

Variable Data printing

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When digital colour production printers were first introduced, at IPEX in 1993, they were expected to compete with offset for “short run colour”, which was then defined as run lengths less than 5000 or 10,000 impressions. With improvements in offset presses, automation, and workflow, however, the economic run lengths at which they were able to compete continued to shrink, to 1500, 1000, or even less. Digital devices were constrained to very short runs.

Despite being squeezed out of the long end of the short-run market, however, digital printers are uniquely able to excel in variable data printing. Indeed, it is perhaps the single most important long-term differentiator, the true “killer app.” By being able to print each page and, by extension unique sets (often known as electronic collation), for each individual customer or prospect, the power and impact of any marketing campaign increases exponentially. You can communicate the right information at the right time to diverse audiences.

Despite all the discussions about one to one marketing, however, there are precious few examples. Indeed, Frank Romano, professor emeritus at Rochester Institute of Technology, claims less than 10% of all digital print is variable.

The fact of the matter is variable data marketing is hard. The technology for print-based personalized direct marketing has been available for decades and has been capable of much more than the marketers have used it for. Frankly, most businesses don't even think about using a “one to one” approach, or, if they do think about it, they haven't the time or ability to develop distinct messages.

Nevertheless, many Canadian businesses are making sophisticated use of their customer and other data to tailor their messages and offerings. They are increasingly both assisted and prodded by their print service providers, many of whom either started as or morphed into direct marketing companies.

Richard Bassett founded Bassett Direct as a full service provider of direct marketing services. Today, Bassett Direct, located in Markham, Ontario, is a \$10 million firm. Owner Rich Bassett said “We are focused on providing complete services in the direct mail business. We offer total service around printing and direct mail. An important part of our work is managing databases, forms set up, Lettershop services and fulfillment. Naturally, everything has to be personalized. As a result, we are heavily involved in variable colour.”

The company has only digital equipment, including a Xeikon 5000, Xerox 8000, and Xerox iGen3 for colour, and four monochrome systems. They work with third parties for large quantities of offset, if the colour image is static. Bassett notes that he is seeing a significant rise around variable colour. The key for Bassett is database-driven projects, with a growing emphasis on 1:1 marketing.

Bassett feels it is important to start out simple, varying things such as gender or region. The key is using relevant information. Pictures are often effective, as they can be used to bring in lifestyle or other interests in a subtle way. "It's not a lot of work to bring in appropriate images and messages. That's where the creative process can combine with limited database knowledge and bring in unique, relevant offerings." Bassett continues, "The beauty of variable colour imaging is that each piece can be unique to the individual." For example, Bassett is currently doing a project with 2500 images being brought into a mail piece from a data file. "In traditional print, you couldn't make that many plate changes."

Another example of a successful campaign was done for a large financial institution. They wanted to contact customers over the age of 55 who held Registered Retirement Savings Plans (RRSPs), to get them to convert to a Registered Retirement Income Fund (RRIF), which by law seniors must do by age 69. The switch requires new investment strategies and a good understanding of Canada's tax laws. The client wanted the letter to help customers better understand their financial situation. The marketing team decided that simply sending the relevant information via a standard form letter, even if personalized, would not be enough. So they included a photo of the local personal investment manager, along with other information and signatures, in each letter.

The project entailed 300,000 letters, in two languages, customized for each customer with the right photo, information, and specific branch. "The combinations and the variations were probably the most complex part of it, because there were a variety of different variable text messages and photos tied into specific investment managers," Bassett said.

The campaign paid off, leading to the customer's RRIF business growing four times faster than the market.

Bassett sees industry volumes of variable printing increasing, the price point going down, and the cross-over point rising. "We just finished a 1.5 million piece project. Technology is one thing, but managing client data and the forms set up is another. Eventually the two will merge together. Vendors are flogging variable, but what they don't say is you need to invest hundreds of thousands of dollars every year to build a data department and a forms creation department. Iron won't do that for you. Twenty-five hundred images into a direct mail piece requires a lot of skill, regardless of equipment."

Dave Reeve founded digital printer Distributech in 1992 and has grown it to a \$15 million company with locations in Brantford and Toronto, Ontario. Reeve says about 60% of their businesses is fulfillment and on-demand printing, with the balance divided

between transaction printing (which, by its nature, is of course completely variable) and direct marketing.

Reeve emphasizes that no one model is appropriate for every service provider. Distributech use their own client-facing technology (called DOX), which combines digital asset management tools, storefronts, and Web-to-Print. Distributech has no offset, partnering with commercial printers as appropriate to complement their HP Indigo colour and three Xerox Nuvera monochrome production printers.

Reeve notes that variable campaigns are often no more expensive than static direct mail campaigns. He says “Even ignoring the dramatic increase in ROI...VDP can be similar in cost to traditional direct mail programs.” Nevertheless, Reeve notes that designing for digital is difficult, and companies, designers, and agencies have to be educated on the possibilities of variable data, particularly the opportunity of variable graphics. Even though he deals with large and sophisticated multinationals, Reeve says they are just beginning to see the potential. “We’re having some exciting conversations with big players who have never done true variable data. Most VDP projects in the past have been risks taken by entrepreneurial customers.”

To really understand the benefits of true variable, Reeve says it is critical to document and track results. For marketers today, ROI is the biggest issue. “The most important advantage of VDP is the ability to dramatically improve ROI through timely, personalized, relevant communications.”

Many clients are concerned their databases are inadequate. While that is often the case, Reeve would agree with Rich Bassett that something as straightforward as using gender-driven images or segmenting by industry or geography can be very effective.

While both Distributech and Bassett Direct specialize in direct marketing and digital printing, many general commercial printers also have found growth through offering variable printing. Avant Imaging and Information Management (AIIM), has a rich heritage in commercial offset lithography, including a 10-colour MAN Roland and associated services in post-press, creative, and graphic design. Since the late 1990s, the Aurora, Ontario firm has implemented a digital smart factory. The business expanded in the last few years to include digital printing—produced on Xerox 2060, Xerox iGen3, and an HP Indigo 5000—data analytics, and direct mail management.

Serge Grichmanoff, Vice President, New Technologies is a leading authority in the application of integrated modeling techniques for multi-channel digital solutions and has long been involved in predictive modeling of responses. Under his guidance, AIIM has further evolved what he calls the “digital circumstance”, leveraging customer information. Grichmanoff emphasizes the importance of centralizing the data, not only for variable printing, but all digital objects, whether for static or variable, printed offset or digitally. The key is to use the same images and theme across various media to build on the 1:1 experience.

As many companies have, AIIM started simply, initially using a simple web to print application with a limited ability to tailor content for static pieces, printed either digitally or on offset. Over the last few years, Grichmanoff has been augmenting customer data with external databases, such as census data, to help craft the language and communications more effectively. Adding analysis of responses and customer buying patterns enables AIIM to begin to craft the offer, tailoring price points and the language used. The key, according to Grichmanoff, is doing it consistently. “In order to do that, [you need to have] a longitudinal mentality, to create an operational system to collect data across various touch points to understand the customer’s needs, wants, and desires, so that you can create an offer that makes sense.”

Grichmanoff says customers are amenable to variable data imaging. He sees clients moving to smart statements and highly complex campaigns. “There are some remarkable programs that work... They are on a road of discovery.” But, he cautions, it will take two years or more to implement—the first to clean up processes, and another year to migrate and make it an effective program. Grichmanoff says it is important to be in a position to help customers manage their customers. Having a data infrastructure is critical to being able to service customers.

“The key thing is helping [them to] manage data, do the analytics, normalize the offering, all in one place. It streamlines the output and the data management process.” Perhaps most important, it “enables them to calculate ROI.”

Grichmanoff sees emerging electronic technologies as complementary to print, and an additional opportunity. “When I design anything, the targeting mechanisms, whether for email, a dynamic web page, PDA, or print, the philosophy, approach or technology is the same. I’m doing the math, everything else. I may have a flag based on delivery mechanism, but it’s a canvas. I’m going to modify the content depending on the framework of the canvas, and develop magic around. It might be colour if it’s print, something else if it’s a web page or cell phone. But the approach, knowledge, logic, whatever, is going to be there regardless. But with print I am going to something that’s more creative to capture the eye.”

While all this may seem daunting for most commercial printers, variable information is of increasing interest to smaller printers as well. For example, Shawn Mackenzie, co-owner of Kwik Kopy of PEI, a 25-employee commercial printer located in Canada’s smallest province, does some variable now, particularly for his growing direct mail business. They also do monochrome variable with colour offset shells. “We’d like to do more variable data...PEI is as good a market as any...People are interested in it. They’ve heard of it. Some of our customers work with larger agencies. HP and Xerox have done a good job of marketing it, raising awareness. It will be very useful for some applications. I wouldn’t buy a machine just for variable.”

Andrew Hrywnak, president of PrintThree, one of Canada’s largest printing networks with more than 60 locations across Canada, also is a big believer in variable data as a revenue source. Hrywnak says “It’s important to concentrate on giving customers a better

return on their investments.” A leader in digital printing and Web-to-Print, Print Three’s franchisees serve a diverse customer base, from small entrepreneurial businesses to Fortune 500 companies.

Print Three recently signed an agreement with Xerox to incorporate dynamic publishing software from XMPie into their ePower Online portal. The deal will allow Print Three to offer its customer base the ability to create custom digital printing, from personalized letters and brochures to complete marketing campaigns.

“Variable is a natural fit for us,” says Hrywnak. “With Xerox’s assistance, we can better help clients develop and execute marketing campaigns more relevant to their individual customers, regardless of the scope of the project.” “Xerox provided us with a solution that met the challenge of delivering custom printing services to two distinct customer groups, our national accounts and our small- and medium-sized business customers.”

Amato De Civita, vice president, Graphic Communications at Xerox Canada, comments that “In today’s competitive print environment, it is necessary for Canadian printers to deliver added value to their customers by differentiating themselves in the marketplace.”

Although some Print Three franchisees are as large as \$2.5 million, the average size is \$600,000, much closer to the typical small commercial printer. Print Three is implementing the program on two fronts, allowing local franchisees working independently to produce unique variable print campaigns for local clients, or working with and through the corporate office for larger or more sophisticated campaigns. Print Three will take on the management of the databases and assist in making the sales and marketing presentations on behalf of the franchisees.

Hrywnak says that it is critical for franchisees to educate their customers. In words that echo those of Rich Bassett from Bassett Direct, Hrywnak suggests starting with a small pilot campaign of 5000 or 10,000 pieces and monitoring and comparing the results.

An example of a recent effective campaign conducted by Print Three and some franchisees was done for a major tour and travel operator that wants to drive traffic to their resorts. They’re running a campaign that includes print ads with a web address. The information entered there can be combined with existing resort information databases to drive an ongoing variable campaign based on special events, interests, and past behaviour. Instead of sending out a simple generic catalog, they are targeting specific interests and activities.

It is clear that even smaller printers are excited about variable data printing’s potential, with high customer interest. The response to Print Three’s initiatives has been enthusiastic. “No one will say they don’t want to try it. They all have heard about it... Our customers want to hear more about variable, the results, how to put a program together.” Lunchtime seminars in the GTA have generated “lots of work for the stores... They learned another lesson. Some people [who attended] the event hadn’t been seen for

years...The appetite is tremendous. It's virgin territory. There are not enough people going out and doing this.”

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