



# Podcast: Transforming Marketing Communications

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Julie: Everyone knows you need marketing communications to generate sales, to cross sell and to upsell, and to build long-term customer loyalty. But let's face it: Chief marketing officers around the globe are often disappointed with the specific return and business results they get from their marketing communications.

So why is it so hard to get satisfactory results? And is there anything that can be done to turn these critical prospect and customer touch points into a more reliable engine of growth? To answer those very important questions, we're going to turn to a Xerox thought leader who has some big ideas on how organizations of all sizes can transform their approach to marketing communications.

Hello everyone, this is Julie Meyers for Xerox Global Services and I'm here with Paul Lundy, the Vice President of Communications and Business Process Outsourcing and our thought leader on a very hot topic in the business world today, transforming marketing communications.

Welcome, Paul—thanks for joining us.

Paul: It's a pleasure, Julie. Thank you very much for having me.

Julie: Now in my introduction I talked about some of the challenges marketers face in terms of getting significant ROI or ROMI on their communications. Can you talk about the tough environment that marketing professionals have to contend with today?

Paul: Sure. Marketers really definitively have a very tough job today. I mean, when you look at the fragmented media landscape that they're having to deal with—television, e-mail, direct mail, social media, SMS, print advertising, etc.—there's a lot to deal with from that fragmented landscape, and unfortunately they're really struggling with some disappointing results. For example, in direct marketing the average response rate for all the direct marketing campaigns are ranging anywhere from about 1.65 % to 3.86 %, and that's according to the Direct Marketing Association's 2009 response rate report—and you have to remember that that's the response rate, not the sales conversion rate. In addition, despite the growth of digital media, the recent survey result in Brandweek had a very revealing headline in it, and it was entitled "CMOs Are Not Happy With Digital". One big reason that the article stated is that it's really hard to determine the ROMI—and really, isn't that the ultimate challenge that marketing communications are trying to drive is getting a better and more significant ROMI? It reminds me of a comment by the famous retailer John Wanamaker where he said "I know that half the money I spend on advertising is wasted, but I can never tell and find out which half it is."

In addition to the ROMI challenge, CMOs are also expected to really boost customer loyalty and retention as well as get more done with fewer resources. So with all of these pressures, it really does help explain why the average tenure of a CMO is only about two years.

Julie: Of course. And I'm guessing that the challenging economy we're all facing makes it even more difficult to get results. So what are marketers supposed to do—wave the white flag and surrender?

Paul: Well Julie, that's one approach. But as we know, white flag waving historically has a pretty high failure rate. Instead, what companies really need to do is really apply an engineering model to their marketing communications and use state-of-the-art technology and expertise to transform those communications. The goals that they need to really be searching for and striving for are to make their marketing communications more effective, improve the overall ROMI, build the long-term customer loyalty and retention programs, make the ROMI more measurable and predictable, and really turn a routine post-sales communication into business-building, retention-driving tools as well as reduce overall operational costs for print production, fulfillment—even driving out costs in areas outside of their core responsibilities such as call centers.

Julie: Well, I think most marketers would love to achieve all those goals, but the question is how? How do you do all that? What steps do you take? That's my guess—what people really want to know.

Paul: I'm with you on that point, Julie. I think there are several concrete steps that people can take to really get better results from their marketing communications. Number one is I would really suggest that you redefine the marketing communications and how they're defined to include all prospect and customer-facing communications—whether that's lead generation, direct marketing, or onboarding documents, as well as the routine customer communications such as invoices, statements, notices, etc. Marketing really needs to drive all of those communications.

Next is we need to create a continuous one-to-one dialog with our customers that begins in the acquisition process and continues through the life of the relationship with the customer. It can use print, web, e-mail—all the channels that're available to us today—to form a multi-channel virtual dialog.

Next is we really need to engineer the specific communications themselves to be more effective and to achieve very specific strategic goals for the company, whether those goals are revenue generation or cost reduction. So communication engineering as a discipline is something that uses our behavioral sciences insights and techniques and in-depth analysis of the marketing situation to drive the development of truly results-oriented communications. And since most organizations don't have the in-house expertise, technology, or resources to do this themselves, they can still transform their marketing communications by finding a service provider who can do this for them.

Julie: Wow. Okay, Paul—there're some really interesting ideas there. But let's stop a second and do a reality check. Do these steps and recommendations really move the needle in a real-world operating environment?

Paul: There are a lot of case studies out there that prove it's possible to achieve really breakthrough results when you transform marketing communications with things such as one-to-one marketing techniques, multichannel communication strategies, and communication engineering. An innovative program by Owens-Corning, for example, boosted results for homeowner direct marketing programs by tenfold. Reader's Digest of Canada actually increased sales to customers by 74 % with a one-to-one offer.

Another example is a multichannel one-to-one campaign by the Rochester Institute of Technology helped increase student applications by 16 %. And lastly, Flagstone Mortgage achieved an 11 % response rate with its first one-to-one lead generation campaign while its best previous response with a static campaign was only 1 %. So obviously there's huge improvement—and yes, it can really move the needle.

Julie: Where did you find these case studies?

Paul: Most of them are from our own work here at Xerox, but not all of them, Julie; in fact, the last one—Flagstone Mortgage—is from an institute called the PODI Institute, which is really around digital print initiatives. They have an extensive archive of case histories and their research shows some very interesting results on the power of one-to-one marketing. There's one-to-one for lead generation; there, research shows that the median response rate for one-to-one lead generation will be 20 %, while one-to-one for marketing to current customers had a median response rate of 15 %. Now I think you'll agree that most marketers today would be delighted to achieve those response rates. And remember, those are just the median numbers.

Julie: I would agree that absolutely no doubt most organizations are looking for new ways to boost response rates. But there was something else that you mentioned that I thought was very interesting—some of the other goals like cost reduction. I don't think that's the first thing that comes to mind when you're thinking about marketing communications.

Paul: Unfortunately, I think that's true. But when we started this conversation, I mentioned that it was time to really apply an engineering model and discipline to the development of these marketing communications, and really what that means is two distinct things. One is we really need to engineer each specific communication to achieve very specific business goals; whether you want to increase response rate or boost cross selling or reduce the cost of production, each communication can really be engineered to achieve those specific goals. \*And then the second element is we really need to look at ways to maximize the efficiency of the entire development and production process, so that naturally leads us to find innovative cost ways to optimize costs because we're talking about process improvement and process efficiency gains.\*

Julie: Can you give us some examples?

Paul: Sure; there are some great ones out there as well. At Owens-Corning, they've transformed their entire sales collateral supply chain which decreased global translation costs by 60% and generated over \$6 million in total savings. At Alliant, which is a Canadian telecommunications company, they reduced costly calls to their call center by over 30% while at the same time improving their cross selling opportunities and reducing their cost of production. It achieved all of these goals by transforming its monthly customer invoice.

Another example is British Columbia Tourism. They developed a one-to-one approach to a popular visitors' guide that they produce that dramatically reduced the cost of shipping and printing—and thanks to those savings, the overall ROMI increased by 25%. And really, as we said earlier, that's the ultimate goal is increasing the ROMI.

Julie: Okay. So I think a lot of people understand what you're talking about in theory; after all, there's a lot of evidence out there to support the advantages of one-to-one marketing and multichannel delivery. But the challenge for a lot of clients is launching a transformative program at a time when there are severe constraints on resources. These organizations simply don't have all the expertise and technology they need in-house, and right now they can't afford to invest in them.

Paul: That's right, Julie. And with multichannel one-to-one programs, it really can be very complex. In fact, our research shows that there are really over 30 separate tasks that need to get accomplished inside of 6 very key steps in the process. You've got strategic planning and program management that needs to occur; data management and manipulation needs to occur; analytics and response measurement; content creation and management; outbound production and delivery; inbound data capture and processing. But really, service providers and outsource providers can really help offer a solution in this particular environment. Companies can outsource a very comprehensive one-to-one marketing communication program to a single vendor who's responsible for everything—the targeting, the messaging, the development of the variable elements, the production, the fulfillment, the continuous data gathering, the analytics—everything. And it's all part of an effort to transform the marketing communications and deliver those breakthrough results that marketers are looking for—which just happens to be one of the most exciting practice areas here at Xerox Global Services.

Julie: Okay, I'm getting the signal that we're about out of time, but I know that we've only scratched the surface of this topic, so I think we should continue this conversation in a future podcast. What do you think?

Paul: Oh Julie, I think that's a great idea. I'd really like to talk about, in the next podcast, something about TransPromo, which is really getting a lot of attention today.

Julie: TransPromo? Does everyone know what that is?

Paul: It's a big topic now, and at the CMO Council in 2007, it was considered one of the fastest-growing areas of marketing. I saw a stat just the other day and it said it was actually growing at a rate of more than 60% per year. But the word itself really kind of gives you a pretty good idea of the definition when you break it down; it's just a mash-up of the word 'transactional' and the word 'promotional', and the goals are to really add relevant promotional content to very routine transactional customer communications to generate revenue, build loyalty, etc. It's really an exciting field and it uses all of the things we talked about today—one-to-one marketing, multichannel communications and delivery, as well as communication engineering. And it really helps organizations create a continuous conversation with their customers.

Julie: Got it. Alright, so we'll definitely add that to our to-do list on future podcasts. In the meantime, if any of our listeners want to learn more about Paul's ideas on transforming marketing communications, please visit his thought leadership site at [Xerox.com/ThoughtLeadership](http://Xerox.com/ThoughtLeadership). You can sign up for his newsletter, download his white papers, hear his presentations, and even e-mail Paul a question.

Alright everyone, I think that's a wrap for today. Once again, I'm Julie Meyers. On behalf of all of us at Xerox Global Services, thanks for listening.

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