



Programmatic Print in practice

optilyz Programmatic Print Study 2021

The goal of maximum customer centricity is not new. However, the digital transformation of our economy, accelerated by Covid, has brought this very aspiration into much sharper focus. The massive increase in investments in marketing automation platforms and artificial intelligence (e.g. in the form of “recommendation engines”) impressively demonstrates this. This results in completely new opportunities for companies to interact with their customers.

Print mailings previously seemed to be excluded from this. But technological change has created new opportunities for this channel as well: State-of-the-art digital printing is on the rise and is now significantly more cost-efficient, higher quality and simply faster than it was just a few years ago. With the resulting flexibility, print mailings can be managed much more like digital channels: Programmatic Print is born. “Programmatic” is the combination of the words “program” (i.e. software) and “automatic” (i.e. processes without manual intervention).

As is so often the case with innovations, there are now various phases of technical adoption. Here one can observe how companies, depending on their willingness to innovate, adopt the topic and then implement and use it in practice. As part of a scientific study, we selected 45 medium-sized to very large companies that already use programmatic print (i.e., software-supported automated control of print mailings). These are “early adopters”, i.e. companies that are generally very open to innovations and seek to gain competitive advantages through them. These companies answered a) a “multiple choice” survey and b) qualitative questions or interviews. The study was scientifically supervised by the Berlin School of Economics and Law. Following are our key findings.

Marketing automation systems are drivers of Programmatic Print

90% of the companies surveyed that rely on Programmatic Print use **marketing automation solutions** such as Salesforce Marketing Cloud, Emarsys (SAP) or DynaCampaign. On the one hand, this shows that companies that programmatically manage print also rely on innovative and technology-driven approaches in other areas. On the other hand, these solutions are also a basis for programmatic print. After all, implementing an automated data transfer via API interface when a marketing automation system is in use usually requires only a few clicks. If this is not the case, it is often a matter of much more complex and less agile approaches where, for example, very old-fashioned SFTP servers and the like still have to be used. Among the companies surveyed, the retail sector relies particularly heavily on these systems - especially in the context of the customer loyalty programs that are much more extensively represented there.

Hyper-personalization is not yet a standard in programmatic print either

Personalization on print mailings can take on different forms: From the “simplest” form of a customer-specific address to hundreds of fields and even customer-specific images (e.g. in the form of product recommendations). Here, the situation is similar to that in email marketing: one wants to act in a maximally relevant and personalized way, but the demands on the existing data are partly too high to allow a comprehensive implementation.

In addition to the address, **90%** of companies also rely on personalization through **personal salutations** (“Hello <first name>!”) and the other use of customers’ first and last names to communicate more directly.

Surprisingly, it was revealed that only **67%** of respondents rely on **individual coupon codes**. The reason for this, however, is mostly voucher code solutions, which are in use and, in the case of barcodes, for example, cannot generate codes tied to individual customers but only suitable for campaigns. In contrast to digital marketing, this is of course a disadvantage, because the allocation of purchases to specific customers and the possible analyses are made more difficult.

Product recommendations are already used by **30%** of the companies. However, it should be noted here that this takes place in just under half of the cases on the basis of clusters (in the simplest case men & women) and only 13% of the companies rely on 1:1 image personalization. However, massive growth can be observed here. At optilyz, for example, a mid double-digit number of companies are currently in the setup of image personalization based on product recommendations generated by the marketing system. Of course, this is also related to the use cases for print mailings, because generic images are simply less suitable for e.g. shopping cart abandonment campaigns or cross- and upselling.

Artificial intelligence is still rarely used for Programmatic Print

Certainly the most intensively highlighted trend at present is the endeavor to use artificial intelligence to better understand customers and to respond more proactively to their interests and needs. The use of this technology is already very advanced in digital channels, especially in email marketing and onpage (i.e. in the context of personalization on websites). Here, the feedback from the companies surveyed was clear: print mailings are next. In order to address customers in a truly relevant way, it is no longer possible to rely on one-size-fits-all mass mailings; instead, the right recommendations must be used to tailor images and voucher amounts to individual customers. For **15%** of the companies surveyed, the use of **artificial intelligence** in programmatic print is already a reality, but many more are already planning this step.

Programmatic print along the customer journey

In the exchange on the use cases of Programmatic Print, it emerged that this

technology is also very much associated with new types of touchpoints. Seasonal campaigns and mass mailings are being reduced and replaced with customer lifecycle touchpoints. The stated goal is to target customers less “en masse” and much more specifically. **68%** of companies rely on **automated triggers**. The focused use cases vary greatly by industry. In addition to the 45 interviews, we were able to draw on the optilyz benchmark database with >300 companies and thousands of campaigns and conduct analyses. The following use cases are currently in strong focus:

- **Shopping cart abandoners:** the agility of Programmatic Print combined with image personalization makes this use case technically possible and exciting for the first time. Here, campaigns are triggered at extremely short intervals and played out to customers with unfinished purchases.
- **Welcome campaigns:** the large number of first-time buyers generated by Corona can be converted into long-term fans extremely profitably. What is necessary for this, however, are agile triggers. After all, no one is happy about a “welcome” in a new customer loyalty program that is only played out weeks later.
- **Personalized events:** Birthday cards are certainly the “oldest” customer lifecycle touchpoint. However, here too, Programmatic Print is leading to a rethink. Historically, birthday cards were often either pre-printed and then only personalized by laser, or even delivered on a monthly basis. In times of programmatic print, both are no longer necessary or contemporary. Delivery close to the birthday and highly personalized is the goal.
- **Cross- & Upselling:** Artificial intelligence and recommendation engines make it possible to recommend products to customers that perfectly match their previous purchases and click behavior. The potential compared to classic “sale” mailing is massive and image personalization through Programmatic Print is a real “breakthrough”.

- **Reactivation:** Reactivation campaigns are also nothing new. What Programmatic Print is causing here, however, is a move away from big seasonal “reactivation campaigns” to more agile “churn prevention touchpoints.” Here, too, AI comes into play: when it calculates that a customer is at risk of churning, it can respond agilely and quickly with not only digital channels, but also postal.

These new use cases were particularly powerful when they were integrated with digital channels (especially email and app). Programmatic enables the deep integration of print into omni-channel customer journeys for the first time.

Programmatic Print as a Value Driver in Existing Customer Marketing

But what is the point of all this? Every innovation must face the question of added value versus implementation effort and additional costs. It is clear that programmatic print is not the solution to all problems. Companies that do not yet have marketing automation capabilities, for example, are much less likely to benefit from this approach. In addition, not all use cases are always suitable. This is well illustrated by shopping cart abandonment campaigns: while these convert very well in the financial sector (with long decision cycles and a high need for explanation), such touchpoints are less suitable in the fashion sector, for example, even with agile targeting (also due to the duration of delivery).

However, two clear value levers can be identified, on which there was great agreement among the companies surveyed:

- **Reduced effort:** Programs (software) to control print programmatically have the potential to massively reduce manual effort, analogous to the digital channels. SFTP servers are replaced by modern interfaces and automation creates more scope for conceptual work in existing customer marketing. The **reduction in effort** was between **30-80%** depending on the setup before the introduction of

Programmatic Print processes.

- **Increased response rates:** The higher costs of print mailings (due to printing and postage) make high campaign success essential. Programmatic Print creates the opportunity to work in a more customer-centric way and to realize higher response rates through higher relevance of the channel. The range of **response uplift** for the benchmark companies was between **10-50%**.

Conclusion

Programmatic print is certainly the biggest opportunity for the print channel in the last 20 years and allows it to be much better integrated into digital strategies. Here we see the channel being completely rethought and used experimentally, with mostly impressive results.

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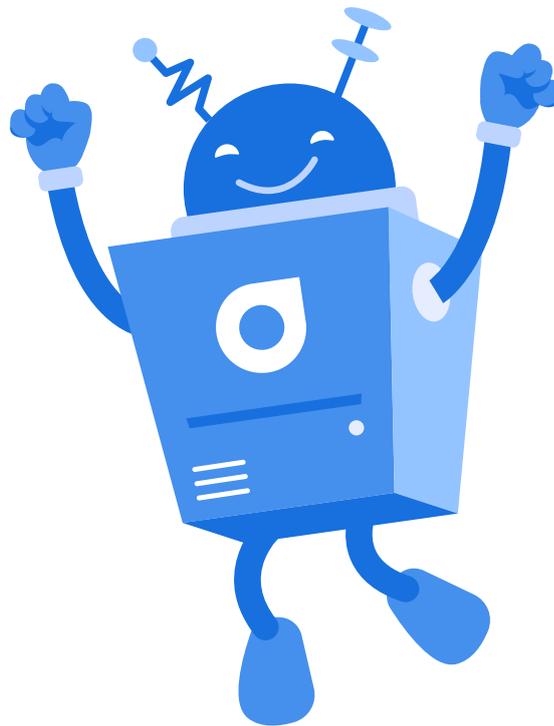
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