Fax-on-demand as a marketing communication tool in Hong Kong : the sender's point of view

Ruidl, Richard A

1996

Ruidl, R. A. (1996). Fax-on-demand as a marketing communication tool in Hong Kong : the sender's point of view. In AMIC Conference on Asian Communications: the Next Twenty-five Years, Singapore, Jun 1-3, 1996. Singapore: Asian Media Information and Communication Centre.

<https://hdl.handle.net/10356/90854>

Paper No. 27

**Fax-on-demand
as a marketing communication tool
in Hong Kong:
The sender's point of view**

by

Richard A. Ruidl, Ph.D.
Lecturer and Co-ordinator
Public Relations/Advertising Option
Hong Kong Baptist University
Kowloon Tong
Kowloon
HONG KONG

TEL: (852) 2339-7838 (Direct) or (852) 2339-7224 (Office)

FAX: (852) 2339-7890

E-mail: raruidl@hkbu.edu.hk

A paper presented to:

Asian Communications: The Next 25 Years
AMIC 25th Anniversary Conference

Asian Mass Communication Research Centre
Singapore
1-3 June 1996

Introduction:

That fax-on-demand stands ever ready, but idle, until triggered by an individual seeking information, is testimony to the emerging empowerment of the customer in his or her ambivalent relationship with marketing communicators. It highlights a more responsible, balanced way of delivering information to audiences ... one person at a time. This is a 180 degree turn away from the stereotypic, long-practised, press agency model of marketing communication which focused on one-way, mass dissemination of propaganda. Thus fax-on-demand represents a mediated form of interpersonal telecommunication which is both two-way and *symmetrical*. Grunig (1992) might call this condition, where the consumer is perceived as both intelligent and having choices, as *excellent* public relations.

The theoretical framework for this paradigm shift are evident in the new marketing communication literature of Peppers and Rogers (1995). They say three crucial developments are responsible for the shift:

- Information technology offers more interactive communication tools, making it easier to:
- Create and maintain databases to track individual customers, so that:
- Customer information can be immediately inputted into business processes resulting in a customisation of products or services to individual tastes.

The key element of fax-on-demand's success is the ability of a caller to drive the information engine. It puts the control and flow of information in their hands. When a caller is ready to receive information, s-he places a call to the fax-on-demand system which impersonally and automatically answers. By responding to programmed voice prompts, the caller orders information that is subsequently delivered, usually for a fee, to the fax phone number the caller enters.

Knowledge-age fax-on-demand users don't generally expect highly-customised, in-depth solutions. Their mission is to find genuine information without hype. The most frequent reason for using fax-on-demand systems is for generalised information such as product specifications, features and compatibility. Users also expect dealer demographics, price lists, troubleshooting and installation guides, solutions to common problems and technical tips.

For an organisation, an interactive fax-on-demand system allows for inexpensive dialogues with many individual consumers. This enhances its ability to develop and sustain long-term, targeted relationships with various stakeholders thus reducing dependencies on messages broadly and often wildly disseminated through the mass media. The purpose of this manuscript is to describe fax-on-demand from the sender's point of view and to intersperse what a sampling of marketing communicators in Hong Kong perceive to be the current status and future opportunities of the tool. The in-depth survey was conducted in October 1995 with 26 members of the International Association of Business Communicators/Hong Kong chapter. Table 1 describes the average experiential level of these communicators in terms of the number of years a person has been employed in professional communications.

Table 1: How many years of professional experience does the communicator have?

How many years of professional communication experience do you have?	Mean response	Median point
Years	9.46	7

Fax and fax-on-demand growth

In many Asian countries, consumers must still wait to get a phone line installed. But in compact Hong Kong, with more than 66 phone lines per 100 people plus over 250,000 cellular phone connections, users are well-served by telephony. In Asia, Hong Kong is second only to Japan in lines per capita. The territory is well ahead of countries such as Malaysia which has only 14 lines per 100. (McGrath, 1996). In addition, usage fees are low. For a monthly charge of US\$8.4 per month, users may make as many local calls as they desire. There are currently no extra service charges for fax sending or receiving.

The per capita installed base of fax machines is greater in Asia than in the West (PR Newswire, 1995). In July 1993, there were 217,563 dedicated fax lines in Hong Kong. Almost 25% of that total (50,421 lines) was for home fax lines (Frank-Keyes, 1994). The number of second telephone (not necessarily fax) lines for the home is growing significantly with the explosive growth of Internet connectivity.

Hongkong Telecom offers four fax packages: Faxline 100 and Faxline 2 for business users and Homefax 1 and Homefax 2 for home users. Faxline 100 and Homefax 1 operate from a dedicated fax line suitable for either heavy fax traffic or the need to operate phone and fax simultaneously. Faxline 2 and Homefax 2 both operate off a shared phone and fax line, through the duplex ringing technology. None of the four is a necessity to use basic fax services: a simple telephone line will do.

From Table 2, it is clear that a majority of professional communicators in Hong Kong underestimate the penetration of fax in homes. This clearly affects their perceived marketing potential of the technology as will be seen later.

Table 2: How common is it for Hong Kong homes to have fax capability?

What percent of Hong Kong homes have fax capability?	Response
00-09%	27%
10-19%	23%
20-29%	8%
30-39%	15%
40-49%	15%
50% or more	12%

Even a child can operate a fax machine simply by pushing the biggest button on it. So there's no fear of technology or software hurdles to prevent fax senders and receivers from embracing the technology. This makes the fax-on-demand technology one of the lowest common denominators for widespread information access. And there's the immediate psychological gratification that comes from using fax: an ability to send and receive hard copy and the ease of sending a hand-written documents. There is something *lo-tech* about the human craving for simple paper documentation. We apparently want to see and, more importantly, touch, hold and keep things in paper form.

While actual figures are unavailable for corroboration, Tables 3 and 4 indicate that professional communicators perceive incoming and, particularly, outgoing personal fax usage to be quite high in Hong Kong. There is, after all, sufficient reasons to believe that simple, inexpensive machines designed for quick, point-to-point communication do not easily gather dust.

Table 3: How many personal faxes are received by the typical Hong Kong household in a week? (as estimated by professional communicators)

How many personal faxes are received each week?	Response
1-2	23%
3-4	23%
5-10	38%
More than 10	15%

Table 4: How many personal faxes are sent by the typical Hong Kong household in a week? (as estimated by professional communicators)

How many personal faxes are sent each week?	Response
1-2	15%
3-4	15%
5-10	50%
More than 10	19%

Fax technology has usually been seen as intermediary, destined to die a quick death as the Internet and its electronic mail service came to the forefront. But the obituary notice for fax has not been written. In fact, fax technology has flourished as a marketing tool in the form of fax-on-demand and fax broadcasting.

Fax-on-demand systems have been available since 1989 having been invented by the computer chip maker, Intel Corporation. Fax-on-demand does seem rather somnolent and under-utilised as a marketing device. Sexy: it isn't. Plain vanilla it is. Only when some information-provider tries it and finds marketing satisfaction do competitors follow suit.

About two years ago (April 1994), a survey in the United States revealed that 25% of companies already used some form of enhanced facsimile service and more than 40% showed interest in using such services in the future. Almost 17% of respondents were currently using fax-on-demand services. Most of these, 13.5%, ran their own fax-on-demand in-house while 3.1% used outside fax-on-demand services. Another 22.4 percent said they were considering fax-on-demand services. Table 5 shows the past explosive growth rate and potential boom for future fax-on-demand services.

Table 5: Enhanced fax growth projections 1992-1998 (US dollars in millions)

	1992	1994	1998	Cumulative growth % age
Fax-on-demand	26	85	375	56.0%

Source: The 1993 Enhanced Fax Directory and Buyers Guide, Marketfinders (Smith and Cross, 1994).

Even with the rapidity of growth, most professional Hong Kong communicators are aware of fax-on-demand (see Table 6). There are regular trade shows and exhibitions that bring the latest developments to the Hong Kong technological agenda. Industry publications and business newspapers often highlight key applications (although, parenthetically, only one story about fax-on-demand has appeared in the leading English language daily, South China Morning Post, since 1994. It dealt with ticket availability for the annual Arts Festival).

Table 6: How many professional Hong Kong communicators have heard of fax-on-demand?

Have you heard about FOD?	Response
Yes	92%
No	8%

Though awareness may be high, professional knowledge about fax-on-demand is not great. There are aspects of the emerging technology that may be confusing and elusive as the interactive revolution continues. Table 7 displays a summary of basic knowledge of the marketing tool. *Familiarity* with fax-on-demand will be used as a key factor in the bivariate analysis later.

Familiarity comes from a three, seven-point semantic differential scales measuring a person's reported knowledge about fax-on-demand. The scale, which asks questions about familiarity, information and knowledge levels, has reasonably good internal consistency although it appears to have never been tested on technology products (Oliver & Bearden, 1985).

Table 7: How do professional communicators rate their familiarity with fax-on-demand? (This is a combined measure of three, 7-point Likert scale questions. The total possible is 21 points indicating the highest familiarity. The minimum is 3 points indicating the lowest familiarity).

What is your familiarity with FOD?	Response
3-5 (Lowest)	8%
6-10	23%
11-15	31%
16-21 (Highest)	39%

Even though there is awareness and some familiarity with fax-on-demand services, Table 8 shows there is considerable reluctance for Hong Kong communicators to recommend fax-on-demand applications to either their own companies or to clients who may need a simple, marketing communication breakthrough. It may be that these practitioners, regardless of their experience, are not in recommending positions or it may be that their knowledge of the technology is superficial in scope. After all, people cannot quite reconcile the voice with the fax aspects; the document management system with the ubiquitous marketing tool for the fax machine.

Table 8: How many Hong Kong professional communicators have recommended fax-on-demand as a marketing communication tools to their companies/clients?

Have you recommended FOD to a client?	Response
Yes	15%
No	85%

Fax-on-demand characteristics

A fax-on-demand service is live, 24 hours a day, 365 days a year. Once installed, there is little effort required on the part of the organisation to deliver information other than keeping the computer on-line. Information may be easily updated because it is kept in the form of word processor, spreadsheet and/or illustration files. Because fax technology is graphical, documents may consist of drawings, tables, charts, sidebars and photographs largely unavailable through the Internet services. Fax-on-demand also facilitate communication via ideographs of Asian character-based written languages.

A fax-on-demand system generally provides the image of good customer service--a commitment to providing in-depth information about products and/or services. That commitment can be enjoyed by small or large companies alike because the customer interface is just a computer-generated voice. Table 9 shows that talking to a machine is seen as an acceptable alternative to Hong Kong users of fax-on-demand services.

Table 9: Would a typical Hong Kong person mind interfacing with a Interactive Voice Response (IVR) machine to receive fax-on-demand documents?
(as estimated by professional communicators)

Would a Hong Kong person mind talking to a computerised voice interface to receive a FOD document?	Yes	No
Mind machine interface	8%	92%

Once computer voice contact is established, it is important to keep the ensuing interaction short through easy-to-understand voice prompts. An effective index of documents should be brief including usually only the name and number of pages in each document. Still, companies with multiple products often find that their directories mushroom into multi-layer categories that are difficult to communicate. Separate fax-on-demand systems for each may be the only solution. To avoid bottlenecks that may occur because one caller is on the line, it is imperative to install sufficient incoming call capacity. Callers who encounter engaged lines most likely won't return. There must be sufficient outgoing fax capacity as well. Callers do not want to wait for the faxes they have ordered.

Most customers welcome the opportunity to enter and re-enter the sales cycle at will and to get the type of information they want exactly when they want it. Because callers to a fax-on-demand system are self-qualifying, they can even complete the sales cycle while browsing through the fax-on-demand system. The convenience of the service may even lessen the competitive shopping a customer undertakes.

Table 10 describes several key psychological gratifications, as perceived by Hong Kong communicators, why customers would use a fax-on-demand marketing opportunity. Not surprisingly, every content area listed (each less than 5% of the responses) is a part of the current fax-on-demand service offered by Hongkong Telecom and its clients called *InfoFax*.

Table 10: What are the important reasons why someone with fax access and fax-on-demand knowledge should request fax-on-demand information?

Key reasons to use FOD?	Response
Timely information	33%
Convenience	25%
Cost saving	8%
Curiosity	5%
To get information on: <ul style="list-style-type: none">• Horse racing• TV schedules• Entertainment news• Health• Hang Seng stock market	

For relationship marketing purposes, most fax-on-demand systems can log each call, recording the time, date, duration, information requested and return fax number of the caller used. Some systems allow even more control over the dialogue with callers, requiring names, addresses, telephone numbers, personal histories, credit card numbers and prompts for caller PINs (personal identification number) or passwords to restrict access to the system and/or, ostensibly, to make information or service more personalised.

Table 11 summarises what professional communicators believe Hong Kong residents would disclose about themselves to participate in the fax-on-demand marketing experience. It is evident, and not surprising in pecuniary Hong Kong, that money matters are *holy* and not easily revealed. What is surprising is that professional communicators show their ignorance about the technology by insisting that only 75% of the population would reveal their fax numbers to receive faxable information! No fax number: no downloadable information.

Table 11: What information would a customer disclose about him/herself to receive fax-on-demand documents? (as estimated by professional communicators)

Would you disclose this information to receive a FOD document?	Yes	No
TV viewing habits	96%	4%
Fax number	77%	23%
Holiday dates/destinations	73%	27%
Age	65%	35%
Family particulars	50%	50%
Name	50%	50%
Phone number	50%	50%
Address	46%	54%
Health condition	42%	58%
Income	23%	77%
Financial matters	8%	92%

Any workable fax-on-demand system must be cross-promoted in newsletters and other media. The airline, Cathay Pacific, publicises its participation in Hongkong Telecom's InfoFax service via its inflight magazine. Leading recreational and financial publications use reader response (bingo) cards to call attention to their offerings. Canned food packager, Green Giant prints information about recipes available from a fax-on-demand service on can labels. Catalogues, newsletters and traditional advertisements may also mention fax-on-demand opportunities (PR News, 1995).

Fax-on-demand costs

High-end fax-on-demand systems comprised of multi-line, automated modules for between four and 48 lines cost from US\$15,000 to US\$20,000. Most operate on the Microsoft Windows platform. A four-port fax system runs around US\$12,000. A two-voice/one-fax-line basic system costs US\$6,800.

At the low- to mid-end of the market are models that operate four lines simultaneously and may not even require a PC for operation. They are priced around US\$2,200 but some go for less than US\$1,000 which is a level that makes fax-on-demand marketing feasible for small companies and departments. For those on restricted budgets, there is a Singapore-made US\$250 basic fax-on-demand operation for a single line.

Just coming onto the market now and priced at around US\$1,000 is a unit that converts World Wide Web HTML files to TIFF images for faxing by using the graphical Netscape browser. This is a twist to the traditional means of fax-on-demand downloading.

Companies can go it alone by purchasing one of these systems or join one of the proliferating fax service bureaux that provide 24-hour-a-day monitoring for a fee. A service bureau also allows clients time to try before buying. More importantly, commercial fax services prevent the risk of technology obsolescence which invariably happens in a fast-moving market. In 1994, TechProse surveyed 11,000 businesses of all sizes and types. It found that of the 39% of respondents using or considering fax-on-demand, only one in 10 favoured a service-bureau solution. Three in 10 favoured the in-house solution. With costs decreasing, there are incentives of going solo (Stambler, 1993).

With costs come accrued benefits. There are estimates saying that to ship a document weighing just 50 grams via regular mail costs US\$2.52 including the envelope, document costs, labour costs and postage. If the same document is sent by fax using fax-on-demand, the cost is slashed to around US\$0.5. And what's more, the document is not trashed as a junk fax because the prospect expressly requested it (Baron, 1995).

Even at 50 cents per document, costs are involved to the company. Sometimes these are absorbed as costs of doing business. But enterprising marketing communicators who understand the growing business rationalisation process are eyeing the possibility of creating profit out of corporate communication cost centres by passing on charges for fax-on-services to the ultimate users. This is the case in Hong Kong. For its Info-Fax service, Hongkong Telecom charges a downloading rate of HK\$2 per minute during prime business hours. The rate is reduced in half at night.

Table 12 indicates that Hong Kong users of fax are not perceived as willing to pay for fax-on-demand services whether it be for a phone call, a page or a package of information. This is understandable in light of unlimited, *free* telephone service currently available in the territory.

Table 12: How much would Hong Kong people pay for fax-on-demand information? (as estimated by professional communicators)

How many HK\$ would you pay to receive a FOD document?	HK\$ 0	HK\$ 1-5	HK\$ 6-10	HK\$ more than 10
Per page	62%	38%		
Per package	54%	8%	23%	15%
Per a customised information package (as a % age increase)	31%	8%	23%	27%
Per phone call	77%	15%	4%	4%

To lessen the monetary burden to end-users of fax-on-demand information, some marketers have considered adding to downloadable fax-on-demand documents: paid advertisements, sales incentives and/or redeemable coupons that may be used for discounts on desired products/services. Sometimes this strategy backfires when the company, its brands, products or services are seen as *fire sale* cheap. Rather than creating a good image, loyalty and/or genuine reasons to buy, customers are taught to switch to competitors just to get a better deal.

Table 13 indicates a willingness among marketing practitioners to consider sales promotion tools to pull in users and to create favourable profit margins for fax-on-demand services. Coupons seem especially attractive to professional communicators--a tactic which is unusual in its absence in Asia.

Table 13: Would you, as a professional communicator, consider advertising, promotional materials and/or coupons in fax-on-demand documents to offset what a person might have to pay to receive the documents?

Would you consider the following marketing tactics to lower the end-user cost of a FOD document?	Yes	No
Advertising	50%	50%
Promotional materials	62%	38%
Redeemable coupons	85%	15%

Table 14 shows that promotional materials (such as sales notices) and coupons could occupy more than 20% of the document space and still be acceptable. Advertising appears to be warrant less space.

Table 14: What is an appropriate proportion of advertising, promotional materials and/or coupons to include in fax-on-demand documents to offset what a person might have to pay? (as estimated by professional communicators)

What is an acceptable level of advertising, promotional materials and/or coupons for a FOD document?	0 %	1- 5 %	6- 10 %	11- 20 %	More than 20 %
Advertising	15%	19%	27%	23%	15%
Promotional materials	15%	0%	31%	23%	31%
Redeemable coupons	8%	8%	38%	15%	31%

Follow-up fax-on-demand requests with personal selling

Fax-on-demand is no longer the sole domain of large, hi-tech oriented companies and those businesses with widespread business-to-business applications. It’s a versatile information delivery solution that works in virtually every industry where a delay in meeting customer’s requests for information hinders sales efforts.

Fax-on-demand generates sales leads. Every time a customer retrieves information, a company can, if appropriate, follow-up with a personal sales call. Findings, shown in Table 15, attest to the viability of this tactic in Hong Kong. It should be noted, however, that Hong Kong people employ sophisticated and effective *stop* tactics if schemes used by salespeople to close a sale become too overbearing.

Table 15: Would the professional communicator recommend a personal follow-up to a fax-on-demand request as a potential sales lead?

Would you recommend a personal follow-up to a FOD request?	Yes	No
Sales call to follow-up	73%	27%

Analysis of fax-on-demand

From a marketing communication point of view, it may be hard to measure the return on investment from a fax-on-demand system. But, if properly promoted, most companies experience heavy growth in call volume after they install a system. That usually results in:

- Better employee morale because answering boring and routine questions is eliminated from job descriptions which makes for an:
- Improvement in organisational productivity allowing employees to focus on more important business goals which invariably leads to:
- Improved customer satisfaction which usually gives
- Higher profits

The integration of marketing communication with a fax-on-demand system can have positive impacts on a company's sales effort. The marketer gets instant measurement in real time to what type(s) of customers are responding to promotions, what kinds of information are being sought and whether personal sales calls could help seal the deal. Quality, quantitative tracking and analysis have never been easier. Customer profiles of key contacts can be made indicating their interests, concerns, information needs and purchasing habits. It may be worthwhile to conduct focus group sessions to better understand how users of fax-on-demand interact with the system and how they can be better served.

When deciding whether to have a fax-on-demand system installed in an organisation, it might be appropriate to take a head count of all the marketing communicators and consultants involved to see if they are *familiar* with the technology. Table 16 summarises analysis of variance findings taken from all the continuous dependent variables above and the factor of familiarity. The data show that those higher in familiarity about fax-on-demand tend to have more creative visions about what the marketing tool can accomplish. For instance, more familiarity means the likelihood of first trying and then including more advertisements ($p < 0.05$), promotions ($p < 0.10$) and coupons in fax-on-demand documents. While such tactics do not represent the full range of fax-on-demand marketing possibilities, the innovative trends are clear.

Table 16: Summary table of Analysis of Variance (ANOVA) tests with the factor of level of familiarity with fax-on-demand

Variable	Mean for those with <i>low</i> familiarity	Mean for those with <i>high</i> familiarity	Mean square between groups	Mean square within groups	F	<i>p</i>
Homes with fax	16.69%	29.38%	1047.12	346.83	3.02	.10
Faxes received	8.15	9.46	11.12	102.12	.11	.74
Faxes sent	5.85	10.92	167.54	78.28	2.14	.16
Payment per page	HK\$0.77	HK\$1.00	.35	2.18	.16	.69
% ad in FOD	8.46 ads	18.08 ads	600.96	116.51	5.16	.03
% promo in FOD	13.08 pr	22.31 pr	553.85	144.07	3.84	.06
% coupon in FOD	14.62 qp	24.23 qp	600.96	238.14	2.52	.13
Financial FOD	2.46	3.46	6.50	13.69	.47	.50
Travel FOD	1.69	1.77	.04	2.54	.02	.90
Health FOD	1.08	.85	.35	1.44	.24	.63
Television FOD	5.00	4.08	5.54	27.46	.20	.66

Future implications

Taking the Hong Kong experience as a bellwether of what could happen across Asia in the coming few years, there is reasonable optimism that fax-on-demand service will catch on and blossom as a marketing tool. There is already a substantial installed base of fax machines which will receive an even greater boost with the on-going development of digital telecommunication infrastructures. Excellent opportunities will be created to provide quality information service to people who have been too long information-starved. The challenge will be for Asian businesses to make available, in substantial portions, unadulterated truth about their products and services in their marketing messages. This is a formidable task but one that if accepted helps to insure the ideals of one-to-one relationship marketing: the key to success in tomorrow's commercial world.

The biggest benefactor of Hong Kong's current fax-on-demand experience may be its neighbour across the border, the People's Republic of China. As the increasingly affluent Chinese fully embrace Hong Kong's hedonic consumerism, they may also learn that good things often come from *plain, simple* and *non-sexy* fax-on-demand information packages.

The methodological flaws of the current study preclude any induction of the findings to the entire pool of Asian marketing communicators. Still, with proper caution, the results of the exploration are interesting and indicative. The larger value of the study, however, is to suggest that new technological advances have implications on communication for both receivers and senders of messages. The impact of both must be investigated.

Communication ultimately rests in the milieu of a receiver. In this regard, the author is pleased to announce he has received a competitive faculty grant from Hong Kong Baptist University to carry out a sufficiently large empirical study on fax-on-demand usage by the general Hong Kong population. The results of that study are forthcoming. The author is interested in sharing this information and his knowledge about fax-on-demand or other new technologies that affect marketing communications with scholars throughout Asia for the purpose of pursuing mutually interesting, collaborative research.

References

- Baron, T. (1995). More users turning to fax on demand to reduce costs. *Communications Week*, April 17, 15.
- Frank-Keyes, J. (1993). Yellow pages find fax voice. *South China Morning Post*, August 11, Supplement page.
- Grunig, J. E. (1992). Communication, public relations and effective organisation: An overview of the book. In Grunig, J. E., Dozier, D. M., Ehling, W. P., Grunig, L. A., Repper, F. C. & White, J. (Eds). *Excellence in Public Relations and Communication Management*. Hillsdale, NJ: Lawrence Erlbaum, 1-28.
- McGrath, N. (1996). Newcomers struggle to make impact. *Asian Business*, 3, 18-19.
- Oliver, R. L. & Bearden W. O. (1985). Crossover effects in the theory of reasoned action: A moderating influence attempt, *JCR*, 12, 324-340.
- Peppers, D. & Rogers, M. (1993). *The one-to-one future: Building relationships one customer at a time*. New York: Currency Doubleday.
- PR News (1995). Broadcast fax, fax-on-demand offer speed, flexibility. *PR News*, December 11.
- PR Newswire, (1995). Ibex Technologies expands Asian market; fax-on-demand leaders provide enhanced solutions world-wide. *PR Newswire*, May 3.
- Smith, J. A. & Cross, R. (1994). Fax-on-demand: a tool for instant interactive marketing. *Direct Marketing Magazine*, 1, 14.
- Stambler, S. (1993). *Fax technology user survey*. TechProse, Inc.