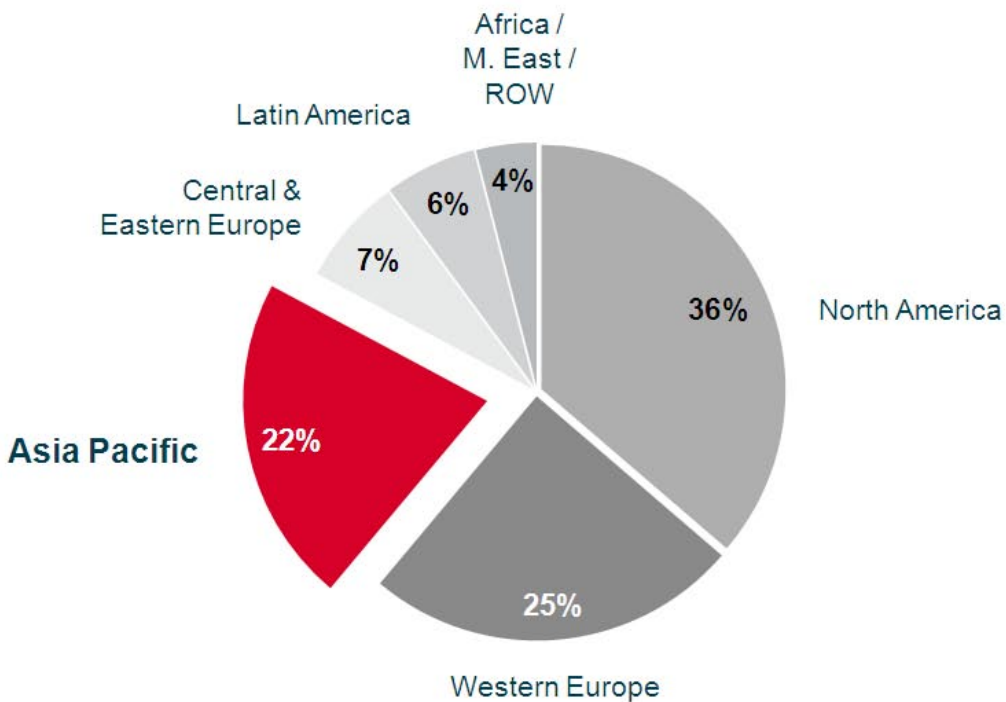




On Direct Mail Growing the Business in Asia



Global Advertising Expenditure 2008
\$ 499.1 billion

Introduction



Fourteen senior postal officials from Hong Kong, Japan, Malaysia, Singapore, Thailand, Vietnam, DHL Global Mail and TNT Mail China participated in the **IPC Forum on Direct Mail: Growing the Business in Asia, which took place on September 17 and 18, 2009 in Hong Kong.**

Speakers at the forum included Michael Chung, assistant postmaster general, Business Development, Hongkong Post, Steve Ng, vice president, Marketing at Singapore Post Limited, Naoki Nakashima, executive officer at Japan Post, Suchada Buddharuksa, vice president of Mail and Logistics Market Department at Thailand Post, Philippe Martin, CEO Media Post Company, Vietnam, Patrick Martin, managing director Asia Pacific, DHL Global Mail Asia Pacific, Eric Vandenberg, managing director, TNT Mail China and Celia Fan, director media research, The Nielsen Company, Hong Kong.

The focus of the forum was on Direct Mail research to support its effectiveness and to understand existing activities in this area. In particular the forum addressed:

- Spend and share of Direct Mail advertising within the wider direct marketing and total communications budgets.
- The role of Direct Mail in relation to electronic marketing and communication.
- Assessment of the usage, nature and objectives of cross-media campaigns.
- The extent to which environmental factors affect Direct Mail.

The aim of this edition of *IPC Strategic Perspectives* is to share insights into the strategies adopted by key postal operators in Asia in order to support and grow Direct Mail.



The Asian Advertising Market

The Value of the Asian Advertising Market

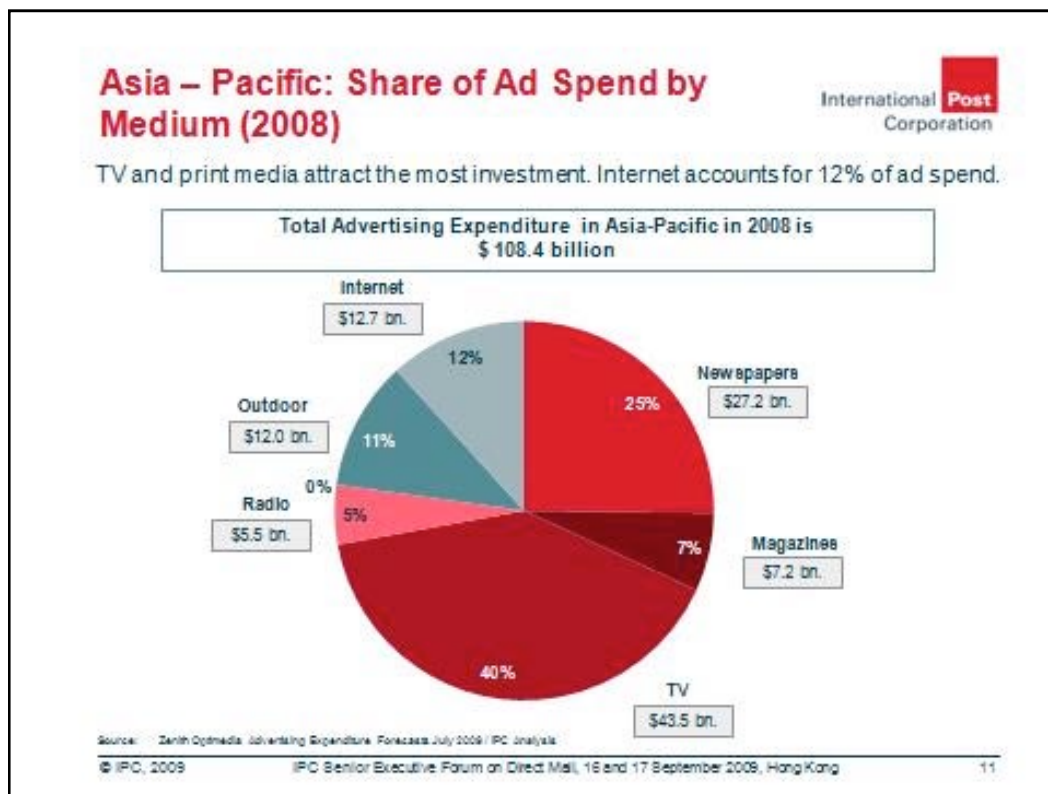
Jane Dyer, director markets and communication at IPC opened the forum with a presentation on the Asian regional advertising market. The Asia Pacific region was estimated by Zenith to account for a total advertising spend (excluding Direct Mail) of USD 108 billion in 2008 which was equivalent to 22 percent of the global advertising budget. In Asia in 2008, Japan accounted for 44 percent, China 19 percent, Australia nine percent, South Korea seven percent, India five percent and Hong Kong three percent of total advertising spend.

Within Asia, television accounts for 40 percent of total advertising spend, newspapers for 25 percent and the internet now accounts for USD 12.7 billion, or twelve percent of total advertising spend.

IPC presented a number of estimates for the size of the Direct Mail markets within Asia. These were based upon UPU data for volume, and assumptions on price per item data from known European and North American markets. Delegates estimated the percentage of advertising spend in their markets due to Direct Mail, as:

Hong Kong	4%
Japan	6.5%
Singapore	5%
Thailand	0.5%
China	5 – 15%
Vietnam	15%

The higher figures were due to the inclusion of inserts in transactional mail and unaddressed mail. In comparison to other IPC member countries, the spend on Direct Mail in Asia as a share of total advertising spend is a lot lower (USA around 24% and UK around 14% of total advertising spend).



Emerging Technologies and E-advertising: Trends and Development

Mark Harrison, head of markets at IPC gave a presentation on the new trends in e-advertising. In comparison to the 1980's there has been a considerable increase in the number of media available to target customers.

Online media is constantly evolving however there are certain groups of media that should be considered:

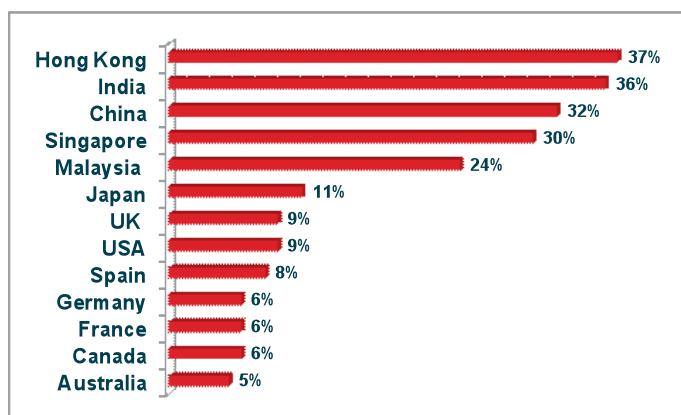
1. Social media:
 - Online communities of people sharing ideas, content and experiences. Includes social network profiles (Facebook) and Microblogging websites (Twitter).
2. Consumer generated media:
 - Product fan websites, video contests, viral video (Youtube), consumer reviews on blogs.
3. Online video / radio
 - Websites where users can see movies or programmes (Hulu, Fancast, Netflix) or listen to the radio (livestream). At some websites viral video is also possible.
4. Search Marketing
 - Search Engine Optimization (SEO): improving the traffic to a website via "natural" search results: showing the immediate section of the website related to the words the internet users typed in. (Google, Bing, Yahoo!, MSN).
 - Search Engine Marketing (SEM): promote websites by increasing their visibility in search engine results.
5. Mobile marketing
 - Mobile phone advertising, Internet enabled mobile phones, SMS call-to-action.
6. Web 2.0
 - Refers to the trend in web development recognizing how people use websites and use these results to shape the website adapted to the visitors' needs.

7. Online advertising
 - Advertising on internet websites, for example banners and homepage takeovers.
8. E-mail marketing
 - Data driven direct marketing making use of electronic mail.
9. Websites
 - Websites are becoming more and more transactional. Micro sites are increasing in popularity to address specific events and specific campaigns.
 - The exponential development of these new electronic media is a global phenomenon. However, some Asian markets are early adoptors of these technologies, as seen in the growth of Mobile Internet Marketing in Japan.



Mobile Internet Marketing, a Japanese Phenomenon

E-mail and online messaging are some of the most popular ways to communicate. These are primary tools for personal as well as marketing communications. In addition to laptops and desktop terminals, people are now also utilizing their internet-enabled mobile phones, like Blackberrys and iPhones, to read and send e-mail. This trend is especially dominant in Asia, as the graph below shows¹.



Use of a Smartphone or PDA for E-mail

In Hong Kong, India, China, Singapore and Malaysia about 1 in 4 people uses a smartphone or PDA for e-mail. In Japan it's 1 out of 10. This new communications tool opens doors for marketers, who are adapting their marketing strategy to include this new technology. Traditional printed Direct Mail has suffered from electronic substitution by e-mail, which can now also be sent to internet-enabled mobile phones: Mobile Internet Marketing.

Based on an ROA Group definition², we consider **Mobile Internet Marketing** as:

1. Advertising that uses the ad space on the mobile internet.
2. Online/Offline advertising, outside the mobile internet advertising space, by making use of the mobile device's functions
3. The medium for mobile marketing is limited to mobile phones, Personal Handyphone Systems (PHS) and smartphones

Mobile Internet Marketing is the fastest growing advertising media the world has ever seen. Moreover, it's expected to emerge in global markets in the near future as those devices increase their distribution and capabilities to include online videos, gaming, photos etc³.



¹ Source: SingPost presentation on IPC's Senior Executive Forum of Direct Mail, Hong Kong, 16 – 17 September 2009

² Based on definition in Mobile Advertising Market in Japan, Latest Developments and Market Forecast 2009-2015, White paper from ROA Group, May 2009, p.4

³ Source: Mobile Marketing in Japan, Journal of Integrated Marketing Communications, 2008.

Japan is one of the countries where Mobile Internet Marketing is really booming, following the important success of i-mode services (internet access services) introduced by telecommunication companies in 1999. Within three years, this media platform has reached 50 million people⁴. In August 2009, the number of mobile internet subscribers in Japan was 91,882,000, or 84 percent of all mobile phone users⁵. By 2010, Mobile Internet Marketing expenditure is expected to reach three times its current level, to more than 1.2 trillion Yen (about 1.07 billion USD)⁶.

For advertisers, this new media platform has some significant advantages⁷. The first one is a wider reach: people of all ages from a diverse user base are within reach 24/7. The second is targeting: users of these devices maintain an e-mail address that is independent of their PC e-mail address. In addition, most often, e-mails sent to PC addresses are most often read from Internet-Enabled Mobile Phones.

Mobile Internet Marketing has become an integral element of targeted direct marketing campaigns. Comparable marketing activities illustrate the cost effectiveness which can be achieved when adopting mobile marketing media versus traditional activities.

Coca-Cola Japan wanted to distribute 300,000 samples of a new product using mobile e-mails in conjunction with 20,000 vending machines enabled to process transactions with the mobile phones. The target group received free e-coupons on their Internet-Enabled Mobile Phone Device, which they redeemed at the vending machines to obtain a free sample.

In the past, Coca-Cola conducted similar campaigns, by distributing printed coupons by hand mainly at train stations. By integrating mobile marketing in the campaign, higher take up rates were achieved due to the direct link between the mobile phone and the vending machine. No other steps were required in order to cash in the coupon. The mobile marketing solution also incurred lower costs (no printing cost, no wages of people distributing the coupons etc.), resulting in a higher return on investment.

The retail context in Japan is a driving factor for increased adoption of Mobile Internet Marketing. The country has a high per capita concentration of convenience stores, which are open 24 hours a day and conveniently located near rail stations or residential neighbourhoods. These stores with limited shelf space drive a system of accelerated distribution. New products or brands which do not achieve significant sales are removed from the shelves within a very short timeframe. In order to protect their shelf space, manufacturers conduct aggressive marketing and communication campaigns requiring fast access to and response from their target audience. Internet-enabled mobile phones provide an essential platform linking communication messages directly to point of sales.

With new functionalities being developed such as the 'mobile wallet' which enables purchases via mobile phone, prominence of other functions such as GPS, greater synergies between marketing activities, such as location-based marketing are likely to emerge. Marketeers will have the tools to achieve faster, less costly targeted communications, addressing the specific needs of individuals.



4 Source: *Mobile Advertising Market in Japan, Latest Developments and Market Forecast 2009-2015*, White paper from ROA Group, May 2009, p.9-10.

5 Source: <http://www.tca.or.jp/english/database/2009/08/index.html>

6 Source: *Mobile Marketing in Japan*, *Journal of Integrated Marketing Communications*, 2008.

7 Source: *Mobile Marketing in Japan*, *Journal of Integrated Marketing Communications*, 2008.

Direct Marketing in Asia-Pacific: DHL Global Mail's Expertise

Patrick Martin, managing director Asia Pacific, DHL Global Mail Asia Pacific presented to the forum on the development work that has been undertaken by Deutsche Post DHL on analytical direct marketing expertise.

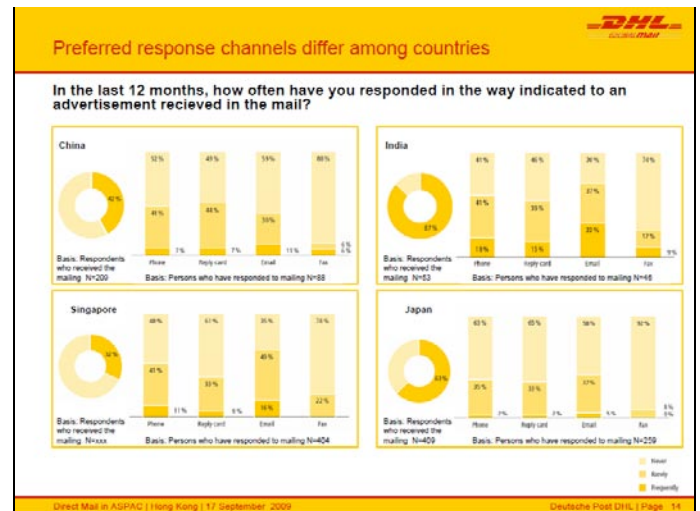
Deutsche Post DHL has been working in partnership with the Siegfried Vögele Institut (SVI) since 2002 to establish scientific direct marketing methods. This is divided into three areas:

1. Contract Research
 - Measuring quality of perception of different media channels with the eye-tracking-camera.
 - Advertising evaluation (pre and post tests etc.)
2. Dialog Training
 - Enlarging and consolidating marketing- and direct marketing-knowledge of customers.
 - Increasing business orientation.
3. Consulting
 - Development of Direct Mail & cross-media approaches.
 - Design of industry specific solutions.
 - Control of campaign/Project management.

The Direct Mail Monitor International (DMMI) is a survey of the direct marketing climate in 30 countries. This is based on a standardised, quantitative survey.

The survey was conducted in 18 countries around the world in 2006 and in another twelve countries in 2007 and 2008. The study targeted private individuals in each market and measures their response to Direct Mail. The data is weighted to be representative of the population in each market.

Examples were shown including the preference towards different media channels in the different markets.



Deutsche Post DHL believes that cross border Direct Mail will be the next big thing as there are so many small companies in Asia that are setting up to consolidate trade between countries.

Singapore Post provides an example of this with their own portal which enables selected merchants in the United States to sell their goods to customers in Singapore. Other examples of this include Amazon's operations in China.

Although the Asian Pacific market is different and diverse, the research still reveals general common trends:

- Integration of Direct Mail into other media channels is essential.
- Customers still accept Direct Mail as a marketing channel.
- Email as a response channel is becoming more popular.
- The Internet has become a fundamental tool in combination with other media.

In summary, whereas above the line media raises awareness, Direct Mail activates consumers to buy whereas the internet offers quick response and purchase opportunities.

Direct Mail in Asia-Pacific: An Overview by Country

Nielsen The Australian Experience

Celia Fan, director of Media Research, Nielsen, Hong Kong shared Nielsen's experience in measuring Direct Mail expenditure using Mailpix services.

Media fragmentation is a reality and there are many different media specialists as the communications market moves from mass media to one to one communication. As this happens there is greater emphasis being placed on research and on consumer intelligence and competitive insights.

MailPix in Australia involves piggybacking on a national panel of over 2,000 homes (Nielsen Homescan panel). This is a demographic and geographic representative sample of the Australian population. The panel captures on a monthly basis all the addressed mail they receive and scan and send this to Nielsen. After excluding all personal details, all volumes are processed, weighted and extrapolated to reflect the national population.

The media value is calculated based on the Australia Post mail costs for the size and the weight of the mail pieces. Data can be filtered for further insights by prospect mailing (acquisition), customer mail (loyalty) and essential mail (transactional).

MailPix was started in January 2005 and so there is trend data available on the following:

- Advertiser / product
- Advertiser category / sub-category
- Timing – date range
- Estimated quantity
- Estimated media value (postal cost)
- Creative execution
- Strategic direction – essential mail etc
- Multiple sort facilities
- New advertisers / products
- Different report types

MailPix can be used to show not only creative examples of Direct Mail, but also the role that Direct Mail can play in part of a multi media campaign. The following slide shows how the telecoms company Telstra is using Direct Mail as part of a major multi media campaign across Australia:

Increased Cross Media Linking of Creative Campaigns

Telstra Big Pond ISP Broadband Wireline

Category	Volume	Value	Weight	Cost	Revenue	ROI
Direct Mail	3,410	600	14,90	1,800	630	310
Television					310	220

Media Channels: DIRECT MAIL, TELEVISION, ONLINE, CINEMA, MAGAZINES, NEWSPAPERS, OUTDOOR

nielsen Maximising Mail Marketing Page 24 Confidential & Proprietary Copyright © 2009 The Nielsen Company

The Australia Post strategy is to grow Direct Mail and this involves demonstrating and proving to marketers (and their agencies) its value. To demonstrate / prove the value of mail it is more powerful to use independent and respected third party information, evidence and endorsement.

Nielsen's MailPix (and Nielsen's AdEx) are the leading information sources for media spend data in Australia. MailPix and AdEx form a key part of a suite of data and information resources that Australia Post Mail Marketing use to demonstrate the value of mail.

Australia Post Mail Marketing uses the information for a number of activities:

- Presentations to non-mail user marketers/agencies (prospects) to show how mail is used by others in their industry
- Articles supplied to marketing magazines/trade press that demonstrate value of mail
- Presentations at industry conferences to promote the value of mail
- Case studies/information on the dedicated Mail Marketing and Open Up to Mail web sites
- Collateral to support direct marketing activity aimed at getting prospects to request further information or a meeting with Australia Post specialist Mail Marketing consultants
- Monitoring of strategy and performance by tracking mail's share of a company or industry's total media spend

Based on these strategies, Australia Post has seen a 45 percent growth in Direct Mail volume over the last six years and this justifies the ongoing annual investment made in the Nielsen's MailPix and other services.

Hongkong Post

Michael Chung, assistant postmaster general (Business Development) presented the mail market and media landscape in Hong Kong and the marketing strategy used by Hongkong Post to keep Direct Mail at the centre of companies multi-media marketing activities.

Hong Kong is the world's twelfth largest trading economy, with mainland China as its most significant trading partner. There are 276,000 business establishments of which 98 percent are SMEs.

The total Hong Kong advertising spend in 2008 according to Nielsen was USD 7.4 billion. Direct Mail accounts for 19 percent of mail traffic which is roughly split 50:50 between addressed and unaddressed.

There is still considered to be plenty of potential to grow Direct Mail volume in Hong Kong as each household only receives ten items of Direct Mail per month compared with the Netherlands at 110.

Direct Mail as a percentage of the total advertising spend is believed to account for just four percent of total advertising spend in Hong Kong.

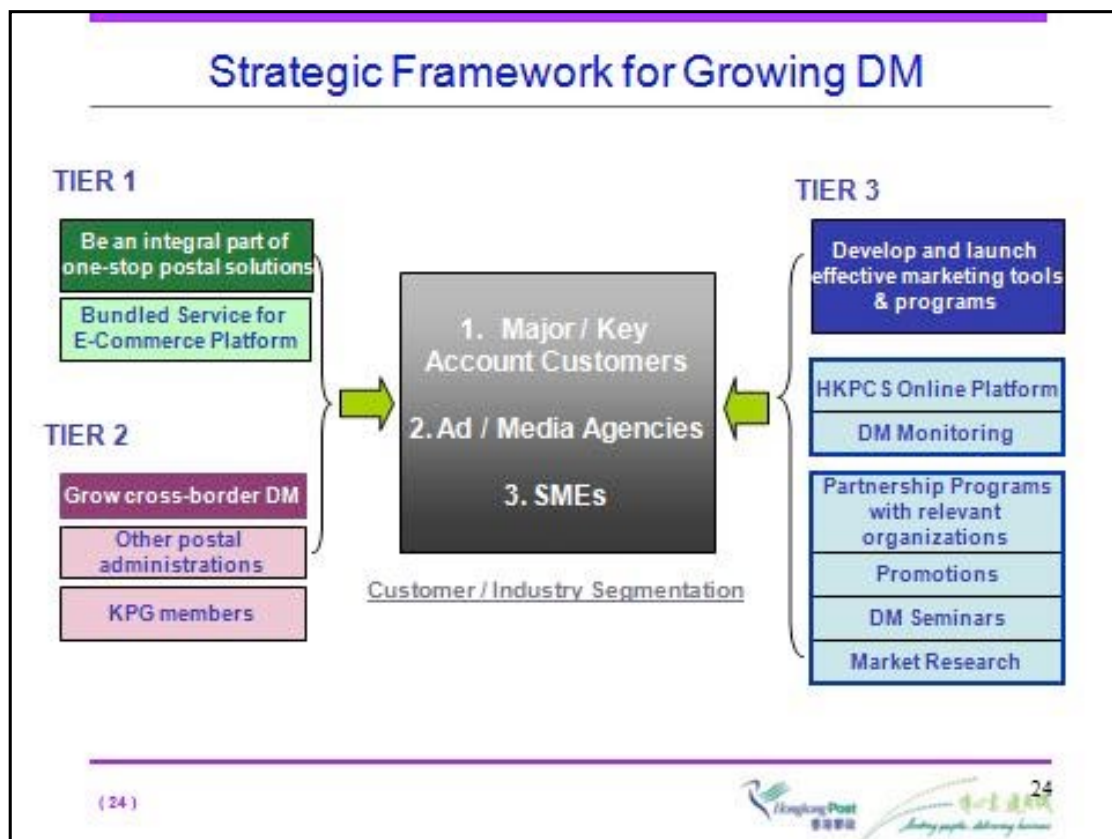
Due to the economic crisis it has been estimated that the total advertising budget in Hong Kong will be cut by 13 percent in 2009 to USD 17.4 billion. Of this, Nielsen research shows that over 60 percent will be spent on acquiring new customers. The cut in advertising budgets is most severe in TV advertising. Media such as Direct Mail and the internet are believed to be benefiting by an increase of one to two percent.

There are no specific Direct Mail postal products in Hong Kong. For addressed Direct Mail the choice is between first class and bulk economy. For unaddressed Direct Mail there is a service called Hongkong Post Circular Service.

Over the last year there has been a ten percent decline in addressed Direct Mail, however unaddressed has grown slightly by 0.8 percent.

Hongkong Post is adopting a three-tier approach. The first tier positions Direct Mail as an integral part of the total postal solution to meet advertising and promotion needs of the customer. In tier two, the cross-border Direct Mail service is being expanded with China Post and with other postal administrations. The third tier is about launching effective marketing tools and programmes to generate new business and retain existing customers.

To understand the local market, Hongkong Post has worked closely with TNS HK to conduct consumer research on media preferences. This has shown that Direct Mail is often preferred over other media – especially in the service industry. This research showed that Direct Mail is equally as important as TV and print advertising when it comes to consumers’ preferences. In addition the combination of integrated marketing activities through TV, print and Direct Mail can be a very powerful combination.



In tier one, Direct Mail is offered as part of a bundled service for the e-commerce platform. Tier two is based on collaboration with China Post and other posts. For the marketing tools and programmes in tier three there are a number of initiatives. Some are long term strategic programmes such as the online platform for unaddressed mail services; others are tactical for driving short term sales return.

An interesting finding of the research was that customers welcome unaddressed Direct Mail more than addressed Direct Mail when they have no existing relationship with the sender. The main reason for this is privacy concerns. Respondents in general are concerned when companies they don't know obtain their name and address. This finding suggests that unaddressed Direct Mail could be a serious advertising channel to engage for new customer acquisition programmes.

Hongkong Post started a Direct Mail tracker service in May 2009 to provide marketers with user-friendly tools to monitor the creative work of most media including Direct Mail. The new DM Tracker Service can also be used by marketers to search for advertisements using search criteria such as the period of the campaign and the media channel. Details of individual campaigns are also available. This service will also be used for generating statistics on Direct Mail. For example, banking and investment are the top category accounting for 30 percent. Food and beverages and cosmetics and skin care take the second and third positions.

The unaddressed mail service is called Hongkong Post Circular Service. It was launched in 1992 to enable marketers to cover the territory and covers around 2.4 million delivery points – residential and commercial. Marketers like unaddressed Direct Mail as it can save them up to 35 percent on postage. Delivery is within four working days and the minimum postage is for 2,000 items. It costs around twelve US cents to post an item of 30g or less.

To help markets identify their target group, Hongkong Post has introduced a geo-marketing segmentation tool for their unaddressed mail services. This divides the 2.2 million residential households into nine neighbourhood groups.

Under the nine neighbourhood groups there are 28 sub-groups. With this tool, marketers can select their distribution target by both geographical location and Mosaic type.

Hongkong Post is the largest provider of unaddressed mail with a market share of over 90 percent. There has been a 35 percent growth in traffic over the last six years.

In regard to growing the cross-border Direct Mail with mainland China, a new service has been developed to facilitate trade in both China and Hong Kong to send Direct Mail to each other's region. The service is called the Hong Kong – Guangdong DM Service and is built on the expansion of the individual visitor's scheme of mainland China. This makes it easier for residents in Shenzhen to apply for visas to visit Hong Kong. The considerable spending power of such visitors is very attractive to Hong Kong merchants. Through the service, marketers can access mailing lists in Shenzhen and Dongguan. Work continues with China Post to extend this service to other major cities.

In addition to cross-border Direct Mail, Hongkong Post is also supporting other services to direct marketers such as warehousing, pick and pack and cash on delivery services.

Geo-marketing Segmentation Tool

• Enables marketers to target residential customers using precise segmentation tool of neighbourhood types

A. Upper Echelons 4 types / 177,916	B. Well-to-do 2 types / 112,977	C. Emerging Middle Class 4 types / 306,886
D. Suburban Locals 4 types / 65,773	E. Compact City Life 2 types / 37,602	F. Comfy Subsidized Homes 4 types / 344,089
G. Grass Roots Living 2 types / 223,542	H. Community Challenge 3 types / 221,086	I. Grey Perspectives 3 types / 265,887







ShopThruPost is an e-commerce platform that provides a safe, reliable and user-friendly platform for merchants to post and to sell their products on-line. Direct marketers can choose a one-stop postal solution including web postage, DM promotions, logistics services and payment.

Hongkong Post believes that Direct Mail has a very relevant fit in multi-channel marketing. This has been demonstrated by several key customers. McDonald's for example has recently introduced the McDelivery Service. This was supported by an integrated advertising campaign using TV, print, online and outdoor advertisements. Unaddressed Direct Mail was also used extensively to distribute menu and promotional offers.

In regard to the challenges faced by Hongkong Post, the key one relates to the local development of mailing lists and the management of customer databases. These have been slow to develop and in consequence, low levels of accuracy result in low response rates. Hongkong Post is not in a position to own and sell mailing lists and so they are exploring partnerships to improve list quality.

The other key challenge is education in regard to Direct Mail. There is collaboration with the HKDMA and other business partners in this area.

Finally the environment is another key challenge and recent efforts have been directed to introduce environmental printing services with recycled paper and soy ink. In addition an opt-out clause has been introduced for all posted items to reduce unwanted mail.

SingPost

Steve Ng, vice president, marketing at Singapore Post Limited presented SingPost's Direct Mail strategy. Like Hongkong Post, SingPost have also been following a three phase plan to build awareness of mail as an advertising media; to provide proof of the concept for addressed Direct Mail; and to monetise the success and experience in Direct Mail in the Asia Pacific region.

To position SingPost as the Direct Mail expert, the sales team was reorganised to provide a dedicated mail acquisition team. A new Direct Mail brand and website was created www.DMrocket.com and educational workshops, awards sponsorship, research www.mymailmoment.com were established.

DMrocket is a division of SingPost that offers a comprehensive suite of Direct Mail services and provides customers with Direct Mailing information.

To promote data management, SingPost has provided list rental based on segmented and unsegmented mail for both B2B and B2C. Segmentation has been based on GIS Programs, Data Source and Mosaic Singapore. Mosaic Singapore was based on collaboration with Experian to offer geographical selections of addresses by lifestyle segmentation.

A Singapore Lifestyle Survey was launched in September 2009 with the intention to repeat it once every three years. This survey has been delivered to each of the 1.14 million Singapore households. It is being supported by a national advertising campaign and there are many incentives provided to increase the response rates such as cars, holidays and other prizes. The anticipated response will be 400,000. The survey can also be obtained at Singapore Post Offices or online at www.Singpost.com.sg.

The MyMail Moment Portal provides insights to consumer's perceptions and preferences on products and services. It qualifies databases and enhances Direct Mail campaign responses. Over 13,000 members have signed up to this.

In Singapore budget dollars are increasingly shifting to interactive advertising. A 2009 study by Epsilon showed that 63 percent of interactive/digital marketing budgets had increased in 2009; in comparison to a 59 percent decrease in spend on traditional advertising. Those envisioning budget cutbacks selected "email" from a list of marketing efforts as the last one that they would cut back on.

From this study five key trends have emerged:

- Email is evolving to new devices
- Email is replacing other mediums for bills, statements, sales reps and promotional Direct Mail
- The new definition of spam includes irrelevance and contact saturation
- Relevance, personalisation and timing drive results
- Measurement is complicated and extends well beyond the inbox

Both email and Direct Mail have their advantages.

Direct Mail has been in a bit of a decline, partly because of the economy and partly because email marketing has been making inroads.

Direct Mail and email can however be complementary. It is believed though that Direct Mail will make a huge comeback as spammers continue to destroy a legitimate marketing channel.

The advice from SingPost to its business customers is to continue testing email, but don't neglect the proven, money-making power of a letter package or self-mailer.

Japan Post Service Co., Ltd

Naoki Nakashima, executive officer at Japan Post Service presented on Direct Mail within Japan. Based on data from the largest advertising agency in Japan, Dentsu, the total advertising expenditure in 2008 in Japan was worth 6,692 billion yen. In 2008, spend on Direct Mail decreased slightly although its share of the total spend did not decrease. The main competition in Japan for Direct Mail are newspaper inserts.

Direct Mail has a 6.6 percent share of total advertising spend in Japan.

There are significant cultural media differences in Japan. Most newspaper companies publish morning and evening editions and the circulation is enormous. For example, the Yomiuri newspaper is the largest with 10.3 million copies published daily. Then there is the Asahi with around 8.3 million copies, and the Mainichi with four million copies. In comparison, USA Today in the US has a circulation of 2.3 million; The Wall Street Journal, 2.1 million and The New York Times, 1.1 million.

Ninety percent of newspapers in Japan are delivered to the home and around 75 percent of Japanese people read a daily newspaper. This is enhanced by the length of commuting to work – often between one and two hours which leaves plenty of time for reading. Newspaper flyers are a very effective form of advertising and there are between five and twenty flyers in the newspapers in the big cities of Tokyo and Osaka.

A key threat to the newspapers is the mobile phone. In 1996, the percentage of Japanese with mobile phones was 24.9 percent. By 2006, this had grown to 86.8 percent. Indeed over 90 percent of people in their 20's, 30's and 40's have a mobile phone and teenagers are using mobile phones more often than their computers.

The trend towards the mobile phone adoption has resulted in increasing transactions of mail order shopping made by mobile phone, particularly among women.

The reason for this in Japan is that mobile phone operators have adopted a flat-rate price structure so users don't have to worry about connecting to websites.

A survey by Japan Post Service in 2008 found that 75 percent of people receive between one and five pieces of Direct Mail per week, and 95 percent of them say they read them.

The environmental arguments regarding paper are very big in Japan. According to statistics from the Japan Paper Association, 21 hundred thousand tons of paper are consumed per year in Japan. An average Japanese person therefore consumes 245 kilograms of paper per year. Of this, only 3 kg are calculated to be from letters, post cards and catalogues received in the mail – just 1.2 percent of the total paper consumption of the Japanese people.

In an effort to provide new services to both business and consumers, Japan Post created a new subsidiary last year called JP Media Direct. The aim is to move away from mass promotion to direct promotion – this means a move towards one to one marketing. Direct Mail and increasing use of the internet are being used to achieve this.

Businesses provide and receive incredible amounts of information in their attempts to reach consumers on a daily basis. Given the diversification resulting from this IT revolution, are companies effectively conveying their ideas to their customers?

In this age of information overload, JP Media Direct was established to bridge the experience of the post and advertising agencies in Japan to provide the missing link between consumers and businesses.

It is believed that in Japan, Direct Mail has yet to find its true value and acceptance by marketers and consumers alike.

Vietnam Post – Media Post

Philippe Martin, CEO, Media Post Company in Vietnam presented on the challenges of growing Direct Mail in Vietnam. There is plenty of competition for mail delivery from the local bus and coach companies and these alternatives are very cheap.

In Vietnam there are no mail boxes, instead the mail carrier delivers the mail to the house where there will always be a relative such as a grandparent. Advertising expenditure in the country is largely directed to television advertising and to newspaper inserts.

Despite the very large number of SMEs in Vietnam, the recent significant increase in postal tariffs has not affected mail volumes.

The most important Direct Mail market in Vietnam is the unaddressed mail or door to door. Literacy rates are very high in the country and the Vietnamese love to receive catalogues.

Vietnam is a huge market for Direct Mail and given the cultural acceptance of printed matter, supporting the growth of this market is a big challenge for Vietnam Post. This is the reason why they have signed a joint venture with Groupe La Poste and Media Post.

Media Post is operating as an agent of Vietnam Post and its first task in developing the Direct Mail market is to develop databases.

Thailand Post

Suchada Buddharuksa, vice president of mail and logistics, Market Department at Thailand Post told of the 16 million internet users in Thailand which equates to a 23 percent penetration.

The sending of SMS in Thailand is very popular with over 270 million SMS sent per month.

Given the uptake of online technology the question was raised of whether Direct Mail could be developed in Thailand or whether it would be by-passed by technology.

A product life cycle was shown where developing countries can grow their Direct Mail volume to comparable levels seen in North America and Europe. However for this to happen, as for Vietnam, the infrastructure in Thailand will have to be developed in the form of address lists and marketing databases.

TNT Mail China

Eric Vandenberg, managing director at TNT Mail China informed the forum that any future growth in Direct Mail will be determined by market conditions.

There are many opportunities to develop cross-media opportunities and postal operators have to reach out to advertising agencies and form new partnerships with them to promote such initiatives.

Selling Direct Mail in China requires proof of success, through sharing case-studies, research and information with clients. TNT Mail China sends out daily reports to its customers on the logistics of their mailings. This measure had significantly reduced the number of customer enquiries made to their call centre.

In regard to online media, new channels are very cheap but can be less effective. Technology does however provide new opportunities for Direct Mail through modern printing and complete personalisation.

Direct Mail should be thought about in a different way – a way of directing traffic to a company website.

In effect, the physical nature of Direct Mail can be used to attract customers to the electronic world. However with this approach the challenge of using the website for data collection must not be underestimated as many customers will drop out.

In China a big problem for Direct Mail is the lack of attention and investment in the creative treatment.

In order to grow Direct Mail in the Asian region, important principles need to be considered:

Don't:

- Present solutions which seem difficult to implement
- Think that online applications are self-explaining
- Sell new products without proof (cases, research) and creative examples
- Use DM knowledge only. Online marketing requires a different expertise

Do:

- Start with the communication need of the customer
- Practice what you preach
- Partner with specialists before you invest in production capacity
- Invest in your people and organization and be patient
- Experiment and research what combinations work best
- Invest in publicity, for example a logo for 'Send me Now'
- Joint promotion (TNT Post – Send me Now & Lipton)



Key Learnings and Looking Ahead

Delegates' Key Learning's from the Forum

The delegates were split into two groups to discuss and feedback on their key learning's. These can be summarised as:

- Solutions need to be kept simple
- Think of Direct Mail as a present rather than a communication
- Today's consumers have a mind-set of don't interrupt me but entertain me
- More attention has to be given to addressing environmental concerns
- Posts have to sell a whole campaign, not just Direct Mail – integrated marketing campaigns incorporating different media are required

The Next IPC Senior Executive Forum in Asia on Direct Mail

The group agreed that it would be very beneficial to meet again in 2010 to review the progress that has been made and to continue to share and learn from best practice in growing Direct Mail in Asia. The focus for next year's forum will be on campaign database management and developing lighthouse examples of how to reposition Direct Mail.

As the global economic and business environment continues to impact on advertising and communication expenditure, businesses will face more complex decisions on how to best maximise their marketing budgets in an increasingly complex world. IPC believes there is great value in sharing knowledge and expertise with its members in order to best support the growth of an essential communication medium – Direct Mail.





ABOUT THIS PUBLICATION

IPC Strategic Perspectives is an in-depth look at issues relevant to the postal industry.

IPC Strategic Perspectives is sent out exclusively to IPC member posts. If you have an idea for a topic of interest for an upcoming issue, please contact us via email at publications@ipc.be or send your submissions to:

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