Case Study

Leading Direct Marketing Agency Saves $2 Million with GrayHair

Direct marketing agency decreases returned mail and lowers mail costs by leveraging data from GrayHair's Address Hygiene Solution.

Challenge

A leading direct marketing agency found themselves with an outdated mailing list. They wanted to cut expenses related to their constant stream of undeliverable mail. They were also concerned that they were losing out on business opportunities.

The agency wanted to improve the quality of its mailing, but they faced several challenges. They knew that response rates were highest when the piece both reached the intended recipient and was addressed specifically to the recipient (John Smith) as opposed to combining with alternate addressing (John Smith or Current Resident) or just using alternate addressing (Current Resident).

The following table reflects the order in which accuracy in naming on the mailpiece impacts the recipient's perception and ultimate response to a mailpiece. The more specific and accurate the name on the mailpiece is to the actual recipient, the more positive the initial impression and ultimate response to it.

Approximately 40 million Americans move every year. Many of these movers do not file a Change of Address (COA) with the USPS® and, as a result, their old addresses remain in mailers' databases. Use of these outdated addresses - and addresses with other issues - reduces the ROI in mailings. It does so by incurring production costs (paper, printing, and postage expenses) while generating substantially lower, if any, responses / value. And, if not handled properly, inaccurate addresses can also keep mailers from receiving discounted mail rates or put them at risks for additional assessments.

SCENARIOS	ON PIECE	CURRENT RESIDENT	RESPONSE
Recipient's name only	John Smith	John Smith	Best
Recipient's name plus alternate naming	John Smith or Current Resident	John Smith	Good
Alternate naming only	Current Resident	John Smith	OK
Former resident's name plus alternate naming	Mary Jane or Current Resident	John Smith	Poor
Former resident's name	Mary Jane	John Smith	Worst

However, the more generic the naming, the greater the probability of delivery by the USPS vs. non-delivery as undeliverable as addressed (UAA) mail. So, how do you know which naming convention to use on the mailpiece to both maximize delivery and recipients' response rates?

The agency was using NCOA[Link®] to update their list, but was still seeing large numbers of undelivered mailpieces because many people who move do not file a COA with the USPS. In addition to NCOA[Link®], the agency was using CASS™ and Delivery Point Validation to identify invalid delivery points. However, various address and addressee errors (such as missing apartment numbers, simple data entry errors, divorce or even death) were not being flagged. As a result, the agency had no idea how many mailpieces were incorrectly mailed on a regular basis.

Solution

To help improve their address quality, the direct marketing agency worked with GrayHair Software, a leader in the development of products and services that improve and automate the management of business mail. GrayHair helped the agency discover that their mailings exceeded the industry standard with 6 to 10 percent of its mailing costs resulting from UAA mail.

GrayHair's Solution for the agency was to also leverage data from USPS ACS™, an address correction service. When used in conjunction with CASS and NCOA[Link®], it provides the maximum coverage for updating addresses and identifying names/addresses with a history of delivery issues. GrayHair's Solution helps the agency:

- Update addresses that are undetectable via NCOA[Link®] processing or unable to have a new address returned. This helps ensure that the agency is mailing to the current address.

- Identify temporary moves and suppress those mailings until the residents return.

- Reduce carbon output and save trees, wastewater, and energy.

- Improve ROI on every mailing via a combination of both reducing costs (waste) and increasing response rates.

- Access many more Nixie (undeliverable address) records and suppress those pieces from future mailings. Instead of spending money on low quality names and addresses that are likely to be discarded, the Agency can use the savings to mail to other, quality names and addresses that may respond better and generate additional sales.

- Eliminate physical returns by getting the data electronically (more accurate, less cost) and being able to leverage that data sooner against future mailings across the entire organization.

Result

Designed for house lists and prospect databases where the agency is continually mailing to the same address, GrayHair's Solution identifies when a person no longer lives at an address. It then provides move information for the address or labels the address as a Nixie. Hit rates of 5 to 8 percent are common on most acquisition files and, for some mailings, hit rates can be as high as 20 percent. With GrayHair, the agency received an outstanding 4 percent Nixie hit rate and a COA hit rate of 1.5 percent, which the company considered to be a huge success.

By using CASS and NCOA[Link]® in conjunction with GrayHair's Solution leveraging ACS data, the quality of the agency's mailing list improved substantially, resulting in fewer returned mailpieces. GrayHair processed a job of 100 million records using the COA and Nixie returns along with suppression options (such as deceased suppression and prison suppression) offered through GrayHair's Solution. The impacts resulted in $2,227,500 in savings for the agency.

With GrayHair's Solution, the direct marketing agency was able to significantly improve the quality of their mailing lists, which resulted in fewer returned mailpieces. GrayHair not only helped the agency lower mail costs, it enabled the agency to obtain over $2 million in savings. Most importantly, the agency now knows that their mailpieces are actually being delivered and delivered to the correct addresses, which will enable them to take advantage of business opportunities and to increase both their response rates and sales.

Sample Results

Total Job Quantity	100,000,000
Cost per mailpiece	$.45
Nixie hit rate[*]	4.0%
COA hit rate[*]	1.5%
Suppress	3,600,000 pieces
Redirect	1,350,000 pieces
Savings	$1,620,000
Forwarded Pieces	$607,500
Total Value[**]	**$2,227,500**

[*]Worked with Agency to identify which to update and/or suppress.

[**] Does not reflect increased response rate from forwarded pieces.

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GrayHair Software, Inc. *is an innovator and industry leader in the development of services that improve and automate the management of business mail. Through its own cloud-based services and applications, the company delivers mission-critical mailing services including Intelligent Mail® barcode assignment, mail tracking, multi-channel marketing support, enterprise address management, mail monitoring and a variety of other mail-processing applications.*