The 12 Immutable Laws of Postal Address Quality

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The 12 Immutable Laws of Postal Address Quality

Postal addresses remain one of the fundamental ways we contact customers, prospects, suppliers, members or subscribers, even with all the electronic means of communication available. When all else fails, you can always send a letter. Given the sheer volume of postal address information in any enterprise, correct, clean and current mailing information is an important intangible asset—like the value associated with patents, trademarks and copyrights.

“Address lists are like milk, not like wine. They do not get better with age.”

The United States Postal Service rewards mailers who maintain address quality with substantial postal discounts. The challenge to keeping addresses current is that nearly 15 percent of U.S. residents move each year. Inaccuracies are also caused by normal clerical mistakes when you manually create or enter postal data. Thanks to yearly postage rate increases, the importance of up-to-date mailing information to your business cannot be overstated.

24 Percent of 150 Billion

Nearly 24 percent of the 150 billion pieces of mail the Postal Service processes each year have address inaccuracies. These inaccuracies can affect delivery to varying degrees, including:

- Non-delivery
- Slowed delivery
- Returned mail
- Delivery to the wrong address

Suppose for a moment your list is about average. That translates to 24 percent of your direct mail or parcels not reaching their intended recipients in the most efficient way. A considerable quantity of USPS Marketing Mail™ never arrives and is either returned at a cost to the mailer or marked for recycling. Not only do you lose postage, printing and processing expenditures, you also miss a crucial opportunity to sell a product or contact a customer.

The following 12 Immutable Laws of Postal Address Quality detail the fundamental aspects of customer information and fulfillment systems, and the ways you can improve them. The benefits range from easily calculable, “hard number” benefits to “soft number” benefits such as customer relations. Regardless, they will positively affect nearly every aspect of delivery and customer communication with a postal address.

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The Law of Escalation

The Law of Escalation could also be referred to as the “$1.00/ $10.00/ $100.00” rule. The premise is that the further you progress in a customer transaction, the more dispersed, replicated and unpredictable the address information becomes—and the harder and more expensive it is to correct any mistakes.

For example:

- To correct the address at the origin costs $1.00.
- To correct the address once in the system costs $10.00.
- To correct the address after sending the order or collateral costs $100.00.

While the specific dollar amounts will vary in your case, the relative values typically do not.

“The further the customer or prospect transaction progresses, the more expensive it becomes to correct the address information.”

The Law of Escalation does not consider the residual effects of shipping a product to the wrong residence or mailing a catalog that never reaches its recipient. These costs and lost opportunities could range from tens of dollars to thousands of dollars, or more depending on average sale, lifetime value of a customer or some other metric.

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1. The Law of Escalation

2. The Law of the Hard Dollar Discount

Customer goodwill and value to the organization are important; however, the numbers associated with these events are less concrete than pure postal discounts. Because of these discounts, organizations, or mailers, pay the Post Office™ less to send mail—especially if the mailing information is correct. Correcting lists with Coding Accuracy Support System (CASS) Certified™ address correction software, using an approved move update method and sorting with a postal presort product will result in a lower postage bill—perhaps as much as 30 percent depending on class.

“Address correction is a necessary first step for taking advantage of most postal discount programs.”

While the Postal Service is more efficient than ever, they also have an enormous infrastructure to support. Part of this support comes from rate increases. Large mailers have long enjoyed the benefits of postal discounts. With the current rate environment, it is important that organizations of all sizes practice this type of cost containment.

3. The Law of the Hunter

Virtually everyone involved in commerce is a hunter or gatherer, whether it’s for an increase in sales, an increase in membership or an increase in customer participation. Organizations pursue information before selling, signing up or any other activity needed to reach the company’s goals.

“Captured information has some value in its original state. It has far more value in a processed state.”

An example of The Law of the Hunter is a selling organization in action. Salespeople “hunt” for leads of prospects to sell their products or services to. The leads are then refined or processed down to those qualified and ready to buy. You can capture this data from many sources, including website visits, trade shows, networking, business cards and telephone inquiries. The quantity of this data isn’t the problem, but rather, the quality.

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Postal information captured from these sources probably has not been standardized to mailing or shipping standards, nor has it been verified as an entity that can even receive mail. It may also be missing additional address components such as directional elements and suite numbers.

You can increase the value and usefulness of this address information by processing it with coding software, which can:

- Clean the data by correcting misspellings and standardizing address elements.
- Add missing address components.
- Update and standardize addresses.

4. **The Law of the Lead**

Acquiring leads, as seen in *The Law of the Hunter*, is only half of the battle; maintaining and monetizing those leads is the other.

One of the central storehouses for postal address data are CRM platforms used to gather and manage sales and marketing leads. Predictably these are dynamic databases, with address records added, viewed, exported for mailing, mined for market research models, delineated into sales territories and more.

"The quality of a sales lead is affected by the integrity of its postal address and contact information."

Demand software developer Integrate examined 775,000 leads gathered from the CRM systems of several companies of varying size and industry. They discovered that, on average, 40 percent of generated leads had quality issues. The number of leads that failed postal address validation was 1 to 4 percent, depending on the list examined.5

Business Intelligence provider Sirius Decisions noted how pervasive the errors in CRM data are, and how organizations can fix them:6

- Between 10 and 25 percent of B-to-B marketing database contacts contain critical errors.
- Organizations must shift their focus from one-time data cleansing to ongoing maintenance.
- Not updating records after every sales interaction will lessen the impact marketing can have on later stages of the demand waterfall.

"An organization’s ability to fulfill an order or request is directly related to postal address quality."

Regardless of whether leads are purchased or generated, they have an actual monetary cost of acquisition—and you depend on them for your marketing success. Make the most of these leads by making sure they have updated and valid postal addresses.

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- Merchandise is returned to the selling organization by the shipper. The selling organization used resources to process the return and, depending on the carrier, may pay a return-shipping penalty. They are unhappy.
- The selling organization also risks losing the immediate sale and the lifetime value of you as a customer. The selling organization is really unhappy.

Marketers are eternally consumed with finding prospects, then turning those prospects into customers. Something as simple as an inaccurate, incomplete postal address can undermine your organization’s hard work, plans and progress.

6. The Law of Speed
If an address is incorrect or outdated, chances for a delivery delay increase. CASS Certified address correction software solves many address problems and standardizes content. If the people or companies you are mailing have moved, you should send the address list for National Change of Address (NCOA®) processing. This action will update the records for moves that have occurred in the last four years, for occupants who provided a change of address notice to the Postal Service. Other move update options include Address Change Service (ACS™) or Ancillary Service Endorsement, available through the Postal Service.

With this correct address information, you benefit from faster deliveries without the need for express shipping.

With overnight shipping’s popularity, there is often a perception that all documents need immediate delivery. Chances are you’ve heard the mail center manager directed by a team member to “overnight it.” This usually happens more out of convenience and not true urgency.

“The speed of mail delivery directly depends on address quality.”

Express delivery services are valuable and indispensable business tools. But too often departmental managers use these services because they believe that First Class Mail® may be too slow to communicate effectively. First Class Mail usually delivers overnight locally and regionally and offers an excellent value for delivery cross-country. Overnight services cost tens of dollars per delivery. First Class Mail costs tens of cents per delivery.

When you validate and standardize your postal addresses, you can enjoy outstanding delivery speed from the USPS for dimes, not $10 bills.

7. The Law of Precision
Correct address information moves letters through the mail stream more accurately because the Postal Service doesn’t have to guess the delivery point. For example, an office building might have a default street address; however, the true delivery point is that address plus a suite number. Without a suite number, mail could be mis-delivered. The same goes for residential addresses; without a unit or apartment number, mail is Undeliverable as Addressed (UAA) and delivery is uncertain.

“The accuracy of mail delivery depends on the quality and completeness of the address.”

Multi-unit Dwellings & High-rise Buildings
If you have ever lived in a large apartment complex, this example is self-evident. Mail with missing address
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information can often be found on top of mail receptacles, on the floor, in the door—everywhere except in the apartment dweller’s mailbox. As the mailing organization trying to sell seminars, shoes or cinnamon-flavored coffee, two truly significant problems should immediately jump to mind:

1. What resources did I waste attempting to reach this prospect?
2. What opportunities did I miss?

This illustration also translates to high-rise office buildings and office parks, thanks to missing suite numbers. A compelling mail piece and outstanding offer mean little if it fails to reach the intended recipient.

CASS Certified address correction software returns result codes during processing. These result codes may show there is a better address than the current one in the list. Dig deeper into the address record and review the Postal Service’s database to see if secondary address information such as suite or apartment number exists. Suite numbers are appended to files where a business name is included. Appending apartment numbers requires an extra, added service to standard address correction with a software product.

The main goal of sending mail, whether it’s First Class, marketing, overnight et al., is communicating to the right recipient. Speed is important; precision is absolute.

8. The Law of Duplication

Have you ever received two or more identical mail pieces on the same day? Not only is this a tremendous waste of resources and money, it indicates that the direct mail campaign is not well managed. Imagine how embarrassing it would be if the mailing organization was your own company.

“Duplicate address detection success depends on the degree of address standardization.”

Address list quality isn’t just about correcting incomplete or inaccurate address information; it’s also about eliminating duplicate addresses, where minor or unstandardized differences can create multiple entries that force you to waste resources sending out redundant mail.

In one white paper, “House File Refresh: Managing an Efficient Database,” Experian noted that the consumer and business lists they worked with contained 2 to 10 percent duplicate entries. Integrate, a developer providing demand generation software, found duplicate data in 15 percent of the 775,000 lead contact records they examined.

Duplicate mailing remains one of the most visible problems in direct mail communication. Customers and prospects are irritated by it, mailing organizations waste resources processing it and marketing efforts are hindered by it. While recycling helps, duplicate mail taxes the environment as well.

This is especially an issue for nonprofit organizations, who are under more scrutiny. Numerous identical mail pieces give the impression that the nonprofit is not well managed. Inaccurate, outdated addresses compound this perception and can negatively affect donations.

Duplicate Detection Software

The good news is that powerful, intuitive duplicate address detection or “matching” software is typically included in most mail management software packages and also available as a standalone application. This software looks for patterns and phonetic similarity of addresses, personal names and business names within
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and between databases. When the matching algorithm completes its investigation of your database(s), it presents the suspicious records. Disposition of the possible duplicates is up to you, although you can also give the software the power to automatically discard the redundant records.

The easier it is for matching software to find duplicated records, the more success you’ll have in ridding the list of them. The first step is standardizing and correcting with CASS Certified software. If the street names of duplicated records are standardized and spelled correctly, matching software has a better chance of detecting them.

The printing, processing and postage savings from removing unnecessary addresses is directly related to Immutable Law #2, The Law of the Hard Dollar Discount. While removing redundant mail isn’t technically a discount, it is certainly a hard dollar savings that is easily calculated. The other improvements include reducing customer irritation by receiving multiple copies of the same mail, as well as the obvious environmental benefits.

9. The Law of the Asset
A company's customer list is an asset, like specialized equipment or patents. Companies are often bought and sold based on customer lists. Stockholders own these lists like the ownership of any other asset. And their value is diminished if the lists are riddled with outdated ZIP codes, misspellings, missing address elements and customers who moved long ago.

“A customer address is the raw material that goes into the manufacturing process of your organization’s product or service. Without an exact address, it becomes increasingly difficult to ship goods. It is also more challenging to cross-sell or upsell via direct mail. This raw address material has the same value as any of the components that go into your company’s products or services. It is refined by software, processes and rules.

Address information is an enterprise resource and asset whose value crosses organizational units. There is interdependence across and between departments and functions for all the elements required to complete successful customer transactions. Clean, updated address information is an organizational asset that helps you complete these transactions and make your entire enterprise more efficient.

10. The Law of Foundation
As its name suggests, The Law of Foundation speaks to the fundamental, core business practices of an organization. As established in The Law of the Asset, your customer data and mailing lists are true assets of your organization. Correct addresses are a key conduit for retaining loyalty, interest, continued business and retention.

“Verifying and validating customer data is a fundamental business practice that impacts and enhances your organization’s value.”

Just having the assets isn’t enough though; how you use them is also important. If a banker were valuing your business, they wouldn’t look only at things like assets and liabilities, infrastructure and intellectual property. They would also look at your core business practices.

These foundational processes, such as accounting practices, are as important as profitability when establishing a company’s value. Possessing the data is critical, but equally critical is how your company maintains and uses it.
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Consider the accuracy of addresses in the same light as generally accepted accounting principles. Both practices directly impact not only the day-to-day operations of your business, but also its inherent value as well.

"Standardization of postal address data capture directly increases its quality."

If you have a third-party walk through, for example, they should see:

- Customer service agents taking orders and requests for information.
- Agents collecting address information and instantly confirming it for accurate and timely delivery of packages, direct mail and invoices.
- If the address cannot be corrected by CASS Certified software, the customer service agent prompts the caller for more information.

If so, you have demonstrated a uniform business rule and a sound business practice, and your business is more valuable because of it.

This foundational business procedure is not limited to human-to-human contact. Asking a visitor to your website for postal address information is a good example. By integrating an address coding application to your web interface, you can standardize the submitted address in real time as the visitor keys information in.

The Law of Standardization

Immutable Law #10 speaks to the business rules and data entry definitions you have set forth to knowledge workers capturing raw information.

The results of address correction software depend on the raw address information presented. For example, an address record in which the address does not match the city, the city does not match the state, and the state does not match the ZIP Code is probably too problematic for accurate corrections. Provide customer service agents with definitions of what to ask and when to ask it.

For example:
- “Is there an apartment or suite number?”
- “Is that Elm Street, Elm Avenue, or…?”
- “Do you have a mail stop?”

Capturing address information at the source in a systematic, standardized method increases data quality and eliminates the cost associated with making corrections later. Defined data collection increases the effectiveness of address correction software and other address enhancing processes such as NCOA.

“Correct postal address is compulsory. Reaching the correct person is communication.”

Once corrected and coded, address information should reside in a single repository, where it can be replicated from the source for processes such as business intelligence, shipping or direct mail. A single source for the most accurate and updated address information is a powerful tool for management when developing marketing plans, budgeting and general business strategy. When business models and processes are built on this kind of standardization, they perform better.
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12. The Law of the Move
According to data from the U.S. Census Bureau, the average U.S. resident moves more than 11 times in their lifetime. By comparison, that figure across 16 European countries is about four moves, according to a survey conducted by RE/MAX in 2016. With nearly 37 million address changes a year, that’s 101,000 moves every day, including weekends.

There are several USPS-accepted move update methods for updating address lists. Address Change Service™ and Ancillary Service Endorsement are post-mailing move update programs. That means the mailing organization receives the new address information after the mail has already gone out and can update the list for the next mailing. For stubborn addresses that you can’t seem to get an update for, there are programs called Address Element Correction (AEC) and AEC II® that might help. Check with your local USPS business center or account representative for complete information on AEC.

A proven pre-mailing move update method is NCOA. If you have ever filled out a yellow move card at the Post Office or paid $1.00 to complete it online for a permanent or temporary move, your information was transmitted to the National Address Information Center in Memphis. That is the central repository for all moves submitted to the Postal Service. The two common methods for “NCOA-ing” lists are:

1. Send the list to a service bureau for updating.
2. Use the move update option built into postal presort/CASS/mail management software. Full NCOA processing finds moves going back four years.

One of the benefits of NCOA as a pre-mailing move update option is that it reduces postage, printing and processing waste by tagging addresses that probably won’t be delivered. Additionally, a mailer can investigate addresses that could not be updated and make fixes, so the mail might successfully arrive at the intended destination. The Postal Service requires move updating every 95 days for mailers requesting postal discounts. A better idea is to exceed the USPS requirement and update as often as you can and always before a mailing. Remember, there were 101,000 moves just yesterday.

Beyond the Post Office: Proprietary Change of Address
Most of us (60 percent) who move file a change of address with the Post Office. However, a significant number (40 percent) of movers do not. They may have forgotten or might have consciously decided not to do so to avoid creditors or cut unsolicited mail. Chances are these movers told someone about their new address. It could be magazines, catalog houses, insurance companies, credit bureaus, mail order firms, cell phone companies and more.

A Proprietary Change of Address (PCOA) database is compiled from multiple private sources that often receive change-of-address notifications that are not reported to the USPS. List service and software providers have their own PCOA product (hence, “proprietary”), and PCOA updating is not regulated by the Postal Service. Best practice is always use NCOA first and if there are more undeliverable addresses than you would like, try a PCOA process.

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Conclusion

Postal address correction and updating was once a process used mostly because it was required for postal discounts. Postal savings are still an important reason to use CASS Certified software and NCOA move updating; however, the benefits of standardized address have transcended these discounts. With the explosion in small parcel shipping caused by internet shopping, accurate addresses are more important than ever. A misdirected invoice, package or marketing piece because of a bad address impacts cash flow, hurts your ability to convert leads and decreases your efficiency. Successful direct mail delivery is the crux of many marketing programs. Quality address information is essential for improving and maintaining customer contact, fulfillment and satisfaction.

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Note: The terms: “validate, standardize, correct, update” are used somewhat interchangeably throughout this document, though the actual definitions differ. The intent is to describe a properly standardized (to USPS standards), complete, and current address or the process involved.