

Twin Cities PCC

Address Quality, Best Practices, and Intelligence is a Business Game Changer

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What happened -> will happen

The world is always changing → processes need to evolve as well

Every year, there are more addresses

2020-2021: The Pandemic

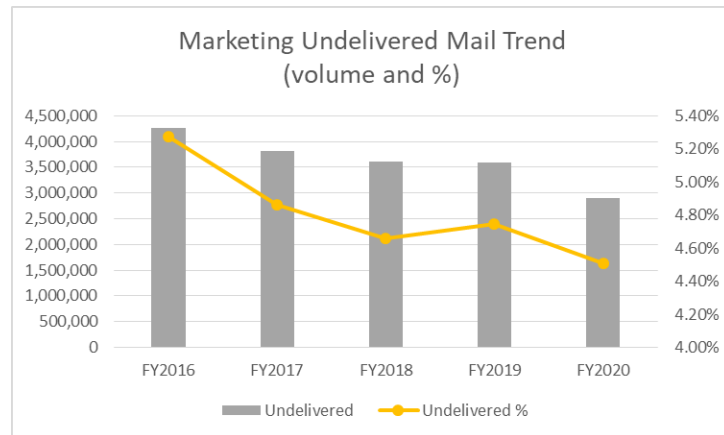
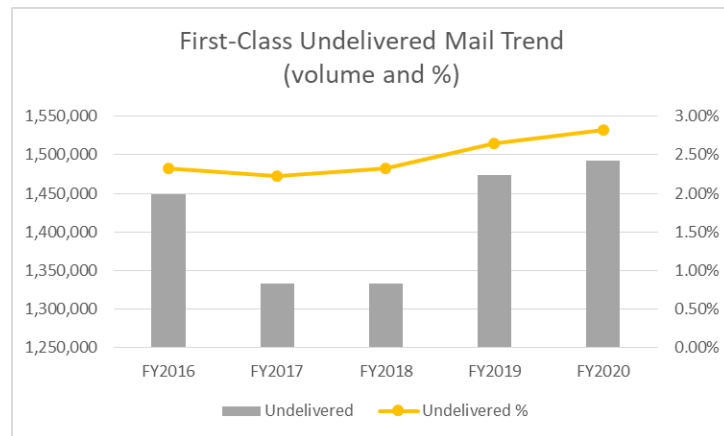
- Shift to on-line and direct to consumer sales
- USPS: Impact on Postal Carrier Resources and Knowledge
 - Impact of Peak was bigger and longer (from end of November into March/April)

2021:

- Multiple Postage Rate Increase
- Changes to Service Performance Levels

2022:

- Address Quality Cycle O (CASS and NCOA^{Link})
 - Includes data for smarter mailing and shipping decisions
 - Mailers need to start planning **now** for impacts and for how to take advantage of new data providing new Business Ready Intelligence



Average Undeliverable Mail and Savings Potential

The opportunities for savings and business value are real, proven, and significant

| Mail Volume | Mail Type | Industry Averages | Best Practice Averages | Savings Potential* |
|-------------|----------------------|-------------------|------------------------|--------------------|
| 100,000,000 | Operational | 2 – 4% | 0.5 – 1% | \$1.875M |
| 300,000,000 | Marketing (Consumer) | 5 – 10% | < 2% | \$8.437M |
| 50,000,000 | Marketing (SMB) | 10 – 25% | 5 – 8% | \$3.750M |

*Savings reflected is just on print, fulfillment, and postage.

Other Business Value includes: improved revenue flow, increased response rates, reduced customer service calls, increased customer satisfaction and retention,...



What is Address Data Quality?

Address Data Quality means different things to different groups

USPS (discounts):

- Complete
- Correct
- Current

Mailer:

- Complete
- Correct
- Current
- Current (format)
- Correct (for mail)

Business:

- Complete
- Correct
- Current
- Current (format)
- **Correct for intended use (mailing vs. shipping vs. physical)**
- **Compliant with industry specific regulations (Financial, Healthcare, Telco, Government,...)**
- **Correct for the intended recipient**
- **Credible (Fraud Risk)**



Tools, Services, Processes

Generally, only a few of the available tools and data points are talked about

USPS

- **CASS™**
- DPV®
- Vacant Table
- NoStats
- LACSLink®
- SuiteLink®
- CMRA
- PBSA
- RDI
- DNA
- NSL
- NDD
- Throwback
- R777/9
- **NCOALink®**
- **ACS™**
- AECI
- AECII

Others

- PCOA
- Address Correction Services
 - Automated
 - Manual
- Historical Mailing Information
- Skip Tracing Services



USPS (discounts) vs. Business Best Practices (part 1)

Qualifying for discounts is NOT the only factor as to if an address is good

Example – Address Characteristics:

- Addresses to which the USPS does not make final delivery:
 - Potential Fraud Concern

| Flagged as USPS not making Final Delivery | | | |
|---|-------------|----------|--|
| | % of Mailed | % of UAA | |
| General Mailing | 3.5% | 15.0% | |
| Physical, Not Mailing | 0.5% | 3.0% | <- Nearly 100% Undeliverable |
| Business (SMB) | 13.0% | 30.0% | <- If using Alternative Addressing, 40+% Undeliverable |

- More actionable data coming with Address Quality Cycle O



USPS (discounts) vs. Business Best Practices (part 2)

Qualifying for discounts is NOT the only factor as to if an address is good

Example – Address Characteristics:

- Several types of Non-Physical Mailing Addresses that reflect where mail is received, but not where a person or business is actually located:
 - Regulatory Compliance implications in many industries
 - Some have restrictions on who can deliver to these addresses
 - Signature required may not actually reflect delivery to the signing individual
 - 10-15% of typical address lists

Example – Address Characteristic / True Quality Level

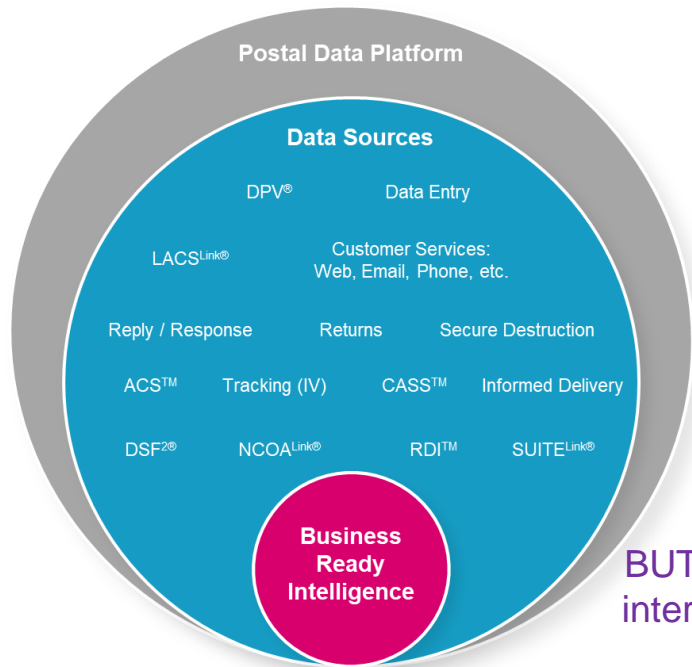
- Secondary Address not validated => mail or suppress
 - 3-5% of typical address lists
 - 50/50 Split between not needed by the USPS vs. Needed but not match USPS data
 - Address Quality Cycle O – will be able to tell which is which
- ...



Transforming Postal Data

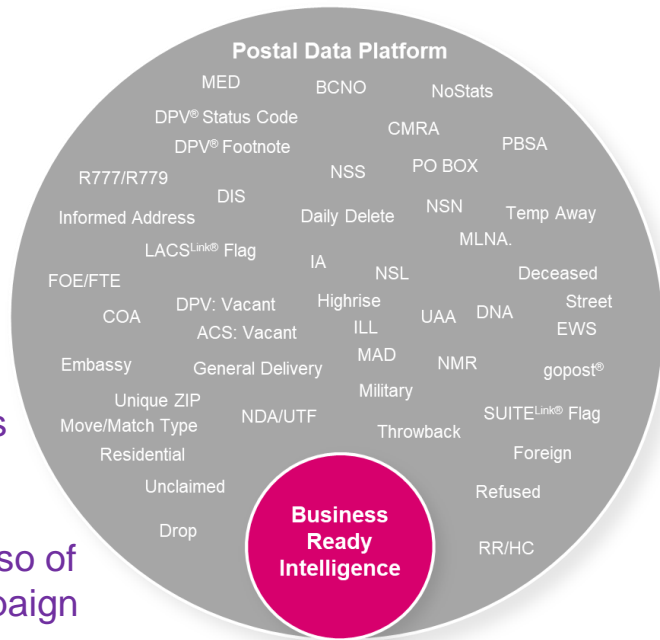
Ingest, Aggregate, Analyze

Implement in manageable, justified stages for continuous improvement (and one size does not fit all)



<--- Many USPS Tools
+
Dozens of Data Points -->
=
Thousands of Combinations

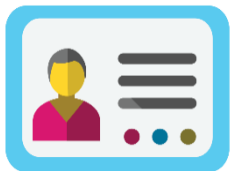
BUT, generally only a dozen or so of interest for a given mailing campaign / business operation



Best Practices

More than just CASS & NCOA

Best Practices requires actions in multiple processes and operations



ADDRESS ENTRY

- ✓ Verify Address



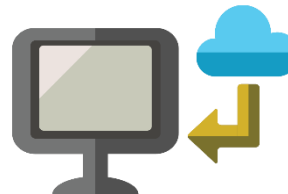
DATABASE MAINTENANCE

- ✓ CASS
- ✓ NCOA
- ✓ Prior ACS
- ✓ Proprietary Address Database
- ✓ Exception / Correction



JUST IN TIME

- ✓ CASS
- ✓ NCOA
- ✓ Prior ACS
- ✓ Proprietary Address Database
- ✓ Exception / Correction
- ✓ Custom Suppression



UPDATES AFTER MAILING / RETURNS

- ✓ ACS
- ✓ Secure Destruction
- ✓ Mail Tracking

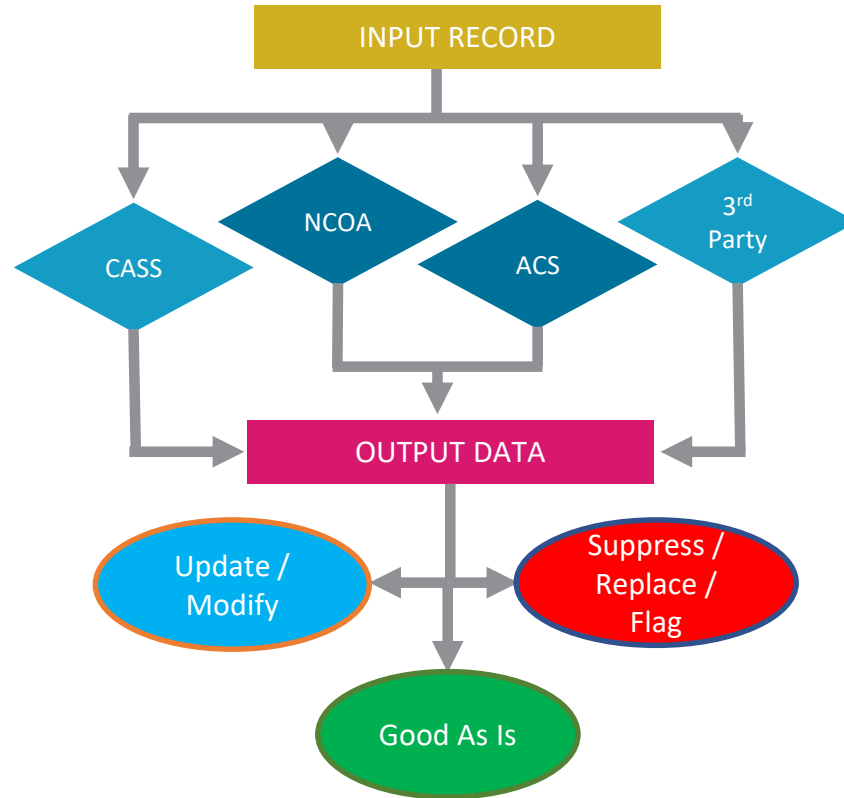


Address Quality Intelligence

Business Rules

How It Works

- ▶ Run address files through business rules for address quality scoring
- **CASS Rules** – Identifying records that did not CASS Code, had errors or issues, special cases, ...
- **NCOA Rules** – Finding new moves (domestic & Foreign), moves with no new address or not returnable, potential moves, ...
- **ACS & 3rd Party Rules** – Identify additional new moves and UAA records



The Benefits

- ▶ Catch the latest moves
- ▶ Reduce undeliverable mail & increase response
- ▶ Suppress bad addresses for cost savings - OR - add new prospects for same budget \$\$\$ to increase response opportunity
- ▶ Maintain compliance
- ▶ Identify potential fraud
- ▶ Reduce risks
- ▶ Improve customer satisfaction via speed and accuracy of delivery



Example: PII / Fraud / Risk Management

- Flag at-risk records
- High-risk indicators => alternate process
 - Mail postcard (low cost, no PII, allow USPS to dispose of):
 - Option 1:
 - “We are attempting to send you important information, please contact us to confirm you address information”
 - Option 2:
 - “Your XYZ is on the way and should arrive shortly”
 - Utilize ACS
 - If ACS (undeliverable) -> then initiate processes to contact and obtain corrected address information
 - If no ACS – Assume delivered successfully and mail

| | |
|--|---------------------------------------|
| 10,000,000 | Pieces |
| 4% | Questionable |
| 400,000 | Questionable Pieces |
| 95% | Accuracy on the Questionable |
| 380,000 | Accuracy on the Questionable (pieces) |
| \$ 0.60 | First-Class Mailpiece |
| \$ 0.45 | Postcard |
| ----- Current Practice ----- | |
| Mail First-Class | |
| 400,000 | Questionable Pieces |
| \$ 0.60 | First-Class Mailpiece |
| \$ 240,000 | Cost of mailing |
| ----- vs ----- | |
| PostCard Mailing w/ First-Class followup | |
| 400,000 | Questionable Pieces |
| \$ 0.45 | Postcard |
| \$ 180,000 | Cost of postcard mailing |
| 20,000 | Remail Letters |
| \$ 0.60 | First-Class Mailpiece |
| \$ 12,000 | Cost of First-Class mailing |
| \$ 192,000 | Total cost of mailing |
| ----- Results ----- | |
| \$ 48,000 | Savings on Cost of Mailing |
| + | Reduced Handling of Returns |
| + | Reduced Risks |



Example: Marketing

It is all about response rates

- Step 1: Periodically check response rates by address type, characteristics,...
- Step 2: Evaluate and test ways to alter process to increase response rates

| | |
|--|--|
| 10,000,000 | Pieces |
| 0.5% | Recent COA - ignore new address |
| 50,000 | Recent COA (pieces) |
| \$ 0.40 | Marketing Piece Costs |
| 90% | Undeliverable |
| 0.50% | Overall Response Rate on these records |
| 1.00% | Overall Response Rate for entire mailing |
| Response rate on delivered pieces | |
| 50,000 | Recent COA (pieces) |
| 90% | Undeliverable |
| 5,000 | Delivered |
| 250 | Responses |
| 5% | Response Rate |
| ----- VS ----- | |
| Alter these pieces to include Alternate Addressing | |
| 45,000 | Undeliverable made deliverable |
| 1.00% | Overall Response Rate for entire mailing |
| ----- Results ----- | |
| 450 | Additional Responses |
| 1.40% | New Overall Response Rate on these records |



Questions for you:

- Do you know your UAA rates (and root causes)?
- Do you know the types of addresses being utilized (and any associated risks)?
- When was the last time you reviewed your business processes around address information?
 - **Have you reviewed and planned for changes associated with Address Quality Cycle O coming in 2022?**



Questions & How to Get Information

- Adam Collinson: acollinson@grayhairsoftware.com 856-313-6921
 - GrayHair: Info@grayhairsoftware.com
- USPS Postal Pro: <https://postalpro.usps.com/site-index>
 - CASS Cycle O: <https://postalpro.usps.com/certifications/cass>
 - Executive Summary, Rules Presentation, Announcements

