

AN EXPLORATORY STUDY OF
A DIRECT MARKETING CONCEPT: THE "HUPPIES CLUB"

BY

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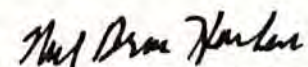
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RESEARCH REPORT
PRESENTED TO
THE GRADUATE SCHOOL

IN PARTIAL FULFILMENT OF
THE REQUIREMENTS FOR THE DEGREE OF
MASTER OF BUSINESS ADMINISTRATION

THREE YEAR MBA PROGRAMME
THE CHINESE UNIVERSITY OF HONG KONG

1990



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CHAPTER 1INTRODUCTION

"When you wake up ten years from now, you will find direct marketing is beginning to take over. If you choose direct marketing, you will be entering the most vital segment of the economy for the next 50 years."

Predicted by Ed Ney

Chief Executive, Young & Rubicam
in the 1960's (1).

(1) BIRD D. Common Sense Direct Marketing Kogan Page, London 1989

1. SOME OBSERVATIONS ON DIRECT MARKETING IN HONG KONG

Direct marketing is defined by the Direct Marketing Association as "an INTERACTIVE system of marketing which uses one or more advertising media to effect a MEASURABLE RESPONSE and/or transaction at ANY LOCATION (1)." It communicates an advertising message DIRECTLY to a prospect and/or customer to seek to produce some type of immediate action.

It is different from general marketing and has unique characteristics, as will be explained in Chapter 2. Worldwide, direct marketing is growing at two to three times the rate of general advertising (2). Although Hong Kong is estimated by industry observers to be fifteen years behind world leaders in this field, it certainly is moving in the global direction (3).

(1) Roberts, M. L. & Berger P. D. Direct Marketing Management
Englewood Cliffs, Prentice-Hall,
Inc. 1989

(2) Bateman, M. "Direct Marketing in Asia" Asia Advertising & Marketing
June 1989

(3) Ibid

As a regional centre for Asia, Hong Kong is the largest volume market in direct marketing, ahead of Japan and Taiwan. One expert at Times Direct Marketing estimated that the current annual growth of direct marketing activities (not expenditure) would be around 40-50% in Hong Kong in 1989. This is compared to roughly 30% in Singapore (4) and 20% in Japan (5).

Ogilvy & Mather Direct opened the first direct marketing agency in Hong Kong in 1980, and virtually monopolised this market till 1985. Their billings for 1989 were projected to be around HK\$92 million by Mr. Godfrey Rooke, who heads the agency and also chairs the Hong Kong Direct Mail & Marketing Association (6). Their closest rivals are the Ball WCRS Partnership and J. Walter Thompson Direct, which together will account for another HK\$50-60 million, as projected by Rooke.

Direct mail (which is often wrongly perceived to be synonymous with direct marketing) merely represents one specific advertising medium used to deliver a direct marketing message. It is still by far the most popular medium in the broader area of direct marketing.

(4) Ibid

(5) Tomkins, J. "Direct Marketing Survey"
Journal of the American Chamber of Commerce in
 Hong Kong Sep 1989

(6) Rooke, G. O & M, Direct H.K. Direct Mail & Marketing
 Association
 Interview Nov 2, 1989

However, telemarketing and direct response television are key growth areas in the next decade. Telemarketing was defined by Stone and Wyman as the "integrated and systematic application of telecommunications and information processing technologies with management systems to optimize the marketing communications mix ... to reach its customers." (7) Or, in simpler language, telemarketing consists of outbound telephone sales calls (from marketer to prospects) as well as inbound calls (from prospects to marketer) effecting a sale or enquiry. It enjoys the benefit of retaining personalised customer interaction while attempting to improve cost effectiveness. In 1986, telephone accounted for as much as \$41.2 billion in US promotional expenditures (8).

Direct response television uses television commercials which hopefully evoke consumer response to enquire or purchase. The onset of the cable television era in Hong Kong will add another dimension to direct marketing. The highly targeted cable television channels offer opportunities to marketers who can match products and offers to a special audience through association with special interest programming.

(7) Stone, B. & Wyman, J. Successful Telemarketing
Lincolnwood, NTC Business Books 1986

(8) Roberts, M. L. & Berger P. D. Direct Marketing Management
Englewood Cliffs, Prentice-Hall 1989

American Express is regarded as the foremost user of direct marketing in the world. Although Reader's Digest came to Hong Kong as early as 1968, American Express has been more active and maintains the role of leading direct marketer. In 1988, American Express sent over 10 million pieces of direct mail materials in Hong Kong, made almost 40,000 marketing phone calls, and made personal sales calls on nearly 50,000 prospects (9).

The key problem faced by the direct marketing industry in Hong Kong is the lack of direct marketing professionals (which is aggravated by the 1997 brain drain crisis) (10). Companies resort to expatriates as a temporary measure, and to training as a long term remedy.

Another limitation is the need to continuously educate the marketing community, since direct marketing is still a relatively new discipline. The lack of support services constitutes another key drawback for the

-
- (9) Tomkins, J. "Direct Marketing Survey" Journal of the American Chamber of Commerce in Hong Kong Sep 1989
- (10) Bingham, C. "Hong Kong Embraces Direct Marketing" Asian Advertising & Marketing Dec 1986

industry: for instance, the lack of high quality mailing lists, no "merge and purge" facility, etc. "Merge and purge" refers to the elimination of duplicates from a single list or a collection of lists. This process is extremely complex in Asia because of bi-lingual composition of names, the similarity of many Chinese names (the uniqueness of Chinese characters), and the lack of zip codes (11).

2. THE NEW GENERATION - HONG KONG YUPPIES

Direct marketing remains a relatively new commercial phenomenon to the average Hong Kong consumer. One segment of this market, however, is young, well educated and has or aspires to western values and lifestyles. This consumer group is generally more receptive to new trends and ideas, including direct marketing.

This segment is often labelled as "yuppies". Yuppies are generally understood as young upwardly-mobile urban professionals. A more detailed profile of yuppies will be provided in Chapter 2. "Huppies" are simply yuppies in Hong Kong. For the purpose of this project, Huppies are defined as people having the following characteristics:

(11) Ibid

Both sexes

Young (25-40 years)

Well educated (Tertiary or above)

Executives or professionals

Upscale or upwardly mobile

(Personal income HK\$20,000+ per month)

Ethnic Chinese

Western lifestyle

Value quality, prestige, individuality

Live in Hong Kong

Besides their receptivity to novel concepts, the other key reason for selecting this group to study direct marketing issues is the classic principle of targeting big spenders/heavy users who are most likely to bring the most profit per marketing dollar.

Given the booming economy, the increase in two-income families and the decline in birth rates and family size (see census data, Appendix I), there is a general increase in disposable income per person and hence a rise in living standards and quality of life. Further, the delay in getting married and the increasing age of bearing a first child also gives rise to the growth of a yuppies segment. Before they have

children, such consumers may be considered as DINKS, a popular term signifying "Double Income No Kids".

Although the above trends rest heavily on the stability of the economic and political situation, currently available indicators suggest that this is going to continue, particularly with many emigrants who have obtained residential status overseas and subsequently return to Hong Kong.

3. OVERVIEW OF THE HUPPIES CLUB CONCEPT

The Huppies Club is centered on the production and distribution of a high quality monthly newsletter to its members. It covers:

- (i) Upmarket and interesting editorial ("What's up")
- (ii) A tasteful gossip column ("Who's who")
- (iii) Major events and entertainment ("What's on")
- (iv) New trends in fashions, cars, interior decoration, etc. ("What's new")
- (v) Members' privileges for the month ("What's for me")

This newsletter provides a direct marketing medium for building and nourishing a continuous relationship between the Club and its members (and among members). Despite the lack of physical club premises, member interaction is encouraged via social functions hosted by the club, for instance (conceptually): (i) a preview of Oscar-winning movies and a cocktail party to follow; (ii) a ball on the Trump Princess (a very luxurious boat) when it comes to port.

The target is the Hong Kong yuppies ("Huppies") as defined in the previous section. However, screening of membership application has to be very selective, and "exclusive" to match the upscale image. This is not a club for the masses.

Membership Benefits

Both tangible and psychological benefits are offered. On the tangible side, the Club provides information in a high quality, relevant and easy to read context.

Membership privileges in high class sponsoring outlets are functional benefits packaged as a suggested shopping list for the month.

Examples of such special offers are given in the following section.

Psychological benefits constitute the most critical element of the Club concept. They address Huppies' egos in providing prestige, sophistication and reassurance that they have made it. Recognition is symbolised by a Club member identity card that members need to show to gain access to membership privileges.

Sponsors and Value Added Offers

Sponsors are carefully selected to match the upscale and sophisticated lifestyle of Huppies who know how to appreciate the finer things in life. These sponsors must be well known and top of the range to be appealing to our targets. More importantly, they tend to reflect the values, status and image of the members.

Members' privileges must be designed to enhance perceived value rather than to discount and make it easier to reach. To avoid cheapening product/service image, all offers have a time limit of one month and are exclusively reserved for members.

Some offers are listed below by way of example.

- (i) Polo Ralph Lauren menswear - invitation to preview of 1991 summer fashion
- (ii) Estee Lauder cosmetics - free travel kit upon purchase of over HK\$700 merchandise
- (iii) King's Arms Pub - free drink during week days
- (iv) Lane Crawford department store - 20% discount upon purchase of over HK\$1,500 merchandise
- (v) Tom Turks Health Club - first 4 gymnastic class free for new members
- (vi) Wall Street Restaurant - free glass of XO brandy after dinner
- (vii) Macau Hyatt Taipa Resort - good value weekend package which include jeep rental and free dinner at any Hyatt restaurants
- (viii) William Artists Lighting - pre-sale invitation
- (ix) Cartier His & Her Watches - personalised with engraving, gift wrapped and delivered with a personal message
- (x) Nikon Camera - free book "Photography in 1990's" upon purchase of camera

Benefits for sponsors are numerous. The Club provides an upscale environment and a circle of highly targeted audience for luxury goods marketers such as the above. By sponsoring, the brand or company gets onto the shopping list of the month. There can be additional Public Relations (PR) value when cross-ruffed in the editorial and other sections of the newsletter.

More directly, the newsletter serves as an advertising medium with the following merits.

- (i) Very targeted reach with virtually no wastage.
- (ii) Cost efficiency per prospect.
- (iii) Less cluttered environment (compared with television, newspaper and general interest magazine).
- (iv) Higher chance of being read (compared with other direct mail) because a personalised Club newsletter is not unsolicited.

Business Opportunities For The Club

The membership database, which details member demographics, purchase pattern, response to various types of products and offers, gradually builds up to be the most valuable asset of the Club.

Major sources of revenue come from newsletter advertising revenue from sponsors and other interested advertisers and "rental" of the membership list to direct marketers who share the same targets as those of the newsletter and would like to send an independent package to Club members. Entry and subscription fees are regular sources of revenue.

This project seeks to explore this Club concept in a qualitative sense among Huppies. If warranted, a quantitative stage would be required as the second stage to confirm findings of this study and to study in detail the technical feasibility of designing a direct mail package/newsletter and evaluating the financial viability of this business proposition.

CHAPTER 2

LITERATURE REVIEW

1. WHAT IS DIRECT MARKETING?

The definition of Direct marketing given at the beginning of Chapter 1 is a widely quoted definition provided by Direct Marketing Association in the United States. There are three key elements in this definition that are worth emphasis.

- A. Interactive and response - The marketer and prospective customers engage in a two way communication. The prospects are encouraged to confirm purchase or simply to make an enquiry.

- B. Any medium - The communication can take place in any medium -- mail, telephone, television, etc.

- C. Measurable - A response, or lack thereof, can be associated with individual prospects whose characteristics are known. The specific communication that has prompted a certain response can also be identified. Hence, effectiveness of programs can be measured and evaluated for input into future planning.

Godfrey Rooke of the Hong Kong Direct Mail & Marketing Association (v.s.) has offered this taut definition for direct marketing:

"It is a way of marketing. It includes any activity whereby you reach your prospect or customer directly as an individual - or they respond to you directly." (1)

Denise Leo, General Manager of J. Walter Thompson Direct, holds that direct marketing is a way of thinking (if not indeed in some sense a "discipline"), rather than a mere technique (or "tool").

2. DIRECT MARKETING VERSUS GENERAL MARKETING

The differences between general marketing and direct marketing are quite notable. They are summarized -- in a very broad sense -- on the following page (2,3).

-
- (1) Rooke, G. "A Step Closer to Perfect Marketing"
Unpublished presentation script October 1989
- (2) Roberts, M. L. & Berger P. D. Direct Marketing Management
Englewood Cliffs, Prentice-Hall, 1989
- (3) Stone, B. Successful Direct Marketing Methods Chicago,
Crain Books, 1984

ADVERTISING VIA DIRECT MARKETING

- Communicates directly with prospects
- Individual audience, highly targetable
- Personalised communications
- The medium is the marketplace
- Usually considered as "below the line"
- Used primarily to motivate specific and immediate action
- Effectiveness quite measurable (responses, sales)
- Highly controllable (pick the time, place, size, etc.)

ADVERTISING IN GENERAL MARKETING

- Reaches through mass media
- Mass audience
- Impersonal communications
- Retail outlet is the marketplace
- "Above the line"
- Used for cumulative effect over time (e.g. Image building, awareness, etc.)
- Effectiveness usually based on surrogate variables, rather than sales
- Less controllable (in media that have deadlines and limitations, clutter, etc.)

3. MERITS OF DIRECT MARKETING

The distinctive characteristics of direct marketing as cited above reveal some of its perceived viability.

From a marketer/advertiser's perspective, direct marketing offers:

A. DIRECT COMMUNICATION

B. IMMEDIATE RESPONSE

C. MEASURABILITY

D. CONTROL

E. PRECISION TARGETING

With a good list, a marketer is able to segment and identify the market he wants to reach by demographics, purchase behaviour and region. Wastage is minimized. He can even personalise and tailor the copy to appeal to known characteristics of a list.

F. ENHANCED MARKET PENETRATION

Direct marketing offers the opportunity to "fill the gaps" in an existing distribution system. It is useful in reaching unrepresented markets where one lacks a sales force, or in providing alternatives to consumers who may choose between buying direct and at retail.

G. PROJECTIBLE FINANCIAL INVESTMENT

When activities are measurable, testable and under control, a direct marketer should be able to project expenditures, revenues and return.

4. WHY DOES DIRECT MARKETING GROW?

In view of the many advantages listed above, it is easy to understand why direct marketing is gaining acceptance among marketers. However, there are other social developments that contribute to its popularity.

A. GROWTH OF INDIVIDUALISM

In the past, surely in the less affluent times before World War II, there was less variability among consumers, if only because of limited incomes with which to play out their needs and wants. And in the immediate post-war period, the dramatic new medium of television overwhelmed everything else in its ability (for the first time in history) to mass market showing the product in action. Hence, mass advertising worked very well.

Now, values and lifestyles are changing and people more and more want different things. Consumers are no longer content with Henry Ford's approach ("You can have any color car you like so long as it's black") in mass production of goods and services (4). Customization and consumer choices are called for. Rooke has termed today the "era of niche marketing", which is reflected in the proliferation of special interest magazines and numerous line extensions for brands like Coca-cola and Marlboro (5). Direct marketing allows more precise targeting and segmentation.

(4) Chen, M. & Cheng, E. An Overview of the Direct Marketing Industry in Hong Kong Unpublished MBA Research Report
The Chinese University of Hong Kong 1989

(5) Rooke, G. "A Step Closer to Perfect Marketing"
Unpublished presentation script October 1989

B. DEMOGRAPHIC CHANGES

Direct marketing is appealing to consumers who have disposable income, limited time and a desire for specialty goods. Hippies fit into this category and will be discussed in greater detail in the latter part of this chapter. There is the growth of working women (Appendix Ib) who enjoy their second income in the household but need to allocate limited time among their roles as wife, mother and worker. Overall literacy and education level have been improving; this has strengthened the feasibility of direct mail (Appendix II).

Schwartz, in his article "The Evolution of Retailing", pointed out that retailers in the U.S. were adapting to a changing population (improved education and lifestyles of baby boomers) by catering to people with more money and less time to spend. Many shopping malls became specialised and some joined with direct marketers to merge in-store and out-of-store selling techniques. (6)

C. CONCERN FOR QUALITY

Growing affluence (Appendix Ie) has made consumers less price conscious. Quality, service and design are emerging as more and more important. Consumer tastes have become more sophisticated and specialised.

(6) Schwartz, J. "The Evolution of Retailing" American Demographics
Dec 1986

D. FRUSTRATIONS OF RETAIL SHOPPING

Shopping at crowded stores has become very time consuming and not enjoyable because of the problems and expenses of transportation. Direct marketing, on the other hand, means shopping at leisure in the comfort of one's own living room.

E. IMPROVING IMAGE OF DIRECT RESPONSE

Direct marketing was previously seen as suitable only for downscale products, such as low-unit-cost novelty items, cheap books, etc. This perception has changed. High quality merchandising catalogues in the U.K., for example, are now designed to appeal to yuppies who seek convenience of shopping for unique items at home. Examples are the Sunday Times Wine Club, Clothkits and Innovations high technology items; all of these operations try to demonstrate a commitment to integrity and credibility (7).

F. ADVANCE IN COMPUTER TECHNOLOGY

A database is a computerized list of prospects and customers incorporating relevant details about them. Computers allow segmentation to a very finely focused level. They identify prime prospects and thus eliminate waste circulation that occurs in mass advertising. Computers also minimize wastage by quickly determining duplication of names among lists. Computer-generated letters have also enabled personalisation of messages.

(7) Gerrie, A. "First Class Mail" Marketing (UK) May 21, 1987

Further, cost of computer processing and storage has consistently been on a decline. A 50% gain in efficiency per annum has been estimated (8).

G. WIDESPREAD USE OF CREDIT CARDS

Credit cards offer customers more protection; consumers are reassured about refunds if merchandise turns out to be unsatisfactory. The use of credit cards has also simplified payment procedures and encouraged purchase of more expensive items.

H. SEARCH FOR ALTERNATIVE MEDIA

Television, which has traditionally been a dominant medium for advertising in Hong Kong, has become very costly to advertisers. Competition for prime-time spots has also contributed to the megaclutter of commercials.

Marketers targeting at young socially active consumers need to look for alternative media since their prospects are not usually at home watching TV.

Regulations governing tobacco and alcohol commercials have forced such advertisers to reach out for alternative media such as direct mail. For instance, cigarette ads will be banned from television starting December 1990. All major tobacco companies have already started building a smoker database and a continuous relationship with prospects and franchise smokers.

(8) Rooke, G. "A Step Closer to Perfect Marketing"
Unpublished presentation script October 1989

5. PRIME PROSPECTS OF DIRECT MARKETING

Existing literature does not directly address the question of which consumer segment is most receptive to and most suitable for using direct marketing. When this question was posed to Denise Leo, General Manager of J. Walter Thompson Direct (9), she suggested consumer segments that are:

(i) OF LOW PENETRATION

High penetration targets (such as refrigerator-owning households) can be more cost efficiently reached by mass marketing.

(ii) READILY IDENTIFIABLE

Consumer targets with characteristics that are difficult to identify (such as adults wearing contact lens), are very hard to locate, and existing database of these prospects are unlikely to be available.

Deducing from the previous section, direct marketing is most appealing among consumers with the following characteristics:

1. YOUNGER AND BETTER EDUCATED

They are often more westernised and receptive to new concepts.

2. HIGH DISPOSABLE INCOME BUT LIMITED TIME

They are willing to pay a little bit more for better quality, additional service and convenience.

(9) Leo, D. J. Walter Thompson, Direct Interview October 30, 1989

These include professionals, business executives, Hippies, working women, mothers with babies, etc. Senior citizens (or elderly people) who are important direct marketing targets in the United States, are not a major segment for Hong Kong because of their low literacy level and purchasing power.

6. KEY TO DIRECT MARKETING SUCCESS

Just as in general marketing where key decision variables (product, price, promotion, place) are identified, a set of variables has been identified for direct marketing.

A. THE RIGHT PERSON

To target more precisely at the right prospects, the quality and nature of the list (and media) are most important determinants of success. If the marketing message does not reach the intended target, it has little chance of being effective.

B. THE RIGHT "OFFER"

The "offer" is the complete "proposition-cum-presentation" made by the marketer to a prospective customer, including the product (or service) itself, the price (and discount) offered, the "image" that goes along with it, etc.

C. THE RIGHT TIMING/SEQUENCING

This refers to issues such as pulsing versus steady flow of messages, campaign versus one-shot communication, seasonal effects, etc.

The appropriateness of timing affects the probability of generating a desired response.

D. THE RIGHT CREATIVE ELEMENTS

These components include the copy platform, the graphic design, the use of personalisation and involvement devices (i.e. techniques that are designed to induce consumer interests/curiosity such as product sample, tokens, etc.)

E. CUSTOMER SERVICE

This refers to added benefits designed to overcome customer resistance to buying via direct response media. For example, free limited time trial, guaranteed returns policy in case of unsatisfactory product), acceptance of several credit cards, etc. This variable has significant bearing on level of customer satisfaction which determines repeat purchase in the future.

This last variable, service, has only been recently recognised, as pointed out by Roberts and Berger (10). The more conventional wisdom of

(10) Roberts, M. L. & Berger P. D. Direct Marketing Management
Englewood Cliffs, Prentice Hall 1989

direct marketing prescribes the relative importance of only the first four variables; the service perspective did not even enter the equation (11).

Right person (list)	50%
Right offer	20%
Right timing	20%
Right creative elements	<u>10%</u>
	100%

These weights indicate very clearly the vital importance of the list to a direct marketer. According to Gail Skolnick, Director of Client Service for O & M Results in 1986, mailing lists are the key to direct marketing success. She believed that only a certain percentage of the population is "direct responsive", and a direct marketer's goal is to find that small group and go after it (12). In fact, precision of targeting by selecting an appropriate list differentiates a piece of so-called "junk mail" from an informative piece of advertising. If a message is sent to the right prospect, the chances that a package will be opened and read are very high: U.S. surveys indicated 75% (13).

(11) Ibid

(12) "Hong Kong Embraces Direct Marketing" Asian Advertising & Marketing Dec 1986

(13) Tomkins, J. & R. "Direct Marketing Survey" Journal of The American Chamber of Commerce in Hong Kong Sep 1989

The importance of the list also reflects the market value of a good list to its owner as it becomes available for rental. This school of thought constitutes a cornerstone for the business concept of "Huppies Club", since the Club membership database will become an extremely valuable asset to be marketed.

7. DIRECT MAIL IN HONG KONG

Direct marketing -- as already noted -- takes various forms, ranging from direct mail, telephone marketing to direct response television. One of the most innovative forms is a newsletter placed in the most popular brand of packaged rice, Golden Elephant: it is estimated that 600,000 households are regularly receiving newsletters with advice from a TV personality Ms. Au Yeung Po Chu (14).

Among these forms, direct mail has been the most traditional and common form. In the U.S., direct mail accounted for US\$17.1 billion, or 17% of all media advertising expenditure (15). (In Hong Kong, such comparable information is not available.) However, to give a perspective on magnitude, in 1988, direct mail volume accounted for 20% of all mail

(14) Moore, J. "New Media Option: From the Rice Pack to the Newstand"
Sourced from D. Leo of J. Walter Thompson, Direct

(15) Roberts, M. L. & Berger, P.D. Direct Marketing Management
Englewood Cliffs, Prentice Hall 1989

handled by Hong Kong Post Office (16). In other words, out of the two million items processed each day, roughly 400,000 items are direct mail packages on average. Considering that the Post Office has an annual budget of HK\$1 billion and a surplus of HK\$400-500 million per year on average, direct mail represents a very big business. Besides, mail traffic is expected to grow at a high rate of 10% per annum compound.

According to a recent survey done by Times Direct Marketing, Hong Kong likes getting direct mail (61%, compared with an even higher 89% in Singapore). Even more impressive, this survey quoted 82% actually opened and read the mail they got, and 53% claimed they responded. Not enough details, however, were provided by Tomkin's article to shed light on validity of these numbers. Nonetheless, Rooke, in an interview suggested 60% actually read the mail, and 5% responded. More information would be required to determine the true levels as well as the comparability of these two sets of data.

Comprehensive data is not available, but judging from the above information, direct mail is likely to remain a key medium for direct marketing in the short to medium term.

(16) Tomkins, J. & R. "Direct Marketing Survey"
Journal of The American Chamber of Commerce in
Hong Kong Sep 1989

8. DEFINITION OF YUPPIES

In an attempt to obtain a more formal definition of the seminal notion of "yuppies", six general or social science dictionaries published in the mid-1980's were searched. However, no explanations on the subject were available.

In fact, a search using "ABI-Inform" and other indices revealed that most writings on the subject are covered in business and marketing publications in the U.K. and U.S. such as Advertising Age, Fortune, Advanced Management Journal, Business Week, etc. This obviously suggests at least the perceived commercial lure and potency of the yuppie segment.

Most literature indicates that the term "yuppies" was initially coined to represent young, urban professionals or young, upwardly mobile professionals. The real characteristics of yuppies are much richer than what the above phrases would literally suggest. They are analysed demographically, psychographically and in lifestyle terms in the following sections.

9. YUPPIES' DEMOGRAPHIC CHARACTERISTICS

Birth rates soared in the post war period, peaked in 1958 and levelled off until 1962. Babies born in this period are usually termed "baby

boomers" and Fortune estimated that there were 76 million baby boomers in the U.S. (17).

Some writers use the terms "baby boomers" and "yuppies" interchangeably, but in fact only a fraction of affluent and well educated boomers can be called yuppies (18). American Demographics estimated that only 4.2 million baby boomers are yuppies (19) (After all, it has been noted sardonically that there are also "yuffies" -- young urban failures among baby boomers).

Bush and Ortinau define yuppies on a more specific and quantifiable basis (20).

1. 25-44 years old
2. College educated
3. US\$30,000+(HK\$234,000) annual income

(17) "Yuppies Spending Gets Serious" Fortune March 27, 1989

(18) Settle, R. "The Psychology of Expectations" Marketing Communications
March 1988

(19) "The Big Chill: or Whatever Happened to the Baby Boom"
American Demographics Sep 1985

(20) Bush, A. & Ortinau, D. "Service Marketing to Yuppies"
Journal of Services Marketing Spring 1988

Other demographic variables such as sex, marital status, ethnicity, religion, do not constitute part of the demographic criteria for determining yuppies from non-yuppies.

10. YUPPIES' PSYCHOGRAPHICS

One cannot define yuppies solely by their demographics. Yuppies have a unique set of values, perceptions, attitudes and behaviours.

Some marketers acknowledge this target segment but reject the "yuppie" label. They include Ford Motor Company's Lincoln Mercury Division (21) and J. Walter Thompson Direct (22).

This is due to the stereotyping of yuppies by some people as undesirable (even loathsome) creatures. Yuppies are perceived as ruthless in their striving for power and money because they believe these offer them freedom, choice and flexibility. Yuppies are seen as egocentric and self-indulgent spendthrifts. Theresse Kersten, a specialist on marketing and social values summarized this vividly - "a class

(21) McIlquham, J. "Perspectives on Luxury - Lincoln - Mercury Direct"
Direct Marketing Aug 1985

(22) Leo, D. J. Walter Thompson, Direct
Interview Oct 30, 1989

of people who put off having families so they can make payments on their BMWs" (23).

On the more positive side, yuppies tend to be confident, optimistic, well organised, unemotional and professional. They value performance, achievement and challenge. Yuppies tend to be inquisitive and more willing to take risk, hence, they seem to demonstrate personality traits for innovation and entrepreneurship (24). The goals of the average corporate yuppie are to get both general management experience and profit-and-loss responsibility (25).

Interestingly, yuppies are rather conservative on economic issues but liberal on social issues, according to Business Week (26). Thus, the current political parties may not adequately reflect their stance -- yuppies are too idealistic for the Republicans and yet too pragmatic for the Democrats.

(23) Burnett, J. & Bush, A. "Profiling the Yuppies"
Journal of Advertising Research Apr/May 1986

(24) Ibid

(25) Wiegand, R. "The Care and Nurture of the Company Yuppie"
Business Horizons Jan/Feb 1988

(26) "Baby Boomers Push for Power" Business Week July 2, 1984

In return for their hard work, yuppies look for recognition, status, and fame, and these are clearly demonstrated by their choice of luxury car, designer brand accessories, etc. as status symbols. Taylor Nelson labelled this group of people in segmentation studies as "conspicuous consumers" who are roughly the equivalent of VALS's (Value and Lifestyle System) "achievers" and our project's Hong Kong "Huppies" (27).

Apart from status, yuppies also buy products and services that express their style, tastes and individuality. With these criteria and their own financial capability, yuppies are prepared to pay more for quality, service and convenience.

A very recent article noted a subtle shift in Britain. Baby boomers have now reached career maturity and are financially established. There is now time for the family and children and it's OK to play the traditional woman's role again (28). Implications are new opportunities for marketers of home life and child products/services.

(27) "On the Trail of the Yuppy" Marketing Jun 12, 1986

(28) "What's Next in Lifestyles?" Asian Advertising & Marketing
Dec 1989

11. YUPPIES' LIFESTYLE

Concept of Convenience

Living a fast-paced life, yuppies value convenience and leisure. This has significant bearing on lifestyles, particularly for single yuppies who head their own households, and married yuppies with two incomes. Recent demographic shifts in the United States indicated the expansion of households headed by single and two income families (29).

"If it's a choice between paying a little extra and being with (my children), there really isn't much of a choice" (30).

Ultimately, personal time is the end product of the convenience industry, without trading off quality. In fact, research has concluded that quality and convenience should be stressed when marketing a service to yuppies; distribution strategies should focus on accessibility (31).

The prototypes of convenience marketers are perhaps McDonald's fast food outlets and 7-Eleven Convenience Stores. In the United States, there has been a surge in companies that will take over household chores (e.g. home

(29) "Presto! The Convenience Industry" Business Week Apr 27, 1987

(30) Ibid

(31) Bush, A. & Ortinau, D. "Service Marketing to Yuppies"
Journal of Services Marketing Spring 1988

cleaning, pest control, lawn care, grocery shopping), car care, child and elderly care (32).

There has been an emerging phenomenon in the convenience industry and, that is, catalog shopping. This includes mail, in-flight and electronic catalog shopping service. The large public firm Comp-U-Card International Inc. (electronic catalog shopping service) and Lands' End (mail order seller of sporty clothing for "wholesome upscale people") are good examples in the United States. Between 1981 and 1987, sales for Lands' End grew seven fold to US\$265 million. Its success was attributed to quality of its products, its unconditional guarantee and one-day delivery (33).

Express Marketplace, which targets at young urban professionals and senior citizens, offers an interactive cable television shopping service in Chicago. Merchandise includes grocery, drug store items and floral/gift items with prices comparable to supermarkets (34).

(32) "Presto! The Convenience Industry" Business Week April 27, 1987

(33) Ibid

(34) Lipton, A. "Lights, Camera Telaction!" Supermarket Business
Aug 1988

In the UK, examples include Clothkits, the Sunday Times Wine Club and Innovations which produce merchandising catalogs that are specially designed to appeal to yuppies (35).

Yuppie Homes

A majority of yuppies have crossed the 30-years-of-age threshold and are more likely to be married and home owners (compared to 5 years ago). It has been noted that yuppies are now more prudent in their shopping, and that today's prestige purchase is more a nice home and less of a sports car (36).

Further, some researchers found that yuppies value their homes in ways other than just as status symbols. Yuppies value the self expression in decorating their homes (37).

(35) Gerrie, A. "First Class Mail" Marketing (UK) May 21, 1987

(36) Rice, F. "Yuppies Spending Gets Serious" Fortune March 27, 1989

(37) "Yuppies Do Have Feelings" Chain Store Age Executive May 1988

Yuppies select furnishings that suit their own lifestyles, which are more functional and less ornate than the traditional style. They are receptive to the do-it-yourself furniture assembly concept, offered by chains such as Habitat and Ikea. Value, and not low price, is the key (38).

While some yuppies opt for home computers and high-technology furnishings, others prefer antiques and nostalgic collectibles (39, 40). Yuppies are also the target audience for music/arts events and high-priced art galleries which sell limited edition artwork and sculptures (41).

Yuppies do know how to appreciate the finer things in life. These include gourmet food, restaurants, wines and spirits and even men's

(38) Weber, J. "Living in a New Habitat" Hong Kong Business Today
October 1987

(39) "Yuppies Do Have Feelings" Chain Store Age Executive May 1988

(40) Lindley, D. "Topp-Flight Investment" Barron's Apr 6, 1987

(41) Collins, G. "Paintings By Numbers" Venture Feb 1987

fragrances and skin care (42, 43, 44). Upmarket "department store fragrances" (versus mass-market) fragrances, in particular, are pitched to yuppies, with key brands being Aramis, Polo and Drakkar Noir.

Yuppie Cars

Despite a recent article which detected shifts in the yuppie consumption pattern, an expensive sports car has been and remains a status symbol. It was estimated that yuppies, a prime target of automakers, account for 10% of car sales (45). Besides, car marketers also believe that snaring these trend setters in their youth will give a good chance of keeping them as customers for the rest of their life (46).

Yuppies' key purchase requirements are taut suspension, quick steering, smart acceleration, high quality, and a tasteful and roomy interior. BMW,

(42) Rice, F. "Yuppie Spending Gets Serious" Fortune Mar 27, 1989

(43) Rossant, J. "Yuppies Uncork a Boom in Fine French Wines"
Business Week Jul 1, 1985

(44) Schnorbus, P. "Vial Strategies" Marketing & Media Decisions
Jun 1987

(45) Flint, J. "Plain Vanilla Just Won't Do" Forbes Oct 21, 1985

(46) "Detroit's New Goal: Putting Yuppies in the Driver's Seat"
Business Week Sep 3, 1984

with its functional design and reputation for engineering excellence, may be seen as the ultimate "Yupmobile" (47).

American carmakers try to win yuppies away from imports using Ford Merkur, with its European style hard ride and advanced electronics, and Pontiac, with its image of high performance (48). Japanese Nissan launched its upscale Infiniti in the fall of 1989, on the basis that yuppies familiar with Japanese cars are ready to move up to luxury Japanese models. Marketing of Infiniti stresses friendly and professional purchase experience as well as convenient after sales service (49).

Concern for Health

There has been mixed reports regarding yuppies' concern for physical health and fitness. Burnett and Bush (1986) confirmed that while behaviourally yuppies drink more diet soda and exercise more often, their views on importance of nutrition, natural foods, dieting and health quality are not as strong as the general public (50).

(47) Ibid

(48) Flint, J. "Plain Vanilla Just Won't Do" Forbes Oct 21, 1985

(49) Harris, S. "Automotive Marketing" Advertising Age Feb 29, 1988

(50) Burnett, J. & Bush, A. "Profiling the Yuppies"
Journal of Advertising Research Apr/May 1986

One may speculate that yuppies' interests lie in personal appearance or socialising in a health facilitating environment, and less in health per se ("healthy stuff" that they may eat in private").

Financial Needs

Yuppies are more likely to use automatic teller machines and credit cards. Further, they are careful in managing their funds and tend to invest in stocks, bonds and other financial instruments when compared with the average population (51). From the perspective of financial institutions, yuppies' consumption still takes precedence over investment, making them only modest prospects for accounts.

However, although yuppies may not have big stock portfolios, they are good prospects for asset management accounts, individual retirement accounts, mutual funds and credit products (52, 53). Currently, financial institutions are already marketing aggressively to yuppies who prefer financial convenience (54). Midland Bank PLC in the UK introduced a lifestyle banking account targeted at yuppies with big success.

(51) Ibid

(52) Miller, G. "The Wooing of the Yuppie" Institutional Investor
Dec 1984

(53) Piontek, S. "Transformation in Progress at Kemper"
National Underwriter Jan 5, 1987

(54) Jerving, J. "It's Not Only New Members Who Have New Needs"
Credit Union Magazine Dec 1986

For a 10 pound monthly fee, this account provides modest interest on current balance, free overdrafts up to 250 pounds and no unexpected charges (55).

Yuppies' Children

In the early 80's, many yuppies reached the childbearing stage of the family life cycle, leading to an increase of births -- a "baby boomlet". As many as 41% of babies born in 1981-85 were first children (56). Current first time parents are older than their counterparts 20 years ago and they often have more to spend on their children (57). An estimated US\$3000-4000 is spent on "new equipment" for each first child.

One key reason for such spending is due to the transfer of a better educated, affluent lifestyle from yuppies to their children. Marketers of baby products, especially the upmarket, high quality products are taking advantage of these demographic shifts. This trend cuts across all categories - food, designer clothes, educational toys. Fisher-Price, a major toy manufacturer, directs its advertising to the educated parent, hoping that its reputation will carry over into its new lines of juvenile furniture and clothing.

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- (55) Gofton, K. "Sloane Bank" Marketing (UK) Oct 29, 1987
- (56) Fitch, E. "Youth Marketing - Baby Boomlet Builds Blockbuster Sales"
Advertising Age Feb 14, 1985
- (57) Cosgrove, C. "Babies are Yuppies Too" Madison Avenue Jan 1985

In addition to children who benefit from the yuppie lifestyle, pets also share in the growing affluence. Marketers observed uptrading even in the pet food market (58).

12. YUPIES AND DIRECT MARKETING

In an attempt to identify available means of reaching yuppies, the literature suggests the following characteristics of media habits. Yuppies are more likely to read the business section of newspapers, prefer classical and rock music on radio, and use premium pay-cable stations and music television (59). Although magazine, newspaper, radio and word-of-mouth are the traditional "media" for reaching the affluent, direct mail is certainly growing in popularity (60), particularly if the target market is even more focused: yuppies.

Very little has been written on direct marketing to yuppies. Experts from the advertising business have observed shifts in the affluent market, which has become less homogeneous. There are yuppies, empty nesters (no kids)

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- (58) Therrien, L. "Pet Food Moves Upscale" Business Week Jun 15, 1987
- (59) Burnett, J. & Bush, A. "Profiling the Yuppies"
Journal of Advertising Research Apr/May 1986
- (60) Thomas, P.G. "Portrait of Reaching a Select Group" Advertising Age
May 9, 1985

and dual income families. It was pointed out that one of the only successful tools to market more precisely is direct marketing (61). Burnett and Bush supported the use of direct mail among yuppies. They found that yuppies are more likely to shop through mail-order catalogs.

Various marketers have also indicated the success of direct marketing in their industries. For instance, yuppies seem to represent better opportunities for the use of direct mail in marketing Ford's Lincoln-Mercury. 500,000 direct mail pieces were sent to car owners in three years and yielded favorable response - 17% bought Lincolns (62, 63).

In the context of marketing financial services to yuppies, it is indicated that yuppies are receptive to telephone marketing (64). According to

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- (61) Strazewski, L. "Well-To-Do Market Keeps Shifting" Advertising Age
Aug 23, 1984
- (62) McIlquham, J. "Perspectives on Luxury Lincoln-Mercury Direct"
Direct Marketing Aug 1985
- (63) Thomas, P.G. "Portrait of Reaching a Select Group" Advertising Age
May 9, 1985
- (64) Jerving, J. "It's Not Only New Members Who Have New Needs"
Credit Union Magazine Dec 1986

Child Craft, Inc., direct marketing in the baby and children's market is one of the most profitable mail order businesses in the U.S. In 1987, mail order sales of children's toys and clothing totaled US\$550 million, with an annual growth rate of 10-12% (65). Successful catalog operations in the UK (see pp. 34-35) further support the effectiveness of using direct marketing among yuppies.

In Canada, several magazines targeted solely at the upwardly mobile have come into being. Goodlife is a direct mail magazine, whose audience is determined by eleven factors, including income, home value, education and job type. People who aspire to have good things in life are also Goodlife's audience (66). The publisher and advertisers are trying to build long term identity: The aspirant who can't afford a product this year may be able to afford it next year.

In the U.S., free city newspapers feature listings of where to go and what to do, articles as well as ads. They are distributed directly to

(65) Simon, V. "Boomer Babies: Marketing Boom or Bust?"
Target Marketing March 1989

(66) Remington, D. "Affluent Marketing: Canada's Rich Hard to Please at Home"
Advertising Age March 13, 1986

specific neighbourhood stores and street corners and are picked up by yuppies. Despite hefty circulation of 100,000+ copies, there are seldom any copies left, suggesting a genuine demand for such editorial content and advertising information by yuppies (67).

13. HUPIES: HONG KONG YUPIES

The United States is the homeland for the yuppie phenomenon and the majority of available literature is written in the western context. Little is published on the lifestyle of Huppies or Hong Kong people in general.

Robinson identified a few developing segments in the Hong Kong market, two of which are likely sources of Huppies (68).

A. Returnees - These people have lived abroad and returned to Hong Kong with changed perceptions about their goals in life. They measure status in terms of display of individualism, of concern for quality and worldliness. Their product purchase and media habits are western oriented.

(67) Kaplan, M. J. "Alternature Papers Offer Direct Line to Yuppies"
Advertising Age Nov 7, 1985

(68) Robinson, C. "What Makes Hong Kong Different"
Asian Advertising & Marketing June 1987

B. Working Educated Women - They are well educated (college degree holder) and have attractive salaries. They are conscious of their rights and are independent.

Local marketers generally feel positive about the Huppie market. A few examples are cited below.

Before the Beijing incident in June 1989, demand for and prices of luxury flats in Hong Kong were forecast to continue to increase, reflecting the growing affluence of the local economy. In particular, Huppies employed in finance, banking, insurance were expected to demand better flats as their incomes increased (69, Appendix III).

The furniture chain Habitat has been very successful in Hong Kong. Huppies, their prospects, are not buying on price alone; they are more fashion conscious and affluent and they go for expressing their tastes and styles in furnishing. The concept of encouraging consumers to sit on sofas and co-ordinate lamps, fabrics, etc. (i.e. No "Don't

(69) "Changing Tastes: Luxury Flats May Run Short" Hong Kong Business Today
Aug 1986

Sit/Touch" signs) makes shopping pleasant and is very appealing to their target group (70).

Retail bankers and credit card companies in Hong Kong (e.g. Westpac, American Express) have identified a new target group -- Huppies who plan to stay in the territory beyond 1997 (71, 72). Housing loans are designed to enable the Huppie buyer to step into the market (instead of resorting to extended family funds). Huppies are attracted by financing that allows them to buy property and yet still have money to furnish the home and enjoy good things in life. Recognising this, the Standard Chartered Bank launched "Mortgage Plus" in May 1986. Their "tax pleaser" is a loan targeted at the upscale market, which pays taxes directly and frees up funds that can finance other luxuries.

In the car industry, John Chan, CEO of Zung Fu Co. Ltd. (distributor of Mercedes Benz) observed that Hong Kong car owners' emphasis

(70) Weber, J. "Living in a New Habitat" Hong Kong Business Today
Oct 1987

(71) "Hong Kong Banks Court Upwardly Mobile Customers"
Asian Advertising & Marketing June 1987

(72) "Credit Cards: We'll be here in 1997 and beyond"
Hong Kong Business Annual 1990

seems to have shifted from short term economy, to quality and long term value (73). Mercedes Benz alone grew by 76% in sales volume while the private car population dropped by 36% in the period 1981-86. Between 1982 and 1985, the luxury European car segment grew from about 16% to 30% of the market, reflecting a growing affluence and demand for status and prestige.

"To some people, to be seen driving a Porsche very slowly through Central is more important than its speed" (74).

Being a member of a prestigious club is a key aspect of lifestyle for Huppies. Such "Clubs" include prestigious credit card membership, social and business clubs, health clubs, etc. "Clubbing" (and the "networking" that follows) has become an important stepping stone for ambitious Huppies (and their Asian counterparts) to advance their business and social aspirations (75).

Club Corporation of Asia, a subsidiary of Club Corporation of America, runs a network of 10 clubs in Asia, including Hong Kong. The club projects an image of prestige, well being, elegance, style, success and personal service.

(73) "Hong Kong Car Buyers Shift to Quality" Hong Kong Business Today
Dec 1986

(74) Lynam, R. "Hong Kong Car Sales Shift Gear"
Hong Kong Business Today Jan 1986

(75) "The Art of Clubbing Prestige With Profit" Asian Finance May 15, 1987

The membership recruitment policy exploits man's snob instinct and perpetuates the club's preservation of the elite status. Word of mouth and personal invitation (not ads) are used. A typical member is a young, self made company director in the manufacturing or import/export sector.

The club engenders in its members a reflection of their success in the business world. Members want to impress their friends and business acquaintances, to further their "network" of influence. Club membership in itself becomes a well-sought-after status symbol.

The Huppies Club concept in this project also taps into the club potential, appealing to the psychological needs for prestige, status, face and added benefits among Huppies who share similar lifestyles.

CHAPTER 3

RESEARCH OBJECTIVES

Given the experience in the U.S. and the U.K. (as cited in Chapter 2) as well as the impressions coming out interviews with two local direct marketing experts (Mr. Godfrey Rooke and Ms. Denise Leo), it seems that the direct marketing concept of the "Huppies Club" is worth pursuing.

Ideally it would be more comprehensive to cover the following phases:

1. Desk research - Related literature review
2. Explore interest in the Club concept among Huppies.
3. Explore interest in the Club concept among potential sponsors.
4. Quantify and confirm hypotheses developed in the preceding qualitative phases.
5. Study the technical feasibility of designing a direct mail package/newsletter.
6. Evaluate the financial viability of this business proposition.

Given the time constraints in this project, the scope of this investigation has been delimited and defined to focus on Phase 1: Desk research (reported in Chapter 2), and Phase 2: Interest among Huppies themselves.

The key research objectives for this field research are:

1. To explore consumer interest in the Club concept.
2. To identify strengths and weaknesses in the concept for further development.
3. To explore, as background, the lifestyle of Huppies.

CHAPTER 4METHODOLOGY

In order to gain an insight into the underlying motives (or inhibitions, if any) behind the interest (or otherwise) in joining the Huppies Club, focus group discussions were conducted to probe beyond superficial rationalisations. Group dynamics would also help to bring out richer responses that would otherwise not surface in a one-on-one interview.

The focus group moderator (the writer of this paper) was very experienced and well versed in moderating techniques and qualitative analysis.

Four groups were conducted among male and female Huppies aged 25-40 years in March 2-10, 1990. Definition of Huppies (for group recruitment purposes) and group composition are summarized in Appendix IV.

Flow of the discussions generally followed a discussion guide (Appendix V), which served as a check list of probes rather than a structured questionnaire. Each group lasted between one and a half to two hours.

A concept statement (Appendix VI) and a mock up club newsletter (separately bound document), illustrating scope and quality of contents, were also shown to stimulate discussion.

CHAPTER 5

KEY FINDINGS

1. HUPPIES' LIFESTYLE

Leisure Activities

A typical Huppie from the focus groups did not finish work until rather late (7-9 pm). The younger (aged 25-32 years), particularly male, Huppies would "hang out" and have a drink with colleagues/friends in a bar. Married females and males with children would typically go home directly to do housework, to play with their children or to help them do homework. Maids and baby-sitters (both full and part time) were employed to help out with the chores. The relatively older respondents (aged 33-40 years) would enjoy reading and watching television. For those who were taking postgraduate evening courses, two or more evenings would be spent on the coursework.

Over the weekend, younger Huppies would enjoy sleeping in and relaxing till perhaps 11:00 am and then have "brunch" before they went out. Huppies with children did not seem to have this luxury.

"Yum Cha" (Chinese tea with dim sum) appeared to be a popular choice for lunch on the weekend, followed occasionally by afternoon tea (western style) in a hotel coffee shop later in the day. Eating-out over the weekend apparently was a definite activity across the different subgroups. Huppies

seemingly had tried many different types of cuisines available locally. Candle-light dinner or western food would be the choice for dating or dining with a small group of friends. Chinese or other Asian food would be the option for gatherings with family or a large group of friends.

Shopping appeared to be another popular activity reserved for the weekend. The younger respondents seemed to spend more time on shopping than their older counterparts and their focus was on clothing and shoes (i.e. items to enhance personal appearance). Parents, on the other hand, would look for children's clothing and toys when they shopped.

Females spontaneously complained about the lack of time to do shopping. To tackle that problem, they would go shopping on their own (i.e. not with a friend or husband) because this would be more efficient. They would shop only on a need-basis, with one day (or afternoon) assigned for shopping and a specific shopping list in mind. They claimed that they would no longer be tempted by sales because, from experience, they would end up buying something they did not really need or like.

Most respondents went shopping in Central, Causeway Bay, Tsimshatsui and Taikoo Shing. Three specifically mentioned their preference to go to Landmark and the Joyce boutiques because they provided a variety of things they liked. It was interesting that one older female respondent mentioned her strategy of selecting a shopping arcade that would allow one-stop shopping, which would be more efficient. These shopping habits reflect the fast-paced lifestyle of Huppies and their attempt to address it.

Married Huppies and particularly those with young children (aged under four years) tended to have a certain routine. They would regularly visit their parents-in-law on the weekend. Huppies with children would take the family out to country parks or swimming pools or to meet other families with children.

It is interesting to note that almost all Huppies spent their weekends out of the home. Few would stay at home to relax or perhaps listen to music or read. Few would entertain friends in their homes. One comment was

"My home is just the place to sleep. I won't
laze around at home. I always go out".

Not all Huppies had cars; about one in two owned a car. Males, in particular, were car lovers irrespective of ownership. Single males would enjoy spending their weekend washing and taking care of their cars. Others would take the car out with their friends and family for a drive. A majority of them treated driving as a hobby rather than a means of transportation. Taxis were frequently used.

During long holidays, Huppies would take the opportunity to rest, sleep well and "recuperate". A majority of (particularly among the younger ones) would travel overseas, usually individually rather than going on a group tour. Although group tours could take away the "hassles" of arranging accommodation and transportation, etc., they would also reduce the flexibility of, say, timing one's own pace and determining where and what

to eat. In order to gain wide acceptance, most group tours would provide a majority of their meals in Cantonese food, which was neither interesting nor adventurous enough for Huppies who were mostly gourmet lovers.

Older respondents with children showed hesitation towards overseas travelling, because it was seen as very expensive to bring children on long haul travel in relation to what children would derive from it. On the other hand, if children were left at home, their parents would miss them and had to call home regularly. They would prefer to borrow their company's holiday bungalow or a boat and take the whole family out for a few days in the Outlying Islands. The choice of destinations and personal objectives tended to be rather mixed.

For the younger Huppies who stayed in the territory during long holidays, they would spend time with their friends in picnicking, BBQ or in entertainment places, such as the currently popular karaoke lounges.

Media Habits

Most Huppies rely on television, newspapers and, to a lesser extent, radio for information on news and current affairs.

A majority of them were very selective in their TV watching - usually only news and documentary, such as 60 minutes+, CNN Highlights, etc. Some

respondents commented that while TV provided visuals and a much better feel of what happened, TV watching was passive and wasted too much time.

In contrast, radio listening could free up the eyes to get on with the daily routine. Newspaper reading, on the other hand, was not 'passive': one could select which section to skip, glance or to read in detail. Huppies, particularly males, were more interested in commentary, compared with descriptive reports, which were often all that was offered on TV news programs. They usually had some sort of priority when they read sections of newspapers:- News, Finance, Entertainment,

Popular papers read by Huppies were the South China Morning Post, Ming Pao, and the Hong Kong Economic Journal.

Huppies read a wide range of magazines including professional journals in their own field, particularly younger respondents and those working in the commercial sector. The following magazines were popular across subgroups: City Magazine (the informal Huppie magazine), The 1990's, Reader's Digest, Time, Newsweek, the Far East Economic Review, and Fortune. Interestingly, one comment from a younger male working in a management consultant firm was that he needed to keep abreast of what was happening (by reading Fortune Magazine) in order to provide input for informal discussion with his clients.

In addition to the above, males read car magazines, GQ fashion, Life and Decanter magazine (on wines and spirits). Females also read broadly: Vogue,

Cosmopolitan, Elle, Women's Weekly, gossip magazines, and Child Care. A handy source of these magazines was hairdressers which they visited regularly.

2. EXPERIENCE WITH DIRECT MAIL

All respondents claimed to receive direct mail regularly. About three in four of them open ALL packages. A majority would read the caption and take a quick glance at the contents to determine the nature of the message. The package would then be disposed of or retained for action.

The direct mail packages that were not read tended to have the following characteristics.

1. Address label not personalised.

For example, real estate packages that are addressed to "The occupant".

2. Sender identity revealed on envelopes.

For example, it was mentioned that Reader's Digest packages had identifiable envelopes. After being opened and read for the first two or three times (which suggested the nature of these messages), Reader's Digest packages were no longer opened.

3. Packages from the financial or insurance industries.

Respondents, particularly females, found them very boring and not relevant or useful.

There was one category of mail that would consistently interest the females, and that was seasonal catalogs: for example, Christmas gift catalogs that were bound and nicely printed.

Half of the sample claimed to have actually responded to direct mail. Despite the small size of the sample, the proportions registered for opening direct mail packages and responding are very close to the levels suggested by Times Direct Marketing, and the response rate is much higher than the level suggested by Rooke (v.s.):

	<u>This Project</u>	<u>Times DM</u>	<u>Rooke</u>
% Opened the mail	75	82	60
% Responded	50	53	5

One possible explanation for the discrepancy is that the different "surveys" measured behavior among different groups of people. Given the theoretical framework discussed in Chapter 2, one would expect the Hippies to have a higher rate of opening and responding to direct mail than the general public. Rooke's estimates could quite possibly be referring to the average consumer who is older, much less educated, and less affluent.

Among those who did respond, the following items were purchased.

	<u>No. of respondents</u>
Jewelry	4
Magazines/Books	3
Crystal	2
Torch/Car care equipment	2
Clothing	1
Collector's items (gold coins, stamps, etc.)	1
Ashtrays	1
Leather goods	1
	<u>15</u>

Despite the high level of experience with direct mail, the general attitudes towards buying products/services through direct mail remained mixed.

On the positive side, the key appeal appeared to be specialty items that were not easily available in traditional retail channels. It was felt that some items were offered through direct mail before they reached store shelves.

For those who had favorable comments, they all had some form of positive experience. For instance, one young male respondent had once examined a product during the free inspection period and then returned it with no problems. (Direct marketers have been promoting free inspection as one of the services offered; potential customers could have a period of one to two weeks to look at the product and subsequently return it at no charge). This experience had reassured this potential customer, who gained confidence to examine or buy in future.

Another example is a female respondent who had a satisfactory experience buying via direct mail from a retail jewelry shop. This experience translated into confidence and future purchases through direct mail from the same shop.

Several respondents mentioned that they would have relatively greater confidence in offers presented by well known companies, such as American Express and Chase.

About half of the respondents had doubts or concerns regarding buying through direct mail.

1. Quality

Respondents questioned product quality because:

- (i) They could not have a concrete feel of the product: this is particularly important when it was cheap.
- (ii) Incomplete details of the product were provided.
- (iii) The product was unbranded.

2. Expensive/Poor Value

Respondents reckoned that they would feel very much cheated if they found products available at retail at lower price.

3. Service

Despite the emphasis on free inspection, a few respondents were still suspicious of:

- (i) Convenience of physical delivery in goods return. One respondent suggested that if there were collection points in key MTR stations, more enquiries and trial would be encouraged.
- (ii) Impolite or unfriendly service of customer service representatives who handled goods returns. The Hong Kong retail environment has, for many years, operated under the "No acceptance of returned goods" principle. It has only been in recent years

that new or multi-national retail chains have introduced the new principle of guaranteed quality and allowing goods return.

Apparently, previous experience, word of mouth, confidence and service quality are key issues in shaping attitudes towards direct mail purchases. Special care needs to be taken when servicing first time customers or even potential customers. If the direct marketing business is linked to an established and well known company, it is definitely an asset in leveraging the link and the established corporate equity to gain greater consumer confidence.

3. CLUB MEMBERSHIP

A majority of the younger Huppies in the sample had had the experience of joining sports clubs. The most popular clubs were South China Sports Club and the Jubilee Sports Centre. Both clubs had few or no barriers to entry, and the annual fee was very low, for instance, only HK\$40 for South China Sports Club. However, they were not frequented regularly because they were "too public" and there were too many people, as if they were in Urban Council facilities. The swimming pool and the squash courts were the two most popular attractions of these clubs.

Three young females mentioned their participation in fitness or health clubs - Philip Wain and Tom Turks. However, as with the sports clubs, Huppies complained that they could not visit the club as frequently as they wanted to because of lack of time. Some of them had discontinued membership.

For Huppies working in the business sector, particularly in financial industries and/or client servicing roles, corporate membership in business clubs was common, for instance, Pacific Club, China Fleet Club, Overseas Bankers club, Raffles Club, etc. These clubs were more for entertaining clients or guests (rather than for relaxation and leisure) because they were located downtown with superb wining and dining facilities.

4. THE HUPPIES CLUB CONCEPT

Overall Reactions

While Huppies showed great enthusiasm towards the idea of a new club, the overall reactions towards the Huppies Club concept (Appendix VI) were only lukewarm to moderately positive. Response was more favorable among younger Huppies and those working in the commercial sector.

Sponstaneous Likes & Dislikes

The key appeal of the Huppies Club concept was:

- (i) The opportunity to examine/buy products that were not yet available in the shops. For instance, they appreciated the exclusivity and "privacy" of pre-sale invitation which allowed them to shop ahead of and in the absence of crowds.

Another example was the privilege of attending the fashion show for next season's line of designer clothes, which would not be open to the

public. An implicit advantage was the market intelligence which made a Huppie stay ahead of one's peers, and which provided "food" for "cocktail party" conversations.

- (ii) The opportunity to expand one's social circle among people with similar background and interests.
- (iii) The opportunity to participate in programs without having to waste time and energy to organise.
- (iv) Suggestions for a shopping list.

The Club concept had several weaknesses that will be elaborated in the following sections.

- (i) No club premises.
- (ii) Not all offers were unique and appealing.
- (iii) The Club newsletter was a bonus rather than an unusual attraction.

Club Premises

When it was mentioned to respondents that a new Club concept will be discussed with them, they all got very excited and involved, suggesting a genuine interest in joining a club.

After the nature of the Huppies Club was explained, the key disappointment was the lack of club premises. Upon probing, it was revealed that, despite their attractive earnings, Huppies generally had less than

ideal living space at home, especially when compared with yuppies in western countries. This was particularly prominent among young and/or single Huppies who were still living with their parents.

As pointed out in Section 1 of this Chapter, a majority of Huppies did not stay at home during weekends to rest and/or entertain friends and relatives. There was a clear need to leave home and go to some familiar place where they still could feel relaxed and yet in control.

There was a rather strong feeling that a high class and well managed club could provide an environment where they did not need to rush, queue or scramble to get the use of facilities - whether it be restaurant catering, tennis or squash facilities.

It was also a majority comment that such a Club premise could provide an upscale and clean environment. This was a particularly strong concern for Huppies with children, because such premises could give them confidence that this place was safe (from dangerous people).

Younger Huppies apparently aspired to such Club premises because of the variety of facilities that it was expected to offer and the exclusive opportunity to bring in friends who were not Club members.

The lack of Club premises apparently could not satisfy the following needs:

1. Sense of belonging

While Huppies might be more individualistic, compared with the average population, there was at the same time a concomitant strong need for sense of togetherness and identification with the Club. They felt that the newsletter and events alone would be inadequate in providing the cohesion they expected among members.

2. A place where they could "see and be seen"

Some Huppies believed that an important way to communicate status was to "meet" with celebrities and upscale people in the appropriate environment. Without such Club premises, opportunities to elevate their status were seen to be minimised.

3. Entertaining in private

To some Huppies, communication of status and prestige through "signing in" their friends and relatives was key.

4. General awareness of the Club

Respondents wanted to belong to a well known and reputable club. They presumed that this Club, given its nature, would not be mass advertised. Without a physical club house, several Huppies doubted the Club's ability to build its awareness and reputation.

5. Confidence

Club premises (particularly owned property) was seen as a symbol of long term investment, security, stability, trust and confidence, especially

when it came to entry fees. There was a fear that if the Club went out of business, the entry fees could easily become a total loss.

6. A meeting place

It was felt, particularly among younger Huppies, that Club premises would conveniently provide a place where people could "hang around" or meet for a drink.

If Club premises were to become available, Huppies aspired to having the following facilities listed in the order of priorities and preferences.

(i) Pub or Lounge

A place where people could relax with a drink and/or meet with friends to chat.

(ii) Wining and dining facilities.

(iii) Sports Facilities

Swimming pool, tennis, squash, gymnasium.

(iv) Reading Room

A wide variety of local and imported magazines together with comfortable seating would be welcome.

(v) Playground

Parents with young children were keen to have a safe play area with toys, which could entertain their children while they could relax.

Having observed a keen excitement with which All respondents talked about the above facilities, it seemed a very consistent consumer need existed. It was mentioned spontaneously time and again that respondents were happy to pay a much higher fee if a club house existed for The Huppies Club.

Monthly Exclusive Privileges

The perceived attractions of monthly members' privileges have already been discussed as spontaneous likes of the Club concept: pre-sale invitation, preview of next season's fashions, availability of highly specialised items, etc.

The examples of offers had the following drawbacks.

(1) Premiums

Respondents were not keen about free gifts because these items might not be useful, relevant or attractive to them. Besides, there was a perception that the give-aways were usually in odd colors, patterns, shapes and sizes that the manufacturers could not sell.

(2) Discounts

While discounts were intrinsically appealing to most people, some rational shoppers believed that discounts were only "real" when they were applied on all items (including expensive standard price items), and were also effective even at the beginning of the season. Several Huppies claimed that their product/brand preferences would not change despite, say, a ten percent discount.

Male Huppies, in particular, looked at the offers in relation to their price, i.e. the costs of being a member. They stressed the net value for money.

(3) Uniqueness of Offers

Respondents pointed out that several credit cards were already making discount purchase offers, for instance, Chase Visa card, OTB charge card. Some companies, such as Lane Crawford, were already allowing discounts informally and organising pre-sale invitations.

(4) Enjoyment in Product Search

While some respondents appreciated the suggested shopping list, a minority preferred to do the scouting themselves. They apparently enjoyed the searching process as much as the purchasing of the merchandise itself.

There appeared to be a credibility issue primarily among the older males. They started to wonder what was the key organisation objective for the Club. Member benefits? Profits? How does the Club make money? Would the profit be made out of sponsorship deals? If so, how would the Club convince and recruit sponsors? Apparently these member prospects needed reassurance to believe the Club was earning enough revenue from sponsorship deals, etc., instead of reaping profits from members.

The examples of sponsors were well received and were considered top of the range for each product category.

Special Events

Special events, such as preview of Oscar movies plus cocktail party, could provide excellent opportunities which members could meet and socialise with new and old friends. This constituted a key spontaneous attraction among young Huppies, particularly single males.

One keen young male suggested that this should be done regularly, perhaps once a month. He made several suggestions:

- (1) A boat party on the night of the fireworks;
- (2) A Golf Club Night (special arrangement with other clubs with premises, to address the absence of the Huppies Club premise).

On the other hand, two respondents were less keen to socialise and were concerned that the events might be too "broad" and there might not be many programs that they liked. Another point raised was that since there would not be the same people attending various programs, there was a concern that it might be more difficult to make friends.

Club Newsletter

The overall reaction to the editorial and contents of mock-up newsletter was that it embraced a wide scope of topics. The contents were seen as interesting, useful and presented in good taste and style.

Given the very broad scope, some respondents felt that only certain parts would be relevant to them. Hence, they suspected that the topics that they particularly liked might not appear regularly in every issue.

The key limitation of this newsletter was the perceived lack of point of difference. It has been pointed out earlier that Huppies did read a wide range of magazines; information included in the mock up newsletter was currently available in what they regularly read, although respondents acknowledged that there was not one magazine that would cover the full range.

On balance, Huppies considered the newsletter something nice to have (rather than a need to have). It was seen as a bonus, rather than a core element of the Club.

Membership Fee

A majority of Huppies were happy to pay HK\$500 per year annual membership fees, given the current Huppies Club concept. A few would be willing to pay HK\$1000, which was still not very high.

No respondents would even consider paying entry fees, given no club premises and lack of confidence as discussed earlier in this Chapter.

Assuming some form of Club house was added to the Club concept, the annual fees that respondents were willing to pay went up to as high as HK\$3000. Regarding entry fee, no estimates could be established since Huppies believed that the cash outlay would very much depend on Club facilities and its financial strength (e.g. whether premises were owned or rented, etc.)

Interest to Join

Given the Huppies Club in the originally designed format (i.e. no Club house) the overall interest to join was only lukewarm to moderately favorable. This level of interest was more or less quantified by the level of membership fees Huppies were willing to pay. This also reflects the perceived utility or benefits of being members.

More enthusiasm was seen among the younger and/or single Huppies, as well as those working in business sector, versus those older and/or married with children. The former group was relatively keener primarily because they appreciated and desired the opportunities to socialise with new friends (include the opposite sex) and expanding their networks. The monthly privileges, in addition, offered pragmatic benefits (e.g. free gifts, discounts).

The older group, on the other hand, was much more family oriented and was less keen to meet new friends. These Huppies were also more established and affluent; they were less tempted by discounts, etc. They also had a lesser need for reassurance that they had made it; currently they were members of some upscale business clubs which already communicated their social status.

CHAPTER 6

CONCLUSIONS AND RECOMMENDATIONS

1. HUPPIES LIFESTYLES

The lifestyles of Huppies display certain similarities as well as demonstrated uniqueness when compared with their counterparts in the west.

Concept of Time & Convenience

A key similarity was a very fast-paced lifestyle, particularly for Huppies working in the commercial sector. These respondents were very time conscious and convenience oriented. These attitudes were manifested in their habits and preferences. For example:

1. Eating out (versus home cooking).
2. Shopping only on need basis (versus window shopping).
3. One stop shopping.
4. Employment of maids/baby-sitters.
5. Taxi usage.

The feeling of lack of time and/or feeling fatigue was particularly prominent among females and Huppies with young children. While Huppies were forming their own nuclear families (as opposed to their grandparents who had to live with the extended family), their traditional roles in the Chinese culture as breadwinners, housewives, parents, children, and children-in-law still placed heavy demands on their time. This

represents a key difference from the lifestyle of typical western Yuppies.

Car & House

While most male Huppies were, to various extents, car lovers, they were not necessarily car owners. In Hong Kong where public transport offered a rather comprehensive and well managed service, the functional value of having a car was often disproportionately offset by the monetary cost in running and maintaining one. A car, and driving it, remained an expensive hobby. Knowing about and wanting a luxurious sports cars is nevertheless a symbol of Huppies' aspirations, rather than ownership per se being a criterion of being Huppies.

Most Huppies spend their leisure outside their homes. Unlike western yuppies, they often can only afford a less-than-ideal size home. Single Huppies living in a bachelor apartment was something desired but not usually achievable (yet). Married Huppies with two incomes often owned a medium size apartment (700-1000 square feet). Furnishings was more a step-by-step approach and borrowing a loan to finance furnishings was considered impractical, and, therefore, decorating the home was not a major activity.

The forthcoming 1997 issue and an emigration plan might have curbed long term planning and investment-type spending on the home. These concerns and their influence on spending behaviours certainly distinguished Huppies from yuppies in the west.

Work Hard & Play Hard

Most Huppies shared the principle of "Working hard and Playing hard". They had demanding jobs and they all made the best use of their leisure to enjoy life --- gourmet food, nice wine, a cozy chat with friends, physical fitness, attractive and presentable personal appearance, etc.

Huppies' choice of selecting restaurants, shopping centres, branded goods, etc. (e.g. Seafood in Sai Kung, Landmark, Grand Hyatt, J&J restaurant and disco, YSL accessories) reflected their demand for exotic quality, prestige, sophistication and style. It also suggested that they were big spenders (at least on consumables).

Individuality

Huppies did value self expression, say, in selecting a make of cars, and in searching for rare specialty items. However, despite the need for individuality (more perhaps a western than Asian pre-occupation), Huppies like a sense of togetherness and would opt for products and brands that were acceptable to their peers. That is, they would hardly go to the extreme.

Recognition and Status

In addition to enjoyment of life, recognition and status were intangible rewards for Huppies' industriousness and persistence in climbing the corporate ladder. They aspired to be seen in and associated with upscale environment. They were proud of high class club memberships and the exclusive rights to "sign in" friends.

2. HUPPIES AND DIRECT MAIL

Huppies exhibited a rather high level of opening, reading and responding to direct mail. It is estimated they are more likely to accept direct marketing than the general public.

It is forecast that direct marketing will grow in Hong Kong, despite its relatively small base. This is because of:

1. Growth of individualism and niche marketing.
2. Demographic changes - More people with high disposable income, limited time and a desire for specialty goods.
3. Concern for quality.
4. Advance in computer technology in data processing and storage.
5. Widespread credit card usage.
6. Advertising restrictions and need for alternative media.

However, direct marketing may have two barriers that could inhibit growth in Hong Kong.

- A. Lack of confidence regarding product quality, service and value.
- B. Relative ease of retail shopping and availability of wide range of merchandise.

Regarding lack of confidence, positive personal experience and good word-of-mouth would certainly improve the status of direct marketing in Hong Kong.

Regarding changes in the retail environment, it could work both ways.

Increased competition in retailing, plus (perhaps) "return privileges" could make retail shopping more appealing than ever, thus hampering the growth of direct marketing. On the other hand, if the retail scene is hit by negative

factors (e.g. sky-rocketed shop rental, etc.), then direct marketing could gain. Also, if returns were allowed at retail, then the notion of "examination and returns" in direct marketing could become more credible and acceptable.

3. THE HUPPIES CLUB CONCEPT

Overall reactions towards the Huppies Club concept was lukewarm to moderately positive, but more favorable among younger Huppies and those working in commercial sector.

Concept Appeal

The concept had the following attractions.

1. Opportunity to examine and/or buy products that were not available at retail.
2. Opportunity to expand social circle.
3. Opportunity to participate in programs without having to organise.
4. Shopping suggestions.
5. Sponsors were upscale and generally relevant.
6. High quality and interesting newsletter considered a bonus.

Key Limitations

Absence of Club Premises

The availability of a Club house would provide a familiar place where people could feel relaxed and yet in control. This compensated, to some extent, for the less than ideal living space; yuppies in other countries had no similar problems and needs. Huppies look for a high class, well managed and safe environment where they did not need to compete for services.

The lack of Club premises could not offer the following:

1. Sense of belonging among members.
2. A place where Huppies could "see and be seen".
3. Communication of status and prestige by signing in friends.
4. Strengthened awareness and reputation of the Club.
5. Confidence in the financial strength of the Club.
6. A meeting place among Huppies and friends.

Minor Limitations

Certain Offers Lack Uniqueness

Free gifts and discounts were common and were perceived to be only for less popular merchandise. If this Club concept were to be implemented, discounts needs to be applicable on all items and at both season commencement and end. More offers in the form of pre-public enjoyment would be welcome because it provides status, privacy and food for conversation.

Advertising communication should reassure potential members of the good value of the offers and imply that the Club revenues (and if indeed, reasonable profits) are obtainable from sources other than its members.

Lack Of Focus On Special Interest

Both special events and Club newsletter were considered too broad and could not draw a consistent group of enthusiastic audience.

Me Too Magazine

Despite its "contains-it-all" nature, the newsletter was considered common and only "nice" to have.

Recommendations

Assuming the pure direct marketing nature is kept, a more tightly focused strategy is recommended. While this study has highlighted some common trends in Huppies lifestyle, a great amount of diversity still exists. Marital status and parenthood apparently were key deciding criteria.

The Club concept, as it stands now, has greater potential among young single Huppies (aged under 30 years) primarily because of their greater need to socialise and need for reassurance of their status and achievement.

In order to enhance identification with the Club and perceived relevance and interest in newsletter and special events, the Club positioning may need to be more finely focused.

The following may be considered:

(1) A key central (special interest) theme to be featured. Some popular themes recommended are car and driving, sports and health, fashion in the 90's, etc.

(2) More sharply focused targeting

Demographically

Sex : Both males and females

Age : 25-32 years

Education : Tertiary or above

Personal Income: HK\$15000+ month

Occupation : Executives/Professionals in commercial sector

Ethnicity : Chinese in Hong Kong

Psychographically

- Value quality, prestige, individuality
- Western lifestyle
- Need for achievement, recognition and status

Given the issues discussed in the previous Chapter, the young Huppies or Huppies-to-be (or even young executives who aspire to Huppie lifestyles) seem to provide the best potential for the business proposition of the Huppies Club.

If we take a step back and look beyond the direct marketing arena of this Club concept, there seems to be an even greater potential in a Huppies Club with a club house and a variety of facilities. Different aspects of this new "Huppies Club House" concept need to be further investigated, but one aspect that has been ascertained in this project is the genuine and consistent consumer need and enthusiasm in joining an upscale club with club house facilities.

Quite a few Huppies spontaneously mentioned their motivation and desire to join the Jockey Club. They failed to enter merely because of the built-in barriers [i.e. (1) the need to get a voting member to refer

new members (maximum two per year); (2) very high entry fees]. Huppies currently did not have the connections and financial capability to join this Club.

Other types of Club facilities available were:

(1) Clubs with high entry fee requirements only. New member screening was less stringent.

e.g. Yau Yat Tsuen Club (Over HK\$100,000 entry fee)

Kowloon Tong Club

(2) Clubs in new private middle to upper housing projects (residents only).

e.g. Kornhill Sports and Recreation Club

Whampoa Gardens Residents Club

Such facilities could answer Huppies' needs but were short in supply.

Further investigation needs to be conducted on this new Club House Concept designed for Huppies (rather than the rich and famous) but current indicators suggest this is worth pursuing. Other issues such as a name (would "Huppies Club" or something like it be considered too "corny" and self-mocking?), fee structure, promotion, etc. would need to be researched as thinking proceeds.

APPENDIX

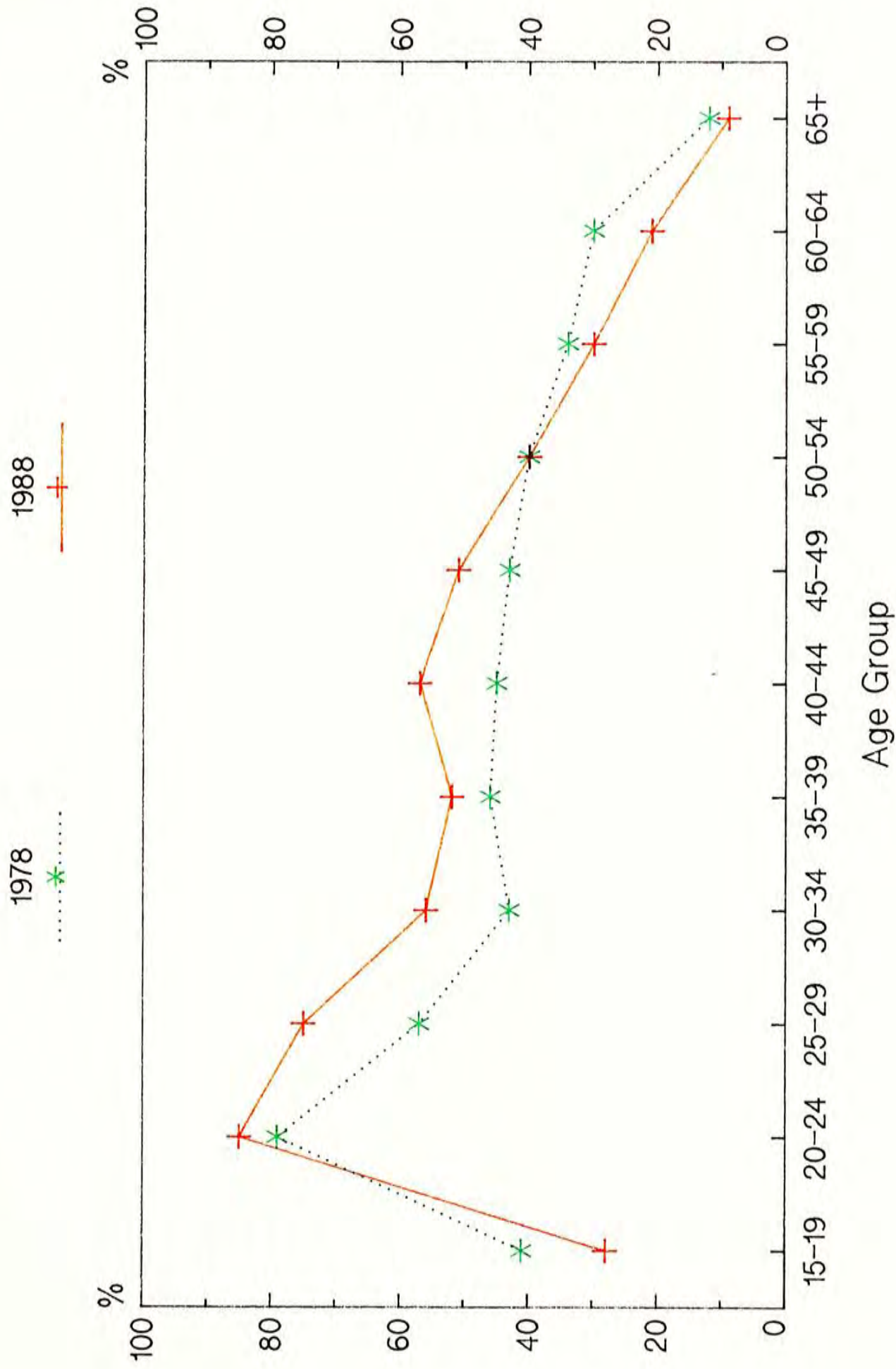
HONG KONG

GDP GROWTH RATE (At Constant 1980 Market Prices)



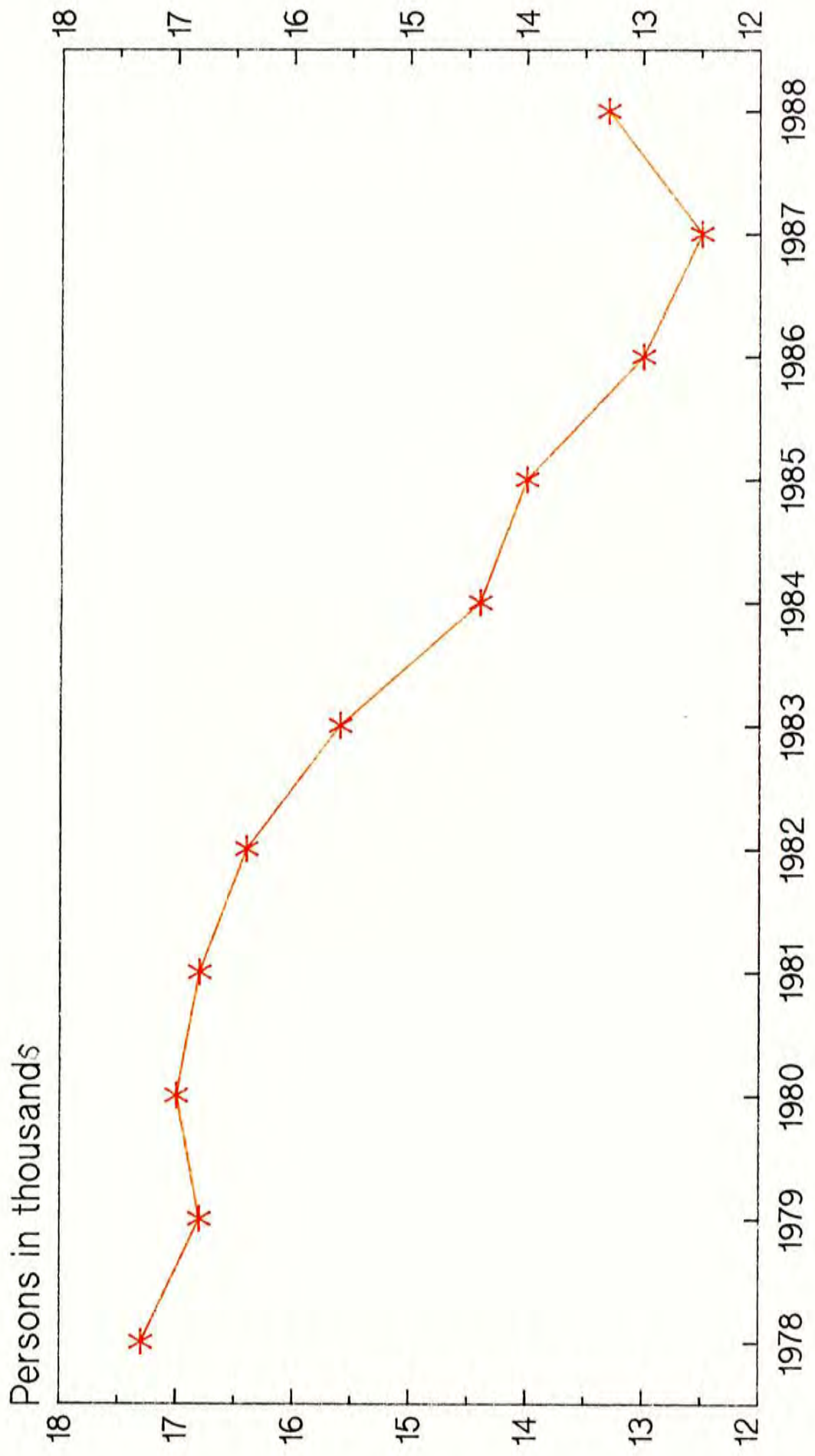
HONG KONG

FEMALE PARTICIPATION IN LABOUR FORCE



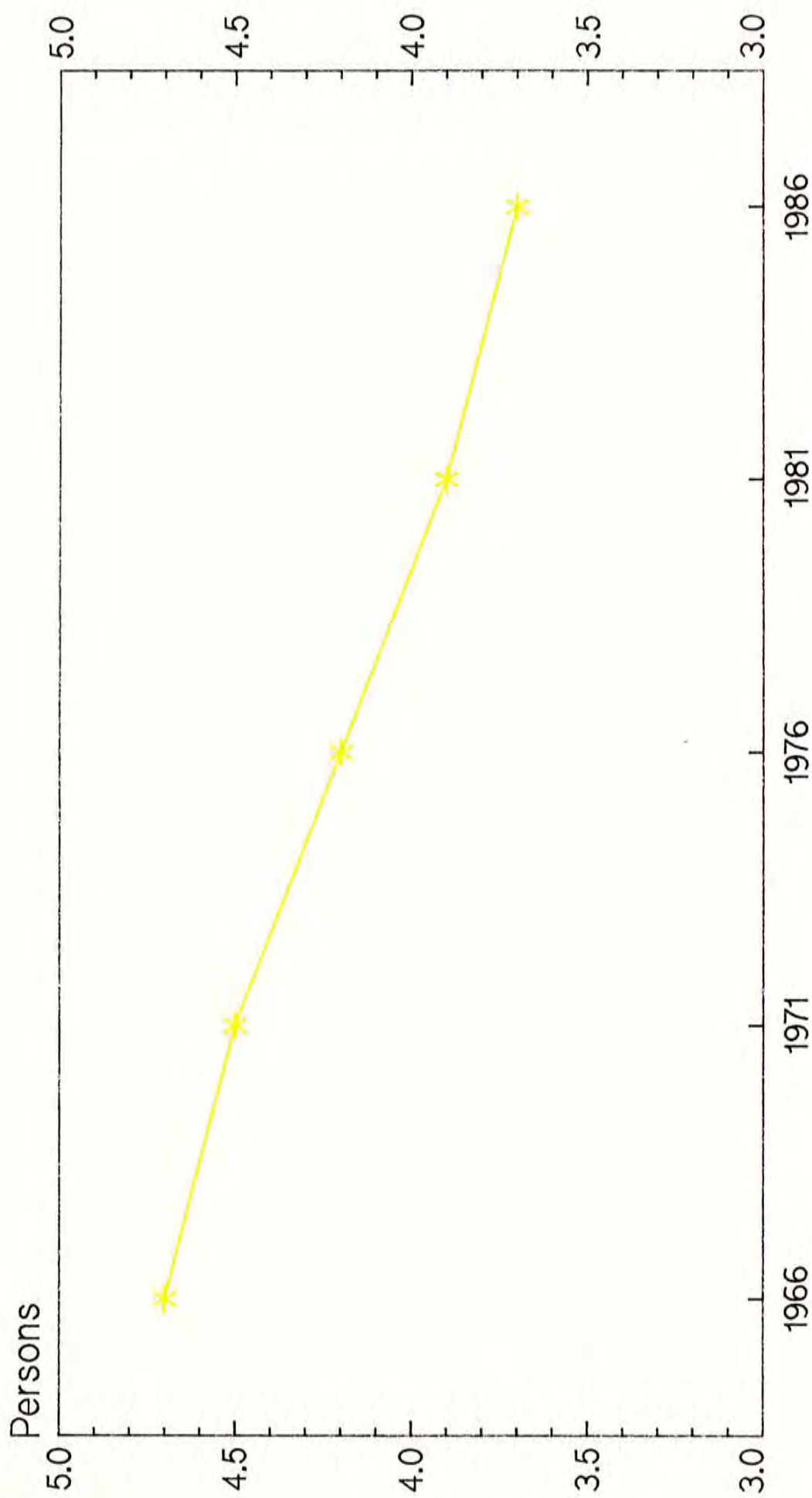
HONG KONG

BIRTH RATE



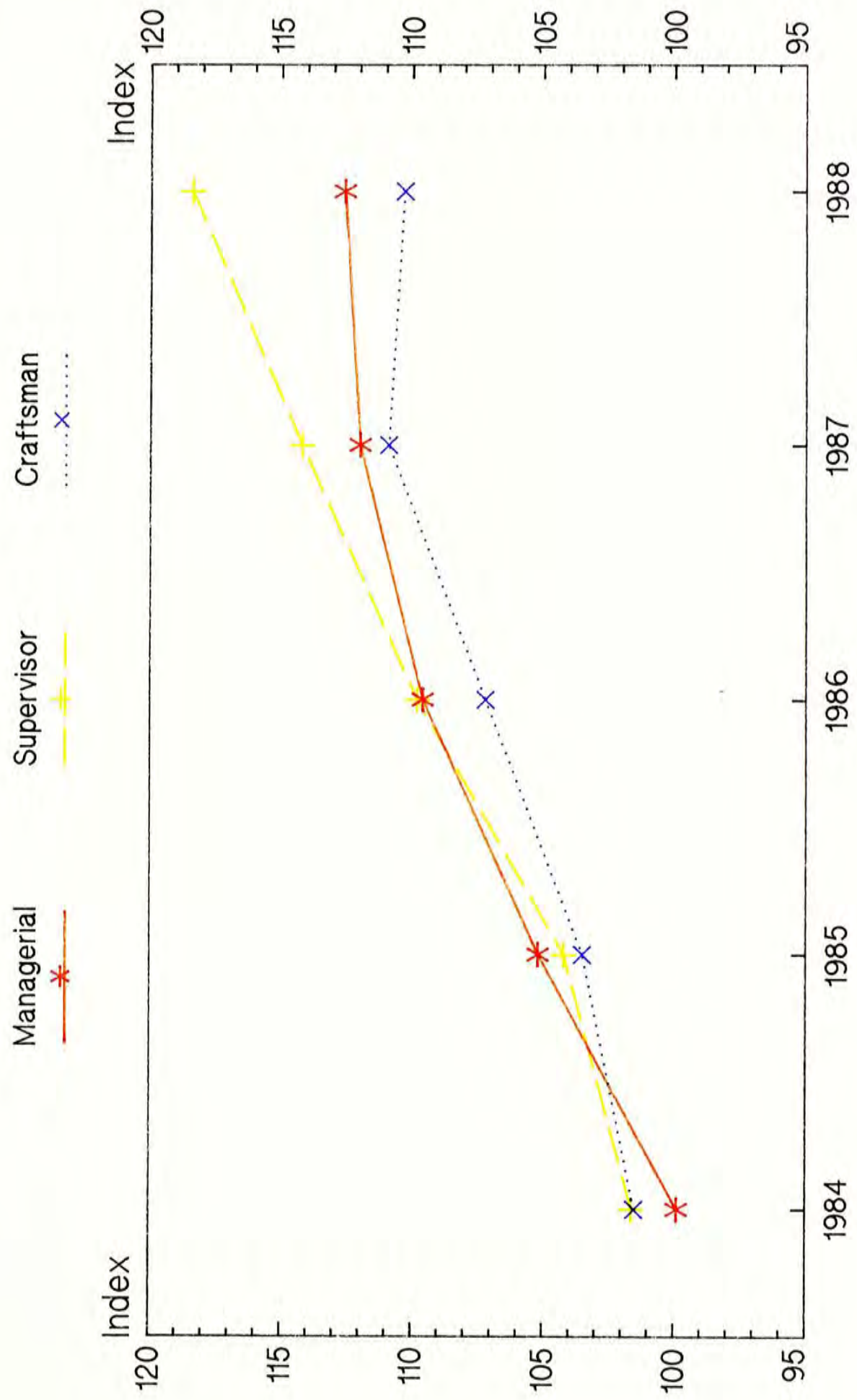
HONG KONG

AVERAGE HOUSEHOLD SIZE

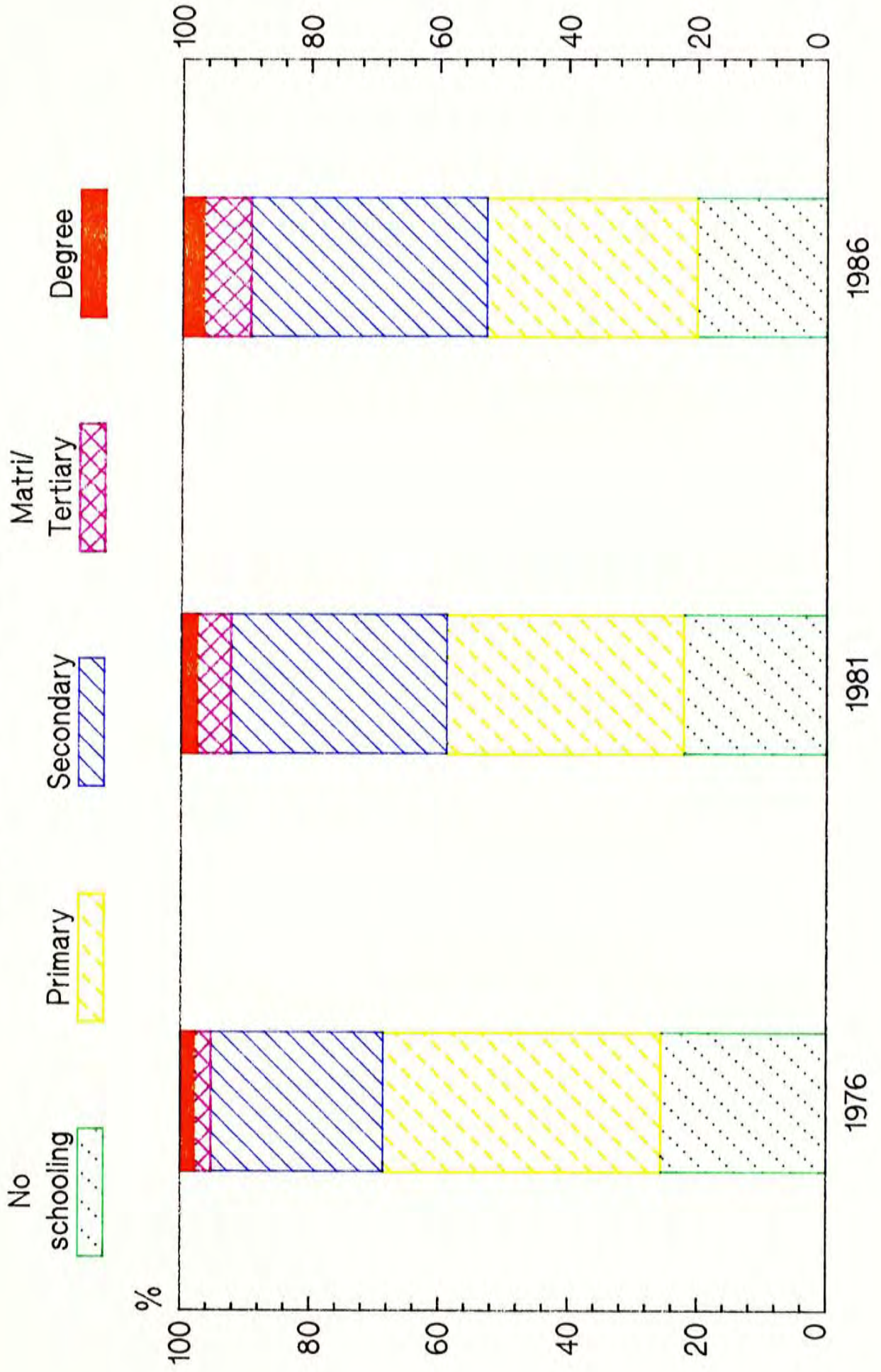


HONG KONG

REAL WAGE / SALARY INDEX (Base year 1983 = 100)



HONG KONG EDUCATION ATTAINMENT



APPENDIX III

Hong Kong Luxury Flats

- Projected Real Price -

	<u>HK\$/Sq. Metre</u>
1986	7063
1987	7303
1988	7543
1989	7783
1990	8023
1991	8262

Source: Hong Kong Business Today Aug 1986

APPENDIX IV

(1) GROUP COMPOSITION FOR RECRUITMENT

	<u>Group 1</u>	<u>Group 2</u>	<u>Group 3</u>	<u>Group 4</u>
AGE: 25-32 years	X	X		
33-40 years			X	X
SEX: Male	X		X	
Female		X		X
EDUCATION: Tertiary or above	X	X	X	X
PERSONAL INCOME: HK\$20,000+ per month	X	X	X	X

APPENDIX IV - (CONT'D)

(2) ACTUAL GROUP COMPOSITION

	<u>No. of Respondents</u>	
<u>Total</u>	30	
<u>Age:</u> 25-32 years	16	
33-40 years	14	
<u>Sex:</u> Male	14	
Female	16	
<u>Marital Status:</u>		
Single	15	
Married	15	
No children		6
With children		9
<u>Education:</u>		
Master/Postgraduate	10	
Bachelor	15	
Other Tertiary	5	
<u>Occupation:</u>		
Private Sector	18	
Marketing & Sales		6
Banking/Finance		6
Training/Personnel		3
Others		3
Government/Non Profit Making	12	
Surveying/Civil Engineering/Technical		4
Administration		5
Others		3
<u>Personal Income HK\$20,000+ p.m.</u>	30	

APPENDIX V

GROUP DISCUSSION GUIDE

INTRODUCTION - Explain purpose of focus group

- Emphasize acceptability of diverse opposing views

1. Leisure activities - after work

- weekend
- annual holidays
- special occasions

2. Media habits - which media/section

- how frequent

3. Experience with Direct Mail

- Any experience of receiving direct mail
- What proportion of the mail do you open
read
respond
- Interest to buy goods/services through direct mail
- General attitudes towards buying through direct mail

4. Membership of Any Club - sports club

- health clubs
- business/social clubs

[SHOW CONCEPT & NEWSLETTER]

5. Evaluation of Concept

- Overall reactions
- Spontaneous likes and dislikes
- What membership conveys
- Who would the concept appeal to

6. Evaluation of Specific Elements

- Contents of editorial - usefulness of information
 - interesting or not
 - taste/style
 - relevance
 - coverage (too much or too little)
 - suggestions
- Sponsors - product/service category
 - quality/class of sponsor in category
 - suggestions
- Offers - extent of appeal
 - relevance
 - credibility
- Membership fee - What's highest they're willing to pay
 - * monthly fee
 - * entry fee

7. Overall Interest to Join & Reasons

APPENDIX VI

CONCEPT STATEMENT

1. THE CLUB TARGETS AT YOUNG, UP AND COMING EXECUTIVES WHO KNOW HOW TO APPRECIATE THE FINER THINGS IN LIFE.
 2. MEMBERSHIP IS SELECTIVE AND LIMITED.
 3. EXCLUSIVE ACCESS TO SPECIAL EVENTS. EXAMPLES (PER P.9)
 4. EXCLUSIVE ACCESS TO MONTHLY MEMBERS' PRIVILEGES. EXAMPLES (PER P.11)
 5. A PREMIUM QUALITY, TASTEFUL AND INFORMATIVE LIFESTYLE NEWSLETTER EACH MONTH.
 - UPMARKET AND INTERESTING EDITORIAL
 - A TASTEFUL GOSSIP COLUMN
 - MAJOR EVENTS AND ENTERTAINMENT
 - NEW TRENDS IN FASHIONS, CARS, ETC.
 - MEMBERS' PRIVILEGES
- MOCK UP OF NEWSLETTER ILLUSTRATING SCOPE AND QUALITY OF CONTENTS.

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