



The Impact of Color

How to use color to increase response, action, and revenue from customer communications and prospect mailings

Introduction

Since the early days of professional promotion, marketers have used color to distinguish brands, products, and offers from the other material that arrives every day in our mailboxes. Color is defined as “the visual perception property” that enables humans to “differentiate otherwise identical objects.”¹

Because of its ability to distinguish marketing materials from other mailings, color makes a significant contribution to the effectiveness of printed pieces. But it’s not always clear how to use color to achieve the best results—for your response rate, your return on investment, or your brand. For some, the concern of added cost is a deterrent to introducing color into mailings. When done well though, color can encourage the higher response you’re looking for. In this paper, we’ll discuss:

- How color differentiates marketing materials
- How to use color in direct mail
- The power of color in transactional promotion (“Trans-Promo”)
- The construction of a direct-mail package
- How to use color effectively on envelopes
- Increasing response through offers and QR codes on the envelope

- The economics of color
- The effectiveness of integrated marketing campaigns

Color differentiates

Brands associate themselves with color palettes to develop a connection between their products or services and their customers. Modern companies, whether large or small, for-profit or not-for-profit, use logos with specific color requirements. Think of the communications from your bank, your healthcare provider, and your favorite charity. You can probably remember their identity down to the shades of their corporate colors.

Now, suppose you received a communication from one of these familiar companies that arrived in an envelope printed in black-and-white rather than color. Would you be as interested in opening it? Would you take the time to see who sent it? Would you be as interested in the offer?

Think of Starbucks. Is there any coffee drinker who doesn’t recognize the iconic green-and-white circle on a Starbucks cup? A communication from Starbucks without its green-and-white logo on the envelope would certainly be missing an important ingredient. Its new logo capitalizes on its investment by preserving the green and white, a logo so recognizable that it no longer needs

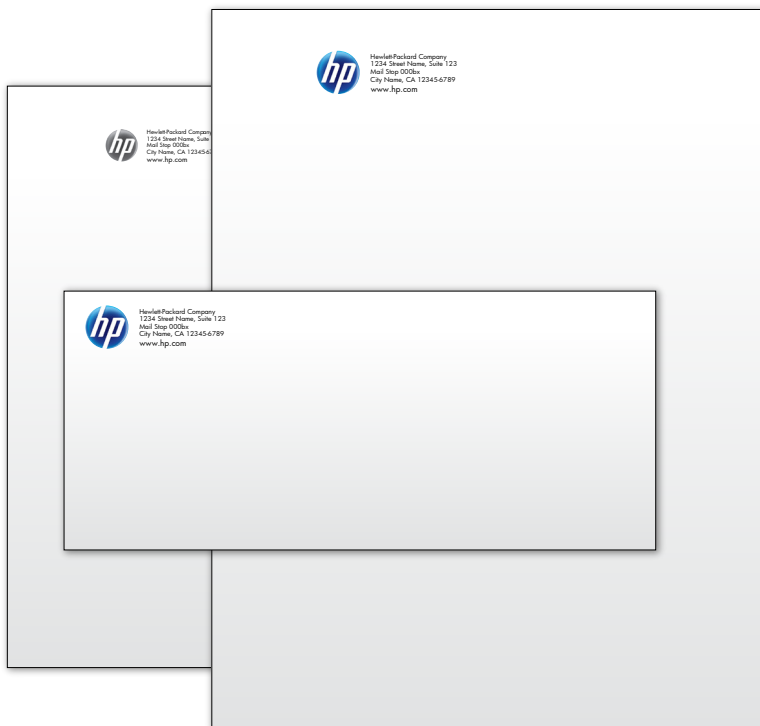
to identify the company with the Starbucks name because we know it immediately.

Think of other major brands. Consider Nike's red swoosh or McDonald's yellow arches. Think of HP's blue-and-white logo. These brands rely heavily on color to promote an association for their customers between the color and the company.

Color makes a difference from the first impression

A communication that includes a company's brand colors on its envelope promotes a connection to a customer's recollection of the brand; without color, the communication's power is weakened. That's in part because color can be very emotional. You may not "think" about color, but your brain still processes and interprets its meaning.

Consider the following two examples of stationery from HP. One logo is in black and



white; the other logo includes HP's brand color, blue. Using blue supports the brand better because it creates an association between the color and the company, and it carries the

branding to the consumer. The promise of the color envelope with matching letterhead attracts the reader's attention more effectively than the black-and-white version.

How to use color in direct mail

One axiom of direct mail states that a response is driven by three elements: 40% is your list, 40% is your offer, and 20% is your creative.² So, of course, you'll want to start with a good list. Make sure your list is filled with people you want to reach, who can buy your product or service, or who have bought your product or service in the past.

Once you've settled on your list and a relevant offer, you're faced with a new challenge: how best to use your creative to get your reader to open the envelope or read the mailer. This is where color can make a difference.

By using color to promote your offer directly on the envelope, you can encourage more people to open your mailing and read your offer. This can lead to a high response rate, and ultimately a more effective direct-mail program.

Maximize the contribution of creative

The right creative can increase the impact of your marketing effort by making your offer compelling, clear, and easy for recipients to act on. Color plays an important role in encouraging the reader to open your mailing, read enough to understand your offer, and want to act on it—now! Color is one of the most important tools in your creative tool chest, along with personalization.

Make a strong, personalized match between your list and offer

When color is used appropriately to reinforce an offer designed for a particular segment of your list, it maximizes response to this component of your mailing. The more targeted the application of color, down to the individual level if possible, the better you can anticipate what the response will be.

For example, let's say you're attempting to generate financial services leads. If your offer is for a research report, you can personalize it by offering each reader a different report, depending on which trade publication they prefer. Then, to highlight this personalization, you can feature a color image of the report on the front of each envelope. This will help draw attention to your offer and can encourage response.

The power of color in Trans-Promo


Trans-Promo "is the combination of transactional information with promotional materials in a single document. Or, in other words, using statements and invoices as a marketing vehicle."³ It's an extremely effective direct-marketing technique because it combines a company's best list (customers) with a personalized offer. It takes advantage of assets the company already has in place—for example, customer data used to generate the invoice or statement—to generate a cross-sell, additional sell, or up-sell offer appropriate to that customer. Customer statements begin with a high open rate (perhaps as high as 95%⁴) and provide an environment for a targeted promotion. Trans-Promo also takes advantage of an existing resource (a statement or invoice) and adds an offer where nothing but white space existed previously.

Color draws attention to your Trans-Promo offer

Color makes a Trans-Promo offer stand out; it increases awareness, readership, and conversion rates. In a Trans-Promo piece, the function of color is to call attention to the promotion and to focus the reader on the call to action—a response by mail, phone, web, or even by QR code.

In targeted promotions or direct-response communications, you can feature the offer on the front of the envelope and throughout the mailing (on statements, on invoices, etc.) with appropriate versioning of your message to your list.

And, in notification mailings (such as a letter communicating a policy change), you can personalize your mailing with color to emphasize the key benefits of the notification to your specific list segment.



horizon

Horizon Cards
67 Industrial Road
1135029N Building
Mahwah, New Jersey 07658-0067
Website: www.horizoncards.net
Fax: 888-555-3123
Email: customer.service@horizon.net

SILVIA SMITH
123 CHESTNUT STREET
QUEENS, NEW YORK 12002

Please quote your customer code when calling us

Points accumulated in the "Dreams 2009" between 23/08/09 and 23/09/09

Details	Points
Previous balance	*406
New addition	*19
New balance	*625

Information for HORIZON Credit Card Loyalty Program

Points for Frequent Flyer miles

Details	Points
Previous balance	*16
New addition	*23
Transfer points to airline on 17/02/09	*16
New balance	*23

Card status report:

On 10/09/2009 your account was charged for the total of \$338

Active balance from previous monthly report	\$2000
Active sum charged on 10/09/2009	\$ 500
New transactions accumulated until 23/09/2009	\$ 328
New Active balance for payment	\$1672

Minimum sum for payment on \$438

Credit limit for account


Limit credit limit for account	\$ 6,787
New balance	\$ 5,213

Use only the 23/12/2009 rates of data are valid from 23/09/2009

Details of transactions charged before 23/09/2009

Date of transaction	Name of business	Department	TOTAL sum	Accumulated sum
	Cliffies for you	Clothing	\$200	\$200
	Spe Exclusive	Personal Care	\$ 95	\$295
	Vanille Desserts	Restaurant	\$ 33	\$328
Total as of 23/09/2009				\$328


Message for card no. 5544: As of 02/09/2009 the interest rate on credit issued directly by the credit card company have changed. Valid interest rates appear below.



Mrs. Smith, for your next dinner party make sure the last bite leaves your guests smiling.

A perfect ending with Dream Bites desserts

989 Chestnut Street, Queens, NY 12002
888-122-9567
www.dreambitesdesserts.com



Trans-Promo respects your customers' time and attention

Trans-Promo, properly implemented, matches offers to your customers' needs and also makes an impact at a time when customers are thinking about your products and services. The rate of readership and response to these offers is often much higher than in typical direct-mail programs that are less targeted.

Construction of a direct-mail package

Direct-mail packages are designed to produce a response. There are three major direct-mail formats, including:

- 1. Self-mailers**
- 2. Envelope mailers**
- 3. Catalogs**

Each format has its own inherent response characteristics, which vary according to several characteristics—passalong, time spent, retention, response, and cost.

Color is key to all three formats

Color can be used to increase the appeal of the mailing, and it can also be used to support the offers. Products in color are more realistic, offers more compelling, and logos more recognizable.

Self-mailers are essentially billboards for an offer. Readers react quickly to the message on the front (or back) of a self-mailer, especially when it is in color, and decide whether to act on it. This is the place where a colorful description of the offer pays off: You could lose a response without the emphasis color adds. Readers perceive self-mailers as impersonal, which means that they evaluate them quickly and decide whether to pass them on to someone else who could take advantage of the offer.

- a. Passalong: Passalong rate is higher with a self-mailer than it is with an envelope mailing.
- b. Time spent: The key disadvantage is that time spent with a self-mailer is minimal, often just seconds.
- c. Retention: If the reader does not take advantage of the offer, retention of the mailing is quite low.
- d. Response: Usually quite low—typically less than 0.5%.
- e. Cost: Low.

Envelope mailers are considered personal mail; and the more personal and interesting they are, the more time the reader will spend with them—typically a full minute or more. Color on the envelope and a photo of the offer, as appropriate, can increase time spent with the mailing, which should translate into action.

- a. Passalong: Because an envelope mailing is considered personal, it is less likely to be referred to another person who might be

interested in the offer, so passalong is lower than with a self-mailer.

- b. Time spent: If the offer is of interest, the reader might decide to hang on to the envelope a few days longer than if the same offer were put on a self-mailer.
- c. Retention: Typically higher than with a self-mailing.
- d. Response: Typically between 1% and 3%, making it the format of choice, depending on its cost.
- e. Cost: In between self-mailers and catalogs due to additional paper content and cost of inserting the components into the envelope.

The purpose of the envelope, of course, is to build credibility for the brand, get the recipient to open the communication and, if possible, predispose the recipient to take advantage of the offer. Inside an envelope mailer, you'll often find:

- **Letter.** The letter is designed to build credibility for the brand, spell out the offer, and urge action.
- **Flyer.** The flyer is designed to appeal to the more visual audience, and to restate the offer in a way that visual people can understand and appreciate it, so they will take action.
- **Response device.** The response device can be a business reply card that requires no postage, or it can be returned in a business reply envelope. Often, it is the first thing the recipient will open, so it needs to state the offer clearly and completely. If the original mailing was personalized, then the response device should be personalized too. This makes it easier for the recipient to act.

Catalogs are generally 32 pages or longer and have unique characteristics.

- a. Passalong: Often high, once the reader is done with it.
- b. Time spent: Often five minutes or more, and color and photos on the front of the catalog can increase time spent.

- c. Retention: Often 30 days or more. Each time it's picked up, another opportunity for action takes place, which should translate into increased sales.
- d. Response: Typically between 3% and 5%.
- e. Cost: Significantly higher than the other two options.

Increasing response through offers and QR codes on the envelope

Putting a small image on the front of an envelope is a great way to let people know there is an offer inside. It can also be effective to describe the information with a catchy phrase such as, "New market outlook available FREE—details inside."



Image of QR code is for example only and is not intended to be scanned.

QR codes: What are they and how can they increase response?

A QR code is a small square symbol that can be scanned by mobile devices. When you take a picture of the QR code with a mobile device, it takes you to a website or landing page. You can place a QR code anywhere in your mailing, but one logical place is on the front of the envelope or self-mailer. QR codes can be printed

How to use color effectively on envelopes

An envelope typically has several areas of potential, and marketers often neglect its potential.

Return address

Traditionally in the upper-left corner of your envelope, a return address can also be placed on the back flap. The use of a color logo here anchors the envelope and reminds the reader of your brand in its true colors.

Left middle This is a great place for a colorful icon, such as a miniature representation of your offer. For example, a financial services company could add an image of a report, a mobile service company could add an image of a phone, and a real estate company could add an image of a map.

Top center

Use this area for a compelling marketing or promotional message.

Over the address

This is a highly read part of a mailing because people check their name several times during the mail experience. This area is a great place for a call to action for the addressee.



Back flap This is a great place to add teaser copy or a call to action. Or insert your company name and logo here if you didn't use them in the return address area on the front.

Lower left This is a strong location for a QR code and teaser copy that prompts them to go to company website.

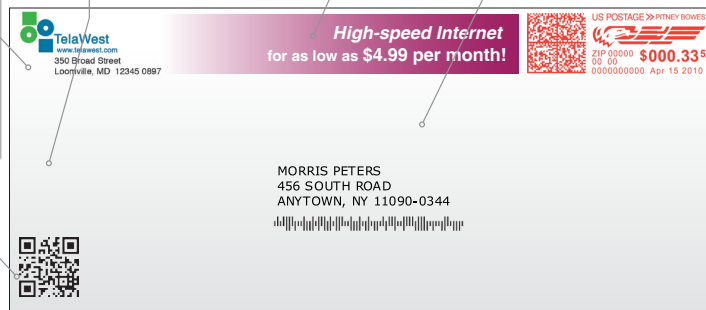


Image of QR code is for example only and is not intended to be scanned.

Back middle, left, and right The back of the envelope is a good place to add color for tone, to underscore your offer, to increase involvement, and to add flair to your mailing. The longer you captivate your audience, the better your chance of motivating your reader. Consider adding items such as a caption next to an icon, a quiz relevant to your mailing subject, or a checklist. But remember not to tell your audience too much because you want to entice them to open the envelope, and never ask a question to which the answer could be no.

in color—any color—as long as there is enough contrast to be read by the scanner. They can also be designed to complement the color in your message, your logo, or your offer. Logos or graphics can even be printed inside of a QR code.

One way to increase response by using a QR code is to have it link directly to a personalized URL (PURL). A PURL is a landing page or website that is individualized to welcome the recipient of your mail. You can use it to prepopulate a response card (to make it easy for the prospect or customer to respond), to push specific user information to that prospect or customer, or to capture unique data.

This approach typically boosts response dramatically, because the information on the page is more relevant to the needs of your prospect or customer.



The USPS occasionally offers a discount on postage for mailings that include a QR code, so if you are using them or would like to try to use them, check the USPS website (www.usps.com) to see if there's a discount available. You can also earn a discount when you promote a charitable cause with a QR code on your envelope. Consider using this technique when you are communicating with frequent mobile phone users of all ages to grab their attention.

A look at the economics of color

Once you understand how to effectively use color in direct-mail campaigns and on envelopes, it naturally raises a new question: How much will integrating color into a mailing cost?

When considering the addition of color, it's important to consider more than the cost per printed

piece. Using color on envelopes, for example, can positively impact your return on investment and the amount of new revenue you are able to generate. If you print in color by using digital on-demand printing, you can also reduce lead times.

Let's consider five different ways you can use color on an envelope. **An envelope can be:**

1. Printed entirely in black-and-white, using analog printing to preprint the return address and digital printing for the "To" address
2. Printed primarily in black-and-white, with the company logo in color, using only digital printing
3. Printed with some color, including the return address, and a promotional message, using 4-color digital printing
4. Printed primarily in color, including the return address, company logo, a promotional message, and a QR code, using 4-color digital printing
5. Printed entirely in color, using 4-color digital printing

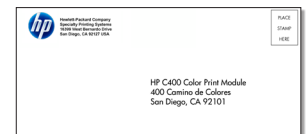
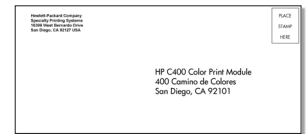
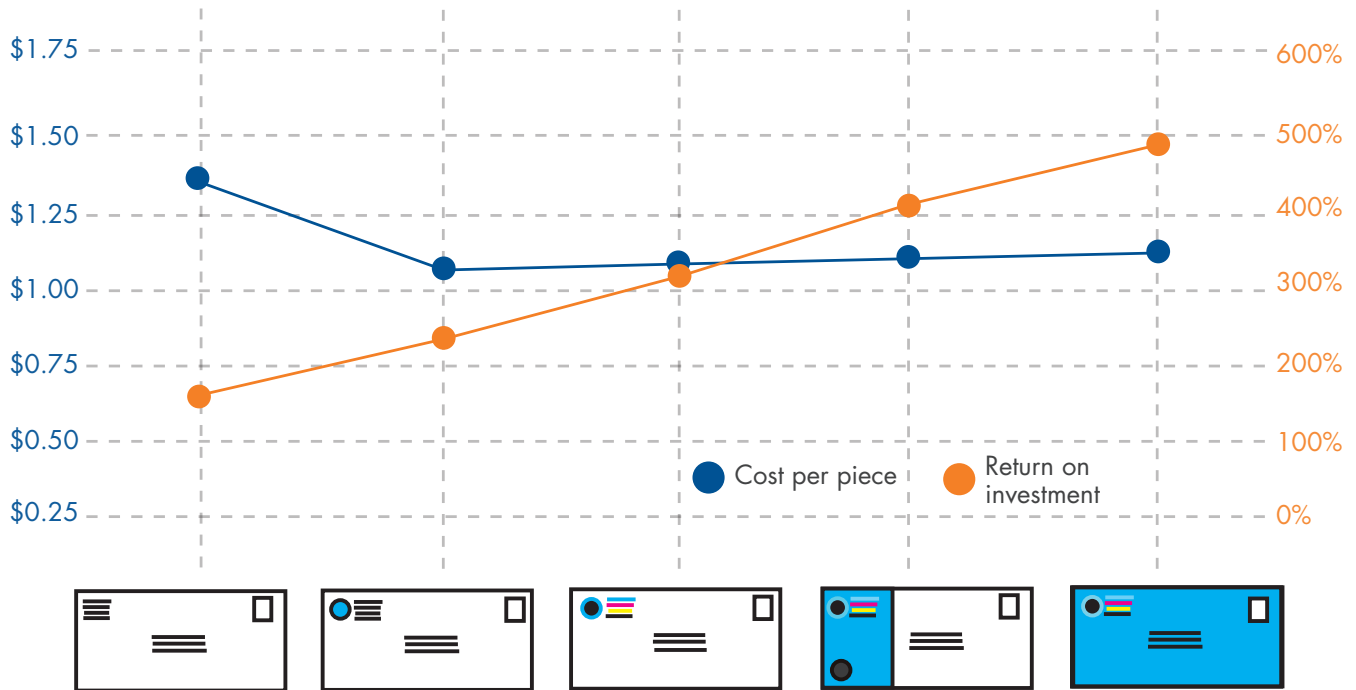


Image of QR code is for example only and is not intended to be scanned.



While all five options share certain costs, such as the price of the list, data, lettershop expenses, and postage, there are a few notable differences. Unlike the others, the first option requires a slightly higher cost per envelope, as well as the storage, rework, disposal, and inventory management costs related to analog printing. Also, the cost of personalization increases from option one (which costs the least) to option five (which costs the most). With this in mind, let's assume the same mailing quantity is produced for each of the five options.

Cost per piece vs. return on investment



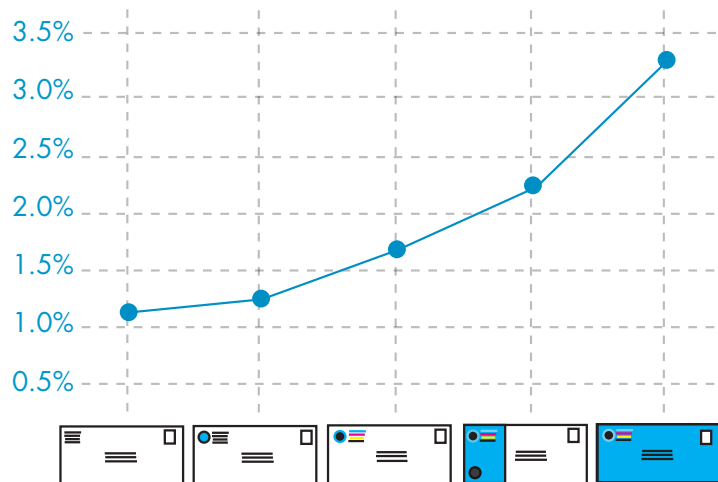
Which do you think would have the highest return on investment? The lowest cost per printed piece?

Increased color, increased ROI

Here's what you'd discover: You'll notice that as the use of color on an envelope used for business-to-consumer communications increases, so does the return on investment.⁵ At the same time, the cost per printed piece decreases, in part because of the ability to avoid the cost of inventory management and storage often required by analog printing.

Digital printing also makes it possible to incorporate targeted, color messages and a compelling call to action (such as a QR code or PURL link) to increase response. These features can also provide better analytics compared with traditional methods, such as a business reply card. Ultimately, when combined, this can lead to a more successful campaign.

Response rate estimate



Print just what you need

When you choose to print with digital, you increase not only your ability to personalize your mailing with color, but also your ability to print just what you need, when you need it. This can help eliminate the inventory management and storage cost often required by analog printing.



Analog printing can also lead to costly obsolescence and waste. For example, if you change your corporate logo, look, or typeface, your preprinted marketing materials (letterhead, envelopes, labels, business cards, and so on) become obsolete. The same can be said if you

move offices—everything you've printed on analog is no longer usable.

Thanks to digital on-demand printing, you can also reduce lead times compared with analog printing. All of this leads to more flexibility, and more time to focus on creating an effective campaign.

A word about integrated campaigns

The more your mailings tie in with the rest of your promotion, the more credibility and impact you can expect them to have. The synergy of your various media—web, print ads, broadcast, email, and direct mail—will benefit from integrating consistent color. Use the benefit of your corporate colors through every effort!

How to find out more

For information on equipment that can help you print on demand and personalize your envelopes and stationery, go to www.hp.com/go/impactofcolor.

Footnotes:

- 1 <http://en.wikipedia.org/wiki/Color> and www.merriam-webster.com/dictionary/color, s.v. "color," accessed August 11, 2011.
- 2 www.dmnews.com/test-your-lists-for-better-campaign-targets/article/130116/, accessed August 31, 2011.
- 3 Pitney Bowes. "An Intelligent Approach to TransPromo." Page 3.
- 4 Ibid. Irongate Digital Solutions, TransPromo Overview, www.irongatedigital.co.uk.
- 5 Printing ink cost calculation based on HP Color Print Module for print samples shown. Response rate data by DMA 2010 Response Rate Report. Envelope costs by www.envelopes.com as of September 2011. Data verified as of September 2011, using in part the 2010/2011 Mailing Services Pricing Study, published by Q.P. Consulting, Inc. This information is subject to change without notice.

