

Greening Your Mail Can Keep You in the Black

Data Hygiene

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INTRODUCTION

A recent Aperture Research Institute study reported upwards of 70 percent of organizations have adopted a green initiative of some kind. While those companies should be lauded for their efforts at environmental stewardship, bad days on Wall Street and for the economy have seen some companies abandon or scale back their green initiatives as they tighten their belts. Now is the time to take a realistic look at your company's green initiatives and ask whether or not the practices undertaken are "evergreen" – promoting not only environmental conservation, but also sound business practices and solid return on investment so as to be sustainable in good economic conditions as well as bad.

For instance, over six million trees and more than 300 million pounds of paper are wasted each year on undeliverable-as-addressed mail (UAA) Standard class mail, as reported by UAA Clearinghouse. It costs the Post Office™ over two billion dollars annually to process this true "junk mail". And the cost to mailers is even more dramatic – UAA mail costs direct mailers over six billion dollars a year.

So, is Postmaster General Jack Potter's call to reduce UAA mail by 50 percent by 2010 a green initiative designed to help decrease global warming and unnecessary environmental waste? Absolutely. But it's also a common sense business initiative that will save both the USPS® and mailers a tremendous amount of money – money better spent on job creation, product development, and effective marketing.

Here are 10 simple steps you can easily implement to save money as you green your mailings – reducing waste, while improving deliverability, effectiveness and response to ensure you stay in the black, even as the economy sees red.

10 STEPS FOR GREENER MAIL -- FROM START TO FINISH

Step 1: Correct it!

Annually, almost 5 percent of the mailstream, or about 10 billion mail pieces, are undeliverable-as-addressed, according to Christensen Associates. The majority of these mail pieces are handled as waste, adding 10 million tons to the municipal solid waste stream. By reducing undeliverable-as-addressed mail you are not only helping the environment, you're also saving money. With recent postage increases and rising production costs, bad addresses have become more costly than ever. Therefore, it is important for companies to correct and standardize addresses before they enter a database or CRM to help ensure they don't waste money later on sending mail to incorrect and undeliverable addresses.

Thankfully, cleaning up addresses is easy these days. Mail preparation software is available that will reduce errors due to missing or incorrect directionals, incorrect street names, missing or incorrect suffixes, incorrect ZIP® codes, and more. Make sure that the mailing software you purchase is CASS Certified™. To be CASS Certified, software must pass an annual USPS test to verify and correct addresses to the ZIP + 4® level with

98 percent accuracy, among other requirements. Starting in 2008, CASS™ processing now includes DPV™ and LACS^{Link}™ for a greater level of accuracy. DPV confirms an address has an actual point of delivery, while LACS^{Link} identifies and updates business and residential rural route addresses to street-style addresses.

Additionally, mail preparation software will presort and barcode your mailings, helping you qualify for the lowest postage rates and applicable discounts. Here's how one company achieved their goals.

A college magazine publisher mailed out thousands of copies of their monthly publication but needed to find ways to cut down on their costs. They investigated and purchased mail preparation software to barcode their mailings for postal discounts. Not only did the software qualify their mailings for presort discounts resulting in thousands of dollars a year in savings, it also verified and corrected incomplete and incorrect addresses which dramatically cut down on the amount of returned mail.

Step 2: Update it!

Another culprit in the high cost of undeliverable mail is customers – they are a constantly moving target. An estimated 43 million Americans pick up and move every year. That means up to 20 percent of the people or companies in any database could have a new address – a fact that presents some pretty big hurdles to maintaining quality mailings lists, and keeping postage and production costs low.

“43 million Americans pick up and move every year.”

The USPS provides postal discounts for mailers that meet Move Update standards by keeping their lists up-to-date with current addresses. Authorized methods to meet Move Update standards include: NCOA^{Link}® processing, FASTforward® processing (letter mail only), and Address Change of Service (ACS™).

The USPS maintains a database with approximately 160 million records or 48 months of permanent address changes. It's called the NCOA^{Link} product. You can submit your mailing list or database records to USPS approved vendors for NCOA^{Link} processing to match your addresses to the change-of-address records on file with the USPS. Since 1986, when the USPS introduced the product, NCOA^{Link} has saved mailers billions of dollars that otherwise would have been wasted in paper, postage, and labor costs.

NCOA^{Link} processing your mailing list before mailing can have a significant impact on the ROI for a direct mail campaign. Let's take an example of a 100,000 piece mailing at bulk rate with a total cost of \$0.50 per piece. For this example let's say that the mailing will generate a 1.5 percent response rate and \$50 in average sales. Let's assume that the mail list hasn't been NCOA^{Link} processed in the last 12 months and there is a “bad” address rate of 5 percent. As bulk mail is rarely forwarded, that means that 5,000 pieces never made it to their destination. At \$0.50 per piece that is a loss of \$2,500 right out of the gate. Now, consider that those prospects never got the opportunity to respond to the offer. At the 1.5 percent response rate and \$50 average gift threshold in this scenario, that is an additional \$3,750 in potential sales lost. So, in this example, not utilizing NCOA^{Link} resulted in an \$6,250 mistake. And, this isn't an extreme example. Take a look at how outdated a database can get.

Recently, a state Republican Party recently submitted its voter lists for NCOA^{Link} change-of-address processing. Of the 3.9 million voter records processed, about 528,000 records were matched to recent movers in the USPS file – almost 14 percent of their total mailing would have been undeliverable-as-addressed without move updating.

Today some type of move update processing is required every 185 days to receive First-Class Mail® automation and presort discounts. In the USPS' effort to continue reducing UAA by 50 percent by 2010, on November 23, 2008, new Move Update standards will take effect – shortening the minimum processing window for move update processing from 185 to 95 days and making move updating mandatory for both First-Class™ and Standard Mail® automation and presort discounts.

In addition to making Move Updating mandatory for both First-Class and Standard discounts, the USPS has proposed enforcement penalties for mailings that are not in compliance with the new Move Update standards.

According to Business Mailers Review, the USPS will use the MERLIN® verification system to check for Move Update compliance. If there are mail pieces that are deemed noncompliant, then the entire mailing is noncompliant. As a result, the mailer could be subject to a \$0.07 per mail piece penalty for every mail piece across the mailing, not just on the undeliverable-as-addressed (UAA) pieces.

Such a penalty could be very costly. For instance, if a mailer delivers a 100,000 piece mailing, and the Postal Service determines that it is not Move Update compliant, the proposed penalty would be \$7,000 for that noncompliant mailing.

While that figure may raise eyebrows, USPS does plan to institute a 60 or 90 day grace period, in order to allow everyone an opportunity to go back and address the issue.

Step 3: Dedupe it!

Picture this. You walk out to your mail box and discover you've received four solicitations from your favorite charity -- one addressed using your full name; one addressed using your initials; one addressed to your spouse; and one addressed to your entire family. Why are they wasting my donation on multiple solicitations you wonder?

While receiving duplicate mailings annoys recipients, the problems it causes sending organizations are even more significant. Especially considering the average customer database contains 10 percent duplicate records. Maintaining that level of duplicate records costs companies money, reduces response rates and hurts marketing efficiency.

“The average customer database contains 10 percent duplicate records.”

One way to tackle duplicate records is to provide customer incentives, such as a discount on their next purchase, for notifying the company of duplicate mailings they have received.

In addition, there are easy-to-use merge/purge software programs available, as well as data hygiene services, which can quickly dedupe your mailing list – or multiple lists. And, you can dictate the type of matches you'd like to find in your database from names, addresses and city/state/ZIP structures to telephone numbers, customer numbers or email addresses.

Step 4: Suppress it!

According to the latest statistics available from the Centers for Disease Control and Prevention, in 2005, 659,000 people under age 65 died. Now imagine an insurance company sending out a direct mail campaign with a call to action “save 15 percent or more on car insurance” addressed to a young mother that had been killed two years ago in a car wreck? Ouch.

While mail that is sent to deceased persons via relatives is a fraction of the overall amount of undeliverable mail each year, it is still costly – to your bottom line and your company image. Before you mail, use a data service provider to process your mailing list and suppress names that are deceased, on the DMA’s Do-Not-Mail List, or prison inmates.

You can also create and maintain an in-house suppression file that enables customers and prospects to opt-out of your company’s mailings on a selective basis. This helps ensure lists are accurately maintained at the highest level by removing inappropriate recipients, and should result in higher response rates, as well as lower production and postage costs.

Step 5: Target it!

Being able to accurately locate your customers, best prospects and competitors is the key to any cost-effective marketing campaign. Affordable geocoding services and products are available to help you put your customers on the map.

Geocoding is the process of assigning geographic locations (latitude and longitude) to the ZIP+4™ level of addresses in a database to help marketers identify profitable areas for mailing and the best prospects for increased business.

One direct marketing firm uses geocoding technology to help clients that are realtors “farm a neighborhood” around a house they have sold. Once the latitude and longitude coordinates are appended to the address, the firm creates a mashup of the data with Google maps – this allows the client to see exactly where the material will be sent – down to the individual houses which their mail will be delivered.

This location intelligence and accurate geographical coordinates can help mailers develop more targeted strategies that are incredibly cost-effective by reducing mailing costs.

Step 6: TransPromo it!

For over 30 years invoices and statements haven’t changed very much, retaining their general appearance: black print, columns of numbers and a bill at the bottom. But that’s all starting to change.

With the rising cost of postage and production, many companies are beginning to combine promotional materials with must-send/must-read documents like bills, statements and invoices.

Recent studies have shown that, on average, a consumer will spend 42 seconds reviewing a bill. That’s 42 seconds you’ve got to grab a customer’s attention. That’s why marketing departments nationwide are starting to claim the unused “white space” on these documents for self-promotion; transforming communications into ongoing customer dialogues. Use of transpromotional documents is not just about increasing sales of

a product or service, it can be used to spread information and help customers understand an offering or new product feature. It can also be used to generate cross-sell/up-sell opportunities or adopt a trial period of usage (e.g. a no obligation 14-day trial period)

“A consumer will spend 42 seconds reviewing a bill.”

Options for experimenting with transpromotional documents range from using variable print technology in-house to digitally overprint the document in black, to full outsourcing solutions where the documents are produced using digital color printing.

Step 7: Connect it!

Today, prospects are bombarded with so many marketing messages, only the most meaningful will actually get any attention.

Combining direct mail with the Web via pURLs, short for “personalized URLs”, allows you to provide relevant messages to each and everyone of your customers or prospects. Personalizing direct mail helps your message stand out from the clutter. And, since the pURL contains your prospect’s own name, you know it’s going to get noticed. Where a typical direct mail campaign achieves 1-2 percent response rate, combining personalized URLs with direct marketing helps increase response rates dramatically.

What does a personalized URL look like?

It looks like <http://firstname.lastname.yourdomain.com>,
for e.g. peter.castrol@melissadata.com

Aberdeen Group’s August 2007 study of personalization techniques in marketing reported that 91 percent of the “best in class” companies experienced improvements in their online conversion rates as a result of their personalization.

And, personalized is good for the environment as well. There’s no need to print huge direct mail campaigns with lots of collateral. You can scale your printing back – often to as small as a postcard – and send your prospects to their own, personalized web pages for additional, relevant information.

Step 8: Downsize it!

On May 12, 2008, shape based postal rates increased for all classes of mail, with significant increases for certain types of mail. Letters increased to \$0.42, postcards to \$0.27, flats to \$0.83, and parcels to \$1.17. The new system reflects the higher handling costs of flats and parcels and rewards companies for designing mail that is compatible with USPS mail automation systems. Organizations that rely heavily on mass mailings can realize huge savings through more efficient design.

Many financial institutions that used to send statements and performance reports in 9” x 12” envelopes are now folding these documents in half and using a 6” x 9” envelope, which classifies the piece as a letter instead of a flat. Under the new pricing structure, this change can reduce postage costs by up to \$0.41 per

piece, a 50 percent savings. Some mailers have begun switching from flat-shaped catalogs to slim jims to put themselves in the less-expensive letter category.

Fulfillment companies and media distributors that mail DVDs, books, and similar items can reap savings by changing from padded mailers, classified as parcels because they require hand processing by the USPS, to plastic or paperboard envelopes that qualify as flats.

One national bank that mails personal checkbooks to over 500,000 clients per month cut postage by \$2.3 million simply by using envelopes instead of traditional check boxes.

Step 9: Sustain it!

From the design conception of your direct mail or package to its completion, there are easy steps to take that will ensure your piece represents your commitment to preserving the sustainability of your business, while lessening the impact on the environment. Here are some considerations for your next mail piece:

1. Paper

- » Does your paper stock contain recycled content?
- » If not, does it come from a sustainable source certified by the Forest Stewardship Council (FSC) or other forest certification program?

2. Printing

- » Are the inks you plan to use vegetable or soy-based and low VOC (volatile organic compounds)? These types of inks are a renewable resource base.
- » Are metallic inks necessary for effectiveness?
- » Is the printer FSC certified?
- » Can the piece print digitally, allowing for on demand printing and less waste?

3. Finishing

- » Can embossing or die-cutting be used in place of foil stamping?
- » Are the glues used water-soluble and non-toxic?
- » Can it be saddle-stitch instead?

Step 10: Recycle it!

Today, most of us regularly recycle newspapers, but many people don't know that they can also recycle catalogs, magazines, direct mail, envelopes, and packaging. As a result, only about 30 percent of this "mixed paper" is recycled annually in the United States

As a direct marketer, selling is what you do. And you can "sell" the idea of recycling "mixed paper" to your customers and prospects by adding the DMA's "Recycle Please" logo to your catalogs and mail pieces.

The DMA's "Recycle Please" campaign is designed to encourage consumers to toss fliers, envelopes, catalogs and direct mail pieces into the recycle bin after reading them.

And, when more people recycle, the availability of recycled paper should increase, and, hopefully the cost will go down as well, which is good for your business.

CONCLUSION

Greening your mailing practices doesn't have to be "green pie in the sky." There are simple practices that can help you save money on postage, printing and production, while at the same time helping improve the environment that we will pass onto the next generation. In fact, USPS Deliver magazine recently detailed some accomplishments companies have made with their sustainable green practices:

- » 3 percent savings on paper quantity, the result of reductions in mailer sizes, spared nonprofit group Consumers Union more than \$250,000 over three years.
- » 375 million paper pages were saved in 2007 when MetLife began mailing directories and periodicals on CDs instead of paper.
- » 930 million pieces of unwanted mail were eliminated last year by the 1,500 marketers using the DMA's Mail Preference Service.

And, that's just a start. What difference can you make for your business and the environment by greening your mail?

About Melissa Data Corp.

Melissa Data is an active DMA member, and a member of the DMA's List and Database Council. For more than 23 years, the company has been a leading provider of direct marketing and mailing solutions with emphasis on U.S. and Canadian address and phone verification, postal encoding and NCOA^{Link}® processing. The company also offers a wide variety of USPS® CASS™/DPV™ processed mailing lists that are available online, 24-7 and come with a 100 percent deliverability and best price guarantee. For more information, visit www.MelissaData.com or call 1-800-MELISSA.

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