Zadspace is a consumer promotion company that creates targeted, data-driven promotional messages and incentives placed on the outside of packages shipped to consumers. A privately-held company based in Norwalk, Conn., Zadspace installations currently enable catalogs andetailers to place tens of millions of transpromo labels on direct-to-consumer packages a year. Using Pitney Bowes products and services, Zadspace promotions are generating extremely high response rates by making each transpromo label timely, relevant and personal to the consumer.

**The Challenge**

Founded in 2009, Zadspace had the earmarks of a brilliant direct response marketing idea, but the execution had fallen short. Weighed down by antiquated printing technology and lacking a trained and virtually ubiquitous field force, the company barely scratched the surface of its potential, managing to produce just over one million transpromo messaging labels a year. Using Pitney Bowes products and services, Zadspace promotions are generating extremely high response rates by making each transpromo label timely, relevant and personal to the consumer.

In April 2011, a new management team brought an aggressive new energy and vision to the underachieving Zadspace. Led by CEO Jeff Giordano and President L. Jeff Jensen, each with 30 years experience in the world of direct marketing and consumer promotion, the executive team felt that with the right on-demand print technology and support network behind them, they could scale the company’s output of transpromo messages, called Zads, to hundreds of millions or even billions of labels a year.

In their view, increasing Zad volume was critical, but only part of what made the company a potential breakout. “Our research showed that generic transpromo messaging on consumer packages would outperform traditional response rates achievable with in-package insert promotions (PIPs) by 4-fold,” says Jensen, also the Chief Operating Officer.

“What’s even more impressive is that if you create relevance by introducing even very simple targeting, the response rate doubles — improving results 8 times versus a PIP. In the direct response world, that’s unheard of. Essentially the targeted Zad is providing response rates that are the equivalent to or even exceed what can be accomplished with solo direct mail to a house file for a small fraction of the cost.”

**Solution**

Pitney Bowes provided a collection of assets — including on-demand printing technology consisting of special high-capacity FeedMax feeders and Riso printers, the PlanetPress® Suite of forms creation and management software, and a nationwide support network — all of which contributed to Zadspace’s ability to rapidly scale its business almost 10-fold in the first 18 months.
Enter Pitney Bowes

Today, transpromo messaging — the merging of transactional data and promotional content — on correspondence such as statements and invoices is the fastest growing segment in printed direct mail. Yet the Zadspace model had numerous advantages. Notably, these include larger, fully revealed transpromotional messages outside the package, virtually guaranteeing consumer exposure to marketers’ messaging.

In order to realize their vision for growth, Giordano and Jensen first needed to find a solutions provider that could help them scale their business in an on-demand print environment. After extensive due diligence, they selected Pitney Bowes. “They simply provide a unique collection of assets that perfectly fit with our requirements to scale our network,” Jensen says.

To begin with, Pitney Bowes provided fast, high quality yet relatively inexpensive 4-color on-demand printers and feeders for high volume label printing. “No one else had anything that could match them, in terms of quality, capacity and price,” Jensen says. Pitney Bowes also provided the PlanetPress® Suite, a software solution for creating, producing, distributing and archiving transactional variable data documents — i.e., the billions of Zads.

Finally, Pitney Bowes’ extensive support network was key to revamping Zadspace’s business model. With a nationwide field force at the ready, Zadspace could offer distributors — primarily catalogs and retailers — new printers and feeders for their centers, with full deployment and maintenance support from Pitney Bowes, and all at no cost to them. In exchange, Zadspace gets the exclusive rights to place targeted transpromo labels on the packages for those distributors and other third-party advertisers. With the Zadspace business model retooled, the number of Zads being distributed soared.

Phenomenal Response Rates

For advertisers, Zads can help them distribute targeted cross-sell, upsell and loyalty messages “within 24 hours of an authorized credit card transaction, considered primetime for a follow-up purchase,” Jensen says. Plus, because Zadspace prints daily, any message can be changed quickly — from a 15% off offer to 30%, for example — and shipped that very day.

For catalogs and retailers, the targeted label can promote their own products or it can generate revenue through third-party promotions. Either way, “Zads can help increase revenues by as much as $.57 a package,” Jensen says. Likewise, Zads save on direct mail costs too. In comparison to solo direct mail, a Zad costs about one-third of what marketers typically invest in very basic direct mail.

“Targeted, variable marketing messaging creates opportunities to use consumer packaging in new ways to connect with customers, thanks to the contributions of Pitney Bowes,” Jensen explains. “They’ve helped us make the shipping package a highly effective marketing piece.”

“Pitney Bowe’s on-demand print technology plays a significant role in helping us to monetize packaging in a way that increases customer retention and enhances brand awareness.”

L. Jeff Jensen, Zadspace President

The Pitney Bowes Advantage

Pitney Bowes’ technology and services have helped Zadspace to develop an innovative advertising business model where package distributors can generate revenue, save on marketing costs and generate higher response rates than any other form of direct mail.

Every connection is a new opportunity™

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