

AdLib

Direct marketing gets Xerox makeover

Pilot project to put custom-designed pieces to the test

SUSAN HEINRICH
Financial Post

Direct marketers take note: There's a new kid in town. Xerox Canada, once a behind-the-scenes player, has jumped on to the front lines of direct marketing, selling services it says can dramatically improve the effectiveness of what can be a hit and miss business. Helene Blanchette, national graphic arts industry manager with Xerox, says marketers have a huge opportunity to make their campaigns more effective using the enormous amounts of data they have collected about their clients, but many are not taking advantage of it. "We know that [most] marketers and agencies are only using the power of variable data to its minimum. And we know that technology has the power to change everything on the page and customize the marketing to [the customer's] needs, tastes and lifestyles," she said.

Through rewards programs and better technology, the amount of data held by the average company is growing fast: Volume of data typically doubles every 18 months. Many marketers are doing the minimum — customizing direct marketing mail-outs to include the customer's name. Some are going beyond that: Shopper's Drug Mart, for example, has been acquiring data on the purchasing practices of its clients through its Optimum Rewards card. It recently started sending out customized offers to clients, based on what it knows. For example, clients who buy diapers regularly will receive a Shopper's offer for Huggies.

But the Xerox program could go even further, creating as many unique pieces as needed so the offer is as relevant as possible to the client. In each case, not only would the offer be different, but the pictures and graphics on the piece could be customized too.

Ms. Blanchette says this level of customization can boost effectiveness by as much as 500%.

She points to research done by the Rochester Institute of Technology. They ran a test involving eight large and well-known companies which each sent out a number of different direct marketing pieces: some generic and some fully customized, some in black and white and some in colour. Response rates were 500% higher for the fully customized colour pieces than the generic black and white ones.

Yet less than 20% of Canadian marketers are fully utilizing customized campaigns, even though they are faced with declining response rates for traditional campaigns. For one reason, they are difficult and expensive to create. In order to launch its direct marketing service, Xerox has partnered with Terminal van Gogh, which specializes in data-driven marketing programs, and Exstream Software; together they form the Trilogy Alliance. The service works like this: a marketer will take all its client data to Terminal van Gogh which will mine the data, design the program backbone and help tailor the creative to work with the data-driven piece. That's the part of the process that is pricey: in the neighbourhood of \$40,000 (a one-time fee). But printing technology has evolved and Ms. Blanchette says it is possible for Xerox to deliver a fully customized piece — which used to cost about 60¢ to produce — for 25¢ to 35¢.

To make its case, Xerox has launched a pilot program in which 10 marketers will get customized direct marketing campaigns and compare the return on investment of those with traditional campaigns. The first three participants are: Tourism British Columbia (with advertising agency Cossette); Heritage, an insurance company formerly known as

Allianz Canada; and NEBS, a printer of business and computer forms. One of the tricky aspects to this type of marketing is ensuring no privacy boundaries are overstepped. That's where the Canadian Marketing Association comes in. Xerox is working closely with them on the project to ensure privacy laws are upheld.

CANADA & CUSTOMER SERVICE

Some interesting research surfaced this week suggesting that Canadian marketers understand the importance of great customer service in winning business, but they often fall short when it comes to actually making it happen.

A study for the Canadian Marketing Association, "Managing the Customer Experience: Benchmarking Canada Against the World," provides some telling insight into Canadian business. Mulberry House Consulting of the U.K. interviewed 95 Canadian businesses, from a range of industries, to measure their customer relationship management programs. It then compared our results with global benchmarks to see how we stack up.

The results: While Canadian companies are above average on planning for great customer service, they fall short when it comes to making it happen.

"We have very high expectations of what we're planning to do and we exceed the global benchmarks there," says Melissa Dowdles, manager of research programs for the CMA. But we don't do as well on managing employees — "in particular, in terms of ... ensuring you've got everyone lined up towards the goal of building a positive customer experience. That's where we're really falling short," Ms. Dowdles said.

Should we be sounding the alarm bells? Just how important is service anyway, isn't it the product that really counts?

Ted Matthews, brand coach and founder of we want ted inc. in Toronto, believes companies make the mistake of believing customer experience is one small element of the marketing plan and instead they place too much emphasis on advertising.

"One of, if not the most effective way to build a brand is through an experience," he says. "The advertising is a component. It can set a tone, but boy, you better back it up with [positive] experiences."

A case in point: Air Canada. The relaunched airline may have a glitzy new ad campaign, said Mr. Matthews, but if it is going to succeed, it needs to turn its attention to customer experience and that charge has to be led by Robert Milton, chief executive. A look at Air Canada's highly successful U.K.-competitor, Virgin Atlantic, tells the story, Mr. Matthews said. "Richard Branson is a CBO — chief brand officer — extraordinaire," Mr. Matthews said.

To illustrate his point he tells a story about a friend's experience on the airline: "Flying from Los Angeles to London on Virgin Atlantic's Upper Class, he was picked up at an office downtown in a chauffeur-driven car and whisked to the airport where, upon arrival, a woman in a striking red dress made her way through the crowd directly to him as he stepped from the car.

" 'Mr. Argent'? Yes. 'Your boarding pass sir, please make your way to the lounge. I will take care of your bags and bring you your tags.' "Service was fantastic all the way across the Atlantic, and then, the final touch upon arrival in London: a bright red Virgin-branded carton of eggs making its way around the luggage carousel. On the carton, it said: 'Please excuse the short wait, this is how much care we take with all of your bags.'

" All these little things create customer loyalty. "Little things with big impact, because people don't expect them, have helped build [Branson's] brand and his empire," Mr. Matthews said.

sheinrich@nationalpost.com