ON-DEMAND PRINTING:

A PITNEY BOWES GUIDE TO IMPROVING CUSTOMER COMMUNICATIONS WHILE LOWERING YOUR COSTS

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Pitney Bowes

CONTENTS

Physical mail is a powerful way to build customer relationships and get your messages in the hands of your target audience. The average person can receive hundreds of emails and text messages per day, but may only get a few letters in the mail. This means that sending physical mail to current and potential customers can be a great way for a business to get noticed.

Consider these statistics:

- A recent study reported that 15% of all consumers who received a catalog and 12% of all consumers who received a letter, postcard or flyer made a purchase on a company's website.

- A market research group revealed that consumers are more likely to make a purchase based on a physical mail offer than an email offer. Mailings that feature coupons and exclusive offers are the most attention grabbing.

- B2B organizations are also seeing the benefits of direct mail. The findings of our Reaching the Decision Makers survey revealed that direct mail is the most effective way to reach senior contacts in B2B prospect organizations, according to 53% of US companies.

Although physical mail delivers numerous benefits, many businesses find it challenging. That is because it takes longer to create a personalized mailer than it does to send out a similar email. In today's fast-paced market,

businesses don't have the time to produce a complex mailer every time they want to communicate with their customers.

However, there are options that will allow businesses to be more nimble and send out highly personalized mail. One of these options is on-demand printing. In addition to making it easier to develop and print mailers, on-demand printing also can greatly reduce a business' communications costs.

To help businesses that want to develop quick, easy and effective communications, Pitney Bowes has put together this resource that highlights the key challenges of physical mail, along with tips and real-world examples of how to use on-demand printing to improve your open rates and return on investment.

1.0 MAILING COMMUNICATIONS CHALLENGES

In today's fast-paced business environment, physical mail poses a number of challenges, including:

1.1 Slow Time to Create
One of the biggest problems that businesses have with postal mail is the time it takes to create it. For example, it can take four to six weeks to complete a marketing mailing, which is much slower than email's seven to ten business days.

This can leave a business with two options – send out impersonal, bland mailings or wait for the long turnaround times needed to develop personalized and creative mailings.

1.2 Flexibility and Creativity
Physical mail can also be limiting in terms of flexibility and creativity. Once a business finalizes a mailer, it's done. If the business wants to make any changes or personalize a mailer's content for a specific audience, it will need to run a completely new print job and may forfeit its bulk discount with its outsourced printing provider.

Postal mail's lengthy time to market also limits a business' ability to quickly respond to change – such as an ad a competitor is running, an initiative that needs to be

addressed as soon as possible or a recent news item that everyone is talking about. Failing to respond to these changes in the market can harm a business' bottom line.

It's also difficult for a business to send out quick mailings that can enhance its sales. For example, a business can "strike while the iron is hot" and send a thank you postcard to a customer who was just in its store. With physical mail's long development times, it could take weeks to get the customer's contact information to a printer and wait for them to run a major print job. By that time, the customer may have lost some of their enthusiasm – or have even forgotten – about their purchase.

1.3 Personalization
Targeting communications towards each customer's location, needs or interests can have a big impact on results. However, physical mail makes customization difficult, as it's expensive to create and run different print versions for different audience segments.

In addition, the more a business personalizes its content, the longer it will take to get a mailing out the door. To speed its time to market, a business may need to forego personalization in favor of speed – which can harm response rates.

1.4 High Material Costs
The costs of postal mailings often surpass those of other communications channels, such as social media and email. By one estimate, the costs of creative work, paper, printing and postage can make direct mail 15 times more expensive than email marketing.

As noted above, mailing costs are particularly high for businesses that outsource their mail preparation. This is because fulfillment houses typically charge at least 40 cents per piece to print, assemble and mail even a relatively simple mailer.

...businesses shouldn't abandon physical mail, as there are new techniques that can speed time to market, lower costs and lead to a greater return on investment.

In addition, many outsourced printing providers require businesses to purchase stock in set quantities. This typically requires ordering more materials than are needed, which leaves a surplus of expensive and unnecessary materials.

These challenges may deter businesses from using mail as a major part of their communications. However, businesses shouldn't abandon physical mail, as there are new techniques that can speed time to market, lower costs and lead to a greater return on investment.

2.0 THE CASE FOR ON-DEMAND PRINTING

The good news is that on-demand printing can solve many of these communications challenges. It allows businesses to print any type of mail piece in-house – from invoices to postcards to brochures. This gives businesses control over their mailings and reduces reliance on outside agencies and printers. With on-demand printing, a business can:

2.1 Get Mailings Out the Door Quickly and Easily

On-demand printing lets businesses produce mail pieces at the exact moment when they need them, so they don't have to wait weeks to send out a promotion or an important piece of communications. This increases a business' flexibility, as it can respond to changes in the market as they happen.

2.2 Test Mailers to Improve Their Results

With on-demand printing, businesses can print small runs. This makes it easy to test copy, images, envelope teasers and other mailer elements to see which will perform the best – before committing to a huge run.

2.3 Be More Flexible and Creative

On-demand printing offers tremendous flexibility. Businesses can change mailers on the fly – whether they want to modify content for a specific audience or correct someone's address.

Businesses can also launch quick, creative and effective marketing campaigns. For example, they can send thank you postcards to customers who have just visited their stores or mail customers gift cards on their birthdays. The possibilities are endless.

2.4 Achieve the Benefits of Personalization

Response rates for postal mailings typically range between 1%-2%. However, personalizing mailers can have a huge impact on a business' return on investment. HP reported that, "using color variable data printing, personalized direct mail has shown a 36% higher response rate. Cost per response was 54% lower. Most importantly, sales showed a 93% increase."

On-demand printing offers a number of personalization options. In addition to adding a customer's name to a piece, a business can change the images or text in each mailer based on a customer's location, interests or needs. Personalizing the text and images on the outer envelope can also lead to an increase in open rates.
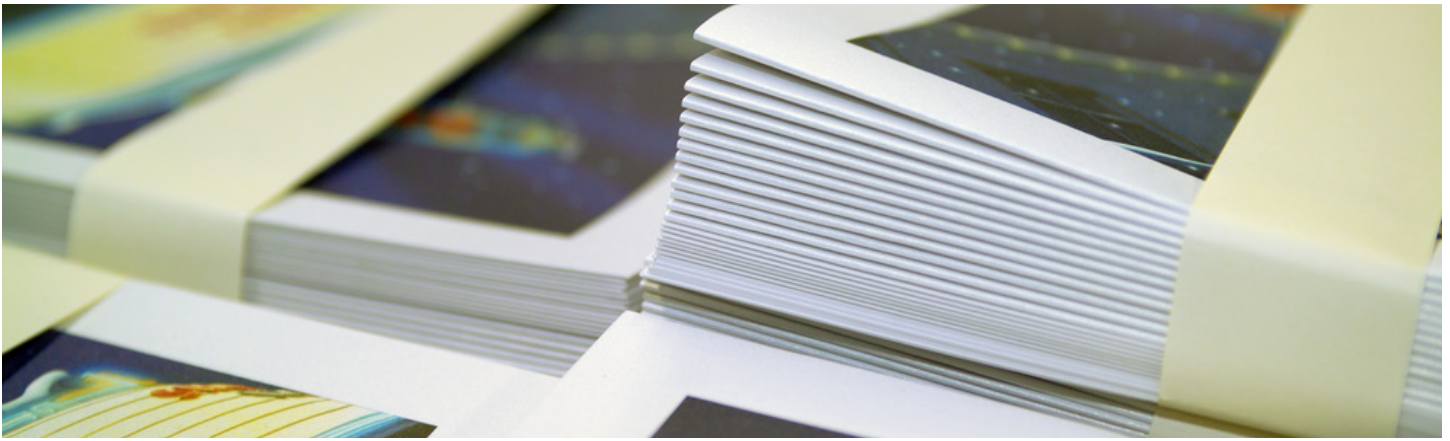
2.5 Reduce Costs

By printing only what it needs, a business will no longer have to meet an outsourced printer's minimum requirements and order paper, card stock, and envelopes that it will never use. This can also help with a business' green objectives, as it won't need to print – and later throw away – boxes of expensive custom-printed materials.

In addition to saving on materials, businesses can eliminate the costs associated with outsourcing printing to a third-party fulfillment house. With on-demand printing, a business can run professional quality print jobs in-house without paying a third party extra "service costs".

3.0 ON-DEMAND PRINTING SUCCESS: REAL WORLD EXAMPLES

So how exactly are small businesses using on-demand printing? Here are two great examples of how some businesses are reaping the benefits:

3.1 Direct Marketing Firm Uses On-Demand Printing to Better Serve Customers and Increase Its Profits

The president of a direct marketing firm wanted to meet his clients' needs for fast, full-color marketing materials. The direct marketing firm had been printing on inkjet printers, but frequent breakdowns and slow speeds made this a less than ideal printing solution. The alternative was to send print jobs out, but the firm's clients expected quick turnarounds that outside printing sources couldn't deliver.

When the direct marketing firm switched to full-color, on-demand printing, it achieved the following results:

- **Increased profits.** The cost-effective nature of on-demand printing enabled the direct marketing firm to up-sell customers, under-sell its competitors and still increase its profits.

- **The ability to personalize mailers.** With on-demand printing, the direct marketing firm easily customized the same piece for different audiences. Customized messaging

has been proven to increase response rates and is critically important to successful direct mail campaigns.

- **The ability to provide color printing to customers with tight budgets.**
On demand printing allowed the direct marketing firm's cost-sensitive customers, such as churches and schools, to take advantage of color printing. It also enabled the direct marketing firm to print the exact quantities that its customers need, which amounts to increased savings and decreased waste. "Now, a client can ask on Wednesday for a 5,000 piece mailing, and the letters will be in the mail by Friday," says the direct marketing firm's president. "The direct mail piece can include their logo in color, photos and colored highlights to bring out the important offer information. Clients see immediate results, so much so that they frequently call to ask for more letters to go out the following week."

...the owner realized that he could increase the effectiveness of these statements while also improving efficiencies in the production process.

3.2 On-Demand Printing Helps Service Provider Become Irreplaceable to Clients

This service provider prints invoices, bills, statements, notices, letters, postcards and other documents that organizations require for their day-to-day communications.

At one time, the service provider produced all of its products in black ink on plain paper. It eventually switched to a two-step process that involved preprinting full color forms and then over-printing them with variable data using monochrome laser printers.

However, the company's owner began to search for ways to be more efficient and better serve his clients. In analyzing his two-step printing process, the owner realized that he could increase the effectiveness of these statements while also improving efficiencies in the production process.

In addition to abandoning the preprinted-forms model and producing the statements in a single-pass printing process, the owner wanted to redesign documents to include dynamic promotional content. This

integration of targeted messages into transactional documents is called Transpromotional Marketing.

Since switching to a Transpromotional Marketing model, the service provider achieved the following benefits:

- **Became irreplaceable to clients.** The service provider can now offer clients faster response times when design changes are requested, which makes the company virtually irreplaceable. "Rather than wait (to consume) three, six, or even nine months worth of stock, we are able to make the change within the form design software, validate it and go to print within a few days," says the owner.

- **Saved on costs.** The service provider achieved cost savings in two major areas: First, it minimized the waste of pre-printed forms, which had previously added up to several dumpsters worth of paper a month. Second, it reduced the cost of ordering, storing and handling the pre-printed shells, as well as eliminated the associated labor and storage space overhead.

- **Increased agility and faster response times.** The Transpromotional Marketing printing model enabled the service provider to determine if a statement is effective and change it quickly if it is not. The owner says, "That's the great thing about printing variable data and dynamic color. You're able to adapt and react a lot faster than you can with traditional printing."

What's Next?

Get more tips on reducing mailing costs.

Read about the power of integrated marketing to improve ROI.

Pitney Bowes