Attacking Return-to-Sender Mail from All Directions

Pitney Bowes
Every connection is a new opportunity™

April 26, 2012

Agenda

- Return Mail defined

- Industry Statistics

- Causes of Return Mail

- Processes

- Resolving the Issues

- Market Discovery

- Technology

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Return Mail

Market Problem

- Undeliverable As Addressed (UAA) and Return Mail (return to sender) leads to wasted costs
- Increases cost of:
    - Postage
    - Print
    - Manual processes (sorting and distribution)
    - Tools to correct bad addresses
    - Lost communication

Pervasive

- Industry wide issue
- Concentrated amongst high volume mailers - often regulated to produce mail
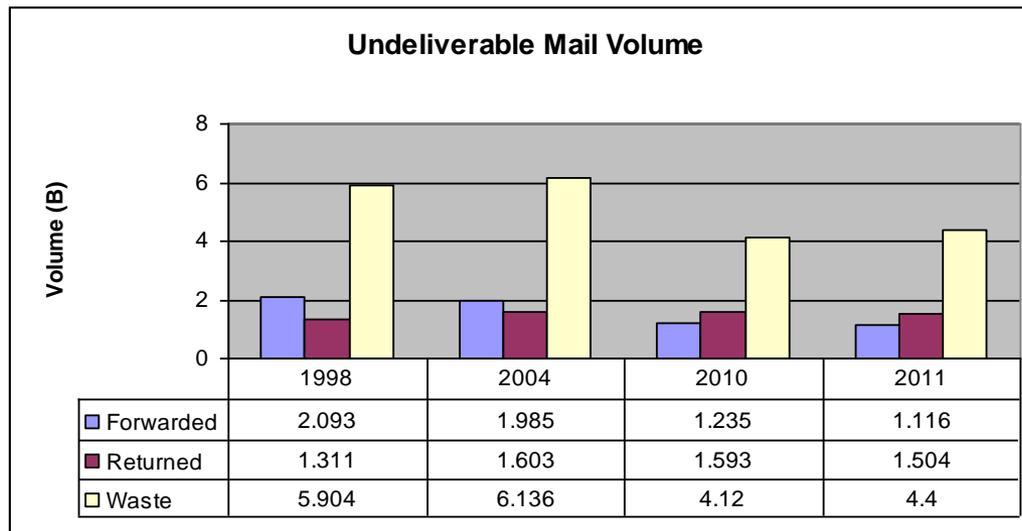- USPS® Carrier's retiring - loss of postal carrier knowledge

Urgent

- USPS Compliance - Revenue protection (discounts, fines, and penalties)
- Economy - Companies looking to reduce costs & increase customer satisfaction
- Resources - free up resources to allow for use on other corporate (growth) projects
- Insurance & Financial - no measurement or tracking of account follow-up by Sales reps

Industry Problem

- **Return mail volume is not decreasing, even though mail volume is decreasing**
    - **2004 – 1.6% of FCM returned**
    - **2011 – 2.0% of FCM returned**
- **UAA costs the USPS $1.36B annual**
    - **$777.6 M – Return to Sender**
    - **$271.8 M – Forwarded**
    - **$266.4 M - Waste**

Return Mail is a
$20 Billion
Industry Problem

Undeliverable Mail Volume

Volume (B)

	1998	2004	2010	2011
Forwarded	2.093	1.985	1.235	1.116
Returned	1.311	1.603	1.593	1.504
Waste	5.904	6.136	4.12	4.4

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Return Mail – Root Causes

Initial Occurrence:

- Invalid Input
  - Error (Typo)
  - Missing information
  - Non-USPS information

- Address Changed
  - Renamed / Renumbered
  - Re-construction
  - Disasters

- Person Moved

- Processing Errors:
  - Machine
  - Human

- Did not use / follow-up on data (warnings) from available tools

40%
of bad addresses
are data entry related
- Gartner research

Return Mail – Root Causes Cont'd

Recurring Occurrences:

- Failure to
    - Detect
    - Apply updates
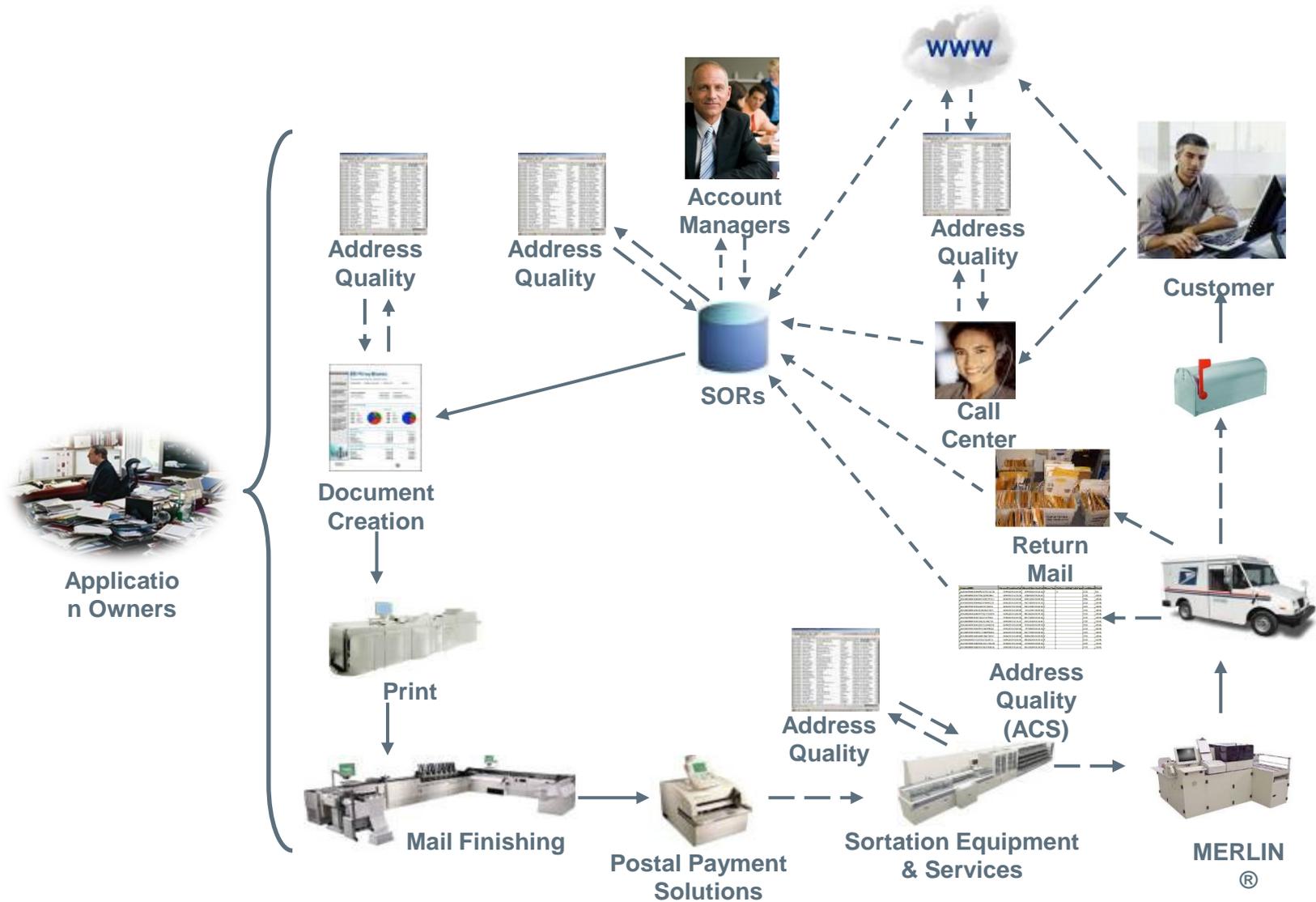   - Apply data to future mailings
    - Investigate / follow-up

- Error in applying updates

- Delays in getting and applying updates

- Confidence

- Required

Common Processes

Resolving UAA

Address Quality Tools Available Today:

- CASS, DPV, LACS^{Link}, Suite^{Link}
- NCOA^{Link}
- 3rd Party Data Tools
- Workflow Management Tools

Build A Logical Workflow:

- Address Quality can be implemented at multiple points in your mailing process
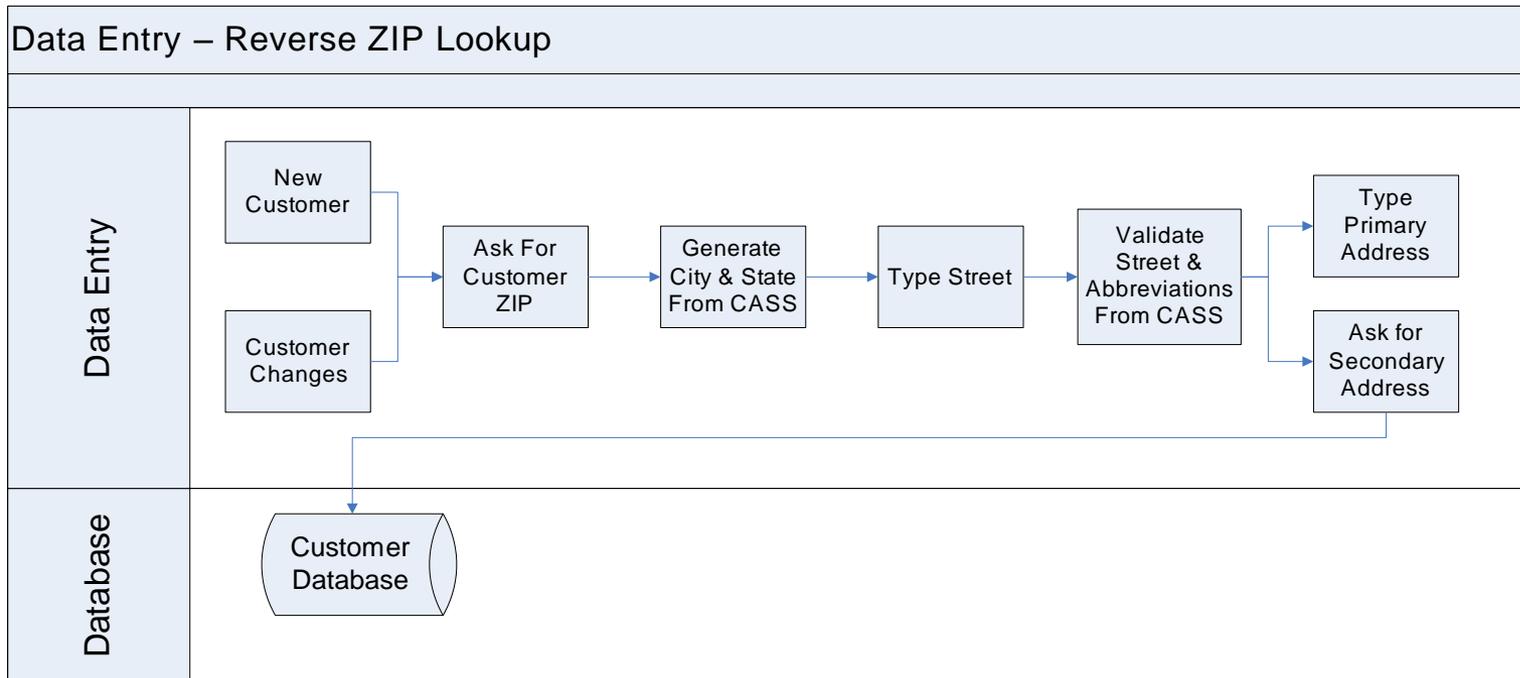
Database Management	Document Creation	Mail Production	Return Mail Management

Data Entry

- Data Entry accounts for 20-40% of data quality problems
- Need to cover ALL sources of data entry and updates

Data Entry – Reverse ZIP Lookup

Data Entry:
New Customer →
Customer Changes →
Ask For Customer ZIP → Generate City & State From CASS → Type Street → Validate Street & Abbreviations From CASS → Type Primary Address / Ask for Secondary Address

Database:
Customer Database

Customer Maintenance

Level 1:

- USPS based tools used to qualify for postage discounts: CASS^{TM}, DPV®, LACS$^{Link®}$, Suite$^{Link®}$, NCOA$^{Link®}$

Level 2:

- 3rd party data sources and tools:
  - Data beyond the timeframe of the USPS® database tools
  - Data not reported / available to the USPS
- Use to augment Level 1 data
- Use when results in a positive ROI

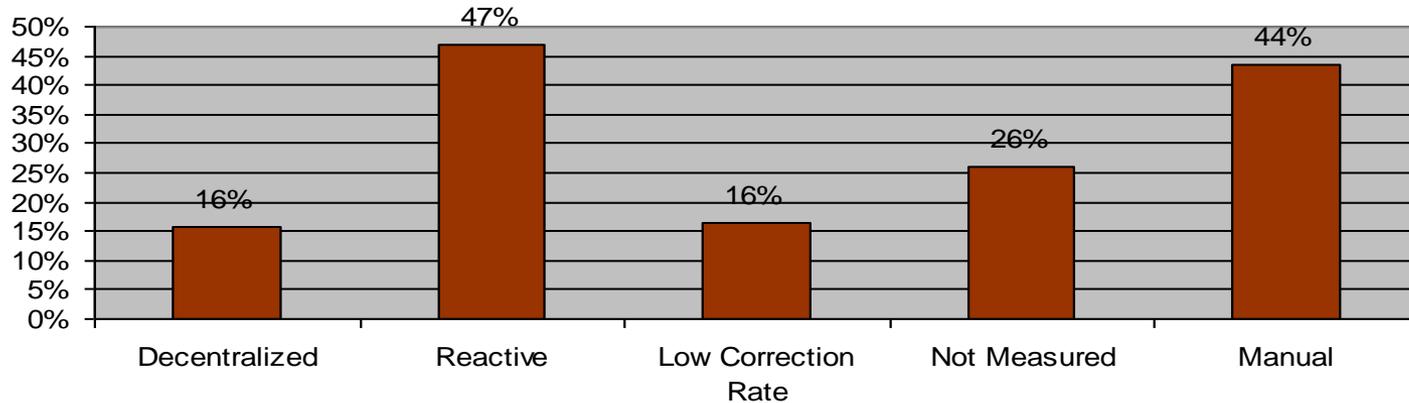**Use to initiate and track additional activities to confirm or correct information**

Production

Data:

- USPS based tools used to qualify for postage discounts: CASS™ DPV®, LACS$^{Link®}$, Suite$^{Link®}$, NCOA$^{Link®}$
- Real time 3rd party data sources and tools

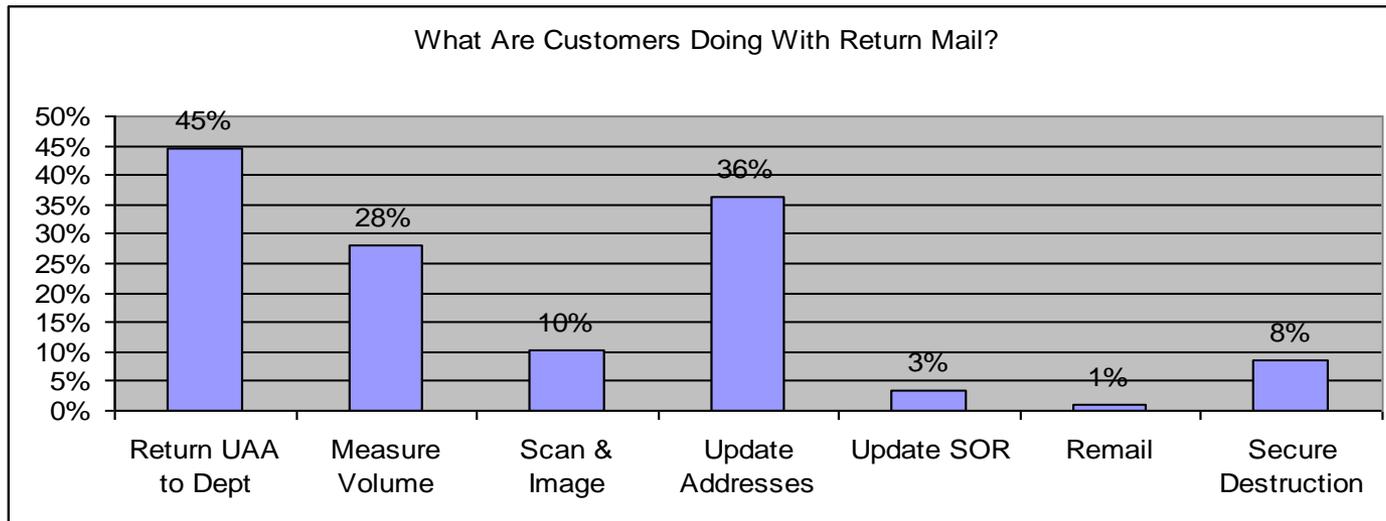**Mail Piece Design and Production:**

- Facilitate USPS® processing
  - Letters vs. Flats
- Facilitate communication of delivery information
  - Use of Address Change Service
  - Use of IMb Tracing™
- Facilitate return mail processing
  - Unique piece identification (owner, value, contents)
    - IMb™
    - Additional barcodes

Return Mail – PB Market Discovery

Issues With Current Processes

Bar chart "Issues With Current Processes":
- Decentralized: 16%
- Reactive: 47%
- Low Correction Rate: 16%
- Not Measured: 26%
- Manual: 44%

What Are Customers Doing With Return Mail?

Bar chart "What Are Customers Doing With Return Mail?":
- Return UAA to Dept: 45%
- Measure Volume: 28%
- Scan & Image: 10%
- Update Addresses: 36%
- Update SOR: 3%
- Remail: 1%
- Secure Destruction: 8%

Return Mail – Integrated Technology

Step 1: Capture
- **Get physical mail into electronic state**

Secure Capture of Undeliverable as Addressed Mail or UAA Data

Mail Prep, Sortation, Extraction, Scanning and Data Conversion

RTS Yellow Sticker

Step 2: Address Update
- **Take bad addresses and make them good**
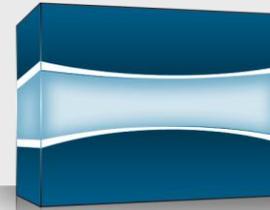
Address Hygiene, Postal Move Update and 3rd Party Data Sources

Step 3: Post Document Processing
- **Remail with updated address**
- **Or, if no new address, store or shred**
- **Update databases, if data is available**

Rebound Mail

Updates System of Record

Customer Host

Address Updates

Interface (Secure Web Host)
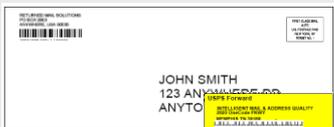
Feedback file

Delivered to Updated Address
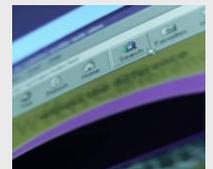
Original Documents Inserted, Imaged, Scanned and Remailed or Reissued, Secure Destruction

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Utilize Digital Connections

1 Nightly push of all "repeat" offender return mail addresses/ accounts

2 Customer receives notice via email or SMS .

3 Customer clicks notice to:
• Update address
• View/pay statement

4 Customer receives message thanking them for the update of their profile
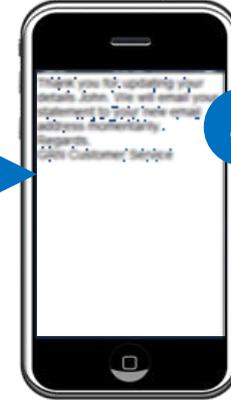
5 Customer receives subsequent multi-channel communications

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Document Value Drives Decisions

Document Type	Value of the Document	Step 1 (Capture)	Step 2 (Address Update)	Step 3 (Document Management)	Return on Investment
Invoice	$0.40 cost $100 (balance)	Image & create data file $0.20	Postal, 3rd Party, Phone $1	Update Database Reprint / Mail $0.40	$98.80 per piece
Marketing	$0.70 cost $50 per response	Image & create data file $0.20	Postal & e-mail $0.01	E-mail PDF $0.01	$50.48 per piece
Compliance Correspondence	$0.50 cost Legal Risk	Image & create data file $0.20	Postal $0.007	Update Database $0.00	$0.29 per piece
Monthly Statement	$0.40 cost	ACS $0.00	Postal $0.007	Update Database $0.00	$0.39 per piece

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In Summary:

If you mail, you have mail that is not deliverable as addressed and may result in return mail.

Major Impacts:

- Delayed and failed communications

- Wasted production costs

- Additional processing / handling costs

- Delayed payments

- Lost Opportunities

- **Lost Customer Connection**

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Questions and Answers

For more information:

- ▪ Website: www.pb.com/mailservices
- ▪ Email: mailservices@pb.com

THANK YOU.

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