

Farmers retail chain improves response and reduces costs of customer mailers, with the help of Datam and HP Indigo Digital Presses



At a glance

Industry: Direct Mail and Transactional Printing; Retail

Business names: Datam; Farmers

Headquarters: Petone, New Zealand; Auckland, New Zealand

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



Challenge

- Bring more value to Farmers and other customers by migrating them from one-colour generic mailings to full-colour, personalised campaigns.
- Produce highly-personalised campaigns digitally, without compromising print quality or jeopardising delivery deadlines.
- For Farmers: Leverage existing customer data for higher-performing, affordable promotions.

Solution

- Two HP Indigo W7200 Digital Presses, enabling high-productivity, full-colour, personalised printing.
- HP Indigo 5000 Digital Press, for 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 personalised jobs.
- HP SmartStream Production Analyzer – Helps improve press utilisation 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.
- For Farmers: Partner with Datam to enhance the performance of its retail mailers.

Results

- Farmers achieved seven per cent higher response rates in test of highly personalised, full-colour direct mail compared to traditional mono-overprint mailer and converted all mailers to digital, increasing Farmers work with Datam by 300 per cent.
- Format change enabled by flexible digital platform delivering customer-relevant content reduced retailer's costs for direct mailer by 30 per cent without impacting response rates.
- Production timeline for Farmers' 250,000-piece direct mail job reduced from three weeks using offset shell to two weeks using digital platform.
- Datam's digital printing volume has risen to average five million pages per month and nine million pages in peak months, and growing.
- Twenty per cent of all digitally printed A4 pages are net new business – i.e. impressions that did not previously exist.

“We want to talk to our customers in a very dynamic, highly relevant and engaging way. Datam’s HP Indigo platform is critical in terms of quality, timing and cost.”

– Grant Febery, direct and online marketing manager, Farmers

In direct marketing, the success of a new approach can be measured in various ways: improved response rates, higher average consumer spend, or lower costs.

Farmers, a leading department store chain in New Zealand, has discovered that by switching from generic promotions to full-colour, highly personalised direct mail, it is possible to achieve all three. Farmers’ story is about evolution – the evolution of its partnership with its direct mail house, Datam; and the evolution of the content and format of its mailers.

Farmers’ journey began with a small revolution: in 2009, Datam became the first company in Asia-Pacific to install an HP Indigo W7200 Digital Press and now has two presses. As one of New Zealand’s foremost information management companies and a fully owned subsidiary of New Zealand Post, Datam quickly realised how the new technology could support its vision to bring more personalisation and versatility to direct mail and transactional documents.

Personalised, colour mailings improve response for major retailer

Likewise, Farmers also quickly saw the potential, and it was one of the first NZ companies to adopt of the full-colour, highly personalised printing made possible by Datam’s new HP Indigo presses. A Datam customer since the early 2000s, Farmers had traditionally communicated with its loyalty cardholders via an offset-printed letterhead shell overprinted with personalised names and addresses and flow-wrapped with a generic catalogue. Quarterly one-day sale events were promoted using generic offers overprinted in black on base stock.

Once Datam installed the HP Indigo Presses, the account team began to talk to Farmers about the value of variable data printing (VDP). Warren Boyde, direct marketing specialist at Kinetic121, Datam’s direct marketing division, recalls: “Using the customer data that Farmers already had, we could treat each of their 300,000 customers as individuals, and provide individually tailored packs featuring a personalised ‘hero offer’.”

Grant Febery, direct and online marketing manager at Farmers, adds: “The critical thing was finding the right personalisation around the right details. It always has to be the right products for each customer.”

An initial split test of the one-day sale promo, with 50,000 traditional mailers and 50,000 full-colour, highly personalised mailers, proved the value of the new approach. Approximately seven per cent more customers who received the personalised offer came into the store; and the average spend was higher – prompting Farmers to convert all its direct marketing to digital and make Datam its primary mail house. This increased Farmers’ work with Datam by 300 per cent.

Farmers leverages VDP in highly creative ways to produce high-value results from its regular cardholder and one-day sale communications, as well as for its Beauty Club loyalty programme. The latter is business that Datam won from a competitor due to its HP Indigo-based VDP capabilities, further expanding the Farmers-Datam relationship. Now, many of the personalised offers are supported with personalised graphics, such as images of perfume bottles filled proportionally according to how close the customer is to reaching the points needed for a specific offer.



HP technology – critical for timing, cost and quality

For every one-day-sale mailing, timing is crucial. Offers are often finalised only at the last minute, squeezing production timelines. Also all sales promos – up to 250,000 at a time – must land in customers’ mail boxes inside a two-day window. Febery notes: “Datam has never missed a delivery date.”

The HP Indigo WS7200 Digital Press, driven by the HP SmartStream Production Pro Print Server, is a key enabler to smooth, well-timed projects, with Datam’s expert logistics and stellar customer service the ultimate determinant of success. “With the HP Indigo platform, we can now produce a better outcome, with full-bleed and perforation on the fly, in two weeks from getting the artwork, compared to three weeks using an offset base stock,” says Boyde.

Based on its success with digitally produced one-day-sale mailers, Farmers then migrated another direct mail piece to digital production, replacing a generic 24-page booklet with an A3-sized, highly personalised, and digitally printed mailer. According to Febery: “The response rates were similar to the old mailing, but our costs were at least 30 per cent lower!”

Datam sees new opportunities and growth with conversion to digital

Datam’s digital printing business has been going from strength to strength since it installed the two HP Indigo W7200 Digital Presses. For the past year it has been printing an average of five million pages every month on the HP Indigo Presses and up to nine million pages in peak months. These numbers continue to grow, and Datam continues to shine in its market – evident by three consecutive Indigo Digital Print Awards for Direct Mail and Transpromo.

“Now 20 per cent of the A4 pages we print are new impressions that simply did not exist before we moved the clients over to the HP Indigo platform,” Febery added.

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