

Basic Guide

A Step-by-Step Guide to Profitable DM for Novices

Introduction

Want to build and strengthen your business with Direct Mail but aren't sure how to get started? Then this is the guide for you. In it, you'll find all you need to know about Direct Mail in easy-to-follow steps. You'll also be equipped with the basic skills for planning, rolling out and evaluating your Direct Mail campaigns.

What is Direct Mail?

Direct Mail is one of the most significant, influential and effective forms of marketing communications. It gives you many competitive advantages in building and strengthening your business, to help you stay ahead of the competition.



The most important difference between Direct Mail and other forms of marketing communications is that you get to **know your customers as individuals** and, as a result, develop a deeper understanding of their needs and interests. This allows you to employ very personal, targeted and persuasive methods of selling.

Direct Mail gives you many competitive advantages in building your business:

1. **Confidentiality:** two big advantages here: firstly, you can talk to your customers without your competitors knowing, and, secondly, your customers can see your message without the distraction and clutter common in mass media.

For example: If you're running a TV commercial offering a 5-day holiday in Bali for HK\$8,500, your competitors will see it and may respond by cutting their price to HK\$7,750 and possibly adding extra benefits such as room upgrades and complimentary breakfasts. When you use Direct Mail, only you and your potential customers know and understand the deal you are offering.

2. **Flexibility:** you can mail your potential customers at any time you choose, using a wide variety of designs. You can mail letters, postcards, colour brochures, product samples and even joint promotions, all of which contain a response

device. It's entirely up to you to decide what to use, and the only constraints are your budget and your imagination.

3. **Targetability:** decide exactly whom you want to reach, and then speak to them one-to-one in the privacy of their own homes or offices.

For example: If you want your target audience to sign up for a prestigious golf club where membership costs HK\$400,000, a Direct Mail piece should be sent to people who earn more than HK\$1,000,000 per year. You could do a TV commercial instead, but this would also be seen by many people who are neither interested in, nor able to afford, a golf club membership.

4. **Measurability:** nothing is left to chance. The success of a Direct Mail campaign can be easily measured by counting the number of responses, unlike a TV campaign in which you may have no clear idea of how effectively your marketing money was spent.

For example: You're building circulation for a new lifestyle magazine. After testing several different targets and formats of Direct Mail, you discover that by mailing high-net-worth individuals in Kowloon with a personalized letter offering a 6-month free subscription, you get 3 times the response rate than for an offer of wine at a reduced price. Your calculations prove that you will get a lower cost per response by using the 6-month free subscription offer to high networth individuals on Hong Kong Island.

5. **Accountability:** as soon as you've seen just how well Direct Mail can work, it becomes a "self-financing" medium. You can actually identify a cost per response and fine-tune your future budgets and targets accordingly.

Planning

An Easy Guide to Creating Great Direct Mail Campaigns

Now that you know the basics of Direct Mail, you can move on to the next important step: planning. Planning can be conveniently divided into three areas: setting your objectives, defining your target and locating and reaching your target.

■ Step 1

1. Setting Your Objectives

For example, do you want to:-

- **Sell** one product or a range of products?
- **Promote** a service or a range of services?
- **Generate leads** for future mailings, follow-up phone calls or for your representatives to make a sales call?
- **Increase** brand awareness?
- **Build** loyalty or undertake other forms of Customer Relationship

Management?

Because commercial success is measured by results, it's vital that you know precisely what results you're trying to achieve.

Step 2

2. Defining Your Targets

Just as there are many types of objectives, there are also many different types of targets. Depending on whether you wish to communicate with individuals, or with organizations such as businesses, clubs and government departments, the type of information you need to gather to clearly define your target will differ.

For example:

- **Individuals:** here you will need information about age, gender, income, spending patterns, geographical area, type of accommodation, hobbies and interests, specific needs and so on. If you have difficulties in terms of time and/or budget for collecting *all* this information, the most important piece of information that you should not miss out is *age*.
- **Businesses:** the type of data required here could include nature of business, number of employees and company structure, as well as information relating to your objectives, such as the brand name of the product or service they're currently using.

Detailed information of this nature will allow you to create a Direct Mailing piece that is more *relevant* to your targets and therefore more likely to get good results.

The success of your campaign depends on an accurate market profile.

3. Locating and Reaching Your Targets

At this stage, you should know precisely what your objectives are. You should also have a clear picture of the type of individual or organization with which you wish to communicate. The next task is to gather information on where they are, and to marshal and process that information for commercial advantage both now and in the future.

■ Step 3

Databases and Lists.

Simply put, lists comprise raw information. They contain basic data such as the target's name and address. Most lists are generally either **response lists** (people or organizations who have responded to your, or other people's, offers) or **compiled lists** (people or organizations who subscribe to certain magazines or who hold a particular credit card).

By contrast, a database can provide you with vital insights that will increase the effectiveness of your Direct Mail activities. A good database is a very powerful tool and is, without doubt, the most important component of the Direct Mailer's armoury.

Apart from just a simple name and address, your database should contain every single piece of information you need to make your mailings more relevant and better targeted.

For **individuals**, you can also add your targets' hobbies and interests, favourite shopping spots, regular holiday destinations and spending habits.

For **organizations**, you should include job titles as well as names, the identity of key decision-makers and product-relevant information, along with anything else that you think will help you to communicate better.

With a good database management system, all of this information can be customized precisely to your needs, mailing by mailing. But remember, before you can set about building your database, you must first compile your list.

Step 4

Compiling your list

In addition to the lists that you already have as a result of your previous mailings, other lists can be rented from a list broker for a specific period of time (normally one year) and for a limited number of uses. These lists can be as comprehensive as a telephone directory; or as narrow as a listing of couples aged 23 - 31, both of whom work in the airline industry and who have 2 children being educated abroad.

No matter how obvious it sounds, when you're compiling your list, always keep in mind **exactly who** you're trying to target.

Most competent list brokers can be found through the Yellow Pages or ads in Direct Marketing publications. They will either supply you with lists they've compiled themselves or act as agents for lists compiled from other sources. However, in order to make the best use of your promotion money, you have to clearly define who your targets are, and ensure that the list broker matches your requirements carefully. You should also negotiate with them for taking a sample for testing, before committing to rolling out the entire list.

You can also compile your own lists from easily accessible public records, such as the Register of Motor Vehicles, or the Lands Registry. Magazines, as well as trade and professional associations, are another great source to consider, especially for reaching targets that share the same interests, pastimes or commercial activities.

A word of caution. In Hong Kong today, it's vital that you make enquiries about the exact source of the information you're about to rent or buy, in order to avoid any complications under the Personal Data (Privacy) Ordinance, which came into effect in December 1996.

On a more general note, it's also important that you **check into the freshness and frequency of updating** of any data you're planning to acquire. Any list that hasn't

been de-duplicated recently or contains "dead" information could **adversely affect your production and postal costs, and detract from your company's image.**

Step 5

Building Your Database

Now's the time to take all the information you've accumulated in compiling your Direct Mailing list and turn it into a database. In simple terms, in building a database you take hard, dry data and breathe life into it.

Your database should be much more than just an electronically stored list of information relating to individuals or organizations. It must also be able to stand updating and interrogation by a cross-section of users. This is what makes a good database **the single most important component of the Direct Mail mix.**

A good database will not only tell you your target's name, address, sex, age, occupation, income and lifestyle habits, it will also give you vital information regarding each individual's reaction to your previous mailings. This important segment in the database is usually marked as PSTs, or "Promotion Sales Trailers". For example:

- Did they ignore those promotions?
- Did they respond to any of them?
- When was the first time they responded to your mailings?
- Of those three different formats you tested in your last mailing, which did they respond to?
- If one of your mailings included a questionnaire, did they complete and return it?
- Has their response been converted into a sale?
- What are your next steps with this individual or group of individuals?

In many cases, marketers invest in keeping "Purchase Histories", but forget about the importance of tracking their targets' response to previous mailings. There is an almost infinite amount of information that your database can give you, depending on how it is designed.

Building a database that suits your requirements precisely is a complex business, and you should seek advice from a professional Direct Mail Marketing consultant, rather than just talking to the list broker alone.

To get the best results, here's a checklist to consider before you brief an outside specialist:

- What are your objectives and precise requirements?
- What will the data be used for?
- How frequently will you be updating your database?

- How many, and what type of, people will use your database?
- What is the anticipated size of your potential customer base?
- Are there any compatibility requirements with existing infrastructure?
- And last, but not least, what is your budget?

A final thought. Having spent a lot of time and energy on this important project, always remember that your "relationship" with your database is a two-way street. For it to give you everything you ask of it, you have to keep it constantly updated with the results of your Direct Mail activities. Old data is useless data. Fresh data will help you make money by out-thinking and out-marketing your competitors.

An Important Option – The Hongkong Post Circular Service

In addition to building and using databases for your Direct Mail activities, you should also consider the advantages of The Hongkong Post Circular Service. This highly efficient and cost-effective service allows you to target geographically clustered demographic groups such as high-income or high-net-worth individuals. Hongkong Post has the ability to identify and locate such groups **and** to deliver your message directly to their letterboxes for as little as HK\$ 0.90 per item – much less than the postage cost of mailing a standard letter. Recently, this service has been enhanced with the incorporation of the MOSAIC data management system, to improve on the selectivity of the targets and hence the response rates of Direct Mail promotions. Please visit [The Hongkong Post Circular Service](#) for more details.

Creating

Production Guidelines - A Word from Hongkong Post

First things first. Even before you start creating your Direct Mail piece, we suggest you visit the [Deliveries](#) section of the Hongkong Post direct mail website for a sneak preview of the many systems Hongkong Post will use to get your Direct Mail campaign into the hands of your potential customers.

The reason we recommend you do this is that, depending on which delivery system you opt for, there may be certain size, weight and sorting restrictions in place. These are designed to ensure that your Direct Mail campaign is delivered as quickly and cost-effectively as possible.

You'll also discover that by sticking to these guidelines there are some very gratifying **cost savings** to be had. And the money you save here can be usefully applied to other aspects of your campaign.

Once you arrive at the [Deliveries](#) section of the Hongkong Post direct mail website, simply click the delivery method you've chosen for full details of guidelines and savings.

Designing and writing your Direct Mail piece

Now we come to the interesting part — preparing your own Direct Mail programme. Before you begin, please take into account the following important points:

■ Step 6

1. The proposition

- Analyze the market.
- Find out what your competitors are doing. That way, you can be sure that you'll be saying something fresh and different.

Step 7

2. The message

The message is the most important element in your Direct Mail promotion. It will significantly influence your customers' responses. It is absolutely essential to create the right message for your Direct Mail campaign.

- Work out your objective.
- Work out what you want to say. Visualize your audience and determine how your product or service matches their needs.
- Work out what the USP (Unique Selling Proposition) of your product or service is.

Example: Are you selling a knife that can cut through steel, or glue that can pull a freight train? And if there isn't a USP, invent one — add a guarantee, or a service, or a product update, etc.

- Make it conversational. And, keep it simple, short and friendly.
- Stress the consumer **benefits** rather than the features of your product.
- Focus on the recipient: use "you" more than "me".
- Don't forget to create a compelling "call-to-action" so more customers will respond.
- Make sure that you tell your customers how to order (accept your offer) and how to reply.
- Keep it legal and honest.

Step 8

3. Pricing and Offers

- If your campaign is based on price, make sure it's an attractive one.
- If you have a good offer, e.g. free gifts upon purchase, make it prominent.
- If it's an exclusive offer, use phrases such as "One-time" or "Limited offer".

Important

Don't forget the importance of **testing** different offers, messages, creative executions and timings. The results will have a dramatic effect on both the response rates and

profitability of your Direct Mail activities. Please check [Post Campaign Activities](#) for more details on testing.

Step 9

4. Encouraging Responses

- If you want people to order, or to contact you for more information, give them an easy way to do so, e.g. via a reply coupon or envelope.
- Make telephone and/or fax numbers prominent.
- Make sure your coupon has enough space for customers to complete all the details you need.
- Offering an incentive tends to increase response. Your incentive could be a free gift, a discount or a lucky draw chance.
- Urgency — make your incentive to respond time-sensitive, in order to induce faster responses — and more responses.
- For greater efficiency you can make use of Hongkong Post's Response Service. Options include Freepost, Business Reply Service and International Business Reply Service.

Step 10

5. Budgeting

How much will your Direct Mail programme cost? It's vital that you spend time working out your budget before you begin your programme. Consider the following:

- Postage costs — the number of customers you're mailing out to.
- Material costs — the quality of paper you're using, the number of pieces, etc.
- Printing costs — choose a printer you can rely on. Discuss the cost of materials with your printer to save more money. **Caution:** always check paper weight carefully to ensure that your Direct Mail pack does not unintentionally exceed the weight limit of a postage class.
- Miscellaneous costs — temporary staff wages, extra phone lines, transport, lettershopping, etc.
- Be honest with yourself. Do you have sufficient cash flow to pay for the campaign?
- Ways to be more cost effective
 1. Bulk mailing.
 2. Consider a lower quality paper stock.
 3. Reduce the number of elements in your mail pack, e.g. print the letter on 2 sides, cut down the number of pages in the brochure, or incorporate the response form into the brochure.
 4. Rework your target market profile to create a smaller, more precise target.
 5. Test before bulk mailing the entire list.

Useful Templates are provided in Hongkong Post's direct mail website to help you with Profitability Analysis and Break Even Analysis for your Direct Mail campaigns.

Please visit [Analysis Templates](#) to download them.

What goes into a mailer?

Now let's discuss what a Direct Mail pack consists of. Basically, there are a few core elements. Let's take a look at them individually and see how we can make them work effectively.

■ Step 11

1. Envelopes

- Use **standard-size**, ready-made envelopes for cost efficiency.
- **Personalize** your envelope - either a sticker on the front or a window where the name and address on the letter can be seen.
- Allow **mail-opening incentives** shown through front and/or back windows.
- Use a **teaser** line when you have a compelling offer. A teaser line has these advantages:
 1. It encourages the reader to find out more.
 2. It gives a hint of what's to come.
 3. It arouses interest.

Teaser Line Examples:

"10 ways to make more money."

"How to earn up to 10% interest for your time deposit."

"Exclusive privileges you deserve."

"The information you requested has arrived."

"You could have already won \$1,000,000..."

"Imagine what would happen to your family if you were no longer able to work."

"The secrets to profitability – explained."

Step 11

2. Letters

LETTERS SELL. The letter is the "heart" of the mailing. It does most of the "selling" and "persuading".

- Make sure they are **personalized**. Personalized letters seem more special and get more attention. Remember, Direct Mail is all about being personal with your customers.
- Select the **right kind of paper**. Cheap paper may look like a saving, but it's the kind of thing that people notice, and it can adversely affect their response.
- Make it friendly and conversational - in most cases, except in an official corporate letter, letters should be written as if you are talking to a friend.
- Use the right tone and manner for each different target group.
Example: If your letter addresses students or teenagers, use a tone that is casual, friendly and employs simple words. If you are writing to a CEO or

Managing Director, use a more formal tone and be professional without losing the friendliness.

- Use highlights, e.g. headings, indents, bold and underlining.
- Don't forget to include a compelling "call-to-action" with time-sensitive reply incentives, so more customers will respond and reply more promptly.
- Always use a P. S. at the end of the letter. The P.S. sums up the gist of your proposal and it is what most busy people will read first.

Step 11

3. Brochures

BROCHURES TELL. A brochure gives you a chance to put in ALL the details of your products or services. An effective brochure should incorporate the following features:

- Information must be organized in an easy-to-read structure.
- Keep it concise and relevant.
- Make sure the brochure is talking in the right way to the target market.
- Emphasize the benefits to the customer.
- Keep it simple. Don't confuse your message or bore your audience.
- Always include a Hotline number. It will encourage your potential customers to make enquiries.
- Make sure that the most important USP is presented in the **front panel** of the brochure. This is the first message to be presented to your customer when they open your mail and read the brochure.

Step 11

4. Response Form

- A return **pre-paid** envelope or postcard will increase response. It is a cheap and easy way to reply, and conveys an image of your organization as being customer friendly.
- You may want to **pre-print (personalize)** your customer's name on the reply device, making it even easier for them to fill in and simpler for you to process their response.
- To make it more convenient for your customer to respond, you could also consider using Hongkong Post Response Services. Options include Freepost, Business Reply Services and International Business Reply Service.

Step 12

Working with Agencies

If your marketing plans are very simple — sending out a letter, and perhaps an existing brochure, to a small number of existing customers — then you may feel that you can manage everything yourself. However, if your plans are more extensive, you might want to use a professional Direct Mail Marketing consultant (agency) to help

you plan and manage your campaign. There are a large number of experts in this field available in Hong Kong. Please check Hongkong Post's direct mail website for [Direct Mail Marketing Agencies](#).

Here's a rough guide to what you can expect from an agency to get your money's worth:

- Help, from planning and creating the Direct Mail piece to printing and mailing.
- Sourcing, evaluating and negotiating for the appropriate lists.
- Tracking responses and reporting results.
- Establishing and managing a useful database from responses.
- Most agencies will work with you as your marketing partner, instead of as just a supplier.

Deliveries

By now you've already invested a considerable amount of time and effort in planning and executing your Direct Mail campaign. You've fine-tuned your offer. You've defined and identified your target precisely and built your database. And you've spent many hours designing, writing and producing your Direct Mail pack. What counts now is to ensure that your campaign is delivered into the hands of your potential customers in the most efficient and cost-effective way.

At Hongkong Post, we've spent many years listening carefully to the needs of our commercial customers. As a result, we've re-shaped some of our traditional services and introduced a number of new services, all of which are designed to help you get the very best out of your Direct Mail campaigns.

Hongkong Post Mailing Services

We offer **five** clearly defined delivery methods, which will ensure that your Direct Mail campaign works as hard as possible. Depending on your precise target, the size of your database, and the weight and dimensions of your Direct Mail piece, you can choose between:

[Non-Bulk Mail](#)

[Bulk Mail](#)

[Local CourierPost](#)

[Hongkong Post Circular service](#)

[Hongkong Premium Post Circular service](#)

Having decided which of these methods is best suited to your current Direct Mail campaign, you should also consider employing one or other of the following **additional services** which will **dramatically increase the response rate** from your

chosen target:-

[Freepost](#)
[Business Reply Service](#)

As a final thought, if you wish to consolidate your Direct Mail responses, or keep your business address confidential, you can **also consider** opening a [Post Office Box](#).

For exact details, simply **click on the service that interests you**. What follows is a general description of each service and how it will help you to maximize the results of your next Direct Mail campaign.

■ Step 13

Non-Bulk Mail

In simple terms, this service refers to the normal postage procedure of addressing your Direct Mail pack, putting a stamp or franking mark on it and posting it at a stand-alone Post Box or Post Office. With Non-Bulk Mail there is only one delivery standard, 1st Class, and your mail is guaranteed to arrive the day after posting. Non-Bulk mail can cost as little as HK\$1.40 per item and is a cost-effective way of handling small to medium-sized mailings of less than 2,000 pieces.

Bulk Mail

Bulk Mail is the most cost-effective way of delivering large mailings of more than 2,000 pieces. With Bulk Mail you simply deliver your Direct Mail packs to a Post Office. There is a choice of payment methods, including Franking, Postage Prepaid and Permit Mail. Bulk Mail has two delivery standards — with 1st Class, your mail will arrive the day after posting, and with the more cost-effective Bulk Economy Class your mail will arrive within 3 working days. There are further discounts available if your Direct Mail packs are of a standard size and if you are willing to pre-sort them.

Local CourierPost

Some of your Direct Mail campaigns may require faster delivery. Local CourierPost provides you with high-speed, reliable and price-competitive deliveries throughout Hong Kong, supported by a money-back guarantee.

This service comes in two categories, Standard Service and Premium Service, and is available to you as either a Casual Customer or an Account Customer. As an Account Customer, you will be billed on a monthly basis and enjoy **free pick-up**. The cost per delivery can be as low as HK\$14.00, depending on your usage.

Local CourierPost is ideal for small to medium-sized mailings that need to arrive immediately, and our pick-up service is also **available on Saturdays, Sundays and Public Holidays**.

Deliveries by Local CourierPost arrive within half a working day throughout most areas of Hong Kong.

Hongkong Post Circular Service

This service is the most cost-effective way of reaching highly targeted groups out of a population of over 6.8 million throughout Hong Kong, with a cost per delivery as low as HK\$0.90.

Whether you're introducing a new product to the whole of Hong Kong, promoting new stationery to offices in Central or announcing the opening of a new shop in Kowloon East, you'll find the Hongkong Post Circular Service simple, convenient and economical to use.

Hongkong Premium Post Circular Service

With our new Premium Circular Service, customers can target their end users by choosing two socio-economic indices from a list including household income, household rent, property ownership, education level, occupation, gender, marital status and age.

Applications can be completed by fax within one working day. You can lodge your campaign and pay by cash, cheque or EPS at different Post Offices. Deliveries arrive within 4 working days, and there's no need for address labels.

With an additional volume discount of 5% available on quantities between 200,000 and 500,000, and a 10% discount for quantities over 500,000, Hongkong Post Circular Service and Hongkong Premium Post Circular Service are the most convenient, low-cost ways of reaching your potential customers.

Increasing Response Rates of Your DM

With competition increasing every day, Hongkong Post offers you 2 important ways of staying ahead: **Freepost** and the **Business Reply Service**.

Freepost

With Freepost, your potential customers can be easily encouraged to respond to your Direct Mail campaign. All they have to do is simply quote your Freepost number. No postage is charged to your customers. And there's no need for a pre-printed reply envelope.

Your Freepost licence will be issued within 7 days of receipt of your application, and no licence fee or deposit is required. If you're determined to increase your response rate, at just HK\$0.60 per item, Freepost is an ideal addition to your next Direct Mail campaign.

Business Reply Service

Our Business Reply Service is the most cost-effective way of improving your Direct Mail response rates.

You simply enclose an unstamped reply device (a letter, card or envelope) with your next Direct Mail campaign, which your potential customers can use to respond to your offer at no cost to themselves.

Your licence will be issued within 7 days of receipt of your application, and no licence fee or deposit is required. At only HK\$0.50, Hongkong Post's Business Reply Service is the lowest-cost method of dramatically improving the response rate of your future Direct Mail campaigns.

Post Office Box

Many companies who use Direct Mail as an integral part of their marketing communications activities make use of a Post Office Box.

They're great value for money and provide a convenient, dedicated collection point for all responses to your Direct Mail campaigns. Annual charges are not expensive, ranging from only HK\$270 to HK\$650, depending on the sizes and the locations chosen. Post Office Boxes are available at most Post Offices throughout Hong Kong.

Step Forward Guide

Post Campaign Activities

Step 14

Handling your responses

Sending out your mailer is only the first step. You need to be prepared to handle the responses it generates. Make sure you:

- Get ready to enter responses into your database.
- Are ready to mail any incentives offered.
- Prepare the next steps for follow-up mailing.
- Ensure your call centre is ready to handle bulk enquiries.
- Brief your sales team for personal visits.

Step 15

Analyzing Response

As the results of your Direct Mail piece come in, you'll need to analyze its effectiveness. This will make it easier (and more cost-effective) to produce a successful mailer next time around. To make this analysis, you need to ask a series of simple questions:

- How many responses are being converted into sales?
- Is one method of fulfilment working better than any other? For example, are pre-paid reply cards working well, or did it pay for someone to telephone the respondent?
- How long does it take for you to fulfil a response (i.e. send out what you've promised the customer)?
- How long does it take to turn a response into a sale?

Step 16

Using your responses

In addition to generating orders, another benefit of using Direct Mail is to generate information about your customers. It's very important to use this information wisely. That way, you'll know:

- That your Direct Mail piece successfully hit its target audience.
- That you can use that information to add to your database.
- That you can create more effective mailers in the future.

Here are a few of the points that you'll need to cover:

- Who on the mailing list responded?
- Know who was receptive to your message.
- Use that information to refine your target market profiles for the future.
- What do you know about these respondents?
- Record all the useful information.
- If you need to know more, follow up with a telephone call or a simple letter.
- What did they actually respond to?
- Use your analysis (or a follow-up phone call) to discover exactly what it was about the mailer that caught their attention.

Step 17

Further Analysis

If at first your campaign doesn't succeed - don't lose heart.

- Some results may arrive instantly.
- But the timing may not be right on the customer's part to buy your products.
- Keep track of these respondents — they may decide to buy your product or service at a later date.
- You should also look closely at the customers your mailer attracted — are they different from your existing customers? If so, how?
- Collecting and analyzing this data will allow you to decide whether your campaign was a success.
- Ask yourself: Did it meet its initial objectives? And if not, what can be done to ensure that the next one will?

Step 18

Testing

Testing is a vital part of Direct Mail, and can be done in a variety of ways. Usually it involves testing the list, the message, the offer, the price, the format, etc. Here is a simple illustration:

- If you have identified a prospect universe of 200,000, you don't have to mail all of them in the first round. Select samples to run several tests, say, 15,000 people.
- Set a Control (Base) Offer, and prepare 5,000 direct mail packs for that.
- For 5,000 direct mail packs, offer a discount.
- For the last 5,000, offer a free gift.
- When the responses are in, you can determine which works best and save costs for future mailings.

To maximize profit, you probably have to run a price test to find out what would be the optimum pricing for your product or service. To illustrate this, we have prepared a [Sample](#) and a [Template](#) for your review and reference in designing and planning your price test.

Other Uses for Direct Mail

Customer Loyalty

How does Direct Mail help establish better customer loyalty? Well, Direct Mail is the start-point to customer loyalty. It helps to establish the relationship between you and your customer. Customer loyalty helps you:

- Better understand your customers with each communication through the data gathered.
- Build the relationship by understanding their needs and meeting or exceeding their expectations.
- Build long-term sales, because customers are loyal to companies that care about them and their feelings, and deliver value in a way that is meaningful to them on an individual and personal level.

It costs most companies six to ten times more to get new customers than it does to keep the ones they have happy — and loyal. And without your realizing it, losing customers might just be your biggest cost!

Remember, it is easier and costs less to sell to your own customers than trying to acquire a new one.

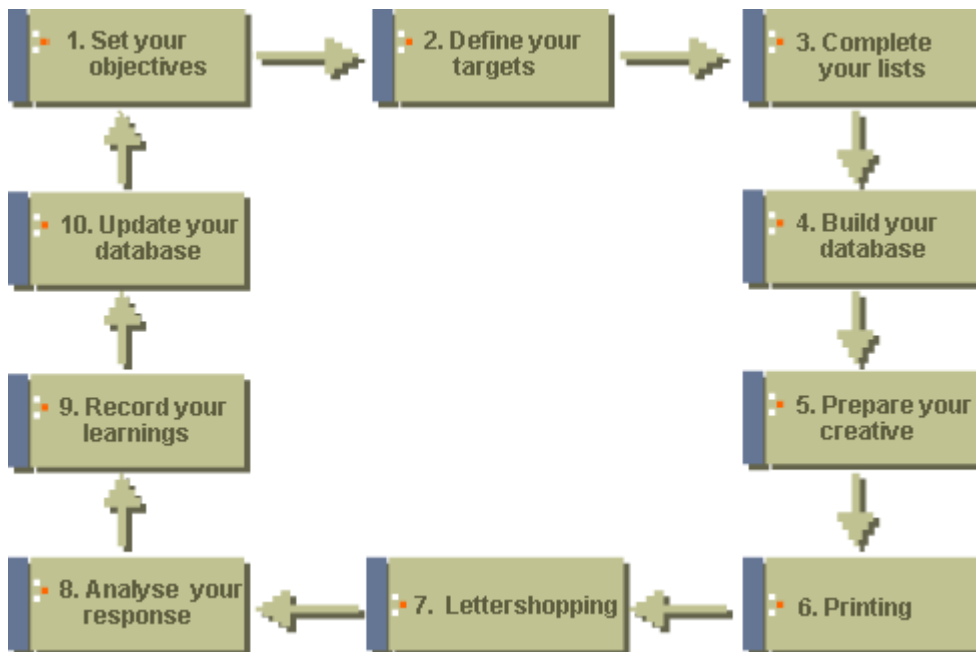
How to turn customer loyalty into long-term sales

- Consistently deliver a level of service that exceeds and even anticipates the customer's expectations.
- Provide experiences that shout, "WE CARE" through each customer touch-point.
- Keep your offers competitive.
- Keep up with market trends and customers' demanding and discerning needs.
- Match these new trends to your customer's changing needs with relevant products and services.

A good example of the potential of customer loyalty would be this: Let's say you're selling insurance to a customer. As a single person, he probably needs a hospital plan and perhaps an endowment plan. When he gets married and starts a family, he will need some insurance for his spouse, his house and perhaps later on, an education policy for his children. By constantly keeping up with his needs and his status throughout the years, you are meeting his needs in a very relevant way. He grows loyal to your services and your business inevitably grows.

Bonus Tips

1. The one-minute Direct Mail checklist:



2. What makes a great Direct Mail pack:

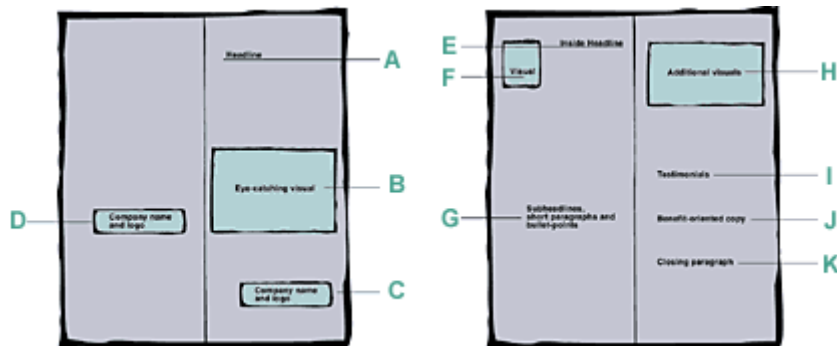
- Personal - Nothing is as intriguing as seeing your own name on a mailer. Variable Data Printing technology allows you to select different colours or visuals for different data subjects. Make the best use of them. They'll pay off in much higher response rates.
- Insightful - Asking a question like "have you ever?" shows that you know and understand your customer.
- Attractive - "What's in it for me when I respond?" - this MUST be answered.
- Intriguing - A story or a case history will keep the reader interested.
- Entertaining - There's no reason why a Direct Mail piece can't both amuse and intrigue your customer, e.g. "This is why you should never eat food on an aeroplane."
- Valuable - Save your customer money. People find it very hard to throw away a valuable certificate, a cheque or a premium showing through an envelope.
- Rewarding - People like to feel as though they've achieved something - so why not give them a puzzle to solve or, of course, an application form to complete?

If you can check off all these attributes against your mailer, then you're probably on to a winner!

Templates for Creatives

To help you get started, here are some basic guidelines relating to three of the most common components of an effective Direct Mail pack — the brochure, the letter and the envelope. Follow these simple "rules" and you'll be well on your way to Direct Mail success. *Please note:* the dimensions shown in this section, while typical, are used by way of example only.

Brochure



Click on the thumbnail to enlarge the image.

[1] Front and back covers

[A, B] Your Front Cover (Panel) is the most important presentation of your Brochure. Dominate it with an eye-catching visual that works together with an attention-getting headline.

[C] Your company name and logo should also be here, so your customers know who you are.

[D] The focal point of the back cover should always be your company name and logo, together with "Free Trial, No Commitment" or "Guarantee of Satisfaction" types of service copy, in order to set your customer's mind at peace with good product and good service.

[2] Inside spread

[E] Ensure that the headline inside relates to the front cover headline AND that it gives your customers relevant information.

[F] Use side visuals to grab the reader's attention and to give additional product information.

[G] Sub-headlines, short paragraphs and bullet-points make brochures much easier to read.

[H] Additional visuals (photographs, illustrations, graphs, tables etc) provide useful information and continuity.

[I] *Testimonials* from satisfied customers will add credibility to your brochure.

[J] All copy should be benefit-oriented and to the point. You only have a limited time to get your message across.

[K] Make full use of the closing paragraph. It's your last chance to tell your customers what's on offer.

Envelope (Normal Envelope & Window Envelope)



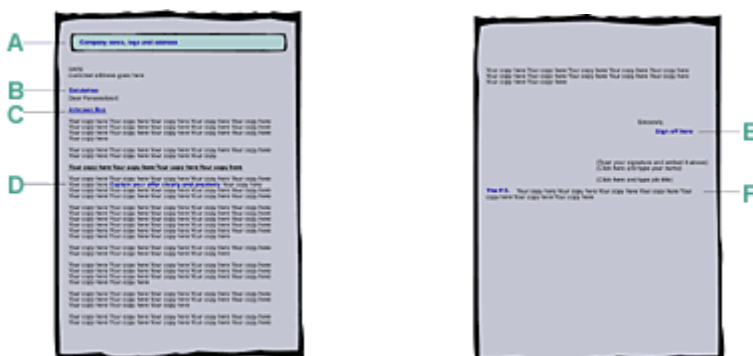
Click on the thumbnail to enlarge the image.

[A] The recipient's name and address should be placed here. Normally, the area allowed for the address is approximately 100mm wide and 30mm high and begins at least 40mm from the top of the envelope and 15mm from all the other sides. It's important that you don't put any copy or art below this area, otherwise you may be in contravention of local or international postal regulations. Alternatively, a window is opened to show through the name and address printed on the Letter, or the Order Form.

[B] Door-opening. This piece of copy is also known as the "Envelope Hook". Its purpose is to get the recipient's attention and to persuade him or her to open the envelope immediately. The "Envelope Hook" should be related to the contents of the envelope, and is often more effective in the form of a teaser or question. If you are using a question, the answer should always be YES. This is critical to the success of your Direct Mail campaign. If the envelope is not opened, no matter how good the offer inside is, it will never be known to the mail recipient. You could also consider offering a small freebie showing through a second window on the envelope, so as to tease more mail recipients into opening the envelope.

[C] Your stamp, franking mark or postal indicia should be placed or printed here. If you're uncertain about what type of postage to use, you can discuss this with Hongkong Post. We'll help you decide whether you should use franking or live stamps and which class of postage should be employed.

Letter (A4 size)



Click the thumbnail to enlarge the image.

Download Letter Template [\[link this to hkpo letter template 1\]](#)

[A] This area should be used to show your company's name and logo.

[B] Start your letter with a "Johnson Box". This is normally one line in **bold underlined** or a short list of points, that summarizes what you're about to say and the major benefits of the promotion, to the mail reader.

For example: **Now you can OWN your home in 5 years or less.**

[C] Follow this with a salutation. This should be as friendly and personal as your list data allows. The least effective is "Dear Sir/Madam". Depending on the purpose of your letter, try "Dear Occupant", "Dear Doctor" etc. Because everyone loves to hear their own name, the **most effective** salutation is "Dear Mr. Brown", "Dear Mrs. Green".

[D] This is where you start to sell! Explain your offer clearly and precisely. Remember, everything you say here must be to the reader's benefit, or you will lose their attention. The trick is to keep them reading, so plan what you're going to say carefully. Keep your letter concise and short. Ideally, everything should fit into **two A4 pages**. (If the product you are selling is suitable for readers, for example magazines and books, prepare a longer letter, say, four pages.) The typeface or font you choose is important. The most commonly used is Courier because it looks like it comes from an old-fashioned typewriter. It gives the impression that it was specially, and personally, written to that reader. Also make sure you don't end a sentence at the end of page one. Instead, keep your consumer reading by continuing the sentence onto the next page. This really works!

Use underlining, **bold type**, **subheads**, *italics*, and bullet-points liberally to emphasize the strongest areas of your offer. The last paragraph of your letter should contain a final "call-to-action" telling the reader how to order (action), and including your contact details, eg. phone number, e-mail address, website and so on.

[E] Sign off here. Use "Sincerely", "With best wishes" or another relevant term. Your letter will sound more personal if it is signed by a real person in your company. Make sure you print the signer's name, his/her title and the name of your company below the signature. Use the image of a real signature (that is really signed by the named signatory).

[F] The P.S. is actually one of the **most important** parts of your letter. Research shows that it is often the first sentence a consumer reads when opening a direct mail envelope. Use the P.S. to place an important message. It is often your first, and certainly your last, opportunity to communicate your offer clearly and precisely to the consumer. Repeating a time-sensitive special offer or free gift here will help prompt more readers to act faster, and hence bring you more orders.