

Harnessing the Power of VDP

By Frank McPherson

When people think about variable data printing (VDP), they tend to emphasize the “data” portion of these projects. They focus on marrying personal data about a recipient to a printed piece in order to generate a higher response rate. However, while data is very important to the success of these projects, focusing *only* on the data is too simplistic an approach.

I want to outline five principles of VDP that go beyond the matching of data to recipient and serve as the foundation on which a good, successful VDP marketing strategy should be built. In a way, it’s like building a house. If the frame of your house is sound, your house will be sound, too. So it is with VDP — use good, sound building blocks in your campaign and you’ll achieve far better results.

1. Differentiate. When people think of “differentiation,” they often think of differentiating the marketing piece from the rest of the direct mail the recipients gets. But here, “differentiation” refers to the recipients themselves — to marketing to your best and most loyal customers.

With VDP, you’ll get the most bang for your buck if you spend more money marketing to your most strategic customers and less to the ones you could stand to lose. These are customers who have shown loyalty to your company in the past, so your efforts to establish a more personal, long-term relationship are more likely to be noticed and appreciated — and reciprocated.

2. Share of attention. Some marketers make the mistake of spending a lot of money on a VDP campaign, then judging the effectiveness of this approach solely based on one, isolated campaign. This is a mistake. Variable data can work on a “one-off” basis, but it is most effective when used as part of a longer-term, more strategic approach to relating to customers.

This requires frequency. Companies who are successful with variable data tend to communicate with their customers often, using relevant information. This doesn’t mean that you have to use VDP for each customer contact. Many companies use combinations of media, such as email, VDP print, and hard copy

or e-newsletters. The goal is to capture your customers' share of mind, and this requires regular contact with them.

3. Interactivity. Another mistake marketers often make is using VDP as one-way communication. They create a personalized marketing piece, then sit back and expect the orders to roll in. It doesn't always work this way. One of the most effective ways to use VDP is to elicit a response from the customer — not always an order — that is subsequently used to build on the company's knowledge of that customer for further communications. This develops a relationship between the marketer and the customer that is often more valuable than a one-time sale.

At CDIC, we have a customer that recently sent out a market survey that asked a variety of questions about the individual, his or her family, financial goals, pets, and the like. The company then built databases based on that information, which it uses for future mailings targeting that customer. Beyond the message in each individual communication, the company is also sending a larger corporate message: "We're listening to you. Your needs and opinions are important to us. We're offering something of value based on what you have told us your needs are."

Response rates to its mailings consistently range between 12-14%.

4. Consistency. More and more marketers these days are putting the infrastructure in place to locate customer information in a centralized database so that, when the company is in contact with the customer, everyone is working off the same page. This not only allows the company to present a consistent message, but also allows marketers to create a customer history that is invaluable in tracking order history, solving problems, use in predictive modeling, and so on.

While we are seeing this infrastructure being developed in telephone and email communications, there is a lag using this tactic in direct mail. If your company is not involved in developing a centralized source of communications for customers, or if you have not yet included print communication in the mix, this is something you should correct. The more you can bring together all of their customer touch points, the more effective your message will be.

5. Duration. Marketers have known for a long time that the value of a customer is more than a single sale. It's the cumulative value of that customer over his or her lifetime — ten, twenty, or forty years. This is called Lifetime Customer Value. The concept of Lifetime Customer Value is extremely important to all marketing communications, but particularly variable data printing, where the goal is to build lasting relationships.

This is important because variable data printing is more expensive on a per-piece basis than traditional direct mail. Hence why it tends to be used most successfully by companies with high-value products, such as automobiles, financial services, pharmaceuticals, and the like, markets where — if handled properly — the relationship between marketer and customer can go far beyond a single sale. For example, automobile owners can be among the most loyal customers around. How often do you see lifetime Volkswagen owners? Honda owners? Toyota owners? The lifetime value of developing a long-term, personal relationship with these customers can be staggering.

The point is, when working with variable data, it's important to look beyond the individual database rules and 1:1 communications and start with the fundamentals of differentiation, share of attention, interactivity, consistency, and duration. If you start with these basics, the personalization will be much more effective.

Personalization, by itself, is a novelty. But VDP built upon a strong Customer Relationship Management and Marketing foundation builds relationships.