

Direct Insight

Successful Direct Marketing Depends on Accurate Information Courtesy of Transcontinental Direct

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THE ECONOMICS OF ADDRESS HYGIENE

The upcoming Coding Accuracy Support System (CASS) Cycle L, like the changes in worksharing make-up rules, may also increase direct mailers' postage costs when they go into effect August 2007. While the tendency is to focus on the rates themselves, assessing their impact on costs requires understanding the underlying rules.

The evolution of address requirements over the past two decades has given rise to diverse views regarding hygiene and data quality. These views have tended to vary with one's perspective, e.g. whether the mailer is using a sophisticated Multiline Optical Character Reader (MLOCR) system for real-time delivery point coding, a compiled list and list processing provider, credit bureau, database services provider or lettershop. However, it is just as important to think about addressing from the perspective of the USPS.

In an automated delivery point sequencing environment, which removes the individual letter carrier from the process, the accuracy of address information used to generate delivery point barcodes takes on greater importance. When the process involves a carrier, the equipment sorting the mail is only as good as the barcodes it reads. Sort schemes in a two-pass Delivery Point Sequenced (DPS) process are complex, but extremely efficient and reliable, provided the delivery points are accurate.

Inaccurate barcodes in an automated environment cause a number of problems, such as missorts, the need for special handling, Undeliverable-As-Addressed (UAA) conditions and others. These add costs the USPS can ill afford to absorb, particularly if a piece technically qualifies for an automation discount under today's rates. Although automated mail contains only a small percentage of bad barcodes, it is incumbent upon mailers to adapt their data processing to accommodate the DPS environment for flats when the new sequence sorters come on line. This also will serve to advance best practices in address hygiene, thereby supporting the Postmaster General's goal of reducing UAA volumes and attendant costs by 2010.

Some flats mailers will no doubt encounter difficulties migrating to the 65-bar OneCode Solution barcode from the familiar 52-bar Zip+4 barcodes and carrier route presort to an 11-digit Delivery Point Barcode (DPBC) environment. Notwithstanding the challenges, the transition must occur if the USPS hopes to realize the same cost savings from an automated, DPS-processed flats stream as it will from reduced carrier in-office time.

Effective August 2007, there will be significant changes to the CASS process that assigned Zip+4 codes for deriving accurate delivery point barcodes and claiming automation discounts. Generating a CASS 3553 form to qualify for discounts on any class of mail will require mailers to incorporate into their own

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CASS process USPS-certified processes for matching addressees' primary residence or street number on the delivery address line to the Delivery Point Validation (DPV) database. If these do not match, the Zip+4 matching software will not return a +4 code for the address, and the piece will be subject to non-automation rates.

In addition to requiring a DPV match, the USPS will ensure the accuracy of delivery point barcodes to the latest Locatable Address Conversion System (LACS) Link information. This information is continuously updated for municipalities renaming or renumbering streets, as well as rural communities converting rural route and box-type addresses to street/grid modes for their emergency services needs.

The DPV and LACS changes will likely make it more difficult to obtain the same Zip+4 coding rates, which now simply involve presenting a standardized address with the required elements, as long as the primary house/street number falls within the range in the Zip+4 database. The new DPV process will remove pieces with incorrect house numbers, but will still provide a delivery point barcode and automation discount even if the actual address is an empty lot.

Invalid delivery point addresses will no longer qualify for automation discounts. Add to this the proposed make-up rules for different automation rate tiers, and potential cost increases can become significant. Under the new paradigm, for example, a DPV reject might represent the one piece needed to qualify the other 149 DPV-verified pieces for sufficient density to obtain a five- or three-digit automation rate. Moreover, non-delivery situations can result not only in unnecessary inquiries to mailers' call centers, but loss of customer goodwill and lost business opportunities as well.

Providers of rented lists for direct mail campaigns seek to differentiate themselves from their competitors on the basis of quality and accuracy. In any given campaign, some of the pieces may be delivered by a carrier who knows the route and the mailer's customers. But a new or substitute carrier may not deliver them to their intended destinations, thereby adding to UAA costs.

DPV and LACS tools have been available for some time to help mailers improve their address hygiene. Some mailers and shippers have been using these tools to correct and validate addresses at their source, i.e. online or via toll-free numbers. Working with software or list processing vendors, mailers should evaluate a sample of their current in-house files to determine how much work they have to do and what tactics to employ to repair bad addresses. As sources and patterns of inaccurate information emerge, more scrutiny of the entire stream of customer information may be called for, including what providers of rented lists plan to do to assure compliance with the new regulations.

As mailers attempt to assess the budget impact of the proposed rules and rates expected to become effective next spring, they should also factor in the impact of more stringent address hygiene requirements. For more information contact your Transcontinental Direct representative or e-mail us at: info@transcontinentaldirect.com.