

Two Ways to Use VDP

By Frank McPherson

When people think of variable data printing, they generally think of personalized direct mail pieces generated from a database of prospect information in which personal information on each recipient is used to entice them to buy something. For example, the direct mail piece might say,

Hi, Frank! Last month, you bought golf clubs at Golfer's Paradise. Well, before you know it, warm weather will be here! We thought you might want to stock up on some of our newest, long-range golf balls. Right now, we have a special discount on the latest [insert brand name here], along with a special [insert discount here] offer for premium customers like you...

While this is the most commonly perception of personalization, also called variable data printing (VDP), you might be surprised to know that this is not the only way that this technology is used to generate sales.

One Technology, Two Approaches

There are actually two ways that variable data printing is used to generate direct sales for marketers:

- 1) Soliciting directly from an existing customer list (like the example above).
- 2) Generating an initial prospect list that is used by marketers as a base to build on over time.

Let's look at two examples from the automotive industry. Because most successful VDP marketers are highly secretive about their

successes — as our own customers are — we will use examples available in the public domain.

The first example comes from the Carolina Ford Dealership Association. Ford Motor Company determined that 48 hours after a consumer visits a dealership is the most critical time for closing a sale. To take advantage of this information, the association developed a campaign that allows its members to follow up with prospects within this crucial time period.

The solution has been to create personalized direct mail pieces featuring the visitor's preferred vehicle and to make the prospect a special offer based on the information gathered during their visit. To create the piece, sales people at the dealership enter information into a database on a daily basis, based on visits to the dealership that day, and printed pieces are mailed within 24 hours. Thus, within 48 hours, the prospect receives a personalized direct mail piece with information relevant to their interests.

This program has been running for over two years, with an average of 200 direct mail pieces are generated per day. The response rate ranges from 10-13% of prospects returning to the dealership, with 7-9% actually making the purchase of a vehicle.

A Different Way of Prospecting

In the second example, direct mailers were used, not to do direct solicitations, but as a way to gather and develop prospects for *future* solicitations. This example comes from Goodway Group, a marketing strategy group for a consortium of Lincoln Mercury dealers.

For this project, surveys were distributed at regional events. All prospects who completed the survey received a personalized direct mail piece encouraging them to come in to test drive the Mercury Mountaineer SUV. Unlike the previous example, these recipients had not previously shown any interest in purchasing that particular

vehicle or even in visiting a dealership. Once they responded to the mailer, however, they became qualified prospects.

So the purpose of these two mailers was quite different. At the Goodway Group, the dealers used respondents to a survey to generate a new database throughout their region. The variable data print campaign was designed to renew their interest in the product, promote low financing, and encourage them to visit their closest dealer.

While this program did not include a follow-up like the Carolina Ford Dealership Association does, it's easy to imagine putting two-and-two together. First, variable data could be used to develop a good, solid prospect list. Then it could be used to build on that list to develop longer-term, high-profit relationships with individual prospects.

And that is exactly the point of variable data. Once marketers know something about a prospect, they can build on this knowledge to create increasingly personalized pieces, eventually leading the prospect down the road to a sale. This technique was used in the U.S. several years ago by a car manufacturer that asked individuals to help them design the "perfect" car. By the end of the design period, the participants had developed such a vested interest in the outcome that the car manufacturer sold \$500 million in vehicles!

Technology, Not Canned Approach

The point is, variable data printing (or personalization) is a technology, not a canned marketing approach. Even marketers who understand this technology have only begun to scratch the surface. Like any technology, the key is to understand *who*, *what*, *where*, *when*, and *why* of the technology first; then, once those are understood, see where and how those benefits can fit into a larger marketing scheme.

But as can be seen in these two examples here, variable data is an extremely flexible technology, so it's important not to pigeon-hole it. Whether it's for direct sales, prospecting, or for use in long-term CRM programs or to boot governmental compliance (topics we'll discuss in future articles), this is a technology whose potential is just beginning to be uncovered.

SIDEBAR:

Variable Data Usage: Carolina Ford Dealership Association

The direct mail campaign for the Carolina Ford Dealership Association uses 26 fields of variable data and graphics. The prospect's name, mailing address, salesperson, and preferred vehicle are highlighted in the copy of the piece. A photo of the prospect's preferred vehicle is prominent on the front. The dealership logo and phone number are featured with a personal note to the prospect from the salesperson mentioning the preferred vehicle again and prompting the prospect to return to the showroom to enter a monthly drawing for a cash prize.

SIDEBAR:

Variable Data Usage: Goodway Group

The direct mail campaign for the Goodway Group was personalized for each recipient, directing him or her to the closest Lincoln Mercury dealership. The piece had 12 variable data fields of personalization, including the recipient's name in the salutation, the recipient's address, as well as the name and address of his or her local dealer. Up to 15 photographs were added to illustrate the recipient's preferred vehicle color, based on the response to the survey.