

INCITE

INCITE

ABOUT THE COVER

It was a perfect makeover! On p. 15, Sephora shows how direct mail was exactly the personalization glow-up the international beauty brand needed when it came to retargeting customers. From its black-and-white-striped bag, to its double-digit response rate increase thanks to a revamped retargeting program, everything about the brand (and its direct mail results) is iconic.

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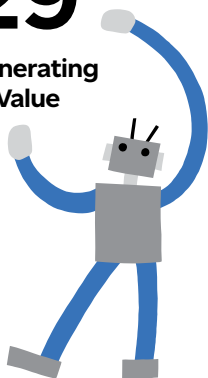
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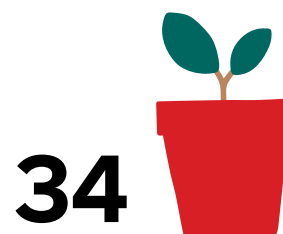
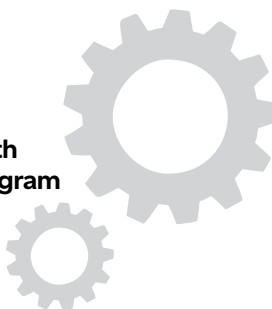
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INCITING ACTION: CONNECTED



Welcome to the era of perpetual connection, where our lives are intertwined with people, places and even things, leaving us never far from anything.

In this world of infinite digital connectivity, one question remains: How can brands connect emotionally with customers who are already connected to everything in their world?

In this issue, we explore valuable insights from industry experts on building genuine connections and the growing ubiquity of connected media.

Riaz Meghji urges us to prioritize real connections, highlighting the significance of forging meaningful relationships in a digitally saturated landscape. Edelman Canada emphasizes the critical need for trust in marketing, recognizing that trust is the foundation upon which emotional connections are built.

Chris Williams offers valuable insights on using AI for effectiveness and integration, focusing on its transformative power rather than relegating it to transactional silos.

Finally, we explore the fascinating realm of smart media and how programmatic advertising is evolving within an omni-channel context. We uncover the benefits of programmatic direct mail and its integration into the marketing mix, offering a fresh perspective on reaching customers effectively.

Join us as we unravel the intricacies of connection and the value of connectivity in an always-on world.

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EVERYTHING, EVERYWHERE, ALL AT ONCE

It's not the multiverse, but an always-on world conjures up numerous challenges for marketers to navigate.

Key Takeaways

AI is accelerating changes to the commercial landscape.

Connectivity must serve connection to avoid the mistakes of the third-party cookie era.

Intent needs to guide technology as it takes a controlling interest in marketing.

Welcome to the always-on world!

A world where you're never far from anything, and everything is at your fingertips. A world in which you are connected to everything in your life. Sensors and an endless stream of data play in the background of your daily existence. Devices automatically sync when you walk into a room. Social media feeds know what you want to buy before you do. If you let it, tonight's dinner can beat you home from work.

The pervasiveness of connectivity is increasingly everything, everywhere and all at once.

While this might sound hyperbolic, it captures the essence of the feelings, friction and fatigue of a changing and increasingly connected commercial landscape brought to you by machine learning and artificial intelligence (AI).

Whether your feelings about AI lean toward "here be dragons" or more toward a Star Trekian utopia, the influence of connectivity is already rapidly changing how commerce operates and people consume.

DIRECTLY CONNECTED

Smart devices are making our environments more customized, networked and adaptive. This is reshaping how we interact with

"We need to get the equation between connectivity and connection right as connectivity expands and AI starts taking more control. The greater the connectivity, the greater the need for connection. The more pervasive, embedded and precise technology gets, the more pressure it puts on relevance, utility, privacy and trust."

commerce, how marketing communication is experienced, how people connect identity and environment in order to live their lives as they desire, and how brands can be networked to create value and enhance experience and participation.

For people, connected consumption reduces friction between physical and digital environments, between devices, and between marketing and customer experience. It also increases the focus on direct relationships and channels – whether owned or paid.

This closer proximity of brands to people means that brands need to earn customer attention and deliver on relevance. It also means brands need to think through the relationship between connectivity and connection and how each is delivered through omnichannel media strategies, through the brand ecosystem and within the customer journey.

THE CONNECTION-CONNECTIVITY EQUATION

"If you aren't paying for the product, you are the product." That was a Web 2.0-era dictum commoditizing consumer attention and data. Connectivity didn't create a value exchange; marketers didn't really know what was happening behind the scenes.

We need to get the equation between connectivity and connection right as connectivity expands and AI starts taking more control. The greater the connectivity, the greater the need for connection. The more pervasive, embedded and precise technology gets, the more pressure it puts on relevance, utility, privacy and trust.

Connection (human experience) emphasizes the relationship between people; *connectivity* emphasizes the level of interconnectedness or the ability to establish and maintain

THINGS OF CONNECTIVITY

The Internet of Things (IoT) describes an ecosystem of connected devices – smartphones, laptops, smart electric appliances – that exchange data over a network (typically cloud-based). The first demonstration of IoT, a connected device, was a Coke vending machine at Carnegie Mellon University in 1982 – it communicated its inventory to a closed network.

Communications, the top industry using IoT, has the most to lose when it comes to connected devices and cybersecurity, as well as the biggest implications when it comes to media sustainability (e.g., the environmental impact of AI – and machine learning – connected systems).

The evolution of IoT is that it doesn't actually need the internet. Companies are now using GPS, data analytics and AI to connect consumers in real time. AI and machine learning are making IoT smarter and faster, with fully connected smart cities and homes on the horizon.

In this context, the whole house is expected to emerge as a responsive, integrated structure – connecting even more deeply

to identity, lifestyle and consumption. Connected to our appliances, security systems, TVs and personal devices, the home becomes a responsive entity, blurring the line between dwelling and individual – it will become a life management assistant. Moving from smartphone to smart home, the technology provider we choose to align with will be based on what plugs best into our lifestyles and home, not what fits in our pocket.

This puts tremendous pressure on our sanctuaries if people don't feel safe and in control. Connected consumption invites commerce inside our private spaces, opening a whole new path to home that requires trust.

connections. Connection is a broader concept that encompasses emotional, social and physical relationships, whereas connectivity typically pertains to the technical aspect of establishing and maintaining communication or data sharing. Connectivity (technology) is the outcome of the internet of things (IoT), where our environments, channels and devices converge.

Apple's self-checkout enables better customer experience, giving store associates an elevated role. Similarly, if a grocery store were to lean on connectivity to make its checkout more seamless and efficient, then store design and personnel could be focused on premium food experience and expertise.

It doesn't always have to be about premium or immersive experiences. For instance, the automats popularized in the 1940s and 50s provide a template for utilitarian connectivity, both futuristic for the time and incredibly relevant for today. Automation could serve roadside convenience stores and rest stops as well, where staff safety and location accessibility are a problem. DIY medical test vending machines connected to personal medical apps provide both utility and personalization.

Connectivity needs to serve connection. Whether the connectivity-connection equation serves premium brand experiences, customized convenience or invisible fulfillment (like your fridge reordering milk on the DL), the equation is about human fulfillment. This is where the misalignment between advertiser and consumer will likely be felt as marketing becomes an automated system of connectivity driven by AI.

INTENT IN DISCONNECTION

We can learn a lot about connection through the act of disconnection and the mechanisms that allow us to do so. This is the inherent tension in the human experience of the always-connected paradigm.

Back in the day, you had a home phone that you made and received calls on. You may have had an iPod that you listened to music on. TVs and computer monitors weren't interchangeable things. Choosing what voice your smart speaker will use to converse with you in? That would have seemed utterly ridiculous.

Today, however, things that only have one function seem quaint. Still, younger generations – those who've been connected all their lives – are opting for clunky headsets

over sleek wireless earbuds. Whether you chalk it up to a Y2K throwback or something else, sales of so-called "dumb" phones are on the rise – attributed to Gen Z's desire to limit their digital exposure.

Joe Hollier, co-founder of minimalist phone manufacturer Light, explained that this attitude isn't an anti-technology trend. *"What we're trying to do with the Light phone isn't to create a dumb phone, but to create a more intentional phone – a premium, minimal phone – which isn't inherently anti-technology. But it's about consciously choosing how and when to use which aspects of technology that add to my quality of life."*

Cafes free of Wi-Fi are running against the grain by promoting real conversation, presence and community. People are seeking to unplug; terms like "digital fatigue" and "digital detox" are entering our daily lexicon. Apple phones now recognize the necessity of and the value in disconnection with a variety of different do-not-disturb settings related to work, focus and sleep.

Disconnection is also showing up at work. In France, it's illegal to contact workers after regular work hours. More work emails are

ARENAS OF CONNECTION

The conditions for a changing competitive landscape are created as technology evolves and consumer expectations shift.

Rita McGrath, a Columbia Business School strategist and professor, introduced the concept of "competitive arenas." She argued that competitive advantage is no longer created through traditional product/service dimensions or industry boundaries. She writes: *"Don't think of customers buying a product or service, think instead of their 'hiring' your company to get jobs done in their lives."*

When you reframe competitive advantage in this way, industry definitions lose value as a premise for decision making.

Shifting focus from category norms to customer truths, Interbrand has elaborated on competitive arenas with impressive leadership, guiding brands to create stronger connection by using a customer-inspired framework for value creation. Arenas like Play, Move, Do,

Express, Connect, Explore, Dwell and Thrive provide playing fields for competitive advantage that are grounded in the motivations of people. How can brands help people play, or express themselves? How do they help us get things done or make our homes work better for us? Or how do they connect people to their world and help them move around it?

When faced with one-to-one commerce and the increasing direct nature of brand-customer relationships (and channel use), arenas provide a guiding light to getting connection and connectivity right.

As direct relationships between brands and people increase and the nature of connectivity goes direct, arenas provide a human way to ensure connection and connectivity work together – a critical skill as we experience greater convergence between online and offline, environment and devices, and marketing and customer experience.

ending with “no obligation to respond outside of working hours” disclaimers. In Apple’s sci-fi series *Severance*, the main characters’ work selves and home selves are literally split in half.

Connectivity can liberate or repress the experience of work. It enables remote work, empowering people, yet it can also infantilize us when it’s used for corporate productivity tracking.

Connectivity can improve our quality of life – improving independent living, helping us stay close to friends and family and staving off loneliness (more people have AI friends and partners than ever before). But it can also debilitate and distract. The digital world, and social media specifically, is seen as both serving identity expression and acceptance as well as impeding the cultivation of identity.

Disconnection has been written about like the playground for those who can afford it (those who can afford to use technology at will and not as a necessity). Offline has been referred to as a luxury – a space where things are felt and experienced, not owned. From sensory deprivation floats to forest bathing, travel that’s curated to get you lost on purpose, or experiential retail concepts, what we experience in our physical world creates digital currency.

The yin and yang of connectivity lies in intent. It works or doesn’t work based on who’s in control and who benefits.

WELCOME TO THE ALWAYS-ON WORLD. NOW WHAT?

Looking at the ubiquity of AI, its new generative capabilities and the increasing connectivity in all areas of life, we need to ground ourselves in intent. It’s as straightforward as that: AI can lead us, or we can lead it – it’s a choice of subject or object.

With this in mind, here are a few observations that might help in ensuring that connectivity serves connection:

Don’t create an everything bagel.

Connectivity will absorb everything into its sphere if you let it. The goal can’t simply be connecting everything, everywhere, all at once. This is the making of a black hole where everything suddenly means nothing.

You’re in charge. If you find yourself deferring to AI for the answers or find the word “engineering” being used in marketing meetings more than, well, anything to do with marketing, then it’s likely AI is running the show. Treat AI like Hamburger Helper. Give AI jobs to be done that play at the intersection of organizational and consumer jobs.

Let go. In the connectivity-connection equation, don’t treat people like the product. You’ll know when connectivity is serving you well by how willing you are to give people control in the brand ecosystem. Between the factors of

consent and customer activation, the consumer needs to be part of the equation to reinforce trust and relevance.

Just because you can doesn’t mean you should. Questioning the value and role of technology, the implications of it and how people experience it isn’t the same as being anti-technology. We have to understand what the thresholds of return are and the tolerances of people in a landscape that is increasingly cross-channel and direct. People are already at peak media attention.

Learn from people. You’re a person. Your customers are people. What are the useful, valuable and human use cases for connectivity and AI that you can learn from? AI is a mighty tool, but a tool nonetheless. It’s what people do with it.

For every step toward connectivity, people will disconnect. For everything we ask AI to do, people will ask it to do something else. If we want the always-on world to be truly welcoming, we need to get the connectivity-connection equation right so people don’t disconnect. ■

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BUILDING EXTRAORDINARY RELATIONSHIPS

By Riaz Meghji

*Fostering deeper human connection
in a hybrid workplace.*

Creating a connected and thriving workplace culture is harder than it's ever been. Our new choreography for connection in a hybrid reality requires us to build relationships from a distance. Couple that with the unique challenge for organizations to manage five active generations in the workplace, and let's just say it's complicated.

From the traditionalists to Gen Z, every generation has a diverse set of needs to feel a sense of belonging. While there isn't a one-size-fits-all approach, prioritizing the power of human connection to understand your people and build deeper relationships can set your company culture up for success, regardless of the context we're living in.

After collaborating with organizations around the globe over the past few years through delivering keynotes and workshops, I have consistently observed a common set of challenges in building connected hybrid cultures:

- › *How can we get employees to see the bigger picture and not just their role?*
- › *How do we improve staff morale and job satisfaction during difficult times?*
- › *How can we lead a remote team when everyone handles work differently?*

Bottom line: How can you engage your team when they're not in the same room?

Remote meetings are here to stay. The cost savings and convenience of meeting in a virtual space instead of getting on a plane or even a subway car to meet face-to-face are just too compelling – even though we all feel the limitations of these virtual meetings on a gut level. If you want to build more connected cultures remotely, here are some practical ways to make your virtual meetings feel intimate and interactive.

ENGAGE THEM EARLY

Your meeting or presentation actually starts hours, if not days, before the scheduled time. Well before a presentation, you should figure out what your team's top priorities are, so you can structure your content to be meaningful to them. If you're presenting at a conference, talk to the organizers and eavesdrop on some social media conversations among

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your likely audience. If you're presenting in a meeting, you should know what's top of mind for the team – use that information to stay laser focused on what matters most.

When the meeting is set to begin, sign in to the video call about five minutes early so you can start connecting with people informally. Then start your actual talk with a quick check-in. People logging in to virtual events are often distracted or overwhelmed by life outside the frame of the camera. Provoke positive emotion by asking simple questions like, “What made you smile today?” Whenever possible, address people by name. Remember, a person's name is the most important word in any conversation.

HOOK THEM WITH A STORY

There are a number of effective ways to start a presentation or meeting. You can ask a question, share a shocking statistic or dive right in with a provocative statement. But in the virtual environment, I believe stories are the most effective way to engage an audience. When you start with a story, you make your audience feel something real right away. You hook them with an emotional roller coaster. The more authentic you can be, the more you'll connect with your audience. Think about the questions the people in your audience are asking themselves and choose a story that speaks to those concerns. Build your narrative around their priorities, not yours.

BECOME A BROADCASTER

We all became broadcasters when video conferencing became the norm in our hybrid world of work. The key difference between our remote presence versus our in-person presence is how we describe what's happening.

For example, you may have heard of the traditional speaking formula, “*Tell them what you're going to tell them, tell them, then tell them what you told them.*” In the virtual space, giving the audience that play-by-play, drawing out the thought map, makes it easy for people to follow along. When audience members ask questions, keep that play-by-play going. Recognize the questioner first. Make sure the entire audience knows who asked the question and where they're coming from. Then pause, reflect on the question, and answer it with enthusiasm and appreciation. Throughout the presentation, describe what you're doing: Are you reading the chat box? Are you taking notes? Are you looking up a specific piece of research on your screen? Bring the audience into your experience. It's easy to look distracted in the virtual medium. Describing your actions helps establish purpose and intent.

SWITCH UP YOUR SPEAKING MODES

Capturing your audience's attention is the first challenge. But keeping it is an even bigger challenge – especially when they're dialling in from home, where it's so easy to become distracted. Your goal, whether you're running a meeting or giving a talk, is to achieve consistent engagement. Start by setting expectations: Why are you meeting today? Is the goal to share a status update, make a decision, solve a problem, strengthen relationships? Set an intention for the meeting that gives your team something to do, so they have a reason to stay engaged.

Keep in mind that attention spans are much shorter in the virtual setting because of all the potential distractions. You're competing for your audience's attention with the emails coming in on their computers, the texts coming in on their phones, the siren call of

their social media apps, and family members who may be making noise in the background or outright interrupting them. At the same time, as an image on a screen, you are much less engaging than you would be as a live human in the room.

Over video call, it's particularly easy for people to fall into the bystander effect. This is a psychological phenomenon, more formally known as "diffusion of responsibility," in which people are less likely to take action when in the presence of a large group of strangers.

So you're in your Zoom chat, you throw out a question and... crickets. People are waiting for someone else to jump in. If you have good relationships with some of your attendees, call on them by name to help avoid the dead air. You can also have a few backup questions to ask to spark thoughts and ideas from your group to help bypass the bystander effect. Some events lend themselves well to breakout rooms. This is a great way to get the audience engaged. Send them off with a task and a question for 5 or 10 minutes, then have them report back.

One popular technique for adaptive learning is the "think-pair-share" method: throw out a question, give them some time to think about it, then get your group to pair up in breakout rooms to discuss their thoughts. Then have them share afterward in your main room. Reporting back gives the audience a chance to feel heard. Engagement points like these are vital with virtual presentations. The more actively involved the audience is, the more they will listen and take action long after the meeting is over.

CONSISTENCY CULTIVATES TRUST

If you're speaking, have your host introduce you not just with your formal bio, but with a story or experience that humanizes who you are and what makes your accomplishments unique. This can help move your audience emotionally and encourage them to connect with you before you've even said a word. As a host and MC, this has always worked well on stage, and I've found it is equally effective in the virtual setting. Remember, it's harder to read people's nonverbal cues

“From the traditionalists to Gen Z, every generation has a diverse set of needs to feel a sense of belonging. While there isn't a one-size-fits-all approach, prioritizing the power of human connection to understand your people and build deeper relationships can set your company culture up for success, regardless of the context we're living in.”

and understand their personalities through a screen. Consistency is key if you want to build trust with an audience, a client or a group of colleagues you don't already know well. If you're the joker cracking one-liners in email, and then you present with a serious tone and deadpan delivery in a meeting, people will wonder who the real you actually is. Whatever your vibe is – humour, edge, warmth – keep it consistent to help cultivate trust.

WHEN IN DOUBT, LAUGH

Virtual communication can do a lot to keep us connected. We can text, email, FaceTime, Zoom... We can communicate across distances in a way that would have been unimaginable to previous generations. But virtual communication has some real limitations. Video calls, as technologically amazing as they are, simply aren't the same as face-to-face conversations.

One crucial thing we lose when we're isolated from other people is laughter. We are 30 times more likely to laugh with another person than we are to laugh by ourselves. Laughter is a key part of the social glue that holds us together. Neurologically, laughter releases dopamine, which not only makes us healthier and happier, but it can even help us pay better attention, learn more and be more productive.

So, the next time you're scheduled to join a virtual meeting, take a minute before the call starts to get yourself in a joyful frame of mind. Get to a place where the smile on your face is going to be genuine. And don't rush too quickly into the business of the meeting – check in first. Share a funny story about

your life. In a medium where communication can be difficult, taking a few minutes to connect with real emotion and even laughter before you get down to work could make all the difference. ■

Riaz Meghji is a human connection expert and author of the book *Every Conversation Counts: The 5 Habits of Human Connection That Build Extraordinary Relationships*. His insights have been featured in Fast Company, Harvard Business Review and Financial Post. He is also an accomplished broadcaster with 17 years of television hosting experience, including for Citytv's Breakfast Television, MTV Canada, TEDxVancouver, CTV News and the Toronto International Film Festival.



NAVIGATING A POLARIZED WORLD

By Bianca Freedman

*The Edelman Trust Barometer tells us
what it takes to build trust right now.*

While the pandemic continues to recede, 2023 brought its own share of challenges and changes. Geopolitical tensions remain high continuing to affect global stability. Economic uncertainties persist, making us rethink our confidence in the future. Worldwide, we witnessed a decline in economic optimism, and Canada was no exception to this trend.

For 23 years, the Edelman Trust Barometer has served as a key pillar in the global understanding of how trust underpins working democracies, businesses, societies and the world. For the 2023 edition, we surveyed people in 28 countries in November 2022, including in English Canada and Quebec (the province of Quebec commissions its own Barometer).

Here's what we discovered:

DROP IN ECONOMIC CONFIDENCE

In Canada, institutional trust slipped slightly, but economic confidence has dropped. Only 28% of respondents said they thought their families would be better off in five years, an all-time low. Canadians are feeling the effects of inflation, pressure from the cost of living and stress from a softening housing market. These headwinds have them worried about their long-term finances. This is a global trend, with 24 of the 28 countries surveyed at an all-time low for this question.

TRUST IN 'MY EMPLOYER'

Canadians' trust in the key institutions of business, government, media and NGOs has dropped slightly, by an average of 2%, year over year. That puts Canada in the "neutral" category with countries like Brazil, the Netherlands and Colombia. Compared to countries like the United States and the United Kingdom, Canadians' trust in government and the media is significantly higher.

But what really sticks out is trust in "my employer," which remains strong at 75%, making it one of the institutions Canadians trust the most. This is a trend that started during the pandemic, when people turned to their employers for reliable information about the virus, vaccines and health care guidelines, and has remained strong.

"Businesses have an opportunity to lead on key issues important to Canadians and create space for dialogue on important issues like health care, climate change and economic insecurity."

TRUST IN EARNED MEDIA

In addition to economic concerns like job security and inflation, Canadians are worried about existential societal fears like climate change and food shortages, likely a consequence of 2022's supply chain issues. In this volatile context, Canadians are turning to traditional media for trustworthy information, with the trust level going up to 60%. In Quebec, that number was slightly higher. This stands in stark contrast to countries like the U.S., which is at 48% for traditional media.

Canada's newsrooms have stuck to their missions as truth tellers, doubling down on fact checking and responsible reporting. This puts our democracy on a surer footing.

POLARIZED, BUT NOT ENTRENCHED

Canadians are feeling the economic pinch, and the gap between the rich and the poor is widening. People feel like the system is stacked against them and are looking to shake things up.

The Trust Barometer data demonstrates that while Canadians are polarized in their beliefs, they're not entrenched, meaning they have the healthy level of polarization you expect in a democracy wherein people can debate and disagree about the pressing issues of the day.

But while it's important to note that Canadians are faring better in terms of polarization than many places in the world, 60% still feel like they are more divided today than in the past. Canadians don't want to slip into entrenched polarization, in which they can no longer discuss their opinions and come together for solutions.

Canadians are worried about the potential consequences of increasing polarization. Further, there are striking numbers here

around how division might be impacting everyday life. When asked, only 19% responded they would be willing to have a co-worker with whom they strongly disagreed. Only 26% said they'd be willing to help someone they strongly disagreed with if they were in need.

When I see this as a business leader, I think of what it means for organizations that bring different people together. At Edelman, we try to embrace our diversity as a strength and are committed to leaning in to uncomfortable conversations so we can move forward together.

OPPORTUNITY FOR BUSINESS

Businesses have an opportunity to lead on key issues important to Canadians and create space for dialogue on important issues like health care, climate change and economic insecurity. In the past, we have encouraged business leaders to step out on societal issues with a louder and more committed voice. What is more important now is the action taken before that: What internal decisions are you making that impact employees and society, and how are you communicating them in clear, transparent and effective ways? Only positive action earns trust.

It's worth pointing out that the onus isn't on business to fix all the problems. Canadians expect companies to partner with government to work on solutions, at a rate six times higher than the rate of those who think businesses should go at it alone. They are looking to businesses and government to come together to find pragmatic solutions to bridge gaps and build consensus.

Of course, as we've seen, there is a risk in jumping into hot-button issues. But there are ways businesses can insulate themselves from criticisms of being "too political". According to Canadians, the best way to

do that is to be a trustworthy source of information, base actions on science and act on the same values over time.

Canadians think that CEOs have a role to play in holding divisive forces accountable, with 59% wanting to see CEOs support politicians and media outlets that build consensus and cooperation. They expect CEOs to help inform and shape conversation and policy debates on a range of issues, including the fair treatment of employees along with action on climate change and discrimination. They want Canadian businesses to be on the right side of history.

As a key trusted institution, business has a responsibility to drive productive solutions to make life better for everyone. Businesses can halt the slide of polarization by partnering with government and build confidence by investing in fair compensation and committing to long-term diversity and inclusivity initiatives.

As businesses, we need to be ambitious to ease the impact of our current and future challenges. We can do hard things better, together. ■

Bianca Freedman is Chief Executive Officer of Edelman Canada, where she leads strategy, operations and culture in the region. Edelman is a global communications firm that partners with businesses and organizations to evolve, promote and protect their brands and reputations.

To learn more about the Edelman Trust Barometer, visit <https://www.edelman.com/trust/trust-barometer> #TrustBarometer

All data is based on a general population sample unless otherwise noted.

2023 Edelman Trust Barometer

Top 10

01 Institutional trust in Canada low but stable

Despite a turbulent year, trust in institutions has been relatively stable, with slight decreases in trust across the four core institutions since 2022.

02 Dropping economic optimism a concern

Only 28% of Canadians say their family will be better off economically in five years' time, a decrease of six points since last year and an all-time low.

03 Employers continue to be the most trusted

At a time when no core institution is trusted, "my employer" continues to be a mainstay of trust, sitting at 75% trusted by employees.

04 Canadians face persistent societal fears

Top societal fears plaguing Canadians include job loss (up by 6 points to 80%), inflation (67%) and climate change (up 7 points to 71%).

05 Traditional news gains trust

Traditional news pushes back this year into the trusted position at 60% trust, outpacing the U.S. and the U.K. by approximately 10 points.

06 Polarization worrying

Despite the existence of deep divisions in Canada and concerns around the ability to overcome them, the country enjoys moderate polarization in comparison to more polarized countries like the U.S.

07 Division has real-life consequences

The stress on the social fabric is presenting serious challenges, especially in business settings.

08 Canadians want more societal engagement from business

Over 50% of Canadians say business is not doing enough to address health care access, economic inequality and climate change.

09 Government and business should work together

Canadians say business should partner with government to most effectively address societal issues on average, at a rate six times higher than the rate of those who think businesses should go at it alone.

10 CEOs can hold divisive forces accountable

Canadians think that CEOs have a role to play in holding divisive forces accountable by exposing questionable science that's used to justify bad social policy.



CASE STUDY

Direct mail was exactly the personalization glow-up international beauty brand Sephora needed when it came to retargeting customers.

MORE THAN A PRETTY FACE

Since its debut in Canada 20 years ago, Sephora has earned a loyal and committed following.

It's no surprise, considering the omni-channel retailer offers more than 13,000 beauty and wellness products from over 200 carefully curated brands. Customers flock to the company's more than 460 stores across the Americas (and more than 2,500 worldwide). The brand's Beauty Insider program encourages shopping with increasing rewards as devotees make more purchases.

Its community of customers and advocates remains steadfast thanks to the Sephora experience, both in store and online. For those online customers, the company has a robust digital retargeting program designed to keep them coming back.

CHALLENGE

Beauty is a big business, accounting for more than \$1.8 billion in 2022 in Canada alone, with growth projected to surpass \$2.2 billion by 2027. Those kinds of numbers mean a category packed with competition, from specialty brick-and-mortar boutiques and online retailers to drug store chains and big-box stores.

For all brands, cart abandonment is a reality of beauty ecommerce. Even loyal customers visit many website pages, click on multiple products and build big baskets, only to shut down before checking out. Sephora monitors those shoppers and has an effective email strategy in place to re-engage them.

"Still, we were interested in testing another personalized omni-channel approach to increase conversion," said Deborah Neff, former Senior Vice-President of Marketing at Sephora Canada.

For Sephora, that meant exploring if direct mail might glow up its marketing mix.



RELEVANCE

Marketers understand that direct mail is a highly influential tool that can engage online customers and drive them back to abandoned shopping carts. While email reminders are effective, direct mail adds a tangible touch to personalized marketing strategies. By combining an omni-channel approach to media with retargeting, even the most digital of brands can create a cohesive and seamless experience for customers across multiple touchpoints.

Direct mail lets brands personalize each communication, tailoring to the customer's preferences and purchase history. This personalization creates a stronger connection and enhances the likelihood of conversion.

Additionally, direct mail can help foster a sense of exclusivity by including special offers or content for loyal customers, reinforcing brand affinity and customer collaboration.

INCITING ACTION

Working with one of Canada Post's Expert Partners, AIIM (formerly Prime Data), Sephora created a control group and a test group. Each consisted of 13,000 online customers who had recently visited Sephora.com and added products to their cart but, for some reason, hadn't gone through with the purchase.

Twenty-four hours after abandoning their cart, both groups received an email reminding them of the item they had viewed and inviting



them to return to the site and buy it. The test group received a second communication, a personalized direct mail piece.

The 6-by-9-inch cards included pictures of top-selling Sephora products and one item that the recipient had abandoned in their cart. The cards were mailed within 48 hours of customers abandoning their carts and arrived at their homes within five days.

RESULTS

The effect of receiving a piece of personalized direct mail was impressive.

The test group had a 16% higher response rate than the control group. That means customers who received the direct mail were more likely to return in store or online to buy one of the products they'd previously abandoned in their cart.

"While this was a preliminary test, the results showed that personalization resonates with our clients and direct mail is a potential tactic we'll consider for future campaigns," Neff said. "Canada Post has been a great partner to work with, enabling us to target and test four different personalization tactics to reach clients at various stages of their purchasing journey."

Case Study Debrief

BRAND Sephora

INDUSTRY Retail

INCITING ACTION

Sephora used direct mail to get customers to return to abandoned online carts.

RESULTS

16% higher response rate for customers who received the direct mail.

CONVERSION FUNNEL

Dots indicate where direct mail was used to incite action.



DATA SOURCES

First party

PRODUCT

Personalized Mail

ACTIVATION PILLARS

- Physicality
- Data
- Connectivity

KEY TAKEAWAYS

- > Direct mail is a profitable retargeting channel to increase total conversion rates.
- > Direct mail personalization creates physical brand connection and resonates with customers.
- > Even the most digital of brands can benefit from an omni-channel customer experience using non-digital touchpoints.

“While this was a preliminary test, the results showed that personalization resonates with our clients and direct mail is a potential tactic we'll consider for future campaigns.”

– Deborah Neff, former Senior Vice-President of Marketing at Sephora Canada



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THERE'S BALLER, THEN THERE'S MEATBALLER

BallerCard adds a little flavour to rewards program.

Don't hate the player – hate the game. With so many loyalty programs bombarding shoppers, brands struggle to keep from becoming just another program filling up mailboxes and inboxes alike. So, when IKEA sought a way to promote its IKEA Family rewards program, it leaned in to one of the Scandinavian furniture chain's most iconic images: the Swedish meatball.

Designed with the CHEP Network, the IKEA BallerCard is a gold metal card that unlocks a year's supply of IKEA meatballs (or veggie balls). Using 10 data points to ensure only the most loyal members received one, the cards were mailed to IKEA Family's top 250 Australian members in luxurious, meatball-scented, 100% recyclable packaging, making for an experience impactful enough for people to post about.

The chain even had some fun with its exclusivity in an online video with voiceover announcing that it is *"80 times more exclusive than the black Amex. 591 times rarer than a Picasso. Owned by .00004% of the population."*

It proved to be a baller move.

The brand achieved 4.1 million in earned media reach and a 57% increase in store visits by Ballers. Retention rates of this audience grew 30 percentage points (from 57% to 87%), while search volume for "IKEA Family" increased 204% over the previous year.



COMPANY: IKEA | PRODUCT: Loyalty program | COUNTRY: Australia | AGENCY: CHEP Network

GO BIG AND GO HOME

Oversized catalogue helps drive big interest.

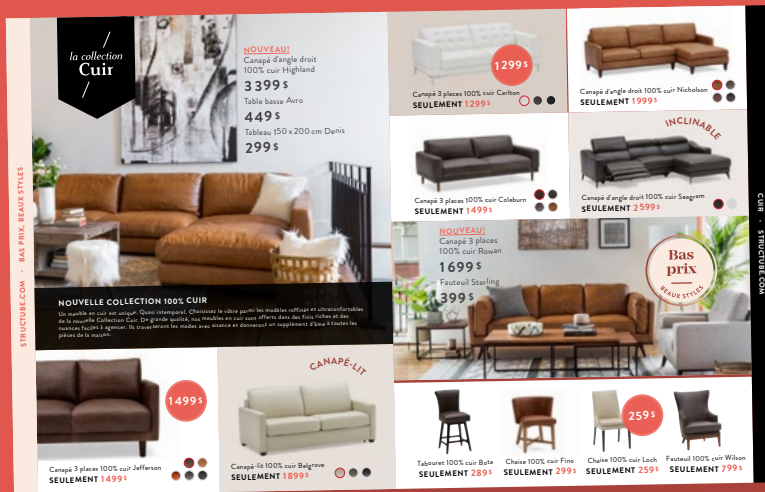
Structube's modern style can be easily spotted across any room, but that unique flair didn't always translate into name recognition across the country for the Laval-based brand. The company needed a better way to connect where its products would land – in potential customers' homes.

In recent years, Structube marketed exclusively through digital channels, reaching out mainly via email, until returning to direct mail in what can only be described as a big way.

Working with Canada Post, the company developed an oversized 8-by-10-inch catalogue printed on high-quality offset with a look and feel that closely mirrored the retailer's website. While the style of the piece captured attention, the size of the piece dominated the customer's mailbox.

Using exclusive Canada Post data and targeting tools, Structube focused its efforts on a radius around each of its nationwide locations as it looked to drive both in-store and online traffic.

The catalogue made a big impact, generating a 70% lift in traffic to Structube locations. Direct mail also had the benefit of promoting product discovery and exploration among customers, many of whom went into the store with the catalogue in hand to talk about specific products they had noticed. Company officials also said the catalogue acted as a reminder for online shoppers to return to the retailer's website.



BLASTED THE PAST

Anti-nostalgia campaign nudges customers toward new technology.

Heating with oil is to be phased out in the Zürich region over the next few years. That's why ELCO, the market leader for heating solutions in Switzerland, wanted to inform homeowners it was time to replace old-fashioned oil-fired systems with new, modern heat pump solutions. In addition, the company wanted to promote its new energy-efficient and quiet commercial pump, Aerotop SX.

In a previous campaign, ELCO had taken an anti-nostalgia approach to connect people to the future to motivate change. Working with Agentur am Flughafen AG, the brand again blasted the past and created a mailing shaped like a music cassette tape that, when opened, unspooled into a spaghetti of tape. Most older adults remember how annoying that was (not to mention noisy to wind the tape back in) and thus that not everything was better in the past. In addition, the recipient could scan a QR code to visit a landing page demonstrating how quiet the new heating technology was and book an appointment for a consultation to convert to the heat pump.

The mailing was such a great success in the Zürich region that ELCO decided the mailing should be sent out throughout all of Switzerland.



COMPANY: ELCO | PRODUCT: Heat pump | COUNTRY: Switzerland | AGENCY: Agentur am Flughafen AG

HAVING A MELTDOWN

Agency meltdown honours its people while re-establishing its brand.

What does an advertising agency renowned for award-winning creativity do when a global pandemic forces it to downsize staff and office space? It has a meltdown.

Over 27 years, Net#work BBDO has won every award in the books. However, company leadership wanted to find a way to stress that those awards are meaningless without the people behind them.

To celebrate a new era of the company, more than a quarter-century of awards were melted down and recast into 670 gratitude pendants in the design of the company's hashtag logo. Each pendant was hand-polished (while still retaining unpolished areas, representing the "grit it takes to win") and individually hand-engraved with the unique number of every employee who had ever worked for the agency, from the assistant to top management. The pendants were then packaged with a message reading, in part, "Thank you for being part of our story and inspiring our next".

Some packages were hand delivered, while ex-employees living abroad received them via mail services.

The company's hashtag #gratitude spread worldwide, as the 670 brand ambassadors shared their individual stories of tenacity, passion and commitment across social media. A total of 4.6 million people were reached with an earned media value of \$2 million and a return on investment of 1,070%.



GIVING THEM A VOICE

Sticky keyboard conversion kits welcome displaced children.

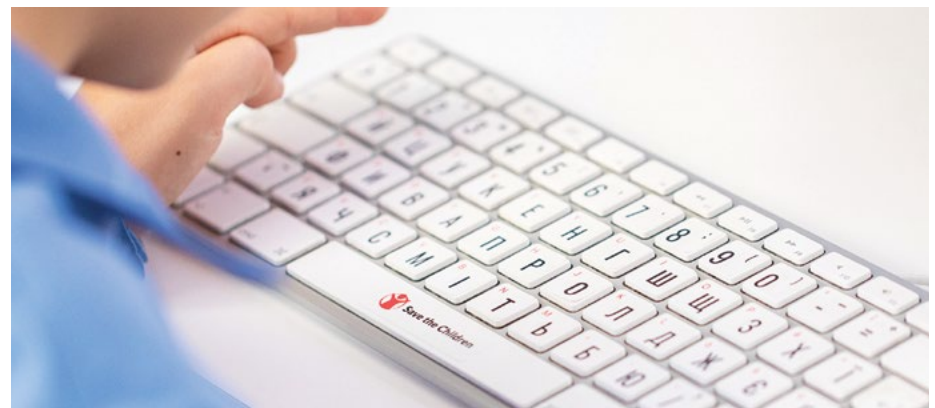
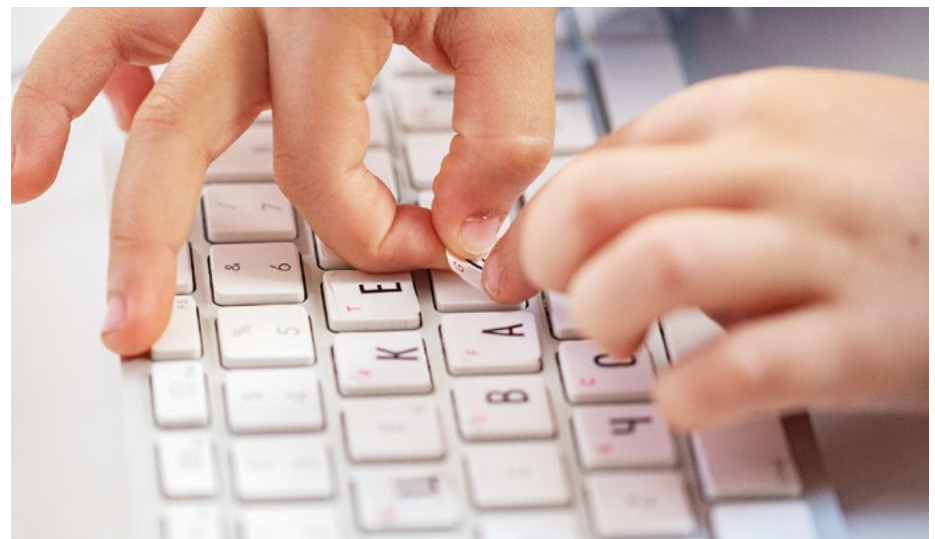
“I would describe the things I have seen if only I could.”

Save the Children saw the challenge in these words of a 10-year-old Ukrainian refugee.

Since the Russian invasion of Ukraine began, more than 50,000 children have arrived in Italy. At school, integration has been difficult, but educators believe the young people could feel better understood in their new surroundings by being able to express themselves on computers. But the Cyrillic language couldn't be expressed using Italian keyboards – until now.

To overcome the linguistic barrier, Save the Children, working alongside We Are Social, developed the Welcome Stickers, a set of stickers that converts any keyboard from any language into a Cyrillic one. Not your typical direct mail targeting, the sticker kit has been distributed since October 2022 in schools and refugee reception centres throughout Italy, easily converting each computer into a useful tool for Ukrainian children to tell their stories.

These kits have proven to be a powerful way to help children connect after displacement by getting their language onto unfamiliar keyboards. So far, 500 sticker kits have been directly distributed to Ukrainian children in Italian refugee centres and primary schools.



COMPANY: Save the Children | COUNTRY: Italy | AGENCY: We Are Social, Milan

MAKING IT A BREEZE

Digital brand cleans up using offline solution to redirect online browsers.

Earth Breeze knew it could clean up with new customers if only it could retarget online browsers.

The eco-friendly laundry detergent brand is a digital native, offering products online only, as a one-time buy or subscription service. When it came to marketing, its dollars stayed digital, mainly going into social. But when its online story wasn't resonating, the brand needed an offline way to connect.

Working with SG360, Earth Breeze developed a retargeting campaign focused on convincing non-buyers who had visited the website to sign up for a trial subscription.

Previous marketing efforts focused on being eco-friendly, but this campaign addressed the target audience's biggest question once they got to the website: Would the product clean clothes as effectively as traditional detergent?

Built around the message of "a powerful clean without plastic bottles", Earth Breeze tested two concepts against a postcard control: a No. 10 letter pack and a zip carrier containing a letter and product samples. On each piece, the brand included a customized QR code that led consumers online to an offer of 20% off their first order.

The campaign proved that retargeting communications can't just rinse and repeat when it comes to activating potential customers. Over the four-week test period, the retargeting campaign generated 22% more subscribers than forecasted and improved the conversion rate by 32%. The direct mail reduced the overall cost per acquisition by \$74. The letter pack provided a 25% lift in conversions over the control postcard, while the sample carrier delivered a 38% lift in conversions.

earth breeze

Can our laundry sheets really get clothes as clean as liquid detergent?

Here's your chance to find out, **Riaz**.

Hello **Riaz**,

Thank you for visiting our website recently. Hopefully, it's given you a greater appreciation of the irreparable damage caused by plastic bottles. Consider the following:

- There'll soon be more plastic than fish in our oceans.
- Toxic plastic won't decompose in your lifetime – or your children's.
- 91% of all plastic is not recycled.

Earth Breeze can help you reduce the impact of plastic on the environment. But the bottom line is, you still need to get your laundry clean.

Earth Breeze provides a powerful clean without plastic bottles.

Earth Breeze laundry sheets do everything liquid detergent can do – except contaminate our environment.

(Flip to find out how.)

Good for your clothes. Great for your planet.

- Powerful clean without plastic bottles
- Tough on stains
- Biodegradable and hypoallergenic
- Lightweight, easy to store

TRY EARTH BREEZE FREE THEN GET 20% OFF YOUR NEXT ORDER

Scan here for 20% off
www.earthbreeze.com
USE CODE:

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 LAUNDRY DETERGENT LIQUIDLESS ECO SHEETS™
 FRESH SCENT

earth breeze

Can our detergent sheets really get clothes as clean as liquid detergent?

earth breeze

LAUNDRY DETERGENT LIQUIDLESS ECO SHEETS™
 FRESH SCENT

- Powerful clean without plastic bottles
- Tough on stains
- Biodegradable and hypoallergenic
- Lightweight, easy to store
- 100% refund if not satisfied

Plus, every sale supports ocean cleanup and tree-planting efforts. And for each package purchased, 10 are donated to shelters, veteran groups, disaster relief and more.

20% OFF YOUR NEXT ORDER Scan here for 20% off www.earthbreeze.com **USE CODE:**

IN THEIR OWN WORDS

Campaign connects Canadians to the past in intimate, personal way.

Canadian soldiers serving overseas sent millions of letters home from the First and Second World Wars.

For many, only their letters reached home.

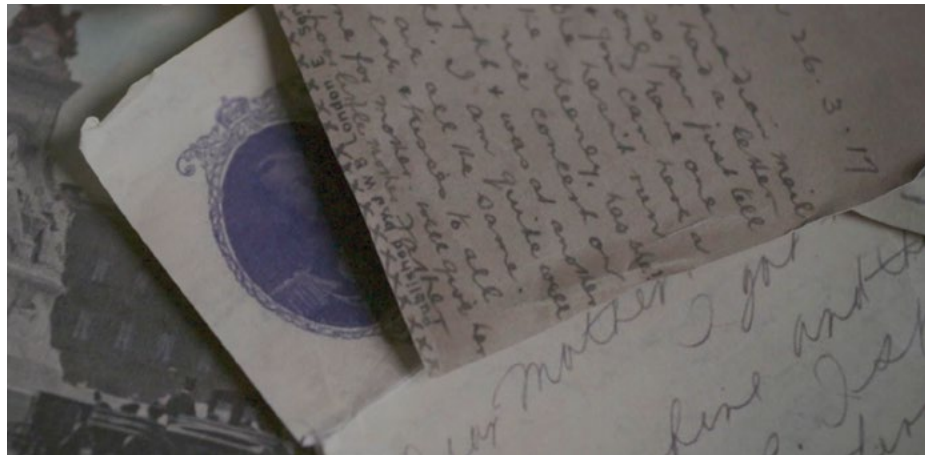
In 2022, the Royal Canadian Legion, the Legion National Foundation and HomeEquity Bank brought those final words home through *Letters Home*. In the weeks leading up to Remembrance Day, the campaign connected current homeowners to residents from the past by sending replica letters to their originally intended addresses.

This “poignant reminder of wartime sacrifice”, according to Bloomberg Media, used genuine letters sourced from the Canadian Letters and Images Project at Vancouver Island University. In total, letters were sent to addresses in 29 cities across the country.

Adding further life to the words, Canadians saw the letters around their neighbourhoods courtesy of national out-of-home advertisements.

Despite a limited media budget, the campaign generated more than 23.4 million impressions. Along with a national TV ad, CBC Radio One aired an extended five-minute segment featuring the letters, and social media content from television personality Jennifer Valentyne reached more than 80,600 people.

Letters Home effectively used a QR code to help drive more than \$189,000 in individual donations.



COMPANY: The Royal Canadian Legion, the Legion National Foundation & HomeEquity Bank
COUNTRY: Canada | AGENCY: Zulu Alpha Kilo



DRMG made Direct Mail More Sustainable



Canada Post congratulates Direct Response Media Group Inc (DRMG) – the winner of the Smartmail Marketing™ Partner Environmental Award. DRMG switched from its plastic polybag wrap for delivering shared direct mail advertising to a 100% paper solution – and did so two years ahead of schedule. The result: 20 million plastic wraps weighing over 147,000 pounds have been removed from the environment annually. Now in its third year, the Smartmail Marketing Partner Environmental Award recognizes environmental and sustainable initiatives and programs of our Partners.

Want to make your direct mail more sustainable? Consult a Canada Post Smartmail Marketing Partner today for strategies and advice.





66%
of Canadians
want brands to
improve their
environmental
and social
performance

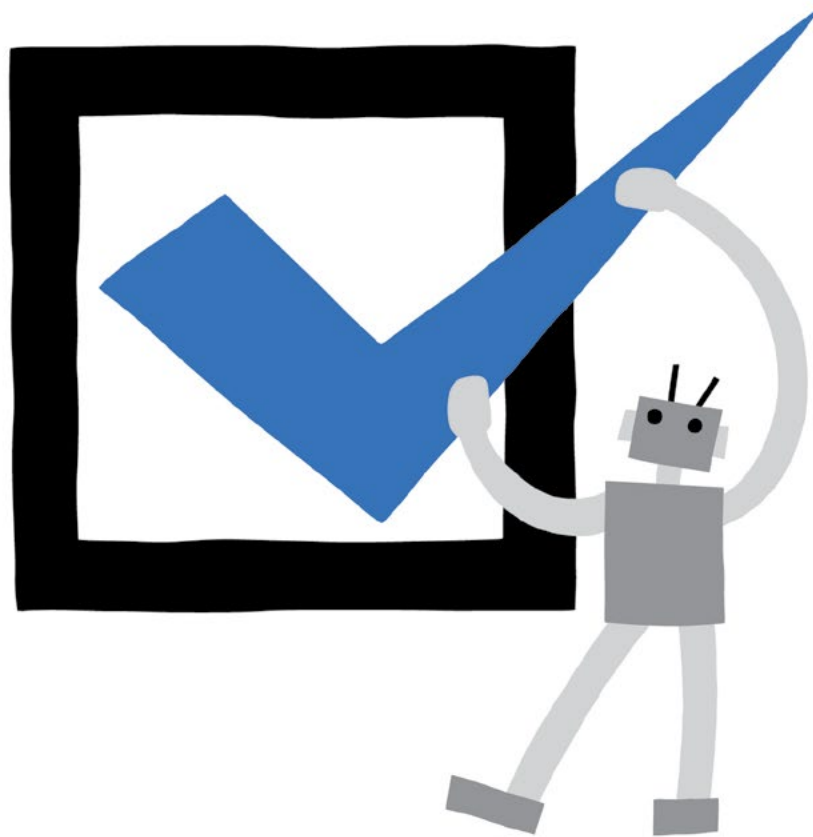
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with today's
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consumer

Is your business ready? Get our latest research report *Pulse of the Conscious Consumer* to find out which sustainability practices have the greatest impact on their buying decisions.



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GENERATING AI VALUE

By Chris Williams

The real value of AI for marketers is in its ability to improve marketing effectiveness.

Marketers expect artificial intelligence (AI) to lead to greater efficiencies in our businesses by automating the processes related to advertising and content. However, for every action, there will be reaction. Consumers will also use AI to help them manage the coming deluge of AI-generated messages – because with automation comes volume.

The strategic path to understanding – and eliminating – this adversarial feedback loop is to focus on points where AI generates marketing effectiveness instead of just serving operational efficiencies that lead to transactional marketing.

ZERO-SUM GAME

Consider email as a foreshadowing of AI's possible transactional future. With the introduction of email marketing, the cost of production per person dropped while data and content became increasingly sophisticated. You wouldn't be alone in thinking this sounds like a winning formula; email marketing should have become one of the most powerful media options. However, it hasn't turned out that way.

Lower cost of entry results in higher volumes, more competitors and increasing data sophistication. But it also yields consumers adopting equally sophisticated tech to filter what reaches them. In other words, the gains of marketers are countered by opting out (spam filters, ad blockers) and demands for privacy regulation. Following this path, transactional AI use will produce increasingly sophisticated AI agents that work even better on behalf of consumers, filtering at an ever-wider scope; there are whole industries profiting on this adversarial relationship between marketing and consumers.

POINTS OF INTEGRATION

So how do you create a strategic focus on AI that generates marketing effectiveness?

A focus on consumer relevancy: This means integrating digital and analog to create a more complete picture of their world, experiences and decision-making data. The challenge is that the physical world doesn't produce data at scale as easily as the digital world. AI can be used to generate that data, creating rich national marketing databases that improve consumer understanding and

help define more contextual targeting variables in a privacy-compliant way.

A cross-channel perspective: Vital in today's fragmented and increasingly complex media landscape is an integrated media approach. From cross-channel media planning through to measurement, we need to be able to put all media on a level playing field in order to improve marketing effectiveness. Some of the most effective channels have been handicapped by inadequate attribution capabilities and siloed measurement. And as more channels rely on how they work together (orchestration), integrated media plans need to be supported dynamically by integrated data and tools.

Measurement alignment: Marketing effectiveness has always been harder to measure than efficiency. Media agencies need to be able to see the dynamics and interdependencies between all channels and media types and their impact on performance. Meanwhile, if media sellers want to understand how buyers evaluate their offerings, they need to have views into the same data with caveats. Results must be aggregate, and they can't be adjusted to favour any one provider or format. Both sides of the market benefit if the data uncovers more appropriate uses of any medium.

Participatory tools: Planning and evaluation tools specific to one channel or media supplier are of limited benefit. It's much better to participate in a widely used cross-seller/buyer set of tools rather than to own a proprietary tool that few use. AI tools that focus on integration provide greater value to all stakeholders and, importantly, can help fill gaps between data people and marketing people to create stronger collaboration.

GENERATING AI VALUE

AI is changing the workflow process, the speed at which it operates and the costs involved. But we need to keep an eye on how consumers are using AI to rank, filter and block as a reminder that transactional marketing that increases volume, not value, just creates a zero-sum game for everyone.

When it comes to finding the right ways to use AI strategically, tools like Arima offer an integrated path to generating greater AI value to marketing.

Whether it's through the production of synthetic populations for use in business or cross-media planning, optimization and evaluation, Arima is an all-in-one data science platform that is making audience understanding more complete and cross-channel media effectiveness more achievable.

The platform can integrate syndicated and first-party data, but the foundation of our platform, The Synthetic Society, allows us to build audience segments, conduct media measurement and extract business insights at the postal code level without having to rely on the use of personally identifiable information.

Generative AI and machine learning are making media and creative execution easier. But we also need AI tools that provide an integrated and holistic picture (from planning to measurement) for all stakeholders in an increasingly complex media environment where the opportunity costs are increasing. In other words, tools that help ensure advertising isn't blocked by the very audiences we are trying to connect with. ■



Chris Williams, Chief Marketing Officer of Arima, has been a digital advertising pioneer for 30 years. He is a past president of IAB Canada and a former VP digital at the Association of Canadian Advertisers, in addition to having spent many years at advertising agencies like BBDO and Havas.



GET WITH THE PROGRAM

Experts explore how programmatic mail brings automation to the art of engagement.

Programmatic is becoming increasingly standard in its application across media and a critical enabler for targeted advertising. While direct mail might not come first to mind, programmatic mail isn't simply "on the horizon" – it's here now, bringing with it greater responsiveness, relevance and efficiencies.

We talked to some of Canada Post Smartmail Marketing's Expert Partners about the advantages of programmatic mail and what marketers should keep in mind when it comes to data and addressability.

HOW IS PROGRAMMATIC CHANGING, AND WHAT DOES IT MEAN FOR CROSS-CHANNEL CONNECTIVITY?

DIRECTWORX Programmatic has evolved into a data-driven marketing platform that enables businesses to better target their most valuable customers and prospects. The change is largely due to more flexible integration, where data from any channel or source can be ingested and used to deliver more sophisticated filtering and targeting based on automated business rules and algorithms. Programmatic uses this cross-channel data to drive decision making on audiences and offers. Cross-channel connectivity is at the centre of this.

CONSUMER INTELLIGENCE GROUP (CIG)

We're seeing two major trends in the programmatic space: the rapid expansion of channels and their reach – like digital out of home, connected TV and programmatic direct mail – and the increased interest in future-proofed, channel-agnostic solutions to effectively connect and target across channels. While there has been plenty of concern about the demise of cookies, this is the opportunity to rethink how we effectively target audiences across channels.

ENVIRONICS Privacy-compliant data and access to it are critical to drive cross-channel activation – and it is on the verge of becoming harder to come by. Canadian privacy regulations related to accessing and using first-party data are under review. This means reliable, privacy-compliant third-party data is going to be even more important in Canada.

Look for third-party data built with privacy by design, using Canadian data to define people in Canada and deployable across all programmatic platforms for easier access and activation.

KOPEL With the expansion of data and the complexity of managing it within an ever-changing environment, marketers implement technology to improve customer experience. With programmatic, brands can dynamically tune their marketing and messaging based on consumer behaviour and create personalized, relevant and timely communications with minimal human intervention – no matter the device or channel. Programmatic supports marketers in optimizing cross-channel connectivity based on how distinct segments will react to different sequences of communications. It translates into a better customer experience, an increase in revenue and gains in efficiencies across channels.

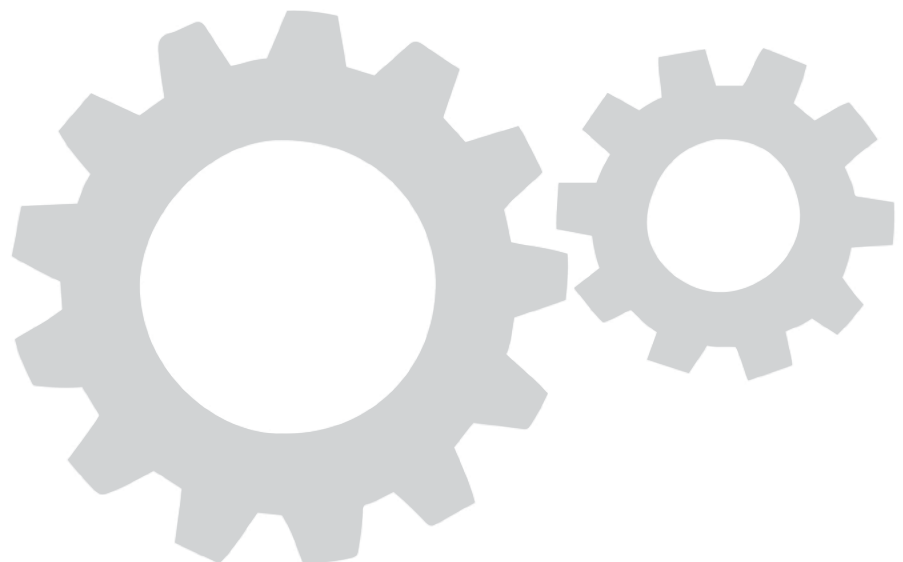
HOW CAN ADDRESSABILITY AND PROGRAMMATIC WORK TOGETHER?

DIRECTWORX Addressability is a challenge for other channels as an address (digital or physical) is a prerequisite for any communication strategy. Leveraging Canada Post's location-based data (using geofenced mobile data), programmatic has

been able to overcome this challenge by identifying postal codes where prospects live and engaging buyers when and where they're most likely to make purchase decisions. This expands the reach of programmatic well beyond that of digital channels and provides a way to deliver a targeted mail piece in home. By adding QR or offer codes, programmatic provides an easy next step to capture further data, fill in addressability gaps and drive acquisition.

CIG Privacy-compliant, cross-channel addressability is what marketers need to shift toward (from multi-channel) for effective omni-channel marketing. The expansion and advancements in programmatic are key to addressing this need. Instead of just replacing cookies with another short-term identity solution, we need to rethink how we identify, target and reach audiences. At the end of the day, the people marketers want to target all live somewhere. Postal codes, while not unique individual IDs, offer one of the most stable, future-proofed, common identifiers that can connect programmatic channels, both online and offline.

ENVIRONICS Geographically built third-party data provides marketers with the ability to see the true reach of their campaigns. How many households and individuals live in your target area? How many of those are your target? Third-party



data helps you to understand your target audience and expand the reach of your campaign.

WHAT ARE THE ADVANTAGES OF PROGRAMMATIC DIRECT MAIL?

DIRECTWORX Programmatic direct mail leverages advantages commonly associated with digital marketing and marries them with the unique media qualities of more traditional direct: speed, tailored messages, reach, cost-effectiveness, physicality and measurability.

KOPEL Direct mail remains as effective as ever at connecting you with your audience, nurturing customer relationships and driving revenue – even more at a time when it's harder to get consumers to respond to digital marketing. Marketers invest in programmatic direct mail to add flexibility, personalization and speed to market at any scale. With programmatic, marketers eliminate the need to manage a more complex production workflow and can customize content on a per-piece basis with minimal human intervention. Programmatic makes the execution of direct mail easy and measurable, and it can be in the hand of your customers in a heartbeat.

WHAT DATA TIPS DO YOU HAVE FOR GETTING STARTED WITH PROGRAMMATIC DIRECT MAIL?

CIG I have three tips for getting started: 1) Define and understand your target segment or audience. Who are they? What's important to them? Make sure your creative team is working with a robust persona. 2) Identify what trigger(s) or data insight(s) you are using to initiate the outreach and where it is in the buying journey. What action are you looking to inform? 3) Ensure you've outlined all your metrics upfront and how you'll feed data back into the system to continually optimize programmatic direct mail for success.

ENVIRONICS Effective direct mail campaigns need an audience definition that is clean, easily articulated, targetable and

scalable. You have the ability to lean in to using your first-party data and expand your understanding of that audience and further scale it with smart third-party data. Remember, direct mail by nature is tied to a physical location and geography. Find and use geographically referenced third-party data to understand and expand the reach of your campaign.

KOPEL You can program personalized communications based on a multitude of triggers. However, companies that focus on the one or two most important customer interactions to start with create significant value and increase the extent to which customers can connect with their brand. With time, different programmatic layers are added as meaningful touchpoints are identified. When the level of responsiveness to digital channels for a group of customers is lacking, sending an automated customized communication to their homes in a timely manner increases the probability of keeping them engaged.

WHAT'S ONE THING MARKETERS NEED TO THINK ABOUT WHEN IT COMES TO PROGRAMMATIC DIRECT MAIL?

DIRECTWORX Data. Programmatic's value proposition is based on targeting the most valuable audiences and delivering personalized and targeted direct mail pieces in home within a short time of an exhibited product interest. This requires flexible data integration, data-driven business rules, and offers that can vary based on data values ranging from location to demographics to purchase history. Programmatic doesn't need the data to be perfectly served up, either; sophisticated algorithms can use multiple fields to identify the right audience and deliver the right message.

CIG What solution are you going to use to define and build your audiences? Choosing the same selects or targeting variables across multiple platforms is not omni-channel. Omni-channel requires an audience-based approach. First, you need to define and build an audience, and then you need to push that same audience to multiple channels based on triggers

(or signals) as they move through their journey. Realistically, there are very few advertisers effectively doing true omni-channel programs beyond digital, but with the expansion of programmatic and new (again) approaches to identity, like postal codes, it will become easier to deliver.

KOPEL As the complexity of managing talent rises, productivity becomes even more relevant than ever. When we keep in mind that 70-95% of our revenue is usually generated from subsequent orders, compared to 5-30% from initial orders, programmatic is a way to help your team efficiently succeed in managing the flow of communications with your existing clients while reducing manual non-value work that negatively impacts their creativity. Programmatic is an approach that keeps both employees and customers engaged.

ENVIRONICS Having an audience definition that can be activated across platforms and channels makes tracking and measurement both easier and more effective. Having to reconstruct an audience for each channel means differences of who is reached, where and how. PRIZM® is available across all media channels in Canada and can provide the common link and language for audience definition, audience tracking and measurement. ■

GENERATION NOW

Generation Z's time has come. We're no longer talking about a distant future when we talk about their influence – they're here: dictating culture, advancing technology, changing the workplace, wielding spending power.



THE ATTENTION GETTER

Don't let their digital reputation fool you! Gen Zers are as likely as older generations to read their mail. They pick up their mail less frequently, but spend more time reading through it – 12 minutes on each trip. More than half always flip through the mail and glance at each piece to see if it's worth reading, while more than 25% open or read every piece.

THE ACTION MAKER

Personalized advertising (physical or digital) gets this generation's attention. More than 40% say addressed direct mail encourages them to take an action. They are more inclined to display and share direct mail than other generations, with 70% displaying direct mail in their home and 64% sharing it.

THE COST-OF-LIVING NAVIGATOR

Gen Z depends on advertising of all types to help them navigate economic challenges.

In fact, they are typically more influenced by advertising than other generations. Direct mail inspires them even more than digital advertising.

Coupons get their attention and make them feel valued, ranking higher than digital and TV advertising.

THE PHYSICAL CONNECTOR

Gen Z sentiments toward advertising differ depending on the format. Physical formats show impressive influence over them.

- › Digital advertising ranks higher on "likely to ignore" versus direct mail advertising.
- › Direct mail advertising ranks lower on intrusiveness than digital advertising formats.
- › Direct mail ranks No. 1 for learning about a new-to-them business versus digital and TV.

For marketers, Gen Z represents an exciting opportunity to rethink your strategies and tactics in order to connect.

They care.

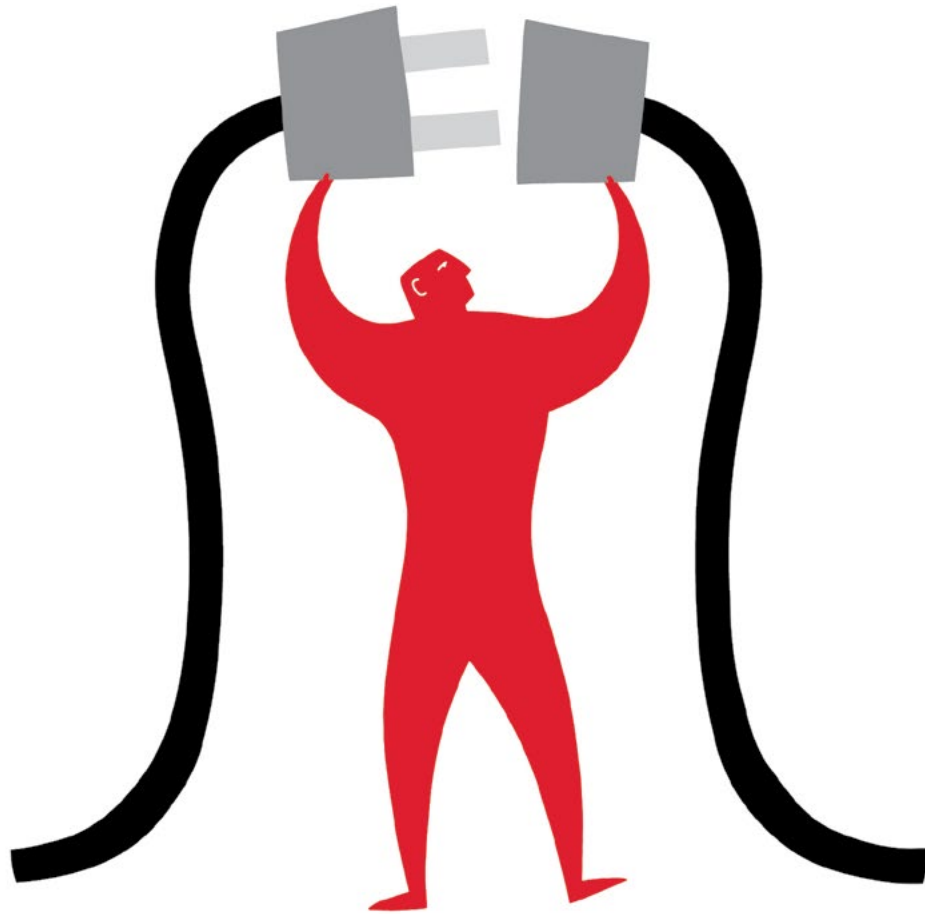
Gen Z is a welcome audience for brands that speak authentically about their values. Don't be afraid of being more transparent when speaking to this generation.

Physical connections matter.

Despite being deeply immersed in digital, Gen Z values the role of physical communications in their decision making – an omni-channel approach is more likely to connect.

Mail holds power.

Gen Z sees what's inside the mailbox as special. They dedicate time to exploring mail and lend credibility to its contents.



THE SMART SHIFT

*Media is shifting gears, getting smarter
and nullifying old boundaries.*

Key Takeaways

Smart media will eventually change advertising delivery.

Addressability and programmatic deliver greater media effectiveness.

Programmatic direct mail combines the best of digital and physical media capabilities.

Media is getting smarter and nullifying the boundaries that kept it divided into online/offline and created deep functional marketing silos. This smarter media means marketers also need to get smarter about maximizing their media investments, technology strategies, partnerships and data.

The integration of smart devices and platforms has paved the way for highly personalized and contextually relevant advertising experiences. Using artificial intelligence (AI), machine learning and data analytics, advertisers can now gather valuable insights about consumer behaviour, preferences and demographics, allowing them to create tailored ad campaigns that drive higher engagement and conversion rates.

Smart media is reshaping the media landscape, driven by intelligent systems that take over the mundane, the complex and the time consuming – automating it all for greater efficiency. This is making media more dynamic, responsive and intuitive. It's allowing advertising to get closer to moments and environments of influence with more precision and personalization. The technology is becoming increasingly invisible and embedded in the physical world, creating more immersive and tangible experiences. It also has the potential to fundamentally change how we deliver advertising and interact with customers.

Popular in-home smart devices, such as smart speakers, smart TVs and connected appliances, are providing new opportunities for marketers to reach consumers. These

devices offer a unique platform through which to engage with customers in their own homes, providing more personalized, interactive and convenient experiences.

Smart mirrors could be used to try on clothing and makeup, interact with customer service or receive coupons during a live-streaming shopping event. Smart speakers could extend a direct mail message with voice-activated, added-value content like a pre-release song from a new album or chapter from a new book. They could enable FAQ product evaluation or provide instructions. From advertising to customer experience, the uses cases are filled with exciting possibilities.

All this is to come. Right now, however, the industry is focused on fixing programmatic advertising and adjusting to a media landscape increasingly connected, addressable and cross-channel.

PROGRAMMATIC UBIQUITY

Programmatic advertising is becoming the standard – rapidly expanding across different channels, including digital, television, audio, out-of-home and direct mail. It uses increasingly sophisticated algorithms and data-driven decision making to deliver targeted ads to specific audiences at the right time, in the right environments and on the right channels. The programmatic approach streamlines the ad-buying process, creating efficiencies and improving time to market.

As privacy regulations continue impacting targeting tactics, according to Proximic by Comscore's 2023 *State of Programmatic*

study, the industry is gearing up for a year of changes related to targeting strategy and regulations, thanks to the deprecation of third-party cookies and privacy.

Traditionally, the adtech pipeline was built on third-party cookies to deliver on automated advertising targeting. The move away from these Web 2.0-era cookies has forced the programmatic landscape to evolve quickly and provided the opportunity for the industry to course correct on historical challenges related to the transactional impact on targeting and the lack of transparency and accountability – most notably the collection and use of personal data without consent.

But Web 2.0 programmatic has also been challenged by issues related to:

- › **Fraud:** Generating false impressions or clicks to deceive advertisers results in wasted ad spend, inaccurate campaign performance metrics and diminished trust in programmatic advertising.
- › **Brand safety:** Automated ads may appear alongside inappropriate or offensive content, damaging the brand's reputation. Advertisers need to employ content categorization, keyword filters and partnerships with reputable publishers to ensure a brand-safe environment.
- › **Viewability:** Programmatic media doesn't guarantee ads will be seen by the intended audience. Factors like ad placement, ad format, website design and even ad-blocking software can impact ad viewability.

DIRECT MAIL X CTV

TV and direct mail have always worked well together. When combined strategically, connected TV (CTV) and direct mail create even more effective cross-channel solutions. By leveraging the strengths of each channel, advertisers can increase engagement, brand recall and conversion with more accuracy and less waste.

Cross-channel retargeting: CTV ads can serve as a catalyst for direct mail campaigns. When a viewer sees an ad on their CTV, a specific call to action can be included. By leveraging data captured from CTV impressions, advertisers can retarget using personalized direct mail and further refine targeting through look-alike analysis.

Personalization: Using CTV and postal code data, personalized direct mail campaigns can align with CTV ad messaging. For example, if a CTV ad promotes a limited-time discount on a specific product, personalized direct mail can reinforce the offer. Sequencing direct mail ads to follow CTV ads with specific timing can improve conversion (moving from awareness to activation), reinforce memorability or promote exploration.

Measurement: Both CTV and direct mail offer measurement capabilities that can be leveraged to assess campaign effectiveness. By connecting CTV and direct mail programmatically, measurement attribution is more complete, and cross-channel effectiveness can be assessed more accurately.

Advertisers must focus on creating non-intrusive and relevant ad experiences to reduce the need for ad blocking and maintain audience engagement.

- › **Quality/user experience:** Issues like slow-loading ads, disruptive formats or irrelevant targeting can frustrate users and drive them away. Advertisers should prioritize ad quality and user experience by creating engaging and non-disruptive ad experiences to maintain audience receptivity and trust.

General trends in programmatic advertising aim to address the above challenges with new data approaches, more transparency and a more inclusive and ethically accountable ecosystem. Many publishers are already opting out of mass programmatic networks and taking control of ad experience and data use on their platforms, according to Digiday. There are shifts toward in-housing programmatic in order to gain control and increase efficiencies, but it also makes cross-channel programmatic easier and helps different targeting strategies (like contextual and first-party-data-based ones) work together.

One of the biggest opportunities in the evolution of programmatic is cross-channel targeting. As all media becomes digitalized, programmatic can now be applied to any channel where technology and data enable automation. Programmatic advertising has expanded to encompass new formats and channels, such as native advertising, audio, digital out-of-home, connected TV (CTV) and direct mail.

Yes, direct mail.

Before we get into programmatic direct mail, it's important to understand the valuable relationship between programmatic and addressability. Remember, direct mail was the original addressable media channel. And based on smart device use, the growth in programmatic and the challenge of identifiers post-third-party cookie, the postal code offers more value than ever as a stable cross-channel identifier.

PROGRAMMATIC AND ADDRESSABLE MEDIA

Addressable media refers to the ability to deliver targeted content to specific households or individuals. Thanks in part to the rise of digital platforms and the increasing availability of data, addressable media is experiencing significant changes by expanding across more channels.

Programmatic media and addressability work together to deliver targeted, personalized and timely cross-channel advertising. Programmatic delivers on a broader set of media variables related to context, timing and channel; addressability emphasizes precise targeting, personalization and relevant messages to specific audiences.

These two concepts intersect in ways that create greater audience alignment across channels, more sophisticated and layered cross-channel use and richer, more holistic pictures of audiences. In all cases, addressability needs to be anchored to stable identifiers like physical addresses or device IDs.

PROGRAMMATIC DIRECT MAIL

While programmatic advertising has primarily been associated with digital channels, it has recently extended its reach to traditional offline media, including direct mail.

Programmatic direct mail combines targeting automation and addressability with the tangibility of direct mail in a highly influential home environment.

Direct mail programmatic platforms and application programming interfaces (API) can sync direct mail with customer data and integrate with online ad networks and social media platforms. This enables reach and precision to work together for greater total campaign impact.

One of the key benefits of programmatic direct mail is the ability to measure more accurately and fairly the contribution and interrelationships between channels.

More companies are recognizing the benefits of integrating digital targeting with physical media, as cross-channel connectivity becomes easier, customer experience more fluid and omni-channel approaches more critical to success (and expected by consumers). In an age of greater fragmentation, the ability to manage message coherence across more channels is gold.

The benefits of programmatic direct mail are manifold:

- › Programmatic takes all the strengths of direct mail and makes it more responsive and dynamic, enabling greater audience alignment between channels and more

THE ADDRESSABILITY X PROGRAMMATIC INTERSECTION

Programmatic media and addressability are two distinct but related concepts in the advertising industry.

Programmatic marketing involves the use of algorithms and data-driven decision making to optimize the delivery of ads to targeted audiences.

- › Automated buying and selling of ad inventory
- › Real-time bidding and optimization
- › Data-driven targeting and decision making
- › Cross-channel campaign management
- › Emphasis on efficiency, scalability and automation

Addressability refers to the ability to deliver targeted content or ads to specific households, individuals or devices.

- › Precision targeting at a household, individual or device level
- › Personalized messaging and creative customization
- › Integration of offline and online data for unified targeting
- › Measurable and trackable results
- › Focus on relevance, personalization and impact

connected media strategies and improving timeliness, personalization and the impact of digital activities on conversion.

- › By tracking responses and conversions at the household or individual level, marketers gain deeper insights into the effectiveness of their media mix and targeting strategies.
- › The home is a high-quality ad environment with a high degree of ad viewability that is brand safe with no chance of ad fraud.
- › Programmatic enables direct mail to play a role both in contextual targeting as well as in first-party-data-informed targeting (like personalization and look-alikes).
- › Smart devices and tools expand the use of direct mail into customer experience based on online interaction and customer service messaging.

Imagine a furniture store promoting a new designer collaboration of premium home furnishings. By leveraging programmatic direct mail, the store can identify potential buyers based on their online browsing behaviour and demographic data. The store's programmatic platform analyzes data from various sources to create a targeted list of individuals who have shown interest in home decor and furnishings within a specified area.

Using address data and variable content printing technology, the store can customize each direct mail piece to include the recipient's name, along with relevant images and details of the new designer collection they showed interest in. By integrating personalized URLs and QR codes, the store can track the response rates and provide an interactive online experience tailored to each recipient.

This combination of personalized content and data-driven targeting significantly enhances qualified audience exposure and discovery and activates on interest.

Although programmatic direct mail is a relatively new capability, it's here and integrated into CRM platforms, search, digital programmatic ad tech, variable printing technology, as well as direct mail ad-serving APIs. It's all possible now – but it does require a stronger strategic focus on cross-channel planning, actionable data insights and greater integration.

BRANDS ARE CONNECTING DIRECT MAIL

While the adoption of programmatic direct mail is still in its early stages, several brands have started leveraging this “phygital” approach. Here are a few examples:

- › Based on user behaviour and listening preferences, Spotify sent out direct mail featuring personalized playlists and song recommendations, encouraging users to engage with the brand both online and offline.
- › Mejuri drove an 85% conversion rate lift and 50 times the return on ad spend by using retargeting, look-alikes and programmatic direct mail and by integrating real-time online intent data with always-on direct mail targeting.
- › By integrating online behaviour data with direct mail campaigns, Google sent personalized mailers to businesses and advertisers, offering tailored solutions and insights to optimize their online advertising efforts. This approach helps bridge the gap between digital and physical channels, creating a cohesive brand experience.

- › Wayfair leveraged data on customer preferences and browsing history to send personalized mailers featuring product recommendations, discounts and design inspirations. These mailers aimed to drive customers back to the website and increase conversion rates.

HEADING INTO A SMARTER FUTURE

The advertising industry is undergoing a transformative shift, driven by technology, data and the demand for more personalized and relevant experiences. Smart media (built on intelligent systems) and connected devices are creating new opportunities to connect with audiences and deliver more than ad impressions. Audiences expect a mixed reality of brand touchpoints that are connected and responsive.

More channels are getting automated; more channels are addressable. These two capabilities are making media smarter. Programmatic has become the industry standard, optimizing and enabling precise audience targeting. Evolving cross-channel capabilities are opening new doors to media use and making it easier to integrate efforts.

Direct mail has become smart mail. The emergence of programmatic direct mail extends digital capabilities to offline media, amplifying the existing strengths of the channel and integrating the home environment more seamlessly into the customer journey, while providing solutions to some of the most potent online programmatic challenges. ■

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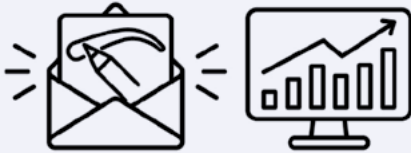


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PROGRAMMATIC BENEFITS

Benefit Cosmetics used programmatic mail to retarget customers who had visited their website and got a **37%** uplift in sales of eyebrow products against the control group. Additionally, engagement levels rose **28%**, outperforming industry averages of **4%** for email, with **30%** of those mailed returning to the site.

"Make your media mix more effective by retargeting with Programmatic Mail," Marketreach, 2019



AMPLIFIES CAMPAIGNS

89% of marketers said adding personalized and tightly integrated direct mail to a multi-channel media mix delivers a significant improvement to response rates.

Source: Multichannel Marketing Research Report: Direct Mail in the Digital Age, PFL, 2019



SEAMLESS ACTIVATIONS

In 2021, Dr. Green Lawn Care ran an acquisition campaign featuring direct mail with a QR code pointing to a get-an-estimate tool. That tool became the company's top online lead generator, with more than **2,000** scans leading to **700** sales and **\$200k** in revenue.

Source: INCITE cases, Canada Post, 2023



LIFTS CUSTOMER LIFETIME VALUE

Direct mail integrated with digital is proven to boost customer retention, consumer spending and brand recognition while decreasing cost per action by as much as **33%**.

Source: The Digital Marketer's Guide to Integrated Direct Mail Marketing, Sequel Response, 2021



CONTRIBUTES TO SUCCESS

Integrating direct mail can contribute significantly to campaign success as **49%** more consumers recall receiving a piece of mail than they do an email and **38%** of consumers purchased products/services after receiving mail.

Source: "Marketing automation turbo-boosts cross-media campaigns," Marketreach, 2019



HIGHER OMNI-CHANNEL RETURNS

Among marketers, **83%** reported good to very good ROI when direct mail was fully integrated into an omni-channel approach, versus only **51%** without direct mail. That's a **63%** increase in omni-channel campaign performance.

Source: Multichannel Marketing Research Report: Direct Mail in the Digital Age, PFL, 2019



PERSONALIZATION DRIVES GROWTH

Nearly **1 in 4 (24%)** UK effectiveness case studies used direct mail as the lead personalization channel.

Source: Driving Effectiveness With Direct Mail, WARC and Marketreach, 2021



IN THE NEXT ISSUE

THE MEDIA + COMMERCE ISSUE

- › Take a look at all the ways media and commerce are coming together.
- › See the influence of retail media networks in Canada.
- › Follow the evolution of influencer economics and the de-influencer movement
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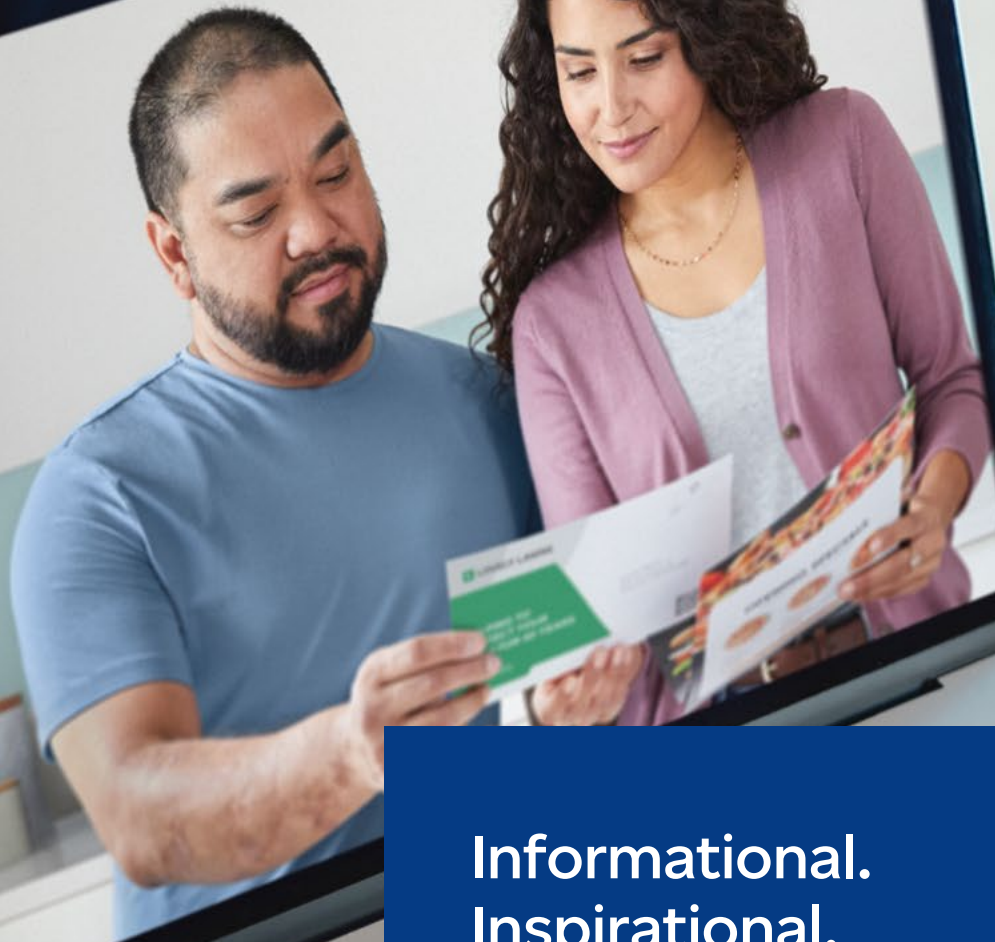
– Judy Morfitt, marketing lead,
Canadian Marketing Association

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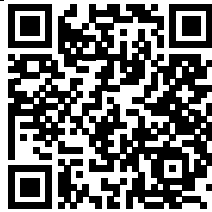
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