Florida Direct Marketing Company Expands 1:1 Play Book with Xerox Digital Press

DocuColor iGen3 Presses Improve DME's Strategic Relevance with Customers

by John Hamm

"At the Direct Marketing Association show last fall, a reporter asked me why we, as a small company, purchased three Xerox DocuColor iGen3 Digital Production Presses when some of the best informed, most advanced companies in the world don't even have two. I told him we couldn't afford the risk. Risk is when you do nothing."

So says Mike Panaggio, chief executive officer of DME, Daytona Beach, Florida. Such decisiveness has been a hallmark of his leadership at the 20-year-old company, which integrates telemarketing, e-mail, Web communications and creative and production services into direct marketing communications programs.

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In the late 1980s, when the firm's print vendor wanted to wait until Monday to discuss a big opportunity that came up on Friday afternoon, DME decided to bring its printing in house. Today, the company prints 185 million pages per year at its 11-acre headquarters campus near the Daytona 500 Speedway.

Also in the late 1980s, DME developed an automotive direct marketing capability from scratch purely on spec. Today, it's the company's largest business. Along with financial services, automotive accounts for 75 percent of DME's annual sales of $80 million, helping to fuel a steady annual growth rate of 20 percent.

And last summer, DME acquired three Xerox DocuColor iGen3 Digital Production Presses — more than any other company at the time. The acquisition was so successful that DME projects ordering several more of the Xerox flagship 6,000 pages-per-hour digital presses this year.

"It used to be at DME that we concentrated on getting it out quickly, and getting it right, and giving great service," Panaggio says. "These have all turned into a mish-mash of commodities. To rise above that today, you've got to be part of the success of your customers. You've got to be part of the strategy. You've got to help call the plays. And the iGen3 is putting a lot of new plays in our play book."

'Trackaholics' for Client Success

Panaggio founded DME in 1982 to help his clients tackle their marketing challenges, initially as a creative marketing shop that outsourced its production needs. In 1987, the firm acquired its first production equipment: Xerox 4050 laser printers for overprinting variable information on offset shells, and Bell & Howell automated inserters to automate mail insertion.

Today, DME has eight Xerox DocuPrint 4180s, mainly for overprinting on offset shells, at speeds of 10,800 sheets per hour, and a staff of 30 to run the print operation. Shells are produced on two Heidelberg presses or by one of two printing partners.

"On paper, DME doesn't look all that different from other companies," Panaggio says. "But over time, we've learned a lot about the critical steps that need to be taken in an integrated fashion to make a direct marketing campaign successful."

The company's strongest differentiator is its laser-like focus on its customers' success, he believes. "We're trackaholics," Panaggio says. "We use our past results to prove to our customers the direction they need to take."

DME's information technology helps sharpen this focus. Software from XMPiE streamlines one-to-one marketing program development by integrating design logic and data across multiple media, while permitting designers to use their favorite software. A DME proprietary system integrates direct mail, telemarketing, e-mail and Web-based marketing serv-

Mike Dunn (right), vice president of operations, and Ed Turk, lettershop supervisor, inspect a variable information print job produced at DME on the Xerox DocuColor iGen3 Digital Production Press.

ices as a single marketing program, rather than silos of activity, to provide a high-level management view. Clients track customizable marketing campaigns' results reports on the Web.

DME builds a tracking or feedback device into every communications piece, usually toll-free phone numbers and Web sites. By controlling the response systems, DME can track results without relying on clients to send reports, helping DME to understand what is working in near real time. In addition, survey responses help DME compile knowledge about the client customer base that can help future programs be even more targeted — and successful.

"We have incredible information, and we keep getting smarter and our mail keeps getting smarter," Panaggio says.

Digital Color Advantage

The DocuColor iGen3 integrates well with this system, permitting, for example, personalized response Web sites to be created on the fly during printing, for each recipient. DME is transitioning applications to the new equipment gradually, producing two million impressions on it from August 2003 to year-end, compared to 145 million laser overprinted pages in 2003.

DocuColor iGen3 benefits are many. Response rates are 60 to 70 percent higher on average than those of similar pieces produced the traditional way, Panaggio says. Turnaround is faster — DME has gone from order placement to mail drop in two-to-four hours. Image quality is excellent, media latitude is broad, and the press and its Creo Spire Color Server maintain rated speed even when rotating as many as 500 images in a variable information print run, Panaggio says.

Among the early applications transferred to the DocuColor iGen3 is direct mail supporting the new car sales and service operations of AutoNation, Inc., the largest automotive retailer in the United States, which owns and operates 365 new vehicle franchises in 18 states. "This is the dawning of mass customization," said Scott Zientarski, director, customer relationship management, AutoNation, who manages the direct marketing program. "The only way to capture the nuances that each of our stores wants in its direct marketing is with this technology."

The greatest benefit to AutoNation, he believes, is the capability to run tests cost-effectively in small quantities. One such test uncovered "a new silver bullet" for new car promotions, he says, that subsequently returned $108,000 in sales on a $6,800 mailing.

"The results are terrific," Zientarski says. " I hesitate to use the term vendor when describing DME since they have become such a significant contributor to AutoNation's marketing strategies."

In fact, DME has been servicing many of its clients for more than a decade with direct marketing applications that were ripe to reap the benefits of high-quality digital color printing. For years, however, digital color press technology fell short of DME's requirements, and the alternatives delivered an effective but incomplete set of personalization capabilities.

Mike Panaggio (standing), chief executive officer, and Steven Oshinski, general manager and chief information officer, lead DME's efforts to pioneer variable color printing as part of integrated one-to-one marketing campaigns.

That's not the case anymore. Panaggio sums it up simply: "The iGen3 brings one-to-one marketing into the world of reality. It's limited only by human imagination." ◆

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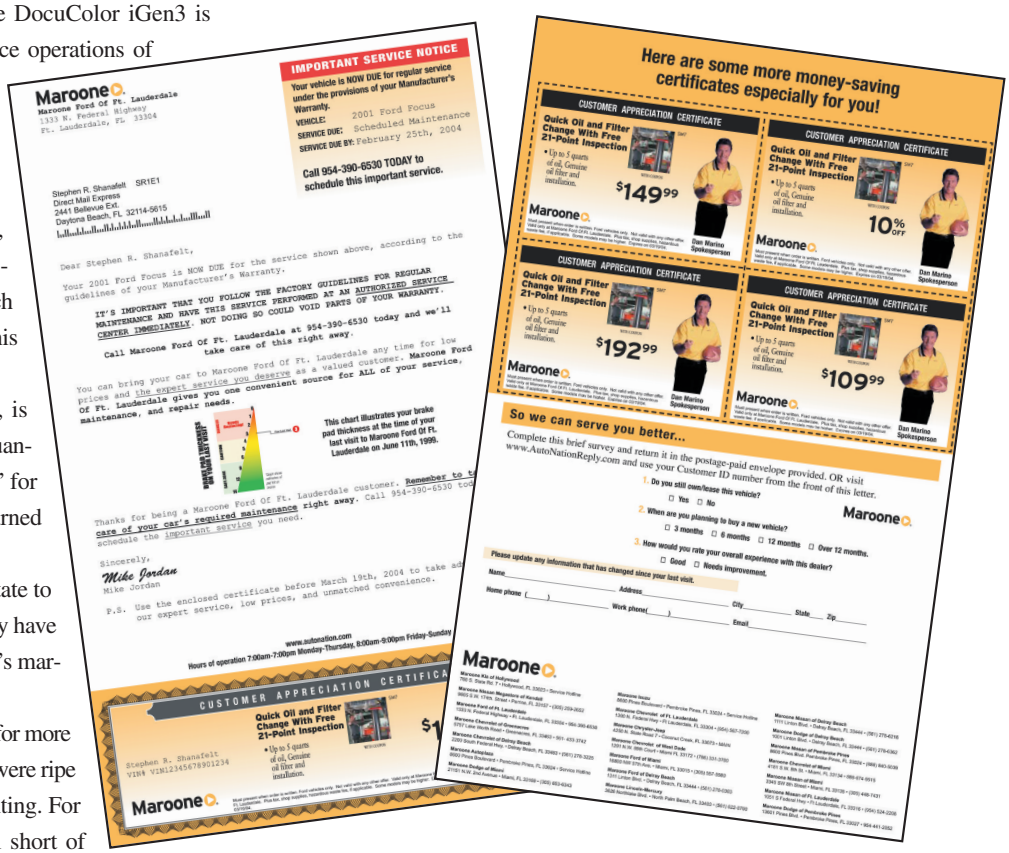

Among the variable features that boost response rates for AutoNation mailers are color charts showing the wear level on brakes and tires at the last service visit and full-color variable images of parts and brand spokespersons.