

Project: ***Prudential Customized 401(k) Enrollment Kits***  
Segment: Collateral Management/Personalized Kits



In-depth  
Case Study

*Program objectives*

- Increase employee participation in Prudential retirement programs.
- Encourage higher contribution rates and appropriate asset allocation.
- Educate and motivate employees to build a more secure retirement.

*Significant results reported by user*

- Although nothing is “official,” Prudential has stated that several deals have been closed, at least in part based on these communication materials.
- Because personalization and customization is a major differentiator in the marketplace, Prudential has developed a sales kit built around the value of these communications materials. This has become a major selling point for Prudential Retirement.
- Payback in the first year.
- Ongoing annual savings of 40% over offset-printed guides – no collation costs, inventory costs, or spoilage costs.



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BEST PRACTICES IN  
DIGITAL PRINT  
Fourth Edition

## Digital Print Case Study Profiles

Vertical	Financial Services
<p><b>Participants</b></p> <p><b>Client</b></p>	<p>Prudential, <a href="http://www.prudential.com">www.prudential.com</a>, serves individual and institutional customers with products and services including life insurance, property and casualty insurance, mutual funds, and pension and retirement-related services. It has approximately \$550 billion in total assets under management and administration. Its Retirement Segment has approximately \$61 billion in asset management with revenue in 2002 at \$2.36 billion. Its first quarter 2003 gross defined contribution sales were over \$1 billion.</p>
<p><b>Program</b></p> <p><b>Target Audience</b></p> <p><b>Distribution</b></p> <p><b>Description</b></p>	<ul style="list-style-type: none"> <li>• New Prudential 401(k) participants</li> <li>• Employees who are not participating in a sponsored plan</li> <li>• Employees who leave companies sponsoring a Prudential 401(k) plan</li> </ul> <ul style="list-style-type: none"> <li>• In 2003, 350,000 40 to 90 page books were produced with an average of 52 pages.</li> <li>• In 2004, 500,000 books are expected to be produced.</li> </ul> <p>Royal Impressions produces enrollment books for new Prudential 401(k) participants that are highly customized to an individual participant's needs. The result is a 40 to 90 page printed book that contains asset allocation information specifically targeted to the participant's age, income level, and marital and family status, with recommended monetary contributions. Images are selected based on the participant's date of birth. Each book presents customized investment scenarios in full-color to project a participant's retirement income based on his/her 401(k) earnings and estimated Social Security payments.</p> <p>The Prudential program also facilitates high-value communications during the entire course of the 401(k) investment that are designed to achieve certain goals. For example, in order to increase participation in the program, an employee who has contributed only 2% of income for the year might be informed via customized messaging about the loss of company matching funds due to the employee's low investment level.</p>

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<p><b>Description</b> <i>(continued)</i></p>	<p>The communication would list the amount forfeited during the current year, and it would provide an analysis detailing the total loss of earnings projected through retirement. The result is an educational process that allows Prudential to guide investors to more appropriate investment decisions without the expense of face-to-face consultations.</p> <p>On behalf of Prudential, Royal Impressions mail the documents to the participants' homes. Confidentiality and 100% accuracy are both essential for producing the job.</p>
<p><b>Variable Data</b></p>	<p>Except for some boilerplate, all text and graphics is variable.</p>
<p><b>Sales Process</b></p>	<p>Royal Impressions dealt directly with the Vice President of Marketing and Communications and his team that consisted of technical personnel, designers, and writers. They were aware of the concept of one-to-one communications and were thinking "outside the box."</p> <p>One of the sales objections Royal Impressions (RI) needed to hurdle was that they were much smaller in size than their competitors. The due diligence included checking out RI's current customer list and the nature of the work being produced. Initially an RFQ, developed by CAP Ventures, was sent and responses were received from 11 potential vendors. After several months of rigorous investigation and negotiations Royal Impressions became one of two finalists losing out to a current Prudential supplier. Within a year, Prudential resubmitted the RFQ and received eight responses. Royal Impressions got the contract after intensive due diligence by Prudential. The value proposition for Prudential was that Royal Impressions proved they could handle the data with the absolute integrity necessary for a program handling extremely sensitive information. They also knew that Royal Impression's competitors did not have the high quality digital print capability that they possessed with the recent installation of a Xerox iGEN3.</p> <p>Over a period of five months, there were many visits back and forth while the evaluation was conducted within a very regimented structure. Test files were run with one very complex file, which Prudential didn't think could be solved, submitted to Royal Impressions by mistake. By the time Prudential notified Royal Impressions of the error, they had already solved the problem helping validate the capabilities and integrity of Royal Impression's people and system.</p>
<p><b>Producing the Job</b></p>	<p>Royal Impressions is now producing 10 to 20 orders daily with orders ranging from 10 to 10,000 kits. Each book is different depending on the demographics in the database and the retirement plan attributes. They are perfect bound and trimmed to 8 1/2" x 11" on 60 lb. uncoated text and 55 lb. cover stock.</p> <p>It took a team effort to initially sell the job, and a team effort continues to produce it. Among the involved people are the Director of IT, Project Manager, and Account Manager. The Account Manager played the part of "meeting planner" during the sale coordinating schedules and agendas. Now the responsibilities involve managing the orders and shepherding them through production.</p>



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<p><b>Producing the Job</b> <i>(continued)</i></p>	<p>Prudential uses DeskNet's ContentWelder in-house as their composition engine. Data is then received through Royal Impression's MCOM Web interface. Custom development of the website and hardware was done over a period of four months to insure the required integrity. Royal Impressions had to deal with original restraints in design within the Prudential system. The data format is bi-directional XML in a highly encrypted very secure data feed. At every step during production, all parties are notified of the status of the job in the system. All four-color and black and white is produced on the iGEN3. Covers are kept separate from the text and the two are married at the end of the process. A unique barcode is carried on each page allowing every page to be scanned to ensure integrity. Once the order is completed, everything is verified, rechecked and then either drop-shipped to Prudential or mailed directly by Royal Impressions.</p>
<p><b>Customer Strategy and Value</b></p>	<p>Several years ago, Prudential Retirement had a cost-reduction initiative. In reviewing their method of producing their retirement planning guides, they recognized there was an enormous amount of spoilage. They would order offset-printed guides in large enough quantities to get significant price breaks; however, because of rapid obsolescence, due to ever-changing government rules and regulations, they would end up discarding a large percentage of the materials being warehoused. They were also incurring the costs of warehousing and handling the materials that were eventually discarded. Prudential Retirement also recognized they were sending out ineffective communication since the same generic information was being delivered to participants with different needs and, consequently, they ended up speaking to no one. They also recognized that most participants spend more time planning their vacations than their retirement programs. Prudential Retirement needed to become more effective in their communications, be nimble, and wanted to try new technologies that promised a solution to their problems.</p> <p>With every retirement program, there are two sales. First to the sponsoring company and then to the individual plan members to assist them with effective participation. Prudential Retirement realized that an effective communication program encouraging the employees of plan sponsors to first participate, then participate at a maximum level, and thirdly participate intelligently with the proper asset distribution all would result in happier, more secure and more productive workers. They realized that solving the second part of the traditional sale would help differentiate them in the marketplace and could help them with the first part – selling the plan sponsor. This has been accomplished. The colorful, targeted, effective messaging specific to individual needs are achieving their purpose. They are effectively being used as a tool to sell new accounts and retain existing ones.</p> <p>Producing and distributing the retirement guides in printed form reaches 100% of plan participants. This is another competitive advantage over other plan offerings that distribute similar information but only on the Internet. Prudential Retirement's experience is less than 20% of plan participants go to their site each year, and those who do probably are seeking retirement investment advice elsewhere. Prudential Retirement realized 100% ROI in the first year and is now saving 30% of the original cost of producing the offset-printed. Although Prudential Retirement had to abort their initial attempt to implement the program with a different vendor, they feel they ended up with a superior product by applying the lessons learned from the mistakes in the first go-around.</p>