



Marketer's Primer Series: 1:1 (Personalized) Printing

INTRODUCTION

***Analyst's note:** I have been watching the growth and development of 1:1 (personalized) printing applications since their inception. While the observations in this report are not intended to be an exhaustive look at all of the issues related to 1:1 printing, they are intended to provide a broad compendium of the issues and areas of application of the most importance and immediate relevance to the average marketer. — Heidi Tolliver-Nigro*

It's a tough marketing world out there. The media mix is fragmenting. Marketers no longer have the freedom to worry only about "the big three": television, radio, and print. They need to worry about blogs, social networking, search engine marketing, QR codes, and more. As media continue to splinter, consumers expect to be targeted on a demographic, even individual, basis.

At the same time that there are more places for companies to spend their marketing dollars, those dollars are coming under closer scrutiny. Marketers are increasingly called onto the carpet to justify their spending decisions. With the U.S. just pulling out of the recession and the economic recovering going more slowly than expected, every decision becomes that much more critical.

Fortunately, while the media and the economic environments change, the fundamental rules of marketing don't. Good marketing requires sending the right message to the right target audience at the right time. There are simply more factors and more media to consider in the process.

There has been some question about the role of print in today's increasingly electronic world. When you can zap a marketing message to someone's cell phone at the precise time and place the marketing message is relevant to them, when customers can log into their favorite online retail site and be greeted with personalized recommendations based on their past purchase history, is there a role for a "stodgy" old medium like print? In today's electronic, mobile world, is print even relevant anymore?

The answer is yes, but not the way you might think. Although we tend to think of on-demand access to information and highly responsive (even real-time) marketing and down-to-the-individual personalization as the realm of wireless and the Internet, we can do the same thing with print. Yes, print! Plus, print has a tangibility, credibility, and appeal the Internet does not offer.

In this report, we will talk about the role of 1:1 printing in increasing the effectiveness of your marketing program.



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SECTION 1: PERSONALIZING THROUGH PRINT

The ability to use print to target businesses and consumers on an individual basis starts with technology. As discussed in the digital printing primer, “Digital Printing: Transforming Business and Marketing Models” (also part of the Marketer’s Primer Series), today’s fully electronic printing processes allow marketers to do things their offset predecessors couldn’t.

The Role of Digital Print Technology

Digital printing technology is based on the same principles as copier technology, but more robust and near-offset quality. For many production presses, the output is so offset-like that the average marketer would not be able to tell the difference.

Not only is the quality production-grade, but it gives marketers the ability to make each page 100% different from the next. This means full-color print and graphics can be driven by databases much the way transactional data (phone bills, utility bills) are driven by them. This combination of database-driven marketing and commercial-quality output lets marketers create direct mail, brochures, and other marketing collateral that communicates with customers on an individual basis. Full-color 1:1 print can also be cost-effectively produced in runs of 5,000, 1,000, 100, or even one. This opens the way for demographic segmentation and even micro-targeting on a much smaller scale.

Imagine being able to send out 1,000 postcards to your best customers, offering them special deals based on their past purchase history. You can vary the offer, the discount, the graphics, and even the pitch based on something you know about each person. This turns marketing into a strategy based on relevance rather than on volume. This brings print into the fold of true relationship marketing.

Digital press technology has exploded, giving marketers options ranging from small-format presses for low production volumes to mid-range production presses in five-plus color, to high-volume black-and-white, highlight-color, and full-color presses that produce runs in the millions. Quality ranges from 300 dpi to 2400 dpi in five-plus color, white, and even hi-fi color.

For details on the production capabilities, advantages, and drawbacks to digital printing, see the companion primer “Digital Printing: Transforming Business Models and Marketing.”

Don't Be Afraid of Databases

One of the factors that has traditionally scared marketers away from any kind of database marketing, print or otherwise, is the database. How many marketers have great customer databases for use in 1:1 applications? For many, the very thought creates marketing paralysis. But even this is becoming less of an issue.



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SECTION 3: EVALUATING COST – BENEFITS

Some marketers might think, “Static printing works fine. It’s cheap, I get results, so why spend more on 1:1 printing?” The answer is simple—ROI.

Static direct mail has been a staple for marketers for decades. When it hits the right person at the right time, it can be highly effective. It’s inexpensive and it works, and that’s why marketers keep using it. It’s what we might call the “serendipity factor.” But keep in mind that average direct mail response rates are only 1%. Whether those response rates are higher or lower depends on factors like your target audience, what you are selling, the appeal of your offer, and your timing.

If you can afford to send out tens of thousands of pieces, serendipity might work for you, especially if you have a generic product that has mass-market appeal. But let’s look at some hypothetical numbers and see how a static and 1:1 printing campaign might stack up. These numbers are not based on inflated “promo” numbers, but are conservative numbers we see in case studies on a regular basis.

Examining Some Hypotheticals

At about \$.10 per four-color piece (over a certain volume, not including postage), a 50,000-piece campaign would cost about \$5,000 to print. If you get a 1% response rate, that would be 500 responses. Those are just inquiries. Now you must turn them into sales. Whether these responses will produce a good ROI depends on what percentage convert to sales and the dollar volume of each sale.

If 30% of your inquiries convert, that’s 150 sales. You just spent \$5,000 on postcards and \$13,000 on postage (less, if you sorted for postal rate discounts), plus whatever you spent on design. So let’s assume the postal discounts cancel out the design costs. That’s \$18,000 total. With 150 conversions, you must receive at least \$120.00 in sales per customer to break even. If you are a health club with gym memberships that cost \$300 each, that conversion is pretty good. If you are selling hiking boots at \$80 a pair, it’s not.

Every marketing campaign is different. When numbers change even slightly, ROI analysis can change dramatically. Let’s go with the health club example. In this case, starting with 50,000 mailers is too high. In this market, one of the primary factors influencing the purchasing decision is how close the club is to where the person lives. In New York City, the radius of prospects might only be a few blocks. In a suburban area, it might be a few miles. Therefore, if you are a health club, you might have 5,000 prospects or less.



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SECTION 4: TYPES OF 1:1 PRINTING

When we talk about 1:1 printing, we are not talking about a single type of document. We are talking about a large class of documents. Marketers can personalize their marketing at varying levels of sophistication, from a single field to dozens or even hundreds of fields. The lowest level of sophistication is the Publisher's Clearinghouse letter ("Dear Sue..."). Nobody even bats an eye at this type of personalization anymore.

But what if you got a four-color gift box filled with wildly colored origami fish with your child's name emblazoned across their backs? Or your automotive dealership sent you a four-color postcard alerting you that your car was about to hit a certain number of miles and offered you a 25% discount to bring it in for a tune-up to maximize its mpg?

Now you're talking about direct mailers with more punch. Either they speak in terms of greater relevance (as in the automotive example), or if all you know about the recipient is a name, it creates a "wow" factor that holds their attention for that critical extra half-second that just might allow your message to get through.

There are many different types of personalization. Each works for different audiences, for different marketing goals, in different ways.

Methods of Classifying 1:1 Printing

There are two over-arching ways to look at 1:1 printing. The first is by production method, which speaks to the overall print production cost. The second is application type, which speaks to the marketing approach.

Let's look at each in turn.

Production Method

Although 1:1 printing requires a digital press, not all digital presses have the same cost structures. There are multiple ways to pull off these applications, each of which has different sets of production costs and cost-benefits.

Full-color printing using a toner-based press. The first method is the most recognized because it's the one used in all of the high-profile case studies. That is the use of toner-based production presses to produce full-color, production-quality documents like postcards, trifold mailers, newsletters, and so on. In these applications, the entire job is printed on a four-color press.

Black-and-white printing. Although four-color has an important place in the 1:1 marketing world, black-and-white printing actually lays claim to the highest volumes. Black-and-white is not as sexy, but it's less expensive to produce. When combined with high levels of creativity and message relevance, it can be just as



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SECTION 5: CASE STUDIES IN 1:1 PRINTING

Next, let's take a more detailed look at each application, along with some case studies that illustrate them in action.

Although this section breaks down these case studies by application, this really creates false distinctions. Most successful applications are solutions created by combining elements. Case studies are drawn from the Print on Demand Initiative's Case Study Archives (www.podi.org) and from the archives of the "Personal Effects" column written for *Printing News* by the author of this report.

Lead Generation

Traditional lead generation programs have extremely low response rates. By adding personalization, marketers can turn static, low-response lead generation into a more effective and higher response marketing tool.

- Alerus Financial, a North Dakota banking institution, wanted to encourage new loan applications by implementing a pre-approved customer loan program. Rather than sending out its usual static piece, it created a 1:1 mailer that contained a personalized URL for each recipient. The list was segmented by age demographics into three groups, with personalized messaging and images designed to appeal to each. At his or her personalized URL, each respondent discovered more information on the credit card loan consolidation offer and could submit an auto-populated contact form and use an interactive calculator on the page to estimate their monthly loan payment. A submitted form triggered an email to the lead sales contact information for follow-up. Alerus also created a test group of static mailers. It found that 59% of the new loans generated from the campaign came from the 1:1 mailer and only 30% came from the static mailer.
- Franklin University wanted to boost its enrollment applications to the university. To promote its course offerings, it had been producing expensive, full-sized view books, only a fraction of which would be relevant to each student. So the university replaced the generic view book and its full-sized course catalog with a personalized 11x17" four-page color brochure based on a few relevant questions answered by each student on the university's website. The brochure addresses the student by name and describes his or her proposed major, including two faculty biographies and a complete four-year curriculum, along with a variety of other personalized information of immediate relevance to them. Once a week, the print provider downloads the 1:1 files, prints and mails the brochures, to reach the prospective students within 10 days. Since Franklin started offering personalized brochures, it has seen a 48% return and realized a 60% cost savings from its previous inquiry packet.



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SECTION 6: BEST PRACTICES FOR 1:1 PRINT

What can be learned from all of this? With the technology and applications in mind, let's look at some of the key lessons learned from leading practitioners in the field.

Critical lessons from the field

1. Traditional marketing rules apply.

When marketers begin implementing 1:1 printing applications, there can be the misperception that because of its personalized nature alone, the 1:1 piece will drive response. It's critical to remember that this is still marketing and that it is the creative, the marketing message, the offer, the segmentation, the call to action, and the incentive, among other components, that determine success. The personalized nature of the communication must be part of this larger effort.

2. Focus on relevance, not "personalization."

Along the same lines, it doesn't matter how "personalized" a document is. If it isn't relevant to the person receiving it, that personalization is worthless. Take the shoe market. Clearly, you don't want to market orthopedic shoes to teenagers. You can personalize the document to the hilt—deck it out with text messaging terms, pictures of X-Games, references to all of the contemporary language and culture — but it's still not a relevant message unless the teens need to purchase a birthday present for grandpa. But what if you could take your knowledge of the make-up of your target audience to change, not just the products you market, but the tone and the message of each piece?

- To prospects (or customers) in the 20–30 demographic, you might use twenty-something lingo, incorporate references to texting, IMs, morning Starbucks addictions, or the mobile culture.
- In the 40s demographic, you might slant the pitch towards the impact of your products and services on families and young children.
- In the 50s demographic, you might slant the pitch toward professional achievement or preparing for retirement.
- In the 60s demographic, you might capitalize on the angle of empty-nesters or having more disposable income.

Now personalize the document on top of this demographic segmentation and the impact can be exponential.

Marketers might protest, "Why do I have to personalize? Why can't I just segment instead?" You could, and your ROI would go up. But time after time, side-by-side tests show that when a program is produced right, personalization increases the