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Budco

Results Bulletin

Spotlighting Innovations That Pay Off for Our Customers

This Issue Includes:

Packaging Innovations Yield Big Cost Savings
Budco's expertise pays off for customers

Innovation: Budco Dependent Verification Process
Millions of dollars our customers are not spending

Innovating Through Business Intelligence
Marketing goal – know your customer. Budco response – sophisticated database and analytical tools

Process Innovation = Improved Efficiency
Budco finds better ways to do things

Innovative Pay-for-Performance Pricing
Shifts the investment – *and risk* – from our customer to Budco

Do you have feedback or comments on the content of this bulletin, or a topic you would like to see discussed? Let us know at marketing@budco.com.

The Results Bulletin is designed, personalized, and printed in-house at Budco.

Packaging Innovations Yield Big Cost Savings

Extensive knowledge of assembly, packaging, postage, shipping and how these activities converge enables Budco to find better solutions for our customers.

- One of the world's largest entertainment companies ships as many as 2.5 million vacation planning kits each year. Throughout our decade-long tenure, we have collaborated with the client to redesign packaging, including the evolution of format from a videotape to the smaller, lighter DVD. At one point, the Budco-suggested package redesign eliminated oversize-parcel surcharges, with **postage savings** of $0.23 per package, or **$288,000** over the course of a year. Similarly, we formulated alternative packaging suggestions that avoided postal rate increases in May 2007 amounting to $1.2 million annually. We also instituted zone-skipping, an expedited first-class delivery service, that **reduced postage** for every package sent.
- An automotive manufacturer sends touch-up paint kits as a customer satisfaction gesture. This program also includes coupons that are personalized to each vehicle owner and digitally printed at Budco. Redesign of packaging to a slightly smaller, easier to assemble carton led to **$100,000 per year in postal and labor savings** .
- For a membership savings company, we redesigned packaging for coupon books from a corrugated carton to cold-seal wrap and moved shipping from UPS to the U.S. Postal Service, **saving $2.8 million the first year.** The switch in packaging materials **reduced** acquisition, warehousing, and material handling expenditures by **another $61,250** annually.
- We migrated shipments for an automotive supplier to a triangular shipping tube that consolidated a table tent and poster. **Cost savings: $60,000 annually** . Likewise, for another client, we wrapped a soft banner around other items, allowing the entire kit to ship in a single 20-lb. carton rather than two 10-lb. boxes or tubes. The 20-lb. carton **ships for $4.00 less** than two 10-lb. boxes.

250,000 kits redesigned by Budco
= $100,000 annual client savings

See story for details

Budco Is Committed to Producing Results Because We Know Nothing Else Matters to Our Customers.

The solid outcomes of our work are grounded in innovation. The Budco Innovation Process is a formalized system for finding better, more cost-effective ways of doing business. This **Results Bulletin** highlights a few of our recent accomplishments. For more information on our multifaceted work as a marketing communications and warehouse/distribution/fulfillment company, please contact **Terry Niles, Executive Vice President Sales and Marketing, at 313-957-5050 or terry_niles@budco.com** .

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Budco

To date, Budco has audited 4.9 million dependents, saving clients a total of more than $2 billion in first year savings.

Innovative Pay-for-Performance Pricing

Getting paid solely on our Results shifts the investment – and risk – from our customer to Budco.

For the sale of extended service contracts, Budco has adopted a pay-for-performance strategy. Well-thought-out approaches to marketing materials, sales center services, information technologies/database maintenance, research and analytics, and program management add value and lead to solid response rates. Payment comes from the client to Budco based exclusively on the number of contracts we sell. In other words, if our techniques don't lead to sales, we don't get paid. **For clients**, this approach yields **incremental revenue**, with no out-of-pocket expenditures whatsoever. Outcomes prove the wisdom of this approach – under our tutelage, contract sales have increased, placing **increased profits directly on our clients' bottom lines**.

Look for another edition of the Budco Results Bulletin soon. Meanwhile, contact us anytime to discuss all the things we do right for our customers.

Innovation: Budco Dependent Verification Process

The Result is millions of dollars our customers are not spending for health care benefits.

Budco pioneered and perfected the Dependent Verification Process, which identifies and removes ineligible dependents from benefits coverage in order to reduce corporate health care expenditures. We have helped more than 45 Fortune 500 clients improve their bottom line. Total savings for our clients – $2.1 billion and counting!

Innovating Through Business Intelligence

As companies seek more precise knowledge of consumers, prospects, lifestyles, family/household habits, and buying behaviors, Budco is responding with sophisticated database and analytical tools.

CRM, BI, BMP – this alphabet of products provides in-depth consumer relationship management (CRM) through the business intelligence (BI) enabled by the Brand Management Platform (BMP). The Budco Brand Management Platform is an **extensible Web-based data warehouse** that facilitates brand campaigns and loyalty programs in order to open and maintain dialogue with customers. Replacing the ad hoc approach to database design, our platform is a consolidated data repository that can be **configured to the specific branding and needs of each client**. This solution offers high functionality and facilitates focused customer relationship management through extensive business intelligence and analytics. The goal is **true one-to-one personalization and communication** to the individual and household levels.

Process Innovation = Improved Efficiency

Finding better ways to do things is central to the Budco approach to handling business for our customers.

- Approximately 1.2 million bottles of an energy drink pass through Budco each month. We break open bulk shipments, repackage bottles into two-pack displays, and send the new kits back to the manufacturer for distribution to retailers. **Lot, trace, and expiration** information must be stamped on each package. This was done by the client in a time-consuming hand operation. **Budco analysis led to a better way:** We stamp the expiration date by running product packaging through our ink jet printing machine before bottles are inserted into the carton. It's a quick, easy, and cost-efficient improvement that looks great and exemplifies our approach to problem-solving.
- A nurse educator program for a major pharmaceutical company involved building kits that included patient information, savings coupons, and tipped-in product samples. The client provided the shipping cartons – which did not have the shock protection necessary to keep samples from being damaged in transit. **Budco operations engineers created a special insert to protect the samples** and packaging was revamped accordingly. Nurse educators got their kits – with the product intact!