

# ***The War on UAA Mail – News from the UAA Front***

**National Postal Forum  
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# QUALITY ADDRESSING PROFESSIONAL CERTIFICATE

***This session  
qualifies as one of  
the five Addressing  
sessions in addition  
to the May 2, 2011  
General Session  
needed for the***

***Quality Address  
Professional  
Certificate!***



# Agenda

- The Undeliverable-As-Addressed (UAA) Mail Problem
- Costs and Volume of UAA Mail
- Major Postal Tools
- Return on Investment
- Commercial Tools
  - Demo
- Helpful Information



# The Value Proposition

## ***The Goal:***

Effective Delivery Service at the Lowest  
Combined Cost

## ***The Fact:***

Accurate Addressing is the Foundation of Our  
Delivery Service

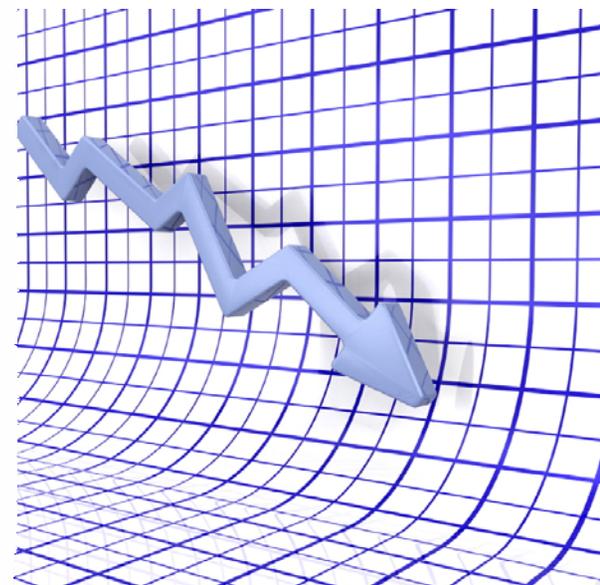
## ***The Challenge:***

To Further Reduce the Volume of  
Undeliverable-As-Addressed Mail

# Your Need for Address Quality

## Poor Address Quality Results:

- Increased acquisition costs
  - Wasted print and postage
  - Increased postal fees/lost discounts
  - Lost sales/reduced revenue/low response rates
  
- Missed future opportunity
  - Repeat customers
  - Lifetime value of a customer disappears
  - Customer retention



# Our Need for Address Quality

## Good Address Quality Results:

- Timely deliveries
- Cost containment
- Leveraging automation
- Mail channel more competitive

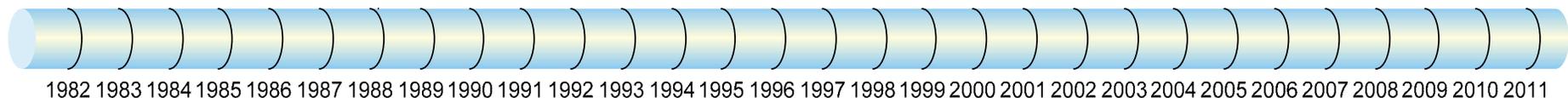


## Poor Address Quality Results:

- Greater operating cost
- Higher postage prices
- Delayed or no delivery



# 30-Year AQ Timeline



1981

2011

**Over 30 postal products and services helping mailers  
with address quality**

## The Nature of UAA Mail

- Historically, UAA Mail makes up 4%–5% of the mailstream
- The USPS commissioned studies to analyze UAA volume, costs, and characteristics:
  - *1998 PriceWaterhouseCoopers Study*
  - *2004 Christensen & Associates Study*
  - *2010 Christensen & Associates Study (updated)*
- The implementation of the Intelligent Mail® barcode (IMb) will enable “real-time” UAA visibility



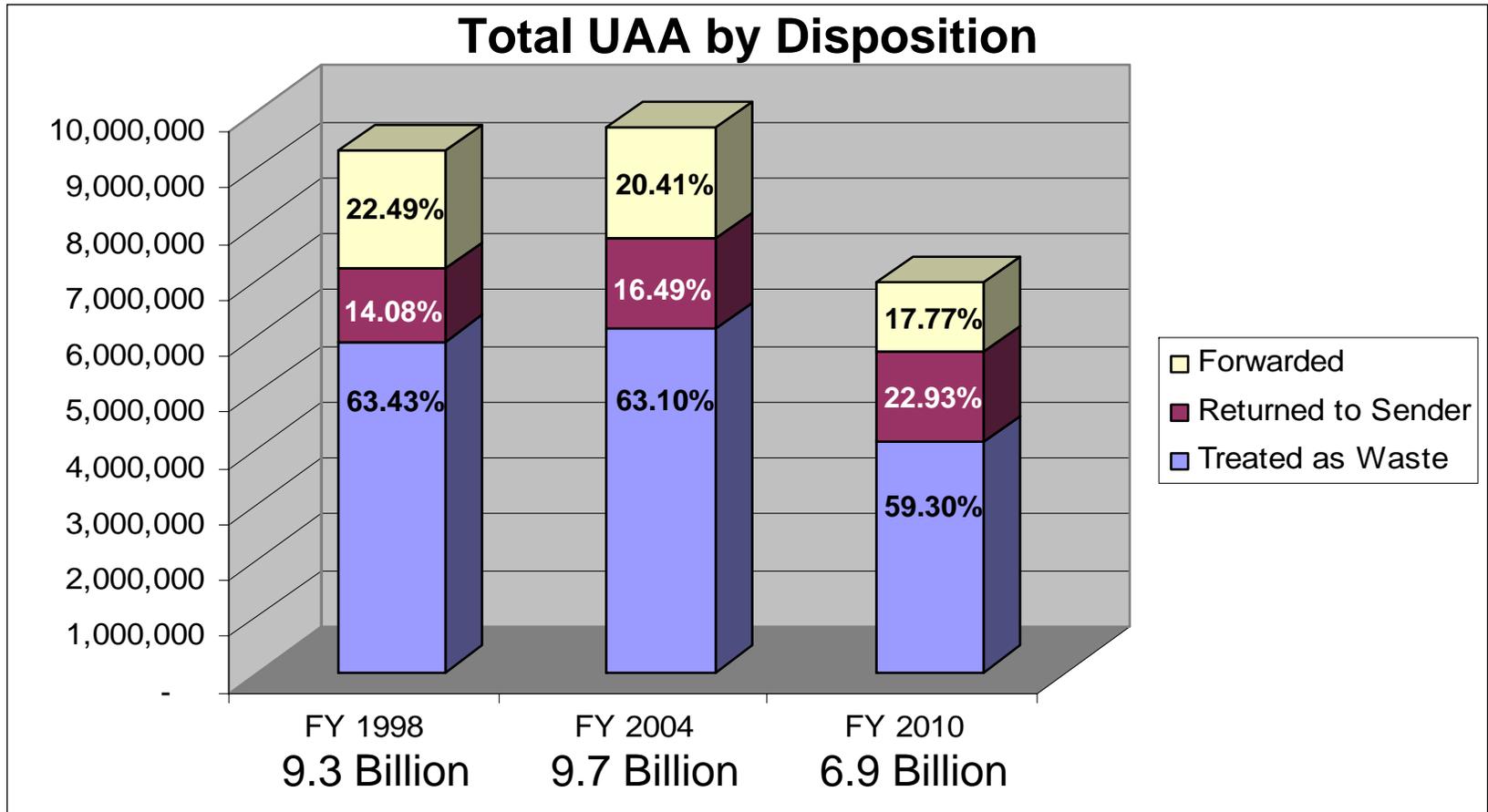
## The Nature of UAA Mail

There are 3 ways of handling UAA Mail:

- Forward it
- Return it
- Treat it as Waste



# UAA Mail Volume Trend



## UAA Percentage to Total Mail Volume

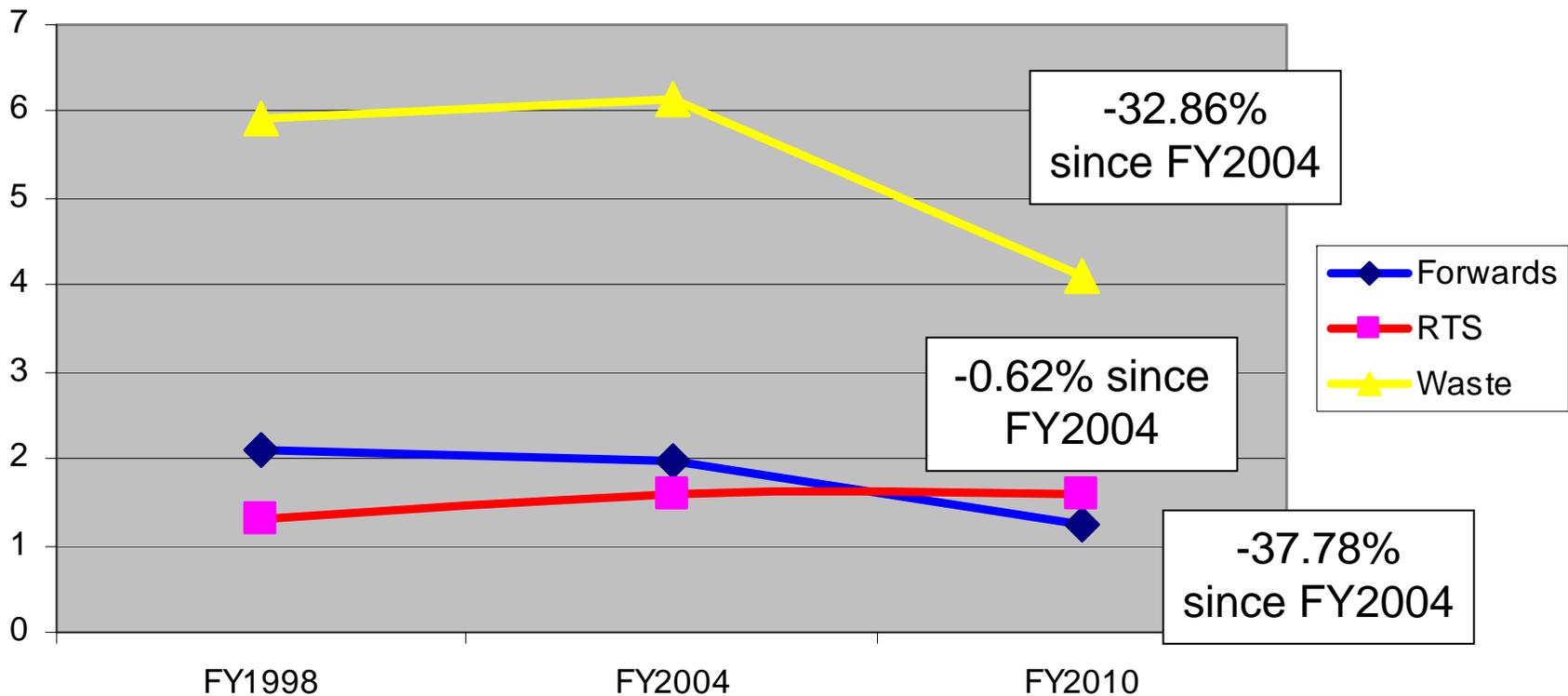
FY1998 : **4.71%**

FY2004 : **4.74%**

FY2010 : **4.11%**

# UAA Mail Volume Trends

## UAA Volume

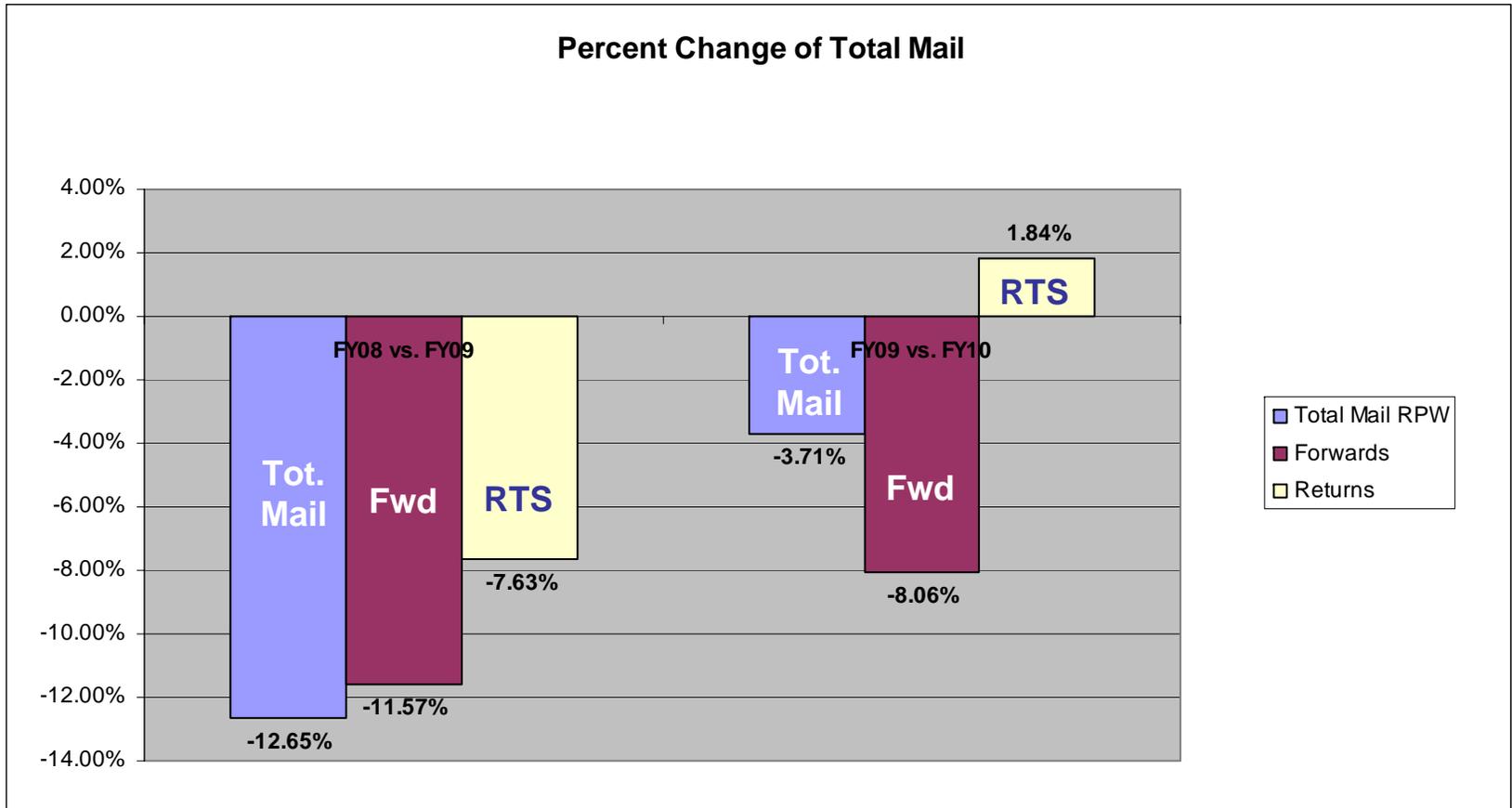


# Total UAA Mail

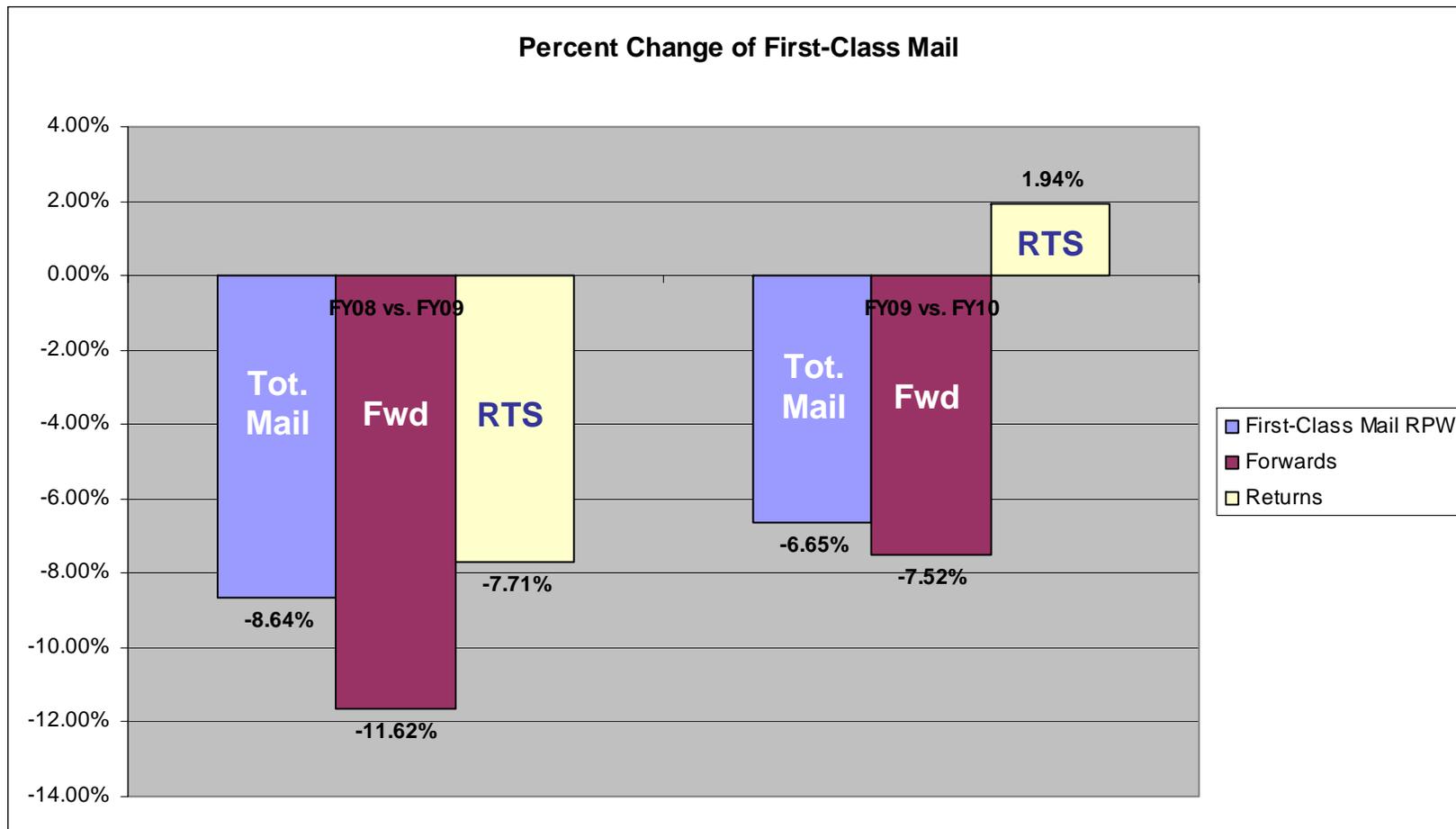
	<b>FY1998</b>	<b>FY2004</b>	<b>FY2010</b>
<b>Forwarded</b>			
<b>Cost*</b>	\$437.6 MM	\$421.9 MM	\$294.7 MM
<b>Volume</b>	2.093 B	1.985 B	1.235 B
<b>Per Piece</b>	20.9¢	21.3¢	23.9¢
<b>Returned</b>			
<b>Cost*</b>	\$767.9 MM	\$822.5 MM	\$817.5 MM
<b>Volume</b>	1.311 B	1.603 B	1.593 B
<b>Per Piece</b>	51.0¢	51.3¢	51.3¢
<b>Treated as Waste</b>			
<b>Cost*</b>	\$253.9 MM	\$269.8 MM	\$246.2 MM
<b>Volume</b>	5.904 B	6.136 B	4.120 B
<b>Per Piece</b>	4.3¢	4.4¢	6.0¢
<b>Total UAA Cost*</b>	<b>\$1,459.4 MM</b>	<b>\$1,514.2 MM</b>	<b>\$1,358.4 MM</b>
<b>Total UAA Volume</b>	<b>9.308 B</b>	<b>9.724 B</b>	<b>6.948 B</b>

\* Directly Attributable Cost

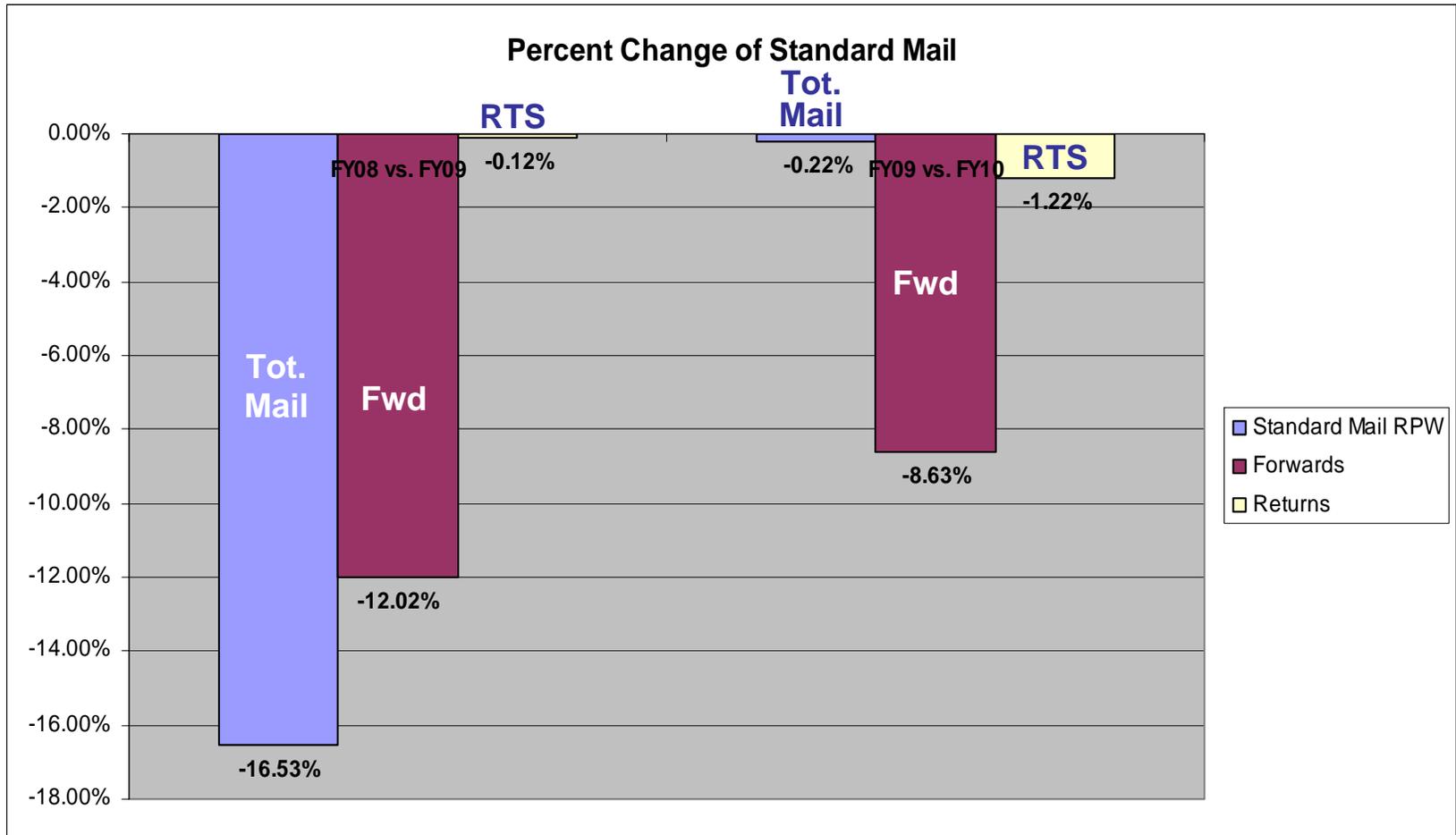
# Total Mail vs. UAA Volume Trends FY08 – FY10 All Mail Classes



# First-Class Mail® vs. UAA Volume Trends FY08 – FY10



# Standard Mail® vs. UAA Volume Trends FY08 – FY10



# UAA Cost & Volume by Reason\*

## Cost

## Volume

Address  
Quality  
Related

Non-  
Address  
Quality  
Related

# UAA Challenges & Opportunities

## Challenges

- Return-to-Sender mail growing
- Per unit cost increasing
- No comprehensive tracking system for UAA Waste - yet



# UAA Challenges & Opportunities

## Opportunities

- List Certification
  - Best practice methodology
  - Assured quality
- Secure Destruction
  - Converts high cost RTS mail to cheaper “Treated as Waste” mail
  - Provides secure destruction of UAA mail with feedback loop
- Real-time UAA tracking system with full IMb™ implementation



## Bad Addressing Issues



## *Bad Addressing Issues*

- Inconsistent filling of fields
- Missing gender indicator
- Trailing space after name or address
- Misspelled words / Improper abbreviations
- Missing or wrong street, directional, prefix, suffix
- City, state, or ZIP Code™ missing or in conflict
- Missing or incorrect secondary address information
- Incorrect company legal name or reference name
- Dual names
- Extraneous information in name field

## Major Move Update Methods

- NCOA<sup>Link</sup>®
- *FASTforward*®
- ACS<sup>TM</sup> (Traditional – Basic Service – Full Service)
- Ancillary Service Endorsement



## Value of Correcting Your Data

- Reduce postage costs
- Reduce printing costs

### ***Example:***

10,000 piece mailing × 5% (average UAA rate) = 500

Saved postage at Standard Mail rate \$0.29 X 500 = \$145

Saved printing at \$0.95/folded sheet × 500 = \$475

**Customer savings = \$620**

## The Real Money is in Fixing the UAAs

From previous example of 500 UAAs

- Use **AEC** = \$8.00
  - \$16.00/1,000 typically fixes 30.5%,  
now only 348 UAAs  
( $500 - (500 \times 0.305) = \text{still } 348 \text{ UAAs (fixed } 151)$ )
  
- Use **AEC II**® = \$67.86
  - \$0.26/resolution typically fixes 75%,  
now only 87 UAAs  
( $348 - (348 \times 0.75) = \text{still } 87 \text{ UAAs (fixed } 261)$ )

## The Real Money is in Fixing the UAAs Pt.2

From previous example of 500 UAAs

- Upload remaining UAAs to List Company = \$21.75
  - \$0.25 x 87 fixing 50%  
(87 – (87 x 0.50) = still 44 UAAs (fixed 43))

**Total spent to fix 456 records = \$99.61**

A short demonstration of using a list company to correct address older than 4 years  
(USPS® NCOA<sup>Link</sup>® database only goes back 4 years)

## The Real Money is in Fixing the UAAs Pt.2

From previous example of 500 UAAs

- 456 records fixed for \$99.61
- If the response rate was 5% and the average value of a sale was \$150
- 456 delivered pieces  $\times$  0.05 response = 23 sales at \$150 = \$3,450 in sales
- For \$99.61, you generated \$3,450 in revenue for the customer
- Do you think the customer would rather save \$100 or make an additional \$3,450?



*This is a 1 to 34 ratio. If you mark it up 100%, it is a 1 to 17 ratio*

## Other Tools That Can Fix UAA Addresses

- There are tools available beyond USPS®-supplied services that can help fix bad addresses
- NCOA<sup>Link</sup>® contains the last four years COA (change-of-address) information
- There are commercially available services that can track customers' moves going back 40 years

# **Demonstration of Proprietary Commercial COA Services**

## Let's Talk About DATA

What type of data can you work with?

- Customer's records
- List company's demographic data
- Listserv marketing analytics
- Work with demographic, psychographic, and geographic indicators (to determine the capacity to buy and the propensity to buy)
- Relational data from outside sources

## Finding a Percentage to Compare To

Direct Marketing Association (DMA) numbers for 2009

### **Overall Responses –**

- Mail, internet, phone, Fax, in person, store personnel:
  - Outside List vs. Internal List
- Direct Mail:
  - Previous customer 16.8%
  - Know about the organization/company 2.4%
  - Totally new to the organization/company 1.9%

*Note:* These are averages and change when you look at specific groups.

# Information Security Compliance

When addressing security, customer privacy, storage options, and acquisition of new or updated data, always consider:

- Confidentiality
- Integrity
- Availability

# Compliance Laws & Standards

## Information Security

- COBIT (Control Objective for Information & Related Technology)
  - [www.isaca.org/Knowledge-Center/COBIT/Pages/Overview.aspx](http://www.isaca.org/Knowledge-Center/COBIT/Pages/Overview.aspx)
- FFIEC (Federal Financial Institution Examination Council)
  - [www.ffiec.gov/](http://www.ffiec.gov/)
- Information Security Forum Standards of good practice
  - [www.iso.org/iso/catalogue\\_detail.htm?csnumber=39612](http://www.iso.org/iso/catalogue_detail.htm?csnumber=39612)
- Basel Standards
  - [www.bis.org/publ/bcbs107.htm](http://www.bis.org/publ/bcbs107.htm)

# Compliance Laws & Standards

## Data Privacy

- CAN-SPAM (Controlling the Assault of Non-Solicited Pornography and Marketing Act)
  - [www.fcc.gov/cgb/consumerfacts/canspam.html](http://www.fcc.gov/cgb/consumerfacts/canspam.html)
- HIPAA (Health Insurance Portability, Accountability Act)
  - [www.hhs.gov/ocr/privacy/hipaa/understanding/index.html](http://www.hhs.gov/ocr/privacy/hipaa/understanding/index.html)
- COPPA (Children's Online Privacy Protection Act)
  - [www.coppa.org/coppa.htm](http://www.coppa.org/coppa.htm)
- EUDPD (European Union Data Protection Directive)
  - [PDF file of EUDPD Directive](#)
- Safe Harbor
  - [www.export.gov/safeharbor/eu/eg\\_main\\_018365.asp](http://www.export.gov/safeharbor/eu/eg_main_018365.asp)

# Compliance Laws & Standards

## Data Privacy (continued)

- PCI (Payment Card Industry Data Security Standards)
  - [https://www.pcisecuritystandards.org/security\\_standards/index.php](https://www.pcisecuritystandards.org/security_standards/index.php)
- Japan's Personal Information Protection Act
  - [PDF file of JPIPA](#)
- Gramm-Leach Bliley Act
  - [www.banking.senate.gov/conf/grmleach.htm](http://www.banking.senate.gov/conf/grmleach.htm)
- USA Patriot Act
  - [www.fincen.gov/statutes\\_regs/patriot/index.html](http://www.fincen.gov/statutes_regs/patriot/index.html)
- SB 1386 California Civil Code
  - [http://www.datagovernance.com/adl\\_data\\_laws\\_california\\_security\\_breach\\_notifi.html](http://www.datagovernance.com/adl_data_laws_california_security_breach_notifi.html)

# Compliance Laws & Standards

## Financial Reporting

- Sarbanes Oxley Act
  - [www.soxlaw.com](http://www.soxlaw.com)
- COSO (Committee or Sponsoring Organization of Treadway Commission)
  - [www.coso.org](http://www.coso.org)

## Knowledge Validation

**Question 1: UAA Mail that is forwarded is decreasing at a faster pace than mail volume.**

**True**

**Question 2: The number one reason for UAA mail is move-related.**

**True**

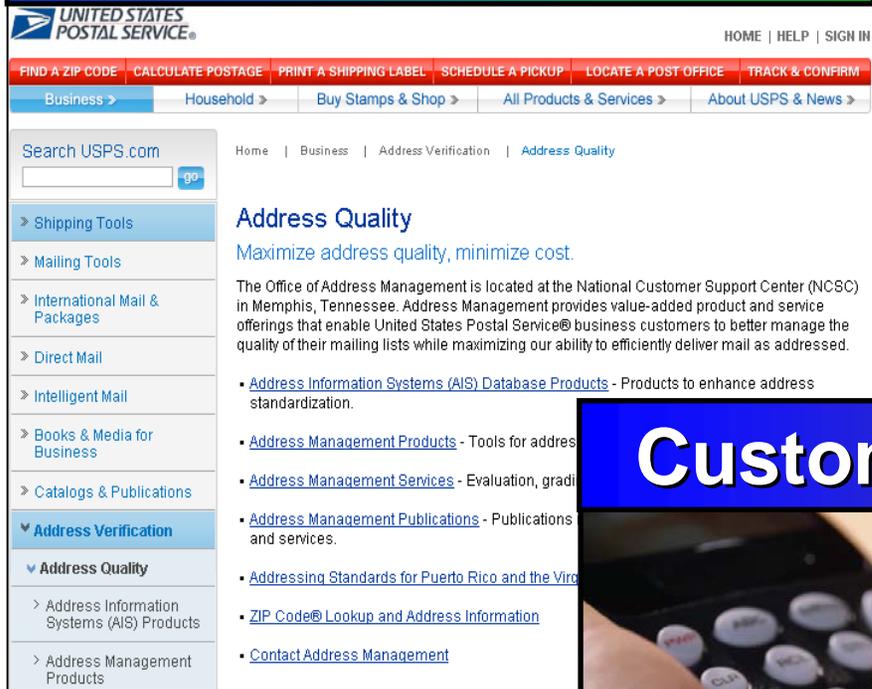
**Question 3: Return-to-Sender mail is cheap to handle.**

**False – In fact, it is expensive**



# For More Information

**www.usps.com/ncsc**



UNITED STATES POSTAL SERVICE® HOME | HELP | SIGN IN

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Home | Business | Address Verification | Address Quality

## Address Quality

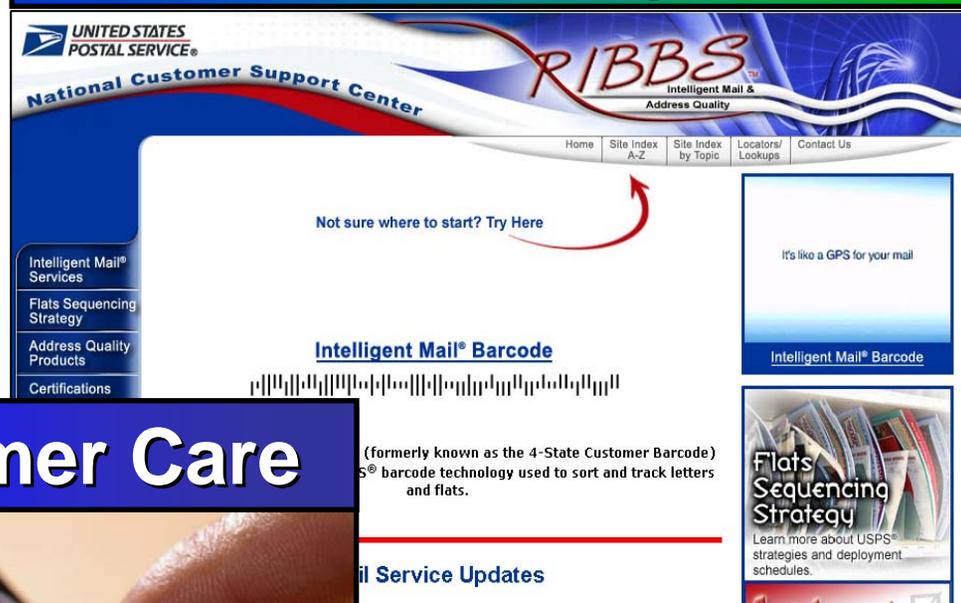
Maximize address quality, minimize cost.

The Office of Address Management is located at the National Customer Support Center (NCSC) in Memphis, Tennessee. Address Management provides value-added product and service offerings that enable United States Postal Service® business customers to better manage the quality of their mailing lists while maximizing our ability to efficiently deliver mail as addressed.

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- [Address Management Products](#) - Tools for address
- [Address Management Services](#) - Evaluation, gradi
- [Address Management Publications](#) - Publications and services.
- [Addressing Standards for Puerto Rico and the Vir](#)
- [ZIP Code® Lookup and Address Information](#)
- [Contact Address Management](#)

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National Customer Support Center

Intelligent Mail & Address Quality

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Flats Sequencing Strategy  
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Certifications

## Intelligent Mail® Barcode



(formerly known as the 4-State Customer Barcode) S® barcode technology used to sort and track letters and flats.

It's like a GPS for your mail

## Intelligent Mail® Barcode

## Flats Sequencing Strategy

Learn more about USPS® strategies and deployment schedules.

Mail Service Updates

**Customer Care**



**1-800-238-3150**

# Speaker Schedule

**Sunday**



**Monday**



**Tuesday**



**Keeping Track Of Your Customer – Full Service ACS**

Angela Lawson / Valarie Yates – Level: Advanced **Period 11, 10:00 am – 11:00 am**

THANK YOU!