

# S(ORT)ED

## DIRECT SUCCESS

How direct marketing can leave a lasting fingerprint on your business

**Direct results.** That is the overarching theme of our second issue of *Sorted*. With so many media choices, it can be harder for businesses to reach consumers than ever before. The competitive business environment means it can also be harder for brands to stand out more than ever before. And with companies demanding increased accountability from their marketing departments, it can be more difficult for executives to defend their dollars than ever before. Yet direct marketing, when executed thoughtfully, has proven it can *deliver*.

We, at Canada Post, are committed to helping our clients benefit from the one-to-one communication that is the inherent strength of any direct program. That is why, with *Sorted*, we have showcased cases where companies have generated impressive returns on investments with direct advertising (we thank our story subjects for their candour.) Inside, for instance, you'll read how Ford Motor Co. of Canada used a clever direct mail program to rev up positive incremental vehicle sales and an overall ROI of 143%; Bell Canada generated campaign results 2.5 times better than a previous initiative; and Mountain Equipment Co-op, an iconic Canadian brand, grew annual sales to over \$200 million with little marketing except for direct. How are these companies using direct? To acquire and keep customers, but also often times to achieve both. And it isn't just big companies which are enjoying direct success. We're also seeing smaller ones (as well as those with smaller budgets) who are finding strategies that outwit their larger rivals.

More than anything, we hope *Sorted* uncovers *how* these companies executed their campaigns, from cultivating their customer databases to reach the right customers at the right time to developing relevant offers and creative that speak the language of the customer target. Perhaps some of their key insights and learning will inform you a bit about how your business can better leverage the power of direct advertising. We also welcome you to contact us, here at Canada Post, and speak to one of our specialists. They can provide you with more information on how direct advertising can benefit your company. In the meantime, enjoy the read.

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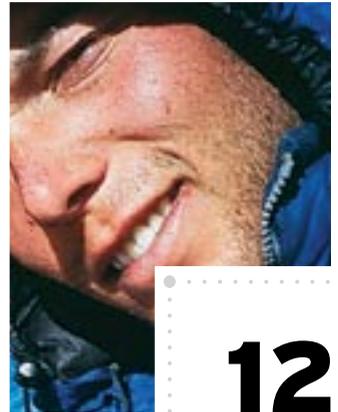
CONTENTS



6

**COVER STORY**

Sold! How real estate developers and builders are successfully personalizing the pitch in a hot market



12

**FEATURE** How Mountain Equipment Co-op climbed to a higher playing field thanks to its robust member database



4

**BY THE NUMBERS** Latest industry research, Days Inn - Canada checks-in with first ever direct mail campaign



11

**IN THE MAILBOX** Creative that reveals itself with the sweep of a hand. Ford's innovative direct mail piece



16

**A DECONSTRUCTION** of Bell's hugely successful 'Quebec Attack' campaign. Plus, what you can learn from their campaign



20

**MUST-READ TIPS** on generating the biggest bang for your buck. Plus, how one company rediscovered its direct mail mojo



22

**ONE:ONE** Holt Renfrew's Mary Pompili gets direct about customer segmentation, men and ROI



+

**BY THE  
NUMBERS**

**57%**

Personalized direct mail can be important, particularly when it comes to following up with consumers who have already expressed interest in a company. Fifty-seven percent of women ages 35-64 prefer that companies send follow-up direct mail that is personalized to their needs.

**51%**

Over half of marketers and service providers plan to boost their offline direct marketing spend in 2007, according to the fourth annual survey from Alterian, which late last year polled 540 marketing professionals in North America and the U.K. Alterian is a leading provider of Analytics Led Integrated Marketing software.

**72%**

Advertisers can increase the effectiveness of their direct mail by offering consumers exclusive deals and coupons. Seventy-two percent of adults surveyed said they have replied to direct mail containing a "buy one, get one free" offer. Meanwhile, 63% of adults indicated they have responded to direct mail offering a discount on merchandise, up from 54% in 2005.\*



## DAYS INN CHECKS-IN WITH DIRECT MAIL

It is perhaps unusual to hear about a company investing in direct mail to strengthen a permission-based e-mail marketing program (usually it's the other way around). But that's exactly what Days Inns - Canada did this spring in launching its first ever direct mail campaign, which coincided with an e-mail one. "Direct mail is cutting through the clutter," says Melissa Kenney, director of marketing at Days Inns - Canada. "Open and click-through rates to our e-mail have been very high, but we believe that as people's in-boxes have become more cluttered it is becoming more difficult to reach them through this channel alone."

That's why Days Inn deployed the twin channels for its On the Double promotion, which aimed to boost hotel stays in both Canada and the U.S. from Jan. 25, 2007 to May 10, 2007. The direct mail component was split into two waves (each at 20,000 pieces); both were personalized specifically to the recipient and were focused on activation of current members of its TripRewards loyalty program. Half of the direct mail offered double points for a stay at one of its hotels (in Canada, there are over 90 locations). The other wave offered double Aeroplan Miles for a hotel stay at Days Inn. Additionally, to help acquire new members to the TripRewards program and ultimately Days Inn guests, the On the Double promotion was included in an e-mail message to Aeroplan members.

Kenney says for this promotion Days Inns - Canada complemented its e-mail communication with direct mail after similar campaigns from its sister hotel chains in the U.S. showed "that together e-mail and direct mail consistently generated the best response." Results in Canada are expected to be in line with the U.S. market. Says Kenney: "It is interesting to see us return to a broader direct marketing execution."



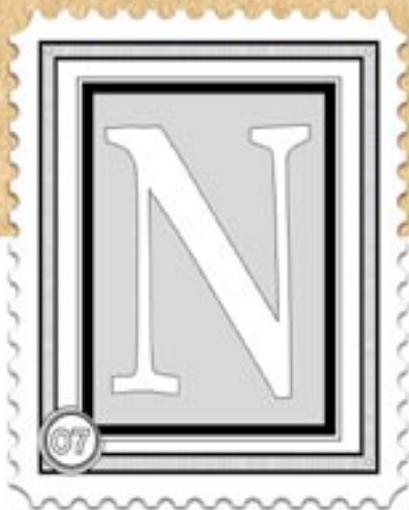


PERSONALIZING  
THE PITCH

Direct communications is a key arsenal  
in today's sizzling real estate market

07





atascha Pieper wanted to peak people's curiosity. As director of marketing and sales for Baywood Homes in Toronto, her job was to make an unusual downtown development—the Bohemian Embassy—stand out in the city's cutthroat condo market. An additional challenge? Her target market, the close-knit Queen Street West artistic community, was well-known as a skeptical crowd.

For Pieper, the project wasn't so much about attracting outsiders into the Queen Street area, as it was about communicating with the people who already accepted this funky location and who lived or worked in the neighbourhood. "This is not your typical condominium project where you have residents who aren't associated with one another," she says. "Because most of them are artists, they all share a common interest."

The tactile direct mail piece Pieper and her marketing team came up with certainly tapped into the neighbourhood zeitgeist. Imagine reaching into a mailbox and feeling, not the expected cool smoothness of paper, but something almost warm and fuzzy—a brightly coloured, personally addressed fabric invitation to a hip-sounding event. "We actually had someone specially produce this piece," says Pieper. "It was expensive, but to get recognition, you have to invest more on something creative." Bright purple, orange and red, the mail piece definitely stood out. And it worked, attracting about half of the 1,000 potential attendees to the Bohemian Embassy's VIP launch.

"Direct mail has definitely been efficient for us because you can reach out to the local community," says Pieper. "We've had so many special events." One in particular, Fashion & Art Workz, combined the efforts of local art galleries and

boutiques. It featured artists painting new works, as well as a local-couture fashion show. In fact, the character of the Queen St West area is so embedded in the Bohemian Embassy that it was a focus group of locals who came up with the project's artsy-sounding name.

Of course, not every project can benefit from such an over-the-top creative approach, but in the highly competitive real estate market, many developers and builders are turning to personalized direct mail to help them reach their own niche markets. Like Pieper, some developers are relying on making recipients feel they'll be part of a vibrant special community. Other homebuilders are gleaning detailed information from their own sophisticated databases to target consumers at pivotal moments in their lives. Then there are those who link their direct mail efforts to individualized websites, guaranteeing a strong personalized message across media. But no matter how simple or complex the project, direct mail acts as a core component in most of today's real estate marketing efforts.

### Aiming at lifecycle

In a hot real estate market on the other side of the country—but one that's more about bird-watching than hip fashion hunting—the challenge is capturing potential buyers poised to make an important life-altering decision: where to live once they retire. "What we're looking at from an age perspective is people who are around the [age] 50 mark," says Lisa Corcoran, director of marketing at Predator Ridge, a golf resort and affiliated housing community in British Columbia's scenic Okanagan Valley.

Corcoran's specific goal was to launch a unique new area of the Ridge called Osprey

Coach Homes. “These were 18 semi-detached houses that have spectacular views overlooking the golf course and the village square beyond, so they were quite high up in an area we hadn’t developed before,” she explains. To get things rolling, Corcoran developed a three-pronged direct mail program that was closely integrated with the rest of the company’s marketing campaign, which included advertising, billboards, e-mail marketing and direct sales.

But it was direct mail that provided many of the insights that drove the word-

hoods in B.C. and Alberta, as well as some in Ontario, where buyers of houses in earlier Predator Ridge developments had come from. And the opportunity to win a coveted prize—a weekend at the Predator Ridge Golf Resort—was an added incentive for filling out the form.

Corcoran says this first mailing was purely exploratory, designed to determine what people wanted. “We asked, ‘Are you interested in being on a golf course? If yes, what price range are you looking for? How much space do you want? What kind

went to roughly 5,500 respondents from the first mailing and additional key contacts. It featured a dramatic die-cut brochure focusing on the potential lifestyle of someone living in an Osprey Coach House. “They are typically golfers but not always, but they are definitely active in their lifestyle,” explains Corcoran. “So they are the folks who have a boat at the marina down the road, they ski and they want to be close to everything because they’re not dedicated to one specific leisure activity.”

The third and final direct mail element, which went to fewer than 500 keenly interested prospects, was a Preview Discovery Kit. Printed on 11 by 17 paper, it provided the gritty details: what the houses would actually look like, their specs, the finishings, when they would be available and how to purchase a golf club membership. “There were various ways people could respond—pick up a phone to call one of our salespeople or e-mail—and we were measuring that response,” says Corcoran. “People who had expressed interest could put up a small refundable deposit to secure their place in line to choose their unit. The morning these were released, there were people lined up to purchase. It was quite a day!”

## DEVELOPERS AND BUILDERS ARE TURNING TO PERSONALIZED DIRECT MAIL TO HELP THEM REACH THEIR OWN NICHE MARKETS.

ing and lifestyle images key to eventually selling out the Osprey Coach Homes in less than an hour. The first step was to drop 30,000 Addressed Admail™ pieces using the names of anyone who had visited the Predator Ridge resort in the past five years. Corcoran also purchased a list that targeted specific neighbour-

of activities do you participate in?” As well as determining the size and style of the units, this information reinforced what Corcoran already knew about her audience, and these insights helped in crafting a letter that would strike the right chord with potential buyers.

The second prong of the mailing series



### A website...created just for you

The marketing of a real estate project near Collingwood, Ont. this past winter might be considered one example of the ultimate in direct mail personalization. The Orchard, a development of high-end chalet-style homes that start at half a million dollars, was being marketed in partnership with a nearby private ski club, Craigleith. The developers received permission to use the database of the ski club's 1,300 members. And while this project was focused on a particularly wealthy sector, the approach used to make it a success was one that had been tested on more than 100 projects worldwide.

"We apply a formula to come up with the different buyer segments," explains Roman Bodnarchuk, CEO of N5R Realty Advisors in Toronto who developed the marketing strategy. Bodnarchuk has spent nine years researching and refining his knowledge of the specific media and approaches that work best when it comes to selling real estate and condominium developments. To determine where to put its clients' media dollars, N5R used unique URLs and toll-free numbers to track every element, including radio, print, online, direct mail, TV and billboards, of a number of campaigns. The results? In terms of lowest costs per lead, direct mail and online were always the top two.

When it came to direct mail, in particular, Bodnarchuk found that most developers

were sending one message and one kind of campaign to everyone. "If it's for empty nesters, you've got people with grey hair on the postcard, and when they go to the website if there are 20-somethings with hard bodies, it doesn't resonate with them; it doesn't work. If they go to a website that also has people with grey hair like them, we get exceptional response rates."

The first step in selling The Orchard development was to mail inexpensive, oversize glossy postcards. The cards were personalized using digital variable printing, and an individual website address, [personname.theorchard.com](http://personname.theorchard.com), was added to each. Of the 1,300 Craigleith members tracked, 130 people—or 10% of the recipients—visited their own personalized website. "By just doing a couple of things like segmenting your buyers, using digital variable printing and using very inexpensive direct mail postcards—these were not \$8 pieces—we got a 10% return," says Bodnarchuk.

While there's no guarantee response rates will always be this stellar, personalized direct mail has proven highly effective across the real estate sector. Whether promoting a funky condo development, an active lifestyle housing community or upscale chalet-style homes, developers and builders can ensure their properties will benefit, rather than be burned, by a hot market.



FORD MOTOR COMPANY OF CANADA

# In the Mailbox

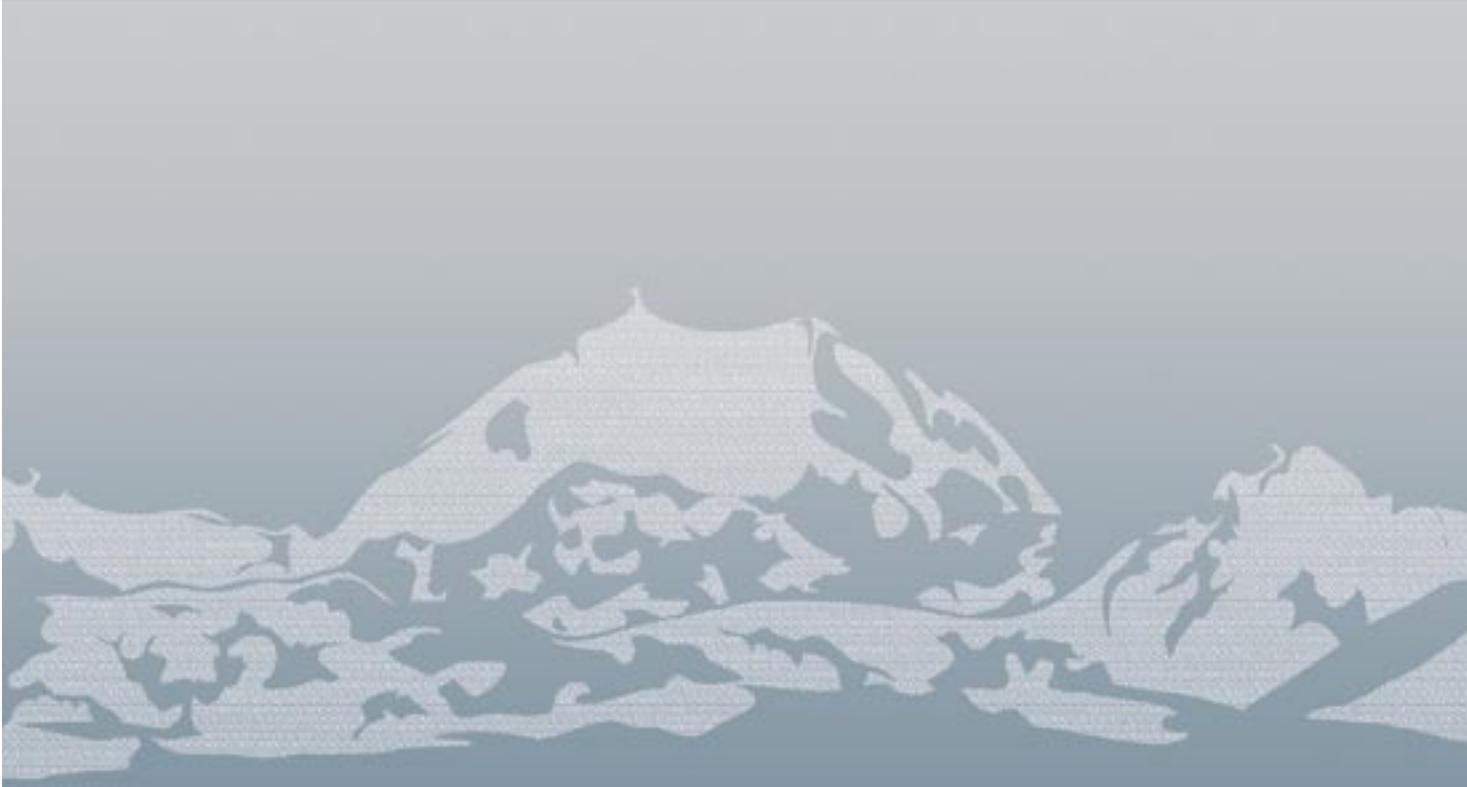
With the launch of the 2006 Ford Fusion, Ford Motor Company of Canada aimed to convey this was a car with a difference. “We obviously wanted to generate sales of the Fusion, but we also wanted to foster a new perception of Ford as a true automotive innovator,” says Jeff Morton, e-Business and CRM manager. Building on the ad campaign “Fusion—Create a Reaction”, direct agency Wunderman created a series of infocards to highlight various attributes of the vehicle such as its advanced safety features and fuel economy, and provide a more detailed story than is possible through mass media. But the trick was encouraging recipients to open the piece in the first place. That’s

where the envelope itself proved the piece de resistance. When recipients placed their hands over the envelope, the resulting heat caused it to reveal a dramatically-lit photograph of the front of the Ford Fusion. This was made possible by using thermal ink on the outside of the envelope, which masked the photograph of the car. “This was a surprising, engaging tactile format that definitely said, ‘Open Me,’” says Morton. “It was a first for the automotive industry, and helped to deliver the message of Ford as an innovator.” The direct mail piece was deployed to 200,000 high-potential prospects—identified through trade events and consumers who requested more information at the website, createa-

reaction.ca—and Ford owners.

An in-market software model selected Ford owners based on the likelihood they were planning to buy a new vehicle in the next three to six months. Half the recipients reviewed a \$500 purchase incentive, while the other half received a two-year, no-charge scheduled maintenance offer. So did Ford’s innovative creative do the trick? The program resulted in positive incremental sales and an overall return on investment of 143%. A year after launch, the Ford Fusion is the number three vehicle in the highly competitive mid-size sedan category.





# A Mountain of a Database

How Mountain Equipment Co-op.  
expertly scales its member database

Mountain Equipment Co-op lives and breathes by its robust member (customer) database. That database is an ongoing record of its more than 2.5 million members in Canada (MEC also has a small number of members scattered around the globe). They have all become part of a unique retail experience that offers quality outdoor products and

equipment with members (and health of the planet) in mind. That retail formula has proven successful with about 200,000 new members joining the Co-op last year, up 15% over 2005, says Selena McLachlan, marketing and research manager, for the Vancouver-headquartered retailer. Much of that growth is coming from Quebec where in 2003 and 2004 it opened two stores, one in Montreal and another in Quebec City, bringing its total store count to eleven across Canada. MEC now rings in annual sales of over \$200 million.

For a member-based national cooperative—the largest retail consumer co-oper-

ative in Canada—the refining and mining of its database is at the core of its ability to serve the needs of its unique membership. That's because MEC operates with a limited advertising budget—about half that of a traditional retailer—meaning it can't afford to invest in mainstream, traditional advertising. Instead MEC counts on creating a trusted MEC to member dialogue: When consumers sign up for a membership, they also overwhelmingly give permission to the retailer to send them relevant communications to their home and/or e-mail address. It is up to McLachlan to manage that database—a job she considers a privilege, since



members are trusting MEC with their personal information. “The more we get to know our members the better we can target them, which means they are receiving the information they want.” That in turn creates brand loyalty, according to Frauke Wenzel, who as senior marketing information analyst at MEC works closely with McLachlan in understanding the business opportunities that can be drawn from the database. “When you can demonstrate that you know your customer, through relevant messages that make them feel appreciated, you in turn create affection for the brand.”

MEC achieves this largely through its catalogue, which McLachlan says “our members covet.” MEC has two main catalogues: a spring edition, at 132 pages, and a winter one, at 84 pages. Each catalogue does more than just provide members with product prices and descriptions. The catalogue is a reflection of the socially conscious yet hip brand, with profiles of adventurers and environmental and conservation crusaders. “The catalogue is almost like a lifestyle magazine, which is why so many members read it while curled up on the sofa or soaking in the bath,” McLachlan says. So just how much do members covet their catalogue? For starters, more than

85% of members opt-in to receive it. And internal research illustrates that recipients keep each catalogue in their homes for, on average, six to 12 months.

As soon as the catalogues are mailed and delivered, McLachlan says the stores can, without fail, enjoy a modest spike in sales. But the challenge for MEC is two-fold. It can’t afford to print and mail catalogues to all 2.5 million of its members, but nor would it be environmentally responsible to do so either. That means McLachlan and her team need to be even smarter about how they make use of the database. In other words, every single catalogue needs to reach MEC’s most engaged members otherwise it can be like spending money on an advertisement that no one ever sees. “We carefully apply a number of filters and criteria to determine who is most likely to use the catalogue, and as a result ultimately make a purchase in one of our stores, online at [mec.ca](http://mec.ca) or through the 1-800 number,” says McLachlan.

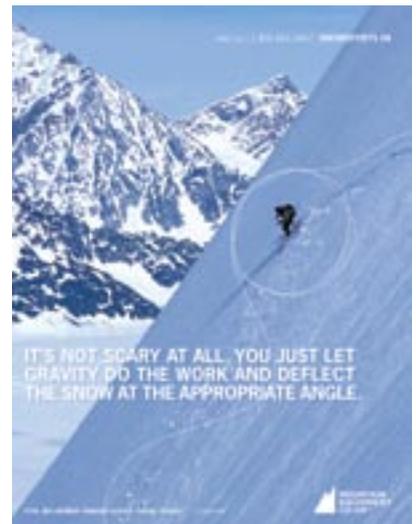
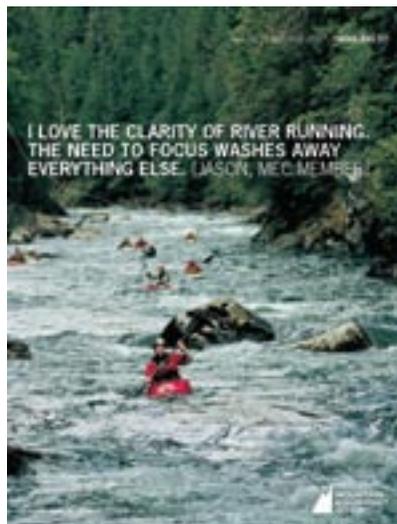
## Internal research illustrates that recipients keep each [MEC] catalogue in their homes for, on average, six to 12 months.

Those filters include identifying active members, who are characterized by making frequent and/or large purchases. MEC learns about its members not just through sales data, but also through attitudinal and behavioural research that is used to enrich the database. Not only does such information allow MEC to better target members, but information in the database can even help the retailer improve the customer experience through, for example, product selection and enhancements to the website, says McLachlan.

She trusts the conclusions of the database because MEC works hard to keep

it “clean.” By clean, McLachlan says that means ensuring new membership information is entered into the database without error while at the same time encouraging existing members to update their addresses should they move (which 10% of Canadians do each year). In fact, in recent years MEC has deployed multi-channel campaigns, including in-store posters and a promotion encouraging people to update their addresses by offering them a chance to win a MEC gift card. The campaign garnered an impressive 12% response rate.

MEC also performs what is called “householding”: scanning the database for duplicate addresses, where two or more members are receiving a catalogue at a single address. In this case, MEC sends one catalogue to the household but addresses it to all the members (a member can still request his or her own catalogue, however). MEC saved roughly 100,000 catalogues the first time it performed the householding. “It costs money to house data, so there’s no point



in storing it if you aren't going to keep it accurate," says Wenzel. "A messy database can waste a lot of money; a good one can give you a competitive advantage."

Currently, MEC sends out 500,000 catalogues for each of the two annual issues, in addition to 250,000 postcards and 700,000 e-cards. But through its database, the retailer has also identified members that are interested in specific activities—namely, paddling (which includes canoeing and kayaking) and snowsports. Each 32-page specialty book is delivered to roughly 40,000 addresses. In fact, MEC has segmented its membership base into seven different clusters based on such factors as tenure, spend and shopping activity. "As much as possible, the specialty catalogues are targeted to ensure that they will land on the doorsteps of members who are engaged and active in the sport," she says.

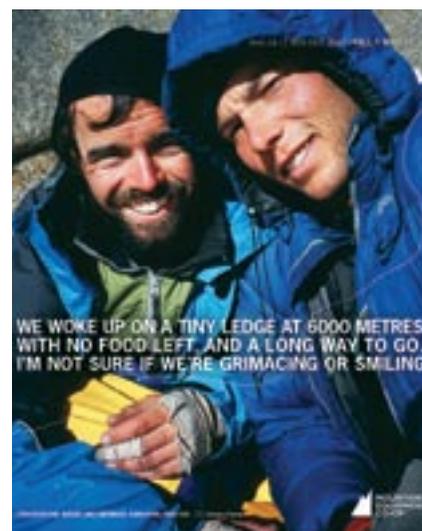
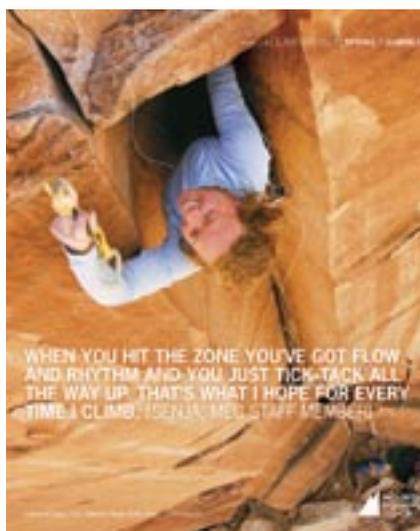
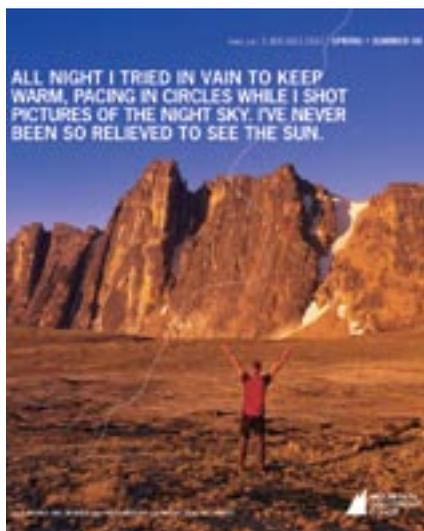
MEC also relies on this cluster segmentation for its direct mail communications, particularly for warranty and important

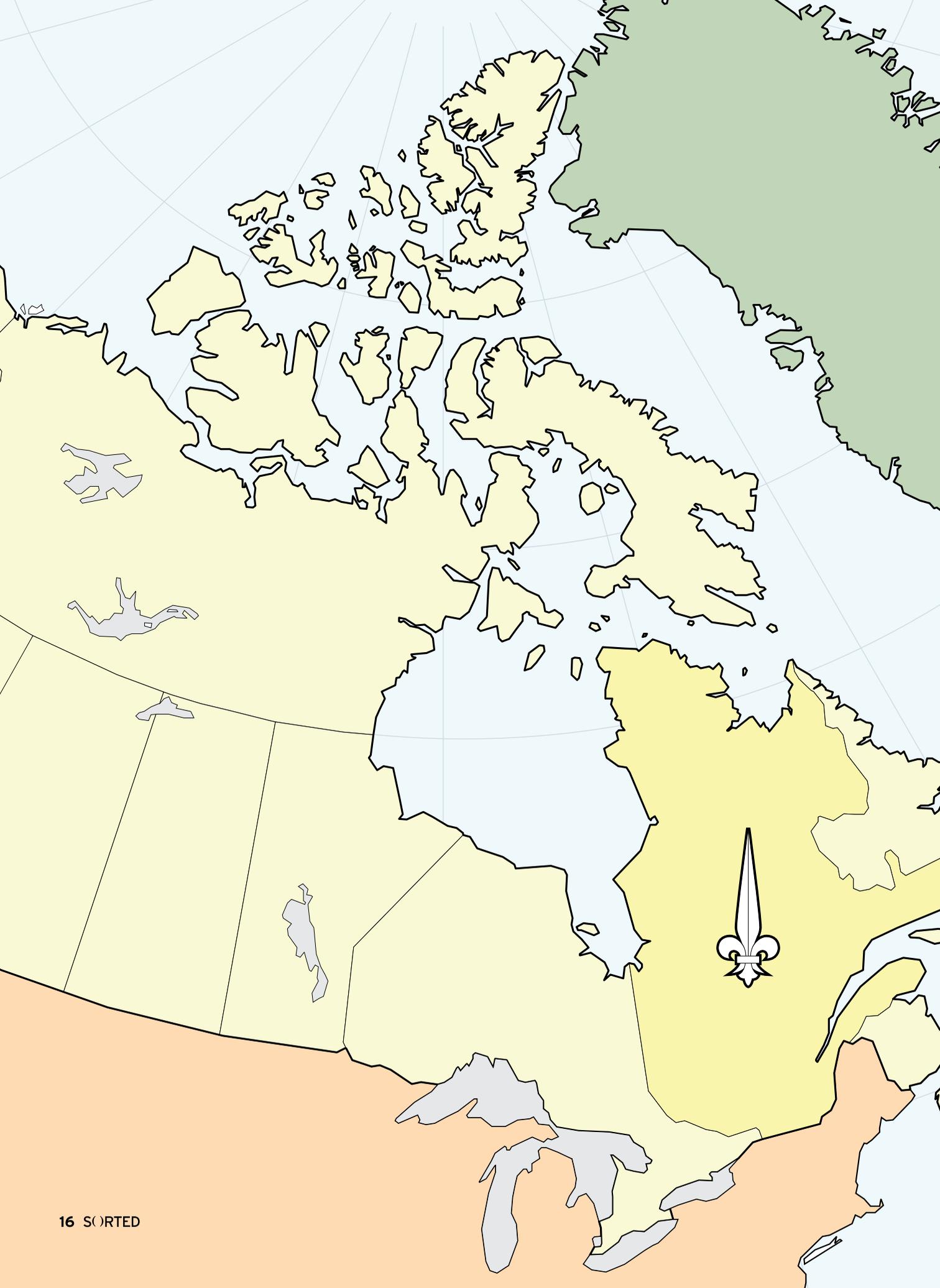
product information, as well as for election booklets which allow members to vote for the board of directors. To increase the percentage of votes, "we can look at members who have previously voted and identify common behavioral characteristics. Often times, those behaviors apply to a particular cluster," says McLachlan. "We can then decide to extend the election mailing to others in that cluster."

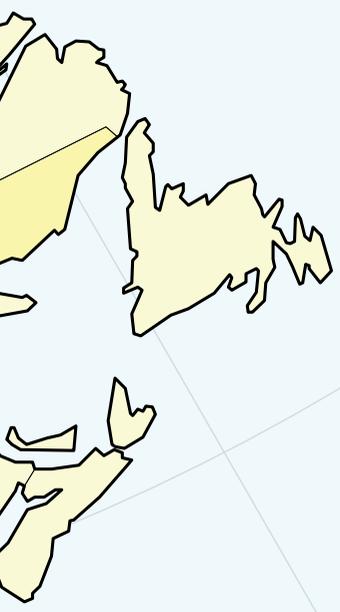
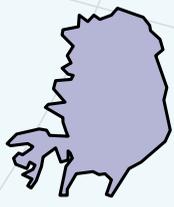
McLachlan knows catalogues will forever be a key component to the success of its business. That is why MEC has invested in more sustainable papers. Not satisfied with the industry standard for catalogue paper (which uses no post-consumer fibre), MEC embarked on a two-year collaboration with paper broker New Leaf Paper and paper mill Domtar to develop a catalogue paper that while still magazine-quality left less of an impact on the environment. In 2003, MEC became the first company in North America to print its catalogues on 35% post consumer waste paper (meaning

made from the contents of recycle bins). Today, that paper is now 40% PCW. Since then, Canadian magazines like *Outpost* and *Explore* have also moved to printing their issues on PCW AFF (Ancient Forest Friendly) paper. "We know direct communications including catalogues will always be an integral part of how we connect with our members, which is one of the many reasons we decided to take a leadership role in this area," says McLachlan. "As a result, we can take advantage of the power of direct communication while being true to our environmentally conscious brand."

But she admits much of that power is derived from scaling its constantly growing database. "You can't underestimate the importance of a well-managed customer database," she says. "If you invest the time and money necessary to enrich your database and keep it clean, you can significantly boost the impact and value of any direct communications program."







# The Quebec Attack

How Bell Canada took the offensive with direct mail—and garnered record acquisition numbers for Sympatico (while protecting its residential telephone service)

Bell Canada's beavers have become a big hit with the Canadian public, but it looked like their images were about to take a worrisome tumble when 1.5 million Quebecers opened their mail last spring. "Frank and Gordon arrested," shouted a headline on the English direct ad, while the French version said much the same for Jules and Bertrand, as the spokesbeavers are known in French. Police mugshots showed the forlorn beavers while another headline explained: "Charged with lying about low prices."

The creative treatment was all part of a hugely successful direct mail campaign aimed primarily at boosting subscriptions to Internet service from Bell at the expense of Quebec cable competitor Videotron. Known internally as Quebec Attack, the campaign remains a benchmark at Bell for its ability to win back customers, says Fabienne Callu, vice-president, strategic planning at Blitz in Montreal, the relationship marketing division of Bell advertising agency Cossette Communication-Marketing.

Compared to the same quarter a year earlier, results were 2.5 times better, despite... much greater competition.

The promotion offered Sympatico at different price points, starting at \$9.95 per month for Basic Internet access to High Speed Internet at \$19.95 per month for the first six months. Some people received other deals offering ExpressVu digital TV service and a residential phone line at a combined price for the first six months. Text in the direct mail also explained the beavers were innocent of misleading people about the deal.

But to take advantage of any of the deals, there was one constant: customers had to be new or existing Bell residential telephone service subscribers, in a move aimed at reducing migration of phone service to competitors. “When people leave Bell for everything, it’s very hard to get them back,” Callu explains. “So Bell wanted to secure residential lines as well. The goal was to get people to subscribe to Sympatico, and to safeguard the residential service.”

Videotron has been extremely aggressive through its offers of bundled packages that include Internet, digital cable and, most recently, cable telephony and wireless phone service, she says. “This has done a lot of harm to Bell, so Bell decided to counter with an extremely competitive product offer.” The plan was to respond as quickly as possible to keep existing customers and attract new ones, says Evelyne Lepage, Montreal-based associate director, marketing communications, at Bell Internet division. “The idea was to develop a campaign rapidly to get the most clients possible from the competition.”

To reach the high-potential clients Bell coveted, the strategy of choice was Addressed Admail™—supported by targeted web efforts—for the initial phase of the campaign. “Direct mail was chosen because it’s

probably the tactic that allows us to be the most targeted as possible, to reach different segments, and to adapt the message and the offer from one segment to another,” Lepage explains. “It allows us to measure the number of calls that are generated and gives us the advantage of message personalization. The fact that it’s addressed to the person often makes them feel more involved.”

The first phase kicked off in April 2006 with a \$1.5-million direct mail initiative targeting households that Bell concluded had a high probability of subscribing to Videotron or other providers for Internet service. Potential clients were found through a thorough analysis of Bell’s extensive databases, including its ‘sales potential index’ database. “We also targeted people who were in geographic areas where Videotron had conducted acquisition offensives,” Callu says.

Given the campaign’s unheard of prices, special steps were taken to ensure details did not emerge before the actual launch—which could, no doubt, kill the effectiveness of the direct mail offer. To minimize the risk of



information leaks, prices were inserted at the last moment on all campaign materials. Only long-time printers and other suppliers who have signed confidentiality agreements were used.

Leaks are possible at any time during the process—from the internal planning stages through to at the point of printing. They are dangerous because competitors who are given enough lead time can turn around and say “if it’s \$19.95 with Bell, it’s \$15.95 with me,” Callu says. “The first person with the deal is the winner,” and the aim was to ensure it would be Bell. “If Videotron comes back with a price, it’s too late, they’ve lost.”

Quebec consumers “are very price sensitive and will try to get the best deal,” Lepage says. And so, when they saw text explaining “They (the beavers) plead innocent: Sympatico high speed is really \$19.95 per month, for the first six months,” it didn’t take long for consumers to turn to the Web and telephone, two ways recipients could sign up for the offer.

A second one-million dollar phase of the campaign kicked off six weeks later in May 2006, with the mix enlarged to include Unaddressed Admail™; newspaper inserts in *La Presse*, *Montréal Metro* and *The Gazette* in Montreal and *Le Soleil* in Quebec City; a promotional component; and the Internet. Without divulging numbers, Bell says the response rate to the campaign was very high and surpassed expectations. Response rates were double the results of the previous quarter. And compared to the same quarter a year earlier in 2005, results were 2.5 times better, despite the fact there was much greater competition in 2006. Results were so good that other Bell business units adopted the beavers-in-prison theme. As a bonus, the campaign won a certificate in the business-to-consumer category at the 2006 *Flèches d’Or*, a Quebec relationship marketing awards show.

Lepage says the results are even more impressive when you consider that most people who are not using the Internet often have good reasons for not being

online, so they’re very hard to target. The only other alternative is to grab customers from the competition, yet another challenge since changing Internet providers often means changing e-mail addresses, something consumers are reluctant to do. As well, potential Internet clients often subscribe to other services offered by competitors, such as cable television, making it difficult for them to change teams.

One year later, Bell has yet to match the results of that campaign because the novelty effect—the combination of the excellent offer and the popular beavers—is no longer. The beavers “gave us brand equity, and helped with direct mail because people know them, and find them funny,” Callu says. And the mix of humour and a surprisingly good offer ensured the campaign would receive a favourable reception. It all goes to show that “when you have a direct marketing approach that’s well adapted to the goals and market you’re after, you can really do a good job in terms of efficiency.”

## What you can learn from Bell’s Quebec attack

Not all marketers have the deep pockets of Bell Canada, but the telecom’s hugely successful Quebec Attack program provides several lessons any company can benefit from in its own direct mail efforts:

- Use highly targeted direct mail to pinpoint sought after customers and follow through with a message that’s well-suited to the target audience. “The better the message is adapted to the target, the better the results will be,” says Evelyne Lepage, associate director, marketing communications at Bell Canada’s Internet division.
- If a current communication platform is a hit with consumers, extend it to your direct mail efforts. “It’s always a question of timing,” says Lepage. “From a creative standpoint, we took advantage of the newness of the beavers.”
- Combine your direct mail program with other marketing initiatives. “We usually get the best results by combining several tactics,” Lepage says. “It’s usually a media mix that will get the performance.”
- Ensure confidentiality if your campaign features price points that are bound to shake up the competition. “When you have prices as good as this, what may happen is that there can be leaks,” says Fabienne Callu, vice-president, strategic planning at Blitz, the direct marketing division of Cossette Communication Marketing. To avoid damaging leaks, make sure you’ve signed confidentiality agreements with suppliers.

## SMALL BUDGET

# BIG RESULTS

You don't possess the advantage of working with a big direct marketing budget. But you understand the considerable benefits of an ongoing direct mail program as a way to connect with customers one-to-one. With that in mind, we asked a couple of the best direct marketing minds in the business to let us in on their secrets to pulling off, on a limited budget, a direct mail campaign that delivers. Their tips are candid and insightful—and, in many cases, reveal that the seemingly obvious approach isn't always the correct one.

### Leverage your database simply but powerfully:

Dan Wiest, president of direct marketing agency Wiest & Associates, says knowing what to do with your customer database can seem like an overwhelming task. But he says the trick is to ask yourself simple questions that will drive your business forward, rather than trying to understand how to target every customer segment within your database. "Ask yourself who is my best customer? One of the beauties of a database is you can build a profile of your best performing customers," says Wiest. "Then you can use outside list selection to target more of those types of people." By identifying the characteristics of your key customers, businesses can send out less mail but garner greater response rates.

### Turn your businesses "smallness" into an advantage:

Dean Maruna, vice-president, creative director at ad agency FCB Direct, says he is surprised at how often mid-sized companies want to create a direct mail package that costs \$2-\$3 a piece. "While some of the bigger packages we receive in our mailboxes, especially on the business-to-business front, are very impressive, many simply scream 'We're big and expensive', not to mention 'We've mailed to thousands of people with the same so-called personalized mailing'"

Maruna suggests businesses with smaller budgets focus on creating packages that reflect the virtues of smaller business, such as their agility, speed and being more approachable. By reducing their cost per piece, medium-sized businesses can afford to execute campaigns over the course of the year, rather than investing in a single campaign.

## THE SCIENCE OF DIRECT MAIL How experimentation recommitted one advertiser to direct mail

Three years ago, COMDA International developed a sleek, corporate-looking direct mail piece to promote the wall calendars it customizes for businesses. The direct mail piece was delivered to several hundred thousand small businesses across North America; it ended up garnering an unacceptable response rate. "It cost us millions," says Scott Ferguson, vice-president of marketing at COMDA.

Instead of throwing in the towel, COMDA had the foresight to buckle down and now, by treating direct mail more as a science rather than an art, is garnering conversion rates that are on the upswing. Historically, COMDA has relied on direct mail for customer acquisition. Its conversion rate doesn't even have to be sky high: As long as the direct mail pulls in a rate of just under 1%, the medium is cost effective because generally first-time custom-

ers become long-term ones. Yet conversion rates had, over the last few years, stagnated. "We realized we needed to become more scientific about our direct mail program," says Ferguson.

The first thing COMDA did was to, like in any scientific approach, experiment. Working with Caledon, Ontario-based direct marketing agency Wiest & Associates, last fall COMDA mailed out eight "test cells"—slightly tweaked

Utilize your in-house sales force to craft a smart offer:

You may not be able to afford the cost of extensive customer surveys and market research. But to build a better understanding of your customers, speak to your customer and outside sales reps. “They know the [customer] motivators cold, so you can take that sales learning and translate that into an offer,” says Wiest. In other words, understand what will motivate your customer to do business with you rather than just sending them a long, brochure-like sales pitch.

Mail when your competition is not:

RSP season is a good example of a category where for a few months at the start of the year advertising is intense. If you are in a similar field of business with high-peak periods, consider a different timeframe. For a mutual fund company promoting its RSP products, that might mean “trying something in the autumn. Your response rate might be lower because fewer people are thinking about it,” says Maruna, “but you won’t be totally over-shadowed by the multi-million TV, billboard, print, direct and radio dollar ad blitz of the big guys.” He says the same goes for mailing in the summer, usually a slower period, but worth considering if you’ve got a lean budget. He says the response—and more importantly, the conversion rate—just might surprise you.

Test, test, test—and test again:

The above tip brings us to the importance of testing (see sidebar, “The Science of Direct Mail”). Just remember that when you test, be sure to assign a different code to each test cell so you can match your responses to the specific mailing. “At the end of the day, you will have a clearer understanding of what offers, mailing lists and creative performed best,” says Wiest. “This way, you can make subsequent efforts so much more effective, impactful and profitable.”

variations of its existing direct mail template. The result? “One cell proved light years beyond the others.” That cell had an attractive price point, but was also “the cleanest offer we made,” says Ferguson. “That is a part of what appealed to small business people. They stand over the garbage and sort the mail, and you have a fraction of a second to convince them to land it on their desk rather than in the recycle bin.”

This autumn, COMDA will launch in Canada a new direct mail campaign based on its North American testing. “I think we had started shooting past the heads of our customers; we became a little too corporate,” he says. “Our customers are small business entrepreneurs, and it wasn’t to our advantage to come off as too sleek.” He says with the test cell providing significantly higher conversion rates than the traditional one,

his marketing team will continue to tweak and experiment with its direct mail pieces, thereby working towards even higher conversion rates. “We will never again do a mailing without some test elements,” says Ferguson. “We’ve tried lots of [other media] to sell our product, but again direct mail has proven to be the right vehicle for us.”

## Directly Speaking-Holt Renfrew

Holt Renfrew, an upscale fashion retailer with nine locations across Canada, is known for creating strong customer loyalty through leading marketing programs and VIP events (where you might spot a celebrity or 10), its ad campaigns including the iconic “Viva Italia” and the Beatles-inspired Burberry 150th anniversary celebration. Through its breathtaking fashion books, design driven environments and expert service, Holt Renfrew has created a shopping experience that treats the customer as an individual. Sorted found out about the important role direct plays in its success.

### Customer relationship management is a philosophy

Holt’s “Customer Relationship Management” philosophy is not really a program but instead a company culture that extends from its sales associates to its corporate office and all areas in between. At Holt Renfrew CRM has existed before the term was even coined. One hundred thousand of its best customers across Canada receive its award-winning Holt’s books each spring and fall. The retailer also continually strives to ensure customers are apprised—predominantly through direct mail—of the key events, trunk shows and celebrity appearances that keep Holt Renfrew top of mind.

### Segmentation is important in creating relevant messaging

Purchase behaviour and consumer data are obtained with customers’ permission from point of sale systems, but Holt’s also learns about its customers by speaking with them frequently. Caryn Lerner, president and CEO of Holt’s, hosts customer lunches and dinners across the country twice a year to get the details that help make the shopping experience better—straight from those who shop the most with them. Holt’s also gathers data from a customer service scorecard, from which a third party conducts service experience surveys with customers; Holt’s management takes that input very seriously. As they’ve come to understand the different segments of shoppers, they’ve divided them into three groups: the high-value customer who they aim to retain and recognize for his or her loyalty; the existing customer with whom they want to continue to hone a relationship; and the new customer who they want to turn into a regular Holt’s shopper. They build their business by targeting each of these groups with direct and relevant communications and work hard to provide them with reasons to visit the store.

### Test, Learn, Adopt, Repeat

The Holt’s management team works on a listen, test, learn and adopt philosophy—they are very pragmatic in their decision process of what impact their efforts will have in driving the business. Their clients are well traveled and expect the same type of high standards of service and selection of merchandise that they experience globally. Holt’s strives to exceed their expectations. For instance, Holt’s books have been delivered to customers for years, and they’ve predominantly catered to their female clientele. While a surprisingly high number of menswear customers are women (shopping for the men in their life), Holt’s also understands that to grow the menswear customer base and that business in general, it needs to speak to the male customer directly. Last fall, Holt’s launched its first menswear book and customers responded at a rate of nearly 29%. For direct mail, those results are incredible. The results from the first test encouraged Holt’s to continue with this vehicle. In fact, the retailer has launched several pilot programs of that nature that will test their ability to anticipate customers needs and wants through their known behaviours.

### ROI needs to be part of the equation

Holt’s measures efforts in several ways at several levels. For instance, it monitors customers’ satisfaction with the product and service at the store level on a monthly basis. In addition, direct communications are evaluated for ROI on a net revenue basis in the context of lift in sales, increase in shopping frequency or increased category penetration. In the end, Holt’s is always providing an experience through its marketing efforts—and every experience needs to deliver an identified result.

