

REGIONAL REPORT

Vancouver

Although relatively small in size, the west coast DM market is ripe with opportunity

With a population of 578,000 spread over 114.7 square kilometres, Vancouver is Canada's eighth largest city. It also boasts Canada's largest and most diversified port, trading \$75 billion in goods annually and is home to a number of different industries, including the mining, forest, biotech, film and software industries. If you're a direct marketing supplier, Vancouver offers easy access to a wide variety of business sectors on local, national and international levels. And

although not many head offices call this west coast city home, Vancouver's DM community offers plenty of work to go around.

"It's not a huge market but it offers a lot of opportunity," says Mark Weeks, General Manager of Integrated Direct Response Services (IDRS). "A lot of business has gone east (to Toronto) because the shops there have better capabilities so suppliers here have learned that the opportunities for new business come from the specialized services that they can provide."

IDRS has found their niche in translations for international clients and currently offers in-house translation services for German, French and Japanese. At this time about 50% of their work is for clients outside of North America.

"There is some competition on the printing side for translation but not much on the front end locally."

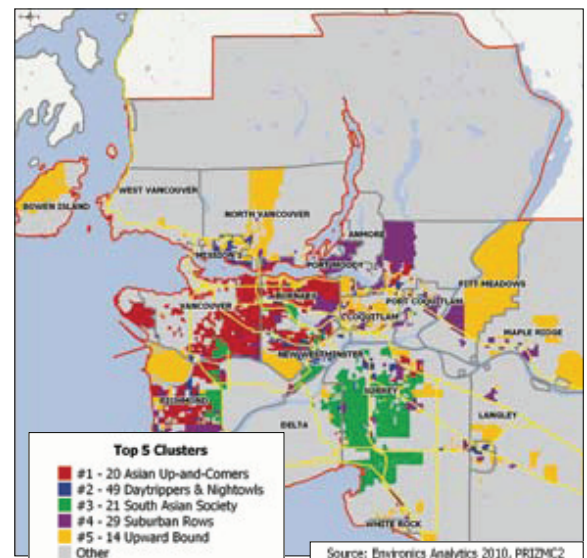
Weeks also says that because of the smaller market in Vancouver, pricing among competitors is fairly similar as rival suppliers are respectful of each other and recognize that undercutting just drives the market down.

"So this makes relationship management with our clients even more important."

Karly Black, General Manager of Datacore Mail Management Services, a small letter shop in Vancouver proper, agrees that although there is a lot of competition in Vancouver's DM industry, there is also enough work to go around.

"There's such a huge cross-section of industries in Vancouver that there really is something for everyone," she says. "That being said, relationships are very important here, more so than in other markets I've worked in where price was king. Price is important here to but the ability to deliver on promises and build customer loyalty trumps price."

At Datacore, most business is provincially-based but many of the clients are national and run the gambit from not-for-profit to national firms. Most of Datacore's growth in the last year



about it.

"Our clients are looking for more strategy and creative help from us now than ever before so from our perspective, the DM industry is recovering quickly here and performing fairly well right now."

Timing is everything

A big advantage to doing business in Vancouver, according to Kristjan Gibson, is the overlapping time zones that allow local businesses to effectively service international clients.

"Vancouver is an ideal location for dealing with international clients because with the time zone differences we are able to up and running during the regular business hours of all our clients around the world," says Gibson, a Consulting Manager with JR Direct a direct response marketing company located in the tiny suburb of Ladner.

JR Direct has only a handful of local clients with most of their business coming from outside of Canada

PacNet Service, an international payment processing company based in downtown Vancouver since 1994, also enjoys the time zone benefits as well as easy access to Vancouver's international airport.

"A very small percentage of our clients are Canadian-based," says Renee Frappier. "Only about 10 per cent. Sixty per cent are in the United States and the remaining 30 per cent are outside North America."

"In the morning I can talk to Europe and then in the afternoon Asia comes online. I can talk to everyone I need to talk to globally during our regular business days."

What all of PacNet's clients have in common is that they are marketing to people outside of their own countries.

While many people have changed to online payments and ecommerce, Frappier says cheques are still a really important payment method for DM, an opinion backed up by 20 per cent growth in PacNet's business over the last year.

Bucking the trend

Another Vancouver business bucking the trend and showing positive growth is Metropolitan Fine Printers, a high-end printing house and the official printer

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of the 2010 Vancouver Winter Olympic Games. One of the most awarded printers in both Canada and the U.S., Metropolitan prints anything weird and wonderful for a variety of sectors. Because of their reputation for excellence, about 65 per cent of Metropolitan's business comes from advertising agencies.

All of this without leaving their own back yard.

"The majority of our business is local to Vancouver," says Nikos Kallas, Business Development Manager for the business his father built from scratch. "We do very

little across Canada but do have clients in Oregon and California."

According to Kallas, business has been booming at Metropolitan for the past few years. He says that although the runs are getting shorter due to the lagging economy, they are getting more targeted and more creative.

"People are mailing less but they're printing higher-end products," he says.

Frank Ferrucci of Mail-O-Matic in Burnaby has also been having a banner year, thanks in part to the variety of services his company has to offer.

clients all over the country. With offices in Vancouver and Toronto, this firm is able to service clients on a national scale.

"We have no problem servicing our national clients from Vancouver," says Lynn Boardman, Managing Director. "But our Toronto office also allows us to have a local presence in a market that would sometimes prefer to meet face-to-face rather than proof material over email."

According to Boardman, the not-for-profit sector is very important to the DM industry in Vancouver because the

Applications Inc. – both of which use Vancouver as a home base for an international client base.

For ResponseTek, Vancouver businesses account for only five per cent of their clients while Tetrad does about 80 per cent of their business stateside.

The self-proclaimed "supermarket of data", Tetrad was the genius behind P-Census, a software application that combines the Canadian and U.S. census information with popular mapping platforms to allow direct marketers to perform heavy-duty analysis of their consumer base.

Companies like McDonalds and Blockbuster use P-Census to determine the best locations for new retail outlets and to determine the type of promotional that will be most effective for particular areas.

Looking forward

As Vancouver begins to recover from the economic downturn, and with a new influx of money into the local economy

thanks to the recent Olympic Games, members of the DM community have high hopes for 2010.

"It's been a tough year for many companies but for some, because of the Olympics, they're looking forward to their best year yet (in 2010)," says Karly Black. "It just depends on where you are on the food chain. Personally, I've always felt that being somewhere near the bottom where everything comes together is a lovely place to be as long as you are proactive rather than reactive."

Black believes that the DM industry in Vancouver will continue to strengthen as people stop dwelling on the recession and begin anticipating good things to come.

And according to Gordon Taschuk, west coast DM suppliers will continue to thrive not by stealing clients from their competitors but instead by looking at how they can expand their services to offer better value to their clients.

It really is relationship marketing at its best. **DM**

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WHO WE VISITED

- Canpages, Burnaby
- Datacore Mail Management Services, Vancouver
- Harvey McKinnon Associates, Vancouver
- Integrated Direct Response services, Delta
- JR Direct, Delta
- Kirk Integrated Marketing services Ltd., Richmond
- Mail-O-Matic, Burnaby
- Metropolitan Fine Printers, Vancouver
- PacNet Services, Vancouver
- Responsetek, Vancouver
- Stratcom Strategic Communications, Vancouver
- Tetrad Computer Applications Inc., Vancouver

"We're not just a letter shop and I think that clients sometimes forget about all of the other things we can do," says Ferrucci, whose company has expanded to meet the growing needs of its client base.

Mail-O-Matic, apart from mail prep, data processing and direct addressing, also offers extensive back-end analysis and database management services to clients that span a variety of sectors – including not-for-profit.

"The great thing about not-for-profit work is that when things are good, they mail lots. And when things are bad, they mail lots."

Harvey McKinnon Associates has built their entire business on not-for-profit

budgets tend to be more stable. And although the last 18 to 24 months have been hard on the sector, things have started to pick up lately.

"DM continues to work well for our clients because it allows them to raise money and build relationships," she says. "The real value is in converting one-time donors into monthly givers."

Surprisingly, Harvey McKinnon doesn't have to share Vancouver's NFP sector with other local suppliers as Broadman says most of the competition comes from Ontario.

On the software side of DM, Vancouver is home to top companies like ResponseTek and Tetrad Computer

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