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MARCH 2014 / \$10.00

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Joe Morrison (left), president of IWCO Direct, along with CEO Jim Andersen.

The Competitive Edge Prevails

MAILING VOLUMES MAY BE FLAT, BUT IWCO DIRECT OF CHANHASSEN, MN, IS SURFING AGAINST THE TIDE, USING CREATIVE STRATEGY AND A TOTAL PACKAGE SOLUTION TO POST 11 PERCENT GROWTH IN 2013. MORE THAN EVER, REDUCING POSTAL COSTS IS KEY.

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The Art of Driving Value

By Erik Cagle, SENIOR EDITOR

Two people can leave home for work at the same time and travel an equal distance, yet one may arrive much earlier than the other. How is this possible?

Well, it's been said that the meek shall inherit the earth, but on the highway of business, timidity will only earn one a spot in the rear of the traffic jam. Conversely, the first ones to arrive at the office are highly motivated, extremely efficient, unusually nimble and constantly thinking several steps ahead of the current position.

Which type of person is Jim Andersen, the CEO of Chanhasen, MN-based IWCO Direct? A hint: You don't want to play Andersen in chess, because he will chart out your demise while you're still placing pieces on the board.

The high-energy chief exec guides one of the nation's leading direct mail printing enterprises. IWCO Direct posted sales of \$368.9 million for 2013, an 11 percent increase from 2012. More growth is envisioned for 2014.

Andersen clearly missed the memo about the pending demise of the direct mail sector; apparently many people believe that the U.S. Postal Service (USPS) and Mr. ZIP have been administered last rites. But, while the primary distribution mechanism that delivers value for IWCO Direct may need a tune up, the printer has deepened its own value proposition to a degree that assuages any client fears concerning Andersen & Co.'s commitment to the direct mail marketing channel.

Reducing Postage Costs

"Sixty percent of the campaign spend for marketers goes toward postage costs, so your ability to impact and influence the postage rate creates a competitive advantage," notes Joe Morrison, president of IWCO Direct. "We're still recognized as the largest standard commingler in the United States, so that's a big part of our growth. To that, we've added strategy and creative services during the past

few years, to drive better results for our clients.

"Direct mail is still measured by ROI, and that's helped us quite a bit. We're helping customers on the front end with driving creative packages and formulating strategy—the frequency and cadence of mail, who you mail to, making sure that you change out your control packages and testing to avoid direct mail fatigue. Our creative services group has really helped on that front."

One of the biggest tools IWCO Direct has used to insulate itself against the negative variables that have impacted the channel is high-speed digital inkjet printing. IWCO Direct has partnered with Canon Solutions America by obtaining several continuous-feed color inkjet presses

from the Océ ColorStream 3000 series. The printer installed ColorStream 3900 models at its Chanhasen, MN, headquarters and its Hamburg, PA, facility in 2013. The Warminster, PA plant also reaped a JetStream 2200 press. The first ColorStream 3500 landed at Chanhasen in 2011 in an effort to bolster full-color, variable data production printing capacity.

The ColorStreams weren't the only significant additions last year. IWCO Direct installed 12 drop down/digital on-demand, personalized plastic card manufacturing lines. While more Océ ColorStream press acquisitions in 2014 are not out of the question, others areas—namely, the IT department—will see investment dollars, particularly dedicated toward customized software application development.



IWCO Direct opened a state-of-the-art lettershop at its Chanhasen, MN, campus in August of 2012.

"You don't see direct mail volume percentages increasing. Standard mail is flat," Andersen points out. "When we grow by 11 percent, we're driving measurable results to our clients. They're getting the benefits of our creative strategy and total package solution."

Other drivers of the 11 percent uptick for IWCO Direct includes bolstering personnel and expanding its footprint in creative services. It's critical that direct mail printers become involved in the process at the planning stages in order to make a quantifiable difference in mail effectiveness and economy.

IWCO expanded its direct mail personalization capabilities with the installation of an Océ ColorStream 3900 press last July.



The trend toward continuous-feed inkjet—more variability to drive 1:1 marketing as part of clients' high-volume acquisition programs—has been a particular hit with the financial services, insurance, multiple system operator (MSO) and automotive verticals.

"The Canon Océ inkjet presses helped us in terms of organic growth with our core markets, as well as new markets," Morrison says. "The big differential is that they have enabled us to design new creatives and package designs for our clients, so they can better leverage their customer data to drive higher responses. They've also optimized postage reduction opportunities.

"Canon Solutions America has been an excellent partner in supporting us with that launch. We've been at the forefront with them on technology development and best applications, and with identifying new requirements and opportunities. They listen and provide solutions to us, so it's been a very good working relationship."

Leveraging Partnerships

In fact, IWCO Direct has worked closely with some of its manufacturer partners to develop equipment and technology specifically for the direct mail space, as it behooves the direct mail specialist to ensure its vendors are in tune with the needs of the market in relation to speed, quality and capabilities. In the process, IWCO has transformed itself into a marketing services provider.

Naturally, the ongoing woes suffered by the USPS has made it even more essential for IWCO Direct to become simpatico with the needs of its clients. Leveraging the digital platform enables IWCO Direct to help clients achieve single stream processing, driving enhanced walk sequence carrier route qualifications. Another key is exploiting the benefits of Full-Service Intelligent Mail barcode (IMb) discounts; beyond the postal savings, it provides enhanced information and allows IWCO Direct to better manage its clients' direct marketing campaigns.

"Because of our size and our scale, we're producing 270 million direct mail packages per month," Andersen notes. "We can continue to drive best-in-class, density-driven commingling. That helps a lot with the pricing challenges of the USPS."

While the major direct marketers can often absorb postal increases, it is the mid-tier customers that are being forced to readjust their target audiences and frequency of mail, according to Andersen. Strategic discussions center around how new technologies like high-speed, personalized inkjet printing can help direct marketers achieve their goals. Further sophistication and segmentation of client data is paramount, and "that's connecting the dots into the whole four-color digital printing world."

In January, IWCO Direct presented a digital summit workshop for its top clients, assisting them in transitioning their conventional, and sometimes monochrome and static, direct marketing programs to full-color digital output. With just 15 percent of its revenue derived from four-color digital print production, IWCO Direct's growth possibilities are favorable.

But it's not all technology that gets the job done, as evidenced by the 2,200 employees working across six facilities to keep IWCO Direct humming along. The company also contracts LEK Consulting in Boston and InfoTrends to help stay in front of technology and evolving needs.

For Andersen, it's about fundamentally enhancing the customer experience. "We're always looking for total customer satisfaction; we measure that once a year," he says. "Employee retention is very important, as well, and that starts with making sure we're helping them from a career development side. And, because we're owned by private equity firms, we also need to continue to drive value for them." **PI**



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