

VARIABLE DATA PRINTING

Understanding the opportunities and alternatives



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The Marketing Challenge

Marketing professionals today are faced with tremendous pressure to validate their marketing performance. According to the CMO Council, publishers of “Marketing Outlook 2007,” marketers consider measurement, improved efficiencies, and customer knowledge to be their top challenges. Over the past few years these challenges have impacted the tenure of many Chief Marketing Officers (CMO) in both B-to-B and B-to-C environments. According to a study by executive search firm Spencer Stuart, the average tenure for a CMO was down to 23 months in 2006.

The role of the CMO has also changed over the years. Their influence on an organization, as well as the expectations by other executives, is very high. The Spencer Stuart study found that nearly three-quarters of CEOs and board members consider the marketing organization “highly influential and strategic” in the enterprise, but nearly two-thirds say that their top marketers don’t provide adequate ROI with which to gauge marketing’s true performance. The report was based on interviews with more than 1,200 senior marketers, 300 CEOs and board members, and 35 corporate recruiters.

To be successful, marketing organizations need to implement more integrated marketing strategies and deploy tools that enable them to better track marketing ROI and performance. A key component to their marketing mix must be to leverage direct response initiatives. Direct response campaigns enable marketers to personalize their communications, track their effectiveness, and allow marketers to optimize programs when needed.

This paper will explain the opportunities available to marketers to leverage variable data printing (VDP) in their direct response programs. Specifically, we will examine the new opportunity to leverage existing communications such as transactional documents (bills, statements, etc.) to communicate additional marketing/promotional messages. This new opportunity is known as Transpromotional or Transpromo.





How Customers Want You to Communicate

Consumers today are bombarded by messages from businesses trying gain mindshare. Consumers encounter up to 3,000 marketing messages per day (David Shenk, Data Smog: Surviving the Information Glut). As a marketer, it is critical to ensure that your messages cut through this clutter and across a variety of mediums. It is no longer enough to just spend marketing dollars on electronic communications like email because of the perception that it is far more cost effective than other channels. More integrated solutions are required, specifically the usage of direct mail/response.

A study conducted by InfoTrends reported that the preferred method of communication by consumers was direct mail:

- 61 percent preferred direct marketing;
- 20 percent preferred email; and
- 5 percent preferred telemarketing.

The InfoTrends study, “The Future of Mail 2006: Direct Mail, Transaction, and ‘Transpromotional’ Documents,” examines the future of direct mail and transaction documents. The study emphasized customer-facing applications such as direct marketing, billing, and related issues such as customer support and fulfillment. It also examined consumer behavior and preferences.

Some key statistics indicated that:

- Consumers have a strong preference for highly personalized direct mail.
- Consumers state that only 31 percent of the direct mail they currently receive contains personalized content that they find useful.
- Not everybody will flock to electronic bill presentment or electronic bill presentment and payment, as just under half of the respondents planned to pay bills online. Those consumers who did not want to switch to online banking most commonly cited security concerns.





Variable Data Printing: The Transpromotional Opportunity

Variable Data Printing, or VDP, is a form of on-demand printing in which elements such as text, graphics, and images can be changed from one printed piece to the next using information from a database. Today's VDP applications can go far beyond the laser-personalized letters, invoices, and customer statements of recent decades. It is now possible to further customize transactional documents with transpromotional messages, as well as develop customized sales brochures and training handouts to fit the needs, interests, and preferences of individual customers, employees, or members. VDP has been shown to boost the effectiveness of printed output, whether it's measured by response rates, readership, ROI, or customer satisfaction.

Because consumers want personalized communications and prefer the use of direct mail, transactional documents like monthly statements and invoices present new opportunities for personalized marketing messages. In addition, other communications vehicles are losing their effectiveness due to spam filters and do-not call lists. The need to leverage the use of statements and other customer-facing communications is paramount to the overall marketing strategy.

Statements work because they are expected by the recipient and usually require action. They are also high-involvement documents which many consumers spend 1-3 minutes reviewing and are viewed more than once. The real value is the ability to use transactional documents to turn consumer attention into action. The ultimate objective is to combine information delivery with data-driven personalization and promotional offers to generate faster and higher response rates.

To the right is an example of a statement that incorporates a transpromotional message. Because the vendor has data about the consumer, they are able to personalize the invoice. This example shows that the consumer is eligible for a new phone based on their spending habits. Another example would be to

up-sell their service plan to accommodate their individual needs.

Transpromotional marketing is growing fast. Many organizations are moving to convert traditional billing and statements to transpromotional messages because they understand the value of leveraging data they already have on their customers to create new opportunities for additional revenue.

Objectif Lune Telecom Inc. 302 Broadview Drive, Bloomfield, NJ, 07003, (973) 780-0100, www.objectiflune.com

Your monthly Objectif Lune Telecom Inc. invoice summary

Phone Number: 9735552821
 Invoice Number: 813040
 Account Type: Silver
 Total Minutes: 2153 min.
 Plan Rate: \$0.26 per min.
 Total Amount Due: \$558.20

Congratulations Mrs. Keelin!
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Calls	Mins	Calls	Mins
114-555-2980	45	854-555-5782	42
190-555-1290	84	557-555-9353	22
797-555-4700	05	245-555-0500	58
742-555-8493	87	134-555-2818	45
378-555-8000	38	848-555-7158	43
538-555-8531	85	451-555-8720	98
125-555-7218	33	472-555-1826	17
541-555-4417	77	311-555-4057	62
498-555-2980	49	525-555-2475	24
682-555-8794	23	274-555-0380	61
888-555-3102	62	000-555-2329	80
885-555-8540	4	811-555-7891	71
327-555-2054	4	153-555-3295	94
018-555-9417	69	445-555-7205	70
918-555-2317	2	242-555-8022	37
594-555-2715	19	466-555-2922	23
124-555-1114	44	799-555-0300	29
631-555-4780	46	485-555-4035	53
977-555-1852	40	202-555-4927	27
617-555-4996	42	748-555-8230	03
102-555-6938	7		
672-555-6190	70		
528-555-3891	29		
282-555-4514	80		
490-555-2898	71		

Monthly Consumption: July, August, September, October, Current (November)

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 Did you know that as a Silver customer, you could benefit from a 5% discount on all accessories for your mobile phone?
 Visit our online store for more information.
 www.objectiflune.com/eshop

Objectif Lune Telecom Inc. Invoice Number 813040
 Call phone Number 9735552821
 Total Minutes 2153
 Amount Paid

Statement incorporating a transpromotional message

An InfoTrends' survey conducted in 2006 validates this trend, with 36 percent of respondents indicating that they are already combining marketing messages with their transactional documents and present the two in one printed document. Another 33 percent of respondents state that they plan to do so in the next five years.

Organizations utilizing transpromotional printing typically see the following results:

- **Response Rates: Up 36 percent**
- **Average Value of Order: Up 24.5 percent**
- **Repetitive Orders/Retention: Up 47.6 percent**
- **Overall Revenue/Profit: Up 31.6 percent**
- **Response Time: Up 33.9 percent**

Source: Adobe



Marketing Communication Efficiency

Traditionally there have been higher costs associated with all forms of printed communications. However, new market drivers such as advancements in printing technologies especially around color, and new postal costs for high-volume bulk mailings make direct mail more affordable than ever before (“May 17, 2007 postal rates favor high volume first class mail—postage on a first class two ounce letter decreased by 8 percent” - Source: InfoTrends).

But perhaps the greatest area of efficiency is when we consider that most organizations already communicate to customers through monthly statements, reminder cards, or package inserts in product shipments. These customer-facing communications are part of the cost of doing business. Organizations can use what is already being executed and insert customized messages, leveraging this as an opportunity to generate additional revenue by cross-selling or up-selling additional products or services.

Generally, when organizations look for ways to cut budgets, marketing dollars are typically the first to be sacrificed. The use of statements and other customer-facing communications that are already being executed can be the most cost-effective way to maximize those marketing dollars.





Technologies For Variable Data Printing

There are a variety of technologies on the market today that enable more cost-effective variable data printing, including document composition software and digital color presses.

Document Composition Software is the production software that allows organizations to design documents with targeted variable messages. Much of the software available today integrates with existing hardware and software infrastructures and provides optimal efficiency across a variety of printing systems, including monochrome, highlight color, and full color systems. These technologies allow an organization to print at production speeds, so there is no time lost in the personalization process.

Digital Color Presses are the hardware component to variable data printing. These systems enable businesses to not only offer full-color communications, but also allow for more personalized and customized communications with VDP software. For organizations that want to control the output of their communications, save money, and increase productivity, a full-color digital printer will not only serve the needs for variable data printing, but also will support all business print applications.





Producing Transpromotional Documents

There are a few key considerations for any company that decides they want to leverage a transpromotional marketing strategy. One is having adequate customer data; the other is whether or not to develop the transpromotional documents in-house or to outsource.

Many organizations have existing customer data. The challenge most face is that it may not be within a single system, making it almost impossible to get a 360° picture to target messaging. Organizations need to invest the time—and in some cases the technology—to create a single view of their customer data to be successful at placing relevant promotional messaging on transactional documents. (To learn more about customer relationship management tools, visit www.crmassociation.org.)

Next, organizations need to decide how they want to execute their transpromotional messages. For companies choosing to keep the printing process in-house, there are many different printing technologies that meet a variety of variable data printing needs. Choosing the appropriate solution will depend on an organization's output demands today and in the future. These printers can be separated into three classifications within the categories of toner and inkjet:

- **Low end** with print speeds under 40 pages per minute and an acquisition cost of less than \$25,000
- **Mid range** with print speeds between 40 and 65 pages per minute and an acquisition cost between \$25,000 and \$50,000
- **High end** with print speeds of 100 pages per minute and higher with an acquisition cost of \$100,000 or more.

Generally speaking, the higher the classification, the larger the footprint of the device and complexity of using the system.

Before deciding on a hardware solution, an organization should consider the following points:

Output volume: This is a major factor in deciding what caliber of printer will be appropriate. An organization must first understand its current monthly output volume and what it projects it to be in the next three to five years. Accurately projecting output volume will help a company choose a printer with enough capacity for growth and ensure against having to upgrade a device before its useful life and/or lease is up. Consider the following before deciding on multiple low-end printers or one high-end printers:

- The purchase of multiple low-end systems may have a lower acquisition cost; however if life expectancy is equally low, continually replacing the units can get costly
- Although there is redundancy with a multiple low-end configuration, managing output across multiple systems requires more operator intervention and space requirements

Location of the printer: It is important to know the space available for your printer and whether it will be in its own dedicated space such as a print room or in-house print shop, or in an open area.

Color or monochrome: There are printers that will print black and white only, spot color, or full process color. An organization should understand the benefits of each alternative before choosing a solution. All color devices have the capability to print black and white as well, but monochrome systems can only print in black and white. Second, printing black and white documents on a color system typically costs more per print than printing them on a monochrome system. Additionally, some color systems print slower than comparable monochrome only systems in their class, even when printing black and white only. A company should look at all its transactional

expense of another. So, for example, a printer that prints in full color or black and white will usually do so at a greater expense than a monochrome only system. A printer that produces very high quality images will usually do so at slower print speeds. Printers that focus on cost savings usually do so at the expense of output quality. Before looking at the alternatives, an organization should decide what features are most important. They should keep in mind what primary applications will be printed on the system and determine what the requirements for those jobs are. In some cases the best solution is a multi-technology approach where an organization opts for more than one category and classification of printer, allowing them to choose the most appropriate output device for that application.



The Value of Color in Print

As stated earlier, there are many technologies on the market today that enable marketers to leverage variable data printing to personalize their communications. The advancements in printing technologies, specifically digital inkjet printers, make it possible for organizations to incorporate color cost effectively in all documents. No longer is color saved for high-end, expensive output like brochures and other

marketing collateral. Color is the best way to draw attention to a document and ensure that its message is read and retained. There are many different ways color can be incorporated into document including:

- **ROP Color:** “Run on Press” color is used for the marketing or promotional messaging included in the document.
- **Highlight Color:** Highlight color can be used for demarcation between line-items so readers can easily scroll down and read across a statement. It can also be used to highlight an area of a date of next appointment, amount to be paid, or address to remit to.
- **Accent Color:** Accent color can be used to bring focus to certain areas of a bill or statement, such as a phone number to call for support, web site to visit for more information, or the total amount to be paid.

And color can be used for more than just marketing and promotional purposes. In some instances companies want to convey other important information to their customers such as a new contact person, address or phone number change. Color helps the reader locate different pieces of information on a page, so highlighting certain areas can reduce call volume to the support line or speed the receipt of payment.

The Impact of Color Printing

When developing transpromotional messaging, it is critical to incorporate color into the documents. Numerous studies have been done on the benefits of using color in print.

- Color in documents increases learning and retention of facts by 78 percent
- Comprehension of facts improve up to 73 percent when presented in Color
- Invoices printed in Color get paid 30 percent faster than black-and-white ones
- Recipients of Color direct-mail pieces are 55 percent more likely to pick up the ads compared to those in black and white
- 70 percent of readers locate the information they need when it’s in Color
- Color boosts brand recognition by up to 80 percent
- 78 percent more likely to remember Color words (Source: Pantone)
- Enhanced customer loyalty:
 - 48 percent increase in repeat orders
 - 32 percent increase in overall revenues

Source: InfoTrends. Other Sources: Loyola University and Other Studies



Summary

Marketers looking for greater response rates, increased customer retention and satisfaction, and—above all—greater revenue opportunities from cross sell and up sell messaging, know that they need to deploy strategies that leverage variable data printing to customize their communications. Specifically, marketers must leverage statements and other documents that businesses use on an ongoing basis to communicate with their customers.

RISO, Inc. is at the forefront in developing high-speed color printing technologies that work with VDP and PPLM software so that marketers can leverage the power of their statements to create additional messages. These printers offer full-color capabilities at costs as low as black and white and with speeds of 120 pages per minute.

To learn more about RISO's variable data printing solutions, please visit us at <http://us.riso.com/vdp>





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