

The Latest in Direct Mail Marketing

How to combine the power of variable data printing, opt-in marketing & the web

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EXECUTIVE SUMMARY

Variable Data Printing (VDP) is a new technology that is revolutionizing the way marketing organizations communicate with their customers. The goals are simple: drive explosive and profitable growth, reduce costs, and simplify marketing tasks. The more targeted and personalized a campaign, the higher response rates and the Return on Investment (ROI). VDP is the perfect tool to build brand awareness, enter the sales cycle at the right time, capture current sales opportunities, and increase market share.

Costs are being reduced by targeting the right prospect with the right message at the right time. Response rates are improving by contacting only the most likely prospects and providing them with individualized content. Opt-in marketing, which is also called permission based or consensual marketing, is a process by which customers are invited to receive a newsletter, mailing list, or other recurring materials. This method brings better results when these specific groups are later solicited with highly personalized offers. Direct mail marketers now utilize tactics pioneered on the Internet that were too expensive to execute in print until now.

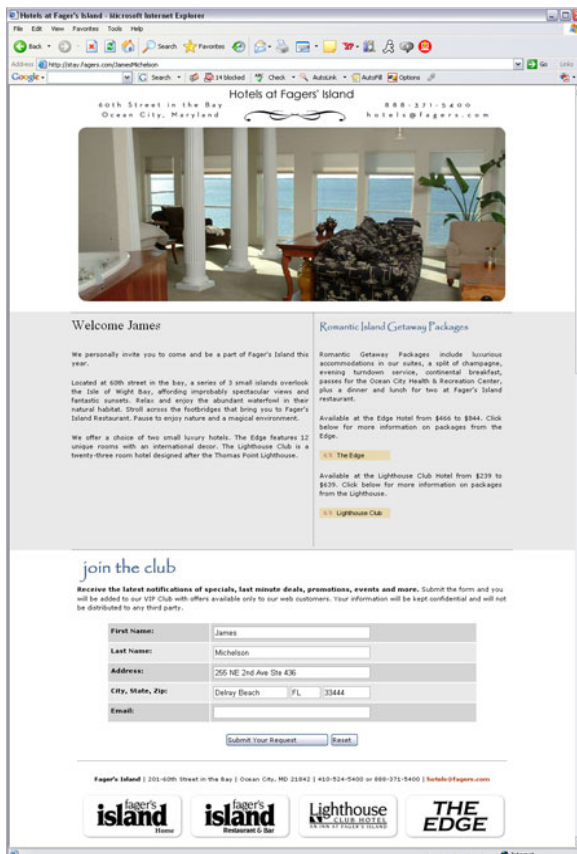
The key to successfully incorporating all of these advances into your marketing plan is to create and analyze a customer database. If you do not have any data, setting up a system to gather information should be a top priority.

LATEST TECHNOLOGY

New high speed presses that are able to create different versions of a marketing piece have revolutionized the way companies communicate. State of the art printers such as the XEROX IGEN III draw information from a database to produce personalized copy, offers, and art for individual recipients.

Variable data printing campaigns for one small print run to contain multiple designs. This eliminates the need for inventories of different versions, resulting in a low buy in and no outdated preprint. Some industries are deeply involved in this process already. Real estate brokers, faced with ever changing inventories, utilize VDP to feature different properties without having to invest in large runs. Variable data printing allows for small print runs to be combined into one job so that economies of scale can be reached by low volume users.

To lower costs, several disparate designs from multiple firms can be printed together, presorted as a group, and mailed in bulk as long as the dimensions of the piece are the same. This is a win-win situation. Efficiency is improved for the printer because down time and set up are minimized. For the marketer, larger print runs mean reduced production costs while maintaining a custom-tailored message for each recipient.



This is a sample of a personal landing page accessed from a unique URL. Note the opt-in marketing fields that automatically populate from the database that drives the mailing, URL assignment, and landing page. The landing page is hosted by a third party firm and is not part of the company's website, but that is transparent to the recipient.

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GETTING STARTED

The first step in utilizing the power of VDP is the creation of a uniform, detailed database. Purchasing mailing lists can be an excellent start to creating a prospect file if you are beginning from scratch. Both B2B and B2C companies can utilize their own house files and a variety of commercial services available from third party providers such as list brokers. Existing house files can be appended to fill in additional demographic and contact information based on the needs of the campaign. For firms that do not have the technical expertise or the manpower to implement such a system, this task can easily be outsourced.

The second step to launching a robust VDP campaign is to conduct an analysis of the client base. In a recent project, we were able to segment the demographics of a firm's house file and found not only the age, income, geographic location, and marital status of the group's best customers, but we were also able to isolate which mix produced the client with the highest spend per purchase. The campaign focused on prospects that matched all of the desirable demographics.

CUSTOMIZED COPY, OFFERS, AND ART

Variable data printing allows you to give each prospect an individual mail piece with unique copy, offers, and art based on the key demographics discovered in the analysis process. VDP speaks personally to the target audience rather than treating every recipient in the same way. A marketing campaign like the one featured here caters to many market segments. Manufacturers get a different fit and feel than insurance agents. VDP finally makes this level of customization an affordable reality for small to medium sized companies.

Variable data printing allows each prospect to be conditionally assigned content based on any number of parameters. While there is no limit to how specific segmentation can get, it is best to keep the variables manageable. Three to five is a good range. A typical application in a consumer product offering is to list recent purchases and make cross-sell or reorder suggestions. This process is very common among large online retailers such as Amazon.com, and it is now possible to accomplish with traditional mail order customers. The more tailored and relevant an offer is to the recipient, the more likely they are to respond.

UNIQUE URL'S AND "SOFT LEADS"

A challenge with traditional campaigns featuring a website has been the inability to know which particular recipient looked online but never made additional contact. These potential customers remain anonymous unless there is a method to capture their interest. With a little more technology, each prospect in a marketing campaign can receive a unique URL (uniform resource locator) which is a personalized web address. With variable data printing, each piece is individually printed so every customer can receive their own URL. The system can easily report a visit to this page even if the prospect does not make a purchase, fill out a contact form, or respond in any other way to the offer. Sales forces can receive real time alerts that indicate which specific customer visited the web site, which campaign they are from, and current contact information.

Direct mail designed for complex sales cycles.

Capture more qualified leads by combining the power of direct mail & the web for **about the same price as direct mail alone.**

- ▶ Build brand awareness
- ▶ Enter the sales cycle at the right time
- ▶ Capture current sales opportunities

Turn-key

Affordable

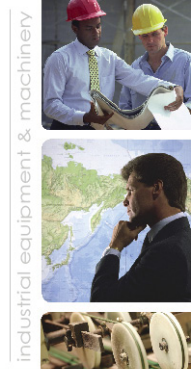
Measurable

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JFM CONCEPTS

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- ▶ Send unique communications to each market segment or even each individual recipient
- ▶ Receive real time e-mail alerts when a potential customer visits your web site
- ▶ Accurately track response rates and return on investment
- ▶ Pursue "soft lead" prospects that visit the web, even if they do not call or place an order

JOHN SAMPLE
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PRESENTED BY:
JFM CONCEPTS
INDIANAPOLIS, IN

A sample variable definition direct mail campaign featuring unique content and web page addresses.

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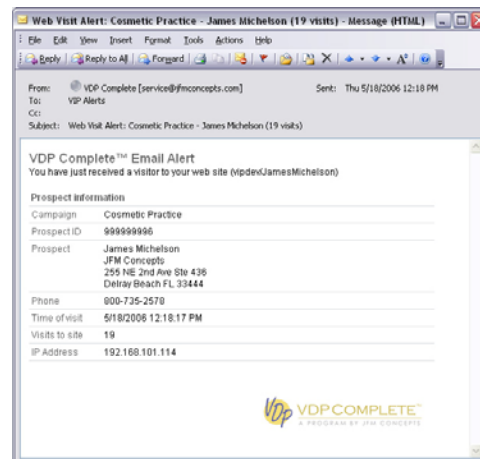
It is critical that these “soft leads” are contacted again. The conversion rate of these prospects can be dramatic and significantly increase the response rate of the entire campaign. In a small business, good follow up techniques include hand addressed packages of collateral materials or phone calls, but there are many other ways to approach the next communication.

REPORTING AND TRACKING

A key advantage to using unique URL's is the ability to more accurately calculate the effectiveness of a campaign by recording visits to the web. It is possible that an offer was relevant to the recipient but it was not the right time to move forward, the prospect was distracted, or the piece slipped their mind. By identifying those recipients that showed at least some level of interest to the offer, we can begin to rank prospects and concentrate marketing efforts on those most likely to respond. This level of targeted marketing takes time to develop, but has been extraordinarily successful for many firms. When developing a VDP campaign, consider what capabilities for tracking and reporting are available in house and what additions will be required.

OPT-IN MARKETING

According to well known marketing experts Ernan Roman and Scott Hornstein, “The consensual marketing opt-in process provides both immediate and long term value to the customer. Short term, customers begin to receive more relevant and useful communications. Over time, marketers have the ability to provide increasingly focused and targeted exchanges of information that will raise each customer's satisfaction and life time value. This process rewards marketers with an immediate increase in their return on investment and the ability to exponentially increase revenue and ROI over time.”¹ Variable data printing greatly simplifies the mechanics of opt-in marketing.



A sample real time email alert triggered by a web visit.

Once the customer has visited the website, the next logical step – short of a sale – is to open an ongoing relationship. Consider offering recurring materials such as a newsletter or email bulletin to keep your information and brand in front of the customer. The same database that is used to produce the unique URL's and display the offer can also be used to automatically populate the opt-in form for the prospect. This ensures success for two key points: first, it makes the process painless for the customer; and second, the data entered is not mistyped, increasing accuracy.

To keep the program effective, materials must be timely, informative, and relevant. Variable data printing is ideal for providing these highly tailored marketing messages. Research has shown that this type of sales effort returns dramatically better results.

REORDER, UP SELL AND CROSS SELL

Investment in existing customers is often overlooked and under funded. Email reminders are inexpensive and easy, but the impact that timely, relevant direct mail has on customers is not to be underestimated. When a company's communications to the customer base are appropriate and desirable, the result is a boost in brand loyalty and sales.

Variable data printing is an excellent tool for any wholesaler or retailer with cyclical or consumable product lines. Everything from contact lenses to industrial commodities can take advantage of a personalized and automated customer contact program. Based on order history, a supplier knows when a product is due for reorder. VDP reorder reminders can be printed with information regarding past purchases and multiple products that are relevant to the individual recipient.

While reorder reminders are a key opportunity for creating loyalty and increasing sales, up sell and cross sell marketing can further engage active customers. Analyzing past sales often shows a correlation between those who buy certain

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products and then branch out into other complimentary items. With consumables, a customer buying greater quantities can help lower operating costs as there is only one order to process and ship. Additionally, it moves more stock out of valuable warehouse space and ensures that the customer is committed to long term use. For these reasons, many companies offer incentives such as reduced shipping or a lower price on orders with two or more items. These additional savings make for great marketing hooks.

There are two challenges for creating a cross sell/up sell strategy. The first is to regularly identify qualified customers. The second is supporting the print inventory for an ever changing product mix. Careful analysis combined with variable data printing addresses both of these issues. Analysis identifies prime offer recipients on a consistent, short term schedule. VDP allows relevant, timely and highly personalized pieces for each offer in one print run, eliminating the need for preprint and up front volume commitments.

LIFE CYCLE MANAGEMENT

The ever rising cost of new customer acquisition makes it imperative to grow a stronger relationship with existing customers. The number one marketing oversight made today is to ignore the most profitable prospects you already have. Variable data printing can simplify the process of maintaining contact with customers. VDP can form the basis of an ongoing program for automatically occurring, behavior driven contacts to increase sales and build brand loyalty. Consider some of the following touches (with or without a specific call to action) in order to retain customers and increase the frequency of purchases.

- Conditional offers based on customer behavior, purchase patterns, and demographics
- Personalized web pages with industry specific information and special offers
- Seasonal announcements
- Order reminders
- Thank you and appreciation pieces
- Automated follow up marketing and sales opportunity alerts triggered by previous web site visits

Managing the life cycle is beneficial for everyone; but it is critical for any business where attrition is a key issue, especially membership based organizations. Customers are more expensive to acquire than to retain. Growth targets are much easier to reach by keeping those members who might otherwise not renew. A web supported direct mail program with very specific personalization will bring better results than direct mail alone. This increases the customer base by improving retention rates and long term customer loyalty.

KEY EVENT MANAGEMENT

Key events such as mergers, acquisitions, new product launches, and initial public offerings (IPOs) present a unique opportunity to communicate with not only customers, but all stakeholders. This is especially true in the face of challenges such as accounting or compliance issues, regulatory or private law suits, and key officer resignations or dismissals. This will maintain brand loyalty and minimize disruption. The benefits of a key event management program include:

- Maximized revenue gain or minimized revenue loss
- Increased brand loyalty and reinforcement of a strong, long term relationship
- Decreased customer turnover due to event driven issues
- Increased product line use regardless of event

Multiple and personalized mail to customers is critical to new product introductions to build awareness and capture sales opportunities for items that have a complex sales cycle. Efforts for items requiring a large investment should begin as far ahead as necessary to enter the sales cycle at the right time. Even if a major product or service is not due out for a year, the time to begin building awareness may have already past.

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THE BOTTOM LINE

Variable data printing campaigns are a cost-effective and powerful tool for building awareness, staying in front of customers, entering the sale cycle at the right time, capturing current sales opportunities, managing life cycles, and minimizing disruption from key events. The end result of a successful VDP campaign that includes direct mail, variable data printing, opt-in marketing, and personalized URL's is a database of information. By using the data collected from both "soft leads" and opt-in marketing, highly targeted campaigns can be developed that will increase response rates and improve Return on Investment.

Variable data printing makes it possible to create engaging, personalized and timely direct mail campaigns. With proper planning and implementation VDP is perfect for integrating direct mail with the web, consensual and database marketing while avoiding the necessity to print large quantities.

ABOUT THE AUTHORS

James Michelson and John Fager are the managing partners of JFM Concepts LLC, a marketing firm that features VDP Complete™, the cost effective, turn key, and all inclusive direct mail marketing campaign designed to drive explosive and profitable growth for any size firm.

¹ Ernan, Roman, and Hornstein, Scott. *Opt-In Marketing*. New York: McGraw-Hill, 2004.