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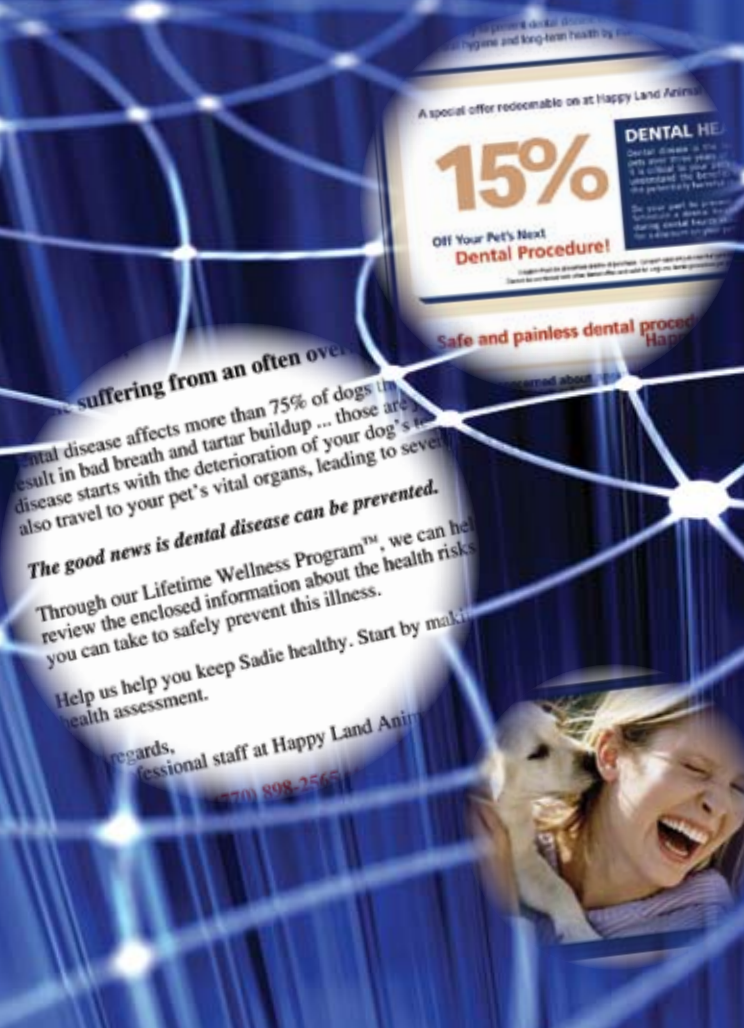
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SPECIAL REPORT | TransPromo

TransPromo Is Making The Medium The Message

Consumer research and case studies prove the value proposition in moving to transpromotional mailings, while digital printing advances are making their production more practical. But, some adjustments in mindset and infrastructure are required.



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TransPromo Communications: More Than a Pretty Statement

BY BARB PELLOW

TODAY'S CONSUMERS are bombarded with thousands of promotional messages on a daily basis, from television or radio ads and out-of-home advertising, to e-mails and Web ads. Marketers face the challenge of getting their messages out in a way that breaks through this clutter and encourages desired behaviors in recipients. These behaviors can range from simply recognizing a brand to changing investment strategies or purchasing the latest product or service that the marketer represents.

With increasing economic pressures, it is time for marketers to use a tried and true communications medium—transactional documents—in new and different ways to ensure that their messages are noticed. This means of communications is called transpromotional—or TransPromo—communications, and it is creating a significant buzz.

TransPromo provides an opportunity to blend marketing messages or solicitations with those must-read transaction documents, including statements, invoices, confirmations, benefits explanations, and other notifications to influence behavior and, ultimately, drive business volume. Marketers and print service providers need to focus on the breadth of TransPromo documents in today's market and develop strategies to effectively leverage this communications medium.

In the dictionary, "transaction" is defined as:

- An act of carrying out some form of business between two persons or businesses;
- A business agreement or exchange; and
- Any activity in which two or more persons are involved.

A transaction document is the supporting proof of the relationship. The "2006 USPS Household Diary Study" defined transaction mail as bills, statements, payments, donations, rebates, notifications, and orders sent and received by households. Transactions sent and received account for 25 percent of all household mail volumes and 58 percent of household First-Class mail. They are a critical part of the mailstream.

I queried a number of data service bureaus and print service providers to gain their perspective on the role of transaction documents in the world of marketing today, and learned that they are beginning to recognize that the TransPromo opportunity offers more than the ability to place a marketing blurb on a statement. It is an opportunity to re-engage a known customer in a dialogue based on past services and products purchased, or to extend a relationship and affiliation with an organization. TransPromo communications are designed to meet a variety of marketing and operational objectives, including:

- Building loyalty and trust;
- Cross-selling relevant products and services;
- Educating the recipient about the company, its products and services, and other important issues;
- Improving cash flow by focusing attention on key account information;
- Reducing costs associated with direct marketing call centers, including the migration of a portion of the relationship to the Web;
- Reinforcing the brand; and
- Retaining clients or reactivating dormant relationships.

When the recipient receives the mailing, it is from a trusted source—a known business partner—and is highly likely to be opened and read.

The key value is the fact that TransPromo is directed at a known customer. There is an implied "opt-in" relationship based on an existing account, a past purchase of products or services, or membership in an organization or existing loyalty program. When the recipient receives the mailing, it is from a trusted source—a known business partner—and is highly likely to be opened and read.

Cathedral: Pioneers in the Field

Marianne Gaige, president and COO of Cathedral Corp., has a broad view of the TransPromo opportunity and has introduced TransPromo strategies to customers in the non-profit and for-profit sectors. Cathedral Corp. is a privately held company that was established in 1916. The firm has been involved in the analysis and application of customer data to

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customer communications and direct mail since the 1920s, when it started maintaining parishioner lists and providing various direct mail services to churches across the country.

Gaige was hired in 1992 to help the company diversify into other markets. Based on her assessment of core competencies (which include personalized direct mail programs, high-quality production control and exceptional customer service), she recommended that the company move into providing transactional documents and direct mail to the business market.

According to Gaige, “Our relationship with the churches clearly put Cathedral in the TransPromo business.” Every parish has an “opt-in” relationship with its members. Cathedral works with churches to encourage members’ sense of belonging by mailing offering envelopes directly to their homes.

Cathedral is committed to quick and reliable church member mailing list updates.

Churches send data updates to Cathedral via e-mail, disk, fax or phone. The envelope is the transaction document. Because the key is keeping parishioners focused on giving, Cathedral (www.cathedral-stewardship.com/env_custom.asp) produces personalized mailed offering envelope sets that are sent out monthly, bi-monthly or quarterly. Cathedral offers customized artwork, scripture, colors and styles, as

well as a host of special collection envelopes for holidays and capital campaigns.

The Archdiocese of Galveston Houston parish worked with Cathedral to reach out to all registered parishioners through its mailed offering envelope program, strengthening the parish community in the process. Father Christopher Shackelford was faced with a dilemma—the explosive growth in his town was making it increasingly difficult to support the needs of his parish, let alone the community.

Cathedral discovered that less than one-third of the 2,400 registered parishioners were part of the mailed offering program. As a result, Father Shackelford decided to upgrade to the bilingual Liturgical Series envelope program, include bilingual pastoral letters and mail them bi-monthly to 100 percent of the parish.

Since the implementation of the updated mailings, participation in the program is up to 40 percent, and increased giving has steadily held between 18 percent and 22 percent. The additional annual expense of mailing envelopes to the entire parish family was recovered in the first month’s weekly offerings. Not only has the parish increased regular weekly support, but they used the envelope program for a Capital Campaign to expand a facility that is literally bursting at the seams.

According to Gaige, it was natural to see how the proven effectiveness of stewardship direct mail also applied to the needs of for-profit businesses. Broadview Networks is a telecommunications firm for which Cathedral prints full-color, transpromotional invoices for all of its customers. In the view of Broadview Vice President of Marketing Tim Bell, the company’s bill is a product in itself.

“We use customer data as a way to make our offers more relevant,” he says. “Printing them in full color enhances the bill and helps distinguish us in the marketplace. We believe that our invoice is the one consistent touch we have with our customers every single month.”

Cathedral has continuously expanded its TransPromo capabilities and today offers the Essentials line of printed and electronic financial communication programs, personalized direct mail and e-marketing services. This includes the analysis and application of customer data to create transpromo checks, statements, invoices, highly targeted direct mail and a wide range of customer care communications.

According to Gaige, “We target companies and organizations that



view their customers as members. Credit unions, not-for-profits, higher education institutions and many for-profit businesses treat their constituencies as though they are special associates of the organization. They want a relationship based on trust and a higher level of intimacy.

“We work with clients to sub-segment their market for maximum returns,” she continues. “With the targeting that we do for our customers, we may have 57 different segments by school or department. The more personalized, the better. A run of 180,000 could have 80 different segments.”

Gaige sums up her view of TransPromo as “where you have a relationship with a client and you treat them like they are a member of a special club.”

Transpromotional...Traneducational

DST Output reaches every home and every business with technology-driven customer communication solutions. Every month, the company prints, mails and electronically delivers more than 200 million bills, statements, marketing materials, policy statements, explanations of benefits and other business-critical customer communications. Cheryl Kananowicz, DST's vice president of sales and corporate communications, shares the perspective that the market needs to define TransPromo as more than a marketing message on a statement.

According to Kananowicz, “Based on the mailings of a number of organizations, TransPromo could, and should, become traneducational. It is the combination of blending statement information with valuable educational information to enhance customer loyalty and, in some instances, provide a soft cross-selling approach.”

In one instance, a leader in the defined contribution retirement planning industry decided to combine a traditional litho newsletter with its quarterly transactional document. In the past, the company produced a quarterly statement that was printed in monochrome on plain white paper and averaged nine to 12 pages.

In addition, the company produced two quarterly newsletters—one for plan sponsors and another for plan participants. They were litho printed and mailed in bulk to plan sponsors, who then distributed the newsletters to individual plan participants at their discretion. Most newsletters were four pages, but some were as many as eight pages. There was no customization; all plan participants received the exact same document.

In light of the availability of new technologies,

the company re-evaluated this approach. The statement was redesigned as a full-color application and streamlined to a two-page summary. This shorter version summarized key information, emphasized

results using full-color charts and coding schemes, and added messages to help plan participants make informed decisions about their investments.

The four- to eight-page, litho-printed newsletter was transformed into a two-page, digitally printed version. Those two pages became pages three and four of the new communication. The key difference was that content was no longer static—the digital content could be versioned according to plan type, and the content was personalized.

The real benefit for the client was more for less. The cost of litho printing, shipping, processing and distributing the newsletter was eliminated. Postage was almost cut in half, since the new combo mails at less than an ounce. Call center volume was reduced, resulting in shorter wait times and eliminating the need to add staff. The newsletter information had a guaranteed and timely distribution since it was now mailed directly to plan participants. Finally, while the cost of full-color digital printing is more on a per-image or per-page basis, the page count was cut in half. A transaction document was transformed into a “traneducational” offering.

Options and opportunities abound for using a transaction document to educate a constituency. For example, when healthcare insurance providers discover that participants have diabetes or high blood pressure, they can make recommendations on healthcare options and alternatives. Communications to new parents on “child wellness” approaches can be incorporated into transaction documents between the provider and the insured. Banking institutions can educate parents about college savings. There is tremendous opportunity for “traneducational” content in today's market that enhances customer loyalty.

Keeping Customers' Pets Healthy

There are a number of relationships where doing business on a sustained basis is a good indicator that you have opted into the relationship. These opt-in relationships with your office supplies stores, lawn care specialists, window cleaners, doctors, dentists, hair dressers or barbers offer a tremendous marketing opportunity for service suppliers, as well as their business partners, to reinvent the way they deliver “reminder” notices.

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Not only has the parish increased regular weekly support, but they used the envelope program for a Capital Campaign to expand a facility that is literally bursting at the seams.

More Than a Pretty Statement

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Veterinary Metrics is a consulting company that works with veterinary practices to combine effective data management with the personalized communication and comprehensive training necessary to establish a wellness strategy that leads to long-term client relationships and healthy pets. The company's research indicates that a lack of effective marketing accounts for up to \$2 million in unrealized annual revenues for the existing client base within a typical two-vet practice.

Based on an analysis of the veterinary practice, Veterinary Metrics develops an automated, personalized communications campaign that results in a

For every dollar clients invest [in this type of transpromo], they are achieving \$18 to \$20 in return, an outstanding ROI by any measure.

services including advanced output and secure workflows, to design a two-component mailer. The left side of the mailer is a personalized letter addressed to the pet owner that contains educational and reminder material, as well as a call to action—usually suggesting that the recipient call for an appointment.

The mailer uses a specialized window envelope that shows the recipient's address, the veterinary practice's return address, a full-color picture of the type of pet (cat or dog) the recipient owns and a message that reads "Important Health Information for [pet name]." "The high level of personalization and the professional appearance of this piece ensures that it will be opened and increases the chance that it will be acted upon," Swartz adds. "It also conveys a sense of caring on the part of the veterinarian, communicating that he or she is truly concerned about the pet's health."

The incremental cost of these mailings is well worth the expense, with the average Veterinary Metrics client practice achieving revenues that are 30 percent above industry averages, and some practices achieving more than 25 percent annual growth.

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The overriding message is that while there is tremendous opportunity for using Trans-Promo to blend a marketing message or a coupon with a statement, the definition is broader in today's environment. It is a mechanism to engage in dialogue with existing customers to expand loyalty, cross-sell, educate or re-engage a dormant account. **PI**



high-quality, four-color mailer distributed in lieu of conventional postcard communication. These materials remind pet owners of vaccinations and annual check-ups, but can also promote special services and provide educational information.

According to Hank Swartz, Veterinary Metrics director of business strategy, "Recent surveys indicate that 80 percent of pet-owning households hold their pets in the same esteem as they do their children and consider them a full-fledged member of the family. They are willing, and very likely, to expend funds on healthcare for their pets if they understand the importance of that care. Veterinarians are sitting on a virtual revenue goldmine with the data contained in their practice management systems."

To help veterinary practices mine this data, Veterinary Metrics collaborated with NCP Solutions, a provider of outsourced business communications

About the Author

A digital printing and publishing pioneer and marketing expert, Barbara Pellow helps companies develop multimedia strategies that ride the information wave. She has assisted companies in areas such as creating strategies to launch new products, building strategic marketing plans, and educating their sales force on how to deliver an effective value proposition. A recognized author and industry speaker, Pellow serves as Director at InfoTrends. As an expert on TransPromo communications, she wrote the content for this special supplement.





A Concept Whose Time Has Come

WHILE SERVICE bureaus and data centers will tell you that the concept of TransPromo (putting a marketing message on a statement) has been around for decades, there has been a sudden surge of interest in stepping up its use. During 2006, TransPromo full-color digital output represented only 1.62 billion equivalent images in North America. This is a very small base, but InfoTrends expects this output to experience a CAGR (compound annual growth rate) of 91 percent to reach 21.72 billion images by 2010.

There are four key drivers that make TransPromo an idea whose time has come:

The need for better ways to reach customers with a relevant message: Corporate marketers are seeking ways to invest in communications that cut through the clutter of the thousands of marketing messages. Marketers are seeking certainty that their messages are actually reaching the intended recipient.

Unfortunately, conventional methods of communication can make it difficult to determine which messages actually get through. Since 95 percent of transaction documents are opened and read, they provide an excellent vehicle for reaching customers with other types of messages.

The drive for ROI: The CMO Council publishes an annual marketing outlook report that surveys CMOs (chief marketing officers). Of the 825 executives surveyed, quantifying and measuring the value of marketing programs and investments was reported as the top challenge in 2008 by 53 percent of respondents. Marketers are seeking measurable media.

Advances in technology: The technologies available in the marketplace today facilitate TransPromo communications. Advances in digital color open the door for organizations to affordably merge those must-read statements and notifications with full-color, attention-grabbing, marketing messages.

A number of new products are being announced at Drupa with unparalleled levels of performance. Xeikon is taking its high-quality toner technology to speeds of 244 ppm. The Xerox 490/980 operates at speeds of up to 986 ppm. Océ, HP, Kodak and InfoPrint Solutions have high-speed ink-jet devices that generate anywhere from 900 to 2,600 impressions per minute. While the capital acquisition cost for some of these devices is high, operating cost per impression can be less than \$.02.

What's more, advances in software tools make it easy to design and implement complex, personalized communications applications with a full range

of data handling, layout, graphical workflow, color management, content collaboration, approval, and proofing and message management capabilities.

Beyond e-bill presentation options, companies are working to make transaction documents true multi-channel communications vehicles with relevant offers linked to personalized URLs and landing pages. Mobile technology combined with Quick Response (QR) codes (see sidebar) is a significant advance in transforming transaction documents into true multichannel communication vehicles.

Changing postal regulations: Under USPS rates that went into effect in May 2007, businesses are given incentives to do more with existing communications. While the postage costs on nearly every class of mail increased (and, in some cases nearly doubled), it is now less expensive to send higher-weight letters. For example, the postage on a First-Class, two-ounce letter decreased by nearly 8 percent.

Creating the Recipe for Success

Marketers and print service providers agree: TransPromo has a proven value proposition. A successful TransPromo campaign requires a different mindset and several essential ingredients, including:

The right message: Marketing executives are no longer debating the power of personalization. If customers feel that they are receiving messages intended only for them, it increases loyalty, sales and revenues.

The right person: Database and marketing analytics are essential to segmenting and identifying the most valuable clients. Effective campaigns require organizations to dissect their customer database and assign a propensity score based on any combination of demographic, psychographic and behavioral data.

The right time: Marketing departments at companies in various industry sectors (i.e., banking, insurance, financial services, retail) recognize the crucial role that the timing of an offer plays in its success.

The right channel: Marketers need to build a repository that identifies which customer is more likely to respond via a specific channel. Messaging should be consistent and coordinated across print, online media and call centers.

Testing, measuring, and refining: Measurable objectives need to be established, results tracked, and feedback must dictate adjustments. This requires consistent messages across all channels and monitoring of customer activities, including e-mail responses and online or call center activities.

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Learning from Those Who Know

HOUSTON-BASED Personix promises to help build stronger customer relationships through personalized communications. The company (a unit of financial data giant Fiserv) produces a wide variety of personalized printed and electronic materials for clients in the retail sales, financial services, healthcare, entertainment and telecommunications industries.

Also a player in the investment services vertical, Personix produces statements (non-billing), checks and explanation of benefits documents. To help businesses reach their customers and retain brand loyalty, Personix provides customized credit cards, membership and ID cards, billing statements, personalized checks and other related advertising materials—all with a few extra personal aesthetics.

According to Don Mathis, corporate director of composition, “The key components of TransPromo have been around for years...one-to-one marketing and full-color printing. What has changed are the sophistication and economics of the solutions, the skills required to deliver full service, and how and who you sell to.”

Changing Expectations

Mathis adds, “Transactional service providers need to compete differently. Their solutions today need to include content creative and creation. Customer data needs to be supplemented with additional demographic and psychographic data using analytics to determine what message to deliver and when.”

Personix addressed these issues by acquiring the St. Louis-based Jerome Group in 2006. It has an in-house advertising agency and a full-service direct marketing solution, including data analytics and data enhancement.

While toner-based, full-color technology has been available for years, Personix’s view was that it was only cost-effective for niche applications. Ink-jet technology is changing the economics.

“Ink-jet, drop-on-demand solutions are delivering high quality...They are very fast and the cost of consumables is reasonable,” says Mathis. “Clients no longer need to choose between quality and cost.”

Personix was the first U.S. print service bureau to install an InfoPrint 5000. “The shift from black-and-white to full-color was not insignificant. Color is exponentially more complex than black-and-

white—you need to understand the color gamut, document composition is more complex, and file size explodes,” he notes. “Printing color consistently and cost-effectively requires hard work.”

While electronic document delivery has been around since the 1990s, consumer adoption has been relatively low. Personix notes that as e-mails are used to deliver more transactional documents, companies will need to deliver more and more sophisticated solutions. They will need to link personalized URLs with offers, as well as provide mobile phone support.

Measurement and Metrics

One of the most important ingredients for TransPromo is measurement. According to Mathis, “Personalized URLs are used not only to measure performance, but to generate leads. It is about relevant personalization, great creative and an intriguing offer. And let’s not forget that clients are also asking for user-specific dashboards and API-based tools that can be integrated with their workflows.”

Last, but not least, the final component is deciding who to sell to. While the primary focus used to be in operations, it is now the vice president of marketing. Salespeople need to be able to speak the language of marketing. Terms like customer touch, analytics, micro-sites, ROI and LTV (lifetime value) need to become part of their ongoing dialogue.

The message is that while the technology is readily available and there is a well-defined marketing need, implementing TransPromo communications is not without challenges. Effective participation requires a clear understanding of color management, data analytics, multichannel services, measurement and metrics, as well as a new selling process.

In a world that is oversaturated with marketing messages, marketers are seeking ways to produce more relevant communications that break through the clutter, move the recipient to action, and create a dialogue that enables marketers to gather new information, so they can fine-tune their messaging and offers for even more relevance.

Finding new and innovative ways to leverage statements, notifications and other transactional documents as a marketing platform is emerging as critical for achieving both of these aims—giving the con-

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Learning from Those Who Know

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sumer what he or she is asking for, in a manner that delivers ROI for the marketer. The rewards couldn't be greater—TransPromo represents an opportunity to increase customer loyalty, customer satisfaction and retention. Offers to cross-sell and up-sell mean improved profits.

TransPromo is an application whose time has come, and the transaction document is a new plat-

form for marketing effectiveness. Marketers, as well as their graphic communications service provider partners, are already beginning to reap the benefits of TransPromo. In just a few short years, TransPromo will evolve from a novelty to a discipline, generating a CAGR of 91 percent.

Don't let this opportunity escape—leverage the lessons contained in this supplement into your own marketing powerhouse to maximize that marketing return on investment.

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Using QR Codes for Cross-Media Integration

Many of today's marketing professionals are focused on leveraging multi-channel communications for an improved customer experience. The objective is to integrate online media with documents to enable a cohesive and unified marketing tool; however, fully executing these multi-channel programs can be difficult. Technologies like text messaging, short message codes and personalized URLs (PURLs) are seen as promising, but lack a quick, precise, elegant encoding system to efficiently transport the recipient from paper to an online experience.

One answer to the full implementation of multichannel programs is QR (Quick Response) codes. This high-density barcode is readable by cell phones and simple PC cams. Recipients can quickly and easily interact with the QR-enabled transactional documents they receive.

They simply point their camera at the QR symbol, and they are instantly connected to a QR-encoded Web page without having to remember any information or type in numbers and promotional codes—they just point and shoot. The Web page could be a sales video, a coupon or a product promotion encoded with the specific recipient's demographic profile.

Marketers can QR-encode PURLs or other Web links into a small section of the real estate on a TransPromo, direct mail or catalog page to enable direct links to the online world. QR places the power of recipient interactivity on the same real estate previously allocated to simple post-processing and document control barcodes.

The ease of the process, and the fact that the PURL is hidden to the naked eye and doesn't need to be keyed in, greatly increases response rates. It has the capability to transform documents into true multichannel interactive vehicles for increased customer retention and new business development.

- QR codes can also be encoded with links to instant payment portals that enable faster bill payment.
- QR codes could be embedded in a direct mailer or a catalog with a link for immediate ordering of a specific item.
- As global marketing efforts increase, the ability of QR to support encoding of double byte character sets for support of

Kanji and other Asian characters will prove invaluable to marketing professionals.

Although QR is ISO-certified and is the most widely used code in Japan, Korea and throughout Asia, it has not been heavily deployed in North America due to the lagging technology of U.S. cellular network providers. This is now

being addressed, with most providers having plans for integrating QR into their networks.

Handsets, from vendors like Nokia, are being factory-loaded with QR reader software. In addition, major vendors to the mobile

Web, mobile marketing and mobile payments systems are preparing to introduce QR-based solutions.

QR provides marketing professionals with access to technology that enables powerful implementation of transaction and marketing document-based, multichannel interactivity.

Computer Output Print & Internet (COPI) has announced CodeZ QR availability. CodeZ QR is a printer and software vendor-independent subroutine capable of connecting desktop applications to the data center for simple QR encoding. It integrates with all high-volume document composition software and desktop software.

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