

MARKETING ‘SMARTER’ IN A DIFFICULT ECONOMY

IN ECONOMICALLY DIFFICULT TIMES, COMPANIES SCRAMBLE FOR WAYS TO SAVE MONEY. WHILE IT MAY BE TEMPTING TO SLASH COSTS ACROSS THE BOARD FOR IMMEDIATE, HARD-DOLLAR EXPENSE REDUCTIONS, THIS APPROACH CAN BACKFIRE – ESPECIALLY WHEN IT COMES TO MARKETING EXPENDITURES. FAILURE TO ADEQUATELY FUND REVENUE-PRODUCING INITIATIVES CAN RESULT IN THE NEED FOR FURTHER BUDGET CUTS DOWN THE LINE, PUTTING A COMPANY IN A DEADLY, DOWNWARD SPIRAL FROM WHICH IT MAY BE DIFFICULT, IF NOT IMPOSSIBLE, TO RECOVER.

There are other ways to trim wasteful spending from marketing budgets without interrupting revenue streams. According to InfoTrends, a research firm specializing in document technology, the average company spends about 3% of its gross revenue on production and distribution of printed materials. By taking a hard look at how those materials are being used – and what they’re contributing to the company’s bottom line – businesses can significantly reduce their total spend while maintaining or even improving their results. This white paper suggests a scalable, three-level approach to the overall process in which each level is somewhat more complex to implement, but produces proportionately greater savings.

LEVEL 1: REDUCE STORAGE COSTS BY TRIMMING INVENTORY

Physical inventory needs to be stored somewhere – generally, in a temperature and humidity-controlled environment where it is kept clean, undamaged and readily available. That storage, along with associated inventory management systems and insurance, costs money, with bills typically based on the number of cubic feet consumed by your materials. So the first thing you should do when looking to save marketing dollars is to make sure the literature you’re paying to store is both current and useful.

Obsolescence. Shorter product life cycles, new features, price changes, and regulatory requirements are just a few of the reasons that an estimated 31% of print materials become obsolete before they are distributed, costing U.S.-based businesses some \$5 billion annually, according to CAP Ventures, a market research firm. As soon as you realize a printed piece is inaccurate or otherwise obsolete, you should destroy it. Not only do outdated materials consume costly space, distributing them to your sales force, business partners or customers can undermine your company’s credibility and, possibly, negatively impact your sales and revenue.

Usage. Once you’ve disposed of your obsolete inventory, review usage patterns for your remaining materials. If use of a particular piece is low, reduce the quantities you keep on hand to an appropriate amount or consider deleting the piece altogether. For materials with seasonal usage peaks, time your reorder points to produce what you need for those periods of high activity, then let stock remain low until the next peak usage period approaches.

Shelf life. Next, look at usage in relation to potential obsolescence. For example, if you have a piece that you typically update once a year, and you have enough inventory to last three years at current usage rates, you can throw out two years' worth because – while it's not technically obsolete yet – it will be before you ever get around to using it. Why pay to store it until it actually is out of date?

Finally, if you store materials in more than one facility, consider consolidating your literature in one location. You may be able to negotiate a better rate, and consolidation can reduce insurance costs and simplify the overall task of inventory management.

Culling obsolete materials and adjusting inventory levels are things marketers should do under any economic scenario and typically save a company about 30% in total storage costs.

LEVEL 2: REDUCE PRINT COSTS WITH DIGITAL TECHNOLOGY

Once you've removed the unused collateral from your inventory, you may want to take another look at your materials to determine which ones are candidates for digital printing. Your primary objective in this second level is to reduce costs by streamlining the underlying production process. Digital print-on-demand technology allows you to print shorter runs cost-effectively, reducing the costs of storage, insurance and obsolescence. It also helps keep the world a little greener because you print what you need, as you need it, so there's little-to-no waste.

From a pure cost standpoint, one- to two-page, single-color documents with annual usage of fewer than 5,000 pieces are ideally suited for digital print-on-demand. Other candidates include:

- Complex documents with annual usage of fewer than 1,000 pieces
- Documents with as-yet unknown usage patterns
- Documents requiring frequent updates or changes
- Low-usage documents or those with seasonal usage patterns
- Documents about to enter back-order status (automatically switching to POD until more physical inventory is received eliminates rush production and shipping costs and lost business opportunities)

Digital print can also be used in conjunction with preprinted offset shells, for greater impact. However, this will increase both production and storage costs to some degree.

By switching production of appropriate materials to digital print, marketers can average savings of 30% or more in printing costs.

LEVEL 3: OPTIMIZE COMMUNICATIONS FOR EFFICIENCY AND EFFECTIVENESS

While companies can realize significant savings in their marketing costs by implementing the relatively easy changes outlined in levels one and two, level three encompasses those tasks plus a methodology by which to achieve still greater savings coupled with enhanced marketing results.

Efficiency is achieved by:

- Ensuring a sound business rationale for the creation of each document or piece of literature
- Optimizing production and delivery methods and inventory levels
- Automating ordering, inventory management and reporting functions
- Implementing appropriate controls on user orders and access (for example, allocating sales materials by types of accounts served, territories, sales goals or sales results)

Effectiveness is ensured by analyzing current or proposed materials in relation to:

- Overall business and marketing objectives
- Target markets / audiences
- Purpose / objectives of the piece
- Sale or transaction value
- The desirability of dynamic / customized content based upon attributes of specific recipient or market segment
- Product life cycle
- Delivery method
- Current stock balance, usage patterns and shelf life
- Design constraints or requirements
- Production and delivery options and costs
- Competitors' communications
- Industry best practices
- Privacy and other regulatory requirements

Prototyping, focus groups and cost / benefit analyses may also be employed to ensure that copy, graphics, production and delivery processes are aligned to maximize response rates, while keeping costs in line with sales or transaction value.

The key outcome of the evaluation will be the choice of the most appropriate production technique for each piece, from the following options:

- Offset print
- Black digital print-on-demand (POD) on white paper
- Black digital POD on color shell
- Color digital POD on white paper
- A combination digital POD and offset print
- Electronic delivery

Production options also include combining multiple elements into a single kit or booklet using POD and offset printing. The goal is to develop a kit or booklet tailored to a specific individual or group and present the recipient with material customized to his or her specific needs and interests. This both reduces the amount of material sent and delivers a tailored, relevant package that can increase response rates by 40% to 500%.

By implementing all three levels of the process outlined in this white paper, marketers can reduce their companies' total storage, print and fulfillment costs by as much as 50%.

ABOUT IRON MOUNTAIN FULFILLMENT SERVICES

Iron Mountain works with clients as a strategic business partner, providing a structured approach to analyzing total print spend; streamlining underlying production and distribution processes; automating ordering and management processes; and producing more efficient, effective communications. With close to 40 years of experience in this industry, we are the leader in marketing fulfillment and targeted communication solutions.



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