

Data is power, or powerlessness

Companies run on data. Customer data can provide mailing lists, fodder for analysis, information on product acceptance, past trends, and perhaps predicted trends. Whether the data is stored in one database or multiple related databases, it can be queried, sorted, plotted, printed, viewed, or spun off as another database. Data can drive personalized promotions via print or e-mail or the Web. Data is a powerful management asset as well as a management tool and lacking it, a company may be powerless.

Organizations worldwide estimate losing six percent of annual revenue to poor management of customer data, according to a survey of global data quality published by QAS, a division of Experian Marketing Services. This research was to establish the perceived accuracy of customer data within organizations and its importance. "For the first time, we can assign a number to ineffective, siloed data quality initiatives in American corporations," said Mark Parise, president of Experian Marketing Services.

Dynamic Markets was commissioned by QAS to interview 550 respondents in large public and private organizations in ten countries: Australia, Belgium, France, Germany, Luxembourg, The Netherlands, Singapore, Spain, United Kingdom, and the United States. The sample covered banking, insurance, financial services, retail, telecommunications companies, regulated utilities, leisure, tourism, cruise and travel, and the public sector.

According to the survey, 75 percent of businesses around the world think they lose money because data quality issues lead to missed business opportunities when they cannot profile customer and prospect data quickly and effectively. The U.S. figure is above average, with 77 percent of companies admitting that shortcomings in data quality damage their bottom lines.

In the public sector, 60 percent of organizations worldwide think that inaccurate data cost them money in wasted resources and lost productivity. One in 10 of these organizations think that more than five percent of their annual budget is wasted in this way. Duplicated data and incorrectly addressed mail are the main problems, the survey found.

Data is the key element in targeted marketing campaigns. Because of missed opportunities, poor data may actually cost companies more than QAS discovered.

The DMA says that only 30 percent of survey responders believe that they have the data and know-how to integrate direct mail with print, e-mail, and Web capabilities. Both B2B and consumer companies appear to concentrate their integration efforts on relating direct mail and e-mail campaigns to their websites. Among consumer catalogers specifically, 58 percent describe their direct mail and website efforts as being "very" integrated. Among other types of B2B firms, the greatest amount of media integration between direct mail and the website is found within the business products category, where 50 percent are "very" integrated.

Nearly half of the DMA respondents have developed proprietary databases, eschewing the old practice of renting names for one-time use and the usual and repetitive merge-purge routine. Consumer companies expect to increase budgets, on average, for direct mail by 45 percent, e-mail by 59 percent, and telemarketing by 18 percent. B2B marketers expect, on average, a 53 percent spending increase for direct mail, a 59 percent increase for e-mail, and a 60 percent increase for telemarketing.

Today's business organizations can be divided into three segments of similar size. A third of the companies are at the leading edge, using the most sophisticated analytical, technical, and database marketing practices; and third of the industry have moved ahead in some areas but not in others; and lastly a third of the industry is still doing business today the way they did it ten or twenty years ago.

DID YOU HEAR?

- One in three Internet users—55 million—visit a newspaper website every month. Unique visitors to newspaper websites jumped 21 percent from January to December 2005 while the number of page views soared by 43 percent over the same period (NAA).
- The Future Digital System will make available online 2.2 million government documents—a total of 60 million pages—by the end of 2007, tagged by keywords so they can be searched. It is a \$30 million endeavor and will include documents back to the nation's founding.
- Based on advertisers controlling an estimated \$2.4 billion in advertising, an Ad Spending study concludes that leading B2B trade information providers will generate 35 to 50 percent of their revenue online within two to three years. Advertisers are hooked on the results they're getting from targeted and measurable online marketing methods (Outsell).
- Ten drug products will have RFID tags this year. Pfizer uses RFID tags to track Viagra shipments to make sure that the original product is sold (ABI Research).
- China's not the only emerging market; Europe is still a place of significant growth. From 1998 to 2003, printing employment in the Czech Republic grew 5 percent, in Spain 12 percent, and in Hungary 84 percent. This came at a time when the developed economies of Europe's printing employment were either stagnant or declining (Dr. Joe Webb).
- 338.7 million tons of paper and cardboard were produced worldwide in 2003. Over half was packaging, sanitary papers, and cardboard. A third of graphic paper is newsprint, with over 100 million tons of paper used in printing and office sectors. Europe is the largest manufacturer (35 million tons), followed by Asia (29 million tons), and North America (28 million tons) (Heidelberg).

EDSF BOARD OF DIRECTORS

EXECUTIVE COMMITTEE

Chair

Brian M. Baxendale, Exec. Vice President, Pitney Bowes (ret.)

Executive Vice Chair

Don F. Lowe, CEO, Franchise Services, Inc.

Secretary & Treasurer

Wolfgang Pfizenmaier, Senior VP, Heidelberg Americas (ret.)

Vice Chair of Education

Mike Jackson, Sr. Vice President, Pulp & White Paper, Weyerhaeuser Co.

Vice Chair of Research

Kenneth M. Morris, Ph.D., CEO, Lightbulb Press, Inc.

Members-at-Large

Guy Gecht, CEO, EFI

Quincy L. Allen, President, Production Systems Group, Xerox

Jeanne Mowlds, EDP, Executive Director, EDSF

DIRECTORS

Chris Baker, President, Group 1 Software, Inc., A Pitney Bowes Co.

Alfons Buts, President, Nipson Digital Printing Systems PLC

Joel Cartun, Founder & Vice Chair, Vestcom International

Carl Frappaolo, Co-Founder, Delphi Group, A Perot Systems Co.

Harold "Skip" Henk, EDP, President, Xplor International

P. Tom Jenkins, Chair & CEO, Open Text, Inc.

John Lombard, President, Böwe Bell & Howell

John A. Lopiano, President, Spinet Associates

John Mancini, President, AIIM International

Ed Marino, President & CEO, Presstek

Keenie McDonald, General Manager, IBM Printing Systems

Stephen Nigro, Sr. Vice President, Graphic & Imaging Business, Hewlett-Packard Company

Charles Pesko, Managing Director, InfoTrends/CAPVentures

Barbara C. Pellow, Pellow and Partners

Tod D. Pike, Senior Vice President, Imaging Systems Group, Canon U.S.A.

Frank Romano, EDP, Professor Emeritus, Rochester Institute of Technology

Joel Wecksell, Group Vice President, Gartner

EDSF REPORT

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

Editors: Toby Cobrin, EDP; Roberta McKee, EDP; Jeanne Mowlds, EDP; Sidney F. Huttner, Univ. of Iowa

Design courtesy of Lightbulb Press, Inc.

Printing courtesy of Sir Speedy, Inc.

Mailing courtesy of IBM Printing Systems Division

Price: \$50

Copyright ©2006 by The Electronic Document Systems Foundation. All rights reserved. Reproduction in whole or in part by any means without permission is prohibited. When reproduced, the credit line should read "Reprinted courtesy of EDSF." EDSF is funded by individual and corporate contributions. To make your contribution, contact Jeanne Mowlds at jcmowlds@edsf.org

This newsletter is based on sources considered reliable. However, EDSF cannot guarantee its accuracy, completeness, or reliability, due to errors in fact or judgment.

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

The largest cable and DSL providers in the U.S., representing about 94 percent of the market, achieved record high-speed Internet additions in 2005 according to Leichtman Research Group. Net additions for the year totaled over 9.6 million subscribers, exceeding the previous record, set in 2004 by over one million subscribers.

- As of the end of 2005, the top broadband providers had more than 42.8 million high-speed Internet subscribers.
- The top cable broadband providers now have a 57 percent share of the overall market (over 24.3 million high-speed Internet subscribers) versus DSL (18.5 million).
- The top DSL providers netted 54 percent of the broadband additions in 2005.
- DSL providers added over 5.2 million broadband subscribers in 2005.
- Cable operators added about 4.4 million broadband subscribers in 2005.

The fourth quarter of 2005 was the best quarter ever for DSL providers, who added nearly 1.5 million net DSL subscribers, capturing 57 percent of the 2.64 million high-speed Internet additions for the quarter. Cable operators added virtually the same number of subscribers during the quarter as a year ago while DSL providers added about 350,000 more subscribers than in the fourth quarter of 2004. With about 10 million additional broadband subscribers in the U.S. in 2005, the number of net broadband additions has increased every year this decade.

Broadband is now so broadly accepted that new computers do not have a dial-up connection plug. Such speed allows for major changes in media distribution and use.

Erratic consumer attitudes based on new media technologies are driving changes in the media industry. For video distribution, cable systems battled broadcast media for more than a decade and now compete with telecom companies. For television broadcasters, the Internet has siphoned advertising revenue. In the radio business, the advent of satellite and high-definition radio gives consumers an array of audio choices. "The survivors will be the ones who figure out how to embrace the new and bring their media into the digital age. Newspapers were an early target, with the Internet threatening to steal their advertising revenue. Today, newspapers are targeting local consumers with strong online editorial/ad divisions that offer searchable classifieds and the latest news updates." Key findings from Media Trends 2006 include:

- In 2004, consumer outlays on TV entertainment climbed to 1.76 percent of median household income. That compares to just 0.26 percent in 1968, before the advent of home video and the multi-channel universe.
- In 2004, the cable revenue-to-viewing ratio stood at 0.63. By 2014 it may rise to 0.96. Cable billings in 2004 as a percentage of total TV ad billings came in at 29.7 percent vs. a projected 50.9 percent in 2014.
- The online ad market grew about 21.5 percent in 2005 to finish the year with \$11.5 billion in revenue. Over the next decade, the online ad market is projected to grow at 10.9 percent CAGR, reaching \$23.1 billion in five years and \$32.3 billion by 2015.

The Internet has become our communication, information, and entertainment system.

Major brand advertisers collectively responsible for \$20 billion in ad spending are losing confidence in the effectiveness of TV advertising. Over three quarters said they have less confidence today in the effectiveness of TV advertising than they did two years ago. They are looking at alternatives such as branded entertainment within TV programs (61 percent), TV program sponsorships (55 percent), interactive advertising during TV programs (48 percent), online video ads (45 percent), and product placement (44 percent). Eighty percent will spend more of their advertising budgets on Web advertising and 68 percent are looking into search engine marketing.

Forrester VP Josh Bernoff addressed advertisers at the Association of National Advertisers TV Ad Forum, explaining that Forrester is confident in estimating Digital Video Recording (DVR) penetration at 10 percent. DVR is poised for rapid growth thanks to cable and satellite operators pushing the set top boxes and reducing prices. By 2010, 43 million households, 40 percent of the U.S., will have DVRs.

As television loses its effectiveness, print has an opportunity to re-assert itself, especially if applied in cross-media marketing campaigns.

NEW EDSF RESEARCH ON VARIABLE DATA PRINTING (VDP)

Marketers view VDP as a very important component of a personalized marketing campaign. The objective in marketing is getting the right message to the right prospect or customer. VDP, combined with cross-media strategies such as personalized e-mail and personalized URLs, is growing in popularity.

Marketers see the importance of partnering with producers of VDP, data acquisition services, and management specialists. It is important to offer full-service personalization to a client. It is also important to note that printers involved with producing VDP are migrating towards offering new marketing services to their clients as well. The lines between who offers what services in a personalized marketing campaign are being blurred.

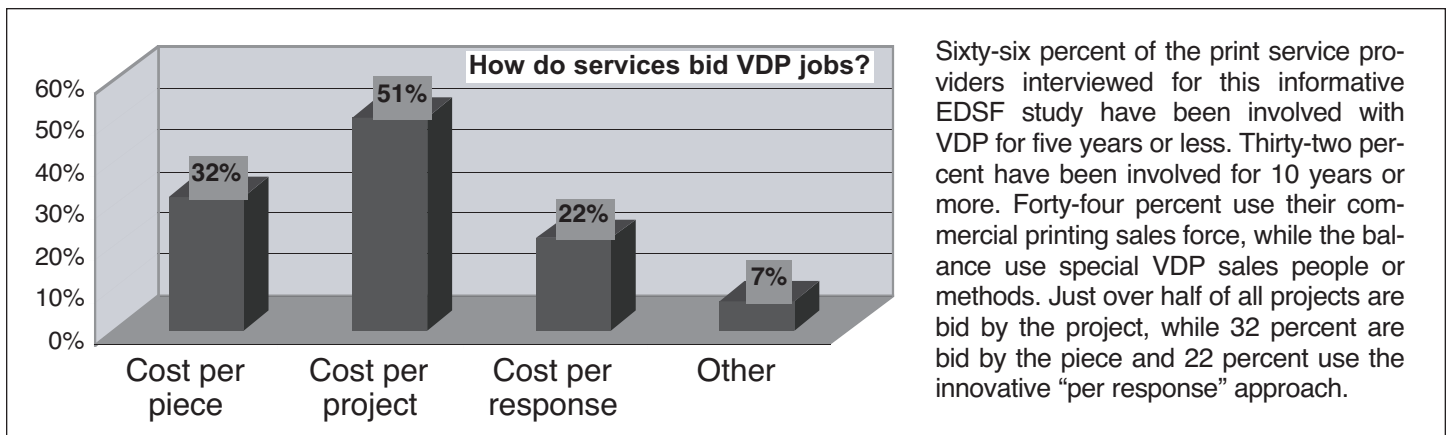
Marketers think that personalized marketing is not appropriate for everyone. A personalized campaign requires more time and resources than a less targeted campaign. ROI needs to be demonstrated by showing a low cost per lead or to show an improved response rate relative to the cost of the entire campaign. Response rates, and ultimately dollars generated for a company, should be shown to more than compensate for the additional cost of a personalized campaign.

Marketers also think that personalized marketing will contin-

ue to grow and that personalization allows creative marketing to help break through the clutter of information that consumers are getting. Producers of VDP include direct mail printers, digital printers, in-house printers, and commercial printers. VDP represents a relatively low volume of overall sales, and the average sales cycle is much longer than static digital printing. In a relative comparison, VDP yields a higher profit margin and has potential growth opportunities. VDP is still in its infancy as an effective marketing tool.

Companies investing in technology required to produce VDP feel confident that this is still a growth area with high margin potential. VDP producers find challenges in the area of educating their customers and data acquisition and management. Other challenges include creating well-designed variable data pieces and finding skilled employees. VDP is primarily being marketed and sold on a cost per project basis.

"An In-Depth Look at Trends in Marketing, Production & Distribution of Variable Data Printing," by Penny K. Bennett, Ph.D., Johnson Chan, and Myles Pflum, California Polytechnic State University, Graphic Communication Department, San Luis Obispo, California. The full report is available at www.edsf.com.



Sixty-six percent of the print service providers interviewed for this informative EDSF study have been involved with VDP for five years or less. Thirty-two percent have been involved for 10 years or more. Forty-four percent use their commercial printing sales force, while the balance use special VDP sales people or methods. Just over half of all projects are bid by the project, while 32 percent are bid by the piece and 22 percent use the innovative "per response" approach.

MEDIA MERRY-GO-ROUND

According to an Outsell, Inc. annual Ad Spending Study analyzing differences across advertisers and the markets they target, print, TV/Radio, and events will lose share in the marketing mix, but they will still be important media. Marketers will continue to find strong value in the power of a mix of methods for reaching and influencing prospects. The 80 percent penetration of online marketing methods, already higher than widely reported, will quickly approach 100 percent. Key findings:

- Search engine ad spending will grow 26 percent in 2006.
- Print will grow 3.3 percent, TV/

- Radio 2 percent, both losing share.
- Online is now used by 80 percent of advertisers, a massive adoption rate. Ninety percent adoption by 2008 is predicted.
- Total online marketing spending will grow 19 percent in 2006, 8 times TV/Radio, and 6 times print. Online growth estimated at 20 percent CAGR extending into 2008.
- The median online percent of ad mix will grow 50 percent.
- Lead-generation using free content such as white papers will grow 19 percent, driven by high conversion and users opting in.
- Keyword ads are rated more effec-

- tive than contextual placement.
- Companies' own sites get 33 percent of their online budget, double that spent on search engines. Better search results from site optimization is driving this and will fuel growth in Web marketing services.
- Blog and wireless marketing spending are at less than 2 percent of online budget and are poised to grow 43 percent and 19 percent respectively.
- Old media is far from dead: trade magazines, events, and direct mail marketing are rated the top 3 most effective tactics for both branding and lead generation.

Workin' 9 to 5 . . . and later

Most U.S. workers say they are overwhelmed on the job, and they are accomplishing less than a decade ago, according to newly released research. Workers said that they completed two-thirds of their work in an average day last year, down from about three-quarters in a 1994 study, according to research conducted for Day-Timers, an East Texas, Pennsylvania-based maker of productivity and organizational products.

The biggest culprit is the technology that was supposed to make work quicker and easier, experts say. "Technology has sped everything up and, by speeding everything up, it's slowed everything down, paradoxically," said John Challenger, chief executive of Chicago-based outplacement consultants Challenger, Gray & Christmas. "We never concentrate on one task anymore," Challenger said. "You take a little chip out of it, and then you're on to the next thing. It's harder to feel like you're accomplishing something." Call it incremental accomplishment.

Today, unlike a decade ago, U.S. workers are bombarded with instant messages, e-mail, PDA messages, pager alerts, cell phone calls, voicemails, and the like, research showed. The average time spent on a computer at work was almost 16 hours a week in 2005, compared with 9.5 hours a decade ago, according to the Day-Timer research.

It is not unusual to find workers on the Internet at home at night or checking PDAs and cell phones for messages before they go to bed. We are never out of touch.

Cellborgs and cyborgs

The line between living organisms and machines has just become blurrier. European researchers have developed "neuro-chips" in which living brain cells and silicon circuits are coupled together. This achievement could one day enable the creation of sophisticated neural prostheses to treat neurological disorders or the development of organic computers that crunch numbers using living neurons. To create the neuro-chip, researchers squeezed more than 16,000 electronic transistors and hundreds of capacitors onto a silicon chip just one millimeter square in size. They used special proteins found in the brain to glue brain cells, called neurons, onto the chip.

The proteins acted as more than a simple adhesive. The proteins allowed the neuro-chip's electronic components and its living cells to communicate with each other. Electrical signals from neurons were recorded using the chip's transistors, while the chip's capacitors were used to stimulate the neurons.

Fully merging microbe and machine for the first time, scientists have created gold-plated bacteria that can sense humidity. The breakthrough is the first "cellborg" in what might become an array of devices that can sense dangerous gases or other hazardous substances. The bioelectronic device swells and contracts in response to how much water vapor is in the air. It's called a cellborg humidity sensor, and it is at least four times more sensitive than sensors that are solely electronic. It even works when its biological parts are long dead.

EDSf

The Electronic
Document Systems
Foundation

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

Data is power

Media merry-go-round

EDSF research on VDP

Short Takes