



# Meeting the “Do Not Mail” and Postal Challenge!

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# Responding to the Hundred Pound Gorillas

- **The “Do Not Mail” Issue**
- **United States Postal Services Rates and Regulations**



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## Reasons for Catalog “Do Not Mail” Programs

### •Genuine concern for the environment

- Global Warming
- Forest Conservation
- Land Fill
- Energy Crisis



### •Privacy

- Identity Theft
- Databases Information



### •Annoyance

- Do Not Call Registry
- Email Spam
- Unwanted Solicitation



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## Catalog Choice Consumer Survey

-- 3,691,554 Responses; 65% Response Rate

- Prefer shopping online for these products 15%
- No interest in products 37%
- I want to help the environment 41%
- Duplicate mailing 1%
- Addressed to person not at residence 1%
- Receive too many of this catalog 3%



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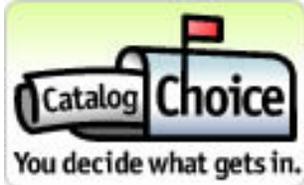
## Catalog “Do Not Mail” Programs

### •DMA – Mail Preference Service



- Renamed DMA Choice
- Eliminated Charge to Consumer
- Still oriented to prospects

### •Catalog Choice



- Started in October 2007
- Do not charge consumer or merchant
- Non-Profit
- Funded by Ecology Center, National Wildlife Federation, Natural Resources Defense Council, Overbrook Foundation, Merck Family Fund
- 950,000 Registrants
- 250 merchants signed agreement and accept download



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## Catalog Choice Members

Potpourri Group

Lands' End, Direct Me...

L.L. Bean, Inc.

Plow & Hearth

Crate & Barrel

Brookstone Co., Inc.

Crosstown Traders, Inc.

Dell

Thompson Group

Lillian Vernon

Sierra Trading Post

Acorn Direct

Sundance Holding Company

American Girl, Inc.

Art.com

Vermont Country Store...

Anthropologie

Gaiam, Inc.

REI

Cuddledown

Duluth Trading Co.

Delia's Inc.

Hanna Anderson Corp.

Gardener's Supply Com...



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## Catalog “Do Not Mail” Programs

- **Greendime.com**

- Started in 2006
- Est. 200,000 registrants
- For Profit - \$20 million investment by Pankah Shah
- Pay consumers \$1 for registering
- Cross use of names with Tonicgeneration.com

- **Proquo.com**

- Started in August 2007
- Growing rapidly; last months signups exceeded CatChoice
- For Profit; \$13 million venture capital
- Communicates opt-outs on mailers own forms/systems
- 950,000 Registrants
- 250 merchants signed agreement and accept download

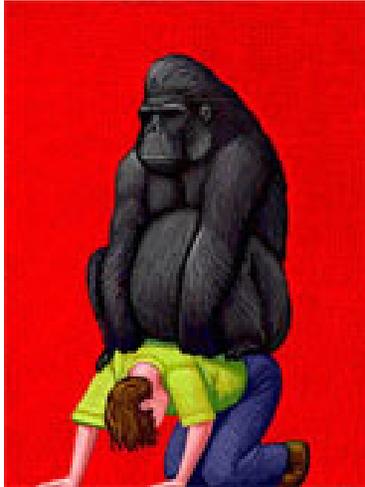


## Catalog “Do Not Mail” Programs

### •Smaller Players

- 41 Pounds.org – Charge \$41!!!
- Stopjunkmail.com – Charge \$24.95
- Catalogend.com – Charge \$17
- Stop Junkmailing.com – Charge \$25





## The Other Gorilla: USPS

**May 2007 postal reform  
had a profound impact  
on mailers**

- No more break-even
- USPS can make a profit



# WHAT DOES IT MEAN

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5-Digit  
Non Carrier-Route Qualified  
3-Digit  
Carrier-Route Qualified  
Non-Automated  
Automated

Non-Zip+4



# ROAD TO SORTATION & DELIVERY

Sortation Discounts Apply

Mixed  
and  
Sorted

3-5 Digit  
Sorted

5 Digit  
Sorted



BMC-Richmond



SCF-San Fran



BMC-Local



Transportation Discounts Apply



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Transportation Discounts Apply

Goal: Automation

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# A Sense of Urgency

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- **USPS wants to raise rates and rules again**
  - **Letter size mail (slim jims)**
  - **Intelligent Mail Barcode (IMB)**
  - **Rates**



# A Sense of Urgency

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- **Letter size mail (slim jims, roughly 6-1/8" × 11-1/2" and typically up to 1/4" thick)**
  - **Problems with processing and jamming machines**
    - **Contemplating changes in design standards**
    - **Increase fees**
    - **Proposed rule is likely to come in late summer**



# A Sense of Urgency

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- **Intelligent bar code (formally known as the 4-State Customer Barcode) is the next generation of USPS® barcode technology used to sort and track letters and flats**
  - **Mandatory for automation discounts in May 2009**
  - **Still many questions regarding added value or extra services**
  - **Ruling in late summer**

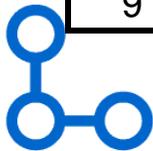


# New Postal Tiers

New Postage rates for each class of mail into a series of tiers are outlined below.

Old Postage Tier		Postage Rate
1	Carrier Route	\$.204
2	3/5 Digit Auto	\$.275
3	3/5 Digit PRST	\$0.304
4	Basic Barcoded	\$0.316
5	Basic	.363

Postage Tier	Rate	Bundle Size	Zip+4	Other Requirements
1 Carrier Route	\$ 0.255	10	Yes	Share the same zip code and CRRT
2 5 Digit Auto	\$ 0.339	15	Yes	Share the same zip code
3 5 Digit PRST	\$ 0.366	15	No	Share the same zip code
4 3 Digit Auto	\$ 0.400	10	Yes	Share the same SCF
5 ADA Auto	\$ 0.436	10	Yes	Share the same ADC
6 3 Digit PRST	\$ 0.451	10	No	Share the same SCF
7 ADC PRST	\$ 0.483	10	No	Share the same ADC
8 Mixed ADC Auto	\$ 0.489	0	Yes	Residual
9 Mixed ADC PRST	\$ 0.553	0	No	Residual



# A Sense of Urgency

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- **USPS is continuing to look for ways to reduce its cost and improve automation**
- **Smaller mailers will have a difficult time to contain costs**
- **Get involved and active**
  - **DMA**
  - **ACMA**
  - **PostCom**

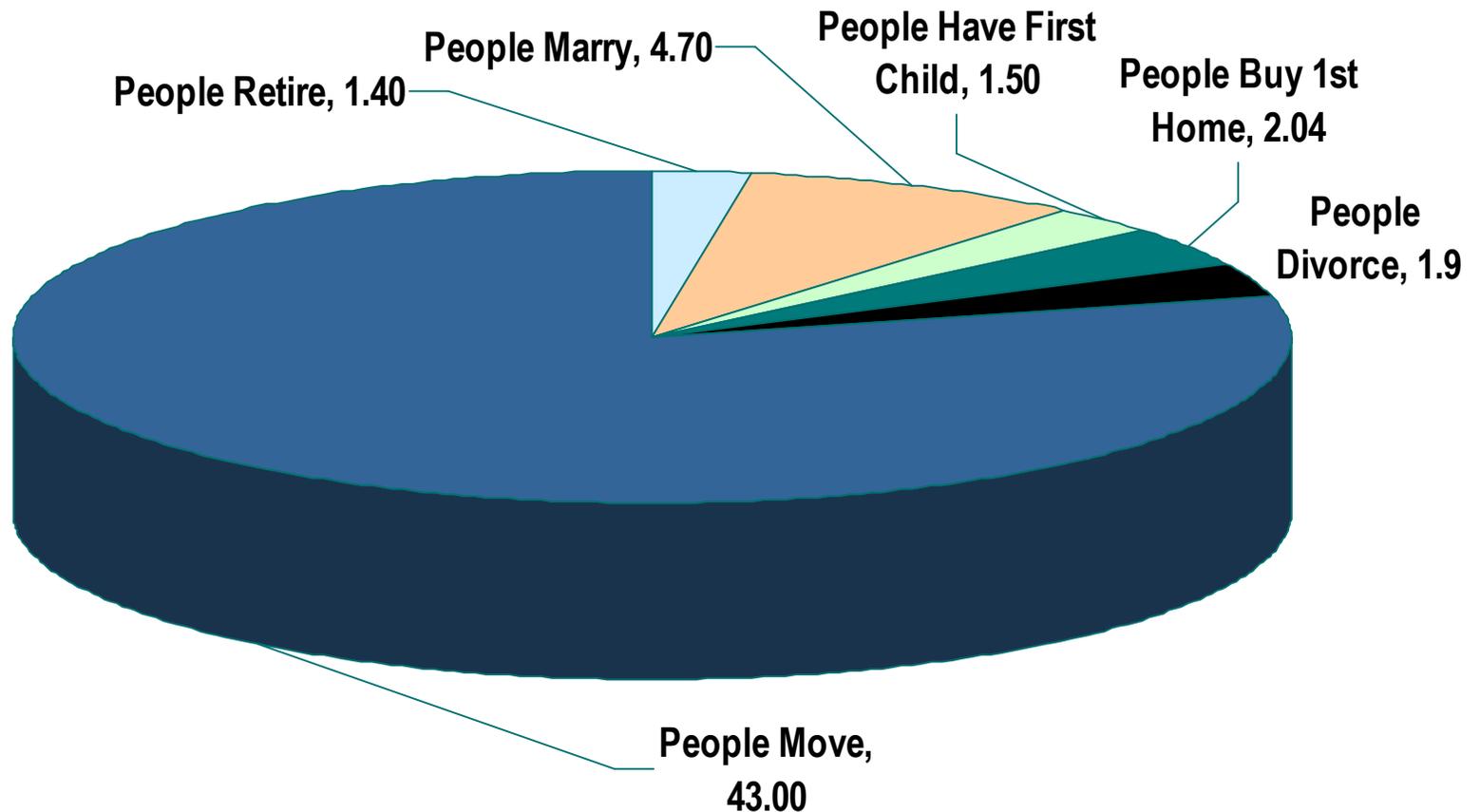




**“Clean, Cut and Replace”  
strategies that will  
mitigate current and  
future postal increases  
and changes**



# Drivers of Data Inaccuracy

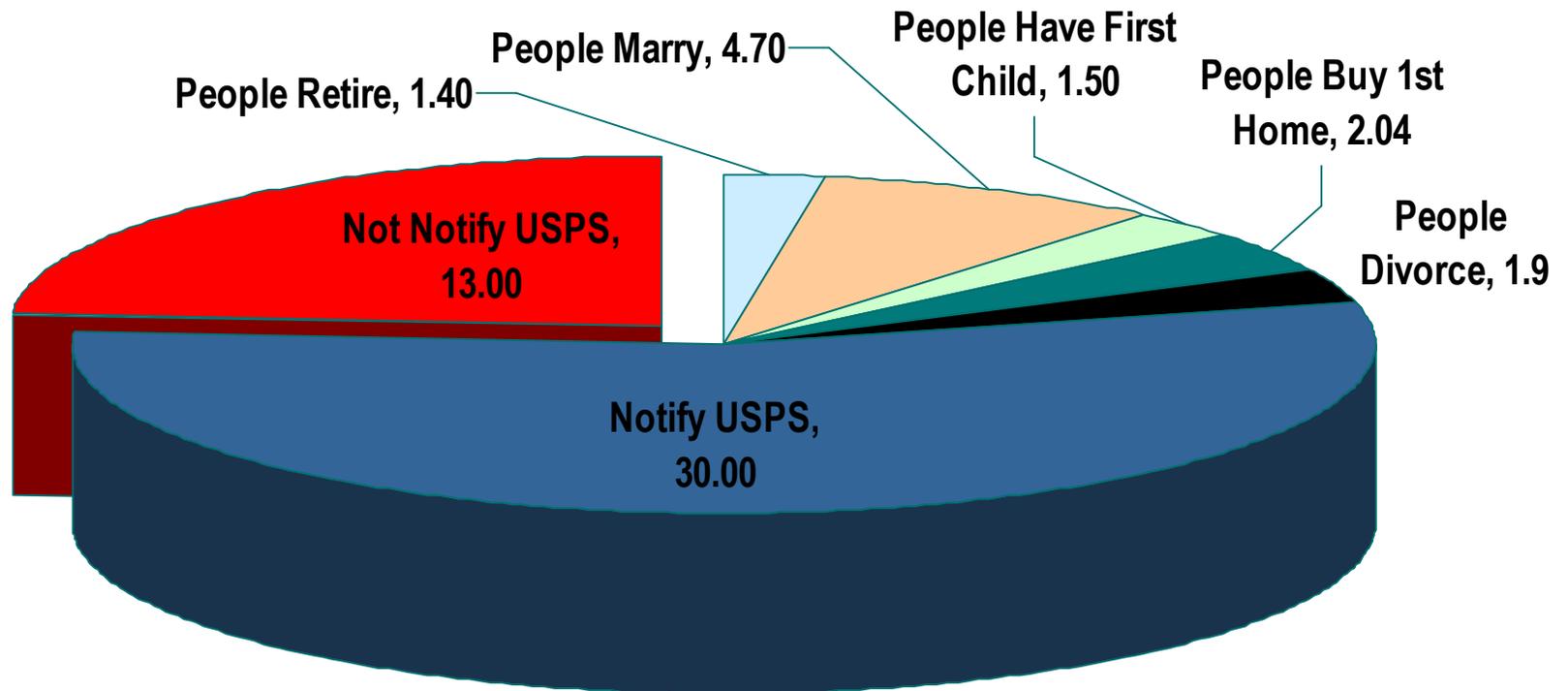


Source: Cognitive Data



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# Drivers of Data Inaccuracy



Source: Cognitive Data



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## Clean with Address Hygiene

**With postal rates on the rise, every edge counts in keeping profits and productivity high. Comprehensive list maintenance and address hygiene is essential:**

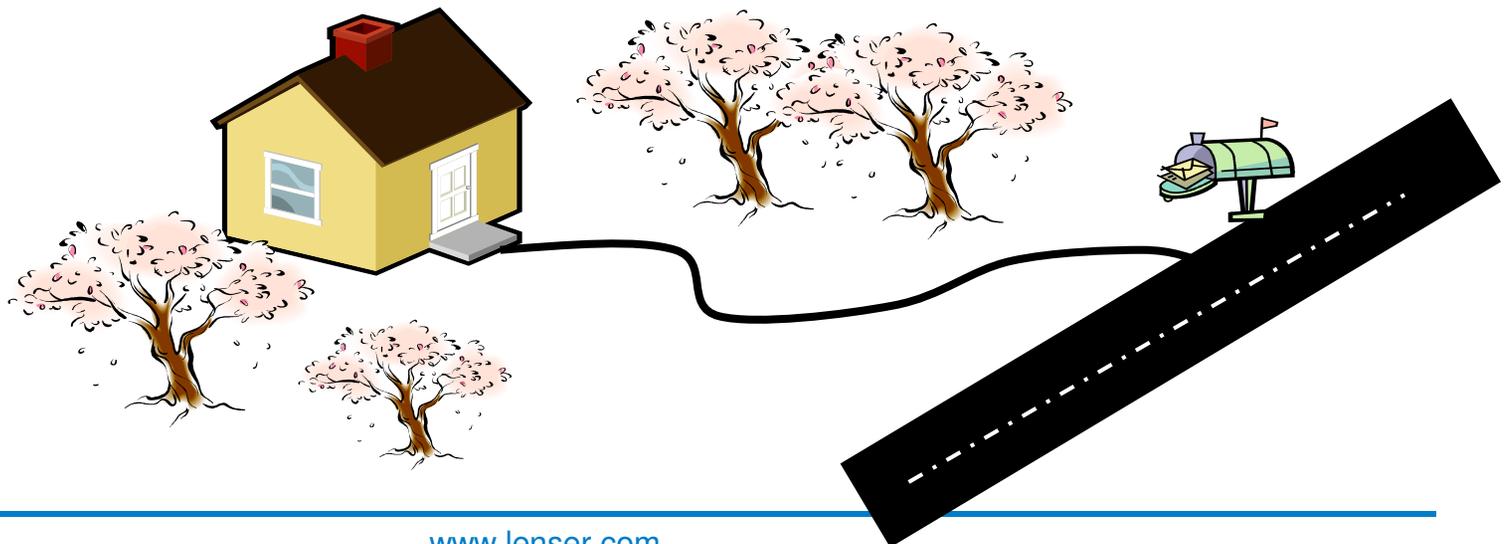
- Locatable Address Conversion System (LACS)
- Delivery Sequence File 2 (DSF)
- Delivery Point Validation (DPV)
- National Change of Address (NCOA)
- Advanced List Hygiene



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## Locatable Address Conversion System (LACS) converts rural addresses to rural-style addresses to city-style addresses

**Current Address:** Route 50, Box 12  
**Converted Address:** 123 Grant St



- Reduces undeliverable mail by providing the most current address information for matches made to the LACS file
- Prevents the need for duplicate mail pieces or re-mailings after address corrections are received since the address correction is applied prior to the mailing
- Lowers mailer costs by reducing the number of undeliverable and/or duplicate mail pieces by using the most current address information
- Provides the opportunity for faster product/service marketing through accurate mail delivery



**Delivery Sequence File 2 (DSF) is available from the U.S. Postal Service to help mailers identify inaccurate or incomplete addresses.**

- Assists mailers in obtaining accurate delivery address information and facilitates identification of erroneous addresses contained in mailers address files
- Provides additional information such as type of delivery, seasonal resident
- Reduce the amount of undeliverable-as-addressed (UAA) pieces, which in turn will result in more efficient postal mail processing and delivery operations



**Delivery Point Verification** actually verifies that an address exists, and correctly, by the U.S. Postal Service. It's essentially a "yes/no" table for checking the validity of any known individual house, apartment, Post Office™ box, rural box, mail drop, or commercial address that receives mail.



110 Main St



122 Main St



134 Main St

**Current Rule:** Any address in the range  
**New Rule:** Only individual address

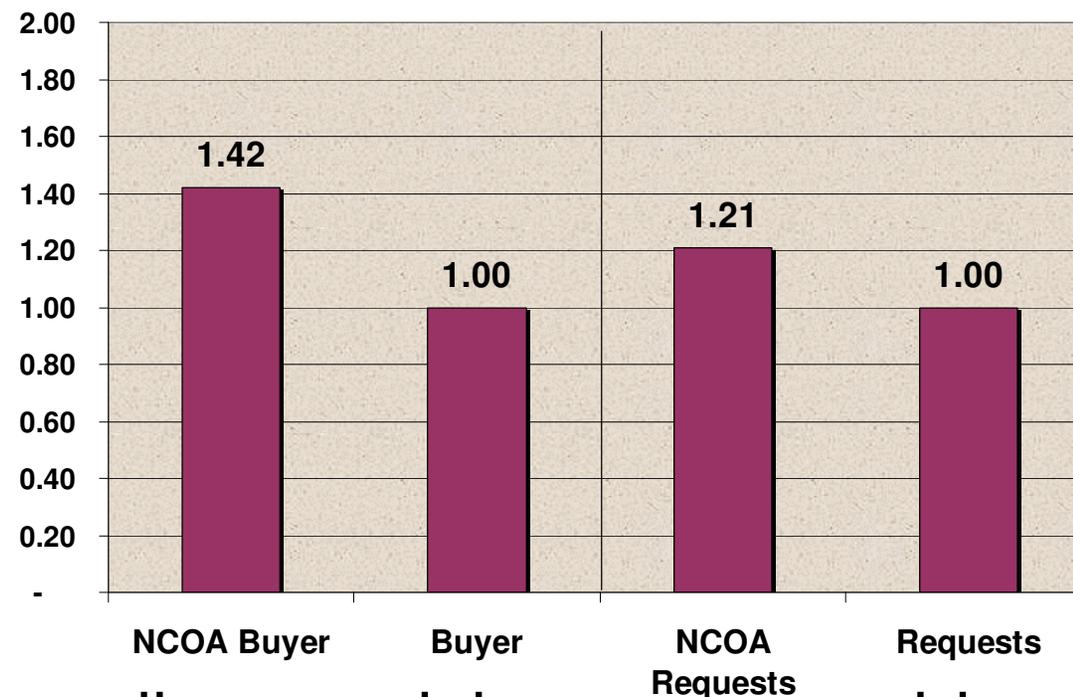


## **National Change of Address (NCOA) is a U.S. Postal Service product:**

- Matches names and addresses on your mailing list to changes of address filed with the USPS
- Contains 48 months of permanent address changes and Limited Service contains 18 months of changes that are both updated weekly



Identify and reactivate old buyer and requestor names.



Depending on niche, may consider mailing old address and non-zip+4 addresses.



**Advanced Hygiene** products are offered by various providers utilizing:

- Proprietary databases that encompasses millions of records, and through this process finds an additional 5% to 8% additional movers that NCOA cannot find
- Corrects and repairs records
- Proactively identifies the undeliverable records for suppression and replacement with unique deliverable records.



Description	Quantity	Add'l COA Finds	Gross %	Add'l Dupes with COA	Low Yield Names
January-07 Full Merge	319,461	14,951	4.68%	3,439	3,140
January-08 Full Merge	350,287	12,996	3.71%	2,982	2,918
March-08 Hotline	236,138	4,746	2.01%	609	1,704

- Year 2007 was the first year mailer implemented advanced hygiene processes
  - Significant number of records identified with advanced hygiene and:
    - Dupes within hygiene records
    - Low yield names not to mail (seasonal, incomplete addresses)
- Continue to find sizable correctable records even when files are regularly processed



## Additional Quarterly Processing: Address Correction Enhancement (ACE)

Description	Qty	Comments
Primary number added	128	
Primary number changed	1,780	Fixing DPV errors
Secondary number added	1,684	Apartment appends
Zip+4 added	10,774	After CASS, fixed for qualification
<b>Total</b>	<b>14,366</b>	

Mandatory in 2009



**TRADITIONAL PROCESSING VIEW:  
(4 Seemingly Unrelated Single Buying Customers)**

CusKey	Chan	Name	City/State	Recency	\$
60608923	Store	Beth Snyder	Greenville, OH	20040910	\$180
60607244	Web	Elizabeth Allen-Snyder	Greenville, OH	20040104	\$210
60606135	Cat	Beth Allen-Snyder	Pottsville, PA	20030415	\$260
60606004	Store	Elizabeth Allen	Pottsville, PA	20030108	\$120

ID Link	CusKey	Name	City/State	Freq	\$
00058	60608923	Beth Snyder	Greenville, OH	4	\$770

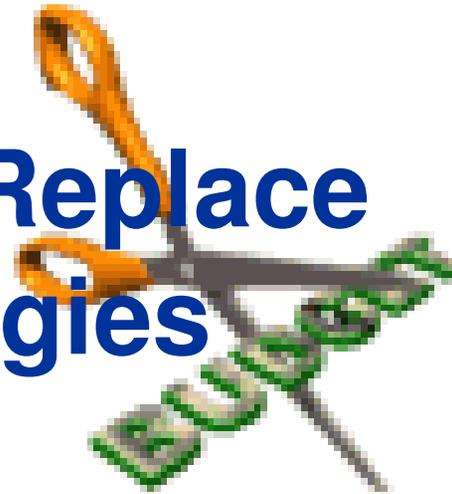


## Understanding cost and consequences:

- 12,996 records found with Right1 (3.71%)
- 14,366 records found with ACE (3.99%)
- \$0.65 cents in the mail
- \$17,785 cost mailing to wrong address
- Would have mailed this segment 6X
- \$106,712 annual cost wasted mailing to wrong address
  - Factor processing cost
  - Buyer segment responsiveness
  - Seasonality – how often should this be performed
  - Based on these variables, determine if this will work for your company



# Cut and Replace Strategies



# Co-Mailing Strategies

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- Allows more catalogs to be mailed from a single zip string
- More catalogs qualify for enhanced carrier route postal rates
- Less handling required by the post office means more consistent delivery
- Similar trim size and weight is no longer an issue but does have limitations for ink jetting
- Savings average \$15 per 1,000 catalogs mailed



# Co-Mailing Strategies

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## Understand the fine print

- Are you the largest in the add a name pool?
- How many are going into the pool?
- How often are mailers missing their in-home date?
- How far ahead are you sending files to presort before you can add more hotlines?
- How large are your mailings and are they worthwhile?

Combining many mailers is a new strategy for printers. Comailing has been around for a long time, make sure your contribution is significant enough. Smaller remails will have a more significant impact on postage than larger mailings



# **Add-A-Name Breakeven**

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**If you qualify for in the mail carrier route discounts, Add-A-Name® processing will help you to mail additional households, in your best geographic areas, at reduced cost.**

**Add-A-Name® is the process of adding names to individual carrier routes to equal 10 records within the carrier route.**

**Individuals in good carrier routes tend to repurchase faster than those in carrier routes without good density**



# Add-A-Name Breakeven

- The US Postal Service regulations give added incentive to carrier route qualify your mail
- The average savings from 5-digit to carrier route is \$0.067 per name.
- A simplified version of a break-even point is illustrated below: If, for instance, you add one piece to a carrier route to go from 9 pieces to ten, your postage cost for the ten pieces actually goes down by \$0.41.

<u>Mail</u> <u>Pieces</u>	<u>5-Digit</u> <u>Rate</u>	<u>Cost</u>	<u>Add</u>	<u>Carrier</u> <u>Route</u> <u>Rate</u>	<u>Cost</u>	<u>Difference</u>
10	0.261	\$2.61	0	0.194	\$1.94	\$0.67
9	0.261	\$2.35	1	0.194	\$1.94	\$0.41
8	0.261	\$2.09	2	0.194	\$1.94	\$0.15
7	0.261	\$1.83	3	0.194	\$1.94	(\$0.11)
6	0.261	\$1.57	4	0.194	\$1.94	(\$0.37)
5	0.261	\$1.31	5	0.194	\$1.94	(\$0.64)



# Other Strategies

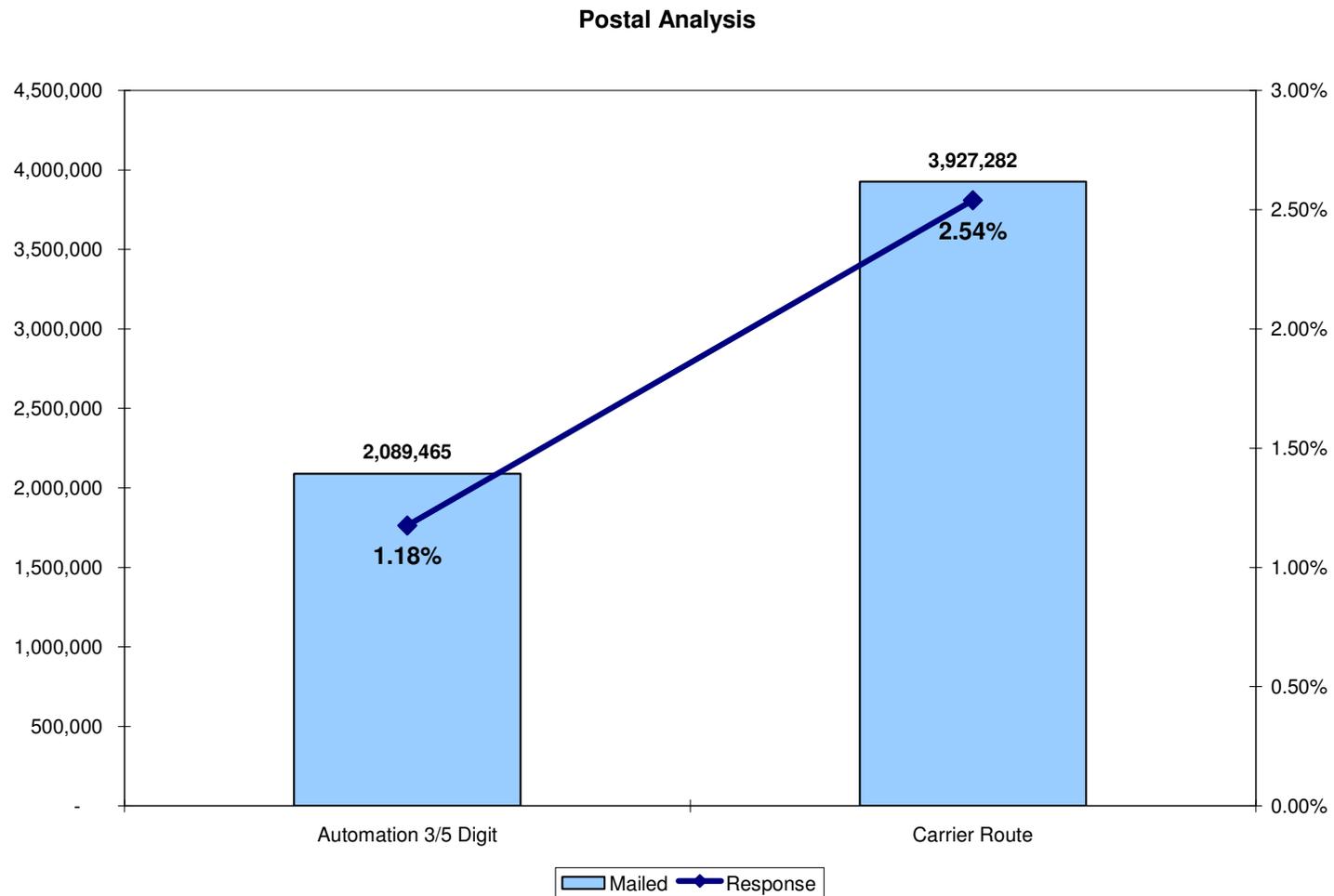
- Understand final selects by postal class

Description	Quantity	CRRT	5 Digit Auto	5 Digit PRST	3 Digit Auto	ADC
Hotline Names	4,010	2,526	842	40	481	120
Buyers, 0-12 mo	25,409	16,008	5,336	254	3,049	762
Buyers, 13-24 mo	22,910	14,433	4,811	229	2,749	687
Buyers, 25+ mo	103,901	65,458	21,819	1,039	12,468	3,117
Requestors, 0-12 mo	4,507	2,839	946	45	541	135
Requestors, 13-24 mo	3,017	1,901	634	30	362	91
Requestors, 25+ mo	109,901	69,238	23,079	1,099	13,188	3,297
Co Op Model 1	30,109	18,969	6,323	301	3,613	903
Co Op Model 2	24,597	15,496	5,165	246	2,952	738
Rental List 1	21,971	13,842	4,614	220	2,637	659
Rental List 2	16,971	10,692	3,564	170	2,037	509



# Other Strategies

## Understand performance by postal class



# Other Strategies

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- Drop SCF Groups under 10 pieces
- Drop under-performing 5-digit mail with CRC names
- Fill routes with mail automated balance model records routes
- Add Apartment Append service to processing
- Drop all APO/FPO records



# Other Strategies

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- Mail deeper into the housefile:
  - Micro segmentation for more granular selection ability:
    - RFM, RFMC, RFMP, RFMG
  - Optimize and reactivate older buyers
  - Reactive requesters through product category optimization
  - Use old records for Add-A-Name

There's gold in those housefile segments!





# Questions & Answers

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