

What They Think?

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Location-Intelligent TransPromo... an Idea Whose Time Has Come!

The business case for TransPromo

by Barb Pellow

Today's consumers receive thousands of promotional messages on a daily basis, from television, radio, and out-of-home advertising to e-mails and Web ads. The challenge for marketers is getting their messages out in a way that breaks through this clutter and encourages the desired behaviors in recipients.

These behaviors might include simply recognizing a brand, linking to a Web site to purchase the latest product or service, or making a phone call to your private banker to change investment strategies. 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 method of marketing is called transpromotional (or TransPromo) communication, and it is creating a significant buzz.

Customers—not one-time buyers, but people who make repeat purchases—are the basis of virtually every profitable business. The key to turning prospects and one-time buyers into real customers is making the right offer to the right prospects at the right time in the right location. For most companies, strategic marketing goals are linked to keeping existing customers, attracting new customers, talking to customers and prospects about their needs one-on-one, and, most importantly, motivating customers and prospects to act. Marketers are beginning to discover how to effectively use transactional documents as a marketing platform to cost-effectively achieve these objectives.

A wide range of companies are learning they can include personalized, full-color marketing offers with statements, notifications,

and other transactional documents. TransPromo is a very cost-effective mechanism in comparison to mass media alternatives like billboards, television, the radio, and magazines. Because consumers typically devote significant time to reviewing these transactional documents, businesses are well-positioned to capture more customer mindshare than many other conventional advertising channels.

The advantages are clear:

- The invoice enters the customer's home (90% of invoices compared to 7% of direct mailings)
- A direct, personal approach to the customer attracts maximum attention because it contains valuable information
- Marketers can add eye-catching, full-color graphics
- The customer receives personalized coupons and marketing offers according to his/her previous purchasing history and other cross-referenced analyses
- It generates savings on marketing costs—printing and mailing costs have already been paid to send the invoice
- It drives customers to act (i.e., make another purchase or request more information)
- It diverts the customer's attention from the "cost of service" to the "benefit"

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A surprising number of companies fail to back-end, up-sell, and cross-sell their customers following the initial sale. Once the customers have purchased the product or service, they are allowed to disappear. TransPromo documents offer the ability to cross-sell products and services to existing customers. It may be your internal products or services, but some statement producers are actually starting to sell the remnant white space to other businesses. This turns the statement from a “cost” of doing business into a “revenue” opportunity. While statement inserts can typically be sold for \$10 to \$20 per thousand, savvy marketers believe that they will be able to sell white space on transaction documents for as much as \$25 to \$50 per thousand. Advertising business models are emerging in which marketers are actually selling white space at cost per square inch per impression.

For example, if your company is a large home repair chain that invoices clients, you might consider making arrangements with local painters, wallpaper hangers, carpenters, or yard services to buy space on your statement. With today’s technology, credit card providers now have the ability to share the remnant space with national as well as local advertising partners. This opens substantially larger revenue streams. The key is that the cross-selling promotions need to be relevant to the recipient. That leads to a concept called “location-intelligent TransPromo.”

An Even Better Case for Location-Intelligent TransPromo

Marketers have long recognized that people with similar cultural backgrounds, means, and perspectives naturally gravitate toward one another, forming relatively homogeneous communities (It’s the old “birds of a feather flock together” phenomenon). Once settled in, people naturally emulate their neighbors—they adopt similar social values, tastes, and expectations. Most important of all, they share similar patterns of consumer behavior toward products, services, media, and promotions. This behavior forms the basis for the development of systems which classify

neighborhoods and their households into clusters or groups of neighborhoods based on their underlying socio-economic and demographic composition.

Based on the recent acquisition of MapInfo, Bernie Gracy, VP of Strategy and Business Development for Pitney Bowes Document Messaging Technologies, discussed the importance of “Location-Intelligent TransPromo” with me. With MapInfo, companies can use one of the most important elements associated with market segmentation and decision-making: location. Geographic proximity to a retail outlet, bank, restaurant, grocery store, or home improvement center has a significant impact on willingness to buy. MapInfo can combine location with cluster segmentation to create a well-defined target, ensuring that the right offer goes to the right cluster. According to Gracy, “Location intelligence enables organizations to explore, analyze, and respond to relationships between the physical location of a prospective buyer and business data. Location-intelligent solutions are designed to impact and enhance business operations by tapping into the power of geographic location as well as demographic characteristics.” These solutions prevent distance decay, which occurs when sales per capita decrease with increased distance from a retail outlet, branch bank, or restaurant. If there is an issue with actual drive time, the retailer or bank can use effective marketing to promote online access to the consumer.

There are two key capabilities of Pitney Bowes Document Messaging that can provide effective location intelligence:

- Geo-demographic profiling to enhance a customer’s existing data set with demographic, lifestyle, and consumer attributes. Data includes age, income, occupation, and retail spending behaviors, enabling marketers to make insightful decisions.
- Predictive analytics and decision support: This involves doing the “what if” scenarios on a particular campaign or offer for cardholders or customers within geographic proximity of an outlet or branch as well as examining propensity to buy, drive time decay analysis, total available market, conversion rate, and likely return on marketing investment. One of the best parts of the solutions is knowing when NOT to drive a promotion into an area.

According to Gracy, “Statements and invoices can be blended with geographic and demographic information for internal use as well as to drive the sale of remnant advertising to national or local businesses. Internal ads can reinforce brand image and drive same store or location sales. It is easier for these ads to ensure relevancy to the consumer and maximize the revenue opportunity.”



As an example, MapInfo can be used to combine demographic, geographic, and customer statistics for the banking market. It can blend overall volume of various consumer and small business banking products such as checking, savings, certificates of deposits, and mortgage and home equity loans along with the predicted share of the line of business held by each branch within each market. When it comes to banking decisions, demographics play a huge factor. The local branch bank can adjust its consumer strategy and cross-sell products and services by location and changing demographics in its market. The branch can target lower interest home loan messaging toward apartment dwellers, and can provide information on college savings plans to young parents who typically congregate in similar neighborhoods with good schools. As these consumers age, the messaging on the statement can migrate to a focus on retirement savings. The branch bank can leverage local market knowledge and deliver relevant messaging with printed or electronic statements to drive volume.

The opportunity also exists to leverage an idle asset to generate revenue. Ad space that is not used for internal campaigns can be sold to third parties for pure profit. Because the statement is going in the mail anyway, there is zero incremental cost of goods sold. The key is that with today's tools, the space that is sold can be micro-zoned and sold on a national or local level.

According to Gracy, "MapInfo combined with statements means that large statement producers can work with national or local businesses to deliver PSYTE segmented offers based on propensity to buy a specific product or service. If the right customer for the product or service is a couple whose kids are no longer living at home with a family income of \$75,000, tools like MapInfo provide the ability to identify the right cluster. These people lead active and affluent lifestyles. They take more frequent and better vacations and tend to visit other countries. They go to the theater and read more than the average person. They dine out more frequently. The remnant ad space can be sold to local dining establishments, travel agencies, and bookstores as well as national chains to appropriately target these consumers."

Location Intelligence + Transactions = Revenue

From lifestyle data and demographics to trade areas and cross-sell opportunities, location intelligence presents a tremendous opportunity to target your best consumers and support complementary businesses in reaching new customers. Today's tools include affordable digital color, mapping interfaces, and rich demographic data sets. These are designed to help local and national marketers plan and execute successful direct mail, advertising, and promotional campaigns.

TransPromo can turn statements from a cost of doing business into a revenue opportunity. While statement inserts can typically be sold for \$10 to \$20 per thousand, savvy marketers believe they will be able to sell white space on transaction documents for as much as \$25 to \$50 per thousand.

Location intelligence combined with transaction documents opens the door for:

- New ways to market smarter and reduce costs
- New ways to market additional products or services
- New ways to keep customers through extended product usage
- New opportunities to transform the operating costs of generating a "transaction document" into a "TransPromo" revenue opportunity

Today's business market is changing rapidly. Marketers are looking for techniques that help them understand how, what, why, and where customers make purchases. They want to influence buying decisions with highly targeted marketing efforts. The graphic communications service providers that understand how to support marketers with high-quality digital color and data are going to come out on top.



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