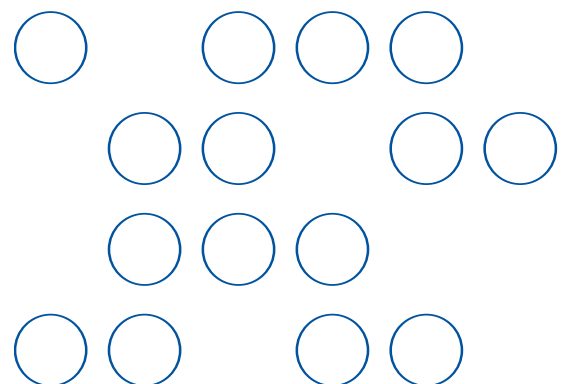




Communication Intelligence in the Mailstream:

A Customer Communication Management
White Paper





Getting and keeping customers – and doing it profitably – is a challenge as old as commerce itself. What’s new is the ability to communicate personally with customers whenever, wherever, and in whatever ways are most powerful and effective. This Pitney Bowes White Paper explains how customer communication management (CCM) can leverage communication intelligence in the mailstream to increase customer satisfaction and help you increase revenue, reduce costs and increase profitability.

Executive Summary

Personalized communication is the best way – some would say the only way – to strengthen the loyalty of existing customers, attract new ones and increase sales. New revenue, especially from repeat customers, can drive profits to the bottom line. But connecting personally with individuals is challenging, especially in an era when competition is increasing and sales channels are expanding as never before. Effective **customer communication management** – with true relevancy – is one of the biggest challenges businesses face today.

The solution and opportunity lie in the **mailstream** – the flow of billions of physical and digital communications driving the global economy. Specifically, new forms of **communication intelligence in the mailstream** are driving revenue and profitability growth while they fundamentally redefine and redirect the relationships between organizations and their customers.

The Challenge: Getting and Keeping Profitable Customers

Every business needs to increase revenue by making customer contact more relevant and personal, while simultaneously reducing the per-unit cost of each communication. A major

credit-card company issues millions of statements a month and many more solicitations to attract new customers. In this competitive business – where customer loyalty translates directly into higher revenues – establishing and maintaining a personal connection with the customer is priceless. Producing and distributing timely, more accurate statements every month is the first and most basic building block of effective customer communication management. Creating invoices that are easier to understand while improving address and data accuracy results in greater productivity, faster payment and fewer customer complaints. It is a prototypical example of how any kind of organization can leverage communication intelligence in the mailstream for more effective customer communication management.

When armed with intelligence about individuals’ needs and credit histories, credit card companies can extend their business with current customers by adding data-driven offers into monthly statements. And to solicit new customers, they can learn who the best prospects may be, where they are located, and personalize communications that generate the best response. And even a tiny reduction in the cost of processing a customer statement or transaction – when multiplied millions of times – can amount to huge bottom-line savings. All these benefits come from intelligent customer communication management.

In order to effectively implement customer communication management, businesses require new kinds of intelligence to answer important questions:

- >> What kinds of communication will customers find most relevant, and what will make them respond?
- >> How can personalized customer information be integrated into physical and electronic communication? Can it be cost effective?
- >> What are the best ways to engage and connect with customers through multiple channels?

The opportunities can be found in the mailstream of any organization. Businesses can increase revenue by gathering, managing and fully exploiting the communication intelligence available about customers, production processes and channels in the mailstream. And now they can do it more cost-effectively than ever before.

CCM and Communication Intelligence

Customer Communication Management optimizes every customer touch point across every department and business unit of an organization. It provides a strategic framework for the flow of documents, electronic and physical, plus the packages moving within and between organizations and their customers throughout the global mailstream. Managing the constantly increasing volume of individual transactions with growing numbers of customers can make it difficult to hold the line on costs as you strengthen one-to-one customer relationships and grow revenue.

Only by applying higher levels of communication intelligence to every step of the customer communication management process can an organization provide “mass personalization” while meeting the dual goals of revenue enhancement and cost reduction. Communication intelligence entails:

1. An understanding of the needs and wants of every *customer*.
2. Intelligent and cost-effective *production* and management of more personalized customer communication.
3. Enhancing relevant dialogue and expanding more productive interactions with customers across all *channels*.

In short, companies with the most effective CCM deliver greater productivity and profitability by focusing on three forms of intelligence in the mailstream: **customer intelligence**, **production intelligence** and **channel intelligence**.

Customer Intelligence

Consumer product companies look forward to the day when your lapel button will be a node on the internet that constantly engages with your surroundings, enabling billboards you are looking at to change to advertisements for brands you normally patronize and elevator music to change to your favorite tunes when you step in. Such futuristic applications depend on customer intelligence.

By integrating the “who,” the “what,” the “where,” and the “why” of customers’ individual profiles and behavior into a single, high-definition view – and making the information easily accessible in real time – customer intelligence makes every customer contact more relevant and purposeful. Customer intelligence enables individualized messages so customers can make their own choices about how to access products and services. This mutually-managed experience significantly increases customer satisfaction.

Various forms of customer intelligence make organizations more effective in personally connecting with and serving their customers:

- >> **Customer data quality (CDQ)** helps eliminate the high costs of ineffective data. CDQ puts customer intelligence to work by standardizing, enriching and ensuring the accuracy of customer data including names, addresses and other key variables – making this data fit for use across your entire enterprise.
- >> **Customer data integration (CDI)** enables an organization to link all the information it has about any customer, even when it is stored in multiple databases, to provide a single comprehensive view of every customer. Along with customer data quality, CDI provides the “who” of customer intelligence.
- >> **Business geographics** provide the “where” of customer intelligence. They enable an organization to pinpoint the location of customers and correlate them with business locations. A chain of pizza delivery restaurants, for instance, can use business geographics to match orders to retail locations to make deliveries quicker and more cost effective.
- >> **Document creation** enables integration of custom messages, based on a customer’s individual preferences, into monthly statements, direct mail pieces, and other personalized physical and online communications; customer data quality helps provide for more accurate and error-free statements that maintain customer privacy.

In these ways, customer intelligence increases revenue and lowers costs by enabling organizations to understand and meet current and prospective customers’ exact needs with customized, relevant communications.



Production Intelligence

Production intelligence transforms traditional print production and mail operations into flexible and highly productive automated document factories – where the integrity of every communication is strengthened. Just as industrial robots and advanced information systems transformed modern automobile assembly lines into flexible production systems capable of mass-customizing made-to-order automobiles to consumers' individual specifications, a new generation of intelligent enterprise output management systems is enabling more personalized communication with customers.

By turning the data and documents running through print and mail operations into actionable information, production intelligence increases speed, productivity, communication integrity and personalization at every step of the process.

- >> **Personalization:** Intelligent enterprise output management platforms integrate print and document production with comprehensive customer information. They enable more effective, relevant communication ensuring the right messages are incorporated on personalized customer documents. These include "TransPromo" communications that integrate custom promotional messages onto transactional documents.
- >> **Efficiency:** Integrated intelligence about content, format and distribution requirements enables optimum efficiency in enterprise document production and distribution, lowering production costs and increasing throughput and flexibility.
- >> **Accuracy:** Intelligence that works toward "zero-defects" accuracy and integrity of documents and mailing addresses, no matter what form they take, dramatically reduces the cost

CCM Enables the TransPromo Revolution

A long time ago, businesses had a great idea: insert promotions into monthly invoice statements in hopes of expanding their business with customers as they pay their bills. While these inserts have been relatively successful, businesses continue to search for more effective means of customer communications management (CCM). How can they significantly increase response to inserts or, even better, find a more effective way to communicate with each customer on a one-to-one level?

The solution: by taking advantage of technology advances and the availability of customer intelligence and production intelligence, businesses can now incorporate personalized promotions directly on monthly invoice statements or selectively insert promotions rather than conduct mass marketing efforts. Research shows that these "TransPromo" communications – transaction statements integrated with relevant, proactive promotional activities – are a much more effective means of initiating a response from the consumer. Transaction statements and invoices are

the most often used communication between businesses and consumers. Consumers expect these documents every month and are guaranteed to open them, normally looking at them several times. By integrating graphical, color representations of their transactions and personalized proactive marketing messages, businesses can effectively grab the attention of their customers.

TransPromo: A Solution For Any Business

Virtually all types of businesses can benefit from TransPromo solutions. For example, in the financial services industry there are numerous communications between the company and its customers each month – from stock transaction confirmations to deposit receipts to monthly or quarterly account statements. Each of these communications is a new opportunity to market to existing customers, with a goal of solidifying relationships and generating interest in additional services. Retail firms provide another example. In place of inserting offers into transaction statements, they are moving to on-statement marketing with personalized promotions



of waste, re-work, undelivered mail and other inefficiencies – while ensuring that mailers can step up to today's high privacy standards.

- >> **Process improvement:** Intelligent monitoring and tracking provide metrics for constant process improvement as well as fast, accurate, timely data for efficient regulatory compliance.
- >> **Immediacy:** Production intelligence also provides for geographically-disperse printing, whether you are routing a document to a regional production facility, or directly to the desktop of a branch or agent.
- >> **Postal cost optimization:** With postal charges accounting for up to 70 percent of the cost of physical mail, mailing efficiency solutions analyzing postal rates and discounts reduce costs by finding the optimum mailing solutions.

Production intelligence provides visibility and management control to improve accuracy and accountability throughout the print production and mail finishing cycle. This enables businesses to deliver on their service level agreements while achieving greater integrity of documents and addresses with higher throughput at lower costs. Production intelligence lowers costs by automating the most labor-intensive communication activities, and increases revenue – and competitive advantage – by personalizing messaging for individual customers even in high-volume production environments.

based on the customer's spending patterns and publicly available demographic data. Retailers are also including incentive coupons for products the customers have purchased in the past, or offers for new services or products that customer intelligence indicates they might be interested in trying. Because all of the information is based on known customer data, the chances for success skyrocket, with early adopters of TransPromo solutions reporting significant increases in response rates.

Communication Intelligence Makes the Message Relevant

Communication intelligence and customer communication management (CCM) are the linchpins to successful implementation of TransPromo solutions. TransPromo documents rely on access to customer data enabling offers to be personalized for each individual. TransPromo allows businesses to strengthen ties with existing customers by merging transactional statement printing with promotional marketing offers, based directly on accurate data profiling customer demographics, needs and buying habits. When

promotional offers integrated with transactional statements are personalized based on communication intelligence, they get the desired results. Customers feel special when they receive personal messages tailored to their wants and needs. Sales increase along with customer loyalty and satisfaction.

Keys to TransPromo Success

There are several keys to achieving TransPromo success. The most important is relevance. If customers feel they are receiving messages intended only for them, it likely will increase loyalty and eventually sales and revenues. A second important issue is the quality and design of the document. If the message is right, but the document looks bad, the chance for success is reduced. The combination of customer-, channel- and production intelligence ensures that the message will be on target and the document will be high-quality. Unique and tailored customer communication is a formula that is hard to beat.



Channel Intelligence

Channel intelligence breaks down the barriers between the physical and digital worlds to enable more effective and consistent communication across every customer touch point. In the not-too-distant future, mobile phone users will receive instant messages enticing them with incentives on new products or services from favorite vendors or notifying them when bills are due and payable online, through the mail or by phone. Businesses will use information and data gathered about individuals' channel behavior to communicate with them at exactly the right time and place and through the medium that will get the best response.

For instance, today at many bank branches, local agents can retrieve a single view of all the accounts you have with the institution, do a quick analysis of your needs, and send you home with a locally printed package of materials and statements – along with a series of offers customized for your individual needs. By helping you understand how, why and where customers want to interact, you will improve service, decrease costs through more productive communication, and increase revenue from stronger customer satisfaction and loyalty.

>> **Analytics** on customer behavior enable organizations to adapt to customers' individual needs, providing better service where and when they want it – synchronizing communication across print, web, call center and other relevant channels.

Local, State and Federal Governments Use CCM to Bridge the "Digital Divide"

In the same way that businesses strive to improve customer loyalty, local, state and federal governments worry about improving service to their constituents. Technology-based solutions have enabled government to provide better constituent access at lower costs. But because government must serve everyone, it must avoid worsening the "digital divide." The good news is that governments are adopting customer communication management (CCM) solutions used in the private sector to provide constituent communication management.

CCM not only enables government to reach citizens with the right messages through the right channels but also makes it easier for citizens to interact with government. Constituents with computers and Internet connections can access forms online and make payments with a few keystrokes. For those

without an Internet connection, the same services are available through the mail or via the telephone. Governments can manage interactions with constituents more effectively as well. For instance, real-time intelligence about whether absentee ballots have been placed in the mail and when they will arrive helps governments manage more timely and accurate election returns.

In these ways, communication intelligence and customer communication management enable government to manage communication more efficiently and cost effectively to deliver better service at a lower cost to taxpayers. And by providing a mutually-managed constituent experience, CCM involves citizens directly in managing their interactions with government at the times, places and ways that suit them best.



- >> **Integrated real-time feedback** on customer activity in all channels provides intelligence on additional products and services customers may need, opening up cross-selling and up-selling opportunities and enabling better customer service at lower costs.
- >> **Intelligent document storage** systems linking multiple databases provide call center and customer service personnel with instant access to all of a customer's records and documents, lowering the cost of customer support and increasing customer satisfaction.
- >> **Self-service options** through online account management, electronic bill presentment and payment, localized document printing and other services lower costs and improve customer satisfaction.
- >> **Intelligent tracking** shows how, when and where customers are most likely to pay their bills – through the mail, online payments or other means – increasing cash flow and speeding up receivables.

Channel intelligence helps organizations derive the most value out of each channel without losing time or money on unnecessary investments in non-productive channels. It increases customer loyalty by helping businesses give them exactly what they want, where and how they want it. It enables a mutually managed experience where customers choose and manage their own channels and buying experiences. In these ways, channel intelligence increases revenue from a higher volume of transactions with increasingly satisfied customers. And it increases profitability by lowering the costs of supporting and interacting with customers.

Communication Intelligence in the Optimized Mailstream

Billions of mailstream transactions take place throughout the world every day. An optimized mailstream is the key to growing an increasingly productive global economy. The most important mailstream activity consists of interactions between buyers and sellers, between companies and their customers, and between government or non-governmental organizations and their constituents. Therefore, customer communication management is a keystone supporting the optimized mailstream. It facilitates the cost-effective acquisition and retention of customers, and it enables constant improvement in customer relationships.

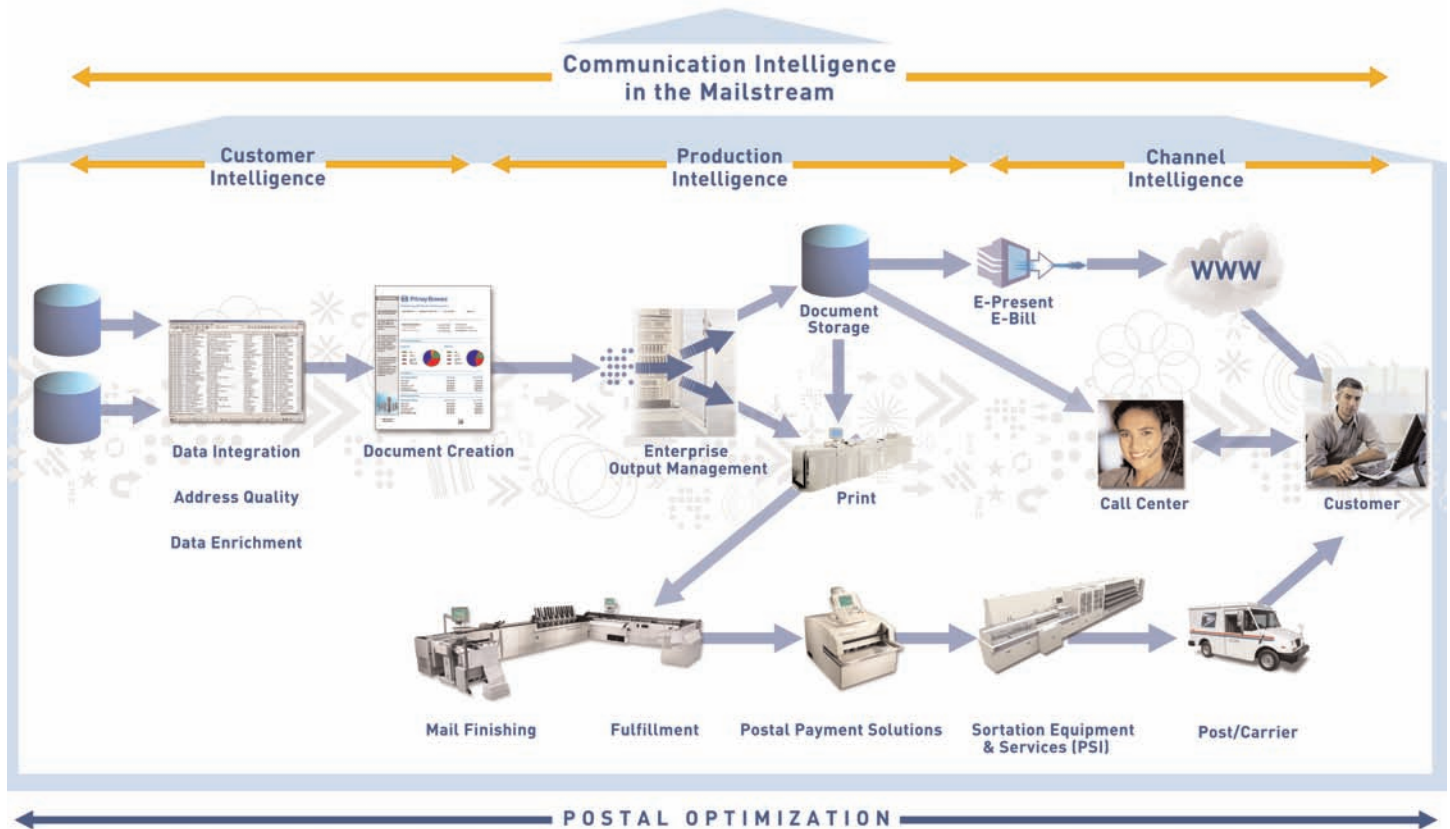
Leveraging communication intelligence in the mailstream is what makes CCM an effective framework for improving mailstream productivity. The three forms of communication intelligence – customer intelligence, production intelligence and channel intelligence – together are responsible for driving CCM and mailstream optimization. Leveraging communication intelligence enables organizations to improve efficiency, cut costs and improve productivity. Even more important, communication intelligence fuels the engine of financial success through customer communication management to increase customer satisfaction, increase customer loyalty, find new customers, service new channels, and grow their revenue and profits.



The Value of Customer Communication Management.

With communication intelligence in your mailstream, your relationships with customers, prospects and suppliers become more effective, more efficient and far more profitable.

It's all part of a strategic framework known as Customer Communication Management, an approach that adds intelligence – and value – at every step.



With a single, high-definition view of your customers, **Customer Intelligence** makes every customer contact more relevant and purposeful.

By turning the data and documents running through your print and mail operations into actionable information, **Production Intelligence** helps ensure that every communication is accurate and efficient.

Through the seamless management, distribution and analysis of physical and electronic communications, **Channel Intelligence** provides for more consistent, more effective customer experiences.