



Advertising More Efficiently

**IT MAKES 5 SENSES TO
DIRECT MAIL**



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1. EXECUTIVE SUMMARY

○ Company details

Royal Mail is the only organization in the UK capable of delivering the ‘Universal Service’, with an unrivalled network with regard to size, coverage and geographic area. In 2013, Royal mail became a quoted company with shares traded on London Stock Exchange, however, the letter business is declining because of the changes in consumer behaviour and the rising competition from the digital advertising world.

○ Statement of client/market

Social media platforms symbolise the shift from traditional advertising to digital marketing, this is the reason why digitalisation is leading businesses to invest more in online advertising than offline. In 2016, UK advertising agencies, media planners and brands have spent almost £6 billion on advertising. The usage of mobile advertising is expected to rise by the end of this year. Nevertheless, millennials behaviour changes constantly, while seeking a more personal communication. Big companies are still utilising direct mail to increase traffic online and brand loyalty.

○ Statement of the task/brief

Royal Mail is attempting to raise awareness of the power of direct mail, when targeting millennials. This report shows a 12-month integrated B2B marketing campaign with the aim to convert 6% of the target companies, generating recommendations for year 2.

○ Summary of strategy adopted and rationale

During the last decade, B2B marketing campaigns were successful because of the adoption of B2C content strategy rather than the traditional B2B. Based on this, The 5 Senses concept in the campaign will implement a B2C approach within a B2B overall strategy, integrating online and offline media channels.





Following the Account-Based Marketing (ABM) the campaign will target brands and agencies whose customers are likely to respond to direct mail in accordance to the primary research data among millennials. The main target will be brands, advertising and media agencies that are already investing on direct mail, as these represent a potential conversion, to encourage these companies to proceed along this route. Primary and secondary research results show that marketing directors of brands prefer Facebook over other social media. The main media channels will be social media platforms, since research shows preferences towards communication channels via digital channels (Webinars, Skype conferences), direct mail and events. The campaign plan, in this report, accounts an overall budget of £499, 507. The gross profit of the campaign will be £100,493. The ROI for the first year will be 20%. To achieve the campaign's objectives, the SOSTAC model has been adopted and the report has been structured based on this framework.

Media Strategy

Following the secondary and primary research, target accounts' profiles and their journeys were created in order to gain an understanding of the target audience. The strategy implemented for media planners at advertising and media agencies and brands were implemented based on these findings. The campaign has used a variety of engagement methods aimed at reaching its target audience and increase conversion rate, including:

- Online and offline content
- Personalised direct mail
- Follow-up communication through Telemarketing
- Engagement monitoring through QR Codes
- 1:1 communication through webinar and seminar sessions.

2. SITUATIONAL ANALYSIS

2.1. Market Analysis

Social media and the paid ad services provided by search engines such as Google and social media platforms, particularly Facebook, Instagram and YouTube, represent the inevitable shift from traditional advertising to digital marketing. In fact, digitalisation has brought companies to invest increasingly more in online advertising rather than offline, causing a decline in usage of direct mail as a medium channel for promotion.

In 2016, the UK had spent a total of £5.8 billion on advertising. This is a 3.9% increase Y-O-Y, also making it the highest grossing quarter since the Expenditure Report Started in 1982 (Hobbs, 2016). As shown within Figure 1, the increase of digital, specifically mobile advertising has increased a further 8.5% from 2015, and is expected to increase by a further 7.6% by 2018; Direct Mail is currently dropping at an exponential rate. By 2017, direct mail has dropped by a total -7.5% and again, is expected to drop by a further -6.0% by 2018 (Hobbs, 2016). However, Millennials' behaviour is constantly changing and this target seeks more a 1 to 1 communication platforms (Euromonitor International Blog, 2017), the reason is that some of the biggest companies keep investing in direct mail, using this media channel to drive traffic to their websites, increase positive feeling towards the brand and increase brand loyalty. Amazon for example, uses Direct Mail to promote upgrade by targeting online visitors.

Adspend 2016 (£m)		2016 v 2015	Forecast 2017	Forecast 2018
		% change	% change	% change
Internet	10,304	13.4%	8.5%	7.6%
of which mobile	3,866	45.4%	30.4%	20.8%
Direct Mail	1,713	-10.4%	-7.5%	-6.0%

Figure 1. AdSpend 2016 (Hobbs, 2016)



2.2. PESTEL Analysis

Political

- Political uncertainty may result in foreign brands holding back from investing in the UK market (Pratley, 2017)
- If the government increase environmental regulations, this will have an impact on direct mail (iSideWith, 2017)

Economic

- Effect of Brexit on the economy-slide in the value of the pound, uncertain times for investment (Wearden and Fletcher, 2017);
- Rising inflation and weak levels of wage growth results in less consumer purchasing power (Partington, 2017).

Social

- Personalisation and customisation are key to enhance customer experience (Euromonitor International Blog, 2017; Newman, 2016);
- Ad Blocking software usage is rising because of spamming and badly targeted ads. This, consequently enhances the other media channels' power and their key features, example the emotional appeal, tangibility and credibility of direct mail (Hobbs, 2016);
- Generation Z and Millennials are tired of ads via social media; they find it intrusive and annoying. (Appleton, 2016);
- However, Millennials are more loyal to brands than any other generation (DeMers, 2017).
- Advertisement is moving from celebrity to influencer endorsement. Millennials are exposed to influencers continuously receiving direct mail from their favourite brands, and publishing this on social media platforms. Giving a sense of envy and want to also be a part of that exclusivity.

Technological

- Digitalisation has a great impact on businesses and consumers resulting in digital marketing overtaking the other media channels (Newman, 2016);
- Video content, augmented reality and virtual reality are gaining popularity in advertising, making it more interactive and entertaining. (Newman, 2016);
- RFID chips (radio-frequency identification chips), sensors, mobile internet and GPS (global positioning system) tracking have impact on delivery services (Hillebrand *et al*, 2016)
- IBM, Oracle, and other companies in the IT sector are creating systems to analyse consumer behaviour through CRM programs. Brandwatch for example, offers an online platform where online conversations around specific brands can be measured through analytics. Marketers will use Artificial Intelligence (AI) to optimise every channel of their content strategy online and offline (Stephen, 2017).

Environmental

- Logistics Carbon Reduction Scheme' (LCRS) to reduce carbon emissions (Royal Mail Group., 2016);
- Direct mail perceived as paper waste, digital is eco-friendly (Citipost Mail, 2016).

Legal

- Pricing and universal strategy controlled by Ofcom (Ofcom.org.uk., 2016);
- GDPR data protection 2018 (EU GDPR Portal, 2017) will pose serious questions on the ability of companies to reach consumers without their consent. Digital Advertising will be less efficient and it will increase the power of direct mail, which is designed in law as communication of "legitimate interest (Royal Mail, 2018).



2.3. Competitors analysis

As stated previously, the main competitors of Royal Mail are digital advertising media providers. Digital advertising is growing steadily (Statista, 2017) overtaking the other media channels since it is perceived as fast, cheap and convenient to reach consumers (Derks, 2016). With Google AdWords services and the Facebook advertising tool, in 2017 **34,5% of digital advertising spending was on social media** (Statista, 2017) which led platforms such as Facebook, Instagram, Twitter and Snapchat to compete head to head with direct mail. However, **direct mail** has some advantages such as that it is being opened **80/90%** compared to **20/30% of mails** and the response rate tends to be **3,7%** while **emails and social media response rate is only 1%** (Mansfield, 2017). Also, consumers are still interested in receiving direct mail from brands they like and perceive it as more **trustworthy and valuable** (Mansfield, 2017).

2.4. Secondary research: consumer analysis of Millennials

Effects of social media advertisement on purchasing decisions of Millennials:

- Millennials are influenced by the way in which they make certain decisions, such as shopping preferences (Duffett, 2015).
- Millennials' devotion towards social media means that it is becoming easier for marketers to target them (Rohampton, 2017).
- Millennials have grown up through the recession which has ultimately made them price-conscious (Rohampton, 2017).
- 47% of millennials are influenced in their purchases by social media compared to 19% of all other age groups (Roesler, 2015).
- Millennials utilise social media platforms to receive advice from peers about what products and services are best to use, through peer reviews (Roesler, 2015).

- “Millennials are more engaged, more vocal and more visual. They are not merely readers. They post, pin, view and blog” (Donagher, 2014).
- Brands have begun focusing their primary attention towards targeting their market through these digital channels, ignoring powerful marketing channels such as direct marketing (Smith, 2011).

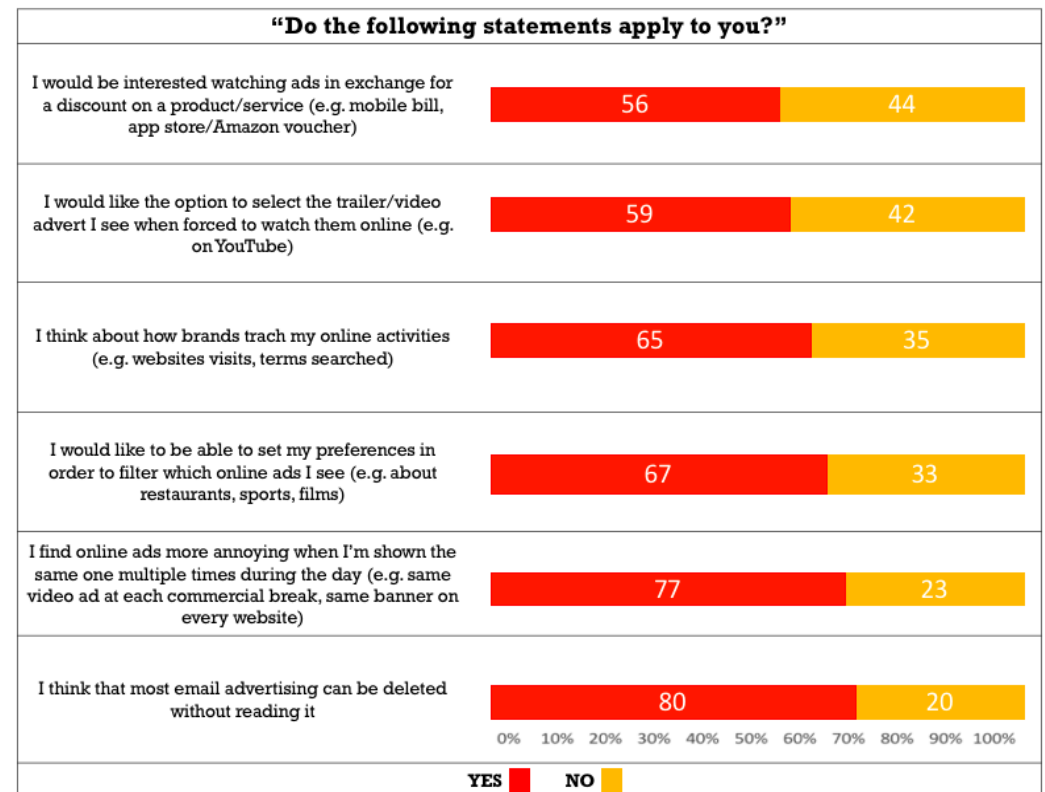


Figure 1. Millennials Analysis (Statista, 2017)



Effects of digital advertisement on Millennials:

- Personalised advertising is becoming intrusive among social media sites such as Facebook, twitter and Instagram.
- 66% of consumers are worried about how their online activities are tracked by brands
- 65% of consumers think that sites have become overcrowded and untrustworthy
- 31% of consumers are put off from clicking on ads by smartphones.
- 26% are unsure about how they feel about this, suggesting that they have not engaged with mobile ads.
- 77% of people find online ads more annoying when the same one is shown multiple times during the day.
- Lack of attention to the detailing of the personalisation of digital advertisement which has ultimately had a negative effect in the same that now, consumers have negative view of online advertisement

(Bellaben, 2017)

Ad Blocking Software:

- 19% of all adults' online users across the UK have paid for a variation of ad-blocking software
- 167,000 active mobile devices are using ad-blocking software
- Rise in the number of millennials using ad-blocking systems through digital platforms, showing that digital advertisement on social platforms is becoming meaningless for them.
- Consumers are acting to stop seeing brands advertisement. There is no longer an emotional connection with the advertisement that is being showing.

(Bellaben, 2017)

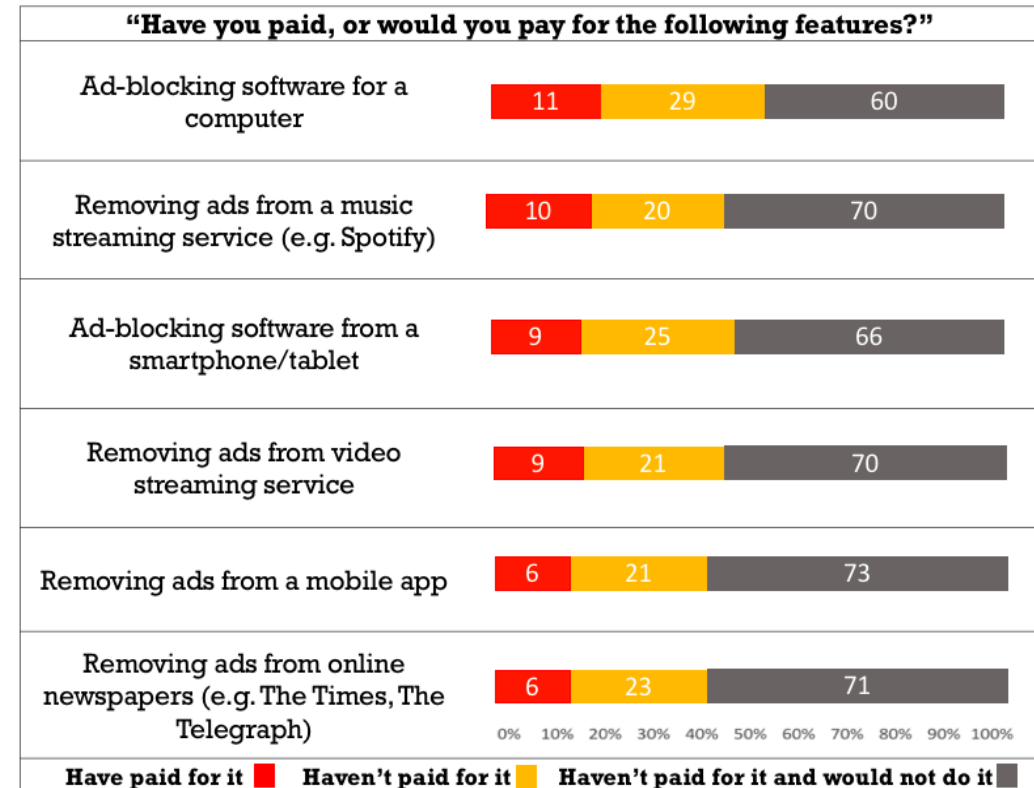


Figure 2. Ad Blocking Software (Statista, 2017)



2.5. Primary research

2.5.1. Reasons why brands, advertising and media agencies do not use Direct Mail

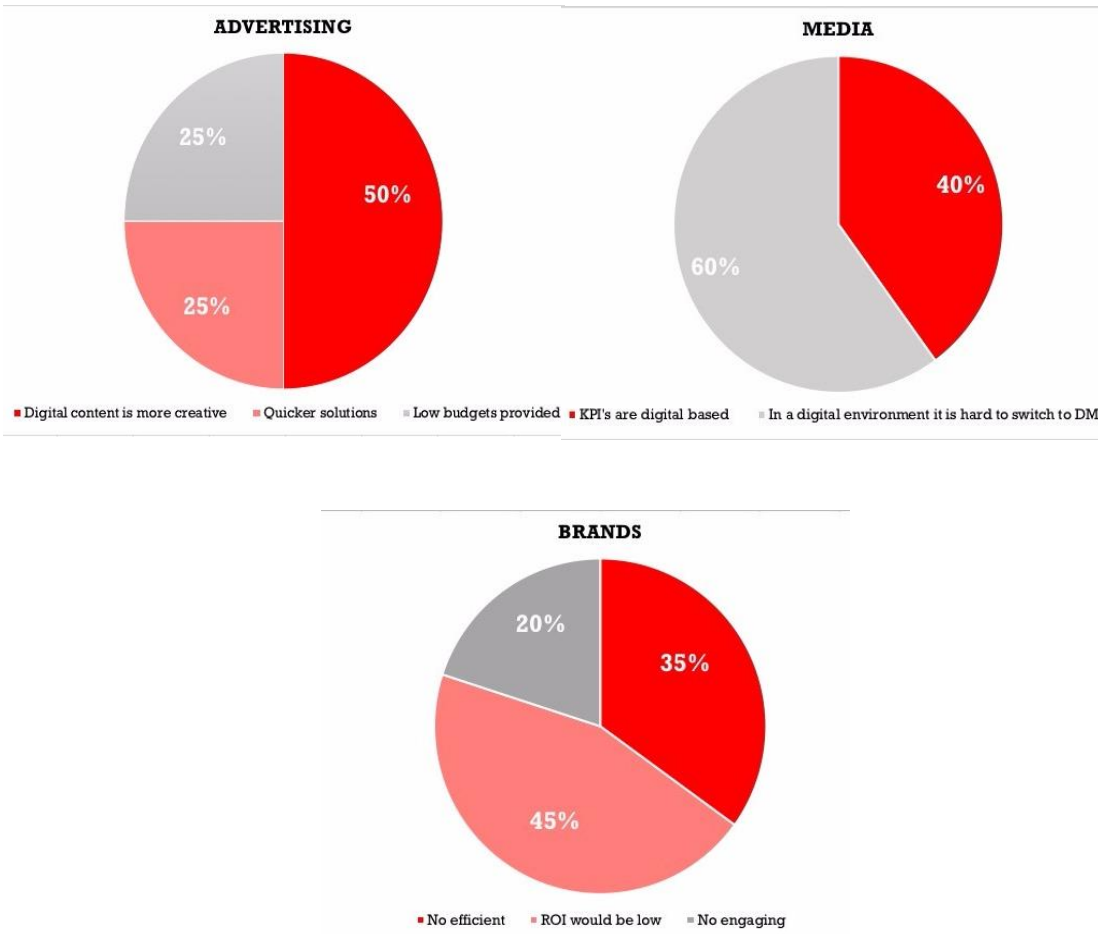


Figure 3. Primary research (2017)

Through the usage of the LinkedIn platform, questionnaires of quantitative nature with open-ended questions, were sent to media & advertising agencies as well as brands. For the respondents to be selected, they had to hold a managerial/director position within the brand or an account handling position within media and advertising agencies. A total number of 100 questionnaires have been sent. Findings on Figure 5 show that brands would only invest on DM if they see real-life successful examples; advertising agencies would invest on DM if they see successful creative content through DM; and media agencies would only invest if they see a potential success of the campaign based on valid data.

1.1.1. Analysis of millennial expenditure

Based on secondary data obtained from the Statista source, it is possible to see what are the main categories of products for which millennials spend most their money on. First position with 16% response agreement, was clearly represented by “electronics” and “women’s clothing”, second position with 14% was held by the “beauty” category and the third position with 12% was represented by “women’s footwear”.

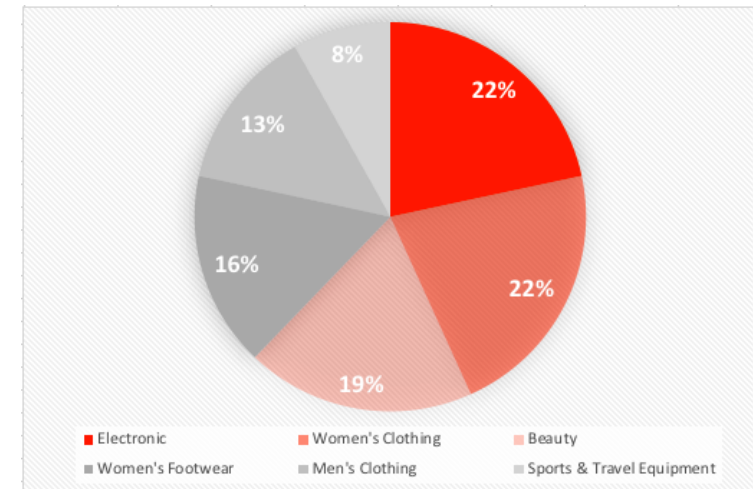


Figure 4. Primary research (2017)



The mentioned sectors only represent what Millennial consumers are most likely to invest their money on. A high percentage of buying participation cannot be directly linked to buying preference. For this reason, the team decided to invest time and money in carrying out a focus group type of primary research to find out what millennials actually like in terms of products and services sectors available in the market and of which, therefore marketing activities have an impact on.

The focus group was made of 8 people, 4 women and 4 men who positioned themselves in the Millennials fascia. The group was gender balanced to get equal preference responses from both genders. When asking the responders, which sector they would like to receive freebies from, these were the main answers given:

- | | |
|---------------|-------------------|
| 1. Beauty 30% | 3. Technology 25% |
| 2. Food 30% | 4. Clothes 15% |

Qualitative research among millennials:

"Many of the current trends in the fashion, art, music and beauty industry show our nostalgia feeling and willingness to bring back boomers' obsession and trends as to recreate that same 'less digitalized world', it's a way to escape from all this technology we are surrounded by and the constant advertisement online that we receive. We are not an easy generation to understand but all we ask for is relevant advertisement and less spammy ads of stuff we are not interested in online!"

"I find advertising online annoying and disturbing, especially while I am on Social Media or watching a video on YOUTUBE! Most of the times, if not always I push the 'skip advert' button because it's not relevant advertisement to me. Only when it comes to my favourite brands and the products I want to know about I watch, but this unfortunately doesn't happen quite often"

"Personally I wouldn't mind receiving Direct Mail from my favourite brands, just to keep up with the latest promotions of even better, receiving tasters and budges, it would make me feel a valuable customer plus coming back home and finding a delivery pack is always an amazing feeling!"

If on one hand Millennials hate advertising and escape from it using technology itself (through Ad blocking and the "skip advert" button) they are at the same time loyal to certain brands, creating a gap that the primary research intended to fill in to draw the Millennials customer journey, to discover the most efficient communication touchpoints and the role of DM. This was the easiest approach to outline Royal Mail marketing opportunity and reach the objectives of this marketing campaign.

These findings represent a great opportunity for brands and media agencies to advertise through DM, using it as part of an integrated marketing communication campaign: its tangibility and emotional impact carries that "nostalgia" added value and 1.1 communication sought by Millennials (Cosslett, 2017)

2.6. Royal Mail positioning and TOWS model

Royal Mail had maintained a monopoly of the postage market for 350 years, but in 2005 this status was lost and now faces increased competition from companies such as UK Mail, TNT, Post NL and Amazon (Pooler, 2016). Although there are approximately 30 different postal services available around the UK, Royal Mail dominates 99% of the total mail market, delivering a total of 75 million letters across the UK everyday (BBC, 2010) and it beats the competition with its cheap cost. When looking at Royal Mail's biggest competitor in the Media landscape, it can be seen that digital mail is increasingly dominating the market, slowly replacing Direct Mail due to its lower prices and flexible nature.

To face the disruptive impact of digitalisation in the advertising industry, Royal Mail's B2B service, Market Reach, founded in 2012, was designed for businesses to inspire, enable and support the success of mail and it is an important asset of the company. Through the MailMen campaign in 2015 (Ghosh, 2015) Royal Mail promoted the effectiveness of mail and its uniqueness as a tangible medium. However, the grey, old image used throughout the campaign, could potentially have negative effects on its audience, as it creates the perception of an outdated service, rather than a valuable tool to optimise mail.



TOWS ANALYSIS			
EXTERNAL FACTORS	INTERNAL FACTORS		
	EXTERNAL FACTORS	STRENGTHS	WEAKNESSES
		OPPORTUNITIES	THREATS
		THREATS	OPPORTUNITIES
EXTERNAL FACTORS	OPPORTUNITIES	<p>1. Long History of the company (since 1516), physical presence in the territory and data are part of its brand equity. Customer data optimisation and door to door drop increase the reliability of Royal Mail in B2B compared with digital advertising providers.</p> <p>2. A strong consumer base allows Royal Mail to have a higher investment capability. To exploit a resource such as Market Reach in B2B, Royal Mail has to place investments to improve the image of the service and to increase its awareness; investing in AI and a software for Data analysis will also optimise Customer data and therefore targeting.</p> <p>3. Although Millennials are active users on Social Media and their video content consumption has created a new opportunity for marketers to target them, the use of ad blocking software poses serious questions on the efficiency of advertising online: badly targeted ads and irrelevant content has pushed them away from advertising online, giving more value to the other communication channels.</p>	<p>1. With direct mail in decline, it is important to understand the target and its needs. Millennials seek services that are convenient and with minimal annoyance.</p> <p>2. Royal Mail is perceived to have an outdated image (as shown within their Mailman campaign). The company needs to look at creating a more modernised brand- rebranding Market Reach and the Mailman investing in the online brand image.</p> <p>3. Due to the low-level awareness of the services offered by Market Reach, it is important for Royal Mail to use the service as an educational tool for B2B.</p>
	THREATS	<p>1. Royal Mail has a large database of consumers addresses, however, because of the Human Cloud and the constant mobility of consumers, it is hard for the company to deliver accurately with every direct mail.</p> <p>2. Royal Mail privileges itself with the grand history of its brand, however since the competitors have a better and more modern image, consumers might prefer the latter option</p> <p>3. The company has a large and diverse product offering which includes direct mail, however this one is seen as being not environmentally friendly and for this reason any digital solution is seen as preferable</p>	<p>1. Because of the slow and sometimes inaccurate distribution of DM (compared to the other digital methods), the human cloud can be another factor to contribute to the already existing weakness.</p> <p>2. As Royal Mail is perceived to have an old image of its website, the fact that other competitors' businesses have a newer and better image, might aliment the weakness.</p>

Figure 5. TOWS Analysis (Royal Mail, 2017)



3. SMART OBJECTIVES OF THE CAMPAIGN

This section will set out the strategic process of the B2B campaign which aims at *converting 6% of the target companies and make recommendations for year 2.* To achieve the campaign's aims, three objectives have been proposed:

1. To increase MailMan awareness through driven traffic to the MailMan website by 15% in the first 6 months of the campaign.
2. To have a Direct Mail response rate of 4.5% within 3 months by young marketers and advertising practitioners and to always consider DM as part of their media planning.
3. A total Conversion Rate of 6% for the first 12 months of the campaign launching, which results as a behavioural change amongst the targeted younger audience.

4. STRATEGY

4.1 Strategic approach and Content strategy

After having carried a detailed situational analysis giving the context in which Royal Mail operates in the market, among its competitors and the strengths and opportunities that the company can exploit through measurable and smart objectives, the following section will cover the strategic reasoning behind the tactics of the campaign.

Content strategy

In the past several years the most successful B2B marketing campaigns were achieved through a creative “**B2C content**” strategy rather than the traditional informative and formal B2B. Inspired by some of the campaigns winners of the 2016 and 2017 B2B Marketing Awards, the strategy for this campaign is the result of a **B2C marketing approach** within an **integrated marketing communication strategy, where online and offline media channels will be successfully combined.**

Due to a high similarity in the persona journeys of the three targets, because of their similar demographics and lifestyles, the media channels used will slightly differ per each audience, while the content will be designed and personalised in order to deliver a tailored and specific message across all the channels.

4.2 Targeting strategy

The campaign will be promoting direct mail to the most valuable clients, according to the **account-based marketing strategy**. Following the secondary and primary research, the campaign will be designed to target only brands and agencies whom consumers are likely to give a response to direct mail according to the primary research amongst Millennials (Forbes Agency Council, 2017). Furthermore, within the brands and agencies that have the highest advertising expenditure, the campaign will be targeting companies already spending in direct mail to incentivise them to continue. Companies spending the most on offline advertising, represent a potential conversion. On that basis, the team has designed a targeting strategy according to two main criteria:

1. Brands that Millennials buy from to target only the companies for whom direct mail will be efficient in its maximum possibilities.
2. Brands and Media Agencies that spend already in direct mail or are likely to spend on offline marketing activities;

In proportion, the campaign aims at reaching 80 advertising agencies, 100 media agencies and 120 brands. The **push and pull strategy** is designed to push media planners at advertising and media agencies, as these manage other brand portfolios and therefore represent multiple conversion rate, and pull brands' marketing directors.



Graham Lawrence

TARGET 1



Positive Thinker

Ambitious

Adventurous

Passionate

Goals

- To spend more time with my wife and 3 children
- To take a fishing trip to the McCloud River in California
- To walk along the Camino De Santiago

Frustrations

- Not meeting deadlines
- Being late
- Not meeting my potential

Bio

Graham is the Marketing Director at Whole Foods. With 30 years plus of experience within the marketing sector, Graham has seen the evolution of marketing from primarily traditional print media, to the transition into digital transformations.

He is an outdoors and adventurous person, who enjoys immersing himself in new cultures and new experiences. With his 3 children, all getting ready to move away from home, Graham is hoping that he will be able to take more trips away with his wife, and experience new adventures, including a fishing trip to the McCloud River in California, and to walk along the Camino De Santiago, From France to Spain.

Motivation

Incentive

Fear

Growth

Power

Social

Brands & Influencers



Preferred Channels

Traditional Ads

Online & Social Media

Direct Mail

Guerrilla Efforts & PR

TARGET 1: MARKETING DIRECTORS OF BRANDS

Marketing directors can be categorized with the demographic segmentation of Generation X. They are at the peak of the marketing careers and at the top of the decision-making process within their organization.

They are usually responsible for making the brand decisions within the marketing and communication department. This would typically include approving the strategic decisions made in relation to the media mix and media planning of a campaign. From this stage, the marketing director will oversee the final implementation of the marketing strategy (Campaign, 2016).

When carrying out the primary and secondary research, it was found that when engaging in social media platforms, marketing directors take preference of Facebook over other social media platforms such as Twitter, Instagram and Snapchat. In fact, research shows that out of the 27 hours that generation X spend on social media, 15.5 hours of this is on Facebook (Small Business Trends, 2017)

CUSTOMER JOURNEY

2. Personalised DM



1. Online video content on Facebook



3. Direct contact through Telemarketing



4- Seminar -Private event



5. OOH Ad with QR codes



Emilia Richardson

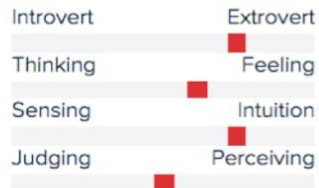
TARGET 2



"Do it with passion, or not at all."

Age: 30
Work: Account Director
Family: Married
Location: London

Personality



Hard-Worker

Creative

Detail Orientated

Thrill-Seeker

Goals

- Create a "hidden places to go for foodies in London" blog
- To become a free-lance Pilates instructor
- To manage a 2 billion impression campaign

Frustrations

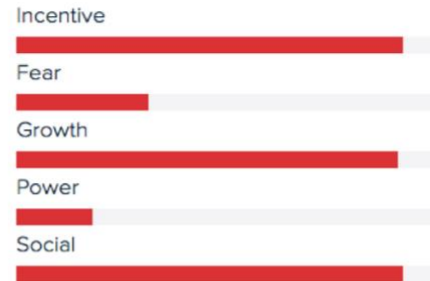
- An untidy desk

Bio

Emilia is Account Director at Adam&Eve and is mainly working on the John Lewis and Waitrose accounts. Emilia is an organised and tidy person, who loves to keep postcards received from her colleagues in front of her to remind her of the nice office atmosphere in which she works.

Emilia is a go-getter and would give all of her effort to realise her objectives. During her free time, she likes practising Pilates at her local gym studio and loves spending time with her husband and friends discovering new places to eat in the city.

Motivation



Brands & Influencers



Preferred Channels



TARGET 2 & 3: MEDIA PLANNERS AT ADVERTISING & MEDIA AGENCIES

According to both primary and secondary research, which implied the usage of demographic and behavioural data analysis tools using job profiling websites such as LinkedIn, Prospect and Brandwatch, media planners are typically within the demographic segmentation of late Millennials (25-38). Persona profile for target 2 and 3 are shown with.

When looking at the decision-making process within media agencies, according to job profiling and the primary research carried out, the media mix is one of the tasks of the media planner. Typically, the role of the media planner would be to identify the best media channel composition to advertise their client's product or service. This role is a combination of both creative and strategic thinking, working with media channels such as press, television and increasingly with the digital marketing platforms such as social media (Prospect, 2017).

CUSTOMER JOURNEY





Katrina Ivanova

TARGET 3



"The past cannot be changed.
The future is yet in your power."

Age: 27
Work: Media Planner
Family: Single
Location: London

Personality



Socialite Spontaneous Influencer

Bold Adventurous Driven

Goals

- To reach 20k followers on Instagram by 2019
- To be promoted to a senior position at another agency
- To be a guest speaker at 3 different Universities

Frustrations

- Waiting in line
- Not succeeding

Bio

Katerina is a Media Planner at Space Media Agency. After having graduated from the University of Greenwich 6 years ago, she is at the beginning of her career in the media and advertising industry.

Katerina considers her social life as a priority in her life. She is a very extroverted individual who thrives off being noticed by her peers. This is reflected in her hobby being posting on Instagram, with hopes to reach 20K followers over the next year.

Motivation



Brands & Influencers



Preferred Channels



The most efficient communication channels to reach these targets, are social media platforms such as Facebook and LinkedIn. When reaching business clients, LinkedIn is the most efficient media channel. Research carried out has shown a preference towards communication channels via digital means, for example, webinars and skype conferences. The target is also exposed to outdoor advertising when commuting to and from work, therefore this represents another touch point.

CUSTOMER JOURNEY





4.3 Positioning

The aim of our STP strategy is to reposition Royal Mail as a more innovative and updated media company, **expert in the direct mail marketing and through Market Reach B2B** service to companies and agencies able to integrate direct mail to digital marketing for an effective Integrated Marketing Communication (IMC) strategy.

5. TACTICS

In the previous sections a situational analysis has assessed the strengths and opportunities for Royal Mail, followed by the objectives of the campaign and its strategic management. The following chapter will cover the main tactics used to reach the goals: from the creative concept of the campaign to the evaluation of the internal resources and capabilities necessary to maximise the ROI.

5.1 The creative concept: The 5 senses campaign

As a result of the primary and secondary research on Millennials' consumer behaviour, the tangibility aspect of a given marketing promotional activity and its impact on the customer journey plays a central role in building trust and loyalty towards a specific brand. As previously seen in the situational analysis, Millennials seek personalisation and customisation, they request an immersive marketing experience, rather than passive advertising which according to secondary data analysis, results in "annoying and invasive" rather than informative or useful. This challenges marketers to move from traditional advertising activities to private and personalised communication.

Since the macro and micro analysis suggests that decision makers within agencies and brands have a biased preference towards digital marketing due to the idea of Millennials being only reachable through online platforms, the first part of the campaign will engage with Millennials at first, and use the "content" to give the campaign authenticity and credibility. This content will aim at **emphasising the tangibility aspect of direct mail** and how this represents an added value compared to other media channels when targeting millennials, simply by involving them in the campaign.

Then the campaign will focus on displaying companies that have successfully integrated direct mail in their communications strategy through online content on LinkedIn and Facebook, where our targets are active users. This content will show with concrete examples how reaching proximity with the audience is successfully achieved, when the digital marketing activities are combined to offline advertising techniques, particularly through direct mail.

The Costa Coffee campaign for example, found that through sending coffee beans by direct mail increased positive feeling towards the brand and enhanced customer experience. This is a great example to display how the "taste" as one of the 5 senses, can be easily triggered offline, while this would be impossible using only digital channels (Royal Mail, 2017).

The five senses concept summarises the idea of this campaign, according to which, Millennials request from brands less "mass-marketing online" and more **immersive/experiential marketing** offline. Direct mail can be used to build **loyalty**, as it represents a direct and personalised communication method. Among the various channels used in the campaign, as described in the next chapter, a **direct and physical contact with the audiences** is achieved through direct mail, triggering at least one of the five senses to offer a sensorial and tangible experience.



5.2 Beyond the traditional Marketing Mix: Partnership Marketing

As a result of an in-depth analysis of Royal Mail's current position in the market, its capabilities and competences in the service sector, the long history of operation in the UK territory and its corporate values, the B2B communication strategy aims at reassessing its position through a partnership marketing technique and revaluation of the company's value chain. (Cristal, 2017)

The strategy incorporates this concept in its IMC, putting **Royal Mail in a strong intermediary position, connecting businesses in an ongoing conversation about the digital transformation taking place in the communication sector.** The idea of creating partnerships with other businesses is designed with the purpose of bringing together different skills, knowledge, tools and innovation from each side of the market to optimise the usage of direct mail. With this purpose, the campaign will involve other companies' representatives as guest speakers, in particular creating a partnership with **Brandwatch** (a company in the IT sector which provides digital platforms to improve CRM and marketing content strategies) to show the technological tools and their benefits to marketers, in maximising direct mail usage. Working with a technological company will leverage Royal Mail's image.

5.3 Rethinking Royal Mail's Value chain: Market Reach

Market Reach has been assessed as an important asset of the company and therefore it will be integrated in the campaign to **increase its awareness and improve its image digitally. To achieve this, compelling and storytelling content on social media, will be used to drive traffic to the website and maximise the chances of conversion rate.**

The private aspect of direct mail, as a 1:1 medium, creates a limit for Royal Mail in showing its power, since its response rate is not always made public by companies (unlike digital marketing on social media platforms, which, due to its public nature shows clearly views, exposure and engagement). Since media planners are reluctant to invest in direct mail, sharing **successful case studies** in a "less report format" and through a more direct and engaging communication, this will be possible.

By launching an event hosted by the MailMan team, the campaign will benefit from its **"professional and expert" tone of voice**, adding to a B2C content strategy a B2B professional communication. A strong emphasis will be put on the case studies of companies that have already used the service and took advantage of it, with clear ROI and response rate views. To better exploit this resource, an investment in its design online will be necessarily implemented to increase the awareness of the service and maximise its potential (CityAM, 2015).



Figure 7. Value chain (Cristal, 2017)



6. ACTIONS: THE COMMUNICATION CHANNEL, DIGITAL & DIRECT MEDIA MIX

As seen in the targeting strategy chapter, each target audience has a slightly different customer journey and equally different touch points through which, Royal Mail will communicate its campaign. This section will present each media channel of the campaign, the reasoning behind its choice and the content strategy. The combination of offline and online media channels, with a particular focus on the combination of direct mail to the digital content, has the aim of showing its efficiency and potential in the first place.

MEDIA & ADVERTISING AGENCIES		BRANDS	
INTERACTIVE BILLBOARDS			
LINKEDIN		FACEBOOK	
DIRECT MAIL			
TELEMARKETING AND EMAIL NOTIFICATIONS			
WEBINAR		SEMINAR	
OUTDOOR			
LINKEDIN		FACEBOOK	

Figure 8. Communication channel (2017)

6.1 TARGET 1: MEDIA PLANNERS AT MEDIA & ADVERTISING AGENCIES

6.1.1 Interactive LCD screen advertising

- **Interaction with screens**

As the first stage of the campaign Royal Mail will place four interactive LCD screens in strategic locations (universities, city centre, shopping centres) to engage with Millennials through an open contest: participants will express their wants and needs by answering simple questions regarding their purchasing habits and their loyalty towards brands, in a playful and entertaining way.

- **Royal Mail will select five Millennials who represent each sense (touch, smell, hear, taste, sight). Royal Mail will send a personalised direct mail to those five.**

Based on the results discovered in the primary research (as discussed earlier in the report), Millennials have shown that they are willing to receive direct mail from their favourite brands, as it gives perceived personalisation, exclusivity and the trial feature as shown among influencers on social media. To replicate this, the campaign will use the five senses concept, underlying the limit of digital advertising and the value of direct mail simply by showing how direct mail can be much more than a flyer or a simple piece of paper.

The campaign recognises that the LCD screens will be positioned within public areas where people of any age are able to engage with the screens. In order to ensure that the campaign is still targeting Millennials, a filtering system will be put in place where participants will be asked to provide their age. Through this strategy, the MailMen team will be able to ensure that the five participants chosen are within the Millennial age group.

In the second part of the contest, the MailMen team will select five participants to involve in the campaign by sending them a personalised direct mail to trigger one of the five senses. This has the aim of showing the power of this tangible media and its emotional appeal as its biggest value



- ***Royal Mail will record the entire process of the interaction with the LCD screens' and the reception of the direct mail with a focus on the reaction.***

The contest will be the object of the video for the content strategy online and offline, adding to a B2B campaign a "B2C content strategy" touch, that will have a great impact on the audience.

- ***These videos will be used for the content strategy online and offline, to show the effectiveness of direct mail through storytelling and emotional appeal advertising technique.***

The aim of this strategy as our first step within the campaign, is to generate an online and offline discussion among Millennials which can then be used as proof to both agencies and brands of direct mail success among Millennials and its link ability to the digital world.

6.1.2 Digital marketing

The second stage of the campaign will take place online, where the target audience spend most of their leisure time. Although social media have always been considered in the B2C campaigns, organisations use them to interact with their stakeholders. Therefore, for this campaign, paid sponsored content will be displayed in two different cycles: at the beginning and at the end of the campaign. This content strategy is designed to improve brand presence online, increase landing to the MailMen website and measure reach and engagement rate through social media analytics.

- ***LinkedIn slideshow***

Targeting strategy: LinkedIn business tool allows geo-targeting and profile targeting according to job, position and company. LinkedIn business demographic data will therefore be used to optimise targeting.

Content strategy: A sequence of slideshows will be published containing statistics and key findings on Millennials and direct mail usage through infographics. As a professional and networking platform, the message will be sent through a professional tone of voice.

Advertising technique: Short and captivating headlines, fast and easy to read while scrolling the feed.

6.1.3 Direct mail: the five senses video brochure

The third contact with the audience will be through a personalised direct mail with incorporated video brochure. Choosing to integrate direct mail has the strategic purpose of showing the potential of this media and its likability to the digital world. The video brochure is one of the latest innovations in direct mail, and used in this campaign, it will show its potential in triggering multiple senses (Media Plant, 2017). This will be sent to three decision makers for each company.

- ***Media agencies' video brochure*** will contain key figures on Millennials and direct mail resulting from the interactive LCD screens' experiment, a short trailer of the "Five Senses" workshop on direct mail usage and the invitation to the webinar on the MailMen webpage.
- ***Advertising media planners' video brochure*** will start with a video of the LCD screen interaction experiment and a short workshop on direct mail usage, as a trailer of the webinar that will be published on the MailMen webpage to which they are invited. Including in the video, the creative part of the campaign will trigger curiosity among and audience working in a creative and stimulating environment.

A QR code will be placed on the direct mail that will redirect them on the MailMen web page to accept the invitation to the webinar and download the reports. The QR code will allow the team to track responses while increasing traffic to the website and downloads of the report. Once they open the QR code, the invitation acceptance get sent to the team who will measure the attendance of the seminar.



This links to the SMART objective which is measurable for ROI and minimises expenditure.

The advertising technique used is the '**Purple Cow Marketing**' strategy, hence the packaging of the direct mail will be designed to trigger curiosity, inviting the receiver to open it (The Profits Academy, 2012).

6.1.4 Direct marketing + telemarketing

A follow up enquiry by either e-mail, phone call or LinkedIn In-mail will take place for the companies that did not respond to the previous direct mail. A retargeting system will send the invitation to the webinar, through push notifications.

6.1.5 Webinar held by the MailMen team

At this stage of the campaign, advertising and media agencies will participate in a webinar designed to answer their concerns on direct mail usage. This will be an **exclusive online event** to show successful case studies of companies using direct mail and the creative usage of it. The workshop will run on the MailMen webpage, showing expertise in the field and giving the chance to agencies to try the Market Reach service before converting.

- **Special guest speakers from five successful brands, each representing one of the senses**, will display their direct mail strategy. A representative of Brandwatch will talk about the technological advantages of the services they offer, to improve a marketing campaign and direct mail content strategy. The aim of the webinar is to offer a **flexible way to connect simultaneously** and enhance the chances of participation and conversion among a dynamic and busy audience.

6.1.6 Tube and bus outdoor transport advertising

With millions of commuters travelling throughout the London transport network, there is no better place for companies to spread their messages and get noticed via outdoor advertising.

94% of Millennials travel to and from work. The campaign will be advertised in London's tube stations, targeting the 3.5 million daily commuters (City of London Corporation, 2016).

Royal Mail should utilise this platform to share simple, yet compelling messages, to get commuters to still consider the usage of direct mail. The choice of utilising the outdoor transport advertising, comes from the fact that due to London being the main financial centre of the country and being the largest city populated by working Millennials, there is no better place to send stimulating content to attract potential customers. The messages will leave the consumer with a call to action to read the report and find out more.

- Targeting strategy: to partner with TFL to advertise Royal Mail posters on the main tube stations, bus stops, bus routes, and tube lines.
- Content strategy: simple and engaging headlines with the aim of challenging media planners to deliver something different through direct mail, underlying the limits of online advertising. A **QR code** will be placed on every outdoor advertisement, to direct to the MailMen webpage, encouraging them to read the reports while commuting to work.
- Advertising technique: strong headlines, yet with a humoristic appeal. Ads need to be quick and easy to read, as commuters walk fast and Royal Mail needs to make sure it grabs their attention in seconds.





6.2 TARGET 2: BRANDS' MARKETING DIRECTOR

6.2.1 Interactive LCD screens advertising

Refer to 6.1 of the report.

6.2.2 Digital marketing: video content strategy on Facebook

Targeting strategy: Facebook advertising tool, geo-targeting, profile targeting.

Content strategy: a short video content (2 minutes) representing the contest on the LCD screens, with the results in key figures followed by the Royal Mail CEO. He will briefly speak about the changes in the media landscape and the increased power of direct in a digital era. The emotional appeal combined to the Informative and professional tone of voice, will leave the audience with a call to action to read the report and find out more.

Advertising technique: storytelling and emotional appeal.

6.2.3 Direct mail: "It makes five senses...to direct mail" video brochure

Highly personalised direct mail to the marketing director, marketing manager and brand CEO. It will contain a video starting from the LCD screens experiment and Costa coffee case study and its successful usage of direct mail as trailer of the seminar to which they will be invited to.

6.2.4 Telemarketing and push notifications

Refer to 6.4 of the report.

6.2.5 Seminar held by the MailMen team

This part of the campaign is designed to interact with brands, which demand a more personalised and exclusive communication. Royal Mail will organise an initiative to bring brands together, in order to realise that digitalisation is not a threat when used as part of an integrated marketing communication strategy. Market Reach experts will teach the importance of integrating offline to online advertising and the direct mail potential in increasing customer retention & brand loyalty.

The seminar will be designed as a Ted-Talk, where special guest speakers from five successful brands, each representing one of the senses, will display their direct mail strategy and Brandwatch representative will talk about the technological advantages of the services they offer.

6.2.6 Outdoor transport advertising

Refer to 6.1.6 of the report.

7. MEDIA PLANNING: GANTT CHART

In order to plan and identify when key events will take place over the year of the campaign, a GANTT chart has been created, as shown in Appendix 1.

8. TESTING

An important phase prior to the launch of the campaign, is the testing. Where each media channel used, will be examined in terms of reach, impressions and content layout.

○ **Interactive LCD screens**

Before the placement of the screens, a focus group of Millennials will take place to test the screens' performance and its layout. The level of engagement, will be monitored throughout the first weeks of the campaign, to ensure enough people enter the contest and that the data collection is sufficient to be shared with businesses during the webinar and the workshops. Locations, questions and layout of the screen may change for better performance.

○ **Facebook**

With Facebook being one of the main channels for the digital marketing strategy, it is important to ensure that the video content will be responsive (adaptable to any device), watchable sound free (with subtitles). It will be posted and sponsored in the best time according to the target usage.



A-B tests will be running to post and sponsor the content in the best time, according to the target media usage. Facebook analytics and insights will be used to measure reach, impressions, engagement rate and traffic to the MailMen website.

○ **LinkedIn**

By using the LinkedIn Business analytics tool, it will be possible to measure reach, engagement and traffic to the website through the campaign insights. The content will be shared at two different moments of the campaign, allowing the team to make any changes in timing and target audience. Traffic to the website and downloads of the report will be monitored directly via the MailMen webpage.

○ **Direct mail**

As being a central part of the campaign, and the product itself advertised, the design of the video brochures sent via direct mail, will be tested prior to the beginning of the campaign. The biggest advantage of this media, is the ability to make as many A-B tests required to find the best combination of text, message, layout and creativity. The QR code will enable the team to measure response and attendance to the webinar/seminar to reach the target audience through telemarketing in case of non-response.

○ **Webinar on the MailMen website**

The MailMen website will be the domain in which the webinar will be held, on a dedicated section containing the reports to download. The optimisation and responsiveness of the website is essential to ensure high response and engagement rate. A test will take place prior the official webinar to organise the speech and the guest speaker allocation. The internet connection and number of people connected to the webinar may represent a risk of clash or disrupted connection, so the IT specialists will make sure the website reloads fast and fluently.

○ **Tube and bus advertising**

This advertisement will be running during the last part of the campaign, however and A-B test will be necessary to optimise the quality of the advert, the location and type of message. Through the QR code, it will be possible to measure visibility of the ad and the response to the call-to-action headline.

9. PROJECT FINANCES & FORECASTING

9.1 Budget

The cost of the advertising campaign was based on Exterior media and Transportmedia costs. The other prices were based on industry sources and the overall cost of the campaign is £ 499, 507. The budget summarises all the expenditure for the activities connected with the campaign that were previously justified in the targeting section.

Detailed budget with activities, dates, duration and CPU, can be found in Appendix 2.

• Interactive billboards	£30, 000
• Personalised gifts	£900
• Delivery of gifts	£ 22
• Videos	£4,000
• Sponsored content on Linked In	£ 300
• DM with QR codes and video	£63, 000
• DM delivery	£3, 960
• Webinar	£ 160
• Telephone campaign	£ 150
• E-mail campaign	£15
• Event	£9, 000
• Guest speakers	£90, 000
• Tube station billboards	£140, 000
• Tube car advertising	£125, 000
• Bus stop ads	£ 25, 500
• Bus ads	£ 5, 000
• Video online ad on Facebook	£ 3, 000

Overall: £ 499, 507

Figure 8. Budget (2018)



9.2 Conversion rate

Projected conversion rate is estimated to be of 20 companies. The target for the year was set to 18 companies, so the overall aim is achieved.

Year quarters:	Conversion:
Q1	Six companies
Q2	Eight companies
Q3	Four companies
Q4	Two companies
Overall:	Twenty companies

Figure 9. Conversion rate (2018)

$20 \times £30\,000 \text{ spent} = £600\,000 \text{ profit}$

$£600\,000 - £499\,507 = £100\,493 \text{ profit (16,66\% profit)}$

$\text{ROI} = £100\,493 / £499\,507 = 0,2 = 20\%$

CPT: Refer to Appendix 3

9.3 Customer lifetime value: projection for 5 years

A projection for the lifetime value of customers was implemented to see how many customers will be retained in the long term. It was based on the assumption that every year they would spend 30k, as mentioned in the Royal Mail case study brief. A conclusion was reached that in the end of Y5 £11,165.09 will be spent by the customers. In Y5 only 4 customers will be retained, as opposed to the 20 customers of Y1.

		Year 1	Year 2	Year 3	Year 4	Year 5
Customers		20.00	12.00	7.80	5.46	4.10
Retention		60%	65%	70%	75%	80%
Av sales per year		£30,000	£30,000	£30,000	£30,000	£30,000
Total sales		£600,000	£360,000	£234,000	£163,800	£122,850
Net profit	17%	£102,000	£61,200	£39,780	£27,846	£20,885
Discount rate		100.0%	90.0%	81.0%	72.9%	65.6%
NPV contribution		£102,000	£55,080	£32,222	£20,300	£13,700
Cumulative NPV		£102,000	£157,080	£189,302	£209,602	£223,302
LTV at NPV		£5,100.00	£7,854.00	£9,465.09	£10,480.08	£11,165.09

Figure 10. LTV (2018)



10. CONCLUSION AND RECCOMENDATIONS FOR Y2

The aim of this campaign is to connect with the audience in an engaging and unconventional way; breaking the rules of traditional B2B and leveraging the image of Royal Mail and its service Market Reach through online and offline promotional activities. The campaign is structured to reach the target through multiple touchpoints, ensuring engagement and direct interaction through personalised messages and online content. For year two the team have composed three key recommendations to be carried forward to ensure continued usage of direct mail with both brands and media and advertising agencies:

1. To implement a **retention scheme** for existing and year one customers. This would include reorganising the original proposed seminar for brands as a way of keeping organisations engaged with the direct mail strategy. The success of the campaign will be measured by the level of engagement received from the seminar. The team will measure the number of attendees of the second seminar and compare it to the attendees of the previous year.
2. Continue **tracking engagement of online discussion through data insight** software from Brandwatch, with whom it has been suggested, Royal Mail engage in a partnership with. This will be tracked on a quarterly basis to gain an understanding of the continued success of the campaign.
3. To invest further in the **online video content creation** in order to increase traffic to the website through social media, as this is seen as a potential successful strategy. This again, will be measured through the usage of Brandwatch and social media analytics, to gain an understanding of the online engagement of consumers.



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12. APPENDIX

12.1 Appendix 1

Activitiy	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19
Creation of the Billboards														
Distribution of all 4 Billboards														
KPI: check set goal of 500 engagements														
KPI: check social media discussion for consumer engagement (weekly checks in Nov & Dec)														
Video consumer interaction with the Billboards														
5 winners are chosen to be sent DM														
Video winners receiving their DM from selected brands														
Video editing, combining customer engagement with customer reaction (Wk 1-Jan)														
Creation of the LinkedIn slideshow														
Publish LinkedIn slideshow														
Creation of Facebook video content														
Publish Facebook video content														
Send out video brochure by DM														
KPI: monitor the number of click throughs from QR Code for brand media planners														
KPI: monitor the number of click throughs from QR Code for advertising agency media planners														
KPI: monitor the number of click throughs from QR Code for media agency media planners														
Contact to be made to brands/agencies that did not respond to DM														
Webinar for advertising and media agencies														
Seminar for brands owners and media planners														
Distribution of print media of public transport across london														
KPI: monitor the number of click through rate from QR Code to MailMen page.														

12.2 Appendix 2

Activity:	Duration:	Dates:	Cost per unit:	Units:	Overall:
Interactive LCD screens	4 weeks	November	£ 7, 500	4	£30, 000
Personalise d gifts	1 week	December	£300	5	£900
Delivery of gifts	1 week	December	£ 4, 40	5	£ 22
Videos	8 weeks	December	£2,000	2	£4,000
Sponsored content on LinkedIn	4 weeks	January	£ 10 per day	30	£ 300
DM with QR codes and video	1 week	January	£70	900	£63, 000
DM delivery	1 week	January	£4,40	900	£3, 960
Webinar	1 day	February	£ 160	1	£ 160

Telephone campaign	2 weeks	March	£30 per hour	5 hours	£ 150
E-mail campaign	2 weeks	March	£0, 03	500	£15
Seminar	1 day	April	£9, 000	1	£9, 000
Guest speakers	1 day	April	£18, 000	5	£90, 000
Tube station billboards	2 weeks	May	£28 ,000	5	£140, 000
Tube car advertising	2 weeks	May	£25, 000	5	£125, 000
Bus stop ads	2 weeks	June	£5, 100	5	£ 25, 500
Bus ads	2 weeks	June	£ 1, 000	5	£ 5, 000
Video online ad on Facebook	4 weeks	July	£ 3, 000	1	£ 3, 000
				Total budget:	£ 499, 507

12.3 Appendix 3 – Costs per thousand (CPT)

- Direct mail response rate for people aged 18-21 is 12, 4% so 12% of 900 people = 111, 6 responses
£ 63, 000 for DM reaching 112 people = $(£63, 000 : 112) * 1000 = 562$
500 per thousand for DM
- £ 140, 000 for Tube advertising reaching 2 100 000 people, response rate 0,1%= 2 100 people

 $(£140\ 000: 2100)*1000= £ 66, 667$ per thousand
- £ 125, 000 for tube car advertising reaching 2 100 000 people, response rate 0,1 % = 2 100 people

 $(£ 125, 000: 2100)* 1000= £59\ 524$ per thousand
- £ 25, 500 for bus stop advertising, reaching 150 000 people, response rate 0,1 % = 150 people

 $(£ 25, 500: 150) * 1000= £170\ 000$ per thousand
- £ 5, 000 for bus ads, reaching 150 000 people, response rate 0,1 % = 150 people

 $(£ 5, 000: 150)* 1000= £33, 333$ per thousand
- £ 3, 000 for Facebook video, reaching 10 000 people, 0, 4% response rate= 40 people, so $(£ 3, 000: 40)* 1000= £75, 000$ per thousand
£ 300 for LinkedIn sponsored content, 0,4% response rate, reaching 5000 people= $0,4\% * 500= 20$ people, so $(£300 : 20)*1000= £15, 000$ per thousand
- £ 15 for e-mail campaign, 0, 6% response rate= $0,6\%* 500= 300$ people $(£15: 300)*1000= 50$ per thousand for e-mail