

President's Corner

Transcontinental Direct melds marketing, mail models

Leading direct marketing services provider Transcontinental Direct (www.transcontinental.com), Warminster, PA, offers direct mail services, fulfillment services, postal optimization, database marketing and analytics, and business continuity and recovery services.

The company has grown in the past few years via acquisitions. In December 2003, Canada-based Transcontinental Inc. acquired direct marketing firm CC3 and renamed it Transcontinental Direct. In February 2005, Transcontinental Direct acquired the operating assets of JDM Inc., one of North America's premier direct mail firms.

Rob Young, president of Transcontinental Direct's U.S. operations, joined the company in December 2005. He previously was president for commercial envelope at Cenveo Inc. (formerly Mail-Well Inc.), where he was responsible for 15 U.S. envelope locations with annual sales of \$375 million. Mr. Young discussed his past year as well as issues in printing and mailing with DM News deputy editor Melissa Campanelli.

DM News: It's been a year since coming on board leading Transcontinental's U.S. direct marketing activities. What are you most proud of in terms of accomplishments?

Rob Young: I think our greatest accomplishment has been the continuing melding of the best of both cultures and business models. We have grown by acquisition — CC3 in the end of 2003 and JDM in the beginning of 2005 — and you are looking

at two different business cultures. CC3 was largely a market- and sales-driven organization focused on multichannel marketing, and JDM was a high-volume acquisition direct mail operation with strong production methodologies and philosophies.

So you kind of pull those together and it's an interesting dynamic. ... We've spent a fair amount of time figuring out how we align these businesses, how they are complementary and, having said that, how do we go execute against it. I think

the message that we are now a market-driven organization has been received loud and clear and embraced by our employees.

How is the commercial printing and marketing services industry changing? How is Transcontinental changing with it?

It's an interesting continuum. We straddle the commercial printing and the value-added marketing services worlds. I don't look at us in the United States as being in the commercial print business, because we are not. We are in the direct marketing business. In North America, yes we are, but even in that context, we are highly specialized in our print capability.

So even if you talk just about marketing services, we are straddling that continuum — because, let's face it, let-



Rob Young

terships are perceived as a commodity — but we also can provide different sets of values to customers ... There is a set of givens in this business: You have to be market competitive, you have to have a level of quality consistent with the market and you have to have a service level that goes above and beyond.

How is Transcontinental preparing mailers for the expected rate increase in May?

We are trying to be as ahead of the curve as we can be in terms of understanding what the rate case means, understanding what the architecture means and also understanding what the delivery point validation implications are further down the road, because that is very big as well. [The U.S. Postal Service has said that starting in August, mail pieces will receive CASS-related discounts only when the agency's delivery point validation process confirms the primary number — or the first line — of the addresses.] We are helping our customer base in terms of general education as well as their specific situations.

Do you think the rate case will affect your business positively or negatively?

It depends on the particular marketer.

Some mailers may mail less, and some may mail more efficiently. ... You might see interesting developments along the creative end of things, which are less dependent upon format and may be more dependent upon more effective use of color and variable color, for example. That is an opportunity for us, or at least a positive development, because that's where we can bring our pedigree as a printer to really help our customers, and also we have creative capabilities through our pre-media operations.

What are challenges, opportunities and threats your company may face in 2007?

I think [the postal world] will be the defining issue for the year. I think the state of the business is overall quite healthy. It tapered off a little last year in certain sectors, and I think there is still concern around some marketers relevant to response rates and how do we maintain those. But from Transcontinental Direct's view, we have gone a long way toward stabilizing the manufacturing platform post-acquisition — and defining it — and now our intent is to go hard at the market to tell them why we are different and why they should do business with us. ■

Circulation

Billboard grows in many media genres

By Nicole Smith

VNU Business Media's Billboard magazine spun a record year in 2006, with an 11 percent rise in revenue and a 64 percent increase in pages.

The music publication, which targets the 17 to 34 age group, attributed the increases to its special features. Billboard's year-end issue carried nearly 80 ad pages, one of the title's largest issues ever.

"This is the result of three years of building really an enterprise culture," said John Kilcullen, publisher of Billboard magazine, New York.

The network of All Music Guide and www.billboard.com continued to grow as well, with 5.8 million unique visitors. It finished 2006 with a 35 percent lift in ad revenue over 2005.

Subscriptions to Billboard magazine also climbed more than 10 percent from last year. Billboard mobile subscriptions in the United States, Canada and Japan now exceed 25,000.

"I think we were able to give the customer what they want, especially with our flexible pricing plan," Mr. Kilcullen said. "It is like cable and television, where our digital subscriptions are a monthly paid plan." The magazine offers a three-day free trial for digital subscriptions, too.

Last year, Billboard signed a multi-year deal with Japanese company Hanshin Content Link, which let Billboard Live nightclubs open in Tokyo, Osaka and Fukuoka. The deal spawned other branded products such as Web sites, publishing properties and television and radio programs.

Billboard augmented its licensing base by

adding its charts to new music downloading service Microsoft Zune and to TouchTunes Music Corp., a company that produces digital-downloading commercial jukeboxes.

"We were able to set lofty goals and accomplish them through integrated marketing from online pop-up ads to physical direct marketing at trade shows," Mr. Kilcullen said.

The Billboard brand joined with 13th Floor Television last year to create Billboard Latino magazine, a monthly Spanish-language publication that complements the "Billboard Latino" TV show. Billboard

also launched its first Regional Mexican Music Summit in Los Angeles.

Billboard acquired Radio & Record in August as a sister publication. R&R is the radio industry's news source, providing decision makers with in-depth coverage of the business, layouts, visuals, digital services and industry-standard airplay charts from Nielsen BDS.

The company also attributes its success in 2006 to its redesigned site at www.billboard.biz and business-to-business Web sites. The new sites include chart data, enhanced graphics, better navigation and expanded industry coverage.

The brand released two new consumer video products, "Billboard in Sixty" and "Billboard Underground," that focus on music news and emerging artists across all genres. They are accessible via www.billboard.com.

Projects for this year include mobile initiatives and conferences.

"We want to continue to be the knowledge point for all industry executives and music fans alike," Mr. Kilcullen said. ■

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