



Trade Secrets to Connecting Your Mail to Better Business Outcomes

Intelligent Mail[®] can show the way to significant cost savings and business benefits for your customers

Abstract

If mail is a major marketing and communications channel for your clients, then Intelligent Mail® represents a significant opportunity for them – and for service providers like you.

There are a host of cost savings and bottom-line benefits to be realized beyond postal discounts that you can help deliver to your customers as well, via Intelligent Mail. The data from the IM™ BC provides a rich source of information that can help customers save on labor and production costs, boost response rates, make better business decisions and much more.



Intelligent Mail Background

Intelligent Mail® has been available from the Postal Service™ since September 2006, and has been used to route and track billions of pieces of mail.

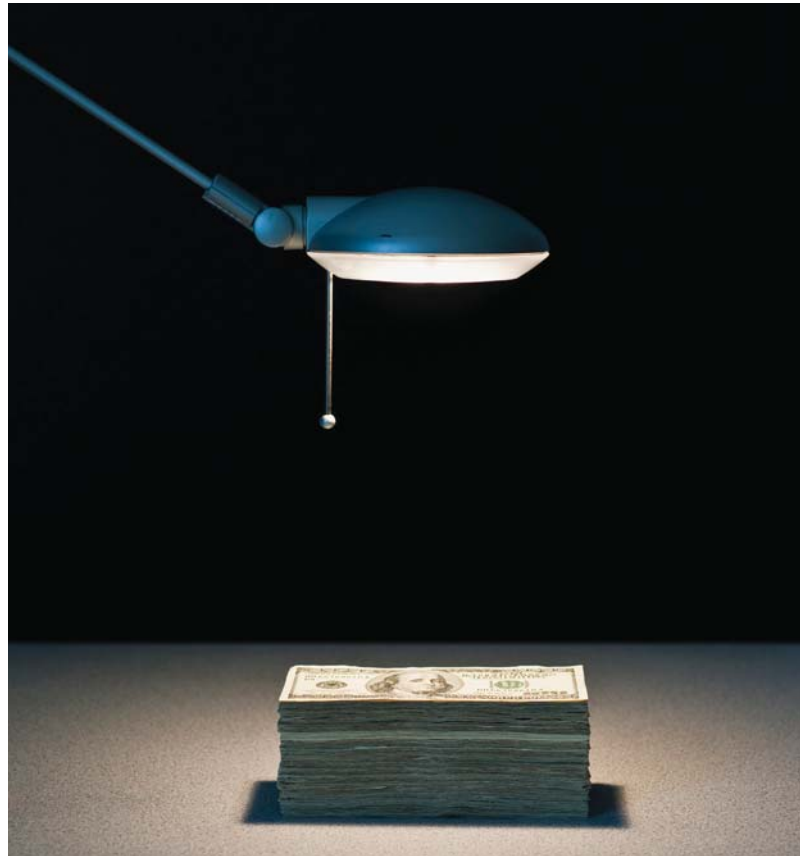
The Intelligent Mail barcode (IM™ BC) is a 65-bar code using bars of four different lengths/positions, that is also known as a four-state barcode. It enables access to the following services:

- Mail routing – the IM™ BC contains all of the information contained in the POSTNET® barcode currently used on mail pieces, providing the ZIP+4™ and delivery point information.
- Confirm® – this Postal Service™ program follows mail as it travels through automated sorting equipment, returning scan data to subscribers that can be used to predict delivery. This functionality was provided by adding a second barcode, the PLANET Code®, before the IM™ BC was released in 2006.
- OneCode ACS® – ACS™ is the acronym for Address Change Service, a service from the Postal Service™ that returns information to the subscriber when a piece of mail is undeliverable (or the reason for non-delivery) along with a new address if available.

None of these services are new, but they are enhanced and often made more accessible through the use of the IM™ BC.

The original purpose of Intelligent Mail was to provide an added measure of control to mailing through the USPS®. When the Postal Accountability and Enhancement Act (PAEA) was passed, the Postal Service™ had to create a means of measuring service performance—resulting in the development of Intelligent Mail.

The Postal Service™ has added new requirements and discounts to encourage adoption of the IM™ BC, but the original value of Intelligent Mail still remains the best reason of all for using Intelligent Mail.



Basic vs. Full Service Intelligent Mail

Intelligent Mail® is available at two service levels – Basic and Full Service. The Basic level only requires IM™ BC placement on letter- and flat-size mail pieces, and supports OneCode ACS® and OneCode Confirm®. Full Service has additional requirements, such as type-specific IM™ BC placement on all mail pieces, trays, sacks and containers; electronic documentation; and scheduled drop appointments. However, Full Service compliance yields additional discounts and more detailed mailstream information.

The Benefits

Intelligent Mail tells mailers when and if mail has been delivered, and provides information on “undeliverable as addressed” mail (UAA). This information offers you the opportunity to help clients improve both mailing operations and the effectiveness of each mailing.

With delivery intelligence, you can help your clients:

- Coordinate other activities related to the mail piece, whether it is a related marketing offer or a collection call reinforcing the message of a mailed collection notice
- Choose the most cost-effective class of mail
- Plan and time mailings more effectively
- Anticipate and allocate resources for response more effectively
- Respond to customer inquiries regarding a mail piece
- Reschedule actions based on a mail delivery date – e.g. power disconnects, policy cancellation, etc.
- Provide a proof of mailing

With address intelligence, you can help your clients:

- Remove undeliverable addresses for future mailings
- Update addresses with new addresses supplied by ACS™
- Meet Move-Update compliance regulations
- Suspend services to an address when the customer has moved

Many of these capabilities provide specific cost benefits. The following presents examples of how your clients can achieve a significant return on investment using Intelligent Mail data, as well as several ways to measure the available return on mailing efforts.

The Cost of Intelligent Mail

To get a “return on investment,” you first have to invest. There are required start-up costs involved in preparing to use the Basic version of Intelligent Mail®, and a larger investment to realize the additional benefits of the Full Service option. Despite these costs, you’ll soon be able to help your prospects and customers realize significant savings and enhanced capabilities – and boost your ability to attract prospects.

Required costs

- Equipment updates – addressing equipment may need to be updated to accommodate the IM™ BC.
- Software updates – creating the IM™ BC requires an encoding process, and possibly software updates, to handle a new font and new barcode dimensions. The updates may be in either the addressing/presorting software or document composition software. The cost can be small in some cases – for most small to medium mailers, the IM™ BC capacity will be included as part of a routine update. It can be significantly higher for large or complex mailing operations where extensive legacy applications will need to be modified.
- Process updates – Intelligent Mail preparation will require process changes in any mailing operation. There is, at a minimum, an additional encoding process, and there may be many more process updates required. Again, the cost will vary with the size and complexity of the enterprise.
- Training – your employees and customers will need to understand the new technology as well as its challenges and benefits; ensuring that these audiences have this knowledge will likely require additional operational costs.

Optional Costs

To take advantage of additional benefits, you’ll need to develop a way to use the data provided by either Confirm® or OneCode ACS®, the two primary programs that make up Intelligent Mail.

Mailers can either develop an in-house application, or use an outside service, such as TrackMyMail™ from Pitney Bowes. The costs involved in an in-house operation include:

- Development/software costs – mailers will need to either develop or acquire software required to process Confirm® and/or ACS™ data as it is returned from the Postal Service™.
- USPS® subscription fees – some USPS® programs, such as Confirm®, may include substantial subscription fees. These fees are for raw data only, and do not include reporting analysis.

However, most mailers will take advantage of the additional capabilities that Confirm® and OneCode ACS® offer, and the return from that decision will more than justify the additional investment.

The Intangible ROI of Intelligent Mail Tracking

There are different types of ROI mailers will benefit from by using Intelligent Mail®. Some are the hard and fixed costs of postage and labor savings, while others are more difficult to immediately quantify. Sometimes, the intangible ROI outperforms the tangible ROI, but your client will benefit from both kinds.

Best Practices:

Who wouldn't want to do a better job? Intelligent Mail helps your operation be "best in class" and enables you to provide more effective service for your clients.

Accountability:

Intelligent Mail rewards you by providing you with proof – that the mailing went out, arrived on time, gave you the evidence to resolve issues and allowed you to present results.

Trust:

Having proof builds trust. Being able to say to your clients that you did your job well and that you can be relied upon is a tremendous asset. It can help you build business and retain business, the two most important elements of success.

Saving Lost Revenue:

Mail delivery can be unpredictable at times. Having the ability to take the unpredictability out of it can help you react in a planned manner that can save your client's bottom line.

Postage Discounts for Mail Preparation

Full Service Discounts

Participants in Full Service Intelligent Mail® are eligible for an additional postage discount of \$.003 per piece (\$3.00/M) on First-Class™ mail, and \$.001 per piece (\$1.00/M) on Standard Mail®.

Postage Savings through Tracking

Knowing when mail is delivered can be leveraged into additional postage savings in many cases.

Many mailers with time-critical events and customer notifications use First-Class™ mail to ensure their message is delivered in a predictable manner. However, with Intelligent Mail, mailers may be able to convert some of their efforts to Standard Mail® by analyzing delivery patterns and by having proof that the USPS® took possession of the mail. Think about how much your client could save if you could help reduce postage by nearly 30% – over \$0.10 per piece.

Labor Savings through Tracking

Most mailers have other actions that occur as a result of their mail. Direct marketers can expect responses to call centers or mailed-in orders. Invoice mailers expect their invoices to be paid in a timely manner. Retail advertisers expect to draw customers into their stores. Even informational mail such as explanation of benefit (EOB) mailings and cancellation notices can generate inquiries to customer service.

Staffing for these responses is often a significant cost to organizations. Knowing when mail is being delivered allows your clients to staff and prepare more efficiently. With Standard Mail®, the delivery date can vary a great deal; with Intelligent Mail® services, clients can determine the actual delivery date and staff accordingly. For example, if the mail has not been delivered to the extent expected, staffing can be reduced. Conversely, if the mail delivers early, call/response centers can increase staffing ahead of schedule.

Even though it's harder to quantify in terms of savings per thousand, you would expect that an organization driven largely by direct mail could reduce call center labor costs by at least 5% through careful use of mail tracking. A direct marketer mailing 20 million pieces of mail a year to drive responses to a call center would expect to have call center labor expenses well in excess of \$2,500,000 a year. Even a 5% savings could reduce labor costs by more than \$125,000 due to better scheduling based on actual delivery dates, while the cost to track 20 million pieces is less than \$20,000.

Postage and Production Savings through Better Address Quality

Intelligent Mail® allows mailers to identify not only when mail gets delivered, but where it was delivered.

In many cases, if a piece of mail is forwarded or returned, it can be identified using Intelligent Mail mail tracking. If the piece is rerouted, a new POSTNET® will indicate a new ZIP+4™ where the mail is now destined. In some cases a change in ZIP+4™ may simply indicate a Postal Service™ refinement of the original ZIP+4™ on the piece. In other cases the piece may be “forwarded” to the ZIP+4™ in the return address – a good indicator that the piece is being returned.

Mailers can use this information to refine their mailing list. Even in the absence of ACS™ information, you can use forwarded and returned information to eliminate (or at least identify) defective addresses in a file.

Prospects and customers move, and forwarded and returned counts will typically average around 2% – 4%, even in well maintained lists. By eliminating these wasted addresses from lists, your customers can save not only postage, but printing and production costs as well. Standard Mail® with no ancillary endorsement is generally discarded, so this is only effective with First Class™ mail and endorsed Standard Mail®.

In addition to identifying forwarded and returned mail, Intelligent Mail makes the OneCode ACS™ service available, which will provide more detailed information, including the reason for non-delivery as well as the new address, where available. For lists that are mailed to regularly, this can also be used as a move update tool. In addition to postage and production savings, using OneCode ACS™ can also identify UAA mail undetected by NCOA^{Link}™ processing.

Postage Savings on Proof of Mailing

Many organizations need to demonstrate proof of mailing to meet statutory and corporate due diligence requirements, but the methods for doing this are often prohibitively expensive. Certificate of Mail, at a current cost of \$1.15 each, provides evidence that mail has been presented to the Postal Service for mailing. Additionally these methods are often labor intensive and difficult to administer. Relative to the cost of Intelligent Mail® tracking, typically a fraction of a cent apiece, you can potentially save almost the entire proof of mailing cost.

In many cases, proof of a mailing doesn't have to meet such a high standard. Although Intelligent Mail does not provide proof of delivery, a scanned piece does show proof of mailing. Intelligent Mail can also prove that a piece of mail was placed in the mail-stream. It is important to clarify with the appropriate authorities what standard of proof is required, but in cases where mail scans are deemed adequate, Intelligent Mail offers a dramatic savings.

Improved Response Rates

By coordinating other marketing methods, timing mailings better, and improving the percentage delivered by eliminating bad addresses, your clients can boost the response rate on a direct mailing, through use of Intelligent Mail®.

If 2% of your mail is undelivered, response metrics should be based on “delivered” mailpieces for a measure of “actual” response.

Another example: If an offer has an expected response rate of 0.5%, and the product is priced at \$150, the value of response is \$750.00/1000 (5 responses per 1000 at \$150/ea). Simply eliminating 2% of the addresses that are bad could be expected to boost response by the same amount, adding \$15.00/1000 to the response value of a mailing. In many cases, the total value of a response is well beyond its initial value, especially when you factor in the lifetime value of a new customer.

Reducing Collection Activities

Collection activities are expensive and often make customers angry.

If a payment is in the mail, there is no need to generate this cost, and Intelligent Mail, using Origin Confirm®, can identify payments that have been placed in the mail.

A collection agency is typically paid between 3% – 6% of the debt collected. For a collection of an \$100.00 debt, a live collection call could cost \$4.50. If a call center typically makes 1,000 collection calls a day at a cost of \$4.50/per call, a 5% reduction in calls can result in direct savings of \$225.00/day. In addition, utilities which need to notify customers with door hangers before disconnecting service typically spend \$7.00 – \$10.00 apiece to distribute them, in addition to the cost of service interruption itself. Intelligent Mail can identify payments in the mail, and mailers can use that data to suppress collection activities to those customers.

What Are Your Clients' Intelligent Mail Opportunities?

A closer look at the mailing operations of your clients can reveal how Intelligent Mail® can reduce costs and improve efficiency. Start with the following questions:

- What is your total cost per mail piece? Be sure to include paper, printing, postage, lettershop costs and design. These costs typically range from \$1 – \$3.
- How much of your mailing is undeliverable as addressed? On a well-maintained list, 2% – 4% is typical. If you can correct or eliminate those pieces at your typical cost per piece, how much can you save?
- What is your normal response rate? What is the dollar value of each response? What is your response in dollars per thousand pieces mailed?
- If you can improve response by 2%, how much more revenue does that add? What are the costs of lost sales when the mailpiece is late or is not delivered at all?
- What is the lifetime value?
- What are your outbound and inbound telemarketing costs? What is the dollar value of a 5% reduction in telemarketing labor?
- What are your collection expenses? What is the dollar value of a 5% – 10% reduction in these expenses?

TrackMyMail Services from Pitney Bowes:

Making the IM™ BC Work to Your Advantage

If information is the oxygen of the modern age, TrackMyMail™, an Intelligent Mail® tracking solution from Pitney Bowes, is a source of fresh air. No other application offers the range of tools and support you need to maximize the full value of Intelligent Mail for your clients. You get access to industry-leading solutions in customer data quality, data integration, business geographics, electronic content management and unrivaled know-how in postal data optimization – which enables you to market Intelligent Mail as a way for your clients to improve the quality of decisions made throughout their organization.

With TrackMyMail you can speak with experts who can explain your options, and provide a detailed analysis outlining the specific ways you can play a role in this new mail-based data. We'll demonstrate how you can help your clients automate decisions with on-demand business analytics and leverage event-driven triggers to improve customer satisfaction, operational processes and cost efficiencies.

With Intelligent Mail becoming the standard for visibility of mailstream performance, take time now to learn how this new source of customer intelligence can improve your clients' performance. Visit www.trackmymail.com or call 1-888-444-9972.