

Getting Started Determining the Value of Variable Data Printing

“Was it worth all the time, headaches, and extra cost”

Why get involved in this study?

There are countless case studies showing increased response rates for personalized variable data printing (VDP). Some of these show two, four, ten, even twenty times higher responses rates, but this is not necessarily an accurate representation of what printers and customers can expect when working with VDP. What is not as obvious in the literature is that a variable data mailings might do no better than the static mailing or that the cost of doing a VDP mailing could be so high that the return-on-the-investment in the personalized variable data mailing is actually a loss. The most important thing to do is track the results. If the first attempt is successful you want to duplicate it and then fine tune the process to continually improve the results. If you find out what works and what does not work you can start to develop a deeper insight as to how to optimize a VDP promotion. As the work is fine tuned the response rates can typically show steady improvement. If you do not take the time to track the results, you do not know if doing the VDP promotion is worth the time, effort and extra costs; more importantly you will never be able to prove when it does make a difference. In addition, you have no tools to sell the value of the extra effort and extra cost of VDP to the customer.

Preliminary Study Results

In a earlier doctoral dissertation study at Clemson University a controlled experiment was setup with four different companies' variable data mailing promotions. To be part of the study, the companies had to agree to send their mailing out in three different formats. All three formats were done with process color on both sides, only the amount of variable data was changed in the three groups.

The first format group was a completely static mailing piece with only the name and address changing. The second group used variable text blocks on the front and the back, along with the name and address. All of the color graphic images were static and various generic images so as to relate to as many people as possible with one set of images. The third format group used variable text and variable graphics on both sides of the printed piece. All four promotional pieces, in this previous study, showed the full variable data

mailing piece had the highest return response, but when the cost per response was looked at the best option was not always the full variable text and variable graphic piece. There are substantial additional design costs and programing costs associated with a complicated variable data mailing piece when both the text and graphics change. The conclusion was that sometimes, depending upon the audience and the message, using only variable text in a personalized piece will be more cost effective than making the most elaborate and complicated personalized piece possible.

After tracking the responses you need to process the information. Along with this overview of the study there is an Excel file on the webpage at http://graphics.clemson.edu/VDP_ROI. This spreadsheet is setup to take the information collected and automatically calculate 8 different ways to report the ROI to the customer. If you recognize the value of knowing whether a static piece, a piece with variable text only, or a piece with variable text and variable graphics is the most effective option then you can choose which ROI format works best for your customers.

To work with the spreadsheet you need to collect the following information:

- **Customer name** (only to be used by the researcher to identify the pieces and will not be shared with anyone or specifically named in any presentation of the findings of the study)
- **Type of customer** (see the list at the end of this overview to select the right type of company)
- **Type of piece being created** (ex. postcard, folded mailer, multiple piece insert, etc.)
- **Basic description**
- **Basic production specs:** number of colors, number of pieces, size of each piece, number of variable fields, number of variable images
- **The number of pieces** in the mailing
- **The number of records separated for each group in the study** (this should be 5% of the total mailing or 200 pieces, which is larger)
- **The cost of the design** (broken down for each design format and priced as if the entire job was done with this format)
 - The cost of the design if it was all static
 - The cost of the design if it was all variable text, but static graphics
 - The cost of the design if it was all produced with full variable text and variable graphics
- **The cost of the printing** (broken down for each design format and priced as if the entire job was done with this format)

- The cost of the printing if it was all static
- The cost of the printing if it was all variable text, but static graphics
- The cost of the printing if it was all produced with full variable text and variable graphics
- **The cost of the mailing** (typically this would be the same for all design formats, but there is a chance, depending on the subject matter, certain variable information could cause the mailing cost to change)
- **The number of responses** for each group tracked
- **The customer's perceived value** of a response (there will be a webinar on how to work with a customer to determine this, dates will be posted on the ROI web page)
- **The customer's perceived life-time value** of the responses
- **The customer's profit margin** on goods or services sold as a result of the promotional piece

Tracking the Responses:

Depending upon the personalized piece, you can tag the format group (static, variable text only, or full variable) by putting it on a slightly different stock or using a different colored banner for the heading of the return card for each group (both of these would be assuming something is being mailed back). It may be more appropriate to put something in the code number they return. For example, by placing a C in front of the return number you identify the control group (the static format). An A, B, D, E... could then identify as many groups as you want to test. If you send out 5% (200 if the mailing is less than 4,000) for each format group the task of tracking the responses can be difficult without prior planning. If this practice is done for every mailing the amount of information gathered will be significant and the power of the statistical analysis will go up significantly. The key here is to make it easy to gather the information. This may change from piece to piece and often times it will be something the customer collects, which is why they must be on board with the process and see the benefit for themselves, as well as the printer. Whether your company or the customer is collecting the information, everyone should be aware that it is happening. If they are collecting the information your best bet is to have them collect it as part of a response element going into their database, so the numbers can be pulled out easily.

The Excel spreadsheet is set up to analyze three groups: a static piece, a personalized piece with only the text changing and a completely variable text and graphics personalized piece. You can change the headings, add more options, or only do a statistical analysis

on as few as two sets of readings. The results of the first worksheet gives you the cost per piece of each type of mailing.

It may take a little bit of effort to calculate the input data needed on specific line items, but once you have done it a few times it will be as natural as turning on the light when you enter the room and it will then become part of the process. If you have questions relating to this spread sheet, please contact John Leininger, Professor of Graphic Communications at Clemson University. He can be reached by calling 864-656-3447 or through email at ljohn@clemson.edu.

If you would like to have your results compiled with studies from other companies to see how your results average in with other companies from the industry please read the next page for a detailed procedure. All results will be kept independent of the name of the company for who it was printed and of the name of the printer. Any review of the data received will only be addressed by the type of customer for which the personalized printed piece was done in conjunction to the numbers used to calculate the ROI. Only Dr. Leininger will have access to the raw data.

The Classification of Customer:

The names of the companies will not be published, but the type of company is critical to segmenting the data once enough data is collected to allow for calculating different response rate percentages for different types of markets. This is critical to identifying a true value of a response, since a 1% jump in a response rate for companies selling a car worth \$100,000 is not the same as a 1% jump for a company selling cars that cost \$15,000. The specific support data and demographics of the type of customer will help determine what markets can expect better returns.

On the spreadsheet there is a place to state the type of customer and they should be taken from the list below.

Business to business—selling equipment or supplies to another company, such as a press manufacturer selling presses or pressroom supplies to a printer.

Communications—phone service, Internet service, TV service (cable/satellite), etc.

Education—public school related issues, college/university recruitment, donations, event promotion, notices to faculty or students, trade conference, seminars, webinars, etc.

Financial—this would include banks, retirement funds, financial advising services, home mortgages, life and property insurance, credit cards, etc.

Food Service—large chain restaurants, pizza, donut shops, ice cream, catering, etc.

Government—local, state or national governmental agencies (not counting the public schools or state colleges/universities).

Health Services—doctors, health plans, pharmacies, hospitals, medical insurance, etc.

Internet Purchase—as with Mail-order, if the product being sold fits another category, if it is purchased over the Internet it is assigned to this category.

Mail-order—even if the product being sold fits another category, if it is purchased through a mail order catalog it is assigned to this category.

Real-estate—selling homes, businesses, property, vacation time-shares, etc.

Retail Sales—this would include large and small retail firms that sell to consumers cloth, groceries, appliances, furniture, TVs, etc.

Service—anything from heating and A/C repair, lawn care, child care, shipping, consulting, etc.

Transportation—car sales, car rentals, airfare, bus, train, shuttles, etc.

Travel—business or personal travel arrangements or support services like travel insurance, etc.

Utilities—water, gas, electricity, etc.

Other—whatever does not fit in the above categories.