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* We had previously announced that the IPC PostBoard® would launch on 01 July 2012. This was incorrect. The IPC PostBoard® is currently being tested internally in Beta version and is expected to be rolled out to postal stakeholders in the coming months.

Welcome to the new Direct Marketing Flash

Dear reader,

Welcome to Direct Marketing Flash, the latest addition to the family of IPC Flash publications. With the introduction of IPC Direct Marketing Flash we are expanding our range of topic-focused flashes (including IPC Green Flash and IPC Regulatory Flash) that compliment the IPC Market Flash.



In the IPC Direct Marketing Flash you will find a range of articles covering the latest developments from the direct marketing world. Each issue will include a feature article on a particularly interesting or pertinent question to the DM community – in this issue we examine the potential and future of QR codes, which it seems have got off to a somewhat uncertain

start. After that we lead with the latest DM news from IPC, with updates on recent developments and future events, and follow this with news from across the industry. Some of the other topical questions we cover in this inaugural issue include the value of social media ad spending and the value of 'big data' to marketers.

Of course we hope to expand this publication both in terms of the range and richness of the articles we include, and to that end we very much encourage and welcome any news from your own organisation that you would like to submit for inclusion. We cannot guarantee that we will be able to accommodate every submission received, but we will do our very best!

The IPC Direct Marketing Flash is a quarterly publication, and you can expect to receive your four annual editions in March, June, September and December.

We hope you enjoy reading the new IPC Direct Marketing Flash and very much look forward to receiving your feedback.

The IPC Publications team

Feature story

Are QR codes here to stay?

Quick Response (QR) codes originated in Japan in the automotive industry, but because of their ability to encode detailed information, their usage has spread rapidly into retail. But how many of these 2D barcodes are actually being used? And what is the real value of these codes to retailers, and indeed marketers?

Of course the initial appeal of QR codes was how they easily allowed the integration of off- and online media: To some, it represented not just the next big thing in marketing, but its holy grail: at last, through the codes, print media could provide that all-important link, drawing consumers from visual display advertising online and actively engaging in a business's website.

But how many people scan the codes? Reliable statistics are hard to come by, but even anecdotal evidence suggests not many. Why, given how easy they are to use, do we not see more people doing so?

There are a number of factors, and these centre on the way QR codes have been deployed and employed, rather than the codes themselves. Firstly, QR codes have suffered from a lack of consumer education. To work, they must be scanned with a smartphone: while many people have smartphones not everyone either knows of the app to be downloaded in order to scan the codes, or has the patience to do so. The message of what to do to scan the codes – and the rewards accruing to consumers for doing so – has never been communicated. Rather, QR codes have almost stealthily been introduced as an unspoken compliment of the digital revolution, something to be seen but not heard.

QR codes also suffer from their ubiquity – it seems that they are to be found everywhere, from back-page advertisements on magazines to the back of busses. To be scanned, QR codes need to be stationary (not to mention neither too big nor too small, or printed on a reflective surface).

Another barrier to widespread adoption lies in miss-use of QR codes by marketers and companies. While the codes are relatively easy to generate, oftentimes the codes do not deliver on their promise – either the content to which the consumer is directed is not in rich-media format or mobile-enabled (thereby failing to enhance user experience and engagement), relevant to consumer expectations (therefore disrupting the dialogue that the original point of engagement promised), or worse, does not work at all. In the early stages of their deployment, like all new technologies, QR codes suffer from a 'one-strike' policy: if the keen consumer is left frustrated by the experience, s/he is extremely unlikely to want to repeat it.

Great marketing loses its effectiveness when no-one bothers to check where the message wants to go.

However, these may just be the teething problems of any innovation, and select case studies point to the huge potential for QR codes in smart marketing. One such example is that of Tesco Homeplus in South Korea, which uses QR codes to allow for simple, smart shopping: QR codes are deployed alongside photos of products in virtual shelves in metropolitan underground stations: consumers just scan the codes of the products they want and purchase via their mobile to have their shopping delivered to their home.

The potential for QR codes to allow for enhanced tracking is also only starting to be realised: in one example, USPS client QCI Direct, who used QR codes in a USPS promotion,



admits it did not track code usage, but plans on rectifying this omission this year. By helping clients realise the fuller potential of QR codes, USPS itself has witnessed a 39% increase in code usage by advertisers this year compared to 2011¹, with a jump from 3% to 34% in uptake of the mobile barcodes on standard mail items during the July-August promotion last year. QR codes need to demonstrate their effectiveness to justify marketing spend.



In conclusion, the uptake of the QR code by marketers has been positive, but poor execution has retarded uptake among consumers and their general adoption into the integrated retail experience. (It also probably does not help that no-one is effectively talking to consumers about 'integrated' shopping.) Much remains to be done before QR codes deliver fully on their potential: they pack a lot of promise, but consumers remain to be convinced that they can deliver rewarding experiences. Future success will depend on their doing so.

IPC news

IPC PostBoard®, the new IPC online forum, launches soon²

Online forum to enable constant knowledge sharing among postal stakeholder communities

IPC is pleased to announce the launch of IPC PostBoard®, its new online forum (available via the IPC website) which will go live in the coming months. The forum will allow IPC's wide group of postal stakeholders to discuss topical issues and share ideas in communities of common interest. The new forum will allow for the exchange of a diverse range of contributions and quality knowledge from postal industry leaders in their respective areas of expertise.

The first community to be activated within the forum will be around the topic of direct marketing, and we strongly encourage all readers of DM Flash and other direct marketing stakeholders to sign up and get involved in the online debate! Discussions will explore how direct mail can re-establish its importance by maximising the 'mail moment' as part of integrated, cross-channel marketing strategies and the consumer's retail experience.

To ensure the highest quality forum membership, participation is by invitation only. If you would like to be registered to participate, or for any further information, please email forum@ipc.be. The forum interface has been developed in partnership with MIT.



² We had previously announced that the IPC PostBoard® would launch on 01 July 2012. This was incorrect. The IPC PostBoard® is currently being tested internally in Beta version and is expected to be rolled out to postal stakeholders in the coming months.

¹ Multi-Channel Merchants Outlook 2012-13

Y&R underscores importance of direct mail at IPC Annual Conference

Global advertising giant's APAC President Matthew Godfrey addresses delegates of conference focused on 'the consumer in 2020'

Matthew Godfrey, Asia President of global advertising and marketing communications giant Young & Rubicam (Y&R) was one of the keynote speakers at this year's IPC Annual Conference, the theme of which was 'the consumer in 2020'. Held on 11 May in Shanghai, the conference examined rapidly-evolving consumer demands and purchasing habits and how businesses need to become smarter at reaching an ever-more sophisticated consumer base. In his presentation, Godfrey provided many insights into consumer behavioural trends and marketing strategies, and underscored the strong role that direct marketing mechanisms will play in differentiating leaders in a cluttered communications space, emphasising the complimentary – rather than competitive – relationship between direct mail and online marketing that is emerging, to nurture consumer dialogues and result in increased sales.

Godfrey debunked three myths his company perceives currently concern the postal sector in the age of the digital consumer. The first is that we are living in a 'post-post world', which Godfrey repudiated, as consumers do not live just virtually. The second is the notion that online consumers can only be reached online, highlighting several best practices of integrated on- and offline campaigns which lead to enhanced consumer involvement and greater

success. The 'experiential model', Godfrey asserted, is becoming the new premium, overtaking commodity online models. The third myth he tackled is that effectiveness is measured through the ability to drive sales, whereas recent developments have shown that effectiveness is more accurately measured through the ability to create brand affinity. In a world that is in 'constant beta', Godfrey pointed out that technology is no longer of intrinsic value in itself, but merely an enabling medium. This is why, Godfrey states, posts will always have their place in, in delivering stories and experiences, not just mailpieces and packages.

See the videos of Godfrey's full presentation [here](#).

June IPC Senior Executive Forum: Media Services and Direct Marketing

The next in IPC's series of Senior Executive Fora, taking place 14-15 June in Brussels, is on media services and direct marketing. The forum will focus on how innovative technology supported by high-quality data can ensure direct mail has a critical role as a vehicle for delivering enriched and interactive customer experiences that can drive consumers into the digital space. Specifically, forum topics will cover:

- how state-of-the-art technologies can reinvigorate direct mail;
- creating value for posts through enhancing customer data, and
- boosting the response rates of media within a cross-media campaign.

The SEF will see contributions from IPC as well as Austria Post, bpost, Deutsche Post DHL, Hellenic Post ELTA, Japan Post, Norway Post, Post NL, Royal Mail Group, Swiss Post and the US Postal Service. If you are not yet registered for IPC's programme of SEFs and would like to take part, please contact mark.harrison@ipc.be.



'Big data' on the agenda at IPC

'Big data' – the term used to describe the huge amount of data being collected through computers, mobiles and payment terminals and how it is used to improve brands' understanding of customers – was another of the major trends explored by Matthew Godfrey at the IPC Annual Conference (see above: 'Y&R underscores importance of direct mail at IPC Annual Conference'), and will be one of the central topics of debate at the June Media Services and Direct Marketing SEF (see previous article).

An example of the power of 'big data' can be gleaned from the results from Target, an online retailer, which invested in analysing the habits of some 2m consumers and used the data to personalise marketing strategies to them. The investment resulted in:

- double-digit response rates;
- a 30% savings in operational costs, and
- a 50% increase over previous static communications.



Customisation of emails, coupons and other advertising media has demonstrated increased response rates – and revenue growth – as marketing offers become more meaningful to individual consumers. This has given rise to a whole new industry of data analyst experts, who are becoming the new partners of the marketing sector. Software is being rapidly developed that enables companies to highly segment their customer base, in turn allowing them to re-connect with a defected client or establish brand affinity with a relatively new customer to stimulate sales.

Enlarged IPC DM case study database offers hundreds of best-practice studies

IPC has been busy revamping and expanding its direct marketing database to offer DM postal stakeholders the widest range of best-practice case studies from which to learn and take inspiration. IPC is actively working on rationalising the organisation of the database to allow for easy search functionality. Work on enhancing the DM case study database is still ongoing and is due for completion by the end of 2012, so please do bear with us as we work to produce a more complete and compelling resource for you.

We would also greatly appreciate your help in ensuring that this database provides the richest source of materials possible to the DM postal stakeholder community. To that end, we invite all users to send through any new direct marketing case studies they have developed for inclusion in the database – whether focusing on DM as a stand-alone medium or as part of a multi-channel campaign.

Please note that the final content organisation is still a work in progress: currently, case studies in the DM database can be found in two sections under the IPC>Intelligence>Direct Marketing pathway, as highlighted in white in the image below. 'Direct Mail Best Practices' presents a range of best-practice case studies from non-postal companies, whereas, as its name suggests the 'Postal Case Study Library' presents those from within the postal sector.

To contribute case studies, or for any queries on using the database, please contact directmarketing@ipc.be



Industry news

New quarterly online advertising spend record set

According to figures released by the Interactive Advertising Bureau (IAB) in its Internet Advertising Revenue Report, a new global record spend of US\$8.4bn (€6.7bn) for a financial quarter was set in the first quarter of this year. This record represents an increase of 15% on Q1 2011, when the figure was US\$7.3bn (€5.82bn). This will not come as a surprise to many, given the recent focus of advertising budgets on online, in particular on mobile. While this record is impressive, industry pundits do not think that it represents the peak: Sherrill Mane, SVP of research, analytics and measurement at IAB, still sees further growth for digital advertising in the coming years. In light of this, it will be interesting to see if this year-on-year growth is maintained over Qs 2, 3 and 4. IAB employed PwC to conduct its independent survey.

Value of social media advertising questioned

As anyone who is not living on Mars will be aware, Facebook has been in the news a great deal recently, and not always for the right reasons. While its 900m global users and recent IPO valuation would suggest it is in rude health, its IPO has thrown into keen relief the lingering doubts that just will not go away on the return on investment (ROI) of advertising in social media networks such as Facebook. Social media have had a huge impact on marketing strategies of many companies and have completely changed the paradigm of how retailers interact with consumers, but not all companies are as convinced by bottom-line returns of dedicating advertising spend to the Facebooks of this world. While sites like Facebook can be successfully leveraged by brands to generate hugely positive engagement, accumulating thousands of 'likes', this has not always successfully been converted into revenue, to the concern of marketers.



This concern was amply demonstrated recently, when General Motors decided to dump Facebook as an advertising channel, stating its ad spend there "had little impact on consumers". Not long after, controversy raged during that much-fêted IPO, as some investors had not been given revised figures which showed advertising spend had slowed. In response, Facebook has redoubled its efforts to focus on proving the value of its offer through specialised ad placements and increasing its mobile offering. The latest report from ComScore released on 12 June found that brands that had invested in Facebook's paid media enjoyed an increase in online and in-store sales, welcome news to Facebook shareholders and advertisers alike. The jury is out, however, as to whether this represents a longer-term trend or a short-stop fillip.



Canadian youths welcome direct mail

The Canadian youth market perceives direct mail to have more value and enduring qualities than other media, according to a recent study conducted by Youthography, a Toronto-based research firm, on behalf of Canada Post. The study, which focused on attitudes of 18-24 year olds, found that:

- 72% of respondents open mail from a company they know or like;
- 87% open and read mail addressed to them personally, and
- 41% said they had responded to an offer³.

Respondents were also canvassed on the types of marketing they disliked most. Telemarketing emerged as the most disliked, with 77% of respondents citing it, followed by text messaging (68%); floating web ads (66%); email (58%) and web video ads (57%). Interestingly, postal mail emerged as the least disliked, with only 47% of respondents citing it – fewer than half of the total response base, whereas all others were disliked by more than half.

² All statistics from Canada Post.



These results add further grit to the mill of those who challenge the assumption that the Generation Y can only be reached by digital means. Much of the added value of direct mail is that there is much less of it to absorb: approximately half the respondents surveyed reported receiving fewer than ten mail pieces per week, allowing individuals the opportunity to pay more attention to the select marketing messages they receive via the medium.

The overall attitudinal perspective fits quite closely with that of the Irish youth surveyed by An Post in February 2011, which demonstrated similarly positive results.

Royal Mail's 'delivered by' mark to launch 23 June, despite ongoing questions over scheme



Royal Mail has set 23 June as the date it will introduce its 'delivered by' mark on direct marketing mail pieces, almost a year after the idea was first publicly mooted. The original announcement

caused controversy, with some industry players disputing the company's right to print its own marketing messages on what the DMA has called "a medium that is not its property", causing the scheme's introduction to be postponed.

The initiative is part of an attempt to raise the brand image of Royal Mail: part of the justification for the strategy is a YouGov poll that found that "77% of customers would welcome clarity on which company delivers mail", as reported in Marketing Week⁴. However, many in the direct mail industry are concerned that the mark, carrying the words 'delivered by' along with the Royal Mail logo, will distract from other marks used by marketers. With the mark's introduction, Royal Mail is navigating uncharted waters in its relationship with its clients. Watch this space for further developments.

Awards news

Ireland's DM awards organised by An Post

On 03 May Ireland's An Post celebrated the best of home-grown talent in direct marketing at the Integrated Direct Marketing Awards, under the banner of 'Make your Mark'. Hosted in Dublin's Mansion House, the event drew attention to some of the fantastic work that has made a difference to Irish businesses, combining creativity with interactivity for maximum impact. The campaigns shortlisted were all considered to have boosted sales and had a positive impact on consumers, whether online, offline or integrated. Campaigns were recognised in four main groups: sector awards; media awards; strategy awards, and special awards. A full list of awards and winners can be found at www.anpostdmawards.com/winners.php.

Marketing Week Engage 2012 awards

May also saw the marketing Week Engage 2012 awards event held in London, which celebrated talent from across the marketing industry, recognising clients and agencies alike. The winner for the best direct marketing campaign was Lloydspharmacy, whose DM message was aimed at motivating at-risk people to visit its stores for an assessment for Type-2 diabetes. The results – weekly assessment counts rising from 524 to 7250, with an extra £4.1m (€5.09m, US\$6.38m) revenue generated – speak for themselves.

³ Issue of 23 May 2012



ABOUT THIS PUBLICATION

IPC *Direct Marketing Flash* is a quarterly newsletter providing a comprehensive look at new developments emerging in the international postal marketplace. It is published by the Markets and Communications department of the International Post Corporation.

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