

## With VDP, Less Is More

By Frank McPherson

If marketers are going to take advantage of the benefits of variable data print (VDP), one of the concepts they must understand is that price is inconsequential to the equation. At least, it should be.

Let's take a look at some numbers that prove it.

Say a marketer mails out 10,000 pieces to an account base, and it costs them 45 cents to produce each printed piece, plus 38 cents (LCP sorted) postage, for a total cost of \$8,300.00. Being generous, we can estimate that, using this traditional approach, they might get a 2% response rate, or 200 responses. If each response generates a \$400 order, the total sales from the mailing would be \$80,000.

If, on the other hand, the company decides to do a more targeted mailing to the top 20% of its customer base, the equation changes. The number of printed mailers now shrinks to 2,000 at \$2.35 per printed piece. With postage included of 38 cents per piece, the overall program cost is now \$5,460 — nearly \$3,000 less than the traditional mailing. The response rate changes, too. By targeting the mailing, we can estimate that the response rate jumps to 12% and that the increased relevance (conservatively) boosts the average sale to \$600. This brings the total sales for the VDP campaign to \$144,000.

### Side-by-Side Comparison

When we look at the two campaigns, there are three overriding factors differentiating the VDP campaign from the traditional campaign.

1. Lower overall implementation cost.
2. Higher average sale per response.
3. Significant increase in response rates versus traditional campaigns

	Regular Mailing	Targeted Mailing
Print etc	\$4,500	\$4,700
Postage	\$3,800	\$760
Returns	200	240
Sales	\$80,000	\$144,000

The chart above dramatically illustrates these differences. As you can see, the more that was mailed out, the less came back. The

less that went out, the more came back. The more was spent per piece, the less was spent on postage. The less was spent on the campaign, the more was returned in sales.

(The caveat here is that the campaign is properly conceptualized and implemented. Poorly conceptualized and implemented VDP campaigns will not be successful any more than poorly conceptualized and implemented traditional mailing campaigns.)

**So therein lays the dichotomy for marketers who purchase VDP — less is more.**

### **Convincing the Team**

In a marketplace raised and nurtured on the model of cost per piece, the challenge, then, is getting your management to understand this dichotomy. How can you justify to the team that sending out more brings in less? Talk to them about targeting the best customers that fit the profile that will bring the best results. Talk to them about how they can save on postage. Save on paper. Sell more products. Boost their bottom lines.

Should you have difficulty explaining this concept, use the above chart as a model, and then develop your own comparisons. For the left-hand column, use typical lengths, postage and production costs, and response rates experienced by your clients in a typical mailing campaign. For the right-hand column (the VDP column), talk with your print provider to estimate the production cost, then use conservative numbers, like a 12% lift on response rates and a 20% lift on sales. The increased return on the VDP campaign can be astounding, especially if you are running campaigns in higher volumes than illustrated here.

If your management is on the fence, a little practical application might help. Suggest doing a small test mailing — half using traditional methods and half using VDP — and then analyze the results. If you choose this route, be sure to work with an experienced VDP printer so the learning curve doesn't negatively influence the response rates or elevate the cost.

The point is to stop reading about VDP and begin using it in your own campaigns. Experienced marketers know that you are getting more for less with VDP. Challenge your management to let you prove it to them, too.

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