

TransPromo full color digital output for North America in 2006 was 1.62 billion equivalent image, which is forecast to grow at a CAGR of 91% to 21.72 billion images by 2010.¹

TRANSPROMO: Why Use It?

An opportunity for Transactional Promotional print exists

“The adoption of ‘TransPromo’ documents could transform the existing document landscape.”

– Charlie Corr, InfoTrends group director²

Transpromo is widely recognized, indicating that the technique has become “mainstream, that a real marketplace of technology and service providers has been established, that end-user organizations are actively taking up those technologies and services, and that the technique is delivering hard results for those employing it.” – Yolanda Noble, CEO, dsicmm Ltd.³

- Printed statements or bills receive more attention than their web equivalents; bank and credit card statements receive more attention by consumers than tax correspondence⁴
- 95% of transaction documents are opened and read,⁵ but consumers state that only 31% of the direct mail they receive contains personalized content that they find useful⁶
- 56% of consumers express a preference for highly personalized direct mail with messages and offers that are designed to reflect their needs and interests.⁷
- 2/3 of people rarely or never read leaflets sent with bank statements⁸
- 9 out of 10 people said they have never purchased a product from preprinted advertising inserts they receive with their monthly statements⁹

TransPromo complements current industry trends

“The TransPromo market is poised to explode.” – InfoTrends¹⁰

- Personalization & Customization are Key
 - With personalization, results improve up to nearly 25%
 - Overall revenue increased nearly 24%
 - Repeat order rate increased nearly 22%
 - Order size increased nearly 21%
 - Response rate improved nearly 21%¹¹
 - 64% of consumers said that they would use personalized coupons if printed onto monthly bills and statements and nearly half said that these coupons would actually encourage loyalty to the brand offering them¹²
 - Loyalty marketing programs have proven successful – 48% of customers who join grocery loyalty schemes in the US spend more money than they would do otherwise¹³
- Color Improves Personalized Results
 - When direct mail marketers have less than three minutes to get their message across,¹⁴ color direct mail is better at getting consumers’ attention – 55% are more likely to pick up a piece of full color mail;¹⁵ color advertisements have a 52% higher readership¹⁶
 - Color increases brand recognition by up to 80%;¹⁷ recall increased by 60% in educational materials using color¹⁸
 - Color improves learning from 55-78% and comprehension by 73%¹⁹

- Marketers are Investing in Color
 - Study participants using digital color increased from 39.1% in 2002 to 45.8% in 2006²⁰
 - 10.6% of total transaction document volume was printed in digital full color in 2002 compared to 22.9% in 2006²¹
 - Document owners are projecting that by 2010, 33% of transactional documents will be printed in full digital color²²

TRANSPROMO RESULTS: A Winning Combination

TransPromo is Effective

“TransPromo solutions can have a major impact on marketing effectiveness.” – InfoTrends²³

Full-color variable data digital printing proves effective in comparison to black-only variable data, which was printed on preprinted shells that contained static color, as:

- Average response rate was 21% higher
- Cost per response was 54% lower than traditional direct mail campaigns
- Average increase in sales was 93%²⁴

Overall, the use of TransPromo shows:

- 17% increase in loyalty and retention
- 52% increase in its private Smart Products membership
- 3% coupon redemption rate (compared to norm of 1.5%) from personalized coupons
- 42% shift from brand to generic drugs (typical is 10%) through targeted message campaigns
- Call center calls for member questions/concerns dropped from an average of 7%-10% to less than 3.5%
- Call center mean call times reduced by 15%²⁵

Industry Users Agree

- Dennis McClure, Ford’s Invoice Marketing Manager, “was confident in saying that the transpromo initiative was working for Ford through its fifty million invoices processed each year.”²⁶
- Alan Kuritsky, Ford’s Vice President of Marketing for the Direct Marketing Association, offered that “TransPromo campaigns are moving cost-based client communications to a revenue generator and are definitely an integral part of the marketing mix.”²⁷
- “Implemented in just four months, TransPromo has had a remarkable effect on our business. It has improved our communications with customers, enhanced our brand in the marketplace and boosted our marketing activity by providing a direct and very effective marketing channel. Our staff and our merchant partners are delighted.” – Rob Facer, Operations & Integration Manager, Elders New Zealand²⁸
- “The statement does not become a cost item, it becomes a profit generator...It’s the ability to get much better use from the page that’s driving” the use of TransPromo. – Clive Stringer, IBM sales manager for the UK and Ireland.²⁹

In summary, TransPromo increases organizational efficiency and effectiveness by:

- Creating competitive differentiation
- Enabling cross-sells and up-sells
- Developing affinity marketing programs
- Reducing A/R cycles
- Improving cost savings – eliminates overprint expenses and obsolescence
- Generating new revenue
- Reducing customer service calls and expenses
- Improving customer retention rates by transforming the customer experience

TRANSPROMO: Customer Case Studies

Cathedral Corporation³⁰

Cathedral Corporation has been involved in the analysis and application of customer data to customer communications and direct mail since the 1920's, when it started maintaining parishioner lists and providing various direct mail services to churches across the country. It produces personalized mailed offering envelope sets that are sent out monthly, bi-monthly, or quarterly. After one particular parish implemented updated mailings, participation in the mailed offering program rose 40%, and increased giving has held steadily between 18% and 22%. The additional annual expense of mailing envelopes to the entire parish family was recovered in the first month's weekly offerings. Not only has the parish increased regular weekly support, but they used the envelope program for a Capital Campaign to expand a facility that is literally bursting at the seams.

DST Output³¹

DST Output reaches every home and every business with technology-driven customer communication solutions. Every month the company prints, mails, and electronically delivers more than 200 million bills, statements, marketing materials, policy statements, explanations of benefits, and other business-critical customer communications. In one case, a leader in the defined-contribution retirement planning industry decided to combine a traditional litho newsletter with its quarterly transactional document. They shortened the mailing from 12-20 pages down to four, but the key difference was that content was no longer static—the digital content could be versioned according to plan type, and the content was personalized. The result for the client was more for less. The cost of litho printing, shipping, processing, and distributing the newsletter was eliminated. Postage was almost cut in half, as the new combo mails at less than an ounce. Call center volume was reduced, resulting in shorter wait times and eliminating the need to add staff. The newsletter information had a guaranteed and timely distribution because it was mailed directly to plan participants. Finally, while the cost of full-color digital printing is more on a per-image or per-page basis, the page count was cut in half.

Veterinary Metrics³²

Veterinary Metrics is a consulting company that works with veterinary practices to combine effective data management with the personalized communication and comprehensive training necessary to establish a wellness strategy that leads to long-term client relationship and healthy pets. Based on an analysis of the veterinary practice, Veterinary Metrics developed an

automated, personalized communications campaign that resulted in a high-quality, four-color mailer distributed in lieu of conventional postcard communication. The incremental cost of these mailings is well worth the expense, with the average Veterinary Metrics client practice achieving revenues that are 30% above industry averages, and some practices achieving more than 25% annual growth. For every dollar clients invest in Veterinary Metrics services (including mailing programs), they are achieving \$18 to \$20 in return, an outstanding ROI by any measure.

Personix³³

Houston-based Personix promises to help build stronger customer relationships through personalized communications. The company produces a wide variety of personalized printed and electronic materials for clients in the retail sales, financial services, healthcare, entertainment, and telecommunications industries. Personix was the first U.S. print service bureau to install an InfoPrint 5000. Usage results are not yet available.

Cal (Israel Credit Card Ltd)³⁴

Seeing the TransPromo opportunity, Cal, an Israeli credit card issuer with brands including VISA and Diners' Club, converted its monthly statement pages to full variable digital color. The program resulted in the average statement length tripling. This offered more statement real estate to promote Cal and third party products and services, and to introduce a new loyalty program called "You" that offers cardholders the ability to earn benefits and discounts at partner retail and other establishments. "A typical statement would consist of a personal letter as the first page," said Ravit Spiegel, Vice President of Marketing for Oniya Shapira, who produces Cal's TransPromo statements, "which might wish me a happy birthday or convey another messages specific to me and my account. The second page would have the billing information, including Cal and partner offers; and the third page would be the 'You' statement that would include coupons and other offers." The program allowed Cal to team up with a retail chain in order to offer personalized promotions. 450,000 statements were sent to customers with coupons attached. Of the 450,000 coupons that were distributed, 200,000 were redeemed, leading to an impressive response rate of 44% compared to alternatives which usually generate 1-3% response. The company reported that \$4.4 million of incremental revenue was generated from this coupon offer. After discounts, a net of \$2.2 million of incremental revenue was earned.

Ford Motor Credit Company³⁵

Ford's representative responsible for the transpromo initiative is their Invoice Marketing Manager, Dennis McClure. Their traditional monthly leasing invoice was a 6.25" by 14" preprinted shell with three concluding messages and lots of inserts. Initial focus groups conducted with Ford-leased auto clients concluded that the clients (1) want and expect to hear from Ford, (2) love imagery and pictures, (3) love color, (4) but they don't want too many pages. The Vice President of Marketing for the Direct Marketing Association, Alan Kuritsky offered that transpromo campaigns are moving cost-based client communications to a revenue generator and are definitely an integral part of the marketing mix. While Mr. McClure would not give any specific incremental return on investment (no other practitioners did either), he was confident in saying that the transpromo initiative was working for Ford through its fifty million invoices processed each year.

Elders New Zealand³⁶

Elders supplies a range of services to rural businesses nationwide and provides the “Elders Card” – a charge, discount and fuel card designed especially for rural businesses. It regularly sends invoices and statements to more than 10,000 Elders Card holders. Until recently these were printed in black and white using traditional offset over-printing onto pre-printed base paper – a substandard production process that did nothing to enhance the company’s brand in a competitive marketplace. More importantly, data errors were appearing on the documents, further threatening Elders relationships with its customers. Elders became the first New Zealand company to use Datamail’s TransPromo billing service. Datamail’s solution has enabled Elders to (1) send accurate, readable and informative invoices and statements, (2) enhance its brand presence with eye catching, full-color documents, (3) develop stronger business partnerships and offset production expenses by selling advertising/promotion space to merchant partners and Elders business units, and (4) reduce calls to the Elders contact centre. Rob Facer, Elders’ Operations & Integration Manager, boasted “Implemented in just four months, TransPromo has had a remarkable effect on our business. It has improved our communications with customers, enhanced our brand in the marketplace and boosted our marketing activity by providing a direct and very effective marketing channel. Our staff and our merchant partners are delighted.”

DSTi Output Clients³⁷

DSTi Output has been working with a consumer finance company that has a monthly statement requirement of about seven million packs. Previously the company was using pre-printed inserts with statements, and the challenge of producing transactional mail for the client’s 45 affinity partners meant an ongoing requirement of managing more than 350 different base stationeries. DSTi implemented a “white paper solution” which removed the pre-printed requirement at a stroke, with big savings in stock obsolescence and overprints. It was also able to offer more targeted and topical text and images through the statements, reflecting news events, changes in market conditions, and current campaigns and offers the client was running.

A second client, an Internet bank, which mails 300,000 statements per month, wanted to improve response rates from static inserts with a campaign aimed at encouraging consumers to continue to use Direct Debit Instructions. Again, DSTi’s white paper solution (known as HiOutput) was used to transfer marketing messages from pre-printed inserts to in-line images and messages on document pages. Apart from the savings gained from reduced spend on insert management, the response rate increased from typically 1-2% up to 27% for the “due to expire” Direct Debits and 19% for those already expired.

Humana³⁸

One extremely innovative and dynamic application was developed by Prinova in conjunction with health benefits company Humana. SmartSummary is a full-color, fully personalized health finance and benefit statement, and is the first of its kind to be implemented. Part of Humana’s Integrated Customer Experience, SmartSummary is sent on a quarterly basis to plan members to encourage them to view and manage their healthcare coverage as a financial investment. Prinova worked with Humana to develop SmartSummary Rx, the healthcare industry’s first in-depth monthly prescription drug benefits summary for Medicare, which also features a SmartSummary Rx Record-on-the-Go – a useful wallet-sized prescription record. Humana serves about nine million members and produces about four million full-color statements in-house each month. In working with Humana on this project, Prinova developed a flexible data hierarchy and dynamic messaging process that enabled Humana to pull relevant

data from its global database to create truly personalized statements with relevant customer messages. As a result of this new program, Humana achieved:

- 17% increase in loyalty and retention
- 52% increase in its private Smart Products membership
- 3% coupon redemption rate (compared to norm of 1.5%) from personalized coupons
- 42% shift from brand to generic drugs (typical is 10%) through targeted message campaigns
- Call center calls for member questions/concerns dropped from an average of 7%-10% to less than 3.5%
- Call center mean call times reduced by 15%

ING Australia Limited³⁹

ING Australia is one of Australia's leading fund managers, life insurers and superannuation providers. After a number of important changes to superannuation law were made by the Australian government, ING decided to communicate a generic ATO overview of all legislative changes to the member base. Although it was accepted that only specific components of the legislation would be relevant to individual members, the capability to target members with customized messages within a mass essential mail campaign was not available. ING invited HPA and its partners, Vectis and Digital Alchemy, to find a solution to the challenge. With the primary objective to increase funds under management – both through rollovers and contributions, three areas of opportunity were identified: 1) match the right legislation to the right member to maximize contributions behavior, 2) reinforce and maximize rollover activity, 3) collect and populate unrecorded Tax File Numbers to minimize marginal tax rates being applied to member contributions. Through this transpromo technique, ING learned that essential mail, rather than being considered an inflexible cost center, can transform itself into a powerful, customer focused marketing channel. ING saw rollover response rates of 5% for the customized color communications (vs 0.5% for B&W generic), as well as an almost double rollover return on investment (\$110 return for each \$1 invested for customized color vs \$59.00 return for B&W generic). They also saw contributions response rates of 5.2% for customized color (vs. 4.1% for B&W generic), and a \$28 contributions return on investment (vs \$22 return for B&W generic). ING's learnings included:

- Essential mail is a powerful marketing channel for targeted messaging
- The higher the relevance, the higher the response
- The benefits of digital customization far outweigh the incremental cost

Elizabeth Houteas, Sales Strategies and Support Manager, stated that "being able to use essential mail to deliver targeted marketing messages has opened a new marketing door for us. Our expectations were without doubt exceeded and we will continue to use more intelligent marketing within essential mail to maximize member value."

¹ Pellow, Barb, Cary Sherburne, and Eve Padula. *The TransPromo Revolution: The Time is Now!* InfoTrends, August 20, 2007. p 7.

² *TransPromo Opportunity Knocks*. September 2006. p 34. www.printmediamag.co.uk

³ Noble, Yolanda. A waste of space? November 15, 2007.

⁴ *Are we paying attention?* Pitney Bowes – Group 1 Software, 2007. p 2.

-
- ⁵ *The TransPromo Revolution: The Time is Now!* InfoTrends, 2007. [CMO Presentation: “Marketing of the Future – Output Trends That Influence ROI,” October 2007. p 7]
- ⁶ Pellow, Barb, Cary Sherburne, and Eve Padula. *The TransPromo Revolution: The Time is Now!* InfoTrends, August 20, 2007. p 10.
- ⁷ Pellow, Barb, Cary Sherburne, and Eve Padula. *The TransPromo Revolution: The Time is Now!* InfoTrends, August 20, 2007. p 10.
- ⁸ *TransPromo Opportunity Knocks*. September 2006. p 34. www.printmediamag.co.uk
- ⁹ Zoomerang survey. December 2007. p 2. [InfoPrint Press Release, March 2008]
- ¹⁰ Pellow, Barb, Cary Sherburne, and Eve Padula. *The TransPromo Revolution: The Time is Now!* InfoTrends, August 20, 2007. p 7.
- ¹¹ *The Future of Mail* report. InfoTrends, July 2007. [CMO Presentation: “Marketing of the Future – Output Trends That Influence ROI,” October 2007. p 3]
- ¹² Zoomerang survey, December 2007. p 2. [InfoPrint Press Release, March 2008]
- ¹³ *Engaging Customers and Winning Their Loyalty*. Dunnhumby, 2007. p 10.
- ¹⁴ *Are we paying attention?* Pitney Bowes – Group 1 Software, 2007. p 2.
- ¹⁵ Pesko, Charlie. *State of the Industry Address*. InfoTrends, April 17, 2007. [CMO Presentation: “Marketing of the Future – Output Trends That Influence ROI,” October 2007. p 7]
- ¹⁶ White, Jan V. *Color for Impact: How Color Can Get Your Message Across or Get in the Way*. 1997 (*Impact of Color in Graphic Design*. InfoTrends, March 2005) [CMO Presentation: “Marketing of the Future – Output Trends That Influence ROI,” October 2007. p 9]
- ¹⁷ University of Loyola, Maryland study. Color Matters website. www.colormatters.com/market_whycolor.html [CMO Presentation: “Marketing of the Future – Output Trends That Influence ROI,” October 2007. p 9]
- ¹⁸ White, Jan V. *Color for Impact: How Color Can Get Your Message Across or Get in the Way*. 1997 (*Impact of Color in Graphic Design*. InfoTrends, March 2005) [CMO Presentation: “Marketing of the Future – Output Trends That Influence ROI,” October 2007. p 9]
- ¹⁹ Color Matters website. www.colormatters.com/market_whycolor.html [CMO Presentation: “Marketing of the Future – Output Trends That Influence ROI,” October 2007. p 9]
- ²⁰ Pellow, Barb, Cary Sherburne, and Eve Padula. *The TransPromo Revolution: The Time is Now!* InfoTrends, August 20, 2007. p 6.
- ²¹ Pellow, Barb, Cary Sherburne, and Eve Padula. *The TransPromo Revolution: The Time is Now!* InfoTrends, August 20, 2007. p 6.
- ²² Pellow, Barb, Cary Sherburne, and Eve Padula. *The TransPromo Revolution: The Time is Now!* InfoTrends, August 20, 2007. p 6.
- ²³ Pellow, Barb, Cary Sherburne, and Eve Padula. *The TransPromo Revolution: The Time is Now!* InfoTrends, August 20, 2007. p 17.
- ²⁴ *Customization, 1:1 Marketing, and the Growth of Data-Driven Print* presentation. InfoTrends, October 2005. [CMO Presentation: “Marketing of the Future – Output Trends That Influence ROI,” October 2007. p 5]
- ²⁵ Pellow, Barb, Cary Sherburne, and Eve Padula. *The TransPromo Revolution: The Time is Now!* InfoTrends, August 20, 2007. p 22.
- ²⁶ Bolte, C. Clint. TransPromo Summit 2007. p 1. www.clintbolte.com/conferences/2007_transpromo.html
- ²⁷ Bolte, C. Clint. TransPromo Summit 2007. p 1. www.clintbolte.com/conferences/2007_transpromo.html
- ²⁸ *TransPromo: Elders utilizing business colour* case study. Datamail, 2008. p 1. www.datamail.co.nz
- ²⁹ *TransPromo Opportunity Knocks*. September 2006. p 36. www.printmediamag.co.uk

- ³⁰ Pellow, Barb and Eve Padula. *TransPromo: It's More Than a Pretty Statement!* InfoTrends, May 6, 2008. p 3-4.
- ³¹ Pellow, Barb and Eve Padula. *TransPromo: It's More Than a Pretty Statement!* InfoTrends, May 6, 2008. p 6.
- ³² Pellow, Barb and Eve Padula. *TransPromo: It's More Than a Pretty Statement!* InfoTrends, May 6, 2008. p 7.
- ³³ Pellow, Barb and Eve Padula. *TransPromo: It's More Than a Pretty Statement!* InfoTrends, May 6, 2008. p 11.
- ³⁴ Pellow, Barb, Cary Sherburne, and Eve Padula. *The TransPromo Revolution: The Time is Now!* InfoTrends, August 20, 2007. p 16.
- ³⁵ Bolte, C. Clint. TransPromo Summit 2007. p 1. www.clintbolte.com/conferences/2007_transpromo.html
- ³⁶ *TransPromo: Elders utilizing business colour* case study. Datamail, 2008. p 1-2. www.datamail.co.nz
- ³⁷ *TransPromo Opportunity Knocks*. September 2006. p 36. www.printmediamag.co.uk
- ³⁸ Pellow, Barb, Cary Sherburne, and Eve Padula. *The TransPromo Revolution: The Time is Now!* InfoTrends, August 20, 2007. p 49-50.
- ³⁹ *Proving the Marketing Value of Essential Mail* case study. HPA, December 2007.