How Marketing Executives Influence the Demand for Personalized Printing

The demand for personalized printed marketing materials is influenced by two important types of print customers: the marketing executives of manufacturing or service firms, and advertising agencies that help them plan their communication strategies. The role of the advertising agency was explored in the February and March eReview. Now we turn to the marketing executive, and to another research monograph published by the Printing Industry Center at RIT, entitled "Marketing Communications Demand Creation: Marketing Executive Study."

Media Selection Influence

Of the 205 corporate marketing executives that RIT's Printing Industry Center surveyed in 2003 for this research, nearly 70% responded that they were part of a group of decision-makers regarding the selection of media, and one quarter indicated that they were the sole decision-maker. During the year preceding the survey, only 53% of the firms represented had used the services of an advertising agency. For those who did use an advertising agency, nearly 65% of the respondents said that they provided direction to the agency, as opposed to taking direction from or collaborating with it. And the majority of respondents (64%) indicated that their advertising agency did not buy printing on their behalf. These findings illustrate the tremendous power that corporate marketing executives have over the selection of media used in advertising. In fact, among our respondents, print advertising was the top medium used during the previous year (35% of the advertising expense), followed by sales collateral, the Internet, and direct mail.

Personalized Digital Printing and CRM

Print services providers should be encouraged that an average of 6.9% of corporate revenue is spent on marketing communications. Of those expenditures, approximately one third of the budget is spent on either sales collateral or direct mail. Digital color and expanded document services could have a direct impact on these two applications by providing improved customization and enhanced targeting. (However, this is a double-edged sword. Forty-three percent of corporate marketing executives report that they are printing more collateral in-house, due to new design and production capabilities.)

A catalyst that can drive the growth of personalized digital print is the implementation of customer relationship management (CRM). Because of the enormous implementation costs associated with enterprise-wide CRM projects, until recently, they have been limited to Fortune 1000 companies. Even with

vendors like Seibel, PeopleSoft, and Oracle developing less expensive versions of software and moving into the mid-size-company market, the study data indicated that CRM systems were not prevalent among the marketing executives we contacted: only 21% of respondents indicated that they had CRM systems in place. Even if CRM goals were present, the infrastructure was still too weak to support implementation.

Limited implementation of CRM directly affected the marketing executives' responses on personalized campaign questions. Seventy-five percent indicated that they used personalization in their marketing campaigns. In the year preceding the study, only 25% to 30% of the campaigns had included personalization. The disappointing aspect of these results was that 50% of the production jobs were a simple mail merge, and 19% combined address and numerical data in fixed fields. Only 8% blended variable text, numerical data, and graphics.

Opportunities for the Print Services Provider

If relevant personalization, beyond simple mail merge, is not currently widely used, the opportunities for the print services provider are great. The first step should be to educate marketing executives about media options and digital technology. Most corporate marketing executives (81%, according to our survey) agree that targeted campaigns outperform mass-market campaigns, and yet only 62% admitted that they were aware of new print capabilities for personalization. Significantly less than half (36%) of the respondents said that they had been shown (by an advertising agency) samples of printed material that illustrated the capabilities of new technologies. If advertising agencies aren't reaching all the corporate marketing executives who could use them, the print services provider can step in with examples of campaigns that have yielded results.

We asked marketing executives to rate the potential impact of personalized communication on a number of marketing objectives. The two most frequent responses were that personalization could improve response rates and customer retention. To achieve these objectives, personalized offers must be relevant and different in the eyes of the consumer. The print services provider will need to demonstrate to marketing executives how digital color solutions and personalization can deliver a relevant value proposition that increases response rates and improves customer retention.

2003 Research Monographs:

To read about this research in detail, download the monograph from: http://print.rit.edu/pubs/picrm200306.pdf

Other research publications of the Center are available at: http://print.rit.edu/research/index_byyr.html

Next Month:

Obstacles to personalization persist in the market. Next month, we will look at infrastructure problems from the marketing executive's standpoint.

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