Direct Mail
The Power of Relevant Communications

xerox

The Direct Mail Opportunity

By all accounts, direct mail is one of the best opportunities worldwide in print services today. And customers welcome it. Consumers prefer direct mail for receiving marketing and promotional information[1] and direct mail gets customers attention; 81% of households read or scan some or all of their advertising mail[2]. In addition, direct mail and catalogs outperform other media in building traffic to a website, phone number, store or other business[3]. Even the younger generation prefers mail.

Direct Marketing Trends

- **Brand Loyalty**
  Use of mail to connect with your customer

- **Customer Satisfaction and Retention**
  Programs to continue delighting customers

- **Marketing ROI**
  Continued focus on returns from marketing programs

- **Multichannel Campaigns**
  Provide recipient choice, one channel driving to another channel

- **Personalization**
  Competitive intelligence, data mining, lead generation, e-commerce, 1:1 marketing and CRM

- **SEO**
  Growth in spend of search engine optimization

- **Social Marketing**
  Spending growth; expertise of staff and agencies will be needed

For example, 70% of consumers aged 25-34 who receive bank statements read them on paper compared to 63% of consumers aged 50-64. Across all ages, most printed documents are read more than once and often for an average of three minutes[4]. Lastly, mail is measurable. So marketers can track and account for the revenue generated from their marketing investments in direct mail.

Page growth will accelerate until 2015 in Western Europe. Direct mail and marketing collateral will be the big drivers of growth for at least the next decade.

(Caslon & Company, Western Europe Color Market Forecast, March 2008)

The key to success is creating highly relevant direct mail, made possible with full-color digital printing technology and data-driven information. Analysts report digital color printing is the only segment of the printing industry showing a dramatic increase in volume. InfoTrends is forecasting digital color impressions growth at 10% CAGR between 2007 and 2012. And Pira reports that global printing revenue from direct mail was estimated at $35 billion in 2007 and expected to grow at CAGR of 6.7% in 2007-2012.

Interesting Fact
Consumer response to direct mail varies by day. The number of consumers who have done something in response to receiving direct mail is highest on Saturday (29%). Monday mail elicits lower levels of response (25%).[5]

[1] InfoTrends
[2] 2007 USPS® Household Diary Study
[3] DMA 2008 Response Rate Trends Report
[4] Forrester
[5] UK Royal Mail Consumer Panel/TNS Global

The Direct Mail Advantage

Pinpoint Targeting

Businesses have many reasons to like direct mail. The average person is confronted with 3,000 marketing messages per day – up from 500 just 20 years ago. Direct mail cuts through the clutter to reach the precise audience advertisers seek, with messages tailored to each individual recipient.

Great Flexibility

Direct mail can be delivered any time, in formats ranging from postcards and letters to catalogs, product samples and gifts.

Precise Accountability

Direct mail generates responses and sales, which can be tabulated and analyzed to measure and cost-justify programs – a degree of accountability that is unmatched by other advertising methods.

Strict Privacy

Direct mail permits businesses to communicate directly and discreetly with customers and prospects, in a medium that competitors cannot monitor.

Return on Marketing Investment

As organizations around the globe seek increased efficiency and fiscal responsibility, marketing executives are not immune from the pressure to contribute to the bottom line. To meet these demands, marketers are working hard to improve operational efficiencies and strategic cost cutting. According to the CMO Council's Marketing Outlook 2009, a survey of 650 marketers at companies worldwide in a variety of industries, many marketers are realigning operational processes to better support sales and drive demand generation.

TUI, a leading multinational travel company, worked with dsicmm, based in London, UK, to improve the travel tickets and itineraries it sends on behalf of affiliate agencies to tour package customers. Under the new program, dsicmm produces about 45,000 40-page fully-personalized checkbook-sized weekly booklets that make travel arrangements easier to understand, resulting in savings to TUI of £1 million annually through elimination of offset printing and warehousing, lower postage with lighter packages and reduced call center activity. The program has also generated new sources of revenue with expanded advertising opportunities and an increase in pre-booked seats and airport parking.

In this new world of marketing, traditional channels of demand generation are giving way to new, multi-channel, multi-touch campaigns and programs that generate personal and relevant communications designed to break through the clutter and deliver results. This does not mean that traditional channels such as print and broadcast are obsolete, by any means. But their position within the marketing mix is changing dramatically.

Marketers are turning to integrated marketing strategies in growing numbers. They are carefully examining all of their communications options and increasingly selecting those that deliver targeted, relevant communications and measurable results. More often than not, it is the combination of multiple channels of communication and multiple personalized and relevant touch points that encourage an ongoing customer dialog and deliver the best returns on the marketing investment.

Xerox is committed to educate both marketers and their direct marketing partners with design, production and delivery of customized and relevant multi-channel direct marketing campaigns. The focus is on higher profits, lower costs and more productive customer relationships through relevant marketing communications.

With Xerox, you can market personally
A Record of Success

According to DMA, every dollar spent on direct mail advertising brings in $11 in sales and U.K.'s Royal Mail reports every £1 spent generates £14 in sales. The key is creating relevant direct mail. And with the Xerox 1:1 Lab, a customer program that tests customized direct mail against traditional mass marketing mail, marketers have proof that 1:1 works. The results are compelling.

Learn more about the Xerox 1:1 Lab programs by visiting www.xerox.com/1to1lab.

Maine Office of Tourism

Xerox partnered with DMM of Scarborough, Maine, and the Maine Office of Tourism to provide potential visitors to Maine with more timely and relevant information by producing a pocket guide unique to them – including individual interests on activities, regions, seasons and calendar events based preferences specified on the Web. The results? Visitor acquisition cost was reduced by 7.4% and visitor revenue was increased by 23.4%.

A Marriage Made in Marketing Heaven

It took years for the relationship to develop, but marketing and transactional data are now seen together everywhere. Known in the industry as TransPromo, the pairing of relevant, personal marketing messages with transactional bills and statements has been enabled by the latest generation of digital color printing technology. The growth of this application has been astonishing, with a projected 91% annual growth from 1.6 billion pages in 2006 to 21.8 billion pages in 2010 according to InfoTrends. That's because Xerox clients worldwide have discovered that the marriage of these two formerly separate applications saves production and postage costs, boosts the combined document's appeal and increases read/response rates.

Xerox customer, CGI, helped Solidarity Fund QFL develop a fund statement, including appeals to invest based upon age and gender, graphs charting investment's growth based upon age and past contributions and examples of local businesses that have benefited from fund investments. Results included a 3X increase in reactivation of payroll deductions and a 17% cost reduction in the marketing piece.

Multichannel Programs Deliver Results

Savvy marketers understand that a blend of online and offline media delivers even better results than a single channel approach. According to a study conducted by research firm InfoTrends, marketers report an average improvement of 35% for multichannel campaigns that use print, email and web landing pages over single-channel, print-only campaigns. The study further reflects that personalization brings even more improvement to campaign performance, with marketers reporting an average improvement of close to 50% for personalized multichannel campaigns over static print-only campaigns. Multichannel communications also present a significant opportunity for print service providers to increase profitably. Two-thirds of service provider respondents who offer multichannel services reported improvements in overall revenue as a result of multichannel communications, and half of these service provider respondents agree that campaigns utilizing print, e-mail, and Web landing pages offer high, if not the highest, profitability among their services.

The Total Mailing System (TTMS) Xerox customer created an online ordering system for a senior living facility customer, allowing it to create daily personalized direct marketing pieces on demand, targeting new residents for more than 400 different retirement settings. The pieces invited residents to attend a variety of different events – from jazz shows to educational health programs – and led to an increase in event attendance up to 25%.
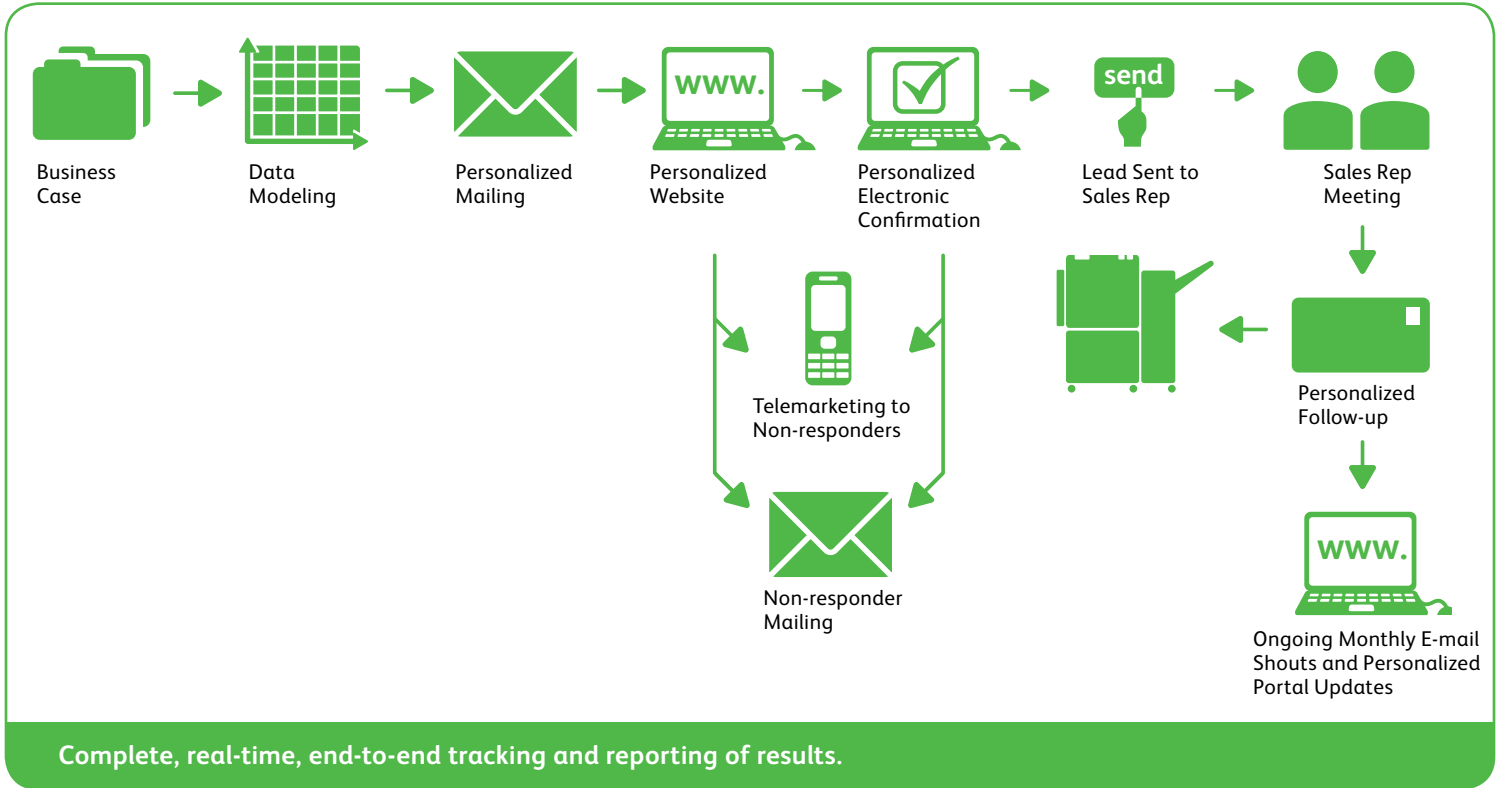
Creating a successful integrated direct marketing campaign

The development of any successful marketing campaign begins with an understanding of the business objectives the marketer is trying to achieve. Typically, the marketer or agency will incorporate these objectives into a creative brief, which also outlines available resources and those that need to be created to support the overall goals and objectives. The creative brief acts as the key communication platform to ensure all stakeholders are in alignment as the campaign or program is developed.

The Anatomy of an Integrated Multichannel Direct Marketing Campaign

Business Case → Data Modeling → Personalized Mailing → Personalized Website → Personalized Electronic Confirmation → Lead Sent to Sales Rep → Sales Rep Meeting

Telemarketing to Non-responders

Non-responder Mailing

Personalized Follow-up

Ongoing Monthly E-mail Shouts and Personalized Portal Updates

Complete, real-time, end-to-end tracking and reporting of results.

Good customer and/or prospect data is also a necessity, especially as direct marketing initiatives become more personalized and relevant. Data may be acquired from internal sources, such as Customer Relationship Management (CRM) databases or other internal business systems, but need to be augmented with further individual information.

Data modeling techniques are applied to segment the data and profile recipients to ensure that communications are as relevant as possible.

Many integrated multichannel direct marketing campaigns begin with a **personalized mailing** that contains a personalized URL such as www.domain.com/john.smith. Visiting this URL brings the recipient to a **personalized website** that contains additional information about the offer or call to action and often includes an incentive for responders to verify—or add additional—personal information. This not only continues the dialog between marketer and recipient while ensuring that data is as current and complete as possible, but it also introduces a means for **real-time monitoring** of campaign results that is difficult to achieve with print alone.

Of course, with even the best campaigns, not everyone will respond to the initial contact. By monitoring who does—and does not—visit the personalized URL, marketers can identify and contact non-responders using alternative means such as **telemarketing** or an additional **follow-up mailing**. These subsequent contacts are designed to drive additional recipients to their personalized URL or, in the case of telemarketing, gain sales or additional information to further qualify recipients.

Once a recipient visits the personalized URL and concludes requested actions, a **personalized electronic confirmation** is sent to acknowledge the interaction. At the same time, a lead can be sent directly to the responsible sales representative, who can then contact interested respondents. A **personalized follow-up** communication, either electronic or printed, should be the next step in the dialog. This communication may contain an additional offer. At that point, the recipient is considered "opted in" since he or she has participated in this dialog. This opens the door to **ongoing monthly emails, newsletters and personalized portal updates** to continue to build the relationship.

Underlying the entire process is complete, real-time, end-to-end tracking of the campaign that allows marketers to monitor results, refine offers and create and modify the campaign in other ways to ensure optimum results.

Enabling technologies

Xerox and its partners offer a wide array of enabling technologies, services and solutions to streamline integrated multichannel direct marketing activities and make them as efficient and effective as possible. Complete, in-depth details can be found at www.xerox.com.

Full Color Digital Presses

Xerox offers the industry's broadest portfolio of digital color printing presses. These presses, ranging from the Xerox® iGen3® and iGen4™ and the Xerox 700 to the full DocuColor® family, offer benchmark productivity, print quality and economics for businesses of any size. Technological and price/performance advances in full-color digital printing technology make highly personalized full-color direct marketing pieces more affordable and effective than ever before.

Monochrome and Highlight Color Production Printers

Xerox monochrome and highlight color cut sheet digital production printers include DocuTech®, Xerox Nuvera®, the DocuPrint® 4590/4595 family and the 4112™/4127™. Xerox invented high-speed monochrome digital printing more than three decades ago and has led the market in continuing innovation. Monochrome and highlight color printing still play a valuable role in the production of highly personalized direct marketing pieces if full color is not required or justified.

Continuous Feed Printers

Xerox continuous feed printers include very-high-speed monochrome and full-color devices, ideal for very long runs of direct marketing materials. Xerox continuous feed printers have a patented print line management for production flexibility and non-contact flash-fusing that expands media capabilities needed in the direct mail segment.

Workflow Solutions

The fastest, highest quality and most effective digital press cannot deliver optimum results without an efficient, automated workflow. The Xerox suite of FreeFlow® Workflow Solutions provides the freedom and flexibility to create a custom workflow that connects with customers, reduces cost through automation and enables new applications. From web-to-print, makeready and print and process management to digital front ends (DFEs) and controllers, and the industry's broadest array of partner solutions, Xerox has the software to handle your document needs.

> XMPie is a leading provider of software that creates, deploys and tracks VDP and cross-media campaigns, leveraging customer information for dramatic returns on marketing investments. **Visit www.xmpie.com to learn more.**

Feeding and Finishing Solutions

Xerox works with more than 30 feeding and finishing partners to deliver everything from roll feeders, booklet makers and saddle stitchers to folders, die cutting, laminators and coaters, covering almost any conceivable direct marketing feeding and finishing need. Xerox and partner feeding and finishing solutions help you deliver the utmost in finished direct mail solutions.

Ford Motor Company

Ford Motor Company and Budco, a Xerox customer, produced targeted direct-mail pieces for 20,000 F-150 truck owners nearing the end of their original warranties. Direct mail was used to sell extended service contracts. Pieces were customized by age, gender, income level and geography and included critical details, such as when an existing warranty expires and financing information. Between personalized photos and data, there were more than 40,000 possible combinations. During a market test, customized pieces increased the response rate by nearly 6%. More importantly, sales grew 35.7% for extended service contracts all during a recession.

Maximize your investment

Xerox has more to offer than just technology. With decades of experience in the industry, Xerox understands the importance of maintaining ongoing working relationships with our customers. Our commitment to you doesn't end when you purchase one of our products; in fact, as many Xerox customers have discovered over the years, it's just the beginning. From training your staff to providing valuable marketing information, Xerox stands behind you with far-reaching support and outreach services.

Turn Personalization Into Profit

Xerox has a proven track record of helping businesses like yours get from where you are today to where you want to be tomorrow. If you see personalized direct mail as part of your future, there's no reason to wait. With a call to your Xerox Representative, you could be on your way to turning the power of personalization into dramatically increased productivity and profitability for your business.

Take marketing personally.
Call 1-800-ASK-Xerox or visit www.xerox.com today.

Grow Your Digital Business

- **Financial**—Evaluate digital readiness, determine value-based pricing, and boost your bottom line profits with these specialized financial tools designed to support your digital printing program.

- **Sales and Marketing**—Discover effective and innovative ways to generate new business based on your 1:1 printing capabilities. These proven, practical sales and marketing tools include vertical industry kits, sales representative training and marketing plans.

- **Agency and Design**—Educate creative agencies on the power of designing relevant direct marketing programs utilizing digital print technologies and data-driven programs.

- **Application Development**—Learn how to create exciting, profitable new applications using data-driven information. From the photo specialty market to digital books, from personalized transactional documents to web-based applications, these application development resources will open your eyes to a world of opportunity.

- **Paper and Media**—Don't forget the basics. The right paper optimizes both document performance and printer performance. This resource provides a listing and samples of paper and media for digital print technologies.

- **Business Development and Training**—As the leader in digital printing for many years, Xerox has accumulated a wealth of experience and knowledge—which we are committed to passing along to our customers. Use our expertise in sales, marketing, workflow and application development to your advantage with our wide range of business development and training resources.

Depend on Our Support

- **Professional Support Services**—Our business development consultants, graphic arts specialists, production color specialists and workflow solution managers can help you analyze your business needs, optimize your printing processes, train your team members, and implement the world-class workflow, software, applications and printing solutions you need to succeed.

- **The Premier Partner Program**—With hundreds of members worldwide, the Xerox Premier Partner Program is a global community of graphic arts service providers designed to enable members to share valuable information, make business contacts, exchange services and make referrals. The program provides learning events, white papers, case studies, promotions and discounts, and special privileges at trade shows and other customer events.

- **Training and Customer Events**—Xerox hosts a wide range of affordable customer training sessions on topics from broad-based direct marketing trends to product-specific information. We also participate in a full schedule of customer events around the world.

- **Marketing and Sales Support**—Xerox has accumulated a treasure trove of market research, industry-specific information, product information, marketing communications, customer presentations, case studies, sales tools, application samples, announcements, calendar listings and much, much more. Visit often to access valuable free resources for growing your business.

- **Gil Hatch Center for Customer Innovation**—The world's largest showcase of digital production printing technology, Xerox's 100,000-square-foot Gil Hatch Center for Customer Innovation in Webster, N.Y., houses more than 20 Xerox full-scale digital printing solutions under one roof. The facility hosts thousands of print service providers and corporate customers from around the world each year at educational workshops, product showcase events and customer appreciation events.

Direct Mail Resources

The following trade associations and publications provide up-to-date information on developments in the direct marketing sector, including technology innovations and industry trends.

Marketing Associations

AMA • American Marketing Association • www.ama.org

DMA • Direct Marketing Association • www.the-dma.org

CMA • Canadian Marketing Association • www.the-cma.org

FEDMA • Federal European Direct Marketing Association • www.fedma.org

NMOA • National Mail Order Association • www.nmoa.org

Direct Marketing Industry Trade Publications

AdWeek • www.adweek.com

Advertising Age • www.adage.com

DIRECT • www.directmag.com

Direct Marketing News • www.dmnews.com

1to1Media • www.1to1media.com

Target Marketing • www.targetmarketingmag.com

Environmental health and sustainability

At Xerox, sustainability is our way of doing business. We have aligned our goals for the environment and health and safety to make an impact across our value chain worldwide. And we have structured our direct marketing solutions to reduce the environmental footprint of the end product, benefiting both print service providers and their marketing customers.

- By using print on demand for direct marketing applications, marketers can create only the documents that are needed, saving resources and warehouse space and reducing the waste of obsolete materials by as much as 30%.

- Using Xerox® FreeFlow® software to automate manual processes, manage all printing in the shop and receive jobs and orders over the web eliminates waste and reduces labor.

- Soft proofs delivered via email or the web reduce paper use; save phone, courier and postage charges; reduce environmental impact of sending paper by air or ground transportation; and enable faster turnaround.

- Xerox offers FSC and PEFC certified papers, recycled content papers, as well as Xerox High Yield Business Paper™ that uses half the number of trees as conventional paper.

- Each new generation of Xerox products offers more functionality and uses less energy—saving our customers money and reducing their carbon footprint. Xerox is a charter partner of the International ENERGY STAR program and has introduced nearly 500 ENERGY STAR qualified products since 1994. The annual savings from our ENERGY STAR qualified equipment installed in our customer's locations is equivalent to lighting one million U.S. homes for a year.

To learn more about sustainability at Xerox and how it can help your business be greener, call your Xerox Sales Representative or visit xerox.com.

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