

Presentation Counts

The goal of a healthy fulfillment operation is to help your firm deliver on its promise of a pleasant shopping or information-gathering experience. This objective must be managed across a variety of back-end processes. In this special report, we take a look at literature fulfillment, gift-messaging options, returns management and more.

According to a survey sponsored by returns management solutions firm Newgistics Inc., 85 percent of consumers would not buy from an online or catalog merchant that does not offer a convenient returns process. We asked Newgistics' vice president of Retail Business Solutions, Michael Smith, to define "convenient" in "Just 1 Question," on page 48.

While it's not likely that anyone who receives a gift of chocolate from Godiva will return it, this marketer takes steps to enhance both the gift-giver's and gift recipient's experience with personalized greeting cards; read the full story on page 50.

And while the literature fulfillment process generally does not involve returns either, its success depends on delivering the requested information quickly and accurately. As we learn from Banta Corp.'s director of business development, Ferguson Neale, in "The Demands of Literature Fulfillment" (at right), the introduction of digital printing technology into the literature fulfillment process can take your conversion results from so-so to stupendous.



—Hallie Mummert
Editor in Chief

The Demands of Literature Fulfillment

Why and When to Outsource Your Operation

Speed and agility mean everything in today's market, which is why companies large and small are evaluating whether it makes sense to outsource their literature fulfillment process. It's a particularly big issue in the B-to-B sector where manufacturers, wholesalers and distributors often incorporate significant non-catalog literature into their direct marketing programs.

If you're making a fulfillment outsourcing decision, here are several trigger points that could mean you need a better solution:

■ Is your internal fulfillment world-class? Would another company hire you to perform this service?

■ Are you experiencing excessive obsolescence because of an inability to accurately forecast usage?

■ Conversely, do you have stock outages and then need to pay rush charges to replenish materials?

■ Is your fulfillment system Internet-based to allow ordering, payment and inventory reporting in real time?

The Cost Issue

There's no escaping the ongoing need to drive down costs, and analysis of internal fulfillment systems often reveals significant inefficiencies. What's more, the expense of upgrading systems generally is difficult to justify for a non-core compe-

tency. Today, it's not unusual for outsourcing decisions to be initiated by financial departments that want to more closely track costs by marketing channel, business unit or even individual sales representative.

Outsourcing fulfillment can save you money in a variety of ways. To begin with, you don't have to invest in building a state-of-the-art fulfillment infrastructure, freeing capital for more productive investments in areas such as product development and marketing. Access to better forecasting tools from your outsourcing partner, as well as the incorporation of on-demand print and real-time inventory control can significantly reduce obsolescence costs without generating stock-outage problems.

How much might you save? For one major producer of electrical, engineering and automated solutions, outsourcing fulfillment helped the firm realize a 42-percent hard cost savings in the first year of use, after deducting relocation and Web-site customization costs.

Gaining Speed

With virtually every company being challenged to deliver information more quickly, highly automated literature fulfillment systems can provide a true competitive advantage. And some of the most advanced systems go well beyond ordering,

continued on page 46...

BY FERGUSON NEALE

...continued from page 45

inventory and billing functions to include Web-based creation of customized marketing materials such as full-color product sheets, presentations and many other items that can be put into template format. Dealers, distributors or field sales representatives can log on to a Web interface and create customized literature within predetermined parameters that can be sent to an office, a local quick-print shop or a regional fulfillment center for virtually on-demand output.

Increasing Sales

Although reducing costs and speeding information to market are major components of a print management program, the addition of methods aimed at increasing sales revenues yields the ultimate winning combi-

nation. The key to marketing success now means getting to know a great deal about your customer or prospect, and effectively applying that data to your marketing promotions.

The more personalized and customized the materials, the bigger the return. According to extensive studies by research and consulting firm CAP Ventures, marketers can expect a five-fold to tenfold increase in response rates from well-designed, personalized campaigns as compared to traditional, static print materials. A good print management program will incorporate both offset and digital technologies that allow you to cost-effectively personalize marketing materials in virtually any quantity, from one to millions, for greater response returns.

Managing the RFP Process

If you've made the decision to

outsource, you need to determine how to best solicit proposals. Start by gathering some information internally that will help you construct a credible RFP. Here are some of the key issues you should address:

■ What options for order transmission do you need? A custom-designed Web tool? Or will you also need a toll-free number, e-mail address or fax number? Will any new options you choose work with your current system/personnel, or will they require additional integration/training?

■ How many orders a day, a month or a year, on average, do you expect a vendor to handle? And, what is the average number of SKUs per order?

■ Does your program involve returns, and, if so, in what volume?

■ What square footage of warehousing do you anticipate will be required?

continued on page 72...

BRIEFINGS

Paper Packaging That Packs Some Strength

Storopack Inc., a Cincinnati manufacturer of protective packaging materials that also designs product storage and delivery systems, has patented a paper cushioning machine.



The PAPERplus Classic line of machines works with kraft paper of assorted weights to create a "paper mattress" that is both lightweight and strong enough to prevent the breakage or deformation of products ranging from glassware and electronics to automotive parts.

Machines are available for manual, automatic, foot pedal or other special mode operations. Marketers can choose from output lengths that are 6 inches and longer; the packaging complements coil, S-shape, fold-over, criss-cross, and block and brace packing methods.

For more information, visit www.storopackinc.com.

Software That Keeps Delivery in Full View

For fulfillment managers who want to keep a closer eye on their shipments' movements in the UPS delivery system, UPS launched Quantum View Manage earlier this year.

Part of the overall Quantum View Web-based application available to UPS customers, Quantum View Manage offers marketers the ability to view shipping information for multiple accounts without a tracking number. Users can see when packages are processed, placed in transit and then delivered; they also can check for delays and verify the reason for hang-ups.

A customization tool allows users to access the data that is most relevant to their operational needs. A customer service manager, for example, might want to track delivery stages to determine when to drop e-mail notification to customers of their shipment's impending arrival. UPS plans later this year to add a customs brokerage reporting function.

To learn more about Quantum View, visit www.ups.com.

- How accurate is your forecasting system?
- What type of reporting will you require?

These questions, of course, are just a starting point for your RFP preparation. Finding the right partner means objectively assessing your current system's assets and liabilities, as well as thinking about what improvements would have the greatest impact in lowering your costs, reducing your fulfillment cycle and increasing sales.

Selecting a Solutions Partner

Every company is unique and has specific requirements, but there are certain attributes to look for in all potential vendors, regardless of the

scope of your particular needs. Strong project management capabilities, for example, are critical. Evaluate the vendor's skills with a sharp eye for whether or not it is able to effectively manage and integrate the entire supply chain. Remember that achieving the right balance of speed and total cost control is your goal, and that requires "big picture" vision and capabilities.

Another important consideration is your partner's print-on-demand strategy. Determine how successfully the vendor's strategy has worked for other customers and if your potential partner has the right capabilities to meet your needs.

Finally, ensure that your potential partner clearly possesses superior IT strength and has the financial stability to keep up with technology

changes. Software-driven automation is a key to achieving significant improvements in your literature fulfillment program, so make sure the firepower you need is there.

Most important, outsourcing your literature fulfillment should allow you more time for activities that go beyond managing a process that is outside the core competencies of your business. To obtain the best results, prepare in advance, understand your market dynamics and determine what you want to achieve from a literature fulfillment program. *

FERGUSON NEALE is director, business development for Banta Corp. He has more than 18 years of printing solution experience with an emphasis on supply chain management. He can be reached at (253) 372-9801.

Just 1 Question

Target Marketing: Where do companies' returns-management programs fail to meet customers' expectations, and how can they fix those weaknesses?

Michael Smith, vice president, Retail Business Solutions at Newgistics Inc.: Traditionally, product returns have been viewed as a "necessary cost of

doing business," and returns management was an afterthought. Many marketers handle returns as individual transactions and fail to consider the entire "returns process," which begins at the point of sale. In this context, product returns create two key business problems:

• **First,** returns are a hassle for customers, resulting in dissatisfaction, attrition and lost revenue.

• **Second,** returns are costly to process; it's four times the cost of forward fulfillment. (The average cost for processing a returned package is \$42.97¹.)



Michael Smith

Direct retailers can employ many returns-management best practices to turn their returns into a profit center and a significant touch point for improving customer retention and loyalty.

Merchants should provide a hassle-free return process. Customers should have the convenience of prepaid return labels and [conveniently located] drop-off points. For increased ease, make return labels accessible within the [fulfilled] order and on demand—Web, print and e-mail—for replacement or appeasement scenarios.

Product returns should be a component in a marketer's overall customer loyalty program. Personalize customer communications with select customer knowledge, such as for "first-time buyer" and "VIP buyer" customer segments.

Provide visibility of inbound returns to customer service representatives and operations, so they can effectively answer inquiries from customers, reducing multiple customer calls attempting to confirm the status of their packages and refunds.

Like the purchase process, the returns process has a significant impact on customer loyalty and retention. A positive returns experience drives repeat purchases, while a frustrating experience triggers unnecessary customer attrition. Consumers want to shop with confidence and return with ease.

—Hallie Mummert

¹ Modern Materials Handling, 2002