

Permission to know me

In the vast expanse of a media-rich world, today's marketers battle to reach consumers effectively through a media maze. We expect to consume media when and where we want, on any platform or device, and in any context. The trend of proliferating consumer-generated media, as seen through the grainy videos of YouTube and MySpace, has caused consumers to become more selective about the media that they notice and to which they respond.

Direct mail marketers compete with TV, online advertisements, satellite radio, RSS feeds, newspapers, books, magazines, DVRs, text messages, and blogs. They are all playing their part in stealing the time and attention of consumers away from the tangible marketing messages delivered directly to their mailboxes. New media brings electronic signals into my home; direct mail and traditional media bring me something I can touch.

Will personalized direct mail based on individuals' behaviors, attitudes, and lifestyles capture consumers' attention or scare them away as a seeming invasion of privacy? In order to connect with consumers on a personal level, we must first examine and understand the four types of consumer groups:

- Movers and Shapers are described as open-minded individuals in constant pursuit of new stimulation in life—from new clothing to fast cars to active careers. It is a high energy group that does not like to be controlled or limited. They do, however, seek the acceptance and companionship of others.

- Daredevils are known for their competitive natures and constant need for recognition from others. Consumers in this group accomplish this by taking risks through unorthodox behavior. They value status, which is often reflected by their physical appearance and purchase selections.

- Wannabes aspire to be like members of other groups who have what they want and know how to enjoy life. These adults use their energy and activity to achieve the entertainment they seek and are often attracted to unique and different experiences. They have a difficult time connecting with others.

- Guardians are consumers who are least likely to accept change and often plan ahead to avoid unexpected situations. Close, personal relationships are important to the

members of this group, which value tradition and routine. They are least likely to become leaders and most likely to follow others.

Between the superfluity of fragmented media and the ambiguity of consumer segments and attitudes in the marketplace, highly targeted direct mail marketing may be the most effective approach for a company seeking to rise above media clutter—or add to it.

In a 2007 Vertis Customer Focus Direct Mail study, 69 percent of “movers and shapers” and 63 percent of “wannabes” surveyed said that when they express interest in a company's product, they want follow-up direct mail personalized to their needs. In this same study, 70 percent of adults who indicated the desire to receive e-mail and direct mail advertisements targeted toward their individual needs were currently employed. Only 50 percent of the adults wishing to receive general e-mail and direct mail communications were employed.

Scott Marden of Vertis Communications has articulated a “permission to know me” phenomenon. Based on the adults who expressed interest in a product from a company, study findings show 48 percent prefer follow-up communication in the form of personalized direct mail, as opposed to 45 percent who desire personalized e-mail and 33 percent who desired direct mail follow up.

Although almost half of all adults may desire personalized direct mail delivered to their mailbox, and thus their home, marketers must still strive to understand the thoughts and feelings behind the types of direct mail that trigger meaningful consumer responses rates. Vertis found that by getting personal with prospects, marketers are more likely to establish long-lasting relationships with key audiences, especially in an increasingly impersonal digital world.

DID YOU HEAR?

- Inkjet (both narrow and wide format) and color electrophotography together generated worldwide revenues from sales of hardware, media, and chemistry of \$103 billion in 2005. Total digital color revenues are forecast to reach over \$173 billion by 2010, a CAGR of 11 percent (I.T. Strategies).
- In a typical week, 100% of moms watched TV, went online, listened to the radio, or received a direct mail promotion; 91% shopped at a retail store; 88% read a magazine; and 86% used a cell phone. 33% watched video-on-demand, 32% read a blog, and 17% listened to an iPod (Parenting Group).
- Acquiring new customers is the No. 1 marketing goal for 2007, cited by 62.3% of respondents. Free trials, webinars, white papers, blogs, and podcasts topped the list of the most effective lead generation tools used by business technology marketers (MarketingSherpa).
- Total U.S. advertising spending is expected to increase 2.6 percent in 2007 to \$153.7 billion. This is the smallest gain since the media economy emerged from its 2001 recession and follows advertising spending growth of 3.8 percent in 2006 (TNS Media Intelligence).
- A transatlantic annual survey of more than 500 direct marketers, marketing services providers, and agencies found that 85% of respondents expect their online direct marketing expenditures to increase in 2007. The spending projection is the largest expected increase since the survey began in 2003 (Alterian).
- One in five publishers now says it has implemented “personalized, customized, variable-data, or other types of targeted printing” for magazine or catalog covers, aside from the mailing label (The Industry Measure).

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Editor-in-chief: FRANK J. ROMANO, EDP

Editors: Toby Cobrin, EDP; Roberta McKee, EDP;
Jeanne Mowlds, EDP; Sidney F. Huttner, Univ. of Iowa
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EDSf
The Electronic Document Systems Foundation
608 Silver Spur Road, Suite 280
Rolling Hills Estates, CA 90274
USA
Tel: +1-310-265-5510
Fax: +1-310-265-5588
info@edsf.org
www.edsf.org

SHORT TAKES: FACTS AND OPINIONS

A direct marketer based in Portland, Oregon has sent CDs to consumers that contain printable coupons. In the past 18 months, SaverCD, LLC has distributed 3 million CDs in the Northwest as part of a beta test. The company plans to begin national distribution in early 2008, with a first mailing scheduled to include 15 million CDs. The service has attracted more than 700 national and local advertisers. There is a 90-day shelf life for each set of coupons. The direct mailing of CDs allows consumers the option of choosing coupons of interest, which they print out themselves. This reduces trash costs and the burden of recycling unwanted mailings. The direct mail CD service has some halo effects in online behavior, driving traffic to advertiser websites. According to the company, 8 percent of households that received the CD went online to conduct research and then purchased a product.

Junk CDs?

Spectacular magazine ads like multi-page spreads, three-dimensional pop-ups, scented ads, or ads with an audio component produce a big bump in measures like brand recall and the number of readers that read ad copy, according to a study from GfK Starch, commissioned by Time Inc. "Advertisers are looking for a way to bust through the ad clutter, to cut through all the noise," Starch observed. Among the case studies are two ads that scored 100 percent in reader recall and engagement—measured by readers remembering and reading at least part of the ad. The ad for Pepsi Jazz was a two-page spread featuring a three-dimensional pop-up of the opened bottle, with music notes cascading from the opening and a small audio chip in the page playing jazz music. On the back, readers could use a scratch-and-sniff tab to sample Pepsi's Black Cherry French Vanilla flavor. The second ad, for Clairol Herbal Essences conditioner, also paired a three-dimensional pop-up with an audio chip, this time a chorus sang "Hawafena" to the tune of Handel's "Hallelujah." Readership of ad copy increases 136 percent when a scent strip is included. If you have a magazine with a readership of 6 million, and the number of people who recall an ad goes from 500,000 to 750,000—it's only a 50 percent rise, but that's a huge number of people.

Aren't really big ads called billboards?

Kimberly-Clark will sell customized Kleenex boxes. Each oval-shaped, cardboard pack can be adorned with photos of just about anyone or anything for weddings, graduations, or special vacations. A conventional box of Kleenex costs about a buck. But the "My Kleenex" box, sold online at mykleenextissue.com, sells for \$4.99 plus \$3 shipping. What to do with an empty box? Throw away memories? The website suggests uses for the empty boxes—pencil holders or a spot for potted plants.

This is nothing to sneeze at. OK, I apologize, but you all thought the same thing.

According to the recently-released U.S. Census Bureau's *Statistical Abstract of the United States: 2007*, adults and teens are projected to spend nearly five months (3,518 hours) watching television, surfing the Internet, reading daily newspapers, and listening to personal music devices in 2007.

So when do they do their homework?

The Industry Measure says that the percentage of graphic arts firms overall who produce VDP jobs in-house is nearly identical to 18 months ago, but the percentage doing full-color, variable-image, variable-text jobs with 1-12 fields has more than doubled over three survey periods. The percentage of digital print shops (defined as shops with full-color digital production presses) doing these applications has rocketed to 71 percent. Among digital printers, which are focusing almost exclusively on full-color marketing applications, the trends are even more striking. In this category, there is almost no evolutionary change in the data—only 4 percent of digital printers saw no change in their volumes at all. Overwhelmingly, digital printers saw their volumes of full-color VDP jobs with 1-12 variable fields growing, and while some shops saw their volumes declining, it was because those jobs are becoming more complex—moving into the 13+ variable field category, where more than one-third of digital print shops saw their volumes increasing.

So the number of firms doing VDP is static, but the volume of work is variable.

TAKING THE JUNK OUT OF JUNK MAIL

Using proprietary software that analyzes more than 500 variables per household, an Andover, MA company can predict if your home is more or less likely to order a pizza, get a new roof, hire a maid, or purchase furniture. Genalytics Inc. uses information to target their direct-mail advertising to those customers likely to be receptive to their message—and bypass those who are likely to throw it in the trash. The system isn't foolproof, but it cuts mailing costs significantly while boosting customer response rates 7 to 15 percent. Company executives said it is not uncommon for Genalytics to double a company's return on its direct-mail investment.

Larger companies have long used predictive modeling to fine tune their marketing. Genalytics has automated much of the process with patented genetic algorithms, making it possible for smaller companies and nonprofits to perform the same analysis in a fraction of the time and at a fraction of the cost—about a nickel per name.

Genetic algorithms formulate variables as income and age to yield accurate indicators of buying behavior.

The key to increasing direct mail's results is reaching the right audience. Genalytics tries to eliminate waste by figuring out who is likely to be receptive to the sales pitch. The company develops a model of a business's typical customer and then finds matches among the general public. The company acquires its data from public sources like telephone books, property tax bills, mortgage records, census data, real estate records, and Registry of Motor Vehicle data.

When Genalytics doesn't have information, it extrapolates from data it does have. There is no credit information, but the software guesses about a homeowner's income level from mortgage and property tax records. What emerges from Genalytics' analysis is a ranking of households on a scale from 1 to 100, with higher scores indicating greater likelihood that the household is interested in the product or service being marketed.

Some of the analysis is fairly easy. Someone living in an apartment is unlikely to need a new roof. Someone with a young child and a pet is more likely to need a housekeeper. Someone who can barely pay the rent is unlikely to be interested in high-end jewelry.

Genalytics executives said their customers include smaller companies, nonprofits, and direct-mail firms looking to target customers better, as well as larger operations that buy the company's software and run their own analyses. SunTrust Banks Inc. of Atlanta, which licenses the Genalytics software for internal use, said it uses mass media to pull customers into its branches, but uses the Genalytics software to predict what products would best suit them.

A Winterberry Group white paper concludes that direct mail marketing spending reached \$60.6 billion, an increase of 7.5 percent from 2005 estimates. A number of factors—including the relative ease with which mailers absorbed a 5.4 percent postal rate hike and the lack of high-performing alternative channels—helped maintain this solid pace of growth despite the emergence of several significant marketplace constraints, including increases in raw material and logistics costs. The Winterberry Group projects that direct mail investment growth will continue to outpace growth in traditional above-the-line advertising, but will slow slightly in 2007 and beyond. The paper projects overall spending on direct mail services will reach \$73.6 billion by 2009, reflecting a compound annual growth of 6.8 percent per year for the 2005 to 2009 period.

The paper identifies and projects the leading trends in 2006 that helped define the direct mail environment for production providers and marketers alike. Here is a sampling of their trends:

- Production providers continue to suffer from margin compression due to rising external costs, increased human resources expense, and continued client demand for price concessions
- Mailers maintain (or slightly increase) production volume, despite postal rate increases and heightened logistics costs
- Higher production costs, rising postal rates, and declining incremental response heighten the importance of data quality and hygiene solutions
- Fueled primarily by growing adoption of inserts as a marketing tool, the statement printing market continues to grow at a steady pace despite widespread adoption of online bill payment
- Variable data production technologies improve response rates significantly though major marketers hesitate to fully embrace such tools as they weigh the benefits of enhanced targeting against those of better overall coverage
- Robust M&A market erodes provider “middle class” with aggressive consolidation expected
- Complex, high-volume multi-channel campaigns become the industry standard, driven by enhanced marketing database segmentation tools and widespread CRM adoption
- Forthcoming postal rate increases, combined with new delivery point validation regulations, drive the need for advanced data hygiene and postal optimization services
- Strategy and creative service providers move to integrate analytics and consumer targeting services with their existing portfolio, in order to counteract service commoditization in the agency space
- Media-mix reallocation and the proliferation of new channel options threaten direct mail's budgetary primacy as the preferred below-the-line marketing vehicle
- Digital print applications, empowered by capability enhancements developed in 2006, grow dramatically throughout 2007
- Catalog marketers increase or maintain circulation but accelerate the reduction in average page count per book, reflecting the changing role of the catalog and offsetting rising mailing costs
- Inserts and color utilization play a more significant role in statements as marketers move to leverage the format for marketing purposes
- Marketer consolidation (and corresponding service expansion) leads to the increased use of direct mail for branding and promotional purposes.

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BILLBOARD BARCODES

Japanese cellphone users point their camera phones at billboards or magazine ads to receive insurance quotes, and board airplanes using their phones rather than paper tickets. The link is a new generation of bar codes—patterns of black and white boxes that contain more information than traditional bar codes. The cameras on cellphones scan the codes, which are translated into videos, music, or text on the phone screens.

There are also RFID or satellite location systems, but bar code technology is simple and cheap. In Japan, the codes became mainstream when cellphone companies included the code readers on new phones and the codes on billboards, street signs, published materials, and food packaging. Japanese highway billboards have codes large enough for motorists to read with their phones. Hospitals put codes on prescriptions, allowing pharmacies to scan the medical information rather than read it. Supermarkets label meat and egg packaging to give expiration dates and even the names of farmers who produced them.

In 1998, dotcoms tried to create devices to scan print content and ads and then provide extra information to the reader, but consumers balked at the special scanner. The Japanese technology allows advertisers to measure the impact of magazine ads and billboard messages by calculating how often codes are scanned. This capability would certainly result in an explosion of new signage to incorporate the barcode, not unlike the time the FDA changed nutrition reporting and every package had to be re-printed.

PRINT O' MY HEART

Research from Clemson University has shown that producing cardiac tissue with off-the-shelf inkjet technology can be improved significantly with precise cell placement. Tom Boland, associate professor in Clemson's bioengineering department, along with Catalin Baicu of the Medical University of South Carolina, presented their findings at the American Association for the Advancement of Science (AAAS) Conference.

Since Boland's discovery in 2004, printing tissue using 3-D printers has focused on printing materials for hard tissue applications, such as the jawbone. The study presented at AAAS focused on precise placement of cells, which is essential to achieving function in soft tissue such as the heart. In this study, live, beating heart cells were achieved more efficiently. The breakthrough with this technology is that cells now can be precision-placed virtually instantaneously with the materials that make up a scaffold to hold the cells in place. Previously, this was not done efficiently.

Precision placement of the cells is achieved by filling one empty inkjet cartridge with a hydrogel solution, a material that has properties similar to tissue, and another inkjet cartridge with cells. The printing is accomplished in much the way that color photographs are made, activating alternatively the hydrogel and cell nozzles. Previously cells were added to prefabricated scaffolds in a lengthy, less efficient process. With Xiaofeng Cui of Clemson, Michael Aho and Michael Zile of MUSC, contributed to the research, funded with a NASA EPSCoR Grant.

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608 Silver Spur Road, Suite 280
Rolling Hills Estates, CA 90274-3616

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Billboard barcodes

Print O' My Heart

Short Takes