UPU Direct Marketing Virtual Workshop

Direct marketing in a disrupted world

Summary Report

16 to 25 June 2020

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and presenter:
Martin Nitsche

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Executive summary

On 16, 17, 18, 25 and 26 June 2020, the UPU Direct Marketing Advisory Board (DMAB) hosted an online virtual workshop entitled **"Direct marketing in a disrupted world"**.

The purpose of the workshop was to focus on how to build an omni-channel strategy for direct marketing, as well as how to apply direct marketing techniques as part of Posts' digital transformation in marketing their services.

There were two guest speakers who, as experts in their own industry, delivered insightful views on how direct marketers can position themselves and deal with the challenges they face in the post-COVID-19 world.

Workshop background

As part of its business plan, the DMAB decided to organize a workshop to promote the role and relevance of direct marketing and direct mail in the web economy. With e-commerce transactions worldwide on the rise, and impacting on business-to-business (B2B) and business-to-consumer (B2C) traffic, direct mail and direct marketing have a new role to play in the e-commerce ecosystem. The growth in e-commerce traffic is seen by mailers, direct marketers and postal operators as a driver for direct marketing at both domestic and cross-border levels. Direct mail and direct marketing are seen as complementary to the online environment. The integration of various media and marketing channels (whether digital or physical), data management and knowledge of the client environment all present opportunities for postal operators and mailers, not only in the industrialized world, but also in emerging and developing countries.

Workshop objectives

The overall objective was to provide participants with an understanding of the challenges and opportunities in this changing environment and how postal operators can position themselves as actors in this evolving direct marketing ecosystem.

The workshop had three sub-objectives:

1 To understand how our world is changing into a data-driven world and how we need to adapt our approach to marketing in general and direct marketing in particular.

2 Learning about the key success factors for implementing an efficient omni-channel strategy: customer data and analytical capabilities, channel competencies, data privacy and legal frameworks and cultural change.

3 Learning more about direct marketing in the age of COVID-19 and how the current pandemic situation will affect the way we do business.

Key workshop findings

- From big data to bigger data, from advanced technology to artificial Intelligence, direct marketing is operating in a data- and technology-driven world.

- Data quality is crucial: in other words, the degree of suitability of data for the fulfilment of the purpose linked to its acquisition or generation. Data needs to be reasonably accurate, complete and up to date for its purpose.

- There are seven main global privacy principles for data and marketing: value privacy; be transparent and clear; respect the individual's choice; use data appropriately; assume responsibility; keep data secure; and be accountable.

- In this new offline/online environment, managing cultural change is a key success factor, requiring an open and inclusive process.

- Omni-channel competencies are becoming very competitive in international companies, and postal operators should define their role and their position by providing database analysis and advising on which channel will yield a high return on investment (ROI) in the country's business environment.

- Postal operators should be part of the new value chain, and they need to be integrated with consumers and with companies and their clients by applying omni-channel strategies. These strategies should be three-pronged, with a client strategy, consumer strategy and corporate strategy, so as to benefit all three parties.

- Customer values are becoming key factors in applying a corporate strategy: if an organization has a database outlining its customers' values, it will be able to increase its turnover.

- The COVID-19 pandemic has changed the way we conduct direct marketing, but direct marketing will still have a role and scope for development in the post COVID-19 era if it combines offline and online marketing approaches successfully.

Profile of attendees

The target audience for this workshop was middle- and top-level direct marketing postal managers and experts, including chief marketing officers. No registration fee was charged for attending the online virtual workshop.

The workshop provided opportunities for all participants to engage in open discussion and play an active part.

Format

The virtual workshop took place in an interactive online environment, moderated and led by Mr Martin Nitsche, Chair of the Global Alliance of Data-Driven Marketing Associations (GDMA), a recognized high-level expert in direct marketing.

There were also two expert speakers: Mr Jonathan Margulies, Managing Partner, Winterberry Group, and Mr Mark Brauch, Director, Direct Marketing and Agencies, Payback.

131 registered participants from 28 different countries

Session 1

Marketing and life in a data-driven world –
interactive impulse lecture about big data, AI and our changing world

In an ever more connected world, with artificial intelligence on the rise, data has never been more important. This session focused on how data and AI and other disruptive trends are changing the way we do business and impacting our society and daily life.

Key takeaways

1 **From big data to bigger data**

In marketing and in the world at large, we are seeing a digital transformation from big data to bigger data. For example, a gas turbine has 5,000 sensors, which provide 1.8 billixaon data sets per hour, which then have to be processed in real time. That's about 16 trillion records per year.

By the end of 2020 there will be 50 billion connected devices. Everything that can be connected will be connected – and generating big data.

2 **Everything can be connected and will be connected**

Linear growth of the Internet of Things leads to an exponential growth of opportunities (Metcalfe's Law).

3 **Human intelligence is complemented and replaced by artificial intelligence (AI)**

Data and AI are interlinked and interdependent. Artificial Intelligence is useless without data, while data is insurmountable without AI .

Also, both AI and Big Data are dependent on human intervention and interaction.

Key takeaways

4 **The boundaries between real and virtual are disappearing**

The next generation will live in a world in which the lines between real and virtual are increasingly blurred.

The younger generation has already experienced this virtual world, and does not perceive any great difference between reality and virtual life.

5 **Customer values will be related to experience and expectations, as comfort levels rise and expectations grow ever higher.**

AI is useless without BIG DATA

both dependent on human intervention and interaction

6 **CRM plays a crucial role in marketing strategy**

In the world of digitalization, CRM plays a crucial role in marketing strategy and helps to foster a company's development, because it is intertwined with the customer experience.

For example, Amazon is the most customer-centric company in the world. Its vision is to build a place where people can come to find and discover anything that they might want to buy online.

7 **From the post-war economy to the data-driven economy**

The market has transitioned from a supply-and-demand market to a data-driven market in a data-centric world.

8 **The balance between individualization and privacy**

The organization should offer customers transparency while at the same time safeguarding their privacy.

The challenge is how to balance data privacy with individualization of customer experience through data.

These elements will have impacts on the economy and affect all segments from sales to marketing, purchasing, production, logistics and IT.

Session 2

Success factor #1: **Customer data and analytical capabilities**

As data grows more important, the ability to collect, process and analyze data is becoming even more crucial for companies. This session presented a detailed look at how data is collected in different industry sectors, and how important data quality is, before looking in depth at the analytical capabilities that companies need in order to harness the value of the data.

Key takeaways

1 **Data categorized into different types:**

Base data: Name (given name, family name); postal address; date of birth; gender; contact data (e-mail), gathered from the customer.

Transactional data: purchase history; payment history; returns history; campaign history; usage history; search history.

Analyzed data: spending habits; contact preferences; buying model; transport preference.

2 **Data quality**

Data quality is the degree to which data fulfils the purpose for which it was acquired or generated. Data is considered correct if it is reasonably accurate, up to date and complete.

There are two factors influencing data quality: data collection methods, and data quality. And data quality can be broken down into several categories, such as technical data quality, formal data quality, content-related data quality, and complete data quality.

data quality ⊢ **2 factors influencing data quality** ⊣ data collection methods

Key takeaways

2 **Data quality**

Necessary elements when analyzing data for companies:

- What is the customer worth?

- Which products does he or she need?

- Which sales channel does the customer prefer?

- What approach does the customer need?

- What risk does the customer represent?

- How loyal is the customer?

- Would the customer recommend the company to new customers?

The ability to analyze customer loyalty through customer data is becoming very important. There are a few methods for a company to collect and analyze customers' data:

Ask the customers

Spreadsheets or simple analysis

Data mining with traditional methods

Artificial intelligence

Data quality process:

Create awareness

Detect basic errors

Report errors

Correct errors

Report success

Detect more errors

Data mining is the application of mathematical/statistical methods to a database with the aim of pattern recognition. It uses historical data and forecast data. Customer privacy should be protected and should not be used for commercial purposes.

Data collection from customers must be kept confidential in order to ensure transparency and trust and respect the customer's privacy.

Session 3

Success factor #2:
Channel competencies

The number of communication channels grows larger every day. More and more offline and – especially – online channels are being used by consumers, and therefore also by companies. This session addressed the global diversity of communication channels, and their advantages and disadvantages, and looked at the challenges of this channel explosion from a company perspective and the capabilities needed to manage them.

Key takeaways on channel competencies

Channel competencies: traditional mail, catalogues, magazines, leaflets, flyers, e-mail, newsletters, telephone, free hotlines, messengers, SMS, website landing pages, physical meetings, fairs, events, TV and radio.

Social media used more and more around the world:

There are **3.8 billion** people actively using social media

49% of the total population of the planet has access to social media

Annual growth in the total number of social media users is **9.2%**

99% of users access social media via mobile devices

The world's most widely used social platforms, based on monthly active users, active accounts, advertising audiences, or unique monthly visitors in January 2020

Around 2.5 billion Facebook users

2 billion YouTube users

1.6 billion WhatsApp users

1.3 billion Facebook Messenger users

1.15 billion WeChat users (mainly in China, or Chinese users living abroad)

1 billion Instagram users

0.8 billion TikTok users

Among these social media users, the top active messenger app is different in each country: the greatest number of WhatsApp and FB Messenger users are to be found in the United States, and these apps are also used widely in Canada, Australia, New Zealand and Europe. WeChat users are mainly in China, and some local companies do not use a company website as a channel to market their products, but only WeChat.
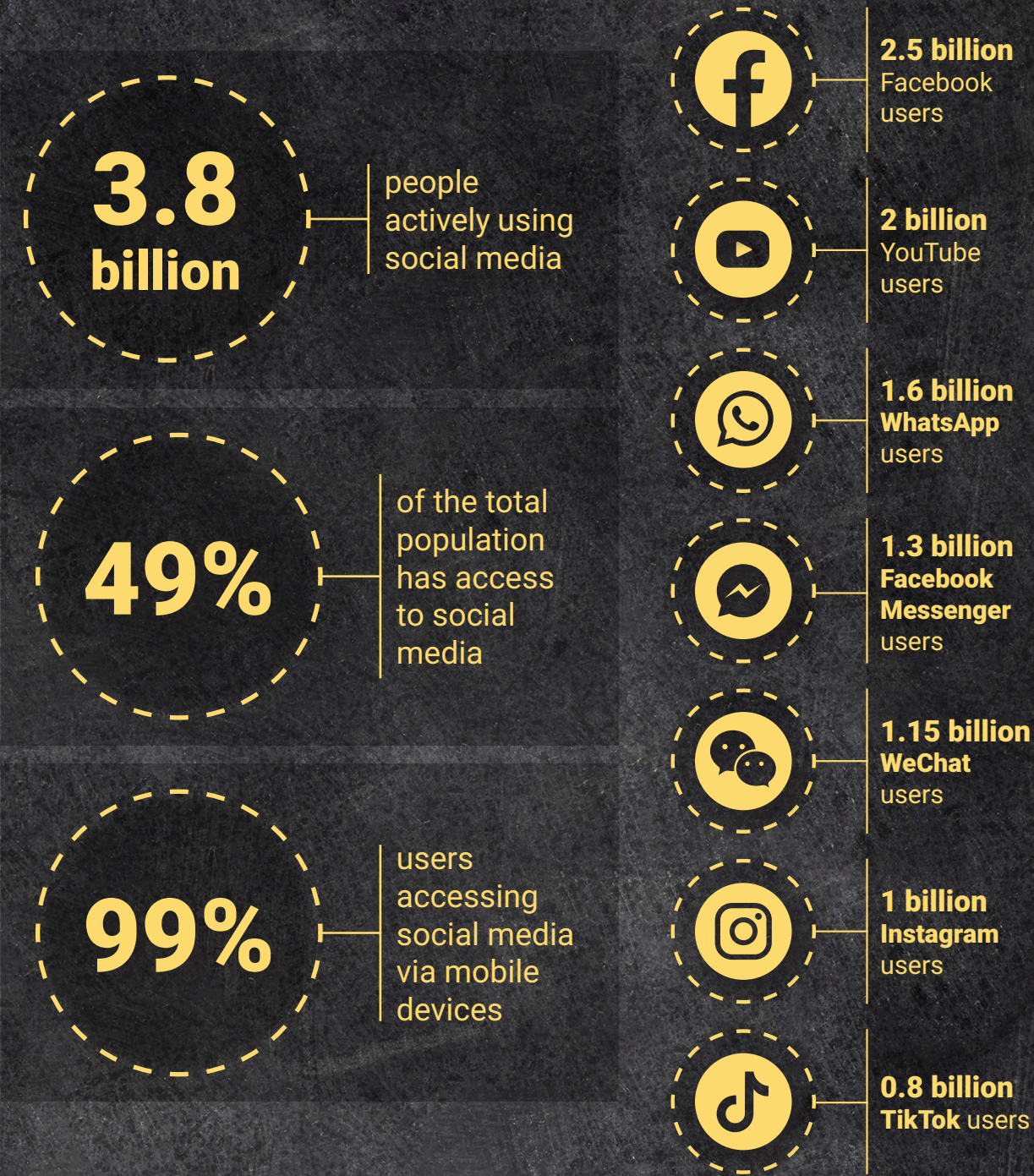
Key takeaways on channel competencies

As regards e-mails, 90 trillion e-mails are now being sent per year, and 2.9 billion people use e-mail. E-mails are 40 times more effective as acquisition tools than social media, with professional workers checking their e-mails 75 times each day on average.

In choosing the most appropriate channel, there are various factors to take into account: target group; industry sector; budget; purpose of your communication; time (to market); and the clients/companies' own preference.

Given the wide variations from country to country in the social media used, it can be difficult for international companies to choose and manage the right social media channels in different countries. Postal operators should therefore promote direct mail as the most effective direct marketing tool when combined with an online marketing strategy. It is also important for postal operators to have a good overview of the channels used in different countries so as to support international companies in choosing the right combination of offline and online direct marketing.

As postal operators have reliable databases and are able to gain a good overview of channel competencies and analysis of which channel will be good for the international companies in terms of regional distribution, they are well-placed to offer insightful analysis of different omni-channels' ROI. For example, letter post is an effective way to achieve a high ROI, and e-mail offers a higher ROI than social media channels. Therefore, postal operators should take on the role of consultants for these international companies, helping them to choose which channels it is best to make use of in different countries. Meanwhile, postal operators provide successful case studies of international companies applying direct mails and combining online and offline marketing strategies in a single package – an integrated marketing communication mix.

Additionally, postal operators, as experts in direct mail, should develop evaluations and key performance indicators to show which channels offer companies a higher ROI. For instance, these channel competencies can be utilized when engaging with channel agencies and letter-printing companies. In this regard, postal operators should grasp opportunities to play a key role in channel competencies, to combine inbound and outbound messages on channel marketing. These initiatives will lead to positive outcomes for postal operators and leverage their position sustainably.

3.8 billion people actively using social media

49% of the total population has access to social media

99% users accessing social media via mobile devices

2.5 billion Facebook users

2 billion YouTube users

1.6 billion WhatsApp users

1.3 billion Facebook Messenger users

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0.8 billion TikTok users

Session 4

Success factor #3: Data privacy and legal frameworks

Consumers and legislators worldwide are increasingly discovering the value of their personal data and are ever more concerned about the abuse of their data by states and companies. This session analyzed privacy legislation in the context of advanced technologies, and global principles of data privacy in direct marketing.

Key takeaways

1 Value privacy

Organizations must understand that respecting consumers' privacy expectations is important for the whole ecosystem. The virtuous circle of the digital economy could eventually break down because of individuals' opt-out decisions, adoption of ad blockers and, eventually, stricter regulations limiting purchasing opportunities and value creation worldwide. The organization should strike a balance between individualization and privacy.

Recommendations

Organizations must make privacy a core value.

Organizations must take steps to ensure that employees, partners and suppliers understand and are committed to the organization's privacy values.

2 Be transparent and clear

Organizations must create trust by being clear and transparent to consumers about their personal data processing activities.

Recommendations

When collecting personal data, organizations must provide timely, easily accessible and clear information about the identity of the organization, what data it collects, and how it will use the data.

Where customer data is shared, great care should be taken in terms of the types of companies given access to the data, and how the shared data will be used. For example, great attention should be paid on the individual's right to access, rectify, update and delete their data, and how they can assert this right.

Key takeaways

3 Respect the individual's choice

Organizations must respect consumer choice with respect to their data.

Application

Every marketing communication must include an easy way for the consumer to opt out of future contacts.

The organization must also respect opt-outs implemented through official deletion systems and industry-administrated preference lists.

4 Use data appropriately

The proper collection and use of data are essential to maintaining the integrity of the digital marketing ecosystem.

Recommendations

Organizations must limit the collection of personal data to what is necessary to fulfil their legitimate marketing purposes.

Organizations may not use or disclose personal information for purposes other than those for which it was collected.

Organizations should store personal information for only as long as necessary to fulfil the stated purpose.

Organizations should be particularly diligent when dealing with sensitive data. The person's explicit consent is needed for this type of processing.

When collecting personal data from children under 16, organizations must ensure that all the information required is intelligible to the child and is provided by a parent or legal guardian.

5 Assume responsibility

Organizations and their personnel are accountable for the personal data they use to perform marketing activities even when it is transferred or assigned to third parties (processors).

Recommendations

Organizations must ensure that all their employees involved in data and marketing activities take proper responsibility for respecting privacy and ensuring data protection.

Above all, it is the marketing officer's responsibility to ensure that data is used responsibly in all processing and campaign activities.

6 Keep data secure

Organizations must put in place the necessary procedural and technical safeguards to protect the personal data collected from unauthorized access, use or unintended loss.

Application

Organizations must implement written information security policies and review them periodically.

Organizations must restrict access to their systems on a "need to know" basis. Each user should have access only to data that they need to carry out their tasks.

Whenever possible, organizations should use encryption to safeguard their consumer data, especially during transfer or storage in a mobile/portable device.

Organizations should maintain an ongoing employee training programme on data security.

Organizations should take a risk-based approach when deciding on the security measures to be implemented.

Organizations must demand written compliance with security standards when using third party services for data processing.

7 Be accountable

Organizations must be accountable regarding their usage of personal data.

Application

Maintain adequate records to demonstrate compliance with these principles.

Implement an adequate system of monitoring and audit.

Session 4

Success factor #4: Cultural change

Every business strategy depends on people to make it happen and deliver it. To really achieve the shift from offline to online, both behaviour and the underlying culture have to change, not only in client companies, but in the postal operators as well.

A company may conduct various programmes on culture change at different levels (internal and external, staff to clients/customers). These may train employees to embrace the company values or strategy (business/marketing), to be more customer-centred or improve their communication. Experience with culture change in the business environment shows that it is easier to change consumers than staff.

In promoting culture change, follow these 10 principles:

1 Develop a **clear vision**, with clear target company values.

For example, define values with a common mindset, as we are working in an international environment (subsidiaries in different countries), and define how we want to be perceived by customers. The organization should have a training programme on culture change.

2 Align culture with **strategy**.

3 Align culture with **brand**.

These three factors need to be closely linked and interconnected, so as to help them drive forward the company's strategic mission and vision.

4 Involve the **employees**.

5 Have visible **advocates**.

6 Measure **progress** with questionnaires (internal and external)

7 Build in **accountability**.

8 **Be brave** and do not rush it.

9 Recognize that **change begins at the top**.

10 **Start investing** now.

Key takeaways

Discussion on culture change in the postal industry

The view of culture change within postal operators has shifted over the past few years. Postal leaders should be encouraged to ask themselves "What business are we in?" If they can answer that question, the new formula for Posts should be led by service differentiation/simplification, digitalization, customer focus and cost focus. One element that was underlined was the need not to let IT drive the business, but rather let the business drive IT when culture change is taking place in the organization.

It is hard to implement culture change in the organization unless the need for it is overwhelmingly obvious, and even then the relevant managers still need to give budgetary approval. For instance, because COVID-19 has led to so many tasks and meetings being conducted online, staff need to adapt to this "new normal" work culture and treat it as a new wave of culture change for the organization.

Session 4

Interactive presentation on **omni-channel strategy** and **omni-channel framework**

Definition: Omni-channel is a cross-channel content strategy that organizations use to improve their user experience and drive better relationships with their audience across points of contact. Rather than working in parallel, communication channels and their supporting resources are designed and orchestrated to cooperate.

Difference between omni-channel and multichannel

The major difference between omni-channel and multichannel is the level of integration. Multichannel is usually identified as a non-integrated way to approach customers, while omni-channel requires absolute, coherent integration.

Why does omni-channel matter?

Customers want and expect it

Technological developments enable it

The organization's competitors have done it or will do it

The company will prosper from it

The framework of the omni-channel strategy includes:

strategy

organization

communication sales channel

processes and business case/KPIs

change management

IT infrastructure

Key takeaways

1 **The omni-channel strategy includes three types of strategies**

Business strategy includes company strategy, market and competitive analysis and marketing strategy in the organization.

Customer strategy, which refers to 360° customer data strategy, customer analysis, and customer contact strategy.

Client strategy, to enable clients to benefit from the channel strategy with better target segmentation via omni-channel.

Postal operators should manage the stakeholder partnership among consumers, company and clients by applying the channel strategies to integrated marketing communication. Cross-channel communication should integrate internal organizational structures for better customer service, to apply the omni-channel strategies and have better target segmentation with attractive price strategies.

Key takeaways

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2 **Omni-channel organization** should clarify the roles, responsibilities and organizational change paths.

3 **Omni-channel processes mainly cover customer contact processes:**

- Campaign management
- Lead management
- Consulting/sales
- Service
- Management
- Business intelligence and reporting

Recommendations

When the organization conducts omni-channel processes, it should consider the **omni-channel business case/KPIs** related to finance, processes, customers and employees.

4 **Omni-channel change management** includes communication, mobilization and training.

5 **Omni-channel IT infrastructure** includes back office systems, CRM systems and analytical systems needing to be involved in this change management. IT departments will often react to culture change in a slower, less flexible way, and struggle to cooperate with other more business-oriented units.

Discussion and questions asked:

How do you see data being key for postal operators that are active in the direct marketing space?

Firstly, postal operators are regarded as reliable database centres, not only providing tracking information on items delivered, but also holding consumers' shopping preferences in different categories. So postal operators should transform themselves into expert consultants for international companies and advise them which omni-channel has a high ROI, by combining with direct marketing in different countries. The combined offline and online direct marketing strategy will be an effective package, especially in terms of providing an integrated marketing communication mix. Thus, these activities will be meaningful for private companies and consumers alike, creating space for both of them.

Data will be one of the key elements for postal operators playing an active role in the direct marketing space. Postal operators should upgrade the current parcel data so as to enable easy tracking by stakeholders and customers. Data is not only used to predict delivery times, but also for up-selling and cross-selling – and in training customers. It represents an effective way to build customer loyalty.

Overall, data is the engine of all businesses. In many companies, data is stored in different silos, without the connections needed to gain a single view of the customer, which makes for fragmented communication.

Special focus on customer values

Why should organizations be interested in customer values?

Does the organization know how to calculate customer value for individual customers?

Does the organization calculate customer value only by money spent, or does it take account of other factors?

Does the company's business model reflect the new rules of the digital economy?

What are customer values?

Ad value — value from advertising when customers use the product

Cross-selling value — selling additional products to existing customers (for example, Amazon selling additional products to existing customers)

Loyalty value — customer value through customer loyalty – "the next offer is only a mouse click away"

Stage-of-life value — if the customer is worthless today, what about tomorrow? Value can be built through customer development, and it takes time to turn the organization's customers into loyal customers

Synergy value — value through cooperation or within groups

Reference value — active recommendation by customers

Network value — size and quality of the customer network, e.g. LinkedIn, Twitter, Facebook

Efficiency value — reduced costs through customer activities and customers helping customers

Price value — additional value provided by price insensibility (based on perceived or estimated value of a product or service to the customer rather than according to the cost of the product or historical prices)

Synergy value — if your customer is worthless to you, "rent" him to someone else! Make use of synergies through cooperation agreements or within groups

Production value — customers work for your company without a salary – for example, Starbucks Idea, Dell IdeaStorm, Volkswagen's People's Car Project, the ERGO Customer Workshop

Information value — if you have a clear picture of the customer value information, you will increase turnover when monetary value and ad value are combined. If the company increases the number of customers with reference and network values, it will benefit from those customers' production value and increase its turnover.

How an organization can develop customer values?

- Develop a simple customer value model
- Use the customer values within your company
- Generate many ideas to increase customer value
- Implement one of the ideas – the best one
- Always be thinking about your customers

Experts' insights

Dealing with disruption:
COVID-19 and the future of direct marketing

The session looked at the challenges facing direct marketing and how to turn them into opportunities, and how direct marketing should react and position itself in the context of COVID-19. It also considered the prospects for direct marketing in a digitally transformed world, particularly in the US market.

Mr Jonathan Margulies, Managing Partner, Winterberry Group, a specialized management consultancy with extensive experience in advertising, marketing, data, technology and commerce, delivered a presentation on dealing with disruption in the context of COVID-19, and the future of direct marketing.

Key takeaways

Unsurprisingly, the crisis was quick to impact Posts and the direct marketing community in Q2 2020, as reported through changes in direct mail volumes:

US marketing mail volumes saw with a year-on-year decline of 30–45%, while first class mail volumes fell 9% over the same period;

In the UK, revenue from letter post was down 20–25%;

In Canada, for transactional and marketing mail, the year-on-year drop was between 30 and 40%.

Impact of COVID-19 in terms of ad spending cuts according to US agency/marketing professionals *(surveyed in mid-April 2020):*

67% of agency and brand decision makers had yet to make a decision on how they would change their spending in Q3 and Q4;

Three quarters of buy-side decision makers anticipated that the impact of COVID-19 would be worse than that seen during the 2008/2009 financial crisis.

Key takeaways

Economic recovery could follow one of four scenarios

Short duration, quick recovery: rapid return to pre-COVID economic estimates – least likely;

Medium duration, moderate recovery: Q3 up ~20% over Q2 but still down; Q4 10% up over Q3, positive GDP growth likely in Q1/2021;

Long duration, moderate recovery: Q3 with 5–10% growth over Q2, Q4 up 10% over Q3, Positive GDP growth likely in Q2/2021;

Long duration, varied recovery: Q3 up 20% over Q2 but Q4 down again by 10–20% compared to Q3; sustained GDP growth unlikely until vaccine is available.

But this COVID-19 crisis is fundamentally different from the 2008/2009 financial crisis:

Vast in its magnitude;

Rooted in issues that have little direct relationship to marketing;

Impacting end-user businesses in different ways: consumer habits; financial service sector; retail; travel; media; entertainment;

Sparking new demand for structural change in government, the public health sector and society at large.

Right now, the industry's most sophisticated practitioners are...

1 **'Scenario planning"** various potential economic outcomes;

2 **Reconsidering their product suite,** with the plan of streamlining focus on high-performance offerings;

3 **Restructuring for a "new normal"** that will be smaller for months – and maybe years – to come;

4 **Engaging with customers and other stakeholders** to hear more about real-world business needs.

Future direct marketing trend:

In the digital age, volumes of direct mail will probably never again reach the same level as before, but it is worth looking at how many brands have already moved beyond managing their marketing through the lens of "channels":

1 Digital as the centrepiece;

2 More sophisticated ability to match media to "use cases";

3 Richer insight into customers, prospects;

4 More likely to test new concepts, disregard old budget constructs.

Nevertheless, this crisis has come at a particularly challenging time for the DM ecosystem, as digital gains wallet- and mind-share

The great unknown

what will be required to rebuild confidence – in mail, in marketing, in economies

Economic recovery will naturally start in the markets most impacted by COVID-19.

DMers should follow developments in other industries: retail, media and entertainment, travel and hospitality, and small and local businesses.

The new competition is emerging, and the direct mail should connect with the online strategy as a package to create space for postal operators and their corporate clients or private customers.

DMers should maintain confidence in their economy, brand and products, and customers should have confidence in direct mail too.

For DMers, direct mail is still a valuable tool for targeting the right segments when it combines omni-channel strategies with an integrated marketing communication mix.

Recommendations that a country's postal regulators and governmental postal authorities should issue to their postal operators:

Posts should be part of the economic recovery efforts, and direct marketing has an important role to play in resuming consumption and consumers' confidence. Therefore, regulators and governments should support Posts in that effort.

Recovery will be varied in different market segments, but postal operators, representing a reliable platform, can play a key role by providing insightful analysis on strategic direct marketing for the private sector. Also, postal operators should combine offline and online direct marketing channels to increase value for their business clients and private customers.

Economic recovery in 4 scenarios

Short duration, quick recovery
rapid return to pre-COVID economic estimates – **least likely**

Medium duration, moderate recovery
Q3 up ~20% over Q2 but still down; Q4 10% up over Q3, positive GDP growth **likely in Q1/2021**

Long duration, moderate recovery
Q3 with 5–10% growth over Q2, Q4 up 10% over Q3, Positive GDP growth **likely in Q2/2021**;

Long duration, varied recovery
Q3 up 20% over Q2 but Q4 down again by 10–20% compared to Q3; sustained GDP growth **unlikely until vaccine is available**

Session 5

Case study on omni-channel marketing in times of corona

What is Payback?

Payback is one of the largest multichannel platforms worldwide, rewarding customer loyalty. Payback is available through a mobile app, connecting offline and online channel activities. The offline element includes print mailings and inserts with circulation of 117 million, point of sale and ticketing at receipt. Customer insights also enable the Payback programme to be optimized, e.g. by increasing the customization of account statements.

Payback lays the foundation for a better understanding of customer needs, and thus for successful customer dialogue. It collects different types of data through different resources: for example, profile data from registration and market research; SEO data from external sources; action and response data from campaigns; contact info from customer service and rewards orders; transaction data from different sectors, and movement and web info from geofences and beacons. This means that Payback holds customer data from more than 31 million active payback customers, including precise targeting, efficient scoring, and segmentation losses.

Mark Brauch
Director, Direct
Marketing
and Agencies,
Payback

How did Payback become a successful omni-channel marketing tool in the age of corona?

There are two different levels of active response at Payback during the COVID-19 pandemic: internal and external.

1 Internal action factors

Payback teams responded very rapidly to COVID-19 and showed great active crisis management. For example, following the shutdown, the CEO rapidly acted to ensure the protection and security of colleagues, ensure that a good crisis team was in place, and take a long-term view on stability.

In terms of home office, Payback provides its staff with good hardware and software; 99% of work can be done digitally; staff members' individual challenges are addressed; and online fitness courses are organized.

Active communication: online town hall meetings and daily online team meetings are held; regular mood surveys are conducted, and there is an internal employee app.

New framework conditions: there is flexible distribution of tasks and no external meetings or travel.

2 External action factors

Payback partners

A wide range of situations are managed

Individual challenges are addressed, whether they involve partially cancelled marketing campaigns or new marketing products needed

Use is made of digital customer reach, e.g. crisis communication, point-of-sale (POS) business information

Flexible partnership-based approaches: shift from POS to online business, financial support, and new contractual orientations

Payback customers

Highlight services: contactless usage with Payback Pay, mobile card

Provide available offers and information

New communication focus, e.g. donation campaign and guideline pages

Payback support

Business continuity plan for every essential supplier: all call centre agents in home office, multi-shift concepts

Open, regular exchanges

Flexible partnership-based interaction

Two-way dependency and loyalty

3 The "new normal" for Payback

Payback has to face the "new normal" situation, considering the rules on return to office, and decide how to react to these challenges and turn them into unique business opportunities.

Return to office: 85% of employees working from home, with 15% necessary staff present at the office.

- Country rules: employees need to follow the local country's rules and observe the lockdown
- Return-to-office plan required approval from American Express
- Common sense: e.g., working in an open-plan office, use of the canteen/fitness studio and new types of meeting
- Willingness of employees

Use opportunities

- Focus on Q3/Q4 and 2021
- Obvious changes: no conferences, fewer external business meetings, less business travel and future focused on home office
- Healthy pragmatism

Discussion: **Value of omni-channel (print + digital) versus digital only in the post-COVID-19 context**

Payback had to cancel print campaigns during the COVID-19 pandemic. It is temporarily switching to digital channels, since these are easier to edit and it is easier to manage external factors. However, based on Payback's marketing experience, print and digital channels are a great combination for reaching a marketing goal achieving its outcomes. Moreover, print campaigns are regarded as an effective means of direct marketing, and a very good way for partners to reach the target segments. Although printing is very expensive, it can achieve high ROI when combined with online marketing strategy in a single package in this digital world.

Workshop evaluation outcomes

Based on the survey, 86% of participants overall were either very satisfied or satisfied with the workshop and 90 % of participants were satisfied or very satisfied with the remote participation and overall contents of the workshop.

Almost 80% of the participants indicated their satisfaction with the opportunity for open discussion, the interactive session tools and the duration of the workshop sessions. In all, 80% of attendees felt the virtual workshop was very useful and valuable for their organization, especially in this period of COVID-19.

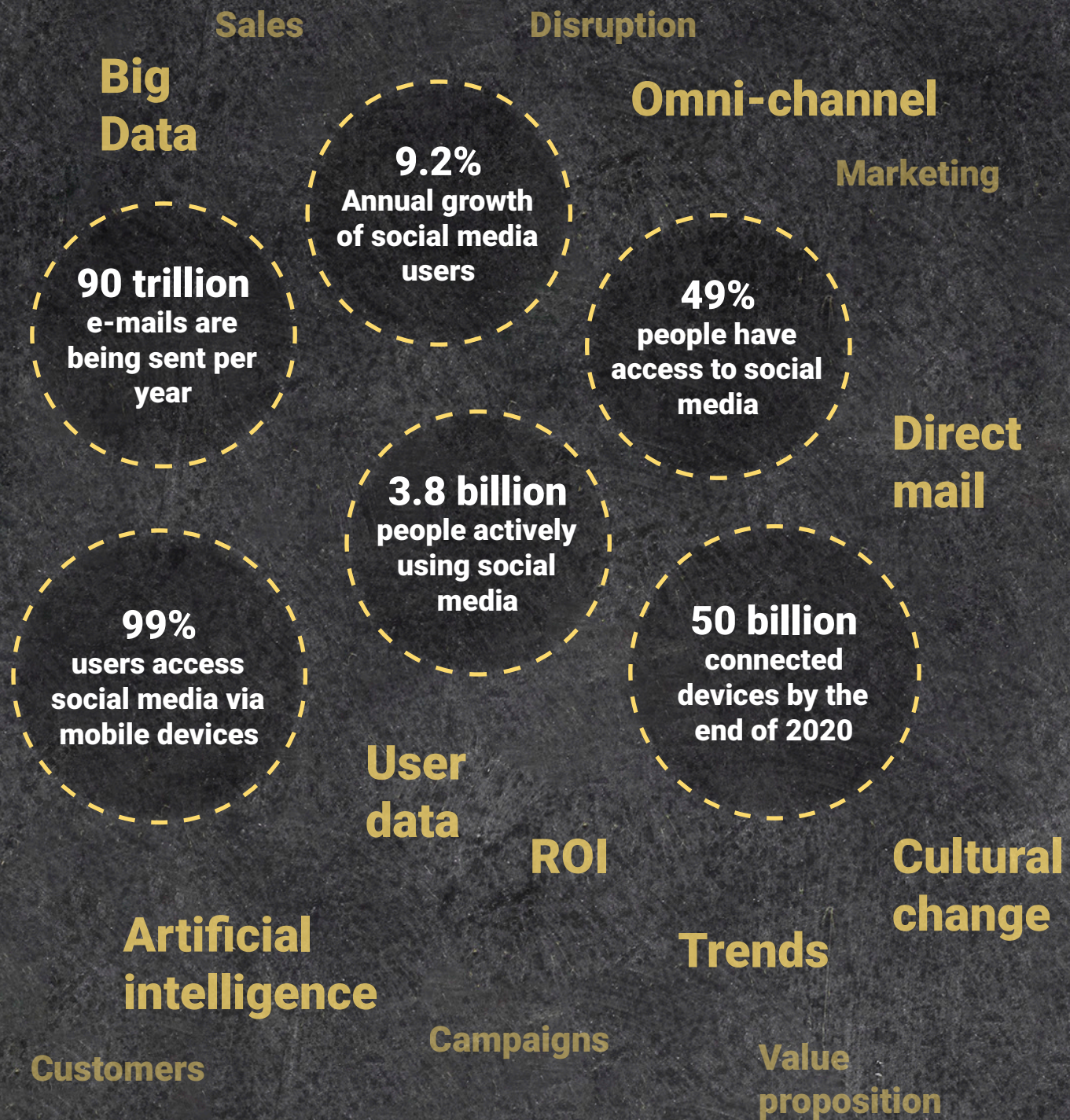## Participants made the following recommendations for future workshops:

Invite marketing experts from different postal operators around the world to share their ideas and experiences to give the workshop greater impact.

Cover more case studies from across different industries; this would be beneficial in terms of giving the postal industry a big picture in these times of digital transformation, especially in the post-COVID-19 era.

Adjust the workshop hours for attendees in different time zones.

Host workshops for members more frequently, so as to strengthen the DMAB's platform and create a space for members.

Hold a follow-up seminar to test drive some strategic elements learned during this virtual workshop.

Sales Disruption

Big Data

Omni-channel

Marketing

9.2% Annual growth of social media users

90 trillion e-mails are being sent per year

49% people have access to social media

Direct mail

3.8 billion people actively using social media

Workshop evaluation

80% of participants think workshop was valuable for their organization

99% users access social media via mobile devices

50 billion connected devices by the end of 2020

86% of participants were either very satisfied or satisfied with the workshop

User data

ROI

Cultural change

90% of participants were very satisfied with the remote participation

Trends

Artificial intelligence

Customers Campaigns Value proposition