

Rediscovering DM

Kinetic¹²¹ has a new old message: direct marketing works

Here's one for a dinner party conversation: kids love direct mail (DM). No really! When Datamail, a division of New Zealand Post, commissioned AC Nielsen to research the topic, it was surprised to find that the people with the most positive attitude to direct mail are the much sought-after 15–34 age group.

David Allen, General Manager of Document Solutions for Datamail Group, already knew that. "When my sons in their 20s get a DM piece, particularly from the retailers where they shop, they're blown away by the fact that these people have taken the time out to build a personal relationship with them. They take an email for granted, but a piece of personalised mail is more emotive."

And it's more than just warm fuzzies. The same piece of research shows that two-in-five people say they have visited a store or made an enquiry after receiving a direct mail piece.

Allen believes the DM industry is immature and poised for "incredible growth". In the past,

a lack of reliable data has held back companies from trying personalised DM campaigns. As companies invest in good data management, marketers are gaining the confidence to move towards one-to-one communication—an ideal that customers already expect from the companies they buy from.

It's already underway. NZ Post reports a 5% increase in direct mail campaign volume for 2006, which is offsetting the slow but steady decline of essential postal mail such as bills and statements.

The trend is echoed overseas. Research from Epsilon shows that 75% of marketing executives are decreasing mass-marketing in favour of more targeted marketing, and 34% of marketing budgets are being allocated for interactive, digital media.

Introducing Kinetic¹²¹

What's Datamail's role in this? When Datamail acquired Moore Gallagher last year, the

combined entity became one of New Zealand's largest direct marketing companies. In a survey of its DM customers, a growing unease was identified. Would such a large company be able to meet the individual, strategic direct marketing needs of its clients, or would they be lost among dozens of other clients? Allen says the feedback from key customers and prospects led the Datamail Group to create a completely new business unit: Kinetic¹²¹.

While both Datamail and Moore Gallagher expertly handle the vast amounts of data and materials needed for essential mail, Allen acknowledges the need for a more strategic company to deal with direct marketing campaigns. Kinetic¹²¹ is an autonomous business unit within Datamail, with its own unique, flexible, strategy-oriented culture and structure.

"Everything that exists in the essential mail world doesn't exist in this space," he says. "The formal engagement process, the rules around



Kinetic¹²¹ bundled 6,000 letters with 120 alternative signatures and a shrink-wrapped tarpaulin with tickets and string—in just four days.



Datamail is so confident in the growth of direct marketing it has launched a dedicated DM business—Kinetic¹²¹

how we do things—they don't apply to the same degree in Kinetic¹²¹. And that's incredibly challenging for a business like ours."

Allen says Kinetic's work will be equally divided between direct clients and agencies, which again calls for flexibility. He says Kinetic people are able to balance strategic thinking that challenges the norm with executive thinking that simply does a fantastic job with existing strategy. And executing is something Datamail has become very good at. "You can have the best strategy in the world but unless you're delivering prompt turnaround and quotes, it won't work. The whole of DM needs to operate in real time."

Westpac gets complex

One of the more complex jobs is Westpac, which uses direct mail to invite its rural customers to the Mystery Creek Field Days. "Every year it gets more complicated," says Direct Client Executive Kevin Tregunno. Last

year, the advertising agency asked us to print 6,000 customized letters (each with one of 120 different signatures) and then bundle them with tickets to the field days and a blanket-sized tarpaulin. "We've got it covered" was the tagline. Complicating matters was the need to cut the tickets to size and then tie each ticket with string to the tarpaulin. The entire bundle was placed in a branded box, shrink-wrapped and addressed ready for NZ Post to deliver.

"It took 15 staff four days to fulfill. We performed random checks for quality assurance, checking on things like the cutting of the tickets and that the names were associated with correct signatures and of course with the right addresses."

Tregunno says the exercise, while complicated, is not difficult. "We've got systems to handle any level of complexity."

Westpac marketing manager Jyl Mareroa says, "Producing this pack was no easy task. Datamail got it out on time and looking fantastic.

It was a great result all round."

Allen is confident Kinetic¹²¹ will not only continue this kind of strategic work, but exceed the standards set in the past, paving the way for innovative marketing campaigns that truly engage the multi-channel customer. With direct mail set to take off in New Zealand one of Kinetic's strengths is our ability to draw on the significant resources of the Datamail Group which currently handles campaign and essential mail work for Loyalty NZ (Fly Buys), BNZ's GlobalPlus card, AA Rewards, the Wine Society, Nestlé and Lancôme, among others said Allen.

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