

Loyalty NZ's Fly Buys statements' personalization – and response rates – rise to new heights with Datam and HP Indigo digital printing technology



At a glance

Industry: Direct Mail and Transactional Printing; Retail

Business names: Datam; Loyalty NZ

Headquarters: Petone, New Zealand; Wellington, New Zealand

Website: www.datam.co.nz; www.loyalty.co.nz



Challenge

- Help New Zealand's largest loyalty marketing program meet evolving goals – initially higher engagement and then reduced costs.
- Create a new value proposition for transactional mailings by moving to fully digital, highly personalized color printing.
- Inspire companies to adopt full-color personalization for transactional and direct mail campaigns.

Solution

- Two HP Indigo W7200 Digital Presses, enabling high-productivity, full-color, personalized printing.
- HP Indigo 5000 Digital Press, handling short-run print-on-demand applications.
- Two HP SmartStream Production Pro IN120 Print Servers, scalable, modular high-performance digital front ends enabling processing of thousands of personalized jobs.
- HP SmartStream Production Analyzer, helping improve press utilization and efficiency.
- Tecna/Hunkeler inline finishing solution, enabling dynamic perforation and full-bleed web to sheet printing.
- Integrated solution support across the press and finishing line.

Results

- The first mailing of full-color personalized points statements prompted Loyalty NZ to add more than 35,000 previously dormant households to its Fly Buys mailing list, resulting in reactivation of 50 percent of those members.
- Subsequent change of an 860,000-statement mailing from A3 to A4 format reduced printing costs by 50 percent without impacting advertising revenue.
- Datam's vision for full-color digital printing of transactional mailings convinced Loyalty NZ, a long-time customer, to stay with the company.
- Datam's success with the Fly Buys program led to new business for the mail house from the program's partners, including major grocery chains and other retailers.

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—Chris Lamers, head of Customer Engagement, Loyalty NZ

When Loyalty NZ, the operator of New Zealand’s largest loyalty program, Fly Buys, was wondering if it was getting as much value as it could from its regular member mailings, it began to rethink its relationship with its mail house.

For many mail houses, that could only mean bad news; but not so for Datam, one of New Zealand’s top providers of information management services and direct mail and transactional printing, and a fully owned subsidiary of New Zealand Post.

Around the time when Loyalty NZ was considering its options, Datam was looking for the best way to convert minimally variable documents to full-color, highly personalized, value-added communications. Loyalty NZ was one of the first customers Datam talked to about its digital vision.

Datam ultimately decided to purchase two HP Indigo W7200 Digital Presses, becoming the first company in Asia-Pacific to purchase this press.

Creating new value with digital printing

Chris Lamers, head of Customer Engagement at Loyalty NZ, recalls: “When Datam talked about its strategy to introduce color and flexibility, with genuine color, like offset, we changed our minds and decided to stay. It was the only company with the vision about where this was going. They talked about HP Indigo Presses and about enabling us to delay offer decisions until later, because they would be able to make up the time with faster printing.”

That conversation started in 2008; the installation came the following year; and the first production run for Fly Buys was in early 2010. “Having reached the vision, it has turned out really well. The print color and ability to personalize is what they said it would be,” says Lamers.

Digitally printed points statements raise engagement

Fly Buys previously mailed a points statement printed on an offset shell with generic advertising inserts, sent to approximately 750,000 households. With Datam’s HP Indigo W7200 Digital Press, driven by the HP SmartStream Production Pro Print Server, the statements were transformed into a single A3 mailer that showed the awards attainable at the individual member’s current points level as well as at the next level. Loyalty NZ sold space on the page to its coalition merchant partners for targeted offers based on each member’s buying habits, replacing the previous generic inserts that were distributed en masse.

That first fully digitally printed, highly personalized mailing was a breakthrough. It met Loyalty NZ’s goals for increasing the engagement of target segments, prompting the company to expand the Fly Buys mailing list by more than 35,000, drawing the additional targets from among dormant members. Of those newly targeted members, about 50 percent became active in the program.

“We saw good response rates, and we offset the extra costs of going to full-color A3 format with advertising sales to merchants, as they were attracted by the ability to personalize,” says Lamers.



Easy flexibility pays off in a big way

Before each quarterly mailing, Datam works closely with Loyalty NZ to examine results and make adjustments for continual improvement. Given the scope of the mailing – the last one totaled 860,000 statements – the benefits of such flexibility can be huge. Most recently, the statements went back to A4 format, in line with Loyalty NZ’s goals to reduce the costs and environmental impact of its mailings. Printing costs came down by about 50 percent, but Loyalty NZ’s advertising revenues stayed stable as the new layout was designed to accommodate a similar amount of content in less space.

The early and ongoing success of digitally printed statements for Fly Buys has opened the way to new business for Datam. Loyalty NZ introduced two additional types of points summaries, made possible because Datam could generate a completely different look and feel from the same data. Nick Glennie, team manager of campaign managers at Kinetic121, Datam’s direct marketing division, explains: “This would not have been possible under the old model. But with our HP Indigo platform, it wasn’t difficult for us or for Loyalty NZ.”

Better relationship, more business

Glennie also notes: “The success of our Fly Buys work improved our relationship with the Loyalty NZ marketing team. So we were able to pick up a lot of work from their coalition merchant partners.”

Since Loyalty NZ became the first Datam client to benefit from Datam’s HP Indigo platform, other leading NZ companies have also come on board. Major retailers, banks, utilities and others are now working with Datam to enhance the value of their direct mail and transactional documents through full-color, highly personalized digital production.

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