



The Xerox 1:1 Lab

**Fuji Xerox, delivering results you can measure.**  
As a global leader in variable data collection and digital colour printing technology, we are helping our customers leverage the benefits of personalized marketing through the Xerox 1:1 Lab.  
For more information, call your Fuji Xerox sales representative, or visit our website, [www.xerox.com/1to1lab](http://www.xerox.com/1to1lab) today.

- **155% increase in the number of shareholders who chose to switch** from annual lump sum RRSP payments to monthly, automatic payments;
- A spectacular impact on reactivation: **3x the number of shareholders** who had discontinued their payroll deduction payment **returned to monthly automatic payments** as compared to the control piece;
- A 17% reduction in total print and insertion costs;
- **Extrapolation of the 1:1 Lab test results to other highly personalized communications projects** targeting all shareholders;
- The 1:1 Lab personalized marketing piece is now mailed as part of an ongoing monthly program to re-engage clients;
- **The Fund's call centre did not receive any customer calls or complaints**, a first in the Fund's marketing communications campaign history.

“By participating in the Xerox 1:1 Lab, we ultimately gained a new appreciation for the goldmine of information we hold about our shareholders.”

– Sylvie Laferrière, Eng., PMP,  
Coordinator of Shareholder Projects,  
Solidarity Fund QFL

## Xerox 1:1 Lab helps build loyalty among Solidarity Fund QFL shareholders



# The Challenge



Sylvie Laferrière, Eng., PMP, Project Coordinator, Shareholder Projects (left), and Frédérique Chatain-Collinet, M.Sc. Marketing, Marketing Consultant with the Shareholder Projects Branch, Solidarity Fund QFL

## FONDS de solidarité FTQ *Hard at work*

In its efforts to enhance shareholder loyalty, the challenge faced by the Fund is to encourage shareholders who make annual lump sum payments (for example, by paying in a certain amount once a year) to change to systematic savings through PD or PW.

In the near term, the Fund would like to consolidate its shareholder base by building loyalty in several specific groups. For almost two years now, the Fund has been testing targeted direct marketing methods that favour systematic RRSP contributions.

The Fund's initial mailings by traditional direct marketing methods aimed to explain the advantages of systematic savings to shareholders and show, through realistic examples and projections, their potential for retirement savings. The mailings also showed how the Fund stimulates the Quebec economy and creates jobs.

"Despite promising results from mailings aimed at encouraging our shareholders to contribute to their RRSPs, we wanted to see an increase in the conversion rate to systematic payment methods," explained Frédérique Chatain-Collinet, Management Consultant at the Fund's Shareholder Projects Branch. "In 2005, our objective was to assess the potential of a more personalized direct marketing campaign that would motivate shareholders to change their contribution methods."

\* RRSP : Registered Retirement Saving Pan (USA equivalent : 401 K)

The Solidarity Fund QFL (the Fund) is a labour-sponsored development capital fund whose primary mission is to help create, maintain and protect jobs by investing in Quebec-based small and medium-sized companies. Its mission also involves offering its 573,000 shareholders a fair return. As at May 31, 2006, the Fund's net assets stood at \$6.6 billion. The Fund is a partner in 2,100 companies and has helped create and maintain over 105,000 jobs.

To support their mandate to invest in Quebec's economic development, the Fund is continually searching for ways that encourage its clients to contribute more to their RRSPs\*. The Fund offers two ways to make more frequent contributions to an RRSP: payroll deductions (PD) and pre-authorized withdrawals (PW).

# The Trilogy Alliance

Through the Trilogy Alliance, customers of Xerox Canada who specialize in graphic communications as well as their marketing and advertising customers can carry out sustained one-to-one marketing campaigns.

Very few corporate marketers have the infrastructure, experience and staff required to execute highly personalized marketing programs, even though they are aware of the advantages.

The trilogy alliance formed by Xerox, Terminal Van Gogh Ltd. and the

appropriate software partner brings together the software and skills that commercial printers and their customers need without requiring immediate investments in these areas.

As printers gain one-to-one campaign experience and knowledge and build their businesses, they can continue to work with the Alliance or make the investments needed to carry on independently.

The Trilogy Alliance offers flexible services tailored to each customer's skills and infrastructure.

## Project Price Comparison (US Dollars)

Solidarity Fund QFL Control Piece	Cost	Cost per Package	1:1 Lab Designed Solidarity Fund QFL Marketing Piece	Cost	Cost per Package
*Printing and finishing - mailing containing a letter (8.5" x 11") + an application form + 1 investment chart (accordion folded - 21" x 3.5") and an information card	\$27,540	\$1.53	Data preparation, processing - cost per record	\$6,600	\$0.37
Finishing - Project management, addressing, insertion and lettershop costs	Included	Included	Digital Printing - package of 11" x 17" pager folded Once printed both sides, trimmed and folded	\$9,140	\$0.51
Outer envelopes	\$5,760	\$0.32	Finishing - Project management, insertion	\$2,880	\$0.16
Reply envelope (postage paid)	\$720	\$0.04	Outer envelopes	\$3,960	\$0.22
Postage	\$6,300	\$0.35	Reply envelope (postage paid)	\$720	\$0.04
TOTAL production or future reprint		\$2.24	Postage	\$6,300	\$0.35
<b>Creative-Design &amp; production of mock-ups (one-time cost) Fund's Ad Agency</b>			TOTAL production or future reprint		\$1.85
Art direction & graphic design	\$25,000		<b>1:1 lab design and production of digital mock-ups (one-time cost) - Terminal Van Gogh (partner of Xerox)</b>		
Account service and administration	\$2,705		Art direction & new design and repurposing of existing creative	\$10,000	
Production of design and mock-ups	\$15,500		Account service and administration	\$11,200	
TOTAL design and set-up		\$2.40	**Original code programming	\$15,000	
TOTAL (first time cost combined with first time printing)		\$4.64	Royalty free images	\$3,190	
			Engineering of document and data by Exstream software	\$6,000	
			TOTAL design and set-up		\$2.52
			TOTAL (first time cost combined with first time printing)		\$4.37

\* The original control piece also included a high-quality offset information card printed on high gloss card stock

\*\* Price per package based on 18,000 mailings

\* The power of variable data – 2<sup>nd</sup> design changes allowed for a simplification of the concept down to an 11 x 17 printed both sides and integrating the customer letter as a cover, all without compromising efficiency.

\*\* 50% of this program's costs were attributed to the design of the future value investment's algorithm

# The Impact of Personalization in Garnering the Desired Reaction



Customized 1:1 Lab marketing piece: Variable map and information

(continued from page 3)

- Age and gender of shareholders
- Area of residence
- Union or non-union status
- Systematic savings options at their disposal (PD or PW)
- Contribution history
- The businesses in which the Fund had recently made significant investments.

The data was used to prepare a very personalized mail-out campaign designed to convince the targeted shareholder sample to change its RRSP contributions to one of the systematic RRSP savings options.

The 1:1 Lab test package was designed taking graphic cues from an existing marketing piece, called the control piece. In order to avoid skewing shareholder responses, the new personalized piece adopted the same style as the original, but with highly personalized information.

The strategy for the new mailing, produced in October 2005 for the RRSP pre-season, was designed by TGV using Exstream's DialogueTM software solution. Unlike the control piece, all the elements of the original campaign were simplified and presented in a single document: a single double-sided 11" x 17" page:

- Page 1: a letter adapted to each shareholder's profile;
- Page 2: information on investments made by the Fund in the shareholder's region and examples of local businesses that had benefited from the Fund's strategic investments;
- Page 3: graphs showing the advantages of a systematic approach to saving;
- Page 4: an application form for payroll deductions or pre-authorized withdrawals.

The 1:1 Lab mailing also included a postage-paid return envelope; the outer envelopes were also simplified to automate manual insertion of the control document while maintaining the original appearance of the original envelope.

A great variety of messages could be planned on the basis of the many shareholder-specific variables. The goal of personalizing the content was to deliver the most relevant messages possible to each individual, based on each person's specific situation, in order to show how the product was perfectly suited to his or her needs.

For example, an introductory message addressed to shareholders under 40 years of age pointed out the importance of saving for retirement, even though retirement might seem far off in the future. The message to those over 40 reminded them of the importance of saving, particularly as retirement comes closer. The brochure also reflected the shareholder's access to a given type of systematic saving and invited him or her to use this payment method; otherwise, the letter detailed the advantages of preauthorized withdrawals.

Other messages were adapted in a more subtle manner. For example, the piece sent to non-unionized shareholders pointed out the Fund's role in business development in the region. Using a slightly different approach, the piece addressed to unionized shareholders underscored the Fund's role in creating and maintaining Quebec jobs.

"The very large number of variables in this mailing enabled us to adapt almost every line of our document to each individual's specific situation, such that each shareholder would be able to see the value of our offer," said Ms. Chatain-Collinet. "By using several combinations of variables, Terminal Van Gogh succeeded to create a very powerful marketing tool that was much more effective than our traditional tools."

## Results

The Fund's personalized marketing mailing was far more successful than traditional methods. The 1:1 Lab mailing delivered a 155% increase in the number of shareholders who switched to systematic savings.

The results were even more spectacular among a subset of shareholders who had abandoned payroll deduction in the six months preceding the mailing. By presenting tailored examples and using specific arguments to convince them to reactivate their RRSP contributions, the percentage of shareholders who returned to payroll deduction was three times greater than that spurred by the traditional brochure.

Another benefit of the project was that the Fund found concrete ways to take advantage of database content through strategic direct marketing operations. The full potential of these data had not been previously realized in large scale mailings due to high printing costs and data processing complexity. The Fund's database contains privileged information about more than 560,000 shareholders.

Automating the process and simplifying the document reduced total production costs (printing and insertion) by 17%.

"The Xerox 1:1 Lab project enabled us to familiarize ourselves with a new production process and state-of-the-art technology," emphasized Sylvie Laferrière. "We also saw how efficient the method is and were able to perform a very positive cost/benefit analysis. We can now confidently foresee using the Xerox 1:1 Lab approach to produce other highly personalized communications on a wide scale."

# The Xerox 1:1 Lab: Demonstrating the Power of Highly Personalized Colour Marketing

"The exceptional level of personalization demonstrated by the Xerox 1:1 Lab enabled us to go much further than traditional direct marketing methods and prompted the desired reaction from a number of our shareholders."

– Frédérique Chatain-Collinet, M.Sc. Marketing, Marketing Management Consultant with the Shareholder Projects Branch, Solidarity Fund QFL.

The Fund wanted to enhance shareholders' loyalty to ensure long-term, sustainable growth. The main objective was to motivate shareholders to change from lump-sum to systematic payments and encourage them to make regular contributions to their RRSPs. The Fund therefore became one of ten organizations that have benefited from the amazing results generated by the Xerox personalized marketing laboratory (1:1 Lab).

With the 1:1 Lab, the Fund also wanted to observe and test the process by which a personalized marketing campaign is developed. The Fund was therefore very interested in testing a small-scale campaign, assessing the results and extrapolating the benefits. "Xerox's 1:1 Lab presented the Fund with an excellent opportunity to test a personalized marketing campaign with a communication tool already in place and targeting our shareholders," says Sylvie Laferrière, Eng., PMP, Project Coordinator for Shareholder Projects, Solidarity Fund QFL. "It will be interesting to see this process adapted to other marketing projects such as the shareholder portfolio, which is sent to a portion of our over 560,000 shareholders."

Xerox's 1:1 Lab, a veritable testing ground for Xerox customers demonstrates the power and accessibility of data-driven one-to-one marketing and has accelerated its adoption by the marketing community.

The 1:1 Lab provides a learning environment for selected corporations to test and compare the results of data-driven one-to-one direct mail marketing campaigns with traditional direct mail methods. The 1:1 Lab is equipped with state-of-the-art equipment and software, including the Xerox iGen3® Digital Production Press, a 110 impression-per-minute digital colour press with image quality comparable to offset, and some of the most robust and sophisticated one-to-one software

solutions on the market. Terminal Van Gogh Ltd. (TVG) provides strategic consulting on data-driven marketing campaigns, builds the 1:1 Lab participants' programs, re-purposes existing creative to function within the data-driven environment and develops the metrics in the data to gauge results.

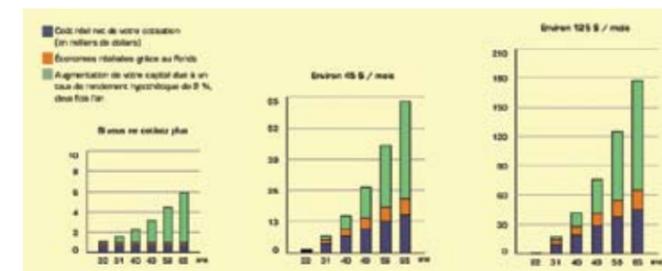
CGI, a world leader in information services technology and business process management, initiated the Fund's project.

"Our knowledge of the market and cutting-edge technologies led us to recommend a personalized marketing project to our client as part of Xerox's 1:1 Lab," said Michel Girardeau, engineer and manager of solutions and business development in CGI's Business Document Management and Printing division.

Already familiar with direct marketing, the Fund immediately took an interest in Xerox's and CGI's proposal, particularly because of the flexibility offered by a state-of-the-art technology that combines colour printing and variable data operations, especially at the blank-page management level. "We had already obtained interesting results with traditional direct marketing, which allowed us to validate the market segmentation of our shareholder base," added Ms. Chatain-Collinet. "However, the 1:1 Lab's highly personalized marketing approach enabled us to go even further and to improve the efficiency of our approach with the goal of enhancing shareholder loyalty."

By using Xerox's 1:1 Lab, Terminal Van Gogh designed a personalized marketing piece for a segmented sample of the Fund's shareholders. Taking care to send out a parallel set of non-personalized mail to a subset of the sample, the Fund was able to compare the results of a highly personalized marketing campaign with that of a traditional direct marketing approach.

Over the past few years, the Fund, which enjoys an excellent relationship with its shareholders, has been able to develop a database of precious information. Drawing on this information, the Fund was able, within the 1:1 Lab environment, to send personalized mailings containing information relevant to its customers. This gave shareholders access to clear information for making informed decisions. The most important variables were related to factors influencing RRSP contributions, but the Fund's economic development mission was also a consideration:



Customized 1:1 Lab marketing piece: Variable growth hypothesis graph

# Data Driven 1:1 Communications in Action

Personal information on the shareholder for identification purposes.

The message and photo change depending on the age and sex of the shareholder and whether he or she is a union member.

The form changes according to the savings option: payroll deduction (PD) or preauthorized withdrawals (PW).

The photo reflects the shareholder's age and union / non-union status.

Varies according to the shareholder's age and the time remaining before a retirement at the age of 65.

The content of the entire letter changes according to the shareholder's profile and particular circumstances, his or her access to PD and PW, and whether he or she is a union member.

Growth hypothesis according to age and past contributions.

The map changes according to the shareholder's geographic location, indicating the Fund's investments in companies or the jobs created and maintained in the region.