

THEN AND NOW – How the electronic revolution changed cross-border marketing forever!

By Richard N. Miller (copyrighted)

Few industries have changed as much as international direct marketing as a result of the electronic revolution. We create campaigns, prepare production materials, order lists, monitor the lettershop, take orders, confirm and track shipments, receive payment, settle claims, handle customer service, upsell and upgrade - all without leaving our computer screen! When I first came into this business in 1979, every one of those operations was handled by a separate channel, often at disparate geographical locations, and much of the operation was manual. And it took forever.

Ten years ago, in my book *Multinational Direct Marketing: The Methods and The Markets* (McGraw-Hill), I pointed out the 3 main pillars of cross-border marketing. They were (and to a great degree, still are) *The Publishing Industry*, *Transportation (Express)* and *High Technology* (Electronic Data Transfer). It may be instructive to look back on the past 10 years and beyond to see how this industry sector has changed – for the better or worse. A good bench-mark from which to measure our progress –or lack thereof – is 1986, which I will explain.

The List Industry: Good News and Bad News

As usual, the health of the list industry needs to lead off any discussion of direct marketing, international or domestic. And it must be divided into *business* and *consumer*; and then into *national* and *multinational* lists. Until recently multinational lists (subscribers and buyers from one source across many nations), which are comprised

of both business and consumer names, have always been readily and steadily available. Publishing is the oldest source of lists in our field. Recently though, the number of periodical titles has declined, impacting the total universe of subscriber names available. Where McGraw-Hill, for instance, once produced over 40 international titles, they now publish closer to 20. I see no solution to replacing this loss, other than opting for more email lists, which are far less reliable. However, one source that has helped supplant traditional publishers' lists is software vendor lists. They are really extensions of the publishing industry, except that they are E publishers!

As for national (in country) lists, it's a mixed bag. It's important to remember that unaddressed direct mail has always been a major tool in Europe, unlike the US. Rental "names" have always been scarce by comparison. There are certainly more list sources on the market in a number of developed countries than there were a decade or so ago, but this upward trend appears to have leveled off, partly due to data protection and privacy issues, particularly on the consumer side. To a lesser degree this is also true of business lists. We don't see any great growth in this area. Many of the BtoB lists that do come on the market are compiled, and often lack individual title selections. Though there is general agreement that a paucity of new names exists, James Thornton, Mailing Lists Asia, Ltd., points out that international customer retention remains superior to domestic retention. The seemingly intractable problem is the increasing cost of new customer acquisition.

Though these problems are worrisome, the remarkable difference in international list sourcing today is not so much in the quality or availability of the sources themselves, but in the method of data management. This is where EDT has transformed the industry. We use the internet to research, source and access the list, verify and correct addresses, warehouse the data and then transfer it at the speed of light. 20 years ago, it was a laborious business, involving expensive and slow communication via mail, telephone, telex, courier, etc. With the advent of EDT, the time between sourcing and posting a cross-border campaign has been cut by more than 80%.

International Addressing: Bringing Standards to Bear

When it came to addressing, for decades what you saw, was what you got – which was generally a cumbersome package of labels dumped on your desk after having been lost for a week somewhere between Kuala Lumpur and New York! And in many cases, even though a tape might be available, the list owner wouldn't let you have it for fear of theft. You were lucky if you could get them to ship you labels. When you finally got the labels, you had no opportunity to verify or correct what was given to you. If your supplier was really modern, and you actually received a tape, there was very little you could do to edit the information, so your printing fields had to accommodate a wide range of formats, from as few as 4 lines to as many as 10!. And if you couldn't accommodate it, important data would simply drop off the label. Stories are legion of mailings that came in and went out with no country name on them. According to Jerry Messer, CEO of DataServices, Inc., Alexandria, VA., the first breath of fresh air began about 1986 when postal Postcode Address Files (PAF) became available, allowing service bureaus to compare mailing lists with actual delivery point information in many countries. Delivery point files in the US became available in 1991.

Of course, the advent of the ZIP code in the US in the 60s had already begun to make all of our lives a little easier, and some of our fellow nations gradually began to follow suit with their own – very individualized – postcode systems. There are now 117 of the 190 member-countries of the Universal Postal Union (UPU) with some kind of postcode system in place. That still leaves 73 without postcodes, and among those with a system, the level of sophistication varies widely, from primitive to advanced. The UPU is aware of this problem and is addressing it on two fronts. A percentage of all Terminal Dues (the reimbursement for delivery paid by one country to another) is reserved for technical improvement projects in the developing countries, including post code development. The UPU is also a major player in the international standards body working on uniform methods of international address management. The goal is not to arrive at a standard post code – that will never happen. Rather, the goal is to arrive at a standardized system of managing and correcting the data within the fields no matter what the postcode format.

Thanks to industry volunteers from the US and Europe, great strides have been made in this regard.

Postal and Express: Increasingly a Free-for-All

When I was producing international mailings in the 80s, the USPS was the only name in the game. Then in the early 90s, foreign posts woke up to the fact that the USPS had no monopoly on cross-border mail. Several of the foreign posts came to the table and very successfully began to eat a lot of the USPS's lunch! In about 1992, I asked the late Postmaster General, Marvin Runyon, whether he was aware of the significance of these border raids (Runyon had only recently come aboard). He said he was only beginning to become aware of the implications. Not too long after that, he authorized the formation of the USPS International Business Unit as a stand-alone "entrepreneurial" effort to combat the competition. The effort unfortunately proved how difficult it is for a large government agency to transform itself into a commercial enterprise (a harbinger of the current effort for reform?). Regrettably, the business unit was absorbed back into the mainstream post several years ago. Fortunately, however, mailers can still hitch up to the two venerable workhorses of the USPS: ISAL (International Surface Airlift) and IPA (International Priority Airlift). ISAL came into existence in the early 80s and IPA in 1986 (there's that date again). Frankly this dynamic mailing duo still remains among the most reliable options for international promotions and communications. But the promotional effort that the agency puts behind it is scattered and sporadic. Meanwhile, the competition continues to lunch at the USPS's table.

Foreign posts such as Germany, the Netherlands, France, Sweden – have all cut into the USPS with various deals and delivery options. And, of course, opportunists from several parts of the world continue to try to leverage the disparities in UPU terminal dues by offering tempting "deals," usually at the expense of quality of service. As for package delivery, the options in former years, other than the USPS, were the old standbys of DHL, Mercury, etc. Federal Express changed the name of the game when it emerged just about 25 years ago. Today, FedEx and UPS dominate the international package delivery

market. It's no longer a "postal" game, and one wonders how the USPS could have stood by all these years and let billions slip through its fingers. Only lately has it tried to rebuild a better network of parcel delivery in a cooperative effort with other posts, but progress has been modest.

Markets: Search Engines to the Rescue

The way in which we research markets has changed more dramatically than the markets themselves. Market research for the direct marketer in the past was an expensive, time-consuming business. So much so, that it deterred all but the largest, well-heeled companies from venturing forth. To do a thorough job usually meant extensive travel, and/or, partnering with someone you hoped you could trust. Today, in addition to knowledgeable (and expensive) research organizations, we have vast information at our fingertips on the internet. There is no reason to leave your office in order to find basic market information on any country in the world. And with the growing number of direct marketing associations emerging around the globe, you can even focus on our industry in particular – certainly in the most developed countries. But most important of all, you can test much less expensively than we could a couple of decades ago. Though E-commerce prospect names are by no means a completely reliable reflection of your ultimate customer, you can test promotions in many countries and regions at a fraction of what it would have cost some years ago. Another big change has been the concept of focusing not so much on individual country markets, but on customer profiles by region. This is why, particularly for BtoB, multinational periodical lists have been so important. The BtoC market is more national in nature, and continues to be a challenge for the cross-border marketer.

Response Management: A New World

Without question, managing the cycle of customer contact from order to fulfillment has seen the most dramatic and lasting changes in the way we do international business. And you can thank the evolution – revolution! – of the Internet. EDT has not only

drastically reduced the cost of doing business, but it has improved the quality of service. Very few innovations can make that claim. A decade or so ago, cross-border customer information management was arduous, costly, time consuming, frustrating and inefficient. It was a barrier to doing business. The work horse of cross-border marketing was (and to a great extent remains) a BtoB operation. For decades, orders came in by mail – literally on the slow boat from China. However, if you were really sophisticated, orders might be sent via telex (remember that?). Then the fax arrived, combining electronics with hard copy. At about this juncture, the cost of international telephony began to decrease, at first marginally, and then very rapidly until now the cost of an international phone call is essentially inconsequential (in 1934 it cost \$39 for the first three minutes for a trans-pacific phone call). Not only were these innovations beginning to reduce costs, they were shortening time lines.

As an example of how clumsy all of this used to be, I'll cite an actual case. About 1986, I was engaged by a large international industrial broker/auctioneer to help in the process of selling a Chrysler parts plant in Indiana. This particular plant made most of the electric motors for Chrysler cars. Though it had become outmoded, it still contained millions of dollars worth of tooling and parts that would be very attractive to, say, an emerging industry in the developing world. That was our target. With an assistant, I started searching technical libraries for directories of the auto industry worldwide. We did it by hand – there were no ready-made compiled lists. Today you would do this on a search engine. While writing this article, I went on Google, and in 10 seconds I had a list of worldwide directories of auto parts manufacturers! But in 1986, instead of taking minutes, it took weeks. After compiling a list of several hundred names, we mailed an auction announcement in a hybrid-language package, providing headlines in several languages. We emphasized Mandarin Chinese, as our research showed good potential in that region. The initial brochure was designed to smoke out qualified bidders. They were given two options to request a comprehensive catalog of the auction contents: phone (*not* toll free) or fax. Email wasn't even a glimmer then. The catalog was dispatched via international courier, with a notice providing the date by which the recipient must provide financial qualifications and reserve a seat at the auction site in Indiana. In the end,

perhaps a dozen qualified bidders showed up – at their expense, of course - and the bid was won by a Taiwanese company. The equipment was then crated and shipped over the course of the next few months.

Today, every step of this project (except shipment, of course) could be done electronically – solicitation, response, catalog fulfillment, customer queries, paperwork, including affidavits and digital signatures. In 1986, it took months; today it would take a few days, thanks to the Internet.