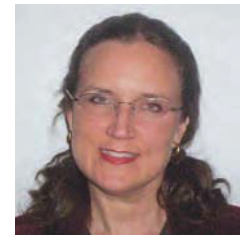


PRODUCTION & PRINTING



Chantal Todé
chantal.tode@dmnews.com

Outsourcing print delivers results for Peapod

By Chantal Todé

AS THE WORLD of printing and production grows more complex, companies such as online grocery delivery service Peapod, whose core competency isn't printing procurement and production, are finding it more efficient to outsource these functions the same way other companies hand off human resources or IT responsibilities.

"Direct mail has always been our bread-and-butter acquisition tactic," says Brad Porter, marketing director at Peapod. However, as the company has grown over the past 17 years, the number of printing and production vendors it has been dealing with has also grown. In addition, Peapod increasingly found itself required to have complex information about paper and presses at the ready to negotiate the best deals.

Three years ago, Peapod realized that it either had to hire more personnel to handle its growing printing and production needs or get some outside help. That was when the company decided to outsource the procurement and production of all of its printed materials, working with print-management services provider InnerWorkings.

Maximizing printing efficiency

InnerWorkings doesn't own any printing assets but has a working relationship with more than 6,000 print and fulfillment providers. Using its own proprietary technology to match printing jobs to the right printing plant, InnerWorkings can help clients save on their printing costs.

"It is our experience that the printing industry has latent excess capacity," says Eric Belcher, COO of InnerWorkings. "The combination of matching a job spec with



By outsourcing, Peapod reduced its printing and production costs by 30 percent.

"It is our experience that the printing industry has latent excess capacity"

—Eric Belcher,
COO, InnerWorkings

a plant's ideal capabilities, at a time when it may not have a lot of work, can create real savings for our clients."

InnerWorkings will also parcel out pieces of a single campaign, sending the business-reply envelope to one facility and the variable data portion to another. "We have to balance the additional logistics costs so that it makes sense, but in direct mail it often makes sense," Belcher says.

In Peapod's case, InnerWorkings' ability to "find the best vendors and manage them for us saves us time and resources," Porter says. The company produces a range of print products, brochures and premiums, and each requires a specialized vendor. By working with InnerWorkings, however, Peapod was able to reduce its printing and production costs by 30 percent in 2006.

Since January, Peapod has been rein-

vesting that money into its direct mail effort, which accounts for the largest portion of its marketing budget, testing different formats, lists and offers with the goal of bringing in larger volumes of new customers and further lowering costs.

Peapod typically does two large-scale acquisition campaigns a year, for which it involves InnerWorkings early on in the project to make sure the printing and production will be efficient. For smaller projects, Peapod gives InnerWorkings the job specifications and lets them take it from there.

Fine-tuning direct mail

For Peapod's big customer-acquisition campaign in the first quarter of this year, the company tested three different trial offers to see which was the most effective in generating a response. One segment included a coupon good for \$20 off the recipient's first order; another a coupon for \$15 off; and another a coupon for \$10 off. Peapod mailed close to 2 million pieces in all of its markets.

Peapod concluded that the \$20 offer was the most efficient for return on investment. Overall, the campaign produced a 10 percent increase in results compared to last year's first-quarter effort.

Peapod's next big new-customer-acquisition push will be in the fourth quarter, when it will mail out between 1 million and 1.5 million direct mail pieces.

The company also executes several segmented loyalty direct mail efforts annually that are designed to boost order frequency during certain times of the year.

The various segments consist of cus-

Continued on page 20

