

Getting Better Billing Mileage with Transpromotional Hybrid

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While important Postal Reform measures have replaced the previous and somewhat erratic system of setting rates for business mailers with something more predictable, it can't eliminate the rising cost of fuel and other factors behind this latest increase. And, although the rate affects all classes of mail, fully automated business mail is taking the bigger hit.

Based on postal reforms enacted in [The Postal Accountability and Enhancement Act of 2006](#), postal rate increases now are tied to the Consumer Price Index, with a CPI Rate Cap of 2.⁹ percent. For all classes of mail, the average rate increase is not supposed to exceed this percentage. In May, the single piece stamp rate went from 41 cents to 42 cents, setting prices up 2.⁴⁴ percent, which is still 0.⁴⁶ percent under the CPI Cap. However, for business mailers that provide the largest volume of automated bar coded three- and five-digit mail, the rates will increase by 3.⁵⁹ and 3.⁸⁵ percent, which is 0.⁶⁹ percent and 0.⁹⁵ percent more than the CPI. This turns a minor rate increase into a major one for high-volume mailers, and for everyone who does regular billings, that adds up.

Until companies can convert all their customers to electronic billing and payments — and the numbers to date simply don't support the public suddenly embracing this change — smart billers will have to devise new and creative mailing strategies to stretch their budgets. The good news is, there is a viable solution emerging.

Mixing Transactional and Promotional Documents

A concept called TransPromo is gaining popularity. It can be an important part of a business mailing strategy, particularly given the attractive economies of first-class mail. TransPromo is the mixing of transactional and promotional documents in a single first-class envelope or an online bill page. It is becoming a common and smart business practice for some of the largest billers in the country, including telecoms, utilities, health care organizations, financial institutions and banks.

Most of us already receive some type of TransPromo mail pieces, such as advertisements that accompany a department store credit card bill. However, TransPromo is effective beyond lowering the cost of delivering advertisements. For one, it gets a better response. First-class mail gets opened and bills get reviewed. You have a captive audience. By placing messages directly on your customers' bills, you can take advantage of prime real estate to call attention to time-sensitive offers, to cross-sell or upsell certain services, such as bundled telephone and Internet service, or offer tips on maximizing cell phone usage.

The main secret to an effective TransPromo strategy is to use all the customer information in your address database and other customer-related files to create business communications that are truly relevant to the recipient. Today's software makes it possible to parse customer data and link it back to core systems that combine transactional information with marketing messages that reflect the recipient's individual tastes and interests. You then can leverage the information you have on a customer to get much closer to their needs. And printing this information directly onto the billing statement instead of having to design and produce a separate ad results in lower paper and printing costs.

Giving up traditional inserts does not mean you have to give up on creativity; transactional documents don't have to be plain-vanilla, functional statements anymore. Affordable digital print technologies make it possible to combine the regular monthly statement and marketing communications using spot color more cost effectively than ever before. Spot color can be used to highlight certain information in a document, such as

an overdue balance, and full color can be used to print attention-grabbing graphics or photographs, which have been shown to have a greater impact and generated higher response rates than a typical one-size-fits-all promotional direct mail piece.

TransPromo documents don't even have to be printed. Electronic presentment of a bill can be integrated with multichannel marketing communications. Although experience to date shows slow adoption rates for electronic billing, eliminating even 10 percent of printing and mailing costs by switching to electronic billing can translate into significant cost savings. Electronic TransPromo documents can be designed to match the printed items so customers feel comfortable migrating to electronic media and don't have to navigate through unfamiliar formatting. And, of course, electronic bill presentment is another way to add revenue with easy-to-access offers for online buyers and to sidestep the postal rate increases.

Success Requires Merging More Than Just Data

Leveraging what we know about the customer converts cost-based transactional communications into revenue-producing vehicles. Marketing people immediately see the advantages. However, statistics show that 64 percent of companies lack a formal strategy for using their customer data. This lack of strategy puts a burden on the IT department implementing TransPromo documents, because additional programming time is required to mine data when the IT staff already is responsible for other mission-critical concerns. Often, with no budget for such requests and a focus to meet the tight turnaround times to get bills out the door and revenue back into the company, the idea of creating TransPromo documents could be seen as an interference with production goals.

But in the end, every department's goals within an enterprise are really the same. Marketing wants to promote its messages to gain more revenue. IT wants to move things along more quickly to gain more revenue. And the finance department wants to do all of it in the most economical way to protect revenue. Does TransPromo have the magic necessary to accomplish these requirements and is it worth the effort? The answer is yes. When every department understands the benefits of TransPromo — increased response and conversion rates, decreased overall costs and improved customer loyalty — it is something everyone can get excited about.

Getting Creative With TransPromo

While TransPromo offers an innovative way to get your regular billings to do double service, fully automated volume mailing still offers the lowest postage price per item. In order to keep those discounts, billers must follow all U.S. Postal Service requirements, and these, too, have been changing over the last couple of years. As the rates go up, it's more important than ever to understand and comply with postal regulations. Failing to do so can mean paying first-class rates for noncompliant pieces, or losing the discount for the whole mailing.

One thing the Postal Service has done that billers can take advantage of is lower the cost for each additional ounce of mail — almost half of what it would be to mail separately. This gives businesses that are ready to combine transactional documents with marketing material a decided opportunity. Shape-based pricing — charging more for large letters versus letter-sized envelopes that fly through the sorting and postage machines — has widened the price gap. It's been a long time since we could mail anything for 12.⁵ cents. However, the second ounce of any mailing piece will cost just that — as will the third ounce, if you choose to use it. So TransPromo begins to make sense when it means adding that newsletter or insert into an envelope or using the white space on the document to your advantage.

The cost of postage has been rising steadily, and with the latest May increase shows no sign of slowing. While no one likes to see a rate increase, billers that are moved to review their print/mail production processes and capabilities and to seek ways to improve their costs and efficiencies will be better for it. By keeping current with changing regulations and the available technology that supports them, billers can take advantage of savings that go straight to the bottom line while their TransPromo strategy adds to their top line. A TransPromo strategy can help companies find creative ways to reach customers while reducing costs. It is more than adding a single-line — and often overlooked — announcement at the bottom of the bill. Color, graphics and highly personalized messaging based on customer demographics can result in connecting more meaningfully with your customer base and generating more sales.

With the new postal rates, it simply makes economical sense to add that newsletter or insert in with the bill because you can send these materials together for less money than it would cost to send them separately. And adding your messaging directly to the bill with TransPromo is an even more effective vehicle for building a customer relationship, generating customer loyalty and awareness, and getting maximum results from your mailing dollars — all in one package.

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