TransPromo: The Ultimate in Simplexity

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September 10, 2009
(11107-14)
Topics

- TransPromo Simplexity
- The TransPromo Definition and Opportunity
- Technology: Simplifying TransPromo
- But There is Still Complexity
  - Development
  - Defined Business Objectives
  - Data
  - Design
  - Dialogue
  - Delivery
- Simplexity: Getting to the End Point
TransPromo: The Ultimate in Simplexity

Customer sees Simple, Elegant Outside

Complex Inner Workings

Simplexity
It’s What the Market Wants

• Complexity tends to rise as system elements specialize and diversify to solve specific challenges.

• Simple interfaces tend to improve the usability of complex systems.
The Market Opportunity
Transaction Documents: The Statistics

- During 2007, households received 150.9 billion pieces of mail and sent 21.2 billion
  ‣ Only 4% of mail was sent household to household
- Transaction volume has been essentially flat since 2003
- Household bills, statements, confirmations, requests for donations, and bills/confirmations for charitable organizations totaled 31.9 billion in 2007
- The average household received 5.3 mailed transaction documents per week or 21.2 per month
- In 2007, the estimated costs for generating 64.3 billion B2C and B2B transaction documents exceeded $120 billion.

Source: USPS 2007 Household Diary
Transactional Documents: Market Dynamics

• Mature market, flat volume for transaction mail sent
• e-Presentment and e-payment are increasing
• Risk-averse; applications are slow to change
• Significant volume is produced internally (corporate data centers), but outsourcing is also pervasive
• TransPromo is an emerging application
• Focus has been on the high-end corporate market and data service bureaus versus the mid-market. The mid-market offers tremendous opportunity for corporate in-plants, data centers and service bureaus and has a less complex decision-making process
Percentage of all Advertising Spending to Each Media: 2007 vs. 1997

Direct mail represents 21% of all advertising spending

- Newspapers: 22.2% (2007), 15.8% (1997)
- Magazines: 5.2% (2007), 4.7% (1997)
- Television: 23.7% (2007), 25.4% (1997)
- Yellow Pages: 6.1% (2007), 5.1% (1997)
- Internet: 3.3% (2007), 0.3% (1997)
- Other: 17.2% (2007), 15.6% (1997)

* Includes business papers, and miscellaneous media.
Source: Robert J. Coen, Universal McCann, 2007
Direct Marketing: Market Dynamics

- Direct mail represents 1/5 of total advertising spend; total direct marketing estimated to exceed 50% for the first time in 2008.

- Households received a 100 billion pieces of direct mail advertising in 2007; spending projected to grow at a 6.3% CAGR between now and 2011.

- Migration to cross media communications blending traditional direct mail with the Internet to establish a dialogue.

- DMA estimates the ROI for direct marketing is $11.69 in incremental revenue for every dollar spent versus an ROI for nondirect advertising, estimated at $5.24 in incremental revenue.

- Top challenge for marketers is to quantify and measure the value of marketing initiatives.

TransPromo Designed to Meet Both Business Operational and *Marketing* Objectives

- Managing and improving cash flow
- Reducing costs associated with direct marketing call centers, including migrating a portion of the relationship to the Web
- Building loyalty and trust
- Cross-selling relevant products and services
- Educating the recipient about the company, its products and services, or other important issues
- Reinforcing the brand
- Retaining clients or reactivating dormant relationships

*Directed at a known customer where there is an implied “opt-in” relationship to deliver ROI*
TransPromo: It’s MORE Than a Pretty Statement
TransPromo – It’s NOT Just About Statements

- Trans Promotional
- Trans Educational
- Trans Custom Publishing
- Trans Notification

A transaction is an agreement, communication, or movement carried out between separate entities involving the exchange of items of value including information, goods, services and money.
TransPromo – A Trusted Source

- Your Church
- Your Dentist
- Your Financial Advisor
- Your Bank/Credit Union
- Your Air Conditioning Supplier
- Your Lawn Care Specialist
Growth Forecast for TransPromo

68% Compound Annual Growth Rate (CAGR)

*This projection is linked to the availability of full-color high-speed inkjet technologies
Technology: Simplifying TransPromo
Technology….Simplexity for Implementers and Recipients

- High Speed Inkjet
- Software
  - Document Composition
  - Multi-channel Integration
- Mobile device integration
- Location Intelligence
Economics: Digital vs. Offset Printing

Cost per Impression (cents) vs. Run Length (A4/Letter)

- **Phase 1**: High cost, high run length
- **Phase 2**: Moderate cost, moderate run length
- **Phase 3**: Low cost, moderate run length
- **Phase 4**: Very low cost, high run length

Offset printing shows a decreasing cost per impression as run length increases.
Market Changes in High-Speed Continuous Feed Digital Color

Price vs. Throughput

Acquisition Price (list)

Throughput (A4/letter)

Notes:
- Available products only
- Does not include products where the vendor has not released a list price
- Positions are approximate

No published or available list price:
- InfoPrint Solutions InfoPrint 5000
- Screen TruePress Jet 520 family

Not yet available:
- HP Indigo W7200
- HP Inkjet Web Press
- Kodak Stream Concept Press
What Happens When Cost Goes Down?

- Application roll-over
  - Forms replacement
- Longer run applications can move to digital
  - Catalogs, newspapers, magazines, color books
- New applications become feasible
  - TransPromo
Why TransPromo Now?

- Technology advances in inkjet
- Vendors want a new consumable revenue opportunity
- Competition will drive the market forward
  - Many continuous feed competitors (and not all are inkjet)
  - Expansion of high-end cut-sheet color
- Workflow, finishing, application support, and business development
- Consumers have greater expectations for turnaround time, immediacy, and relevancy
Software and Simplexity

- Tools to create a more attractive, customer-focused statement that also accommodates dynamic marketing messages and co-branding
- Complex page imposition for booklets, and software generated barcodes automate shop floor functions and tracking
- Viewing of electronic versions of statements that exactly match printed versions of customer documents
- Aggregation, cleansing and manipulation of customer and prospect-centric data — so users can map products to customer segments, cross-sell new services and select individuals and households for marketing efforts based on true customer intelligence
Software, Simplexity and the Mid-Market

54.4% of respondents generate between 1000 and 99,000 statements monthly.
Software, Simplexity and the Mid-Market

55.6% of respondents spend less than $500K annually on transaction documents.
Software, Simplexity, and the Mid Market

63.1% of respondents plan on adding marketing messages to transaction documents in the next 36 months....
Software Vendors and Service Bureaus Will Make It Easy for Mid Market Players

- “TransPromo Online” for corporate in-plants and data
- The next key “web to print” opportunity
- Affordable SaaS business models for in-plants and data service bureaus – simplified implementation
- New opportunity for commercial printers to utilize excess print capacity
- Printable, Prinova and others working to develop effective options to meet the mid market
Multi-Channel Marketing Campaign Management

1. Statement, transaction document or E-mail Campaign
3. Personalized Survey Page With Info Filled In
4. Alert! E-mail To Sales
5. Direct Sales Call

Responses Saved in Database

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<th>Converted</th>
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<td>154</td>
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<tr>
<td>Sa 09/19</td>
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<td>9</td>
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<tr>
<td>Su 09/20</td>
<td>4</td>
<td>2</td>
</tr>
<tr>
<td>TOTAL</td>
<td>1,523</td>
<td>1,318</td>
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Table:

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<tr>
<th>Component</th>
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<tbody>
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<tr>
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<tr>
<td>P-Tool</td>
<td>270</td>
<td>210</td>
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<tr>
<td>Voice Broadcast</td>
<td>29</td>
<td>29</td>
</tr>
<tr>
<td>TOTAL</td>
<td>1,523</td>
<td>1,318</td>
</tr>
</tbody>
</table>
What can the recipient do?

- Pay a bill
- Accept an offer (from a statement or a direct mail piece)
- Link to a landing page
- Provide survey information predicated on the offer
Simplexity: Location Intelligent TransPromo

- Location Intelligence - the capacity to organize and understand complex phenomena through the use of geographic data associated with customers and prospects
  - Decay of distance
  - “Birds of a feather”

*Distance Decay: The general pattern of decreasing sales per capita with increased distance from the store*
TransPromo: The Complex Part of Simplicity
TransPromo: The Complex Part of Simplexity

1. Organizational alignment
2. Well defined business objectives
3. An appropriate offer strategy mapped to desired outcome
4. Data segmentation, analytics and preparation
5. Design for effective communication
6. Dialogue initiation with customers and prospects
7. Delivery via the appropriate communication vehicle
8. Measurement
Organizational Alignment: “It Takes A Village” in Large Enterprises

- Marketing
- Line of Business Manager
- Creative Services/Design
- Data Processing/Data Analytics
- Operations
- Production
- Etc.
TransPromo: It’s More Than Data… It’s Well-Defined Business Objectives

• It starts with well-defined business objectives
  ‣ Which customers do you want to reach?
  ‣ Are you driving customer loyalty, cross-selling, or promoting customer service or reactivation?
  ‣ What actions do you want them to take?
  ‣ Are you working with partners to sell remnant ad space?
    - What objectives do they want to accomplish?
    - How will they measure success?
  ‣ What metrics will you use to evaluate success?
Then There’s the Data…

• **TransPromo** is directed at customers you know. It requires “intelligent” communication to enhance loyalty, cross sell and up-sell

  ‣ The information you gather about customers in the course of normal business operations is much more reliable than the data you can purchase on external prospects

  ‣ Effectively use data mining to maximize the potential of these strategies by determining each customer’s *best next offer*

  ‣ Put your effort into improving the performance of the customers you have before going after more of them
Effective Mining

• Data Mining Parameters:

  ‣ Association - patterns where one event or action is connected to another event

  ‣ Sequence or path analysis - looking for patterns where one event or action leads to another later event

  ‣ Classification - looking for new patterns (i.e., Location-Intelligent TransPromo)

  ‣ Forecasting - discovering patterns in data that can lead to reasonable predictions about the future (or predictive modeling)
TransPromo: An Offer that Can’t Be Refused

• Relevant to the recipient….directed at Mr. Right

• Limited time offer (to measure effectiveness)

• An offer that sets you apart from competitors and is sufficiently appealing to inspire immediate action

• Clear, easy to understand, easy to respond to
Design: TransPromo is No Different Than Direct Mail!

- A headline or message geared toward the audience
- A visible compelling offer and associated benefits
- A call to action that gives your audience a clear, easy method to obtain the appropriate services or take the desired action

Image Source: EMC Document Sciences
Design Linked to Business Objectives

• Company brand – communication from a well-known source where there is an “opt-in” relationship

• Color – the psychology of color as well as how it links to your company’s brand; it can also highlight:
  ‣ Action Required
    ‣ For statements, it might be when payment is due, what is overdue, and how it’s owed
  ‣ Valuable offer
  ‣ Personalized Information
  ‣ Regulatory or disclosure text

• Typography - readability

• Images related to your goal and your audience

• Layout
TransPromo: It’s a Life Cycle Dialogue With Existing Customers

TransPromo Relationship Dialogue

Acquisition -> On-Boarding -> X-Sell Up Sell -> Loyalty & Service -> Win Back
Direct Marketing Channels Used

- E-mail: 79.6%
- Internet/Web: 72.8%
- Direct mail: 70.8%
- Magazine: 39.2%
- Telemarketing: 28.2%
- Radio: 27.4%
- Television: 24.8%
- Wireless (cell phone, mobile): 24.8%
- Other: 6.0%

Mean = 3.7 Channels Used

N = 383
TransPromo Delivery: The Right Channel

The Internet

Traditional Mail

E-mail

Mobile Messaging
Measurement: Essential to “TransPromo” Adoption

Please provide us with your view of the inhibitors to “Transpromotional” documents?

- The return on investment is not clear.  
  - Not an Inhibitor: 0  
  - A Minor Inhibitor: 0.5  
  - Somewhat an Inhibitor: 1  
  - Major Inhibitor: 2  
  - 2.7

- The return on investment does not justify this change.  
  - Not an Inhibitor: 0  
  - A Minor Inhibitor: 0.5  
  - Somewhat an Inhibitor: 1  
  - Major Inhibitor: 2  
  - 2.6

- Document redesign is costly and difficult to implement.  
  - Not an Inhibitor: 0  
  - A Minor Inhibitor: 0.5  
  - Somewhat an Inhibitor: 1  
  - Major Inhibitor: 2  
  - 2.4

- I am not convinced recipients prefer one document.  
  - Not an Inhibitor: 0  
  - A Minor Inhibitor: 0.5  
  - Somewhat an Inhibitor: 1  
  - Major Inhibitor: 2  
  - 2.4

- Internal data issues make it difficult to implement.  
  - Not an Inhibitor: 0  
  - A Minor Inhibitor: 0.5  
  - Somewhat an Inhibitor: 1  
  - Major Inhibitor: 2  
  - 2.3

- Internal conflicts and management make it difficult to implement.  
  - Not an Inhibitor: 0  
  - A Minor Inhibitor: 0.5  
  - Somewhat an Inhibitor: 1  
  - Major Inhibitor: 2  
  - 2.3

- Current print technology does not allow us to meet our delivery requirements.  
  - Not an Inhibitor: 0  
  - A Minor Inhibitor: 0.5  
  - Somewhat an Inhibitor: 1  
  - Major Inhibitor: 2  
  - 2.1

N = 383
Whether a Marketing Campaign Dashboard is in Place

- No 63%
- Yes 20%
- Don't know 17%

N = 383
The TransPromo Challenge
The TransPromo Challenge is Complex Organizational Inner Workings

Customer sees Simple, Elegant Outside

Complex Inner Workings

Simplexity
TransPromo is Simple and Elegant from the Document Owner and Consumer Perspective

- Transaction documents command more attention (The average customer invests 2-3 minutes per transaction document; 20% spend five minutes or more)

- While the average customer may get as many as 3,000 advertising messages per day, they receive less than 12 transaction documents monthly. TransPromo can cut through the clutter.

- TransPromo documents are addressed to a well-known target market—current customers. A 5% increase in current customer business can equate to as much as a 50% increase in bottom line profits.

- Companies are already mailing statements... this makes TransPromo cost-efficient.

- The clarity associated with TransPromo documents and digital color communications can lead to reductions in call center activities.

- Tools are available to make them multi-channel communications customer dialogue generators
It’s the Complex Organizational Inner Workings

1. Organizational alignment
2. Well defined business objectives
3. An appropriate offer strategy mapped to desired outcome
4. Data segmentation, analytics and preparation
5. Design for effective communication
6. Dialogue initiation with customers and prospects
7. Delivery via the appropriate communication vehicle
8. Measurement
Driving TransPromo – Making the Complex Simple

• Leadership and vision

• A desire to depart from the status quo and look at “go to market” strategies differently

• Organizational collaboration

• Market understanding and sharing about the true economics for TransPromo

• Effective use of existing data to garner customer mindshare and wallet share through a relevant communications and offer strategy

• Measurement for continual improvement
Thank You!