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## Inserting a “Q” into TransPromo

Sophisticated TransPromo initiatives present special QA challenges for billers

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*The more organizations realize the value of TransPromo, the more transactional document producers will need to ensure the right message is being received by the right customer at the right time. Such TransPromo initiatives need to be equipped with effective quality assurance checks to ensure the integrity of the traditional transactional document.*

Much has been written in recent months about the benefits and future potential of integrating targeted marketing messages into invoices and statements. The prospect of leveraging transactional documents for customer retention and cross-selling is extremely attractive because the target audience can be reached so efficiently and cost-effectively with offers that are timely and relevant. In addition, TransPromo enables marketers to extend promotions beyond top-tier customer deciles for very little incremental cost.

To date, most billers have just begun to test the TransPromo waters with variable messaging and target segmentation. As these companies pursue more sophisticated, highly customized TransPromo campaigns, they will discover that the challenges of ensuring quality controls are not insignificant. Also not trivial are the consequences of deployment errors, which range from customer fatigue to the legal obligations of making a promotional offer to the wrong customer. Direct marketers have years of experience mastering the challenges of delivering highly targeted, variable messaging. Best practices in database marketing can serve as an invaluable resource to companies that want to realize the potential of TransPromo without the risk of disrupting their billing cycles or customer relationships.

### The Billers' Advantage

Billers, particularly those with highly automated in-house or third-party printing and mailing operations, have a clear advantage over most direct marketers with regard to the quality of their customer data. Consumers have an incentive to ensure the accuracy of their account information so that they can receive and respond to their bills in a timely manner. Billers that optimize their mailings through the US Postal Service National Change of Address (NCOALink) and Delivery Point Validation (DPV) are able to quickly update their lists to reflect changes and eliminate undeliverables.

Billers also have the advantage of current payment history and behavior for their customers, while direct mailers may be working with appended purchasing data that is inaccurate or obsolete. The superior quality of this data makes segmentation more accurate and makes it easier to develop predictive models based on RFM (recency, frequency and monetary amount) data. The predictable, short cycle for invoicing and remittance increases the likelihood that the message will still be timely and relevant when the customer reads it, since the bill is sent and anticipated on a regular basis. For this same reason, the billing cycle is optimal for targeted, iterative testing of messages to test control groups, as the response timeframe is regular and not open ended. Sophisticated billers that use the USPS Confirm Service to track outgoing invoices and incoming payments can predict the timing of responses and integrate this data into their testing methodology and predictive modeling.

### Transactional QA Challenges

Despite billers' front-end advantages in list development and segmentation, they are faced with often unforeseen QA issues when they attempt to implement variable messaging programs. Since it is critical that promotional activities not delay cash collection, there is limited time for visually inspecting highly customized, highly segmented communications. Companies with multiple billing cycles and multiple messages per cycle can be faced with press checking hundreds of different document combinations every day. Additionally, random samples must be pulled to ensure that the message aligns with the customer profile. While many companies now utilize some form of online press checks for their transactional documents, the process can still be burdensome and may interfere with distributed print production. Unlike direct mail, whose schedule is

typically driven by production, testing and QA requirements, billers must quickly convert billing data to printed documents and disseminate them without prolonging revenue collection. For transactional documents, testing and QA must be adapted to fit into the production schedule instead of the other way around.

In addition, depending on the level of segmentation and the duration of the monthly bill printing process, some print runs may be too small to be economically feasible and others a mismatch for the capacity of the print operation, creating a logistical nightmare for the biller. This often unpredictable complexity creates a good argument for launching targeted messaging campaigns gradually, initially sending a few customer segments straightforward offers that are easy to respond to, and ensuring that the infrastructure is in place to audit documents for accuracy within tight time constraints.

Particularly when integrating multiple messages of variable length on a single document, billers must ensure that promotions do not impede the readability of the financial information. Marketing messaging is secondary to cash collection on transactional documents and must not present a distraction. Simple visual inspections of the document, while important, may not be adequate to predict customer behavior upon receiving the invoice. Testing should be performed to assess whether incorporation of marketing messages cause customer confusion or, even worse, deferred payments. If cash collection is delayed while the customer considers a promotional opportunity, the biller must consider simplifying the marketing message. Enabling the consumer to accept an offer by checking a box on an invoice is an attractive strategy for up-selling or cross-selling in that it gives the consumer a single decision and does not require any additional customer data.

### **Quality Control Doesn't End with the Outbound Message**

Sending the right message to the right customer at the right time is just the first piece of the TransPromo process. The biller must also prepare its customer service department for customer responses related to the billing as well as questions about any offer or message presented on the bill. Even if a special phone number is listed specifically for the marketing component of the document, customer service can still expect to receive questions about the offer or message on the billing question phone line and vice versa. Additionally, once the customer responds, his or her profile must be updated to indicate his or her response (or lack of response) and an appropriate new message defined to be implemented in time for the next billing cycle. Billers that perform iterative testing on multiple variables may find it challenging to analyze the results while keeping pace with the billing cycle. A redundant or inappropriate follow-on message can result in message fatigue, customer dissatisfaction or even over-incentivizing specific customers. The process of updating models and determining the appropriate action can be time-consuming if there is no integrated master file or if file formats are incompatible or not readily accessible.

### **Database Marketing Methodologies**

Many billers, even very large organizations with complex print and remit operations, do not have a core competency in targeted, variable marketing, or else it exists outside of the billing and remittance groups. Much can be learned from database marketers, who have developed detailed methodologies based on their breadth of experience and the detail of their analytic data.

"If you want to succeed with this technique, it is important to think like a customer, not like a seller. By sitting on the other side of the table, you can craft messages that are more relevant, and, hence, more likely to be read and acted upon," said Arthur Middleton Hughes, vice president/Solutions Architect of KnowledgeBase Marketing, Inc. and author of several books on database marketing. "To be relevant, it is useful to know something about the person you are addressing. If you could know her age, income, length of residence, type of home, etc., you can do a better job of creating a relevant message. If it is a business customer, knowing the SIC code, number of employees and annual sales also makes a difference. Looking at the product ordered and the person's previous purchase behavior can help you devise a relevant message."

Quality control of variable messaging is a multi-step process that begins with validating segmentation of the customer base and continues through offer fulfillment. The first step is evaluating the profile of the customer base to ensure that the number of message variables is manageable. "We have found that one-to-one marketing is not always practical," said Evelyn Schlaphoff, database marketing expert, founder of M\S Database Marketing and former CEO of SourceLink Los Angeles. "Companies should separate what is possible from what is practical. If they make too many offers that are too specific, they may be unable to manage fulfillment of so many distinct transactions. They may also find it really challenging to evaluate campaign effectiveness if there are too many variables." Once the customer base is segmented, counts

should be documented and programming results verified through random queries and visual audits.

Next, response mechanisms need to be determined and tested, including phone numbers, coupons, URLs and write-in responses. Since companies should anticipate receiving calls at their primary phone numbers in addition to phone numbers established for the specific promotional campaign, these operators should receive the same full training as dedicated phone bank personnel. Ideally, all customer service staff should have copies of promotional offers and the mechanism to verify which offer was made to which customer. According to Schlaphoff, this is another reason to begin targeted campaigns slowly. "If the customer service staff is confused by too many concurrent campaigns or is unaware of an offer, the customer may receive the impression that the offer was not valid," she said. Web addresses should be fully tested using dummy files, including verification that a given PIN number is associated with the correct offer.

Before widely deploying a targeted campaign, companies should evaluate message effectiveness by mailing to smaller test and control groups. This testing can also help billers quickly ascertain whether promotions resulted in lack of payment, delayed payments and incorrect payment amounts before these problems become widespread. For iterative promotions, follow-on messages should be determined in advance based on type of customer response or non-response to earlier message iterations.

Once the campaign has been deployed, QA checks should continue through seeding of lists to confirm mailing time and ongoing test calls to customer service. Random checks should be made to ensure that offers have been fulfilled. Finally, results need to be collected and evaluated. Data feeds should be set up and tested in advance from all response mechanisms so that response data can be integrated and analyzed for reporting. "Without quality results data, there's no way for companies to properly adapt their campaigns," Ms. Schlaphoff notes. "Unless companies are able to evaluate responses from every decile according to every variable, they won't really be able to influence future customer behavior."

### **New Web-Based Tools**

Billers that want to go beyond basic variable messaging in their transactional documents will be well-served to deploy some of the same technologies in use by large-scale database marketers. Web-based platforms are now available that enable billers to build customized invoices in real time by dragging and dropping content components, including both text and graphics. Distributed printing can be managed via these platforms based on the size of the print run, geographical segmentation and special print requirements, such as inserts. Some platforms can even enable the biller to determine segmentation based on payment history or, if customer profiles have been appended, based on hundreds or even thousands of demographic and psychographic variables.

Emerging web-based technology, designed specifically for transaction documents, empowers billers to predetermine dynamic business rules with self-learning and triggering capability that will adjust future messaging based on each response. Because these rules can be tested on the fly before any actual mailings take place, billers can implement long-term customer retention or customer up-sell strategies without evaluating, reprogramming and rechecking each step. These tools also add flexibility and nimbleness to react to sudden business changes or legal directives without the need for visually inspecting large volumes of paper.

Quick reaction to customer response is more difficult when the call to action on the billing statement is in the form of a web address or coupon. Unless the biller's print operations are well integrated with its CRM system, it may take multiple billing cycles for the response to be reflected in the on-statement marketing campaign. A web-based platform that receives, integrates and standardizes feeds from multiple formats and disparate sources can be a powerful tool for managing response data.

### **Leaving It to the Experts**

According to Brian Mulford, chief product and technology officer for Regulus Group, the largest independent payment processor in the US, many companies turn to third-party specialists after learning through experience the level of detail and complexity of deploying a highly segmented, iterative promotional campaign. "One-to-one marketing sounds ideal until you delve into the details. Companies don't always know what they're getting into, and sometimes, they turn to the experts only after a disastrous experience," says Mulford. "Billers can't afford to put their transactional documents at risk, so they should seriously consider getting help from vendors whose core competency is integrating marketing activities into the remittance environment."

Ms. Schlaphoff suggests that billers consider outsourcing call center activities related to TransPromo campaigns as well. "Typically, billers' customer service departments are not equipped for peak response periods related to marketing initiatives," she comments. "When the phones are ringing off the hook, you don't want a valued customer calling to inquire about his account balance to have to sit on hold. In the world of database marketing, customer retention is king, which means always sustaining a very high level of customer service. It always costs more to acquire a new customer than to retain an existing one."

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