

What do you really know about marketing into India?



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Regency Direct Marketing - History

- Established in Mumbai in 1996 by Wesley Wood, Dharti Desai, and Mehul A. Desai
- Over 100 years of combined experience
- Pioneered Bank Card Syndication in India
- Have delivered over 14 million pieces of direct marketing material to Indian customers and over 1 billion pieces of mail worldwide



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Agenda

- Introduction to India
- Stumbling Blocks
- Targeting India's Middle Class
- DM Business Environment
- Advertising Mediums
- Testing Strategies
- Case Studies



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Is India Your Next Stop?

- Canada is usually the first step for US based mailers wanting to market Internationally followed by the United Kingdom, Australia, and New Zealand, (English speaking countries)
- From there, firms may look towards Germany, France, China, Japan, and other Pacific Rim countries, (to be effective, must be marketed in Native Language)
- India is the next big market because of two distinct pluses...



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India – The Next Big Market

- India holds tremendous potential for any direct marketer due to two distinct advantages:
 - Immense purchasing power of it's huge middle class, (almost the size of USA's total population)
 - English is considered India's language of business, (gives a distinct advantage over other Asian markets as language is not a barrier)



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Pros & Cons of the Market Place

Pros-

- untapped direct marketing industry
- individuals receive very little direct marketing material
- the few direct mail pieces they receive are soft sells and usually incomplete, (no response device, contact numbers, or reply address)
- overseas offers are attractive to Indians
- English is most commonly used in DM correspondence so translation is not an issue
- printing and mailing from within India is quite economical, (approx. 35% cheaper than North American costs)

Cons-

- data security issues, large black market for mailing lists
- address formats and accurate merge purges are difficult to do
- suppliers within India may not be able to reproduce complex packages
- the Indian rupee is not a free flowing currency



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Geography

- Conventional Long Form Name – Republic of India
- Country Capital – New Delhi
- Geographic Area – 3,287,590 sq km
- Comparative Country Size – slightly more than 1/3 the size of the USA
- Climate - varies from tropical monsoon in south to temperate in north



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People

- Population – 1,065,070,607
- The world's second most populous country, (India is projected to surpass China by 2007 and become number one).
- Religions –
 - Hindu – 81.3%
 - Muslim – 12%
 - Christian – 2.3%
 - Sikh – 1.9%
 - Other – 2.5%
- Literacy Rate – 59.5%, (70.2% male, 48.3% female)



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Languages

- India has 15 official languages:
 - Hindi
 - Bengali
 - Telugu
 - Marathi, Tamil
 - Urdu
 - Gujarati
 - Malayalam
 - Kannada
 - Oriya
 - Punjabi
 - Assamese
 - Kashmiri
 - Sindhi
 - Sanskrit.
- Even though English is not an official Language, it enjoys associate status and is the most important language for national, political, and commercial communication.
- All direct response mailing lists you will come across will be generated via English language offers and will contain English language characters only



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Economy

- Encompasses traditional village farming, modern agriculture, handicrafts, a wide range of modern industries, and a multitude of support services
- GDP growth rate – 7.6%, (2003 est.)
- Population below poverty line – 25%
- Currency – Indian Rupee, (INR), Indian Rupees per US Dollar = 46.30



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Stumbling Blocks:

Three major stumbling blocks that marketers face when entering the Indian marketplace include:

- absence of a mature list industry, (only a handful of companies hold direct response generated mailing lists)
- supplier industry is generally unreliable with few standouts, (service levels are lacking compared to what is expected in North America)
- immature infrastructure poses significant operational changes, (payment processing processes, limited experience with needs of International firms addressing, printing, personalization, fulfillment, and backend needs)



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Consumer Income Levels

- Three customer income levels:
 - Low
 - annual income of INR 24,000/US\$520 or less
 - approx. 52% of the population
 - Middle
 - annual income of INR24,001 to 1,00,000/US\$520 to \$2,200
 - approx. 30% of the population
 - Upper
 - annual income of INR 1,00,000/US\$2,200 or more
 - approx. 18% of the population



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Target Market

- Target Market, (*def'n*) – someone who has the interest & ability to purchase your product and can conform to your rules of purchase, (method of ordering and payments)
- Payment Methods Available by Income Level:
 - Lower:
 - Cash
 - Middle:
 - Cash
 - Cheque, (INR)
 - Credit Card
 - Upper:
 - Cash
 - Cheque, (INR & US\$)
 - Credit Card



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Reaching Your Target Market

- Lower Income Level:
 - Local Language/Regional Television
 - Radio
 - Local Language/Regional Newspapers
- Middle & Upper Income Levels:
 - All of the above plus
 - English Language Radio, Television, and Newspapers
 - Direct Mail and Telemarketing



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Targeting India's Immense Middle Class

- India's middle class totaling approx. 320 million people are an attractive segment to direct marketers.
- Need to ensure they have the funds and means to pay you. If you are bringing money outside of India, this means credit card payment or US Dollar Cheques only.
- This mean using bank lists, profiled subscriber lists, or list owned by other International marketing firms.



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Past Payment Issues

- Indian Rupee is not a free floating currency
- Governmental regulations restrict how and how much Indian currency you can expatriate
- Large amount of credit card declines as most credit cards were valid for local use only
- Higher than usual amount of credit card and check charge backs as Indians previously had up to 1 year to dispute charges



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DM Business Environment

- companies conducting sweepstakes or prize draws are just beginning to see the value of a name, (buyers/responders); previously names were just thrown out
- substantial number of lists have recently come on the market
- 1 800 numbers, (toll-free), are available in most major metros
- there still exists bureaucracy and endless paperwork for the simplest of things like 5 people to clear one check
- a shell DMA exists in India that most people are unaware of



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Customer Propensity

- Direct marketing enjoys special status being a fairly new entrant and Indians are loving the concept of "Buy One Get One Free" and "Premium with Purchase"
- Overseas offers are considered to be more trust worthy than offers that originate from within the country
- Anything imported is better than everything purchased locally



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Local Nuances and Wording

- A multitude of local nuances exist, such as:
 - 100,000 is expressed as 1,00,000
 - 1 million is 10 lakhs, (ten-one hundred thousands)
 - “doing the needful” means doing what it takes to get the job done
 - Car steering wheels are on the right hand side like the UK
 - “revert back to you” means the same thing as “I’ll get back to you”
 - payment is made by “cheque”, not check
 - people live in “flats” not apartments



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Present Payment Situation

- Indian rupee is still not a free floating currency, (International marketers are still advised not to charge cards in Indian Rupees)
- All credit cards have been converted from local to international use credit cards, (gives credit in foreign currency to marketer and Indian gets debited in Rupees – win win)
- Charge disputes must be made within 3 months, (reduced from 12 months); majority of charges occur within 1 ½ months
- Indians widely recognize the comparative value of the US Dollar and British Pound Sterling.



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Bank Card Inserts:

- Pros:
 - Provides access to customers with verified addresses and credit cards
 - Marketer can benefit from the banks implied endorsement
 - Respondent's name and address can be captured for future mail or phone solicitation.
- Cons:
 - Banks are selective of the types of offers they will approve.
 - An excellent relationship with inserting bank is required to ensure inserts occur as promised



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Space Advertising

- Pros:
 - Extensive reach
 - Can target across income classes
 - Reach customers in their native language
- Cons:
 - Expensive
 - Extensive advertising clutter
 - Message can be wasted on those who do not have the means to purchase



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Database Generation & Availability

When Regency Direct Marketing was established in 1996:

- direct response lists were not readily available
- RDM turned to the only companies they knew of with names and validated addresses of individuals who had the means of purchasing via direct mail
- Banks
- banks will not allow their databases out; if you want to access to their customers; you must insert in their monthly billing statements
- provide them the artwork for printing and personalization
- unlike financial organizations in other markets, banks in India will allow name capture
- RDM has learned from its experiences that an Indian bank list is one of the finest lists on the Indian market place



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Database Generation & Availability, (cont'd)

- Ensure mailing lists are rented from a reliable source, (mailing lists are available on the black market and almost never work)
- Ensure addresses on the list are validated
- Only standardize during your merge purge process if you are confident that key address elements will not be altered as Indian addresses are quite complicated; example:
 - Sanj Aggarwal
 - 12, Matruchaya, K. Hatiskar Marg, (Flat No., Building Name, Street Name)
 - Above Regency Direct Marketing, near Tata Press, (Land Marks)
 - Old Prabhadevi, Mumbai 400025, (Suburb, City, PIN Code)
- Previous direct response history is the largest determiner on whether or not a list will work
- In short, majority of the world's DM principles will work



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Testing – Local & Offshore Strategies

Data Sources

- be careful who you rent from, (black market lists are often masked as being direct response generated)
- start by testing mailings in to major metro first

Creative

- have a India expert look at your packages to accommodate local nuances
- leave sufficient spacing for abnormally long addresses

Printing

- can print within India or mail from overseas into India, (printing and mailing within India will be approx. 35% cheaper doing so from overseas)



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Testing – Local & Offshore Strategies, (cont'd)

Remailing

- for packages where an International look and feel is required, mail can be picked up in India by an International carrier, slugged and stickered and brought back for delivery
- mailings where the envelope does not have to be sealed can be mailed at a discounted rate via India Post
- local courier companies mail services with proof of delivery; it is recommended



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Testing – Local & Offshore Strategies, (cont'd)

Response Handling:

- responses can be sent overseas or to local boxes
- Free Post addresses are available through companies such as Spring India
- 1-600, (toll-free), numbers are available in most major metros
- Indians will almost always provide their phone number and email address if it is available

Mail Opening and Data Entry

- data security is a concern
- decoy your outgoing mail files



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Testing – Local & Offshore Strategies, (cont'd)

Fulfillment

- local fulfillment packages should be sent via a National courier services such as BlueDart, (mail and packages sent by regional couriers are often dumped/stolen)
- International fulfillment via post is quite reliable



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Case Studies

- US Electronics Company
 - Market Launch with Credit Card Syndication
- International Leather Shop
 - Checkbook Wallet



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Case Study - I

CUSTOMER	Top US Electronics Company
Product	High-End Consumer Entertainment Equipment
Client Brief:	To create brand awareness and position as a premium product.
Targeted Audience	Upper middle class, gold cardholders whose monthly income exceeding 2,50,000, (after much convincing).
Ticket Size	US\$850.00
Vehicle	Billing statement insert through. 1.Citibank 2.ICICI Bank 3.HSBC 4.Standard Chartered Bank
Quantity	4,00,000 inserts
Response	120 orders 2400 calls into call center
Result	For the first time a product with Ticket size of US\$850.00 was promoted for a direct merchandising offer. The fact that 120 orders were received was amazing as there were many doubters about the effectiveness of this medium for a high ticket size product. More importantly the toll free no a the call centre received as many as 2400 inbound calls in response to the inserts that they had received. This was the first time an Insta Buy scheme had been used in Indian direct response, (financing).



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Case Study - II

CUSTOMER	International Leather Shop
Product	Cheque Book Wallet
Client Brief:	Merchandise offer through Billing Statement Insert
Targeted Audience	All Card Base
Ticket Size	Rs. 399/-
Vehicle	Billing statement insert through. Citibank ICICI Bank HDFC Standard Chartered Bank
Quantity	600,000 inserts
Response	4.2% response at an average order size of 1.4.
Result	The advertiser initially received 25200 orders adding up to a sale of 35280 Cheque Book Wallets and still going!



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Questions?



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