

**TRANSCRIPTION:**

**Xerox Thought Leadership Podcast Series**

Communication Engineering  
Interview with Paul Lundy  
Xerox Global Services

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GM: I am Gabriele McLaughlin from Emerging Technologies. On behalf of Xerox Global Services, I welcome you to Think Free with us. This podcast is part of an ongoing series. Be sure to visit [Xerox.com/ThoughtLeadership](http://Xerox.com/ThoughtLeadership) to download future podcasts.

GM: I am here today with Paul Lundy, a thought leader at Xerox Global Services. Paul is an expert in engineering communications. Paul, to get started, what is the secret killer? Can you please explain for our listeners?

PL: Most communications are tactical in nature. They are—they are really no larger strategic importance at all. And so most companies treat their communications more as an obligation of the business. As opposed to an opportunity of the business. And they really aren't taking advantage of those multiple touch points that they have got with their customers to drive better, bigger, business benefits.

GM: So customer communication should comprehend the strategic business-building goal?

PL: By properly utilizing techniques such as personalization and customization, along with really an understanding of the science behind effectively communicating in a document. Documents can be engineered, not just designed to achieve the bottom-line business results that we talked about earlier. By using these techniques, all of your communications can work harder for you and harder for the opportunities that you see in your marketplace today.

GM: So customer communications should be strategic. What else do we need to consider?

PL: What most people really don't understand is that there really is a science to engineering your communications, and to engineering documents to maximize their effectiveness. At Xerox we have discovered that there are really eight principles that every effective communication needs to have. Some would say that a communication without all of those eight principles doesn't communicate at all. And if you don't communicate then you are really leaving the reader to interpret what it is that you want them to do with the document or how they want to interpret the document. When you look at the eight techniques, or the eight principles, they really can be categorized in three primary buckets. And those three primary chunks or buckets are really how we process information as a human being. How do we interpret that information, and how does our brain react to the information is important when you are designing the document itself. The second piece is how we retain the information. So what? So I have got that in my head now, what is it that you want me to do with it is important. And we need to retain that information for later action. Which brings us to the third technique or the third chunk of the eight disciplines. And it is really how effective you are in communicating what action you wanted me as a consumer to take while reading the document. So if you apply those three principles together, how you want me to process the information, and how do I process the information, how do I retain the information in my head. And then how do I take that information and turn it into action. You can use the eight techniques to ensure

that those three disciplines are maximized so that you can in fact have a highly effective communication tool.

GM: So Paul, where is one-to-one communication going?

PL: Well, personalization has been around for a long time. You know you could argue that adding someone's name and address onto a document is personalization. And it is at a very basic level. But really what we are trying to – what we are trying to do is to get companies to realize that personalization and customization is to treat the whole document based on communicating on a one-to-one fashion with the reader. So everything that you know about that person, whether it be their likes, their dislikes, their past buying propensity. Whether it be their demographics. Whether it be how they want to be communicated to, e-mail or on paper. It is all around treating every individual differently and communicating appropriately to that individual. That is text, pictures, graphics, colors, everything that you can think about putting onto a document. You want to do it uniquely for each and every person. So that the conversation becomes more of a one-on-one conversation as opposed to a one-to-many conversation.

GM: How does it work? What technology is required both from a composition perspective, but also from a perspective of production?

PL: To really do full-fledged personalization and customization, you really only need four things. You need data, content, rules, and the ability to do high-quality digital printing. So from a data perspective, that would be taking the data and all the knowledge that you know about your customer base from the customer relationship management systems that have been purchased over the

last, pardon me, a few years. So it allows you to maximize the investment that you have used in your CRM systems by getting the data out of those systems that allows me to better understand who you are as an individual and the information that we have about you. So that is data. The content is all of the personalized text, pictures, logos, and graphics, all of the content that goes into the actual communications. The rules is where you are taking the data, and based on the data that is coming in, you are applying the business logic or the business rules inside of these composition systems that allows you to dynamically create these one-to-one personalized communications. So at the conclusion of the composition, at the end of composition, that piece of software package will in essence output a print file that needs to be digitally printed on a high-quality digital printer. The techniques and the advances in high-quality full-color digital printing has made the ability to do personalization and customization, an absolute essential tool in the toolbox of customers to in fact drive business results. So as long as you have got data, content, rules, and high-quality digital printing, anybody can be a success in personalization and customization.

GM: How expensive is to implement?

PL: Not long ago, companies who wanted to get into this highly personalized, highly relevant communications needed to make the investments themselves. They would have to acquire the CRM systems. They would have to acquire the composition tools. They would have to acquire the digital printing technologies. Over the last few years, however, there has been a change in the approach by which this marketplace is beginning to tackle highly relevant

personalized communications. And that is more from a services perspective. Where companies could gain access by working with a service provider, they can gain access to the ability to slice and dice the data, to do data manipulation that would then drive composition systems that the services provider has already implemented. And they then could also take advantage of the digital printing technology that the service provider has. So in one fairly inexpensive services model, the ultimate customer could gain all the benefits of highly personalized relevant communications without having to make the capital investment themselves.

GM: So Paul, is there a way to talk about loyalty?

PL: Well customer loyalty is really the idea of keeping your current customers. There is so much money and so much energy and so much effort spent, and from a sales and marketing perspective in getting new customers in the front door. But there is not a lot of energy effort, and time and attention, and money spent on preventing your customers from walking out the back door. So the science around communications, around effectively communicating to your current customers. You know having your current customers drive the behavior that you want them to understand, to evoke, and the actions you want them to have. That is the science of communicating to your current customers that would prevent them from walking out the back door.

GM: Can you put any metrics around the importance of loyalty?

PL: Interestingly enough, Fred Reichheld in his book, *The Loyalty Effects*, has gone on and actually estimated that a company that has a five-percentage increase in customer loyalty can in fact increase their profits 25 to 100 percent.

GM: Why are those numbers so big?

PL: Yes, think about it this way. It is really the—it is the word-of-mouth dynamic. You tell two people that you are satisfied. They sign up and have service with that company. They tell two people. And so on and so on and so on. Pretty soon the growth becomes exponential. And the reason for that is because Mr. Reichheld actually came up with a measurement called the net promoter score. Where in fact you are measuring the loyalty effect that consumers will have against a company based on one very simple question: Would you recommend our product or service to another individual? And based on the responses to that question, it is really telltale that you will end up with a series of promoters and detractors. But the net result is, you will have a net promoter score which is in essence the measurement of the word-of-mouth advertising.

GM: Wow. Customer loyalty is really important. Do you think it is fully appreciated by business leaders today?

PL: You know I really don't. I think companies are measuring customer satisfaction. But we all know that sometimes satisfied customers will still leave. So I don't think they are really understanding that satisfaction doesn't necessarily equate to loyalty. And with the cost of going out and acquiring new customers being five times more expensive than it is to keep your existing customers, I

think if companies really realized that by taking a look at loyalty, by taking a look differently at their satisfaction measurements and indexes, and understand the financial impact that having very profitable loyal customers, if companies understood all of that, they would have a bigger impact and a bigger attention would be drawn towards loyalty than it is around driving sales and marketing.

GM: Is there anything else you would like to tell our listeners about loyalty and engineering communications?

PL: The idea of designing communications to be more effective is, people really need to understand that there is a science behind it. That it is not just around art. It is not just around pretty pictures. It is not just around the wow factor. You've got to take everything that you know about the traditional graphic arts approach and make sure that you are not impeding by designing the document with that approach. That you are not impeding how a user is actually going to read and interpret the information. You have got to meld the two disciplines together. You have to meld the idea of making it highly pictorial. Highly color. Highly from a design perspective, highly graphic intensive. And you have got to merge that with the idea of communicating in the way that a consumer needs to be communicated to. The way humans need to understand information. So when you merge those two disciplines together, you really are then maximizing the effect that that communication can have on you, the reader.

GM: Thank you Paul. If you would like more information on engineering better communications, and other important topics, join us at [Xerox.com/ThoughtLeadership](http://Xerox.com/ThoughtLeadership).

I am Gabriele McLaughlin. On behalf of Xerox Global Services, thank you so much for listening.

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