WHITE PAPER

STATEMENTS THAT ENGAGE: THE TRANSPROMO OPPORTUNITY

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Executive Summary

The consistent requirement of mission-critical and essential communications is to spotlight the relationship between the sender and the consumer. For decades, this has involved delivering documents that provide lists of transactional line items, information about required payments and how to make them, and very little else. The envelopes that were mailed might also have contained inserts with offers for insurance or cruises, but nothing about this messaging was based on the relationship between the sender and the recipient. In most cases, the inserts were ride-along commercials that helped subsidise the cost of printing. As a result, the communication got its message across but failed to build the customer relationship.

About a decade ago, these essential communications began to change. Data analytics made it possible to learn more about customers' spending and paying patterns. By leveraging data that was already available inside the organisation, it was now possible to identify new products, services, and features that were more likely to interest existing customers. This opened the door to building customer personas that could more reliably target prospective customers, but with some caveats. New regulations emerged to ensure that consumer data was well-protected, not abused, and recognized as being owned by the consumers (GDPR in Europe, HIPAA and CCPA in the US).

Even as data was enabling more targeted communications, production inkjet devices were maturing. Production inkjet technology put full-colour printing within reach of transactional communication providers, regardless of whether they outsourced their communications or produced them internally. With full-colour devices and increased options to redesign transactional communications, businesses were able to better educate and inform customers about the transactional relationship. Even more importantly, adding marketing communications to trusted communications brought TransPromo—essential communications that use knowledge about customers to provide marketing, education, and informational content within the context of regulated documents—to life.

The Transactional Communications Opportunity

For outsourcing service bureaus and in-house corporate reprographic departments (CRDs), the transaction document services market is full of opportunity. Transactional documents—which include bills, statements, and other critical customer communications—are largely viewed as a cost of doing business. It has traditionally been the responsibility of the operations department to ingest the customer data, compose a print-ready file that includes the necessary information, and get the document printed. Many small and medium-sized businesses (SMBs) produce bills, statements, and invoices themselves, but need help modernising these documents to keep pace with an evolving communications world. For commercial printers and CRDs, there are opportunities to

develop transactional print services for larger SMBs as well as smaller enterprises. While entering the transactional space may seem daunting, recent technological developments have made it easier to go after this market. What's more, once you establish your proficiency in transactional document printing, there are unique opportunities to create even more revenue streams by evolving the way your customers view these documents.

Bills and statements are opened more than any other type of direct mail, and consumers spend about 4 minutes reviewing them.

Here is something to consider—bills and statements are opened more than any other document received through postal mail, and the average consumer spends about 4 minutes reviewing them! Why, then, do marketers continue to focus on standalone commercial direct mail to communicate with customers? Inserts have long been included in transaction document envelopes, but many customers simply throw inserts away without even glancing at them.

There is another approach that has been gaining ground in recent years— *TransPromo* or *onserts*. With this approach, mailers place a message where it cannot be ignored—on the face of a document alongside transactional content. TransPromo strategies satisfy two major objectives that are important to executives: limiting expenses and maximising profits.

In a competitive and fast-changing economy, TransPromo offers benefits in two areas:

1. **Operations:** It reduces costs (printing and postage) by combining commercial and transactional messaging into one document.

2. **Marketing:** It adds revenue-generating opportunities through cross-selling and up-selling, while also transforming operational costs into revenue.

For billers, the message is clear—TransPromo delivers return on investment for operations as well as marketing. For commercial print shops or CRDs, TransPromo also creates additional revenue beyond merely providing transaction document services as a new offering.

Keep in mind that using consumer data comes with obligations on the part of the biller to comply with all regulations covering the use of that data. In Europe, the General Data Protection Regulations (GDPR) is the guiding set of principles covering how consumer data must be managed, but it is not the only concern. Anyone who has customers in the state of California in the US is also bound by the California Consumer Protection Act. This act has a set of protections similar to that of the GDPR, but it also expands on some of those protections. The cautionary note is that TransPromo programs that use consumer data must also comply with any regulations covering the data that they use.

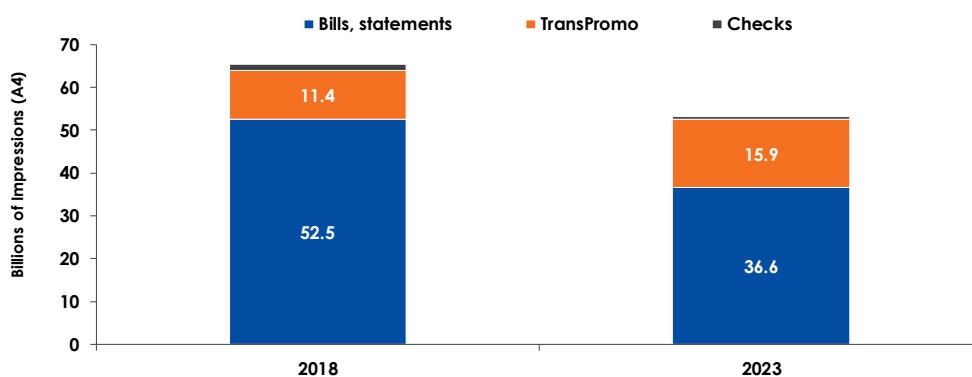# New Revenue Streams via Transactional Documents

Background

Transactional documents are critical communications in a business-customer relationship. They include both fixed and variable data, are usually created by a company's financial software platform, and can be delivered to customers via postal mail or electronically. Major types of transaction documents include bills, statements, notices, compliance messaging, insurance materials, and any other mission-critical correspondence between businesses and customers.

In relation to non-transactional documents produced by general commercial printers, transactional documents require more data processing and have more stringent regulatory/compliance guidelines. They must also be carefully monitored and tracked to ensure that the right document is sent to the right customer with 100% deliverability. This may seem like a lot of extra operations and oversight to take on, but promotional documents have their own demanding requirements—they need to be preflighted, colour-corrected, and imposed. These needs can be met with a broad range of available software solutions, and the same holds true for transactional documents. Now that commercial printers have added transactional services, several software providers have developed easy-to-use transactional solutions aimed at lower-volume environments.

Digital print technology has dramatically changed transactional production. High-speed, roll-fed toner presses were traditionally used for monochrome-only output and overprinting black variable data content onto preprinted shells that typically carried a logo or masthead. Although the original practice was cost-effective, it was fraught with overhead related to stocking and handling preprinted rolls or shells. This made transactional printing an early target for digital technology. Transactional documents were the flagship application based on whitepaper workflow and the elimination of preprinted shells.

Figure 1: Transaction Printing Application Forecast

Source: *WE Digital Production Printing Application Forecast*; Keypoint Intelligence – InfoTrends 2019

Although transactional print volume is expected to decline, the number of impressions will still exceed 53 billion by 2023. No matter how you cut it, the page volume is significant.

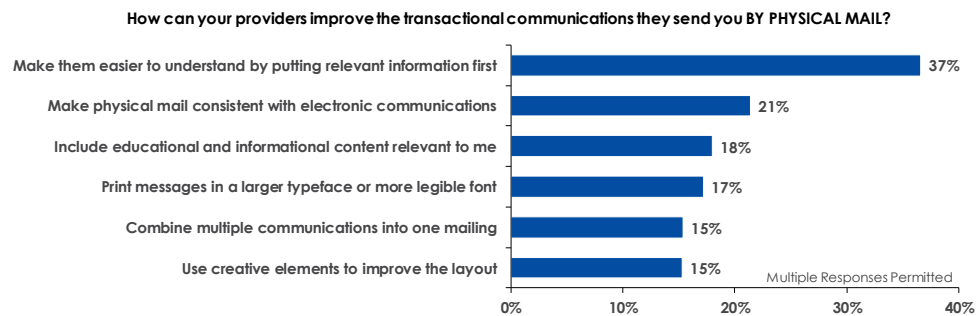## Why Should You Invest in Transactional Communications?

Transactional documents are high-value communications that are anticipated and delivered on a regular basis. They also reach an audience you already know a lot about— your customers! Businesses should optimise the design and messaging of their transactional communications with the same strategic planning they put into direct mail and other marketing communications. Transactional documents are read and reviewed more than any other document received by postal mail, and they are often your most frequent means of connecting with a customer.

You might think that today's consumers no longer want paper-based communications, but Keypoint Intelligence – InfoTrends' most recent Transactional Communications research indicates that nearly 91% of consumers in Western Europe are still receiving some paper versions of the transactional communications that they access online. The most common benefits that consumers cite for paper-based transactional communications include:

- The hard copy mail piece is used for record-keeping

- A belief that mail is a better reminder to pay than a digital message

- A belief that mail is easier to digest than digital

Changing customer preferences have played a pivotal role in the emergence of better transactional communications, and TransPromo has made a comeback as a result. The combination of more/better consumer data, the drive for personalisation, and the affordability of inkjet have made TransPromo a market reality. For marketers, the value proposition transcends far beyond cost per print. It offers the ability to deliver colour messaging that gets noticed with a completely new approach to communications. Consumers want mail that is easy to understand, consistent with electronic communications, and relevant.

Figure 2: Improving Paper-Based Communications

How can your providers improve the transactional communications they send you BY PHYSICAL MAIL?

Make them easier to understand by putting relevant information first	37%
Make physical mail consistent with electronic communications	21%
Include educational and informational content relevant to me	18%
Print messages in a larger typeface or more legible font	17%
Combine multiple communications into one mailing	15%
Use creative elements to improve the layout	15%

Multiple Responses Permitted

N = 2,000 Consumers in Western Europe
Source: *Annual State of Transactional Communications Consumer Survey*, Keypoint Intelligence – InfoTrends 2019

If you are like most commercial printers and CRDs, you probably haven't taken full advantage of the TransPromo opportunity—but savvy businesses are recognising its high

value as a communications channel. They are adding colour and redesigning documents to maximise the value of TransPromo.

What is TransPromo?

As discussed earlier, traditional transactional documents are data-centric communications with a limited focus on design or messaging. Promotional mail, on the other hand, is designed to sell something (e.g., a product, service, or cause) or strengthen customer loyalty. Promotional documents are marketing-focused and design-centric, and they are generally created by marketing and design teams rather than IT. Promotions tend to have superior design quality and are more likely to include color than transactional documents. With TransPromo, printers can give transactional documents a more consumer-friendly approach that integrates marketing communications data and material. This is an exciting opportunity for printers with digital printing capabilities to consolidate two channels and meet objectives for marketing and business operations alike.

For instance, a credit card company might promote specific travel destinations based on data from a customer's travel history. TransPromo messaging can also be educational. Utility providers, for example, are interested educating customers about ways to reduce energy consumption, and they might also have an opportunity to cross-sell energy-efficient appliances. The Figure below provides some fictitious examples of what actual TransPromo output might look like. By using targeted colours, images, and non-transactional messaging, these documents serve as valuable sales/marketing materials while also making the transactional information easier to read. The documents are eye-catching in both print and electronic forms.
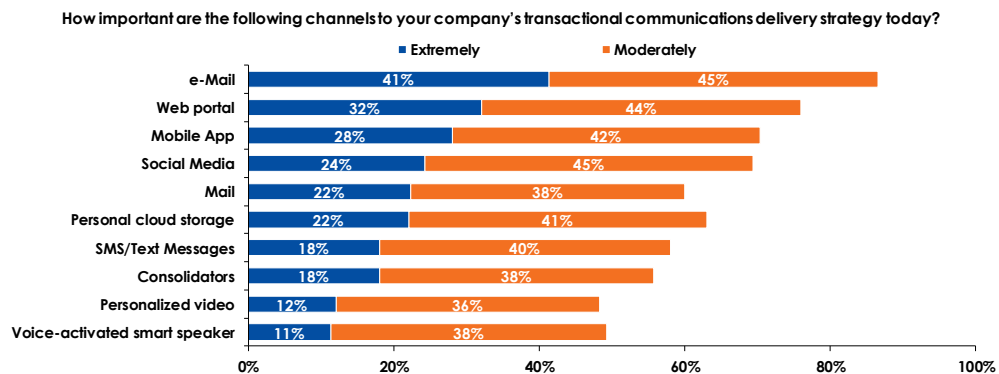
Figure 3: TransPromo Examples

TransPromo Logic

The logic behind TransPromo document design is simple enough for any firm to implement:

- Start with what you know about a customer and identify promotional, educational, or other messaging that is relevant to that individual profile.

- Maximise the use of existing white space on transactional documents, or redesign documents as appropriate to accommodate new messaging.

- Take advantage of cost-effective colour printing to increase potential return.

- Apply TransPromo messaging to printed as well as electronic documents.

- If you have opt-in permission from your customers, sell statement white space to partners or other affiliates to turn a cost centre into a profit centre.

- Reduce overall costs by eliminating all or some direct mail activities directed at existing customers and replace them with transactional document TransPromo.

Adding Interactive Elements to the Mix

When marketers were asked about the importance of various channels used in their transactional communications delivery strategy today, the short answer was that all of them will remain important parts of the overall media mix.

Figure 4: Importance of Channels to Delivery Strategy

How important are the following channels to your company's transactional communications delivery strategy today?

N = 300 Enterprises in Western Europe
Source: *Annual State of Transactional Communications Enterprise Survey,* Keypoint Intelligence – InfoTrends 2019

While the mobile channel continues to evolve and grow, print and other traditional media platforms remain important to the media mix, and can be used as a springboard for online engagement.

Mobile devices like smartphones and tablets have become a primary source of portable media from which we can obtain information and communicate with others. While the mobile channel continues to evolve and grow, print and other traditional media platforms remain important to the media mix. These offline platforms can be used as a springboard for online engagement with the use of mobile technology.

Businesses are working to drive consumers to digital channels. Transactional documents are an opportunity to drive customers toward that migration. In many instances, we are seeing transactional print integrated with mobile communications to effectively engage the customer. When linking print with digital technology, organisations can:

◆ Educate and/or engage customers with personalised information

◆ Reduce call centre volume with enhanced self-service capabilities

◆ Cross-sell and upsell for higher margins and increase share of wallet

Meanwhile, consumers can:

◆ Immediately pay their bills

◆ Enter an e-commerce portal to initiate a purchase

◆ View personalised, media-rich product information or video commercials

◆ Communicate and exchange information with the sender

◆ Use a cell phone's GPS coordinates to identify the nearest brick-and-mortar outlet that is best matched to his/her demographic profile

◆ Acquire personalised coupon(s) via SMS delivery, direct download, or localised print. The coupon's QR code can contain all important demographic profile information, enabling marketers and retailers to capture information about specific individuals using the promotions at redemption time.

Solimar's multi-channel content delivery solutions enable organisations to offer unique experiences across customer facing documents such as invoices, statements, and direct mail in paper and electronic formats. Giving customers the ability to engage with messages through a mobile experience makes printed documents and statements, direct mail, and packaging and labels more relevant than ever. It also keeps them relevant as promotional augmented reality (AR) content is continually updated, creating evergreen content and increasing the long-term value of all statements.

Figure 5: Augmented Reality in Bills/Statements (Source: Solimar)[1]

Once customers download the AR app, the transactional document becomes part of an interactive engagement. It can link to things like variable videos, dimensional charts and

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[1] Many brands are unwilling to publicly share their statements due to competition or privacy considerations, but these fictitious examples closely reflect real-world applications.
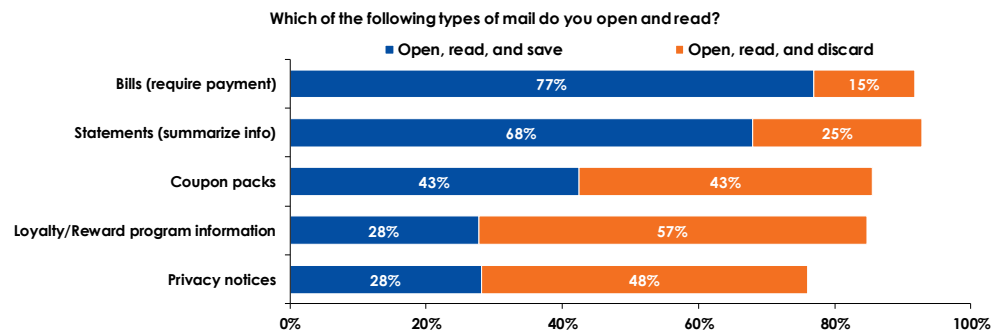
graphs, conditional coupons, or activation buttons (where they do something when you tap on them with your mobile phone).

TransPromo Benefits

A key benefit of using bills and statements for promotional messaging is that these documents are opened and read! As shown in the Figure below, customers open almost all bills and statements, which makes them valuable vehicles for marketing messages. TransPromo helps ensure that promotional messaging is noticed, read, and acted on.

Figure 6: Mail Open Rates

Which of the following types of mail do you open and read?

■ Open, read, and save   ■ Open, read, and discard

	Open, read, and save	Open, read, and discard
Bills (require payment)	77%	15%
Statements (summarize info)	68%	25%
Coupon packs	43%	43%
Loyalty/Reward program information	28%	57%
Privacy notices	28%	48%

N = 2,000 Consumers in Western Europe
Source: *Annual State of Transactional Communications Consumer Survey,* Keypoint Intelligence – InfoTrends 2019

In addition to its unmatched ability to draw customer attention, TransPromo offers a wide range of operational and marketing benefits. It can lower operational costs by reducing the need for separate direct mail campaigns to existing customers. By redesigning documents and delivering them in colour, the mailings are also easier to read and comprehend, leading to lower call centre volume for customer service issues.

Figure 7: TransPromo Has Operational and Marketing Benefits

Operational Benefits

- **Reduced Postal Costs**
  › By including marketing messages on statements, there is less need to send separate direct mail.
- **Improved Cash Flow**
  › TransPromo enables organisations to spend less on additional advertising.
- **Reduced Call Centre Volume**
  › Issuing statements in colour makes them easier to understand and comprehend.

Marketing Benefits

- **Better Customer Relationships**
  › Customers appreciate businesses that understand them and use relevant messaging!
- **New Revenue Streams**
  › Targeted marketing messages enable organisations to upsell and cross-sell more often.
- **Reinforces the Brand**
  › Fresh, vibrant statements have a positive effect on brand value and perception.

Where Are We Going?

The transactional space is a world of opportunities. TransPromo is "low-hanging fruit," but there is much more that companies can do. Some other areas that may deserve exploration include:

- **Archiving**: When putting personalised promotional messages on statements, companies often need to archive those statements and make them easily retrievable in case a customer calls with questions on a specific promotion.

- **Electronic Bill Presentment & Payment**: The interest in electronic invoicing and payment is growing, especially in the B2B world. Tools like Adobe's EchoSign enable companies to electronically sign PDF invoices and make it easier to do business electronically.

- **Statement Redesign**: Statement redesign, including TransPromo, is a great way of showing your graphic arts expertise. Many companies are struggling to make their invoices visually attractive.

- **Optimising the customer experience**: Data analytics can be leveraged to learn about customer behaviours and apply more relevant personalisation to optimise the customer's experience with the organisation.

It's not how many touchpoints you have, but how these touchpoints are used to build closer relationships with customers.

The statement, invoice, bill, or notification is a customer touchpoint. This experience, as perceived by the only legitimate judges—your customers—is the sum of all their interactions with your company. The key is not how many touchpoints you have, but how well these touchpoints are used to build closer relationships with customers. Before you seek new touchpoints, optimise the ones you already have. Transaction documents are the best place to start because they are delivered on a regular basis, plus consumers expect them and take the time to read them. TransPromo is just the first step in what will hopefully become a wider strategy to add new value to customer communications.

Once your company starts adding value and seeing results with TransPromo, you can identify other opportunities to improve the customer experience, such as data analytics or multi-channel output. Keep in mind that all businesses, regardless of size, must adapt to the changing landscape of customer communications. Large enterprises have unlimited internal resources, but smaller firms are more limited when it comes to capabilities, resources, and time. This presents a tremendous opportunity for smart commercial printers and CRDs to help smaller organisations optimise their communications, and maybe even outsource operations for large enterprises and make them more cost-effective.

What is the Opportunity?

Target Markets

When moving into the transactional document services market, there are four initial strategies you might consider.
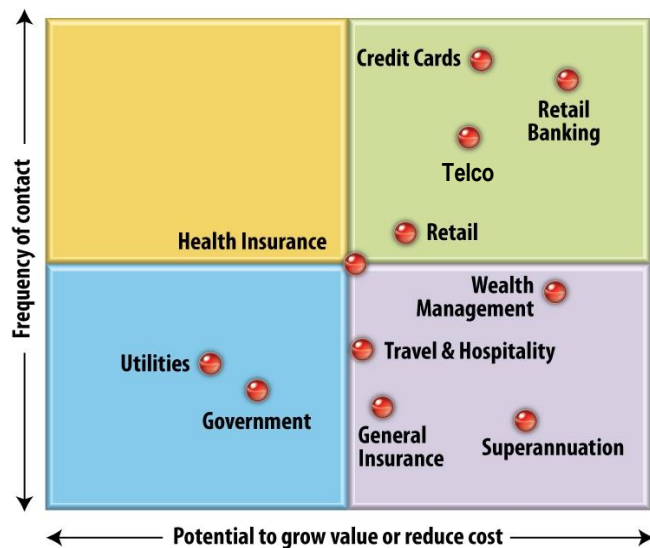
Serve SMBs or Small Enterprises

Small and medium-sized businesses (those with fewer than 250 employees) and small enterprises (those with fewer than 2,000 employees) are an exciting market opportunity for transactional printing and TransPromo because they typically produce invoices themselves using standard accounting software. These firms are not likely to invest in their own advanced document composition technology, but the lure of TransPromo may incite them to outsource print production to a provider who has already made this investment.

Offer a Vertical Strategy

Document strategies differ by vertical. For instance, airlines have seen great success by selling white space on home-printed boarding passes. Utility providers use white space to educate customers about conserving water or energy, while healthcare providers use TransPromo to advise customers about legislative changes. It is important to build a strong offering for specific industries and tailor sales efforts around winning that business.

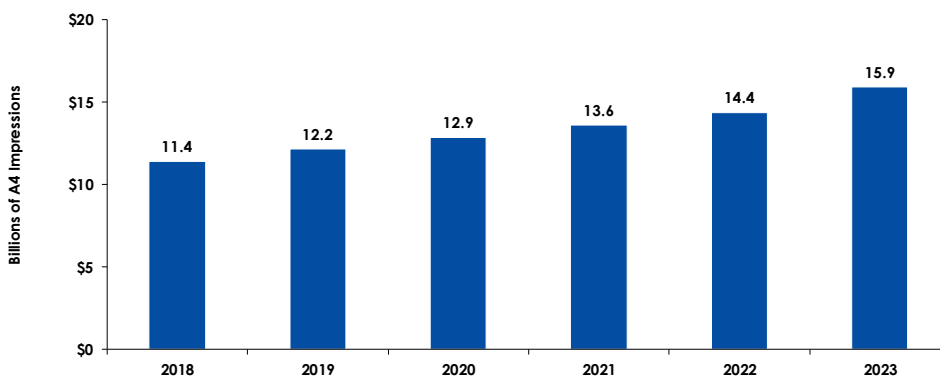**Figure 8: Qualifying Your Markets for the TransPromo Opportunity**

Provide Auxiliary Services

Offer your toner-based, cut-sheet capacity as supplemental capacity to transactional service bureaus so they can absorb peak demand or have a way to effectively manage reprints. Most service bureaus and internal data centres produce statements in very tight production windows to maximise their customers' cash flows. They might be seeking outside support when things go wrong or if they have reached their maximum capacity.

Future Outlook

InfoTrends has been following the transactional market for many years and is optimistic about its future opportunities. Although overall print volume is declining as it continues to be displaced by electronic communications, we expect TransPromo to continue growing since it can add value to print and drive business for print and mail operations. According to InfoTrends' research, overall TransPromo impressions in Western Europe are expected to see a compound annual growth rate (CAGR) of 6.9% between 2019 and 2023.

Figure 9: TransPromo Page Volume Growth in Western Europe

Source: *Western European Digital Production Printing Application Forecast*, Keypoint Intelligence – InfoTrends 2019

Getting started with TransPromo does not require a significant investment.

With the rise of new inkjet and toner technologies, the cost of colour print is expected to come down even further. Software solutions that enable TransPromo communications are becoming easier to use, and with the rise of cloud computing, they will soon become available as rented software. Getting started with TransPromo does not require a significant investment!

Inkjet's Role in TransPromo

Although the early migration to inkjet was often based on reducing the use of pre-printed shells and adding colour at a reasonable cost, TransPromo has created a much bigger value proposition for high-speed full-colour inkjet. Inkjet technology has made it possible to move away using pre-printed shells that limited marketing options and caused production bottlenecks. For example, running out of the pre-printed stock could result in missed Service-Level Agreements (SLAs). Loading the wrong pre-printed rolls could generate waste and delay production. Regulatory changes could lead to the unexpected

reprinting of rolls. Additionally, the use of static shells meant that changes in corporate identity, taglines, and trade dress had to be carefully planned to coincide with pre-printed roll schedules. Moving to an inkjet-enabled white paper factory eliminated all these concerns and opened the door to a number of new communication options.

Key Drivers for Success

To successfully serve transactional mailers, here are some factors to consider (noting that they may differ somewhat from those the promotional space):

- Recognise that transactional documents must be seen as part of a wider customer communications strategy. This means understanding the company that is sending transactional documents, its customers, methods of communication, and how that company can benefit from your services.

- Engage executive resources at the highest possible level within the organisation. An executive sponsor who understands the vision and ultimate value of transactional messaging can be invaluable for onboarding and unifying disparate resources.

- As with any marketing communications effort, be sure to specify clear business objectives for TransPromo. The metrics you establish should enable companies to accurately and effectively measure success.

- Start small with test marketing to demonstrate the value of the approach and test specific messaging. Testing is simply good marketing practice and should be applied to transactional messaging as well the wider customer communications strategy.

- Consider using "stealth personalisation" for sensitive communications where customisation might otherwise seem intrusive. For example, healthcare messaging could reference an article in an enclosed newsletter that discusses an individual's disease or condition, rather than specifically naming the recipient's affliction. Also, be sure to comply with any privacy regulations (e.g., HIPAA and GDPR).

Why Invest?

While entering the transactional space may seem daunting, many recent technological developments have made it easier than ever to go after this market. What's more, once you establish your proficiency in transaction document printing, there are unique opportunities to create even more revenue streams by evolving the way your customers view these documents. Regardless of overall communication volumes, high growth is expected in the TransPromo market.

TransPromo provides a clear revenue opportunity for print service providers (PSPs). Commercial printers that have mastered variable data printing and understand the transactional printing business model can do well with TransPromo. Just remember the following points:

◆ Optimise all communication channels, including transaction documents.

◆ Consumers spend 3-4 minutes reviewing each bill or statement that they receive.

◆ The cost of colour printing has decreased substantially.

◆ In the shadow of the Great Recession and a declining print market, businesses are seeking ways to become more efficient with their spending.

◆ TransPromo is a strategy that optimises customer communications and drives operational efficiencies, meeting marketing and business objectives!

◆ TransPromo opportunities can be found within SMBs, vertical markets, auxiliary services, and loyalty programmes.

Transactional documents give businesses a regular opportunity to communicate with customers. Are you helping these firms—your clients—make the most of that opportunity?

How to Get Started: Planning for Success

For firms just entering the transaction document services market and those that are ready to expand into TransPromo communications, here are some tips for getting started.

◆ **Vision and leadership are paramount.** TransPromo requires strong vision and leadership from the top. For PSPs, it is important to find an executive champion and get this person actively involved in the process.

◆ **Don't be afraid to depart from the status quo!** Be willing to look at go-to-market strategies differently. Selling TransPromo often requires a new approach. For PSPs, it's important to understand that marketing is crucial in this decision and will require a different talk track than operations and procurement.

◆ **Focus on organisational collaboration.** Because the successful launch of TransPromo communications requires a diversity of stakeholders, PSPs must help bring all of the key personnel to the table to collaborate on the initiative. This becomes much easier with an executive champion.

◆ **Use data effectively.** Effective TransPromo requires customer insight from data mining to ensure that the messaging is timely and relevant. While most companies prefer to track this themselves, PSPs can offer expertise too. The goal is to garner customer mindshare and wallet share with a relevant communication and offer strategy.

◆ **Always measure for continual improvement.** TransPromo messaging is an iterative process; every time a customer interacts with the company, this information should be logged and analysed so that future interactions can benefit from continual improvements.

Statements That Engage: The TransPromo Opportunity

InfoTrends' Opinion

opinion

The timing has never been better for entering the transaction document services market and expanding into TransPromo communications. In today's world, businesses need strategies for cutting costs and generating revenue—which is exactly what TransPromo does. It reduces operational costs and drives new business through cross-selling and up-selling, while also transforming operational costs into revenue. While high-volume transaction document services companies have already embraced TransPromo, there is still a significant opportunity for commercial printers and CRDs to target SMBs and small enterprises. Remember to review your data protection obligations, build a plan for gaining customer permission to use their data, and build your culture of TransPromo. Then, review your business goals and assess the opportunity to add transactional and TransPromo capabilities to your own services—or those of your clients!

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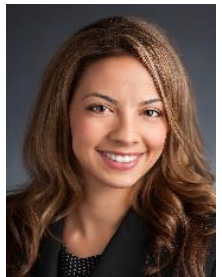
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Comments or Questions?