

WHITE PAPER

REALIZING THE PROMISE OF DOCUMENT PERSONALIZATION

BY KEVIN CRAINE

There has been considerable discussion and excitement about personalized documents and customized marketing communications in recent years. The concept of one-to-one marketing touts the value of personalized documents that target customers who have a known need or interest in a product. Personalization capitalizes on knowledge collected about customer preferences to rise above the din of competitive messages.

Until recent years the technology to issue personalized documents did not exist. Traditional printing presses and office copiers did not provide the facility to link customer data to customized documents. For marketers, this meant the best that could be hoped for were mass marketing mail pieces that performed at rather disappointing response rates. Today, with the advent of digital printers and advanced database systems, the promise of one-to-one documents that perform well beyond generic "junk" mail is within reach. With selective data mining, thoughtful document composition, and digital printing technology, it is possible to produce documents that command dramatically improved customer response.

CUSTOMER RESPONSE TO PERSONALIZATION

According to document industry pioneer Frank Romano, professor emeritus at the Rochester Institute of Technology; the response rate for bulk mail is typically under 2 percent. When targeted personalization is added, however, customer response jumps to nearly 14 percent. Romano, co-author of the groundbreaking white paper *Direct Mail Responses based on Color, Personalization, Database and other Factors* asserts: "It may be possible to improve customer response rates to 50 percent or better using a well-planned personalized marketing program."

One recent study conducted by Electronics for Imaging (EFI), developer of the industry-standard Fiery digital print controller, compared two marketing campaigns each with 375,000 pieces of direct mail. The first was a generic mass mail campaign; the other included personalized customer content. In the end, performance of the personalized documents significantly outshined the generic counterparts. The number of orders received increased over 4 percent and the average order amount (in dollars) increased nearly 10 percent.

This study, and others, suggests that there is a quantifiable profit advantage for companies who use personalized documents as a direct marketing tool, especially as the level of personalization increases. There is potential for revenue boost for print providers as well. According to exploratory research conducted by the Printing Industry Center at the Rochester Institute of Technology (RIT), revenues generated from variable data printing and personalized documents are increasing. Printers who provide one-to-one document campaigns derive 22 percent of their customer revenue from that

CUSTOMER RESPONSE RATES

Bulk e-mail
.0002%

Bulk fax
.019%

Bulk mail
1.26%

Personalized Mail
13.7%

capability, while providers lagging behind the customization curve commonly collect as little as 9 percent.

OBSTACLES TO PERSONALIZED DOCUMENT PRODUCTION

Despite the promise of one-to-one marketing, adoption of personalized documents has been relatively slow to develop. According to another RIT study that surveyed the buying habits of 250 U.S. and international advertising agencies, only 23 percent of the work contracted to print service bureaus included personalization. Of that work, nearly half utilized only the lowest level of personalization, the mail merge option, including only a variable address and salutation.

Several obstacles have inhibited the promise of personalized document production. In general, these barriers are found in the areas of technical support, price, and ease of use.

TECHNICAL SUPPORT

There are many document customization solutions available on the market today. These systems are for the most part designed for large-scale, "enterprise" installations that focus on transactional documents like invoices, statements and other applications commonly found in data center printing environments. These systems typically require a high level of technical support either from internal IT staff or from specialized technical consultants.

While these software products do a good job in high volume data center environments where applications are designed, set in motion, and left to run day after day, they typically do not meet the needs of service bureaus, letter shops, and in-plant print providers that have more dynamically changing customer requirements. With a high reliance on IT support, many of the solutions in this space are not appropriate for direct mail or direct-to-press applications, and often miss the mark for highly variable applications. The one-off nature of most one-to-one marketing campaigns involves relatively short runs, typically of only a few hundred or a few thousand. In this commercial environment, systems designed for the repeated and lengthy runs commonly associated with large enterprise billing and statement production are often too complicated and too burdensome to support.

Another constraint for letter shops and print-for-pay providers is that once a customer project is completed, a new customer or a new project comes along with its own unique set of considerations. This requires that new applications be built from the ground up. Attempting to utilize systems designed for enterprise application results in prohibitively long development time and unacceptably high technical support costs. Most print shops simply do not have the time or the resources needed. As a result of these technical support constraints, print providers continue to rely on pre-press or desktop tools like Quark or Microsoft Word. While these tools are strong contenders in the graphic composition and business application world, they are cumbersome and slow when it comes to document personalization and simply lack the sophistication needed to meet the needs of customers conducting ongoing one-to-one marketing campaigns.

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PRICE

Many service bureaus and print shops find that enterprise solutions are prohibitively expensive due to pricing structures that require individual licenses for each printing device. Most commercial letter shops and in-plant print providers do not operate with profit margins or internal budgets that allow for the investment needed to acquire and support large-scale document personalization products. If a shop has multiple printers on the floor – even those that speak the same language (print protocols like PCL or PostScript) – owners must pay a license fee for each device that is connected to the software. Printers using more specialized protocols, such as VIPP, PPML, JPDS or IPDS require yet another license in order for the output device to be enabled for use. Since service bureaus build their business on an infrastructure designed for maximum flexibility via multiple printers, many find that they cannot justify the expense of these ongoing license fees.

Adding or upgrading equipment can be problematic in terms of price as well. Each time a shop expands its hardware capabilities an added investment must be made to enable the additional or upgraded equipment. To make matters worse, most enterprise systems come with volume “governors” that limit the amount of work that can be processed through a printer at any given time. These limits on throughput put a cap on the number of pages per minute that can be processed or restrict volumes to a certain impression count per month. Even high-end solutions often top out at 180 pages per minute, leaving larger, high-speed digital printers out of the loop.

In an attempt to bring at least a rudimentary level of personalization capability in house, many service bureaus and letter shops with limited budgets use the mail merge function in Microsoft Word. This function is familiar to small-volume business users, but production shops discover quickly that variable-data jobs that involve only a simple mail merge do not realize the true potential of personalization. As a result, customers with serious ambitions of one-to-one marketing find other avenues to provide their customers with the kind of relevant data that will compel them to purchase their products or services. Using Microsoft Word may appear to be “free,” but the resulting impact for many shops is lost revenue and inefficient production.

EASE OF USE

As mentioned, enterprise systems require a high degree of technical support, most often from staff or consultants with a specialized skill set in programming, database integration, print protocols and document composition. For internal marketing departments, this means that realizing the vision of any one-to-one marketing campaign must ultimately be left in the hands of programmers who lack graphic design or marketing expertise. This hand-off often results in mismatched expectations in terms of document performance, project deliverables and progress milestones.

In recent years many IT departments have suffered dramatic reductions in force. Even prior to this trend in downsizing, document systems initiatives typically languished at the bottom end of the IT to-do list. As a result, building personalized document applications takes a very low priority. Using outside contractors is an option for some, but in this age of rightsizing and budget constraints, funding for specialized document services is rarely afforded the sponsorship needed when annual budgets are put to the books.

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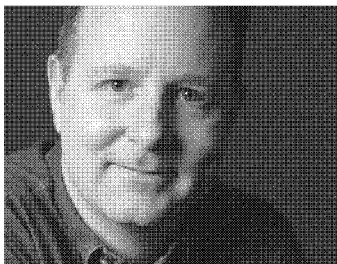
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Service bureaus and print-for-pay providers commonly do not have the kind of in-house support systems found in enterprise-sized operations. Ease of use (or lack thereof) severely limit letter shops, and even in-plant facilities, who are left little option when projects demand a high level of personalization. As the above-mentioned RIT study indicates, rather than struggle with lacking technical support, most shops get by using the mail merge feature in Microsoft Word or by stretching the limits of their pre-press applications. As a result, robust integration with customer database systems is simply out of reach for most of these providers.

POISED FOR PERSONALIZATION

Document and database technology has evolved to the point where designing, deploying and distributing highly personalized customer documents is no longer reserved only for enterprise-sized installations with highly specialized technical resources. Service bureaus, letter shops and in-plant print providers can now leverage their investments in digital printing technology and realize the full promise of document personalization and one-to-one marketing. Marketing firms and internal sales organizations can now sidestep reliance on languishing IT support and design customer documents that readily compete with expensive advertising vehicles such as television or radio advertising. In short, the industry is now poised for personalized documents that can be used to sell anything from cars to cosmetics while reducing marketing costs and establishing a degree of customer trust and confidence that goes well beyond bulk mail campaigns.

ABOUT THE AUTHOR



KEVIN CRAINE is the author of the book "*Designing a Document Strategy*," which has sold in over 30 countries and is required reading at universities in the U.S., Canada, Europe and Australia. With over 25 years "in the trenches" as a corporate executive and technology consultant, Kevin has managed document services organizations in the health insurance, aerospace and pharmaceutical industries. Kevin is the founding editor of "*DOCUMENT*" magazine, and holds an MBA in the Management of Science and Technology, as well as a BA in Communications.

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