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THE MAGAZINE FOR DIRECT SUCCESS

TODAY'S DM

When direct meets digital, more doors open.

PAGE 10

EDITORIAL

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Today's marketers are required to practice their craft in a world where budgets have been slashed, where every campaign must justify its return on investment, and where consumers treat advertising that is oblivious to their interests not only with indifference, but outright hostility.

Increased marketing effectiveness can no longer be regarded as merely an objective in today's multi-channel, budget-conscious environment, but a fundamental requirement. It is why marketers continue to gravitate towards advertising tactics that are both solutions-oriented and measurable.

Effectiveness has long been a hallmark of direct mail, but combining its established strengths with new technologies and techniques is lifting the medium to even greater heights.

Our theme for this issue of *Sorted* is "Delivering Marketing Effectiveness." We're confident the stories contained within the following pages demonstrate the medium's continued efficacy.

We showcase how today's direct mail allows for better targeting and tracking, increased symbiosis between online and offline tactics, and ever-more compelling mailers sure to entice consumers.

The 21st Century media environment is filled with new and emerging media channels, all of them offering marketers an attractive reason for their use. But as our cover story featuring casual dining chain Boston Pizza demonstrates, direct mail also plays well with others – with fantastic results.

This year's issue also showcases continuing advances in dimensional mail and PURLs, as well as showcasing techniques for collecting, analyzing and implementing data. Elsewhere, in an exclusive interview, Loyalty One president Bryan Pearson talks about why a simple postcard can stop recipients in their tracks and how social media can inform your direct mail campaigns.

In what has become something of a mainstay of *Sorted*, we lead off this issue with what we like to think of as our "State of the Union" overview of the direct mail industry.

Once again, we didn't have to look far to find compelling case studies that speak to the continued excellence of our medium. We think that any advertising tactic capable of generating a 49 percent response rate deserves serious consideration.

Elsewhere in these pages you'll find remarkable insights into why the country's millions of annual movers are a direct marketer's dream, as well as insight into where the medium is headed and why.

As always, we encourage you to send your comments and suggestions to sorted@canadapost.ca. We'd love to hear about what you'd like to see included in the magazine.

Sincerely,

Sorted Magazine is produced on behalf of Canada Post by Adcam Media and Elvis Communications.

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Google Goggles enabled – scan with the Google Goggles app to get a related search

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Connect with today's marketers

The Rise of DM

How marketers are being pulled back in the DM direction.

Imagine opening your mailbox every day to find it overflowing with literally hundreds of flyers, postcards and newsletters promoting products and services you have no interest in using. Some may even appear to have been sent by people you know.

There might be something of value amidst all of that clutter, but who has the time to separate the wheat from deals on prescription drugs and vague promises of earning thousands of dollars a week while working from home? Oh, and did we mention that opening the wrong piece of mail could possibly render your mailbox unusable?

It sounds improbable, but a virtual version of this scenario is played out every single day in households all across the country, as people log into their email only to find their inbox awash in spam.

Marketers began flocking to email marketing in the 1990s, enticed by promises of massive reach at a fraction of the price of traditional direct mail. What many have found, however, is that cheaper is not always better.

"They've been able to cast a much wider net at a much lower cost per piece, but the traditional ROI they got through direct mail, the old-fashioned workhorse, has not yet been realized," says David Foy, president of Agency59 Response.

According to Foy, direct mail has experienced a resurgence in recent years, as clients who have grown disillusioned with the over-promised/under-delivered results of other direct marketing strategies have started trickling back. "Our clients went away from traditional offline tools, but have been coming back over the past couple of years," he says.

Helping turn the tide is marketers' increasing realization that reducing their marketing costs and reaching more people is ultimately futile if there is no corresponding business advantage. "The inbox is often so overwhelmingly cluttered that people, without even opening the email, simply click delete, delete, delete," says Foy. "They'll get 200 emails a day and delete half without even opening them."

While direct mail might not possess the sex appeal of a mobile app or the immediate benefit of a Facebook "Like," it remains a marketing staple that consistently drives business results says Foy.

> **"[Marketers] are mailing smarter. They're using the tools of data analytics in a much deeper way today, because they can't afford not to. They have to tailor the messaging to be really relevant to each individual to get the kind of ROI they're looking for."**
>
> –David Foy, president, Agency59 Response

Besides, this is not your (grand)father's direct mail. The medium has been radically updated for the 21st Century marketer, incorporating the latest technology to drive people online where they can be moved deeper into the sales funnel or enticed to provide information that can enhance lead conversion. Formats and creative have also experienced a revolution.

Recently, Agency59 Response developed a direct mail program for BMO Harris Private Banking that ably showcased how new and refined tools like dimensional mail and database analysis can make this medium so effective.

The campaign was aimed at establishing the financial services company as the premier investment service for wealthy Canadians, and Agency59 Response had a wealth of consumer insights with which to work: Targeted prospects were savvy, discerning and entrepreneurial; all had successful careers. However, the primary insight was an underappreciated – yet, ultimately defining trait – many prospective customers admired and collected fine art.

The ensuing two-wave direct mail campaign targeted nearly 1,000 of the country's wealthiest people. The first wave featured an artist's palette bearing the message "The art of wealth" and the recipient's name. They were advised to watch for a follow-up piece that would provide them with the necessary tools to create their own masterpiece.

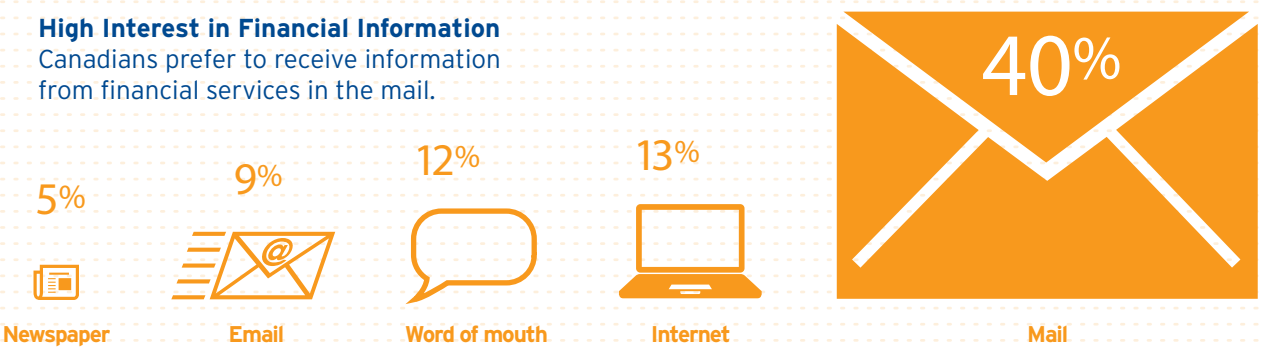
Shortly afterwards, recipients received a rolled up canvas with a small size artist's paintbrush tucked inside, and a message inviting them to come to BMO Harris Private Banking for a free "financial portrait".

The piece garnered an astounding 49 percent response rate and generated some $13 million in new investments for BMO Harris within just 30 days – all for less than $13,000 in marketing outlay. "It was just an unbelievably successful campaign," says Foy.

This segmentation also enables marketers to test multiple offers. In 2008, Field Day assembled a program for its client Tennis Canada around its marquee event, the annual Rogers Cup tournament. The organization tested two products: An "Executive Suites" piece promoting corporate hosting opportunities, and a "Platinum Plus" package aimed at individuals.

Tennis Canada had previously relied on a blanket mailing strategy to achieve its objectives, with decidedly mixed results. This time, however, it carefully vetted its database – choosing to send out just 6,000 pieces. The direct mail piece was followed by an email blast and a follow-up phone call from Tennis Canada's sales and ticketing team, demonstrating how direct mail can work in tandem with other mediums. The campaign was Tennis Canada's most successful ever, generating 800 percent ROI.

High Interest in Financial Information
Canadians prefer to receive information from financial services in the mail.



Source: ICOM, "Finding the Right Channel Combination: What Drives Channel Choice," Aug 24, 2010

Ironically, the relatively high price of direct mail versus its online counterpart also dovetails with the rise of advanced data analytics. "[Marketers] are mailing smarter," says Foy. "They're using the tools of data analytics in a much deeper way today, because they can't afford not to. They have to tailor the messaging to be really relevant to each individual to get the kind of ROI they're looking for."

Andrew Arntfield, president of Toronto agency Field Day, says that direct mail is still "absolutely viable" in an era of social media, search advertising and banner ads. Its core strength of being able to effectively target prospects and existing clients remains virtually unsurpassed, he says.

"We want to be as targeted as possible in getting our clients' message out to the audiences we've identified," he says. "Direct mail allows you to identify specific segments and get the information directly into their hands. You still need to be clever and inventive in terms of the creative solution, the format of the piece you're delivering, but it is certainly one of the better ways to target certain segments."

It's results like these that ensure direct mail will continue to have devout adherents. "We still use the medium on an effective and ongoing basis, both at the trade and consumer levels," says Glen Eisenberg, president of Montreal-based Precision Marketing. "We still have tools that we don't believe are worthy of eliminating to help our clients achieve their objectives, and direct mail is one of them."

Eisenberg says that direct mail is a crucial part of a marketing arsenal that includes everything from trade marketing to e-blasts. "One of the key aspects of making sure a message gets absorbed is frequency and diversification of messages," he says. "If you stay in one medium all the time, you limit your ability to have an impact."

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THE DATA GOLD MINE

How to make sure what John Sample wants, John Sample gets.

In 1597, the British philosopher and statesman Sir Francis Bacon penned the phrase "knowledge is power". Bacon, who died in 1629 – six years before Britain's Royal Mail service was established – would probably have made a terrific direct mail practitioner.

Consumer knowledge is an intrinsic part of successful direct mail marketing, enabling companies to establish a rapport with current, prospective and even former customers.

In its simplest form, marketing is relationship management – anticipating customer needs and problems and offering the appropriate solutions to help meet or solve them. It is the reason direct mail – specific, targeted and timely – continues to thrive.

The key to success, experts say, is in successfully building and mining your consumer database, seeking not only clusters of like-minded individuals, but also the nuggets of insight that can motivate their purchase decisions.

"Data is king – who controls the data controls the world," says Scott Gray, director of brand for Vancouver-based MET Fine Printers, tongue only slightly in cheek. "Once we have a client's data and can start generating new subsets of information, that's where we become very valuable to them."

"Data is king – who controls the data controls the world. Once we have a client's data and can start generating new subsets of information, that's where we become very valuable to them."

– Scott Gray, director, MET Fine Printers

Described in a 2010 BloombergBusinessweek.com article as "virtual breadcrumbs," your customer database is essentially an aggregation of every customer interaction – no matter how miniscule – with your company.

Bryan Pearson, president and CEO of the loyalty program provider LoyaltyOne, – whose 20-year-old AIR MILES program has more than 10 million users and more than 100 retail partnerships – says this so-called "data-stream" has grown exponentially over the past decade, as consumers are increasingly interacting with companies via social media tools like Facebook and Twitter and are opting in to receive email newsletters.

This information can then be married to more basic information extracted via traditional methods (credit card purchases, a mail-in warranty card, contest entry forms, etc.) to paint a complete picture of a company's current and, based on the theory that birds of a feather flock together, prospective customers.

"Those are all incremental data points," says Pearson. "It's a combination of what consumers are buying and what they are looking at – that's where the enhancement has come from. The data has always been there; the ability to capture and analyze it has been the problem."

The key for marketers is ensuring that they are using this data wisely. And if an October 2011 survey of 2,000 Canadian and American consumers by LoyaltyOne is any indication, there is still a sizeable gap between marketer outreach and consumer expectations.

The survey found that there is a "perception problem" about the benefits that consumers receive in exchange for handing companies their personal information. Only 49 percent of respondents said they currently receive tailored offers based on prior purchases, and only 41 percent said that they currently receive communications based on their preferences.

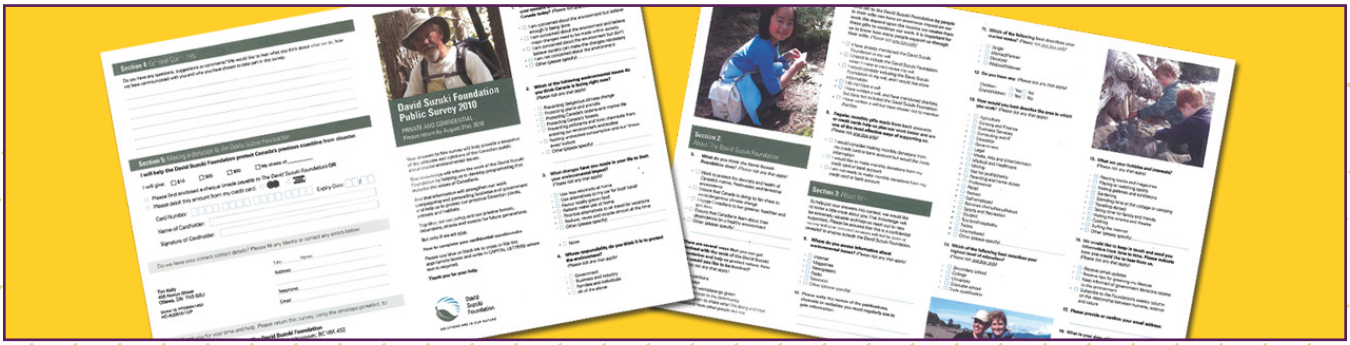
However, there are examples of organizations that are successfully using customer data and insights to create highly relevant campaigns, such as a recent direct mail program conducted for the environmental organization, the David Suzuki Foundation.

Fundraising in the non-profit sector is notoriously difficult given the competition for consumer dollars and a perception that groups operating in the ecospace are "rogue" or agenda-driven when compared to other charities such as hospitals and foundations.

In the wake of the catastrophic oil spill in the Gulf of Mexico, the Foundation launched a fundraising campaign aimed at raising funds to protect Canada's coastal ecosystems from potential fallout from similar disasters near our coastline.

The campaign targeted people who were not currently donors to the Foundation, but had established an online relationship with the organization – agreeing to receive an e-newsletter and other materials through email. Just prior to the campaign, the community had received an online notice calling on the U.S. government to take action in response to the oil spill.

The mailing to the online community – precision targeted to cut down on waste, a key consideration for an environmental organization – yielded a 5.8 percent response rate and, according to the Foundation's community development manager Akua Schatz, produced a "higher-than-expected" average gift.



Vish Ramkissoon, a partner at FSA Datalytics in Toronto, says that technological advancements in database analysis mean that direct mail marketers have extraordinary power at their fingertips – they just have to learn how to harness it. "Running true regression, predictive models would have taken a PhD six months a decade ago," he says. "We now have technology that can do it in a few days, sometimes even hours."

These tools can be used to accurately predict upsell, cross-sell and attrition models, as well as create predictive analysis for customer acquisition.

> "The data has always been there: the ability to capture and analyze it has been the problem."
>
> – Bryan Pearson, president and CEO, LoyaltyOne

One of the keys to marketing success, Ramkissoon says, is having clearly defined and measurable outcomes that can be evaluated on an ongoing basis. "Once you've defined your objective, part of that should indicate what success looks like," he says. "Success should be attainable through metrics you can monitor from the outset to completion, so you know you're going down the right track."

The ability to track the efficacy of a given mailer – in some cases right down to individual recipients through the use of technologies like personalized URLs (PURLs) – helps direct mail practitioners finely track a marketing program.

FSA also works with clients to ensure that they are correctly targeting the correct people, sometimes fixing even the most fundamental oversights. "Every record we fix was either a record that was not going to be delivered or would have a certain effect on the client that may not be promising," says Ramkissoon. "If you send a piece to my eight-year-old kid or my deceased father, I'm not going to be too pleased about that."

FSA Datalytics operates on a simple premise: Garbage in = garbage out. "The more garbage you put into a campaign, the more garbage you're going to get in your results," says Ramkissoon. "And you're basing future decisions based on garbage out."

And despite the advent of new technologies for database management, the fundamentals of direct mail still apply, says Ramkissoon.

"Discipline is more important than ever before, because with these emerging technologies and the access consumers have to data and research, it's incumbent on marketers to ensure their house is in order," he says. "It's not just data cleansing, but going back to the core disciplines of direct marketing. That's a very disciplined approach: accountability, measurability and rules to continuously analyze effectiveness."

> "Technological advancements in database analysis means that direct mail marketers have extraordinary power at their fingertips – they just have to learn how to harness it."
>
> – Vish Ramissoon, partner, FSA Datalytics

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linkedin.com/pub/scottgraymet

50% OFF

Today's DM

When direct meets digital, more doors open.

There's one in every house; that cupboard or kitchen drawer filled with menus from the local pizza place or Chinese takeout. This is the territory that Boston Pizza wanted to conquer.

The takeout and delivery segment is an increasingly important part of the casual dining chain's business, accounting for between 13 and 15 percent of its total sales (system-wide sales in 2011 were $905 million).

Boosting growth in the segment was the prime objective of a multimedia campaign built around its "Joy of Finger Cooking" advertising concept that hit the market early this year.

Boston Pizza had launched "Joy of Finger Cooking" late last year with extensive television and online advertising. The premise of the platform, created by Toronto agency Taxi, is that consumers can use their index finger to navigate to BostonPizza.com website, where they can simply order the food they don't want to cook. So while many fast food companies look to drive in-store traffic or phone orders, this campaign used the physical (DM piece and advertising) to drive response to the digital (online ordering).

This year's campaign was timed to coincide with a complete revamp of the website aimed at making online ordering easier. While TV - combined with online banners and public relations - provided both reach and frequency for Boston Pizza, the centrepiece of this multi-channel campaign was a high-end direct mail piece distributed to more than 1.8 million Canadian households. This piece was printed on heavier paper stock than Boston Pizza's usual direct mail pieces, the mailer was presented as a faux cookbook called The Joy of Finger Cooking.

Marketing manager Andrew Borsk says that direct mail provides a way for Boston Pizza to get into guests' homes in a "more tactile and permanent way" than other mediums. "We have a strong bias towards using direct mail when we're looking to execute a takeout and delivery campaign," explains Borsk. "Our takeout and delivery business is still largely driven by telephone orders, and putting a compelling physical menu in our guests' hands is an enabler for getting the order for an at-home dining occasion."

While active in both TV and online year-round, Boston Pizza typically does two national mail drops each year, interspersed with regional efforts. The Joy of Finger Cooking program, however, was built with direct mail as the foundation stone. "Without the direct mail we have no campaign," says Borsk.

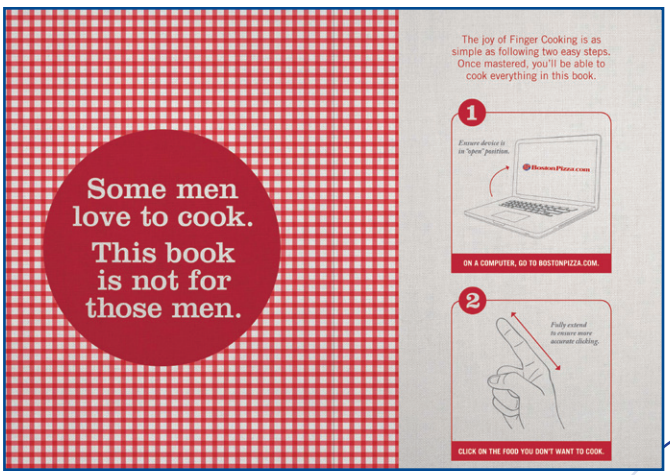
While TV provides the mass reach that a national brand like Boston Pizza covets, direct mail provides a direct conduit to its customers, says Borsk. The key to successfully implementing a program like this, he adds, is targeting consumers using geographic, demographic and psychographic data.

Using a combination of Statistics Canada data and postal code data, Boston Pizza targeted mid- to high-income households with children, most of them located within a two-kilometre radius of one of its 315 stores in English Canada.

Direct mail also complemented other channels in the marketing mix by fulfilling a valuable role that they could not. It enabled Boston Pizza to deliver large amounts of information to customers that it would be unable to convey through a 30-second spot – in this case the chain's entire menu.

Other restaurant chains have employed similar multi-channel tactics to entice customers. Last Fall, McDonald's Canada launched one of the biggest consumer marketing campaigns in its history – surpassing those of both its breakfast and pizza launches – for its new McCafé product.

One of the major campaign elements was a direct mail piece featuring an offer for a free small McCafé specialty beverage and a buy-one-get-one-free coupon



that was sent to an estimated 95 percent of Canadian households. This direct mail piece acted as the keystone of a multimedia campaign, and was referenced in the company's radio advertising.

With a proliferation of channels it can be easy to overlook one in favour of others, but direct mail's immediacy, tactility and measurability makes it indispensable,

and these benefits can reinforce messages or make up for deficiencies in other channels. Howard Chang, president and CEO of Toronto agency Top Drawer Creative, says it depends on the category as to whether direct mail can play a lead role in a campaign, though the medium can be a perfect complement to other communication channels.

> "Without the direct mail we have no campaign."
>
> – Andrew Borsk, marketing manager, Boston Pizza

Top Drawer client, Golf Town, for example, uses a combination of flyers and Addressed Admail™ to reach some of the more than 500,000 customers on its so-called customer "leader board." Until recently, the company was also sending select customers an in-house magazine.

Golf Town was failing to reach some of its best customer prospects even with targeted and segmented flyer distribution, Chang says, but has found success by layering in Addressed Admail targeting between 20,000 and 30,000 of its biggest spenders.

"We found that we were getting a better response by strategically using direct mail in conjunction with an existing flyer program," he says. "We are using addressed mail to make sure that if [customers] spend above a certain amount, we actually send them an addressed mail flyer."

American Express is a marketer that relies heavily on traditional mass media to promote its credit card services. However, the credit card company also uses direct mail to promote certain segments of its business, such as the ultra-exclusive Centurion Card (commonly referred to as The Black Card).

Chang himself can testify to the luxuriousness of the direct mail piece American Express uses to woo prospective Black Card customers, after what he describes as a "half-pound, beautifully-bound piece that probably cost them $15 to print" showed up in his mailbox in early spring.

"I don't know if I'll actually subscribe to the offer, but it was obvious they went to such effort and expense to send it, I thought I would hang onto it for a few days," he says. "If somebody had emailed me, I probably wouldn't have spent more than 30 seconds with it."

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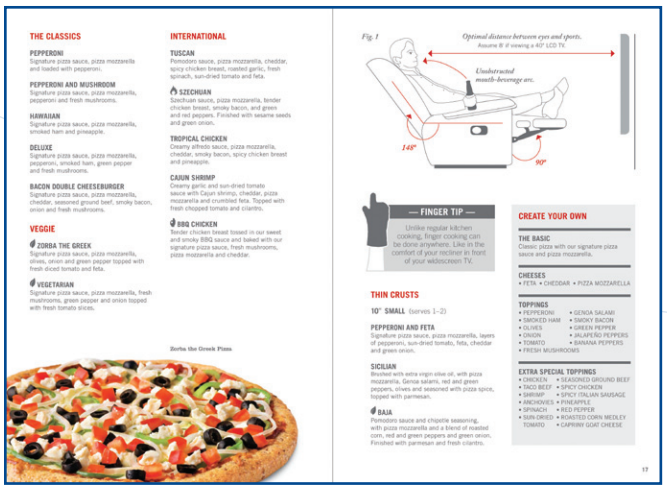

While most people have a sense of the American Express brand promise and its product offerings through the company's TV or print advertising, a piece such as the one Chang received can reinforce those values while at the same time being the "sole mechanism" for converting a prospective Black Card customer.

The improved effectiveness of multi-channel campaigns and the use of direct mail as a key component has been proven time after time. Last year, the U.K. –based Institute of Professionals in Advertising released a study of 250 marketing campaigns by clients including Virgin Atlantic and HSBC. It concluded that multi-channel campaigns are more effective than a single-channel approach, with three deemed the most effective number of channels to increase ROI. In addition, the study recommended advertising paired with direct marketing or sales promotion as the best way to boost sales and profit.

Today's direct mail not only plays well with other channels, but it also opens up new avenues in consumer experience and product promotion. DM pieces can drive to Web content through URLs, QR codes and digital watermarks, while the printing of hashtags and Facebook pages can help bring people into your social stream. DM that piques interest, whether through compelling creative, relevancy or offers can also take on a life of its own as the message is shared with friends through traditional and digital channels.

In Boston Pizza's case, the restaurant chain set out to make its direct mail entertaining for customers. Scattered throughout the piece, for example, were so-called "Finger Tips" intended to give recipients a chuckle. One reads: "One of the joys of finger cooking is the food preparation stage. This is because there is no food preparation stage. "

The objective, says Borsk, should be to make the piece as unique and noticeable as possible. "If it doesn't stand out among all the other mail, you might as well have delivered it straight to the local recycling centre." By capturing the reader's attention a piece can capture valuable real estate in the home as well as become a conversation starter that can result in multiple sales.

Let's not forget that ROI is the vital metric for judging success, and the important thing about DM as a key component of the multimedia mix is that it delivers. Boston Pizza is a prime example - Borsk says the restaurant chain's takeout and delivery business saw an increase in the "high teens" over the same period last year in the wake of its direct mail piece promoting the joy of finger cooking.

Just chalk it up to the joy of effective direct mail marketing.

Fill up my mailbox, please.

Canadians prefer to receive information about food products via direct mail.

Source: ICOM, "Finding the Right Channel Combination: What Drives Channel Choice," Aug 24, 2010

GAME CHANGING TARGETING

Technology is a direct marketer's BFF.

In today's multi-channel environment, marketers have more channels than ever before to collect customer data. Retail, the Web, telemarketing and direct response TV, among others, can all help affect or enhance direct marketing initiatives. That is why it is so important for marketers to find solutions that make it easy for them to leverage their data.

However, studies have found that many companies are failing to adequately mine and analyze all this data. Part of the problem has been in finding third-party vendors possessing the technology to help organizations better organize and leverage their customer information.

The good news for marketers is the relatively recent advent of technology and systems that can make it easier for direct marketers to act on consumer insights. Canada Post, for example, has introduced a new online application called Precision Targeter, which brings a level of targeting and relevancy to Unaddressed Admail™ campaigns – leading to substantial cost savings for the client, while simultaneously boosting response and conversion rates.

Unaddressed admail is a great mass response driver tool, and one that gets better the more targeted campaigns become, but a lack of external data and uncertainty on how to apply it can hamper even the best efforts.

Precision Targeter is a game changer. The online application enables marketers to input more location-specific data, such as households within a certain driving distance or driving time to their place of business. It also allows marketers to further refine their target audience by leveraging the demographic data they have on their best customers. To help marketers further refine their target audience, Precision Targeter has a list of several different demographic variables, such as income level, age and household size.

> "Precision Targeter helps marketers use their data to potentially find untapped sources of customers by suggesting delivery routes that match their demographic criteria that they might not otherwise have considered."
>
> – Mike Badour, General Manager, Canada Post

"The map-based tool makes it easy for marketers to use their data and conceptualize different mailing options, before deciding on the best campaign for their business," says Mike Badour, General Manager at Canada Post. "It also helps marketers use their data to potentially find untapped sources of customers by suggesting routes that match their demographic criteria that they might not otherwise have considered."

Precision Targeter is just one of the technologies direct marketers are using to improve response and ROI. A smartphone scan of a QR Code on a direct mail piece, for instance, can allow a consumer to start receiving location-based offers and coupons via their device. "By embracing location-based technology, marketers can now redeliver the same coupon experience but in a different framework," says Asif Khan, president of the Location Based Marketing Association in Toronto.

Easier, better campaigns delivering more rewarding results and experiences – we can raise a toast to that.

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3DM

Step into the new dimension of direct mail.

If the onslaught of 3-D movies arriving at local multiplexes is any indication, today's consumers welcome the extra degree of immersion that an additional dimension can provide.

There is similar enthusiasm for direct mail, which has seen a pronounced spike in the use of dimensional products in recent years.

David Burtch, owner of Unionville, Ontario -based Dimensional Products, says that his company developed between 70 and 75 interactive/dimensional pieces for clients last year, representing approximately a 30 percent increase over 2010.

While there is a slight premium for dimensional products compared with traditional mailers, Burtch says marketers are increasingly willing to absorb the cost - which, he adds, is not as significant as clients might think - because they are being more targeted in their customer outreach.

"As marketers get more and more information about their customers, and they want to be more customer-specific, they're talking to a smaller group of customers," he says. "They're trying to engage that customer, get them to open whatever they're receiving, and in order to do that they've got to stand apart.

"If you talk to the average person, they say that anything that stands alone outside of an envelope gets their attention right out of the gate."

While each dimensional mailer may cost, for example, 30 cents compared with five cents for a traditional postcard, it can ultimately help marketers save money because of its ability to significantly boost response rates.

An internal study conducted by Dimensional Products found that, based on a 100,000-piece mailing, it would take eight mailings of a traditional postcard to match the 4 percent response rate generated by one of its interactive/dimensional mailers. The study concluded that when factoring in postage and manufacturing costs, the actual cost to achieve the same response rate was $4.16 for each postcard

Six steps to ensure you get the most out of dimensional direct mail:

1. Because dimensional pieces tend to be more expensive than standard mailers, it's imperative to check the accuracy of your mailing list. Nobody wants to pay a premium for packages that fail to reach their intended target.

2. As always, obey the fundamentals of good direct marketing. Develop a good creative concept with top-notch design, great copy and headlines.

3. Create a compelling offer. No matter how clever the packaging, recipients will only be spurred to take action if they perceive it is of value. "Nobody in our industry can control what the end customer offering is," says Burtch. "If I offer cable TV for $1 and I send out a regular postcard, trust me, I'm going to get maybe the greatest response rate of all time."

4. Make sure the package adheres to Canada Post guidelines, such as height and weight regulations.

5. Make sure that the packaging, wording, colour scheme, etc. is consistent with your overall brand image. Try to use your logo and brand colours on the package.

6. Follow up on the pieces with a personal phone call. Most recipients will welcome an opportunity to thank you for the interesting piece you sent them.

versus 77 cents for the dimensional product.

A famous study conducted by Baylor University in the early 1990s found that response rates for dimensional pieces can be up to 57 percent greater than those of traditional mail pieces.

"Customers are seeing an increase in ROI by using interactive DM," says Burtch. "Everybody's looking for the new thing, but the only way you can get involved in something new in our industry is to create something new – that's something that is interactive or three dimensional."

Coupled with higher response rates, dimensional mail is proving to be a useful tool for marketers, particularly for awareness. "When any of our customers have done a follow-up telephone campaign and asked customers if they received the piece, anyone that's doing an interactive piece, the numbers are off the charts because people remember receiving them," says Burtch.

Dimensional mail can be particularly effective in categories where communications tend to be more conservative, such as financial services, says Tammy Vine, director of client solutions for Dimensional Products. "For a lot of financial institutions, a lot of what they do is mundane," she says. "If your bank sends you an offer for a new credit card in an interesting package, you might want to look at it more closely."

Perhaps one of dimensional mail's strongest suits is that it can allow recipients to interact with the piece, and this involvement translates into a more lasting impression for the messaging. The addition of pull tabs and hidden panels are just two of the techniques that manufacturers use to create an element of surprise, helping marketers communicate their message in new and innovative ways.

FUTURE TRENDS IN DIRECT MAIL

How to set yourself up for success.

Data presents huge opportunities, but also huge challenges. Below, experts share the four key trends that will help set up marketers for future success in an increasingly complex media environment.

Create a Central Data Repository

Scott A. Martin, CEO and managing partner of Calgary-based direct and digital marketing agency SDMG, estimates that 80% of companies are still failing to effectively act on the data available to them to create a detailed picture of their customers. A big part of the problem, he explains, is the lack of central repository, in which data comes together from various data collection systems – whether from the e-commerce arm of a company or the traditional marketing department.

The incredible rise of social media has added yet another layer of rich information, particularly around consumer sentiment and purchase intent. Yet, that data is not always shared among a company's various departments, which may do some form of customer outreach. "The technology is definitely there for data integration, we just need to catch up to it," says Martin. "Eventually, marketers will move towards an integration of all channels to one central repository system, and then be able to act with more authority and confidence in using that data."

Build Out Cross-Media Teams

Consumers today are comfortable receiving communication in various formats, depending on the product category. Take an e-commerce site, which a retailer may have first launched with the purpose of converting online shoppers to make a purchase. While data may suggest a certain number of customers don't convert into a sale despite spending a significant amount of time on the site, the e-commerce site may, in fact, be playing a significant role in converting those same customers in offline environments, says James Hvezda, marketing and communications manager for Richmond, B.C.-based Kirk Marketing.

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"Consumers may be using the e-commerce site to get information about a product, as well as to comparison shop, but then make the actual purchase in store," he says. "The more fragmented the channels become, the more critical it will become to be create a feeling of consistency for the consumer."

Marketers can ensure a relevant experience regardless of channel, by creating an internal structure in which teams work cross-media and thus share information and learning, says Hvezda. "I see a lot more hybridization of roles and the creation of more cross-functional teams moving forward, in which people can have both feet in various channels to ensure consistency of experience, regardless of channel."

It's About Cross-Media Cooperation

Just like the shopper who views product information on an e-commerce site but buys offline, there are some customers who like to first be communicated through direct mail, for instance, before further engaging with a particular brand and wanting to move some of those communications into a different format, like mobile.

SDMG, for instance, is about to launch a campaign for a major hotel chain, in which direct mail will be used to get the chain's loyalty members to subscribe to its social media channels. "Isn't that funny: we're using offline to get consumers to go online and engage in social media so we can continue a conversation with them," says Martin. "The simple logic there is that if you give people multiple touch points, you have a better chance of them responding to any one of your direct channels. Someone may initially respond to you via a direct mail piece, but then want to be communicated by email after that, or vice versa."

Preference-based Communications

Creative is important, but in a cluttered media environment it won't matter if the offer isn't relevant, says Joanna Fuke, VP and CRM planner for Proximity Canada. To ensure maximum relevancy, she says marketers can tap into the data from the emergence of preference centres, including on Facebook and email programs in which customers indicate the kinds of messages they want to receive, as well as how they want to receive them.

"Someone may say on their preference centre, 'Yes, I don't mind sharing my data so that I can hear about skiing products, but I don't want you to share anything about my financials or be targeted by financial companies'," says Fuke. In that case, someone might rather receive a direct mail piece, before deciding whether to engage in further communications. "Consumers today aren't just controlling the preference, they're even starting to control the kind of information they want, and marketers need to be aware of that shift."

ONE:ONE

Bryan Pearson speaks about the crucial role data plays in enhancing the customer experience.

As president and CEO of LoyaltyOne, Bryan Pearson oversees one of the world's most successful loyalty programs, AIR MILES. He is also the author of the upcoming book *The Loyalty Leap – Turning Customer Information into Customer Intimacy.*

S: There seems be a nice symbiosis between loyalty programs such as AIR MILES and direct mail. Why is that?

BP: It's evolving, and the reason it's evolving is businesses are trying to figure out how to connect with the consumer and build some form of relationship so they will share that information. It's a great platform not only to get that information sharing happening, but also for sharing a dialogue back and forth with a consumer. Different consumers want to be communicated to via different channels. Some of them are going to prefer direct mail, some are going to prefer email. Certain things just work better from a direct mail environment.

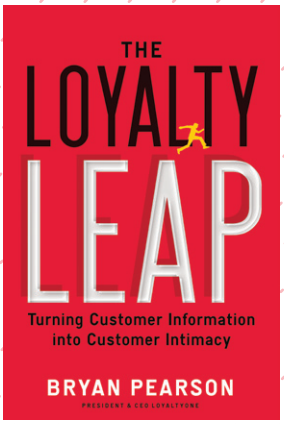
S: Relevance is increasingly becoming a key marketing battleground. What role does data play in distinguishing the combatants?

BP: Database marketing, customer management, CRM, at their root they're all about the same thing – leveraging what you know about the customer to create a better experience for that customer. Companies compete on three things: efficiency, innovation and customer intimacy. Walmart is the poster child for efficiency, and a lot of people argue that Apple is the poster child for innovation. There's only going to be one Apple and one Walmart, so while you can't be a complete laggard in efficiency and innovation, the vast majority of companies are going to have to compete on customer intimacy or service – enhancing the experience they provide. Customer information is critical to fulfilling that promise.

S: Consumers still complain of being bombarded with marketing that doesn't matter to them - why is this?

BP: Our research showed that almost two thirds of consumers said that they expected organizations would do more to create relevant communications with the information that they're sharing. The vast majority of consumers are aware that information is being collected on them and are underwhelmed by the way companies are utilizing it to create relevant communications pertaining to the products and services they use. A good example is the grocery store environment. A consumer goes in and buys hundreds of different items, and yet what happens when the flyer is stuffed into your mailbox? It's a generic view of what they think should be on sale and how those products are going to be priced.

As president and CEO of LoyaltyOne, Bryan Pearson oversees one of the world's most successful loyalty programs, AIR MILES. He is also the author of the upcoming book The Loyalty Leap – Turning Customer Information into Customer Intimacy.



S: How can direct mail transform that approach?

BP: One of the best examples of where you see relevance being articulated through the mail is through the programs we run through our grocery store partners, where we're working with them to identify the categories and products consumers buy in-store and create targeted direct mail pieces where the consumer is receiving one-to-one communication. It's not one-to-one because it's tailored and customized, reflecting that you're shopping at one store uptown versus another store downtown. It's customized, because the product offers are reflective of the products you are buying in store – the way you interact with the grocery store. The way we think about marketing is you start with who you're going to target, the products and services that will most likely cause them to pay attention to the material that comes through the mail, and lastly what is the kind of offer response history that they've had – which will tailor whether you give somebody double points or whether you have to give them $3 off.

S: So you're able to determine the different trigger points for different customers?

BP: It's not without its complexities, but you can get a lot more targeted and a lot more specific than the efforts most companies are putting out there. A lot of people are don`t realize that through selective lasering technology for print, and the ability for databases to be scored and offers prioritized that these mass efforts are in effect one-to-one executions – these approaches are entirely within the grasp of many companies.

S: How is direct mail positioned within the current advertising hierarchy?

BP: I was at a conference where somebody from Starbucks stood up and said that one of the pieces in their marketing arsenal that gets the most positive feedback is a postcard sent out to their customers. That's about as old school as you can get, but her comment was that it's almost retro – there's so little in your mailbox compared to what might have been there 10 or 15 years ago given the advent of email and mobile and social marketing, that when you send something through the mail there's an added level of cache or recognition associated with it. The mailbox is almost becoming virgin territory again because everything's shifted to lower cost or what is perceived to be a more flexible environment. I believe that if you're doing email, the cost of direct mail might be higher, but the impact of sending something through the mail would be disproportionately higher. In most instances, if we want to maximize response rates, we're using a multi-channel approach. We're using mass media for awareness, although less and less, but we're definitely using a combination of digital channels and digital print – and I use that word specifically because it is about target, not mass – marketing through the mail.

S: It's almost like direct remains the workhorse of marketing.

BP: I think it's still highly relevant for a lot of consumers. There's a tactile component to having something that's paper arrive in the mail – whether it's a reminder or recognition and when you look at the relative response rates to similar offers, mail performs extremely well.

Want more?

Scan the code & watch video to learn more from Bryan Pearson.

WHY TARGET CANADIAN MOVERS?

Because

81%

of Canadians are willing to try new products and services after a move.

MOVING IS EXPENSIVE. SEND COUPONS.

Canadians spend over

$11 Billion

on moving expenses each year.

- **73%** Decorating Accessories
- **60%** Furniture
- **60%** Appliances
- **50%** Home Repairs
- **40%** Home Electronics

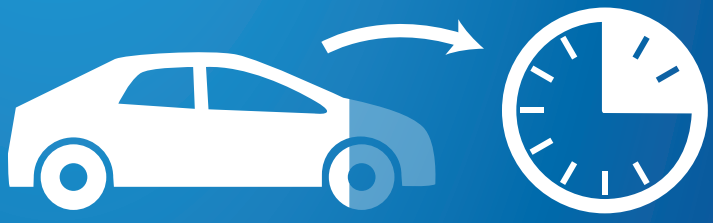
OUT WITH THE OLD, IN WITH THE NEW.

If they move, they are willing to switch services.

- **54%** Internet
- **46%** Telephone
- **31%** Insurance
- **42%** Gas Stations
- **37%** Pharmacies
- **36%** Restaurants

TIMING IS EVERYTHING.

81% of movers say they will drive up to 15 minutes to access new products and services.



Source: Mover Spending Frenzy, CP11-218, November 2011

Even though its history dates back more than 160 years, Domtar is experiencing a 21st Century renaissance.

Domtar

The Montreal-based pulp and paper company remains a bright spot in an industry challenged by changing consumer and corporate habits. It has reinvigorated its business through forward-thinking management decisions capably implemented by its global workforce of 9,100 people.

The past year alone has seen Domtar make a bold entry into the consumer products market with the purchase of Attends Healthcare Inc.; develop an award-winning corporate sustainability initiative; extend its successful PAPER because campaign promoting responsible paper use, and strengthen its core business through multi-year vendor partnerships, fiscal prudence and strategic asset divestitures.

Although the paper industry is in secular decline – North American demand is predicted to fall at a rate of 2 to 4 percent per annum in the near-term – Domtar has put several measures in place to assure its continued success. It has reduced costs, paid down debt, offloaded units no longer deemed essential to its core business, and closed under-performing mills.

Pulp and paper currently accounts for about 85 percent of Domtar's total revenues, and vice-president of corporate communications and investor relations Pascal Bossé says the company remains committed to its core business.

An unprecedented $3 billion, 15-year agreement to supply uncoated base paper to Wisconsin-based specialty paper manufacturer Appleton, underscores its continued belief in the longevity of paper, says Bossé.

"We continue to be very focused on paper and continue to do things that we believe are quite innovative and differentiate us from our competitors," says Bossé. "What Domtar brings to the table is quality, reliability and competitively priced products."

That approach is particularly true for the direct mail channel, which Bossé calls a "very important market" for the company. "We're very committed to this channel, and have a wide portfolio of high-quality products to serve the needs of customers in this important business," he says. "A new customer is worth much more than the price of postage."

The company strives to provide its customers with access to the best quality products, while at the same time working with organizations such as the National Association of Mail Users to conduct research and gather data intended to help dispel some common misconceptions about paper.

"There's a message to be pushed out there, that paper as a medium is a highly effective tool," he says.

Domtar is also working with NGOs such as the Rainforest Alliance and the World Wildlife Fund to obtain certification for a wide variety of its paper products.

The environment continues to be a prime consideration for Domtar's paper business. The company sold nearly one million tons of Forest Stewardship Council (FSC)-certified paper in 2011, representing nearly one-third of the 3.5 million tons of paper it produced.

It has also expanded its EarthChoice paper line to include specialty papers for popcorn bags, candy wrappers, etc., while its Tradebook line of specialty and book papers was also FSC-certified and renamed EarthChoice Tradebook.

Among the company's new corporate initiatives are an online tracking tool called Domtar Paper Trail (DomtarPaperTrail.com), which enables customers to see the environmental impact of their paper products. The tool is currently available for four of Domtar's paper mills, and the company plans to continue adding other operations.

The site enables users to select a Domtar product, select the mill that produces it, and enter the amount of product being purchased to determine its environmental impact based on five parameters – including water consumption, greenhouse gas emissions and energy use.

Bossé says the tool – which has won several awards, including Environmental Strategy of the Year honours at the Pulp and Paper International (PPI) awards in Brussels last fall – is an "eye-opener" for users and clears up some common misconceptions about the paper manufacturing process. "People realize that there's quite a green story behind the paper they actually consume," says Bossé.

Despite diversifying into other business sectors, paper is clearly still part of the fibre of Domtar.

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