

How to Spend Less and Charge More

The Secret Benefits of Variable Color Envelopes

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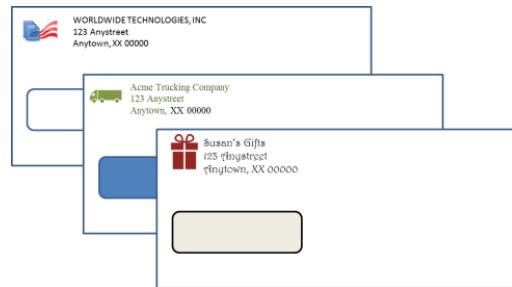
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INTRODUCTION

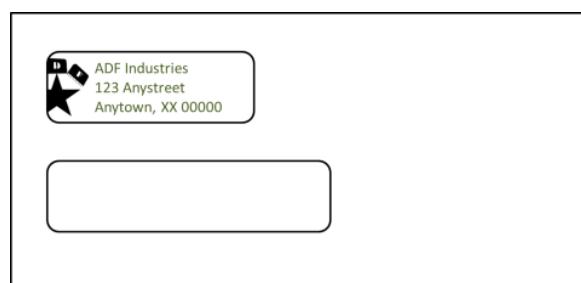
Most producers of mailed marketing, informational content, and transactional documents follow a similar methodology. These well-established workflows are reliable and familiar. They are also firmly rooted in the past. This is especially true when it comes to envelopes.

In this book, we'll show you how you can lower your expenses, develop new revenue streams, and gain a competitive advantage – simply by making some adjustments in the way you think about envelopes as part of the entire package, not just the container for the pages within.

Some operations use unique single-window envelopes for each customer or application. Their envelope vendors pre-print a return address and mailing indicia on the envelopes. A print/mail service provider may have hundreds of envelope varieties in their warehouse to accommodate all the different jobs they run.



Other companies may direct their customers into double-window envelopes. This strategy can eliminate the need to stock as many custom envelopes. However, there are frequently exceptions that still require a unique envelope design. Every shop seems to have a few jobs that aren't a good fit for their standard generic envelopes.



Blank double-window envelopes allow for individual branding, but the space is limited by the size of the windows. Only images that fall within the boundaries of the windows will show through, and some of that imagery can be obscured when the contents of the envelope shift. It isn't a perfect solution.

Each legacy envelope strategy has its advantages, but comes with limitations. Decades ago these limitations were necessary. The technology developed for mail centers was built to process volumes of mail pieces as fast as possible, all in an identical manner.

Creating homogenous mail today is no longer required. Contrarily, one-size-fits-all mailings are inconsistent with the personal connections businesses want to establish with their customers and prospects.

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Whether your shop is using single window, double window, or no windows, adding variable color printing to outbound envelopes adds value to a previously untapped component of your customer's mail. Even better for mail producers, variable color envelopes can allow your company to realize economies in materials, productivity, and quality.

In this book we'll explore the different ways variable color envelope printing can help your organization make more money, attract new customers, keep your old ones, and make improvements in your production processes.

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I ALREADY HAVE ENVELOPE PRINTING...

You might already have an envelope-printing solution installed on one or more of your production lines. One popular cartridge-based printing platform has been available for quite some time. It is still good for some applications, but newer technology has surpassed the legacy solutions in print quality, speed, and coverage. Cartridge-based systems with only a half inch print head require stitching to create larger images. At 300 dpi, the quality of those images isn't good enough for the personalized messaging marketers want to create.



Many shops have inkjet printing equipment similar to this. The gear can be expensive to run.

High ink cost and low quality could keep you from meeting customer requirements, sending them elsewhere for a solution.

As we'll explain later, full color printing can make a huge difference in how recipients perceive mail, how likely they are to open the envelope, and their probability to take action. Whether customers are looking for sales, donations, votes, or volunteers, color envelope printing is vastly more effective than black or single-color approaches.

Inkjet technology has come a long way since the introduction of those cartridge systems still found in most shops today. High quality color envelope printers are now available, allowing print service providers to create extra

value for their customers, distinguish themselves in a crowded market, and be super responsive to rapidly-changing conditions.

The latest devices include 4.25" print heads, 600 dpi printing, and print speeds double the capability of the older printers they are replacing. Along the way print providers can maximize the value of their purchasing dollars by buying envelopes in bulk. They will also be saving money on ink, reducing their risk of running jobs with the wrong envelopes, and eliminating wasteful obsolescence. They will also reduce inventory and carrying charges. We'll cover those cost and quality aspects of variable color envelope printing in more detail later in this book.

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DDS' full color inkjet modules make it easy and affordable to add full color variable data to your customer's envelopes

The cost to print the monochrome envelope (A) below using a popular mail center cartridge printer is \$3.40/M. DDS color inkjet printers can produce the full color envelope (B) for \$2.99/M. Which version would your customers prefer?



A



B

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HOW CAN I SAVE MONEY BY PRINTING ON ENVELOPES? DOESN'T THAT JUST ADD TO MY COST?

Though the primary driver for investing in a variable color printing system may not have been to save money, migrating to such a strategy can cut costs for print service providers in a number of ways. Lowering your operating cost allows you to be more competitive on price.

Envelope Stock

Instead of managing a warehouse full of custom envelopes, print providers can order large quantities of a single, plain white #10 envelope they can use for multiple applications. The indicia, customer logo, and return address can be printed on the envelopes as they are used. Wasteful obsolescence is eliminated. Avoid rush charges from envelope vendors when you need extra custom envelopes for a job that arrives unexpectedly or volumes exceed estimates. Many of the costs to count, stage, and return envelopes to storage are also reduced.



Accepting generic envelope deliveries on a just-in-time basis can allow you to reduce storage capacity or even close an offsite storage facility, eliminating the need to transfer materials back and forth across town and reducing time to acclimate material to the production site environment.

Your envelope stock is always fresh, reducing the effects of humidity or temperature changes that can alter envelope properties. Envelopes that become warped from sitting too long in the warehouse, flaps that won't open (or won't seal), or glassine that detaches from the paper will cause jams at the inserter. This destroys your productivity and cuts profitability when you are forced to work your crew overtime to meet customer deadlines.

Combining Jobs

Inserting machines have limitations. Each has a top speed, a set number of insert stations, and can only process paper with certain characteristics. One of the most restrictive features is the limitation on having only one outbound envelope on board at a time. There's just no way around it. If you want to change envelopes, you've got to stop the equipment and set up a new job. That takes time. Depending on how many changeovers are required in a day, and how many adjustments they must make, a shop might attribute a good portion of their unproductive time to the outbound envelopes.

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Changing envelopes just because the next job requires a new return address, permit indicia, or envelope message is an unnecessary waste of time. Zero pieces are produced while operators unload the envelope hopper, move cartons or pallets of stock around, load up the new envelopes, and test. If more of your jobs used the same outbound envelopes you could apply customized features like logos or permit numbers with inline printers. Document operations would have opportunities to merge several small jobs into larger ones and reap the rewards of higher presort density and increased throughput.

Higher productivity from the inserting equipment might allow you to retire old, maintenance-heavy machines or facilitate growth without adding staff. Reducing material movement can allow print service providers to re-purpose warehouse employees. They can be working on revenue-generating tasks instead of spending so much time on the logistics of staging and material transportation.

Eliminate Inserts

You might be able to eliminate a pre-printed insert by using space on the outside of envelopes to communicate important information. Inserts have their own set of costly procedures and quality control measures including receiving, inventory, jams, mail machine set-ups, and disposal. Transferring a message to the outside envelope eliminates all those extra expenses and allows inserters to run faster.

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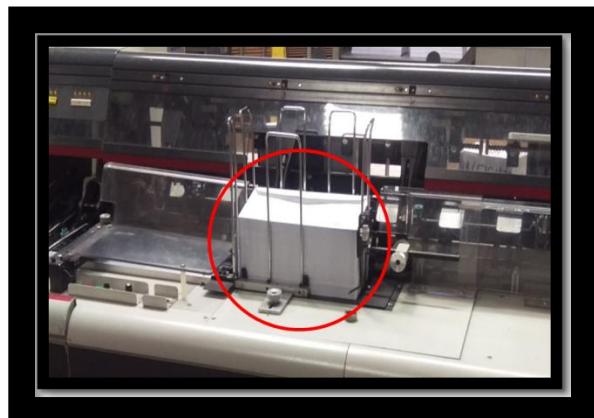
WHAT DOES ENVELOPE PRINTING HAVE TO DO WITH IMPROVING QUALITY?

One of the worst mailing mistakes you can make, besides inserting pages for multiple recipients in a single envelope, is using the wrong outbound envelope. This mistake is easily made and not so easily caught.

Most envelopes look pretty much the same. For instance, your company may mail several different jobs for the same customer. Many of the custom envelopes used for those jobs could be very similar. They may all have the same logo, but different inside tints, different return addresses, or varied division names. Pulling the wrong envelopes from the warehouse, such as when the regular warehouseman is sick or vacationing, is a distinct possibility. Or perhaps a carton of envelopes for one customer accidentally got returned to the wrong bin in the warehouse following last month's run. Would someone notice one of the cartons on a pallet was incorrect? Maybe not. It happens all the time.

Suppose an inserter operator got distracted and neglected to empty the envelope hopper at the end of a job. On your inserters, envelopes may be loaded face down. From the back, they all look almost identical. In this scenario, at least some of the envelopes used for the job could be the wrong ones.

We have all seen errors slip through a process meant to catch them. This invariably happens at the worst possible time; when deadlines are looming and employees are scrambling to make the daily mailing cutoff time.



Print providers can reduce all these risks by printing color logos, return addresses, messages, graphics, and indicia inline as envelopes are finished. The 2D barcode showing through the envelope window or mail machine codes read by cameras mounted further upstream on the inserting equipment control the variable information to print on the envelope.

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HOW CAN VARIABLE COLOR ENVELOPES HELP MY BUSINESS DISTINGUISH ITSELF FROM THE COMPETITION?

If you are mailing material in typical, mostly blank, envelopes then your product looks pretty much the same as your competitors - and your customer's response rate will be similar to the results they can get from *any mail service provider*. If you want to keep serving those customers you must offer something better.

Most print service providers are not using variable color printing on the outside of envelopes to escalate open rates and increase value for their customers. They are content to continue offering their traditional print services or they are concentrating on non-printed communications. By adding features that make mail, the top-performing response channel, even more compelling you'll have an advantage in the marketplace.

Print service providers can now add inkjet printers capable of rendering high-quality text and images in full color to any mail production line. Even static content, quite easy for mail service providers to add, can influence response rates. Envelopes bearing fresh and relevant messages stand out - especially when you use color!

Competitive Advantages of Personalization and Color Printing

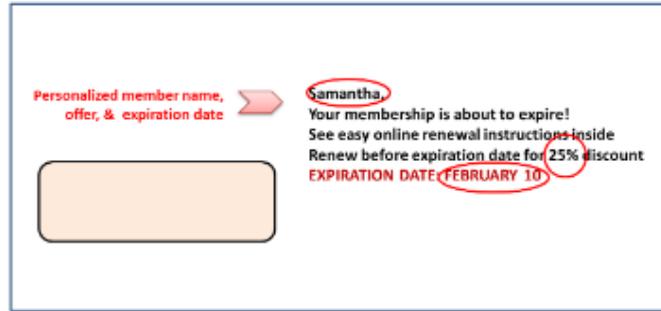
Marketers are gathering more data about their customers all the time. You can help them put that information to use by personalizing not only the inside materials, but also the outside envelopes. Addressee-specific data calls attention to individual circumstances with envelope messaging.

Independent studies have shown personalization has a positive effect on response times and order sizes in direct mail applications. Adding relevant and personalized information to the *outside* of envelopes exploits this strategy. Color graphics make a mail piece stand out from others that arrive in consumer mailboxes. Getting noticed is the first step to getting a piece opened.

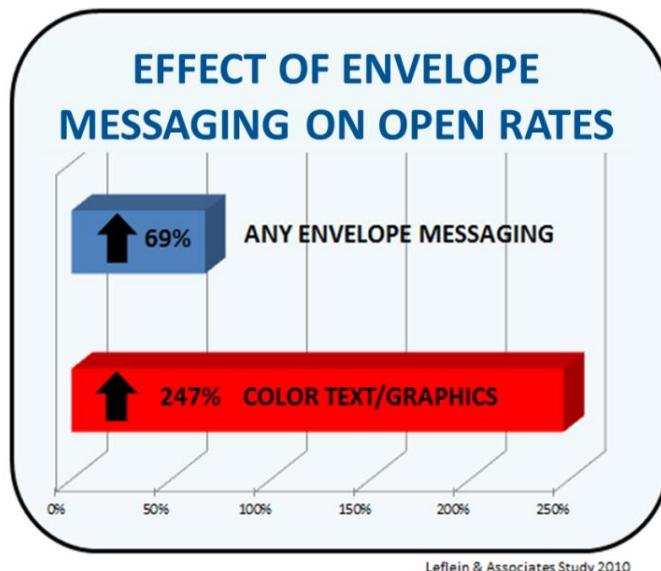
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Adding color variable data and images to envelopes is a fantastic way to improve the effectiveness of mail pieces whether they are meant to generate leads, boost sales, increase participation, or raise awareness. Envelope messaging that generates higher open rates results in more chances for the documents *inside* to produce the desired result.



In a study by Leflein and Associates, 1500 adults were shown several examples of envelopes and asked what features would make them most likely to open the mail. The researchers found printing on the front of an envelope was an important factor in determining whether the envelope would be opened. 69% of the recipients said they would be more likely to open an envelope with headline text or graphics printed on the front.



Leflein & Associates Study 2010

Printing any message on the front of an envelope improves open rates, but color, especially full color, makes a huge difference. Given a choice between black and white text and color graphics, study participants said they were **247% more likely** to open envelopes with color graphics! In every instance, four color graphics outperformed single-color illustrations by a two to one margin.

We live in a color world today. The internet is in color as are mobile applications. Nobody sells black and white televisions. If you aren't talking to your customers about how color gets noticed and improves results, your competitors are!



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Time to Market

Ordering custom envelopes usually involves several cycles of design, proofs, revisions, and approvals. Cut out the delay associated with getting custom envelopes from the envelope manufacturers. Instead of being in the middle of this process, you can work directly with your client on the design, create the proofs on your own in-house equipment, and quickly make changes. You will be ready for production sooner, a feat always appreciated by time-challenged customers. No longer will you experience project delays, waiting for custom envelope deliveries. Jobs get processed (and billed) sooner!

When you are printing envelopes inline, customers can add last-minute promotional messages to the envelopes. This allows customers to reference current events or take advantage of specific conditions in a way mail recipients are sure to notice. After a sudden ice storm a store might promote a sale on chain saws to cut up the limbs that fell down. Broncos won the Super Bowl? Maybe one of your customers wants to sell all the blue and orange commemorative t-shirts they have in stock while interest is highest. The possibilities are limitless and the ability to respond rapidly can be a powerful story for your sales team to tell.

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SHOULD YOU GO WINDOWLESS?

If you decide to replace some window envelope applications with closed-face envelopes, you may realize some additional competitive and operational advantages.

Shifting Contents

Window envelopes present some challenges. The format of documents to be mailed may not be compatible with window locations. Depending on the reformatting software tools at their disposal and the degree of modification allowed by their customers, print service providers may or may not be able to move the sending and return addresses around enough to match the window location on their preferred envelopes.

Extra-long addresses, either in width or height, can cause required mailing data to exceed the dimensions of the window, affecting deliverability and impacting the ROI your customers expect to achieve from their mailings.

Sometimes mailers adjust the folds for different documents to facilitate their use of standard, fixed window envelopes. Time spent adjusting, tap-testing, and fine-tuning the inserters impacts productivity. No mail is running while these tasks are performed. A quality control procedure in many shops requires supervisor approval when machines are adjusted, further adding to machine idle time.

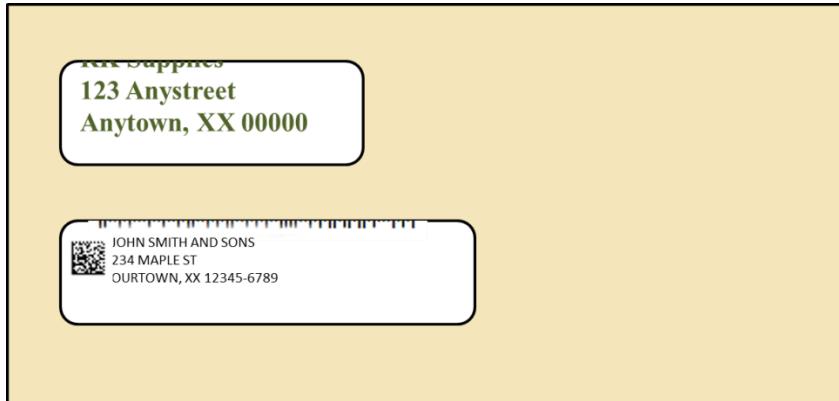
Closed-face envelopes eliminate all the extra work associated with getting data to line up with envelope windows. Changing document layout is unnecessary and adjusting fold plates becomes a thing of the past.

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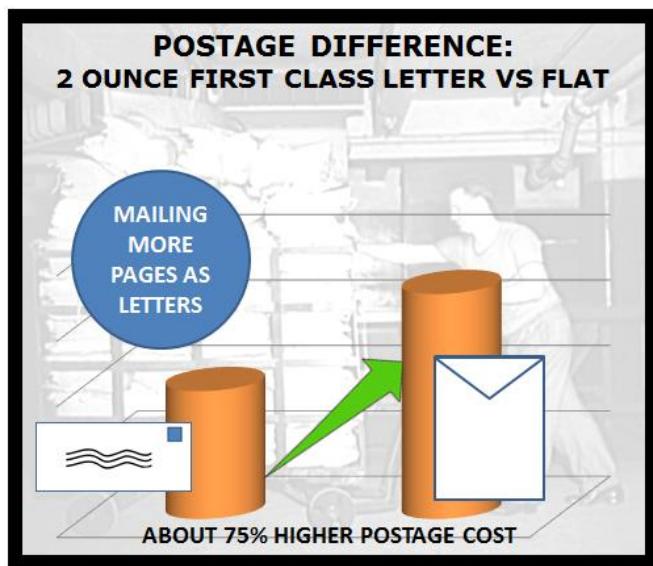
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Higher Page-Counts

If you accumulate pages before folding you know the address can creep up and out of the window as the page count increases. *The Post Office may even reject your mail if postal barcodes and address data are obscured.*



This isn't a problem if there is no window. As a result, your customers may be able to communicate with their audiences less expensively by inserting more pages into closed-face letter-size envelopes. The postage rate difference between letters and flats is significant. Few of your competitors will be able to lower their customer's postage bills in this manner.



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Householding

If you have no high page count applications, printing addresses directly onto closed face #10 or 6 x 9 envelopes makes it feasible to offer another postage-saving service to your customers – householding. Combining several documents formerly slated for separate envelopes into one mail piece can save up to 100% of the postage that would have been spent on the second piece. Your customer saves on postage and you can charge extra for doing the work of combining the mail. Householding can be especially helpful when mailing regulatory documents to multiple family members at the same address or when several notifications such as trade confirmations or overdraft notices are issued on the same day.

The ability to mail higher page-count documents in closed face envelopes can also enable the addition of full page marketing messages as the last page of a document set. These messages can replace pre-printed envelope stuffers and be highly personalized to individual recipients or market segments. The capability to deliver relevant offers to the most receptive audience adds value to the mail. Money previously spent on generic inserts, plus a premium, can go to the print/mail service provider instead. Of course you can also print some teaser text on the front of the envelopes drawing attention to the special offers inside.

Document Design

Eliminating the need to accommodate a window frees up space on the documents. No longer will it be necessary to adjust margins or reserve large areas of valuable document real estate for the address block. The address information printed on the document can be placed anywhere. Or it might be eliminated altogether. More effective space utilization can lower page counts or make more room for promotional offers. Your customers can communicate more information in the same amount of space.

Without variable color envelope printing, none of the distinguishing services mentioned here are easily achievable. By adding features that others cannot offer you will retain more of your current customers and attract others looking for ways to make their mail more effective.

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HOW CAN VARIABLE COLOR ENVELOPES INCREASE PROFITS?

All that blank space on envelopes is a wasted opportunity for extra revenue. With technology available today, you can distinguish yourself from competitors and start producing mail that allows you to charge more.

A standard #10 envelope has almost 30 square inches of undeveloped real estate – even after deducting the space taken by delivery addresses, return addresses, and permit indicia. A 6 x 9 envelope has about 50 square inches of blank space, and a 9 x 12 flat is practically a blank canvas! Charging customers for the use of a few square inches *seen by every single mail recipient* can have a dramatic effect on the profitability of your jobs.

Customers are willing to pay for paper mail because it works. Imagine their delight to find you can help them grow response rates with just a small increase in their cost per piece. As we've seen, printing compelling messages on the outside of envelopes escalates open rates and therefore increases value for your customers. Exceptional response rates makes for happy customers.

You have probably changed your sales approach from a cost-per-piece comparison to a value-per-piece discussion with your customers. Adding elements proven to elicit more of what your customers want (responses, inquiries, appointments, donations, votes, sales, etc.) fits perfectly with conversations your sales team is having with their customers about why they should continue to invest in mail.



Just as important as developing new revenue line items is the ability to show your customers how mail has improved. Many businesses are eager to explore social channels, web marketing, or other digital alternatives to mail. If they are comparing the cost and performance of email or other outbound electronic communications to the same mail pieces they've been using for years, they may be tempted to cancel print jobs. Revenue you've been counting on could be gone in a flash. Once customers abandon print, it may be twice as difficult to convince them to return.

Demonstrating the dynamic nature of variable color envelope printing to customers can retain that revenue you might have lost to social media advertising, banner ads, or promoted Tweets.

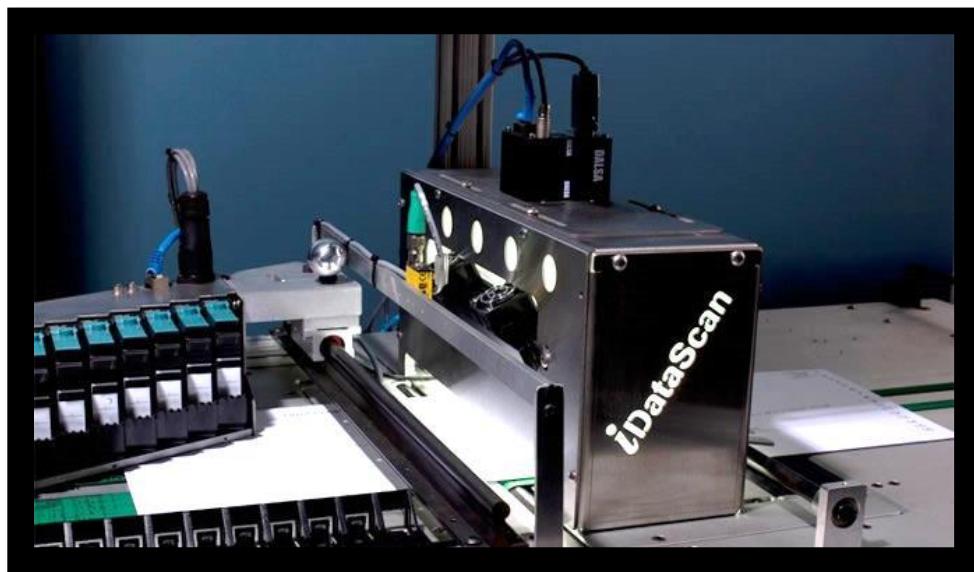
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ISN'T IT RISKY TO PRINT VARIABLE DATA ON ENVELOPES? HOW DO I KNOW IT MATCHES CORRECTLY?

Printing variable data on envelopes has no more risk than selectively inserting pre-printed inserts based on values in a barcode; and companies have been doing that for decades. Envelope printing is actually safer than selective inserting since there is no chance of an operator loading insert stations with the wrong material or missing a stuffer due to grippers failing to grab the paper from the insert feeder.

Modern tracking and integrity systems such as our own *iDatascan™* product insures the correct message, address, logo, or permit indicia is printed on every envelope. At the end of the job, the system will report the number of impressions for each variable. This allows you to balance the totals to known control figures and be confident the job ran perfectly.



Rare instances of read errors or database connection interruptions will stop the process, alerting machine operators of the anomaly so they can take appropriate corrective actions.

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CONCLUSION

Variable color envelope printing is a way to take full advantage of the opportunities a mail piece has to offer. Besides carrying the contents safely from a mailer to a recipient, the envelope's job is to get opened. Print/mail service providers now have the ability to improve the open rates for their customers by adding relevant and personalized text and graphics to the outside of the envelope – a location seen by every addressee.

Though any envelope messaging improves open rates, full color provides a tremendous boost. If you really want to get someone's attention, print color graphics and text on the front of an envelope. The content will be noticed.

Naturally, with a higher open rate, the mail is more valuable. That extra value added by print service providers is a billable item and one that customers will be happy to pay. In an age when mailing lists are becoming smaller and targets more narrow, the revenue made possible by color envelope printing is a welcome addition.

Besides the new revenue opportunities and ways to distinguish themselves in the marketplace, print/mail service providers can also adjust workflows and processes to lower their operating and materials costs. Invoking some of the ideas suggested in this book will help your facility do more high quality work without a significant increase in overhead expenses. Reductions in material costs, equipment, space, and more are made possible when changing from pre-printed custom envelopes to on-demand items made on the fly.

The technology to reliably print high quality variable color envelopes is here today. If your sales force has neglected to communicate the value of color variable printing to your customers, then another printing company will likely do so. Clinging to the old methods of producing mail hinders growth and reduces a service provider to competing for low margin work on price alone. Implementing something new gives your sales force a way to talk about the value of mail instead of the cost to create it.

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ABOUT DOCUMENT DATA SOLUTIONS

Document Data Solutions (DDS) is dedicated to providing unrivaled consulting and customized data collection, quality control solutions and printing solutions. We develop real-world solutions for inkjet printers, inserters and finishing equipment including data collection and reporting.

DDS has evolved from years of experience and research in the print and mail industry. We have generated strategic alliances with key corporate partners. This insures unique solutions tailored specifically for our customers through the use of the highest quality, cutting-edge software and hardware technology.

DDS has one of the most comprehensive product and service offerings in the industry. Our services include, consulting, software development, On-Premise solution development, test lab, a full machine shop, powder coating and rapid response / turnaround time.

DDS has such a wide array of solutions that we would like to be your single source for all your unique printing, scanning, data collection and reporting needs.

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