of marketing activity: initiating sales leads, raising funds, building repeat sales, and more. In fact, through a carefully planned, addressed campaign, UNICEF was able to increase its average 2008 donation by 16 per cent, total revenue by 26 per cent and achieve a 310 per cent ROI.

- Target a more specific audience
- Personalize your message
- Increase cross-sell and upsell opportunities

And combined with response tools like Business Reply Mail™, you open a strong, two-way conversation with your customers. So the benefits keep coming.

Get noticed with Dimensional Addressed Admail™

It's a simple rule: in order to really stand out in the crowd, you have to really stand out. That's why we've devised more ways for you to send bigger, eye-catching direct mail packages, product samples and other personalized promotional material.

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- Stand out from the advertising clutter
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If you can imagine it, we can find a way to help you send it.

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The screenshot shows the Sorted News website layout. At the top, there is a navigation bar with the Canada Post logo and a list of cities: Langueville, Prince Albert, Calgary, and Iqaluit. The main content area features the 'SORTED NEWS' logo and the tagline 'The latest direct marketing case studies, market news and tips & tricks'. Below this, there are three featured articles, each with a small image and a 'Read more' link. The first article is 'A Top Three Ingredient' about marketing at Thompson Rivers University. The second is 'Tactical Communications' about customer outreach at gravitypop. The third is 'Highly Personal' about unaddressed admail at Artistic Minds. At the bottom, there are two sections: 'WORKING TOOLS' with a blue graphic and the headline 'Boost Your Response Rates', and 'MARKET UPDATE' with a photo of a person and a dog, and the headline 'Direct Mail and e-mail work in (playful) combination'.

CANADA POSTES POST CANADA

Langueville Prince Albert
Calgary Iqaluit

SORTED NEWS

The latest direct marketing case studies, market news and tips & tricks

A Top Three Ingredient

Direct is key to marketing at Thompson Rivers University

When Jennifer Read became director of marketing for the Open Learning Division of Thompson Rivers University in Kamloops, B.C., she immediately introduced direct mail to the marketing mix. [Read more>>](#)

Tactical Communications

Direct is a key component of customer outreach at gravitypop

Gravitypop and its sister boutique gravitypop Tailored Goods are known for carrying hard-to-find footwear and handbag brands from such names as Paul Smith, Moma, Cydwoq, A.P.C. and Fred Perry. [Read more>>](#)

Highly Personal

Unaddressed Admail gets highly personal at Artistic Minds

Who says unaddressed admail can't be personalized? Artistic Minds Inc. (AMI) identifies mailing targets by tapping into very granular geographical, demographic and lifestyle information to ensure unaddressed admail is delivered to the most receptive recipients as possible. [Read more>>](#)

WORKING TOOLS

Boost Your Response Rates

MARKET UPDATE

Direct Mail and e-mail work in (playful) combination

Edmonton Tourism has launched a winter-themed campaign to increase its share of leisure travelers from across Alberta. The campaign uses a multi-media approach in which e-mail and direct mail work together to drive traffic to the campaign website. edmonton.conlivesallyear... [Read more>>](#)



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