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What will we put our stamp on next?™

Pitney Bowes mailstream solutions
help you identify customers...and
build better relationships with them.

Cover story on page 3

::: Pitney Bowes

Engineering the flow of communication™

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The *Pivotal Thoughts*™ journal, now in its seventh issue, is a thought-provoking publication that illuminates many of the issues facing today's senior executives. Now, we are pleased to introduce Pivotal Thoughts Online. Log on to www.pb.com/pt, and you'll find the same kind of executive thought leadership and best practice insights – including feature articles, case studies, white papers and executive interviews – that have become hallmarks of Pivotal Thoughts.

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About the cover...

Pitney Bowes mailstream solutions use satellite imagery to let businesses see precise demographic, geographic and lifestyle snapshots of their customers. Our Geocoding Solution helps enable insurers to analyze data on a house-by-house basis, so they can structure premiums that accurately reflect differing levels of risk.

This is just one of the ways Pitney Bowes is merging the boundaries of mail and data into mailstream solutions that are helping companies stay compliant, competitive and profitable. What's next? Visit www.pb.com/whatsnext and see for yourself.

In this issue...

It's all about the relationship.

Establish a dialogue with customers – on their own terms, in their own time.

Ask any company whether its marketing, finance and operations organizations are focused squarely on enhancing relationships with its customers, and the response will almost invariably be "of course." In reality, however, many companies lack coherent and executable customer relationship and loyalty strategies.

At a time when competition and government regulation are diluting marketing impact…

when new media channels are distracting consumers and making them more difficult to reach…

when consumers themselves are splintering into ever-smaller micromarkets…

many enterprises are still operating under decades-old, inwardly focused business paradigms.

Consider organizational charts. Companies are typically structured according to internal businesses instead of external market factors. A financial services company may be siloed into Credit Cards, Investment, Loan and Deposit business units. A telco into ISP, Local, Wireless and Long Distance. A packaged goods company into Beverages, Desserts, Pourables and Breakfast Foods. *(Continued on next page)*

Each of these business silos pursues its target customers independently, using traditional, broad-based acquisition techniques – TV, radio, print, outdoor. Yet consumers are less and less likely to be reachable via these methods, channels and tactics. They've simply become too savvy, too distracted and too difficult to identify, much less reach.

With all this in mind, is it any wonder that customer communications is at a crossroads? Since 1993, marketing budgets have doubled while the return on that investment is at an all-time low.*

Fortunately, many executives are discovering that the old rules of building customer relationships no longer apply. And they're acknowledging the need to move away from the old product-centric, "campaign"-style model of acquisition, and toward one that is not about market share, but customer-centric "wallet share" and loyalty.

One in which the dialogue begins not with pitching to customers, but with listening to them.

And one that is based not on developing campaigns to reach customers, but on developing experiences to build relationships with them.

A customer relationship continuum

"Customers don't think in campaign time, they think in their own time," says David Ceolin, President of customer relationship consultancy Digital Cement. "And each has a different tenure, a different set of needs, and a different perception of your brand."

In short, says Ceolin, each customer has his or her own unique relationship lifecycle with a brand, complete with the following phases:

1. **Acquisition.** Bringing the customer on board with the brand.
2. **Welcome.** Welcoming a new customer to the brand.
3. **Engagement.** Continuously engaging customers according to their own individual timetables, needs, etc.
4. **Advocate.** Getting customers to tell others about the brand, product or service.
5. **Reward.** Rewarding customers who are loyal, engaged and interested.

Employing this relationship-focused approach can yield key benefits to a business. By speaking to customers on their own terms and their own time, a business gains better insights into each customer's needs and choices. When customers get to choose how they wish to engage with a brand, and the channels by which to do so,

they're more satisfied – and valuable. And elevating the customer relationship from solely transactional, price-based decisions can boost profitability.

Establishing a customer dialogue

The key to any healthy relationship is communication. It's no different in the customer realm. Once an organization has committed to a relationship-based model, the key to implementing it is establishing a dialogue with the customer. And when one speaks of effective customer communications, one is speaking of the mailstream.

Your mailstream is all the electronic and physical mail, documents and packages that flow across your organization and to customers and back. It covers everything from transactional communications like bills and statements, to marketing communications such as direct mail, collateral, catalogs, telephony, DVDs and the Web.

Across the enterprise – in marketing, in finance, in operations – executives are using their mailstream to establish the touch points for a positive customer experience. To glean intelligence about their customers. To determine the best channels to reach those customers. To use those channels most effectively. And to maximize the latest technologies to make customer communications more efficient and cost-effective.

> "An optimized mailstream can help your organization enhance every customer touch point, including mail, online activity, call center interaction and face-to-face transactions to build customer relationships and loyalty."

– John Schloff

VP Strategy, Product Management and Marketing
Pitney Bowes Document Messaging Technologies

Optimizing every customer touch point

While a rich customer experience is the basis of a successful and profitable customer relationship, the means by which a customer experience strategy is executed can be summed up in a three-word enabler of the mailstream: "customer communication management".

These mailstream solutions unite the digital and physical worlds, improving the flow of data and documents. They can help your organization optimize and manage every customer touch point, including mail, online activity, call center interaction and face-to-face transactions.

"When these solutions are deployed properly and efficiently, an organization's customer communications become more intelligent and more effective," says John Schloff, VP Strategy, Product Management and Marketing for Pitney Bowes Document Messaging Technologies. "It's also key to building and enhancing your brand."

Your mailstream and your brand

Consider the definition of a brand. It is your customers' image and opinion of your enterprise, what it stands for, how well it serves their needs, and how it can be valuable to them. And it is heavily influenced by your communications.

By applying customer communication management to your mailstream, you enhance the customer experience, and take an important step in enhancing your brand and building more profitable relationships.

Total communication intelligence in your mailstream

In this issue of Pivotal Thoughts, you'll discover how three types of communication intelligence – customer intelligence, production intelligence and channel intelligence – combine to deliver a more satisfying customer experience that enhances loyalty.

You'll also learn about an integrated solution for complex, business-critical communications that require a high degree of coordination, customization, accuracy and control.

The ultimate objective of optimizing the mailstream is *total communication intelligence.* Combined with an effective strategy to engage and build relationships with customers, your mailstream empowers your organization to extract maximum efficiency and profitability from each and every touch point.

Across both digital and traditional communications, from invoices to advertising, statements to collateral, every message is timely, efficient, accurate and relevant. That's what total communication intelligence is all about. And that's what your mailstream is all about. ✳

*Source: A Revolution in Interaction, Douglas C. North, Nobel Prize-Nominated Economist, McKinsey Research Institute.

Targeting the right customer with the right message at the right time

Data is only bits and bytes unless it's converted into "customer intelligence"

Today, customer data often sits in silos. Finance may store in one silo, marketing has theirs, operations in another. Access is cumbersome. Distribution is slow. Data manipulation is difficult.

Now, add some customer intelligence to your mailstream mix. Consolidate all customer data into a single, open, enterprise-wide platform. Then align that data with critical business processes to allow end-to-end access to it. Suddenly, from a single data repository, authorized individuals across the enterprise can rapidly access, connect, interweave and analyze data from a wide array of applications, databases and data files.

What does all this mean for your mailstream? Simply, more timely, relevant and personalized communications. Here are just a few ways that accurate, integrated customer intelligence can reduce costs and boost profitability:

Marketing messages based on refined customer data

As individuals are bombarded with more and more messages, marketers are working harder to get consumers creatively engaged in their communications. To that end, the more one knows about a consumer, the more customized one's message can be. That's the premise behind business geographics, an innovative mailstream solution that helps companies target more effectively based on specific geographic, demographic and household data.

Validating address changes before entering them

Real-time address validation tools enable new addresses to be verified before being added to a company database. That enables businesses to enter clean, accurate address information at all points of data entry – for instance, via a web portal by online customers, or via database entry by customer service representatives

Managing regulatory mandates

In the health care field, new privacy and related laws have mandated greater security and controls over content and targeting. And today's mailstream solutions fit the

From a single data repository, everyone can rapidly access, connect, interweave and analyze data from a wide array of applications, databases and data files.

bill. They can safeguard confidential records to make customers feel more secure, and they can maintain the data integrity mandated by new government regulations.

One example of mailstream solutions in action: Pharmaceutical companies are using template modules to help ensure compliance and consistency of messaging to health care professionals. They can now restrict letter forms and direct marketing components that communicate product benefits, and eliminate compliance violations.

Eliminating the costs of undeliverable mail

Tens of thousands of individuals and companies move every year. So it shouldn't be surprising that the U.S. Postal Service® returns billions of pieces of mail annually. Enter a technology solution that interfaces with USPS® change-of-address data to identify new addresses of recent moves. With more mail delivered to the right addresses, costs are reduced and customer satisfaction enhanced.

Getting personal for better marketing ROI

Once one has the tools to gather better customer intelligence, mailstream technology solutions can be employed to customize communications. To implement cross-sell and loyalty campaigns. And to create fully personalized brochures, mailers and other tactics, in both online and paper formats. These technologies can boost loyalty, reduce costs and build profitability.

Knowing your customer is knowing your message

When you know your customer, you can refine your message accordingly, and ensure that the right communications reach the right customers, at the right addresses, at the right time.

Mailstream solutions by Pitney Bowes help ensure relevancy in every customer communication. ✳

Making communications more accurate

Pinpoint who should receive what and when

You're sending critical communications to your customers on an ongoing basis. Not only marketing materials, but more straightforward transactional documents as well. Statements and invoices. Applications and forms. And government-mandated regulatory communications. Via both electronic and traditional paper-based methods.

Every one of these marketing and transactional communications – even the most mundane – is an opportunity to sharpen your business's dialogue with customers… to help ensure a more secure and compliant environment… and to increase business continuity and availability.

Why is that important? Several reasons:

- **Marketing personnel** know that periodic online and paper documents such as bills and statements have become relationship marketing vehicles. And they're using personalization and timely messaging to target specific customer needs and preferences.
- **Compliance personnel** must follow strict privacy regulations (e.g., HIPAA, Sarbanes-Oxley, Gramm-Leach-Bliley, etc.) that demand flawless integrity and accounting to ensure that the right messages reach the right customers.
- **Operations personnel** see that consolidations and acquisitions are requiring print and mail operations to inter-operate in several locations, on disparate legacy platforms and new technologies, from multiple vendors.
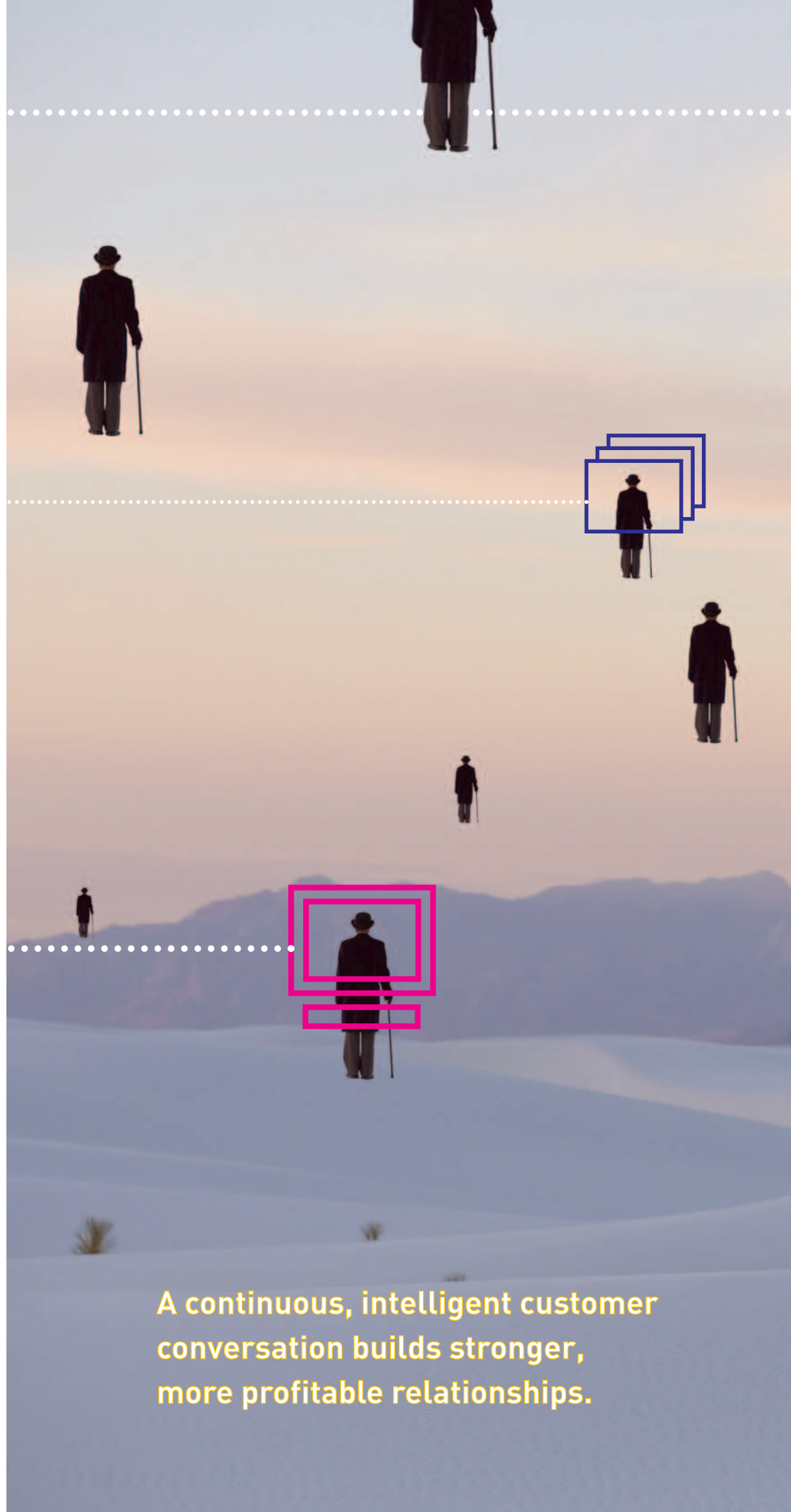
A continuous, intelligent customer conversation builds stronger, more profitable relationships.

By improving analysis and providing accurate real-time reporting, "production intelligence" techniques can pinpoint your customers, identify what they've received from you and when they received it, and help ensure the integrity of online and paper documents.

Putting intelligence in production

So how do you achieve production intelligence? It just takes the right mailstream technologies. You might begin, for example, with storing vast amounts of data in a central repository that allows all users to store, share, view and manage critical information. Today's data compilation and storage technology has evolved from traditional bar-code scanning to advanced file-based processing, which uses a compact bar code as a "pointer" to a larger, more intelligent server file.

Share brand assets digitally

Photographs. Logos. Graphics. Messages. Over the years, a major automaker used these assets to build its brand. Then it created a digital marketing library of these components. Now its local dealers can view, order and retrieve these digital assets via a simple web portal. In fact, they used these assets to create, custom-tailor and send marketing materials to more than 4 million prospects. In just 72 hours. And most importantly, the automaker's ROI is up and its brand integrity enhanced.

A continuous, intelligent customer conversation builds stronger, more profitable relationships. When you achieve production intelligence in your operations, the outcome is more satisfied customers, enhanced efficiency and greater integrity in your mailstream. ✳

Reaching customers in the ways they prefer

Adding smarts to your communication channels

There certainly is no shortage of direct ways to reach customers today. Mail. Online account management. Electronic document delivery. Call centers. The question is, how do you use these most efficiently and effectively?

Since your mailstream comprises all mail and documents, both physical and digital, it's critically important for you to manage and coordinate those myriad communication methods. That's the essence of "channel intelligence," which supports efficient production and distribution to build stronger customer relationships.

Take a look at three customer scenarios, and how channel intelligence enhances relationships with each of them.

One-Channel Alice. Alice receives her bank's mortgage statement by mail, and mails her check payment each month. To build an online relationship with Alice, the bank places her account information onto a for-Alice's-eyes-only web page and invites her to check it out. Now when Alice has questions about her account, she has two options: phone (her records are instantly available to the CSR during a call), or online via her personal web page.

Two-Channel Bert. Bert likes getting credit card statements by mail. But he hates writing checks, paying postage and going to the mailbox, so he pays online. His credit card issuer, while recognizing the cost savings of an online-only relationship, acknowledges Bert's dual, digital / paper preference. There's an advantage for the issuer, too: It can cross-sell to Bert via messages on his paper statement inserts.

Three-Channel Charlie. Charlie receives both phone and online services from his local telco. Whenever he goes online, he lands on the telco's home page, where he is given the choice of paying his monthly statement via mail or online. Marketing messages to Charlie are split into three channels: mail, email and a personalized web home page. This also enables the telco to "split-test" promotional offers to see which channel draws the best response.

How is all this multi-channel wizardry achieved? By adding channel intelligence to one's mailstream. It enables organizations to manage the distribution of communications while reducing costs. And that opens the door to seamless, unified communications across all your customer-facing initiatives, including:

- Customer loyalty and frequency programs
- Sales incentive and recognition programs
- Testing, certification and accreditation programs
- Custom trade promotion programs
- Customer care operations
- Cross-sell and affinity programs

Tools for smarter channel management

One way to coordinate your customer communications is via technology solutions that provide exact digital images of customer statements to call center personnel. That way, when a customer calls, the CSR can pull up a duplicate of the customer's statement and help answer questions, resolve disputes and even reconcile complex invoices.

Meanwhile, print stream engineering solutions let companies modify, customize and enhance customer documents, which can then be sent to either paper-based production or distributed online to personal web pages or via email.

With Pitney Bowes solutions, your organization can better manage and coordinate all communications channels – print, online and live. Documents can be formatted for any channel, and messages can be assigned to channels in real time. The bottom line: The more intelligence in your communications channels, the better your mailstream can be optimized. ✳

The marketer's dream

Better, cost-effective ways to get the message out

A worldwide non-profit organization found itself a victim of its own growth. With field operations spread around the globe, individual offices were using myriad local print shops to create their collateral. Not surprisingly, that damaged both brand identity and the integrity of core messaging.

The organization needed a flexible, web-based solution to better manage its document lifecycle process, as well as provide improved efficiencies and greater support for corporate and field organizations.

The solution: a user-friendly online catalog with collateral templates. Now, field offices can order a brochure template and customize it with local photos, programs, even language, and print on demand. Corporate branding is maintained while local needs are met.

That's just one example of efficient collateral management. Unique expertise in process management, printing and distribution can be brought to bear in improving print-on-demand, inventory management and warehousing, as well as kitting, e-fulfillment and distribution management.

Marketing, finance and operations are seeing the light

Why is collateral management catching on with so many organizations? Here are a few reasons:

eFulfillment. eFulfillment lets organizations customize their digital and physical content and quantity for field communications, event marketing, training materials and other collateral.

Warehousing cost management. Printing on demand, from a digital library of "build once, use many" content and images, is an efficient, cost-effective alternative to the expensive, unwieldy "pick and pack" method of storing print collateral. Also, in today's rapidly changing world, message obsolescence is a concern that can be easily remedied.

Brand integrity. When satellite offices or branches create their own collateral, brand integrity can suffer. Collateral management ensures that everyone is working off a unified branding template.

Reducing print and distribution costs

How effectively can a new management process enhance print and distribution visibility and control costs? Take a look at one of the world's leading marketers of high-end consumer products:

While the company has enjoyed considerable success for years, it had operated under an old model for print collateral sourcing and procurement. Orders for materials – such as signage, direct mail, point-of-sale (POS) brochures and labels weren't being aggressively sourced nor centrally controlled. As a result, print and distribution costs were spiraling upward – and damaging the company's bottom line.

Then the company found an improved method of sourcing and procuring. The results: improved spend control, reduced cycle time and new capabilities, without peak activity bottlenecks for its content originators. After a highly successful pilot, the program has been expanded to a start-up for marketing materials worth several million dollars.

A strategic sourcing solution

Pitney Bowes has unmatched expertise in producing, fulfilling and distributing print and digital communications. We can bring valuable process and product insights to reduce costs and cycle time, improve quality, and boost response rates. ✳

Are you controlling complex communications? Or are they controlling you?

Critical communication solutions enhance coordination, accuracy and control

You arrive home at the end of the day and sift through the mail. You've received an important package regarding enrollment in your pension plan… or an important product safety or recall notice… or activation of a new Internet service.

And it's a mess. Poor organization. Incomplete information. Or just plain impossible to pore through. So you call the service help line. Or you set the package aside and do nothing.

Every day, companies send communications to their customers and vendors. While most are routine, others contain vital, even confidential information that the recipient needs to respond to quickly and decisively.

These communications are usually complex, with multiple forms, instructions, provisions, etc. And the consequences of poor execution are significant: When a communication is ineffective, it costs – in mail and production expense, in diminished customer satisfaction, and in lost revenue.

Simplifying complexity

Complex, business-critical communications require accountability, efficiency and continuous tracking at every step. Managing your critical communications process requires an integrated print and distribution solution plan. Often, such integrated mailstream solution plans simplify complexities and provide a high degree of coordination, customization and control.

These solutions are ideal for Insurance, Finance, Healthcare and other industries that send out confidential information requiring customer action. A deftly constructed program can deliver cost reductions, visibility, data privacy, security and compliance, process efficiencies, incremental revenue, and communication effectiveness.

Pitney Bowes has business solutions for all types of critical communications – from customer notification to client retention and response management. Our solutions have helped a healthcare provider efficiently enroll members in a Medicare program… a major credit company achieve better results from a merchant activation program…and pharmaceutical companies adhere to stringent FDA requirements for patient notification. ✳

Pitney Bowes critical communication solutions fall into two major categories:

For financial and operations staff…
High-value client communication addresses time-sensitive messages, legal mandates, confidentiality requirements, and the like. Since the recipient must receive and act on these communications, correct target data and high response is of extreme importance.

For marketers…
Collateral management includes print-on-demand, inventory management and warehousing, as well as kitting, e-fulfillment and distribution management. Leveraging our unique expertise in process management, printing and distribution, we can:

- Take a piece from concept/creation to production through to distribution
- Consult on the design, working with the appropriate creative team or agency
- Produce and distribute the piece to your customers to meet delivery cycle and cost targets.

Toward better transactional communications

When the stakes are high, the process is critical

A national credit card provider was concerned. Merchants weren't using its new card systems at projected levels. The problem? Its merchant activation kit was poorly organized and appeared haphazard. Too cumbersome and confusing for the fast-paced retail environment, the kit often remained unused after opening.

Then the company discovered a more effective solution: an innovative handbook that's fully personalized to each retailer. The new handbook is quick and easy to produce, simple for recipients to use, and far less costly to print and mail.

The new Merchant Activation Kit has dramatically increased the percentage of merchant activations each month – and has saved $1 million in annual costs.

That's an example of enhanced high-value client communications. These communications, which contain critical information such as time-sensitive messages, legal mandates or confidentiality requirements, must be swiftly acted upon by the recipient. (If a direct mail piece, for instance, doesn't reach its target, it is costly in terms of mail and production expense and lost revenue.)

Why businesses are on board

Businesses are fast seeing the benefits of improved high-value client communications. Among the advantages:

Customer on-boarding and client retention. Companies with a solid customer relationship management database are well-served to polish up the communications side, such as emailing or mailing welcome kits as part of enrollment, activation or simply relationship-building.

Demand response. Sure, a direct marketing program may generate leads. But when a recipient responds by asking for more info, the pipeline can quickly bottleneck – unless a streamlined collateral fulfillment process is in place.

Regulatory compliance. If a company needs to send personalized, trackable notifications for customers to act upon, the process needs to be tightly controlled and demonstrate 100% accuracy and timeliness.

A focus on compliance

One recent example of regulatory compliance communications comes from a group of pharmaceutical firms facing an urgent mandate from the FDA: Implement new procedures to ensure that women take precautions when using a drug linked to birth defects.

The FDA demanded the firms' assurance – and a verifiable audit trail – that all health care professionals in the drug's supply chain were aware of the risk, and that women who might become pregnant did not use the drug. The firms needed a foolproof way to educate doctors, pharmacists and women.

Working closely with a premier medical public relations firm, Pitney Bowes created and managed a coordinated communications effort. Data needs were streamlined, and educational materials were formatted, produced and distributed via the U.S. Postal Service®. Pitney Bowes is now handling receipt, collation and reporting for all completed forms to meet FDA standards for compliance.

A strategic sourcing solution

Wherever there's a need for better, more cost-effective ways to disseminate high-value communications that require customer action, Pitney Bowes is there with ideas… and solutions. ✳

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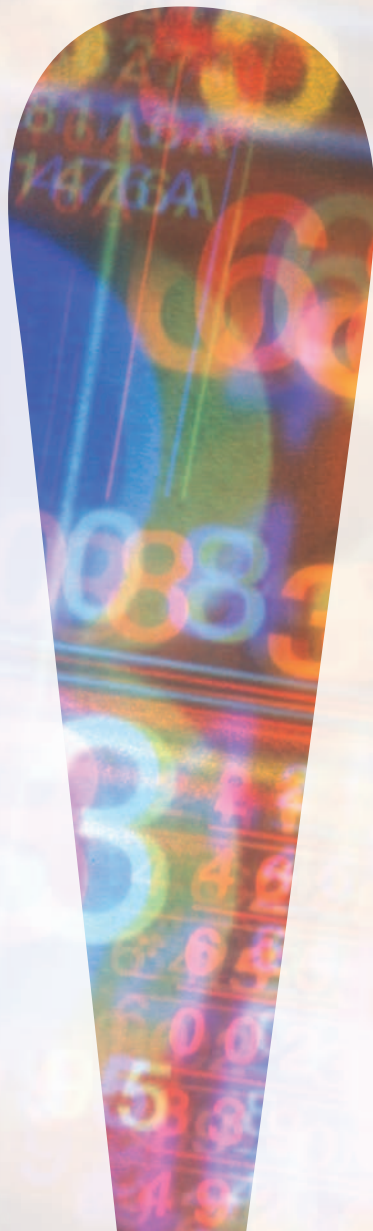
Pitney Bowes:

Engineering the flow of communication™

Pitney Bowes provides the world's most comprehensive suite of mailstream software, hardware, services and solutions to help companies manage their flow of mail, documents and packages to improve communication.

Pitney Bowes, with $5.6 billion in annual revenue, takes an all-inclusive view of its customers' operations, helping organizations of all sizes enjoy the competitive advantage that comes from an optimized mailstream. The company's 86 years of technological leadership have produced many major mailstream innovations, and it is consistently on the Intellectual Property Owners Association's list of top U.S. patent holders.

With approximately 34,000 employees worldwide, Pitney Bowes serves more than 2 million businesses through direct and dealer operations. More information about the company can be found at **www.pb.com**.

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