BETWEEN THE LINES

TAPPING THE POTENTIAL OF 21ST CENTURY DOCUMENTS

by John M. Kelly

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Revenue: The Next Generation

To create a customer.

That's the explicit purpose of every business, according to management guru Peter Drucker.[1] How do you do it? By convincing prospects that your product or service will help them achieve their goals.

In an ideal world, you could send your best sales representative around the globe to spread the word. But in the real world, that tactic falls somewhere between impractical and impossible, not to mention immeasurably expensive.

So instead, you create what David Levy, a leading information management scientist, calls "talking things"—documents that deliver your messages and speak on your behalf.[2]

Unfortunately, these documents don't always communicate correctly. Or harmoniously. Or in a voice that prospects find engaging.

They fly through the mail and over the Internet every day, yet documents are often meager stand-ins for gifted and insightful salespeople. Many documents come across as self-absorbed and ignorant of customer requirements. Others show up at the door wearing the communications equivalent of wrinkled hand-me-downs. Still others appear wholly uninterested in their audience, all but stifling a yawn.

Consequently, tools that should create customers begin to alienate them. Prospects reject your offer, sign with a competitor or, in the case of existing customers, jump ship. And that means lost revenue.

ROI That's MIA

Although the chief marketing officers we meet represent diverse industries, they initially express a common complaint: Their marketing efforts aren't generating significant ROI.

According to a *BrandWeek* article, even the shiniest tools in the marketing toolbox—social media and digital direct marketing—aren't making CMOs smile.[3] The bottom line? Companies are investing heavily to increase sales, but end up increasing frustration instead.

There are a number of reasons for this stressful underperformance, from advertising clutter and information overload to media fragmentation and intense global competition. Many of them are out of your control. However, there is something you can do. You can improve the effectiveness of your documents and make them work together more efficiently.

It helps to think of each prospect or customer document as a sales representative. As with any rep, your documents must not only have the right information, but must present it in a way that is clear, consistent and relevant to customers. Only then can these "talking things" begin speaking in way that turns potential into profit.

Making Direct Marketing More Direct

Take for example, direct mail. The Direct Marketing Association states that the average response rate for a direct mail campaign ranges from 1.65 percent to 3.86 percent.[4] These numbers may not appear to be impressive, but they represent a de facto industry standard.

For some companies, that standard is not enough. Innovative enterprises around the world are discovering ways to make long-standing direct marketing benchmarks seem like starting points. How? By implementing marketing approaches that boost the effectiveness of mailings and supersize their outcomes.

Target is one such company. Using XMPie® variable data printing, this retail giant turned a static coupon mailer into a highly relevant, high-draw document. The coupon was redesigned to incorporate up to 20 variable components. The components were mixed and matched in a meaningful way for each recipient. For example, the coupon's incentives were based on each customer's unique purchasing history. Due to these changes, Target increased its response rate by 50 percent. Equally important, although the coupon grew in complexity, by bringing the project inhouse, Target decreased operational costs by 30 percent. Target was able to aim with greater accuracy and hit multiple bull's-eyes—all while slicing expenses.

There are countless examples of similar direct marketing successes. PODi, the digital printing initiative, maintains a database of case studies that can be extremely informative (www.podi.com), as does Peppers & Rogers (www.1to1.com). These stories reflect a common theme—the smarter the document, the stronger the revenue. While there are many forces driving these achievements, the three that follow are at the top of the list.

Revenue Driver #1: Making Messages Relevant

A few years ago, researchers at the Rochester Institute of Technology tested the impact of personalization, color and one-to-one content on direct mail response rates. Basic personalization boosted response rates by 44 percent. When color complemented the

personalization, the rates increased by 135 percent. When relevant, one-to-one content joined the mix, the numbers soared by over 500 percent.[5]

Why the startling leap? While personalization and relevant content may seem similar, they are distinctly different tools. Anyone who has received a direct mail letter bearing his or her name has experienced personalization. But relevant content moves beyond name-dropping. It involves communicating one-to-one as if conversing with someone you know. It's not "A special offer for Bob!" It's "A special offer that you and your three daughters will love!" In short, it's the difference between a monogrammed pocket and a custom-made shirt.

In the book *The Trusted Advisor,* David H. Maister and his co-authors list the common attributes of the most trustworthy customer partners.[6] The number 1 trait is "a predilection to focus on the client, rather than themselves." Number 2 expands on the idea: a "focus on the client as an individual, not as a person fulfilling a role." Relevant document content can help with both.

This rapidly evolving marketing discipline offers tremendous potential for building trust while increasing response rates and driving revenue growth across all channels—traditional direct mail, email campaigns, social media, viral videos and whatever new communication tool is emerging as you read this. Yet while relevancy clearly works, it can be arduous to achieve, particularly without the help of external experts.

You have to gather, mine and analyze the right data. Segment your audience. Examine prospect/customer behaviors and histories. And ultimately? You have to make the right offer in the right way to the right person at the right time. But when it's done right, as Target and others have proven, it's hard to go wrong.

Revenue Driver #2: Engineering for Maximum Impact

Take a look at the development process behind many documents today:

At the start of a project, writers and designers soak up information about markets, competitive products and prospect demographics. Then focus groups, clients, account teams, creative directors and other voices chime in. Depending on the document, the result is likely to be a marvel of creativity. But all too often it fails to move the needle or deliver predictable responsiveness.

To remedy the situation, Xerox advocates a new paradigm: document development based on science more than art. In other words, a process where subjectivity is minimized and documents are engineered to achieve specific goals.

Let's use the design of a bridge as an analogy. Before an engineer clicks on the first CAD screen, he or she carefully assesses a variety of factors such as wind conditions, soil

composition and traffic expectations. Only after analyzing the data does the engineer design a stable, aerodynamic structure that can carry the predetermined load under highly specific circumstances.

Are aesthetics a vital part of the engineer's development process? Anyone who has viewed Florida's water-skimming Seven Mile Bridge or stood beneath the Golden Gate Bridge knows the answer is yes. But the process itself is not founded upon—nor steered by—subjectivity and creativity. It is a disciplined, data-driven approach based on a clear-cut understanding of geography, science and client goals.

Communication engineering follows a similar path. It is grounded in the analysis of client objectives, content requirements, market interest levels and the communications environment. "Document engineers" draw on behavioral science principles to develop text and graphics in a specific, methodical way. When they're done, they too have created a bridge—one between an enterprise and its market.

Keep in mind that communication engineering is not mere document redesign. It applies the science of communication effectiveness to the structure, organization and design of document content. The sidebar on the next page helps illustrate the concept:

Applying Communication Engineering

Post-sale client communications are undermining business success.

Three ways to transform post-sale client communications.
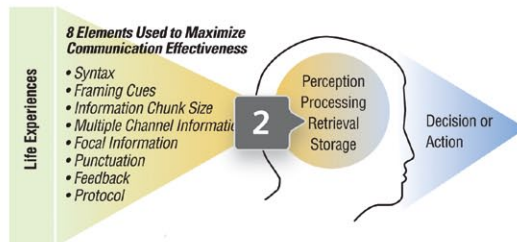
1

3 3 **Re-engineer client communications—don't just re-design them.**

One of the most powerful ways to improve client communications is to re-engineer them. It's not enough to simply redesign documents to achieve a fresh look. Re-engineering can take post-sale client communication to the next level with behavioral science modeling, traditionally used by clinical psychologists. Clinicians have known for decades that structuring a conversation with a client in specific ways makes it easy for clients to absorb and act on complex information. These structures apply to any communication—written or verbal.

Specifically, the structure of the document is used as an active agent to elicit a more beneficial response from the reader—not to trick or manipulate—but to clearly drive more effective business behavior. For example, one of the modeling tools developed by Psychotherapist Stephen Lankton is called the Anatomy of an Interface.

The Anatomy of an Interface is built upon the premise that there are eight key elements in every effective communication.

Regardless of communication type, i.e., a one-on-one conversation or a monthly bill, all eight elements must be considered to maximize the effectiveness of the communication.

Life Experiences

8 Elements Used to Maximize Communication Effectiveness
• Syntax
• Framing Cues
• Information Chunk Size
• Multiple Channel Information
• Focal Information
• Punctuation
• Feedback
• Protocol

2 Perception Processing Retrieval Storage

Decision or Action

3

Here are a few of the elements that contribute to the success of communication engineering.

1 **Feedback** – At the top of the page is a **navigation aid**. This is an example of Feedback. The two main sections of the document are listed there. Color coding appears on each page to provide status, so you know exactly where you are in the document.

2 **Multiple Channel Overlap** – The **illustration** above is an example of multiple channel overlap. It was created to include the three most common sensory channels–the *visual channel*, using color, shapes and imagery; the *auditory channel*, which features text; and the *kinesthetic channel*, which uses color and shape to convey a sense of motion. This technique is used to dramatically draw the reader's attention and hold it.

3 **Framing Cues** – Think of framing cues as "signals" that help organize information and draw attention. They are used to let the reader know that something different is happening on the page, such as a topic change. Examples include the **green circled number 3** above, followed by the heading. The **lines that border the illustration** are also framing cues. The **shading behind this text** is also a framing cue.

In minimizing subjectivity, communication engineering maximizes predictability and effectiveness. The message gets through. Recipients are motivated to take the desired action. And ROI starts to grow.

Revenue Driver #3: Building Loyalty

In his best-selling book, *Loyalty Rules*, Frederick Reichheld states that a 5 percent increase in customer retention can increase profits by 25 percent to 95 percent. If, as an example, a credit card company were to increase its customer retention rate from 90 percent to 95 percent, total lifetime profits from a typical client will grow, on average, by 75 percent.[7] A Peppers & Rogers Group report reinforces the point:

> As reported in the *European Journal of Marketing*, loyal customers are overwhelmingly more profitable, not only because they buy more, but also … because their cost-to-serve is less. Loyal customers are also a company's most productive marketing channel, because they provide authentic word-of-mouth referrals and serve as trustworthy advocates of the brand.[8]

Not all customers offer the same potential value, of course. Therefore, the goal is to increase loyalty among the most profitable customers. This not only contributes to revenue, but also lowers costs—it's cheaper to mine the potential of a current customer than to unearth a new one.

Perhaps that's why customer loyalty programs are sprouting like wildflowers across today's business landscape. Yet, amidst all the buzz around customer retention, a CMO Council report revealed that over 76 percent of senior-level marketers are not "realizing the full potential of their customer base."[9] Unfortunately, a tool that is ideal for the job—the document—is significantly underutilized or, even worse, overlooked completely.

Take a minute to view a typical business relationship from the customer's perspective. When the courting begins, customers are wooed with high-quality, splashy marketing communications that say, "We care about you. We understand your needs. Our outstanding products and services can help you achieve your goals."

Once the engagement takes place, however, documents begin whispering a different message. One along the lines of, "Now that you're a customer, we can pretty much take you for granted."

Why the sudden change in tenor and tone? For one, the responsibility of customer communication passes internally from marketing to operations. For another, post-acquisition documents are often viewed as an operational cost, which invites budget cuts and encourages lower quality work.

Therefore, post-acquisition communications are likely to be unimpressive and ineffective. They fail to build strong, lasting relationships and undercut efforts to cross-sell and up-sell. These flawed documents not only represent missed opportunities to generate revenue, but can also undermine success.

What's more, they can be vague or confusing. And what do confused customers do? They call customer service. So the "economical" document ends up being anything but. (One unfortunate insurer we know mailed 5,000 "low-cost" letters and found itself fielding over 3,000 baffled callers.) No one wins. The customer is displeased. The service rep is grumpy from repeating the same explanation. And the call center's budget director is perhaps unhappiest of all.

The first step toward rectifying this situation is to recognize it. The documents you send to customers—at any stage, in any form—have an indelible impact on the overall quality of their experience. That affects your most prized asset—the relationship itself. The stronger your customer relationships, the greater the loyalty. The greater the loyalty, the more robust your revenue potential.

Making the MOST of Your Documents' Revenue Potential

There are many ways to maximize the revenue-driving potential of physical and digital documents. I've boiled it down to four strategic approaches that can help you make the MOST of these critical tools.

Mind-set—Consider all communications, whether to prospects or existing customers, as marketing communications.

One-to-One—Leverage the power of customization and relevancy in your pre- and post-sale communications.

Sustain—Create a conversation that begins prior to acquisition and continues throughout the life of the relationship.

Transpromo—Turn transactional documents, like invoices, into high-powered promotional vehicles.

Let me briefly elaborate.

M—Mind-set

Companies like Target offer a good example of what can happen when a functional document is viewed as a marketing tool. This mind-set can serve any organization well. But first, the organization must remove the cost-center blinders that curtail its view of documents.

Customer communications should no longer be perceived as sales versus support or as marketing versus operational. Dividing lines should be eliminated and all points of customer contact should be considered marketing communications. Easier said than done, for sure. But

thinking about your communications in a new way—as revenue-driving relationship builders—can yield tremendous results.

O—One-to-One

Once the perception of customer communication is upgraded from a cost center to an engine of growth, investing in relevant, one-to-one content makes complete business sense. After all, revenue growth is based on meeting short- and long-term customer needs. What better way to start than by demonstrating you actually understand those needs?

In fact, an InfoTrends study revealed that almost two-thirds of direct mail recipients preferred customer statements that included highly relevant, personalized offers to those that were accompanied by separate advertising inserts.[10]

While one-to-one communication may appear daunting, a good number of companies are already partway there: Their databases are packed with valuable customer information. This information can be combined with other internal and external data to craft documents that are highly meaningful to target audiences and ultimately profitable for the enterprise.

A program recently undertaken by NJPAC, the New Jersey Performing Arts Center, offers a great example. Like most arts organizations, NJPAC was facing the threat of declining audience members due to challenging financial times. The number of subscriptions had begun to fall and those who did subscribe were starting to attend fewer performances.

Rather than wait in the wings, NJPAC adhered to Shakespeare's belief that "action is eloquence." The company introduced a one-to-one communications program that placed the likes and interests of its customers at center stage. And the early reviews are extremely promising.

S—Sustain

No relationship can succeed when one of the participants stops talking. Yet that's essentially what happens in many business relationships. The enthusiastic communication that kicks off the customer relationship trickles to a silence, broken by the occasional plea for payment or requisite product notice.

Consider this alternative: an ongoing, multichannel conversation that begins prior to acquisition, continues during onboarding and extends through the life of the relationship. In other words, all your pre- and post-sale touchpoints—direct mail, email, invoices, websites, personalized URLs (PURLs), statement stuffers, social media, viral videos, etc.—are united as a single customer communication process.

This integrated, big picture approach can help you deliver a consistent, high-quality customer experience, regardless of format or channel. It also offers opportunities to cross-sell and up-sell, as well as to improve customer retention and brand value. Additionally, relevant documents can be used to collect customer feedback, generating insights to keep your future messages pertinent.

T—Transpromo

All too often, companies disregard one of the most invaluable customer communication tools—transactional documents such as invoices and customer statements. According to InfoTrends, nearly 32 billion of these business-as-usual documents are distributed each year in the United States alone. Typical readership rates? An astounding 95 percent in North America and over 98 percent in Western Europe. That's more than 10 times the rate of direct mail. And the average reading time is three to four minutes.[11] Yet, these 32 billion customer touchpoints are virtually shunned as marketing opportunities.
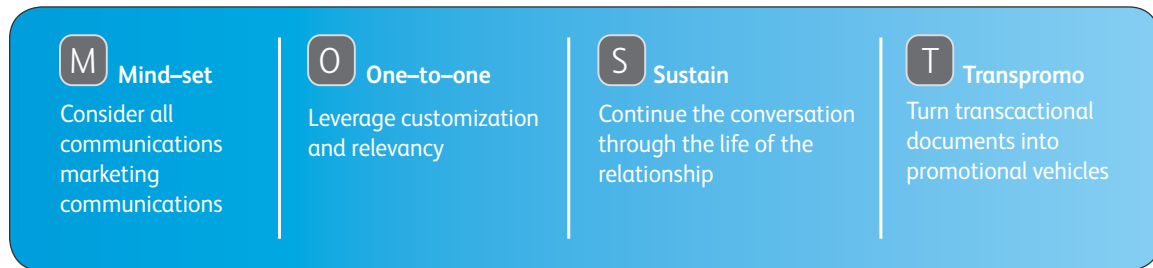
With one-to-one marketing and communication engineering, you can turn these documents into a dynamic form of communication called "transpromo"—transactional and promotional content integrated in a single document. With transpromo, your documents don't just request payment or provide account updates. They also include highly relevant information and offers. Consequently, customers are more likely to engage in a conversation about buying additional products or services.

In one well known case, Best Western used the power of transpromo documents to increase revenues by 30 percent and boost ROI even more.[12] In another, Humana reengineered its benefits statement to include extensive customized information, resulting in an award-winning document that increased customer retention by 17 percent.[13]

Some transpromo adopters go so far as to sell ad space to other companies. Case in point—a bank in Israel that included ads from a local retailer on its customer statements. The bank generated significant ad revenue; the retailer gained $2 million via a remarkable 44 percent response rate.[14]

As Eric Clapton sings, "It's in the way that you use it." When you witness the way visionary companies employ "basic" communications to drive revenue, it's not surprising to learn that InfoTrends projects 48.5 percent compounded annual growth in transpromo, from 3.8 billion impressions in 2009 to 27.5 billion in 2013.[15] Transpromo documents offer an opportunity to place key messages in customers' hands. Savvy companies are making sure the opportunity doesn't slip through theirs.

Making the Most of Your Documents' Revenue Potential

M Mind–set	**O** One–to–one	**S** Sustain	**T** Transpromo
Consider all communications marketing communications	Leverage customization and relevancy	Continue the conversation through the life of the relationship	Turn transcactional documents into promotional vehicles

The Challenges of Meaningful Communication

So why isn't every company making the MOST of its document management process? And why, more often than not, are the three revenue drivers discussed earlier idling in neutral or even worse, stuck in reverse?

The previously mentioned CMO Council survey provides a clue to the answer:

> Marketers felt that their lack of real-time data and analytics was a critical roadblock to having customer insights into customer retention, profitability and lifetime value. While customer data continued to remain in functional silos spread across the organization, marketing found that what data was accessible was often incomplete and inaccurate.[16]

In other words, the vision of a meaningful, sustained customer conversation is blocked by logistical obstacles. This is a very real problem, because the logistics are complicated. In fact, Xerox research reveals that there are at least 30 distinct steps in a true, multichannel, one-to-one campaign. These steps range from strategy development and data management to cross-media delivery, response measurement and campaign analytics.

Few companies have the in-house expertise to manage this communications spectrum efficiently and cost-effectively, particularly as budgets get tighter. That's why many look outside the organization for a strategic partner.

Here are three innovators who are drawing on outsourcing to improve their customer communication process and, as a consequence, are increasing revenue.

The City of Cleveland—Bringing Revenue up to Speed

Cleveland's traffic cameras capture potential driver infractions with great speed and accuracy. In its initial implementation, the program was completely separate from the city's parking enforcement system. Two parallel, one-way streets. But Cleveland soon merged the

processes and paperwork. The result? Motorists now inquire about, dispute and pay their parking and moving violations using a single system, regardless of whether the driver is online, on-site, on the phone or using U.S. mail.

Hard-copy correspondence for both programs is scanned into the same central database, where it is accessed in real-time by authorized city, court, police and contractor staff. This has not only led to streamlined services for Cleveland's drivers, but also to higher ticket revenue. Each program increased its collection rates by approximately 70 percent. Now, Cleveland's tickets are processed with fewer roadblocks and its citizens no longer get caught in online traffic jams.

Scottish Widows—Better Service = Greater Revenue Potential

In 1812, a small group of eminent Scotsmen met in a coffee house to discuss establishing, "a general fund for securing provisions to widows, sisters and other females." By the time the men relinquished their empty cups, Scotland's first mutual life office, the Scottish Widows Fund Life Assurance Society, was born.

Today, Scottish Widows is a leading financial services firm that offers life assurance, pensions, savings and investment products. A division of the renowned Lloyds Banking Group, the company retains its revenue edge, in part, through one-to-one marketing communications delivered via cost-effective document production.

We work in close partnership with Scottish Widows to manage the company's seamless end-to-end workflow for marketing and customer documents. This involves the creation, design, printing, distribution, storage and logistics of approximately 1,600 projects at any one time. In many cases, data is pulled from disparate IT systems to produce personalized materials that speak to customers as individuals.

In short, we focus on the documents so that the company's employees can focus on customers. Says John Arthur, Scottish Widows Client Relationship Manager, "We have five or six different workstreams and over 75 to 80 individual service labels that we continually measure and monitor. [We] give our customers an opportunity and a chance to feedback on where we do really well and areas that they think maybe we could expand our services or improve."

By learning more about customer needs, Scottish Widows is better positioned to provide revenue-generating services that meet them. Or, to quote one of the company's first customers, Sir Walter Scott, Scottish Widows is abiding by a "six word formula for success: Think things through—then follow through."

Imagine if every business did.

McGraw-Hill Construction—Building a Smarter Solution

McGraw-Hill Construction is the leading provider of information and data resources to the $4.6 trillion construction industry. A few years ago, the company's MHS Dodge division decided to change the way it added new architectural plans, specs and other construction-related materials to its vast subscriber database.

At the time, employees in five geographically dispersed imaging facilities digitized hard copy documents by scanning each document twice—once for microfilm, once for a digital image file. Not an easy task, especially when you're updating 65,000 projects a day. Tim Ryan, the company's senior vice president of operations, captured the challenge succinctly:

> It's not easy to take millions of documents, scan them, keep them all together, index them for keyword searches and then transmit them to different locations and different databases at the same time for repurposing into different media.

McGraw-Hill knew they needed to build a better solution. And they did. The company consolidated its regional imaging operations into an off-site center of excellence, introducing new efficiencies into the document conversion process. In addition, they called on Xerox to provide print production, fulfillment, CD-ROM production and data delivery services.

New content is now available to subscribers within 24 hours and the amount of available data has increased substantially. Furthermore, technologies like Optical Character Recognition and data mining make it possible for subscribers to find highly specific information. As an outgrowth of this solution, McGraw-Hill has also introduced new information "packages" that are generating additional revenue streams.

Turning Documents into Revenue Generators

When all is said and done, the "documents equal revenue" message is fairly simple: Ineffective communication leaves significant revenue on the table.

The irony is that most companies already have the tools they need to begin leveraging these overlooked sales opportunities: Databases of untapped, relevant information. Thousands, maybe millions, of transactional documents. And most importantly, customers who are eager to hear from them.

When used strategically and thoughtfully, those "talking things" I mentioned earlier will not only deliver your messages effectively, but will also speak directly and meaningfully to each customer.

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