
Where next?

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Volume of communication is set to grow

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Is there a future for the mail medium in the digital age?

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The digital revolution is upon us, and we will soon be wearing supercomputers as fashion accessories. While Sky beams 200 channels into our homes and turns our TV sets into a global shopping mall, our high-street banks are closing branches and going online. Soon digital television will enable you to beam personalised commercial messages straight into the heart of every living room, your mobile phone will be the source of geography-specific offers, the Internet will replace the high street and newspapers will become a thing of the past. The world will be but a keystroke away in an information utopia. But are the prophets of doom correct in forecasting the end of traditional direct mail — I suggest not.

In the last 150 years many inventions were supposed to replace paper-based communications, but in reality these have all become allies to paper and have actually helped to increase its usage. While history is not necessarily a predictor of the future, it is worth remembering that over a century and a half of advances in mass communications, from basic telegraph to the World Wide Web, the actual usage of paper has increased by nearly 4,000 per cent. So the historical evidence suggests that digital is as likely to kill off the mail medium as CD-ROMs are to replace books. Instead, technology is more likely to take its place alongside other media, and stimulate an increase in the total use of communications.

There is no disputing that new technology is already having an impact on traditional media, and estimates indicate that paper's share of communications may decline from its current 90 per cent to only 30 per cent over the next ten years. But during the same period the overall volume of communications is set to increase by 600 per cent, fuelled by new media and improvements to existing media. So while its market share may reduce, paper-based communications will, incredibly, see a doubling on today's base — yes, a doubling.

Technology is impacting on the business-to-business world too. This year, one in four purchases made by American businesses will be online. Businesses like this arrangement, as buying online strips out an estimated 10–15 per cent of costs. The ability to buy directly from the Web shortens supply chains, eliminates paperwork, saves time and reduces the warehousing requirement. In a few years, every business will have an e-procurement strategy.

So digital technology and e-commerce are certainly challenging existing business models, but it is very doubtful that this revolution will result in an 'e-commerce only' environment. Consumers like to shop online, but they also like to receive a brochure and make high-street

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comparisons before they purchase. In effect, the purchasing process has been enhanced, and the truly successful businesses of the future will be those that are able to integrate existing and new channels.

One of the major reasons I predict we will not move to an 'e-commerce only' environment is an inherent weakness of the Internet itself. The Internet is a great buying medium, but a bad selling medium. Targeting a message towards a group of potential customers is virtually impossible on the World Wide Web, but if you want to find purveyors of the most obscure goods and services anywhere in the world, where else would you look?

The customer is king, and never before has he or she been better informed. As new technology makes information more freely available, so power is being transferred to the customer — and the customer is rapidly learning how to use it. As a consequence, businesses are becoming more and more customer centric.

Perhaps more importantly, because of the transparency digital channels provide, the emphasis will be more and more on customer service and relationship building. It is relatively inexpensive to build a website but far more difficult to get the logistics and marketing activities required to support it right from the start. Without these, however, any business will find it hard to compete against those who have placed customer service at the heart of their operation.

So while we must embrace new technology and adapt our working patterns around its power, we are right to be cautious about believing a complete revolution is inevitable. Nothing is inevitable while people have choices, which brings me to a factor we must also consider, and that is that people like paper.

Research carried out last year in the USA among households which are regular users of the Internet concluded that paper is a more believable medium. Ninety-three per cent of those questioned said they prefer the post to e-mail when receiving bills, bank statements and other financial reports at home. When asked how they would like to receive new product announcements or offers from companies, more than three-quarters said that the mail medium was their first choice.

Personalised communications will be the future

Technology is not just creating new ways of communicating. The real revolution is the ability to respond to individual preferences and personalise the offer to the individual, and this will require personalised communications, fuelling more growth for the mail medium, which is set to become even more relevant and therefore more popular. Indeed, relationship marketing has proven so popular that the public will soon expect a one-to-one relationship with the businesses they deal with, and there is no more effective channel for relationships than the mail medium.

Directing potential customers towards your website is a vital element of a successful e-selling strategy, and generating this traffic needs highly targeted, relevant communications. The mail medium has an enormous role here, and more and more e-commerce operations are realising that they cannot operate by the Net alone. Companies like AOL, Freeserve, Last Minute.com and Egg are turning to the mail as a major part of their marketing mix, particularly as competitors match them electronically.

The mail medium complements all other forms of marketing

Digital technology itself is being used to improve the quality of the mail medium, making it more popular with both the consumer and the marketer. The tools are available to create extremely sophisticated ways of segmenting the market and targeting the individual at a low cost, while improvements in print technology are enabling more and more businesses to create high-quality, personalised literature for their customers. The end result is that technology is enabling businesses to produce highly targeted, extremely relevant relationship mail.

The mail medium complements all other forms of marketing, and is a particularly good ally for those trading online because it is tangible and it involves the customer in a way that no other media can. A recent NOP survey¹ showed that 92 per cent of 'online' companies support their site with brochures and literature, whereas only 6 per cent use broadcast media to promote their site. This supports the findings of the Advertising Association,² which show direct mail growing at almost double the rate of TV and press advertising.

A report from Pitney Bowes³, reveals that the new generation of e-savvy marketers are already integrating their mail medium and Internet activities. They recognise that the mail medium is excellent for calling customers to the Web. Seventy per cent of e-businesses use it to drive traffic on their website, and 42 per cent believe it is the most effective channel for generating visits. This compares very favourably to TV advertising at 12 per cent, the Internet at 27 per cent and radio at 2 per cent.

The mail medium is set to grow

Four out of five e-businesses believe they will increase their use of the mail medium in the next five years. In their experience the Internet is increasing the sophistication of their mail medium, so although they see e-mail as a growing channel of communication, physical mail is emerging as the major tool to promote e-commerce.

And its strengths are not just about driving website traffic — how about delivering the message in a format and at a time to suit the consumer? Take selling through digital television. The viewer will see an advert, and if they like the product they will click on their remote control. This will trigger a response from the advertiser, but what should that response be?

The advertiser could send another advert to the viewer, but TV ads can only carry a limited amount of information, and would this information be correct? Advertisements also live in a limited time window, so it would have to compete for space alongside the rest of the ad break, or even worse the programme. The advertiser could send their Web pages to the viewer through a digital TV, but this is very obtrusive and would compete with the TV programme. They could send the pages the viewer to view later, but electronic messages are notoriously easy to disregard.

Alternatively the advertiser could put a personalised communication into the post, to be delivered in an unobtrusive but visible format that the viewer is comfortable with — and this means the mail medium. A recent report from the Direct Mail Information Service revealed that 75 per cent of consumers opened their direct mail⁴. Physical mail also overcomes the problem of controlling the image. People nearly always have their TV screen set too brightly, giving an image that is not true to life. This is fine

**A future of
complementarity not
conflict**

if you are buying a book or CD, but presents problems for businesses selling clothes or fabrics, for example.

In the new digital world I believe the one-to-one marketing approach will continue to complement the investment made in awareness advertising, and will in many cases still be the medium which completes the sale. After all, less we forget, two-thirds of the UK population have not even used the Internet — yet the mail can give you access to all of the UK's 26.5 million addresses every working day. No other medium has such a complete reach of the population, which is why the mail will remain a vitally important component of any communication strategy.

My vision is one of a future where digital and the mail medium live together. I see a future of complementarity, not conflict.

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