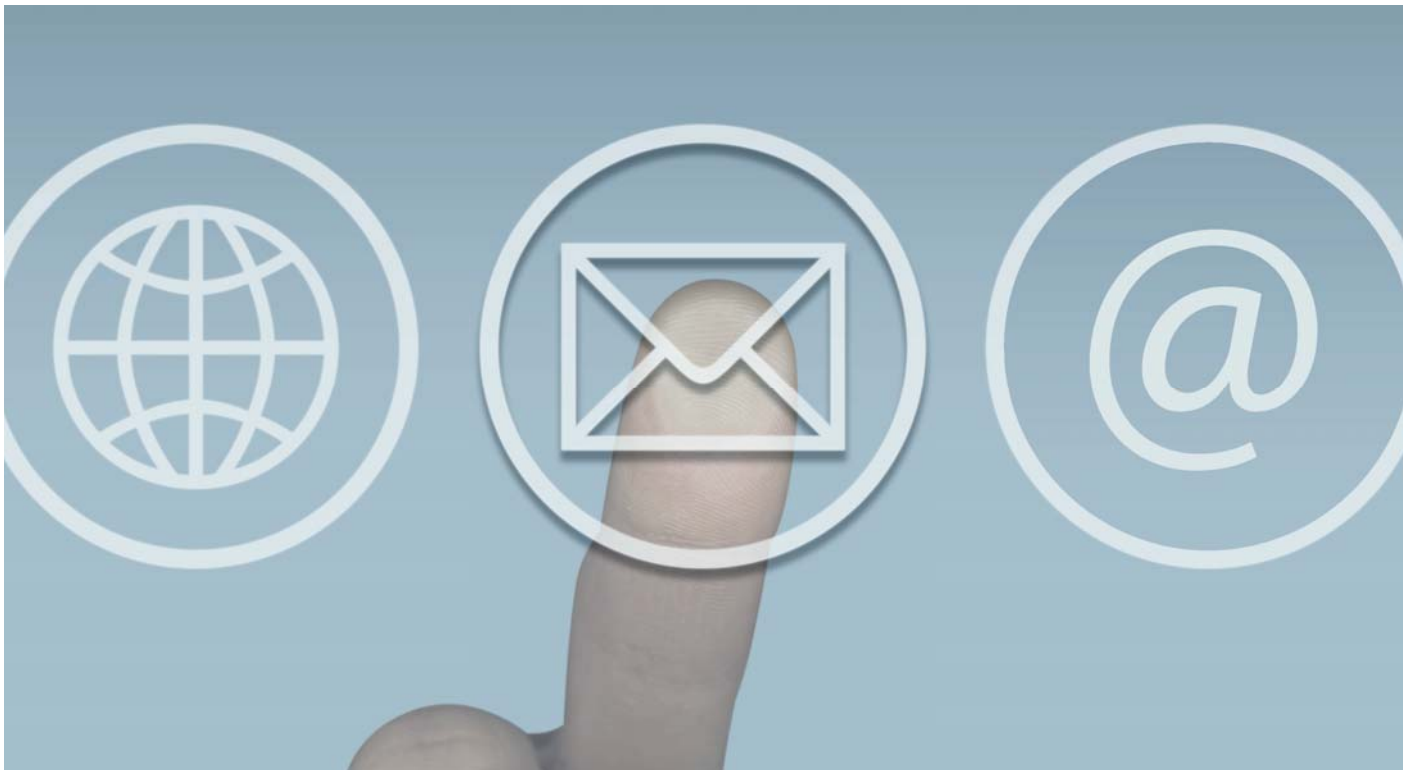


WHY RELEVANCE DRIVES RESPONSE AND RELATIONSHIPS

USING THE POWER OF PRECISION MARKETING TO BETTER ENGAGE CUSTOMERS



Presented by:

RICOH | **IBM**
InfoPrint Solutions Company™

Consumers today are deluged and overloaded with a plethora of unwanted direct marketing and promotional messages that are blasted out via email, or mass-produced and mailed in vast quantities, ending up choking mail boxes and filling recycling bins. In most cases, recipients ignore, or have become immune, to standardized commercial overtures. And with the advent of the Internet are seeking product information and affirmation from trusted sources and referral networks online.

Staying relevant, valued and connected to customers has become the number one challenge for marketers. This requires a new level of **Precision Marketing** base on deep data mining and customer analytics, transactional and behavioral insights, as well as effective listening and feedback systems. Tailoring and targeting communications on an individual level with mass-customization technologies in print, digital and retail channels enables marketers to significantly improve consumer reaction and response to marketing campaign and continuity relationship building programs.

Continuing to grow and leverage knowledge and understanding of a customer across the life cycle of the relationship is essential to staying relevant, welcome and wanted. This is at the heart of **Individualized Relationship Marketing** and requires a strong commitment to customer data integration (CDI) and continuous tracking of life stage developments, customer value, purchasing activity, buying intentions, and up-sell and cross-sell opportunities.

In the Chief Marketing Officer (CMO) Council report, **Routes to Revenue**, marketers identified critical tactics and strategies to deepening engagement. Nearly 60 percent said they intend to improve customer segmentation, profiling and targeting, while 30 percent reported they were embracing more personalized, multi-channel communications across all customer touch points. However, only 15 percent of marketers believe their companies are doing an extremely good job of integrating disparate customer data sources and repositories; 55 percent note there is room for improvement in this area.

When you consider that over 76 percent of survey respondents were not realizing the full revenue potential of their existing customer base, it is not hard to understand the desire to build deeper, more direct relationships with key customers. Adding to this challenge, and due in part to a weakened economy, marketers are under greater pressure to realize greater revenues and drive the bottom line growth, while reducing both head counts and budgets.

Sadly, marketing also indicated that personalization might have greater challenges than the economy to face. Over 22 percent of marketers felt that their lack of real-time data and analytics was a critical roadblock to having customer insights into customer retention, profitability and lifetime value. While customer data continued to remain in functional silos spread across the organization, marketing found that what data was accessible was often incomplete and inaccurate. However, the need for marketing to engage in a more precise and directed manner was understood, the challenge, as stated in *Routes to Revenue*, was how.

KEY FINDINGS: A CUSTOMER VIEW OF MESSAGE PREFERENCES

Consumers agree that the era of mass messaging and blanket communication is no longer acceptable, particularly at a time when sustainability and environmental responsibility has become a key area of sensitivity. Consumers are also aware they have the power to halt all communications, often using the opportunity to opt-out, even when they may have originally opted-in. When asked if they had ever unsubscribed from an email newsletter, 91 percent stated they had, or had on occasion. And while it would be easy to believe that this is done to manage email flow or to limit the quantity of emails received, the majority of consumers opt-out of communication because the communication is simply not relevant to them.

In fact, consumers will consider disconnecting communication all together if they continue to receive irrelevant messages. Marketers are failing to connect, with new customers and existing ones, as a staggering 73 percent say they have received promotional offers on products they have already purchased from companies.

Today's consumer wants timely and contextual messages, and clearly values opt-in, personal communications. To simply customize a communication is not enough. Marketers must take that next step towards Precision Marketing and leverage insight to deliver individualized offers, deals, and value-added services at the right place, at the most appropriate time, through the most preferred format or channel of communication to trigger purchase or influence behavior.

To understand what regular messages and channels of delivery were most valued by today's customer, InfoPrint Solutions Company undertook a survey of nearly 1,000 consumers in collaboration with the CMO Council. The results of **Getting View on What's Delivered to You**, was a clear call to action for marketing. Consumers overwhelmingly stated that regardless of channel, relevancy and individualization is what is valued, if not required, to ensure a sustainable relationship.

When asked about must-read documents, opt-in and personally relevant communications like monthly billing statements, bank statements, e-Newsletters and News Alerts were the most valued. In fact, 92 percent of respondents will always open a monthly bill, compared to the 41 percent who always open flyers sent via traditional mail. Communication channel or medium did not alter this behavior, as 72 percent of consumers will always open a monthly bill sent via email, while only 37 percent will read news alerts.

Consumers still rely on a mix of both traditional print and email communications as evidenced by the fact that 51 percent of consumers indicate that traditional mail is still their preferred method of contact. It is also clear consumers have completely turned away from intrusive, albeit more personal one-to-one communications, as only one percent of respondents indicated that telephone or door-to-door communication was their preferred method of contact.

Promotional offers are frequently overlooked, as only 41 percent of consumers will open promotional emails, with a slightly higher margin opting to open promotional offers sent via traditional mail. Ironically, email fatigue seems to be setting in as consumers are also not valuing e-newsletters, many of which are opt-in mailings, as only 40 percent view these communications as "must-read" messages.

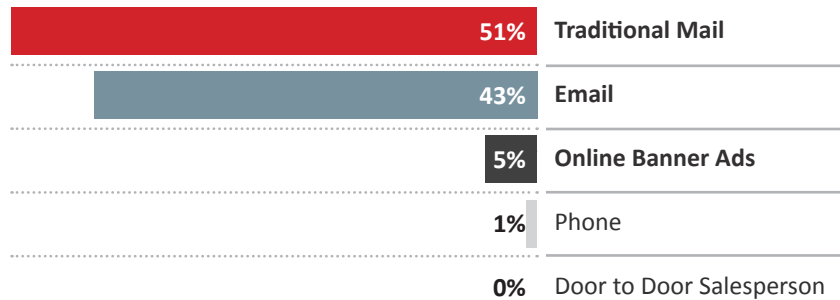
However, it is ironic that consumers are inundated with promotional mailings, junk mail and irrelevant flyers. In fact, 64 percent of consumers point to promotional offers as being the top forms of traditional mail and 68 percent cite junk mail as the leading email received.

The consequences of irrelevance and saturation messaging are clear. Consumers want to be embraced and valued by the companies they do business with. Let's take, for example, the insights of customers who are members of loyalty or rewards programs. Only six percent of loyalty club consumers felt that the promotions they receive are not based on past purchase or preference information. Yet, when loyalty program consumers receive promotions that are personalized and relevant to them, 30 percent say they are inspired to visit that retailer over the competition.

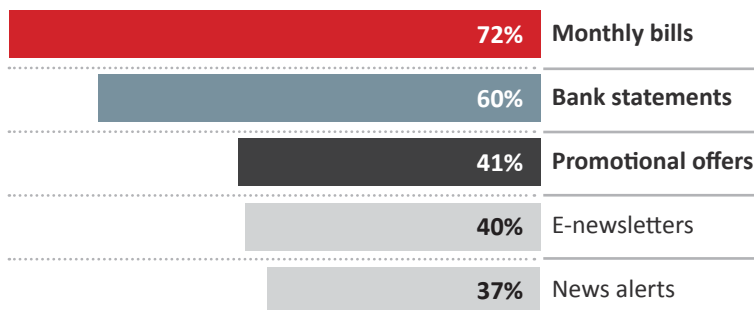
This demand for relevancy will only heighten as consumers are reducing email and traditional print mail consumption and moving more to on-demand 7X24 web access for account information, online community interaction and social network participation. Marketers must start now – regardless of data integration and insight levels – on a journey to better understand consumer messaging and content preferences on a personal level, and how these can be used to deliver more compelling, relevant and actionable communications.

DETAILED FINDINGS

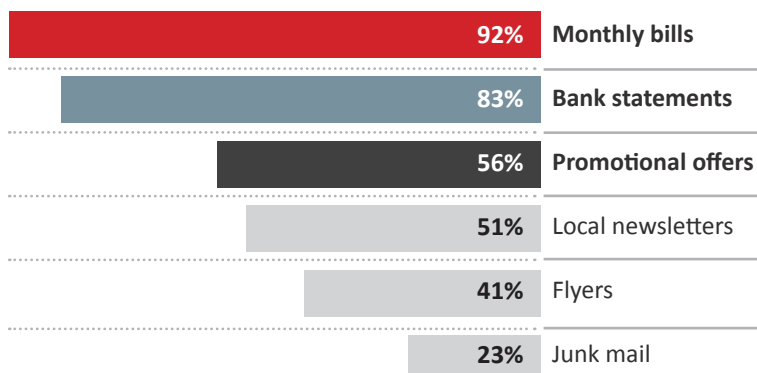
1. What are your preferred methods for companies to contact you about product or service promotions?



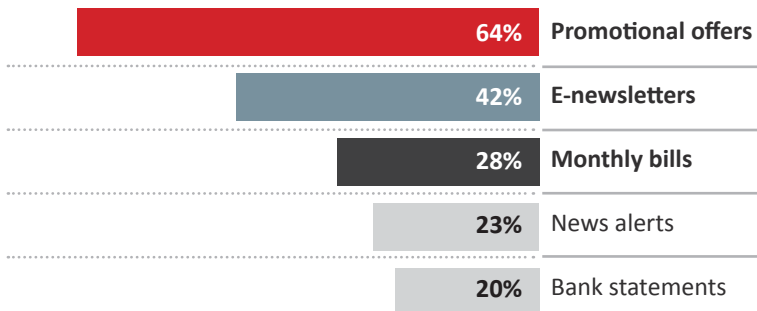
2. What types of email do you always open? Select all that apply.



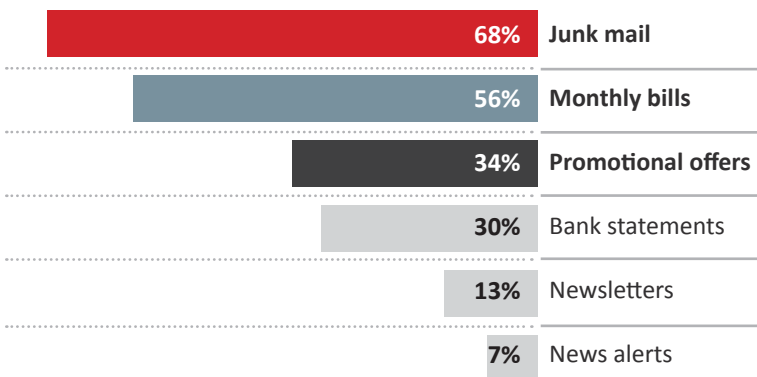
3. What types of traditional mail do you always open? Select all that apply.



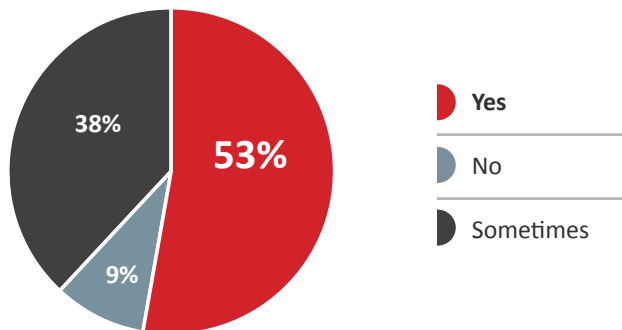
4. What types of emails do you receive the most of? Select all that apply.



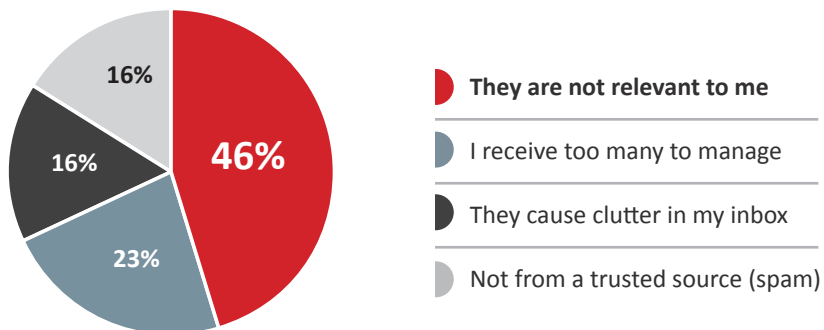
5. What types of traditional mail do you receive the most of? Select all that apply.



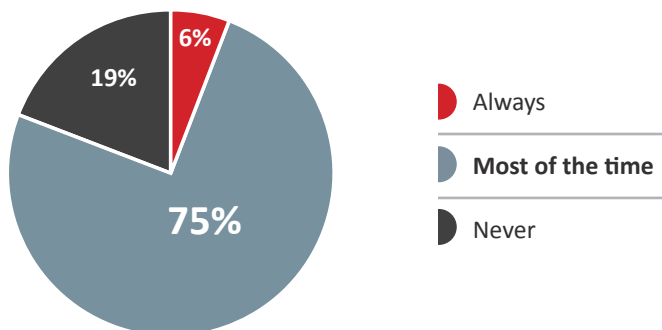
6. Do you ever unsubscribe to email newsletters?



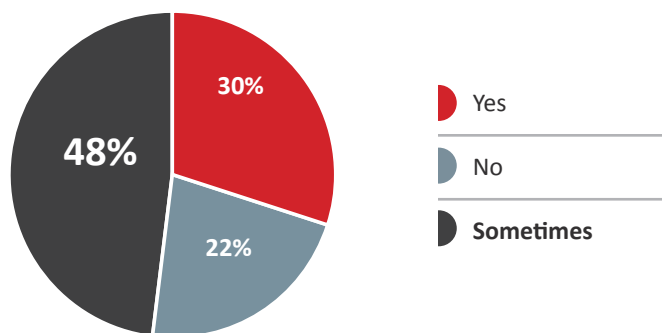
7. If yes or sometimes, why do you unsubscribe from email?



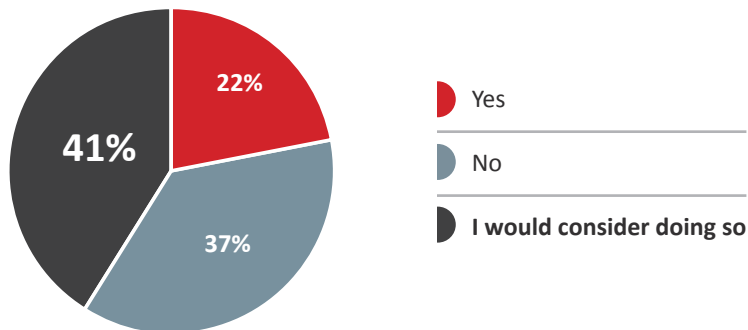
8. Do you find when you belong to a loyalty club, the promotions you receive are based on your preferences or past purchases?



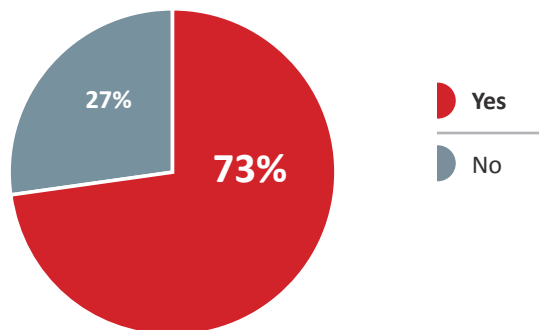
9. If you do receive personalized loyalty club offers, does this inspire you to use the offer or visit that retailer over their competition?



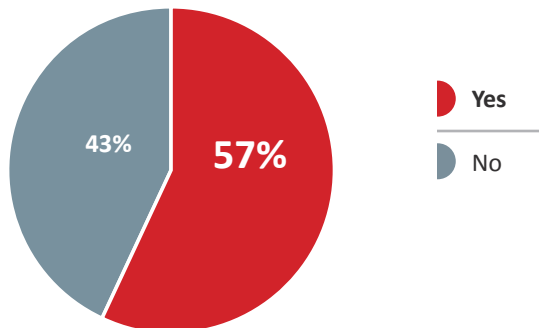
10. If you've received irrelevant promotions via email or direct mail, have you decided to no longer purchase from that company based on the overwhelming impersonal clutter?



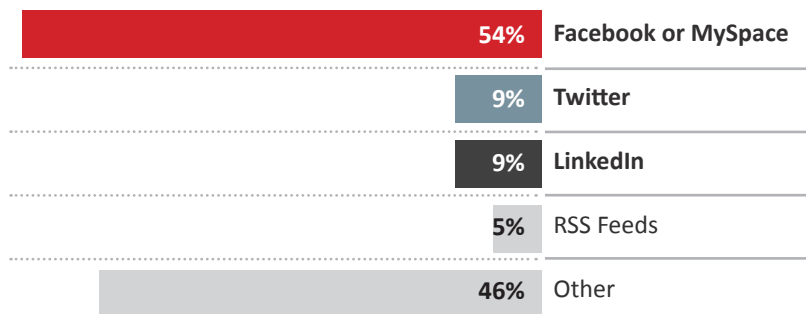
11. Have you ever received a promotion for a product you already purchased from a company?



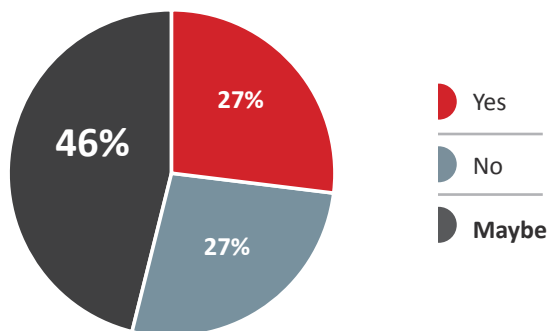
12. Do you use any type of social media?



13. If yes, which specific tools/applications do you use? Select all that apply.



14. Would you opt in for more traditional mail vs. electronic statements if the government certified that mail had less environmental impact than electronic delivery?



ABOUT THE CMO COUNCIL



THE CHIEF MARKETING OFFICER (CMO) COUNCIL

The Chief Marketing Officer (CMO) Council is dedicated to high-level knowledge exchange, thought leadership and personal relationship building among senior corporate marketing leaders and brand decision-makers across a wide-range of global industries. The CMO Council's 3,500 members control more than \$100 billion in aggregated annual marketing expenditures and run complex, distributed marketing and sales operations worldwide. In total, the CMO Council and its strategic interest communities include over 6,000 global executives across 57 countries in multiple industries, segments and markets. Regional chapters and advisory boards are active in the Americas, Europe, Asia Pacific, Middle East and Africa. The Council's strategic interest groups include the Coalition to Leverage and Optimize Sales Effectiveness (CLOSE), Brand Management Institute, and the Forum to Advance the Mobile Experience (FAME). More information on the CMO Council is available at www.cmocouncil.org.

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InfoPrint Solutions Company is a leading provider of output solutions for business customers from small business to large enterprises. The company was created in January 2007, through a joint venture between Ricoh and IBM's Printing Systems Division (NYSE: IBM). For more than 20 years, IBM and Ricoh have had a strategic partnership to collaborate on a number of innovations, including leading-edge imaging technologies and powerful production output solutions. www.infoprintsolutionscompany.com.