

Integrated marketing

The Internet has introduced new channels for marketing and created new consumer behaviors. To achieve the highest level of effectiveness, marketers need to reach customers via print, Web, and e-mail. By tying them together in an integrated campaign, they can collect more customer data for use in the next stage, track responses with personalized URLs, and learn which media is most likely to garner reasonable response.

The integrated marketing campaign starts with mail. It could be a printed direct mail piece or an e-mail. The document must be designed to attract attention. If it is strictly being sent electronically, designers need to ensure that it can be opened by the individual's browser. Using appealing color and unique sizes (for printed pieces) is important, but the most critical aspect of any direct mail campaign is the actual offer intended to drive the recipient to the next step. The offer is typically presented as a link to a personalized URL (PURL). The campaign's Mail File (list of direct mail recipients) is used to generate Personalized URLs for each recipient. These PURLs are then woven within the direct mail piece, along with other variable data.

When the recipients type their PURLs into a browser, they arrive on personalized Web pages (landing pages or VIP pages) populated with copy, images, and offers that are also based on customer data. These are frequently termed microsites. PURL Web pages can be as simple or advanced as the needs of a marketing program dictate. From there, the measurement and reporting of results begins.

Once the individual has linked into the personalized URL, creative marketers can gather additional data about the prospect. The offer strategy should be designed to entice the respondent to complete a brief survey or provide data relative to interests and needs. The objective is to ensure a high level of interaction with the prospect.

Systems available in the market today include built-in tracking to enable continuous monitoring of the campaign's progress as customers enter their personalized pages and provide additional relevant information. Campaign response rates, visitor response patterns, and detailed lead information can be available at all times as the campaign unfolds. Because

systems are template driven, adjustments to messaging and offers can be done in a matter of hours versus days. This allows marketers to make changes in the campaign in near-real-time based on results they are seeing. Reports can be generated so the marketing executive can share the impact of critical marketing programs with the entire management team.

By targeting customers and potential customers with highly relevant and personalized messages and integrating that message across media channels, marketers are finding that they can capture the attention of customers and generate significant results.

According to a report by the Direct Marketing Association (DMA), retailers need to merge and synchronize all channels in terms of consistent brand message, timing, creativity of promotions, loyalty programs, and fulfillment.

In 2007, the report notes, commercial and nonprofit marketers spent \$173.2 billion on direct marketing in the United States. Measured against total US sales, these advertising expenditures generated approximately \$2.025 trillion in incremental sales. In 2007, direct marketing accounted for 10.2 percent of total US gross domestic product.

Key findings of the report include:

- The website is the most consistently used direct marketing channel, followed by email and direct mail.
- Among the survey respondents, 66 percent gather customer information from direct mail, and 65 percent gather it from the Internet.
- About 83 percent of respondents segment their customers based on demographics, 77 percent do so based on purchasing frequency, and 76 percent on purchases.
- Only 33 percent of respondents provide cross-channel order fulfillment.

DID YOU HEAR?

- Adults nearing retirement are now the fastest growing demographic in the country. 17.9 percent of all U.S. adults are now retired, an increase from 11 percent in the last five years that will increase to 22 percent as Boomers exit the workforce over the next 20 years (The Media Audit).
- Digital camera shipments rose 27 percent in 2007, to more than 100 million units, exceeding the 22 percent growth for 2006. Print volume was up 25 percent to 16.36 billion prints. The home market continues to lose share of total printing to retail venues, which now comprise the majority of printing. The best growth is still in "web-to-mail" and "web-to-retail" services (CIPA).
- Companies employ 1.4 million IT security professionals worldwide. By 2010, that number will reach 2 million, an increase of 30 percent. Spending on information security training will grow by 16.4 percent annually through 2009 (IDC).
- Survey results challenge assumptions that libraries are losing relevance in the Internet age. Libraries drew visits for all kinds of purpose by more than half of Americans (53 percent) in the past year. And it was the young adults in tech-loving Generation Y (age 18-30) who led the pack (Pew Internet & American Life Project).
- Over half of survey respondents say the Web is becoming an important first touch-point, often serving as a research tool before purchase. 24 percent of respondents reported using a coupon or rebate offer found online (Sterling Commerce).
- U.S. paper and paperboard production declined 1.1 percent in 2007 to 91.20 million tons—most of the decline was in the printing and writing and tissue sectors (American Forest & Paper Association).

EDSF BOARD OF DIRECTORS

EXECUTIVE COMMITTEE

Chair

Quincy L. Allen, Corp VP & President, Production Systems Group, Xerox Corporation

Executive Vice Co-Chair

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

Tod D. Pike, Senior VP, Imaging Systems Group, Canon USA

Secretary & Treasurer

Wolfgang Pfizenmaier, Heidelberg Americas (ret.)

Vice Chair of Education

Joel Cartun, President, Business Advisory Services

Vice Chair of Research

Carl Frappaolo, VP, Market Intelligence, AIM International

Members-at-Large

Malkon "Mal" Baboyian, President, Digital Document Systems, Oce North America, Inc.

Fred Rosenzweig, President, EFI

Brenda Kai, Executive Director, EDSF

DIRECTORS

Alfons Buts, President, Nipson Digital Printing Systems PLC

Timothy Combs, Sr. VP, Sales & Marketing, FUJIFILM Graphic Systems U.S.A.

Joseph A. Demharter, President, Pitman Company

Carl Gerhardt, President/COO, Allegra Network

Naresh Gupta, Ph.D., Managing Director, India Research & Development, Adobe Systems India Pvt. Ltd.

Jeffrey Hayzlett, Chief Business Development Officer, Eastman Kodak Company

Jeffrey Jacobson, President & CEO, Presstek

Robert Kilcullen, Senior VP & GM, InfoPrint Solutions Company

Dolores Kruchten, GM & VP, Document Imaging, Eastman Kodak Company

James C. Lange, VP Key Accounts, Konica Minolta Business Solutions, Inc.

John Lombard, President Field Operations, Böwe, Bell & Howell

John Mancini, President, AIM International

Mark Minshull, VP, Solutions Marketing & U.S. Technology Center, Ricoh Americas Corporation

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

Charles A. Pesko, Jr., President, InfoTrends

Jan L. Scites, President, Scites Associates, Inc.

EDSF REPORT

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

Editors: Toby Cobrin, EDP; Roberta McKee, EDP;

Brenda Kai; Sidney F. Huttner, Univ. of Iowa

Design courtesy of Lightbulb Press, Inc.

Printing courtesy of Sir Speedy, Inc

Mailing Courtesy of InfoPrint Solutions Company

Price: \$50

Copyright ©2008 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 Brenda Kai at brenda.kai@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

1845 Precinct Line Road,
Suite 212
Hurst, TX 76054
USA
+1 817-849-1145
info@edsf.org
www.edsf.org

SHORT TAKES: FACTS AND OPINIONS

Should all unsolicited commercial e-mail be considered spam? Or just unsolicited bulk commercial e-mail? Or any e-mail sent without permission—bulk, commercial, or otherwise? Yahoo Mail probably put it best at the Federal Trade Commission's Spam Summit: "Operationally, we define spam as anything users don't want in their inbox." But it's also a definition that may frighten many marketers who previously believed that acquiring affirmative consent meant they would never be considered spammers. How you give notice trumps how you get permission. Getting consumers' permission is meaningless unless we all are clear about what we're agreeing to when we sign up. Opt-in is meaningless if consumers subsequently click the "Report Spam" button.

The system should know what I want. Where is artificial intelligence when you need it?

The Direct Marketing Association's (DMA) "Direct Marketing Facts and Figures in the Automotive Industry," reveals that auto retailers who spent \$7.3 billion on direct marketing campaigns in 2007 saw it drive \$248.1 billion in sales, a return on investment of \$33.81 on every dollar spent. The auto manufacturers spent \$8 billion on direct marketing advertising in 2007, realizing \$77.8 billion in sales, or a \$9.68 ROI per dollar spent. By 2012, auto manufacturers are expected to invest \$9.8 billion on direct marketing, yielding \$108.1 billion in sales. Direct-order campaigns produced at least 40 percent of direct marketing sales in 2007. Most direct mail sales pieces sent in 2007 were aimed at acquiring new customers. About 75 percent of the auto industry's direct marketing investment and sales center around consumers.

The auto industry is driving direct mail volume.

Konarka Technologies Inc. announced the first successful demonstration of inkjet-based solar cell printing. The same technology used to print documents and pictures is being used to make the cells in panels used for solar energy. The inkjets used in the new process are more advanced and require more expensive electronic ink, but using them for solar-panel printing will allow scientists to print flexible solar cells without the high costs of current methods (cutting silicon into paper-thin panels and then covering them with conductive materials).

Solar ink may be a market for Sun Chemical. Pale versions would be Sun Light.

The rapid turnover of clothes in retail shops has also led to increased pressure on textile printers to quickly supply patterned material to make attractive but affordable clothes. Current screen printing technology is not adapted to increasingly fast fashion, with machines continuously being turned on and off to change the screens needed to print images in different colors. Using inkjet printing, designers will be able to produce more sophisticated designs, and printers may even be used by retailers. Time to market (the period from design to retail location) for garments is getting shorter and shorter. China and other international manufacturing sites cannot meet market schedule demands. An inkjet system can print on a piece of fabric within two hours, and you can walk out of a store with a personalized blouse.

On-demand clothing? Garments versus documents?

A new technique allows fast printing of microscopic electronics. Chemical engineers at Princeton developed a method for shooting stable jets of electrically charged liquids from a wide nozzle. The technique, which produced lines just 100 nanometers wide (about one ten-thousandth of a millimeter), offers at least 10 times better resolution than inkjet printing and far more speed and ease than conventional nanotechnology. It is a liquid delivery system on a micro scale and it becomes a true writing technology. The key to the process is an "electrohydrodynamic (EHD) jet"—a stream of liquid forced from a nozzle by a very strong electric field. The large size of the nozzle and the distance from the nozzle to the printed surface prevents clogs or jams. A chief use for the technique could be in printing electrically conducting organic polymers (plastics) as the basis for large electronic devices. Conventional techniques for making 100 nanometer wires require laboriously etching the lines with a beam of electrons, which can only be done in very small areas.

It is now a brave new world of teeny tiny technology. Nano. Nano.

NEW EDSF RESEARCH: SUPPLIER AND SERVICE PROVIDER PRIORITIES

A new EDSF study provides insight on the perceptions, existing priorities, and future plans of those in the print-for-pay business and those who supply this industry.

This annual survey builds on previous industry studies such as the Xplor International Technology Directions Survey (last published in 2001), InfoTrends' coverage of the market, and ongoing EDSF research to gauge the current state and future direction of the print-for-pay market. The report analyzes the print provider responses and then the supplier responses (with in-depth comparisons of the two groups in this category). Analysis of these comparisons suggests where the supplier market and the print provider market need to better understand each other. Key findings include:

1. Print providers remain optimistic that their gross income will continue to increase, although they recognize that costs will rise at a faster rate than prices paid to them for their products and services. Similar optimism was reported in 2005 and 2006.
2. Among the print providers surveyed, Adobe PDF continues to be the most common print language and workflow.
3. A skill set gap is recognized by print providers, who list skills in programming, sales, marketing, and data preparation as the areas where current employees have the weakest skills to adequately support the overall direction of the company.
4. Respondents want their current press employees to acquire more technical skills, yet 41.8 percent wanted future employees to have more industry-specific skills and only 27.8 percent wanted future employees to have more technical skills. This hints at the reason behind the perceived technical skill set gap of current employees.
5. Over 73.1 percent of print respondents were unhappy with the skill sets that they have been seeing from the marketplace pool of potential employees. The majority of these (41.8 percent) want future employees with more industry-specific skills.

Although printers remained optimistic, that optimism was not evident when they were asked about critical skill needs and areas targeted for growth. Shrinking revenue, increased costs, and the need for increased skills in areas critical to their success (e.g., marketing and technology) continue to be primary concerns.

Despite revenue challenges, almost none of them expected to exit the industry. The top three strategies continued to be reducing production costs and improving efficiency, growing through more effective sales and marketing, and positioning existing capabilities to expand into new customer markets.

The dominant strategy of reducing production costs and increasing efficiency—a traditional manufacturing response, might be challenging given a belief that costs will increase at a faster rate than revenues. Reducing production costs and increasing efficiency may very well be necessary to sustain the business, but other strategies may need to be explored for growth.

Web functionality that enables users to post, review, and approve documents is increasing in popularity.

64.9 percent of respondents owned offset printing equipment, with the number of presses owned decreasing as format size increased. Although press ownership continues to decline, it remains high among the print service providers that responded to our survey. 80 percent of print service providers expect the highest

revenue growth over the next two years to come from digital full color printing, yet they continue to produce primarily on offset presses.

Only 2.5 percent of survey participants owned no copying or digital equipment.

Respondents felt that their current employees were least adequate to support the overall direction of the company in programming, sales, data preparation, and marketing, but expressed confidence in areas such as delivery, digital press staff, accounting, senior management, and binding.

Respondents were most likely to indicate that employees will need enhanced technical skills for pre-press, digital press, offset press, programming, and design activities. Respondents saw a need for more analytical skills in senior management, line management, and accounting. Industry-specific skills in delivery and marketing were among those in greatest demand. It is not surprising that respondents feel as though their current employees in customer service, sales, and senior management positions need to be more solutions-oriented. Most print providers believe their accounting personnel need more data analysis skills. These skills will certainly be critical if businesses hope to reduce production costs, improve efficiency, grow through more effective sales and marketing, and position existing capabilities to expand into new markets.

73.1 percent believed that the skill sets of potential employees would be inadequate to meet their company's needs. These respondents further indicated that potential employees would most need industry-specific skills (41.8 percent), followed by analytical skills (30.4 percent) and technical skills (27.8 percent).

The EDSF study "Supplier and Service Provider Priorities: 2007 Survey Results," was developed by Jim Hamilton, Group Director, InfoTrends, Myrtle Jones, Assistant Professor, and students Faviana Campbell and Abhinit Khanna, all of Rochester Institute of Technology, and Justin Searles, Consultant, InfoTrends. This paper was made possible through a research grant provided by EDSF to Rochester Institute of Technology and is available at www.edsf.org.

EDSF needs you

We hope you find the *EDSF REPORT* useful. EDSF provides, at no cost to you, quality research on key industry topics. You have access to this research plus past copies of the *EDSF REPORT* when visiting the EDSF Online Research Library at www.edsf.org.

EDSF also provides scholarships to quality students worldwide who are interested in careers in the document management and graphic communications marketplace.

You can make a difference by supporting EDSF and its important programs.

Contribute to EDSF today; help EDSF continue its important work for the industry. To contribute, contact Brenda Kai at brenda.kai@edsf.org.

TRASHING THE JUNK MAIL

Do-not-mail list laws pending in 18 states would reduce catalog and other “junk mail” that make up the largest volume of postal deliveries. Postal officials expect an operating deficit of \$1 billion this year—the largest since 1995—and the loss of “junk mail” would exacerbate losses.

In 2004, the Postal Service had a \$3.1 billion surplus, but has since been struggling against competition from FedEx, DHL, UPS, and other delivery services. The Internet also has posed a threat, with the explosion of e-mail and an increase in the number of consumers who pay bills online rather than send a check in the mail.

First-class mail, which includes letters and bill payments, fell to 96 billion pieces in 2007 from 98 billion in 2004. The December holiday season was the first in which mail volume was less than the previous year. Standard mail—advertising circulars, catalogs, fundraising appeals—has grown to 104 billion pieces in 2007 from 101 billion in 2005.

Consumers have begun asking lawmakers for a national “do-not-mail” registry similar to the telemarketing Do Not Call phone registry. No legislation has yet passed. The Postal Service is reducing labor costs by cutting overtime and using more seasonal workers. The cost of a first-class stamp will rise a penny to 42 cents this year. Postage for letters can increase no more rapidly than the rate of inflation, but fees for package delivery can compete with rates charged by private businesses and services.

CHALLENGING THE PRINT AD

Repurposing print magazines for the Web increases user engagement with and affinity toward ads, according to a new survey by The Harrison Group and Zinio. One-third of people who have purchased at least one digital magazine said that they were more likely to read an ad in digital format than in print.

Zinio takes content from publishers like Hearst, Hachette Filipacchi, and Ziff Davis and ports it directly to the Web, where readers can either scan through it online or download it to a computer, PDA, or iPhone. Unlike the online counterparts to magazines like *Cosmopolitan* and *Men's Journal*, these digitized versions offer both interactive ads (including rich media and video options) as well as depictions of the full-page spreads common to the glossies.

It is the interactivity of the ads that draws them in, as 59 percent said. They found digital magazine ads easier to engage with, and 84 percent said the digital ads were more beneficial because of the ability to click-through. 85-95 percent of the ads in the print edition have a URL, but readers have to remember it or write it down, then go online and type it in, but with the digital version, they're one click away. The survey found that e-mails (from either Zinio or the publishers themselves) were most effective. Banner ads came in second, with search traffic third.

About half of the respondents were ages 25-44 and skewed heavily male (80 percent). In terms of technology, nearly 60 percent said that they were “first to try” new products.

EDSF

The Electronic
Document Systems
Foundation

1845 Precinct Line Rd
Suite 212
Hurst, TX 76054

Integrated marketing

Challenging the print ad

Trashing the junk mail

New EDSF research