

SHIFTING PERSPECTIVES:

Why it's time to start
looking at your mail
center as a strategic
player



For several decades, return mail has been regarded as an unavoidable “cost of doing business.” But with advances in the world of analytics, we’re now beginning to understand what that “cost” entails: critical missed communications, past-due accounts and in the worst cases, customers that take their business elsewhere. Today, that cost is becoming less and less affordable.

The good news is that advances in the collection of mail update data have made it possible to reconnect with customers like never before and ensure a consistently positive user experience. But the key to getting more value out of your mail center requires you to start by debunking some of the more common myths related to return mail.

In this eBook, we’ll dispute long-held misperceptions around return mail – and offer concrete evidence to support the facts, thanks to a revealing Return Mail Services engagement we executed for one well-known national financial services provider.

By the numbers

This particular mail services engagement took place over a two-month period, during which we scanned 81,268 images of mail pieces spanning four envelope types. Undeliverable as addressed mail is the umbrella designation for a number of reasons; the top five identified in this instance were (in order from largest quantity to smallest) not deliverable as addressed; attempted, not known; forwarding time expired; insufficient address; and no mail receptacle.

To track each piece back to its originating line of business, we identified and created four action queues: credit project management (45,380), collections (10,947), marketing (8,071) and miscellaneous (15,606). Now that you have some visibility into the types of mail pieces being assessed, let’s turn a fact-finding eye to some long-standing perspectives related to modern mail centers.





Perception:

**The mail center has little to no impact
on the customer experience.**

A man with short brown hair and a light beard is smiling as he looks down at a document he is holding. He is wearing a grey zip-up sweater over a green collared shirt. The background shows a row of white mailboxes.

PERCEPTION:

The mail center has little to no impact on the customer experience.

REALITY:

Almost every area of business impacts the customer experience, and return mail is no exception.

For example, here's how quickly a missed mail piece can escalate from a missed communication to a lost customer: Hunter is a millennial, part of the generation born between 1981 and 1996¹. Whenever possible, he prefers to pay bills online rather than in person or over the phone. Like many of us, he banks online — and doesn't even have a local bank branch. Now in his late 20s, Hunter buys his first house. He packs, moves, unpacks and stocks the fridge without ever stopping to think about filing a change of address with the bank or USPS. Besides, most of what ends up in his mailbox is junk mail.

Eventually it's time for his credit card to renew, and the card company sends the updated card to the address they have on file, his former residence. Like many of us, Hunter is so busy that he fails to notice that his credit card has expired, but when he starts getting the expiration notices from failed monthly transactions, that gets his attention. To fix the situation and prevent any further hassles, he takes the path of least resistance and moves all of his regular monthly transactions to another credit card. Just like that, the bank lost a customer. The fact that it was the customer's mistake is irrelevant.

That's one of the more direct routes from missed communication to customer attrition, but even the less extreme situations make an unfavorable impact on the customer experience: balances paid late or sent to collections, missed product or service promotions that result in missed sales, missed notifications of changes to the account, etc.

Reality

Almost every area of business impacts the customer experience, and return mail is no exception.



Out of 81,000 pieces of returned mail, we were able to use proprietary databases to locate new forwarding addresses for 16,104 of the intended recipients, almost 20 percent of the mail pieces that were analyzed. Approximately 11,000 mail pieces originated in collections, and we found 2,815 forwarding addresses for those customers. The credit project management line of business originated 45,380 pieces of return mail, and 6,838 forwarding addresses were identified.



Perception:

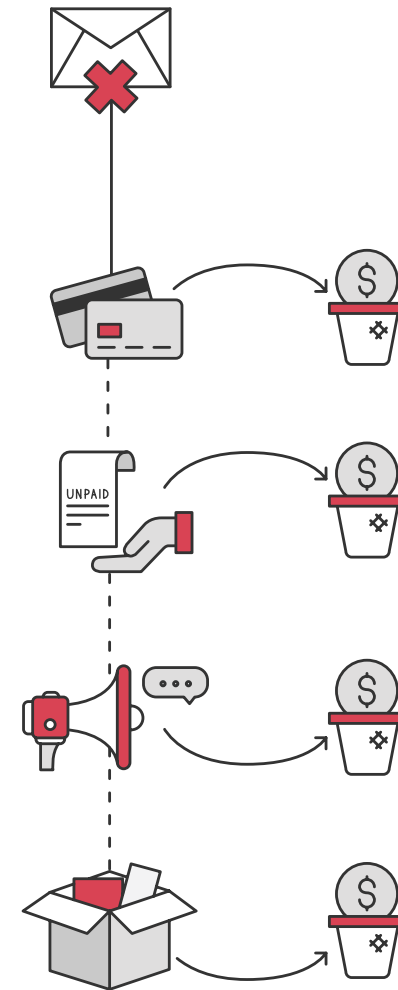
Return mail is nearly impossible to trace back to specific lines of business.

PERCEPTION:

Return mail is nearly impossible to trace back to specific lines of business.

REALITY:

With a comprehensive return mail strategy, you can identify the lines of business where the return mail originated, which is the first step in beginning to determine the costs each line of business incurs for undeliverable mail. Visibility into the actual costs of return-to-sender mail is critical to making better-informed business decisions as you continue to look for ways you can optimize mail center operations and reduce unnecessary costs. In addition, by tracing the undeliverable mail pieces back to their originating line of business, we are able to help our client remediate address issues more efficiently and reconnect with their customers.



Of the 81,000 return mail pieces scanned over a 60-day period, we determined that 45,000 were from credit project management, almost 11,000 were from collections and 8,000 were from marketing. The remainder were sorted into a “miscellaneous” category.



Perception:

Return mail is a difficult-to-quantify cost that the overall business should just absorb.

PERCEPTION:

Return mail is a difficult-to-quantify cost that the overall business should just absorb.

REALITY:

The right insight into return mail can actually help organizations reduce operating costs.

Based on an average cost of \$2 per mail piece, we were able to help our customer avoid incurring almost \$122,000 in unnecessary operational costs ... in one month. Working with our financial services customer, we were able to determine that three mailing attempts are typically made before the company's customer relationship management (CRM) system is updated to reflect an unknown or new address.

Given that the initial mailing is not preventable, we assumed that for each line of business there was an opportunity to prevent two subsequent mailings at a value of \$2 per attempt. That \$2 includes the cost of paper, personalization, postage and inserts. (The industry average for a returned piece of mail estimates the cost at approximately \$3 per piece².)



Reality

The right insight into return mail can actually help organizations reduce operating costs.

Assumed return-to-sender quantity per calendar month	40,002
Average number of repeat attempts before CRM update	2
Possible month 1 cost avoidance	\$121,607

In addition, by identifying those pieces with the “forwarding time expired” return reason, we were able to determine which lines of business were not regularly updating the databases.



Perception:

Mail centers and the business as a whole will always struggle with managing return mail.

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REALITY:

With an automated return mail strategy, mail pieces can be quickly digitized, sorted and routed to the appropriate line of business for timely remediation.



In the absence of a clearly delineated remediation process, it's not uncommon for return mail pieces to languish in a room or storage closet somewhere before remediation is attempted. Even after remediation is attempted and a reason for the failed delivery identified, further inefficiencies and avoidable costs can result when CRMs are not updated in a timely manner, or address updates are not integrated for all lines of business.

In our engagement, however, we used a meticulously outlined process to enable our customer to take remediation steps on return mail within 72 hours of the initial return. This process quickly creates a record as to why a piece is returned and allows us to scan and then move the returned piece to be recycled rather than filed somewhere on-site, wasting precious storage space that could be put to better use.



Perception:

The mail center is a reactive expense, not a proactive opportunity to add value.

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The mail center is a reactive expense, not a proactive opportunity to add value.

REALITY:

The modern mail center is an often-overlooked analytics opportunity, capable of supplying the data needed to make better-informed business decisions.



We were able to determine the reasons behind undeliverable mail and then prevent subsequent mailing attempts, reducing costs and minimizing the potential for fraud when a mail piece is delivered to an accidental recipient. In addition, by digitizing return-to-sender mail, we were able to create a record of the communication attempt and reason for failure, helping to satisfy regulatory requirements. Digitization also helped expedite the line-of-business response to return-to-sender mail, which typically would involve a manual process of sorting through the physical mail. Instead, use of the customer portal gives them ready access to the digitized copy.

All told, we were able to provide the customer with the chance to save up to \$3 million in direct production costs associated with return-to-sender mail over a five-year period. Few would argue that that's a sizeable amount of "added value."



Perception:

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Even for companies with a sustainability focus, return mail will always generate unquantified mail that will need to be recycled or discarded.

REALITY:

An effective return mail strategy can prevent or reduce multiple attempts at mailing to an undeliverable address, minimizing wasted paper as well as CO₂ emissions from both the front-end and return journeys for each mail piece.

By preventing multiple attempts (as previously noted, our financial services customer averaged two additional attempts per month per line of business), we were able to help them avoid the costs and environmental impact associated with the mailing of five or more pieces of mail per customer per month.

Isn't it time to empower your mail center to deliver more than mail and positively impact the bottom line? Reach out to Ricoh to enable your mail center to help ensure a better customer experience, reduce return mail costs and inform strategic business decisions.

¹Michael Dimock. "Defining Generations: Where Millennials End and Post-Millennials Begin." Pewresearch.org, March 1, 2018. <http://www.pewresearch.org/fact-tank/2018/03/01/defining-generations-where-millennials-end-and-post-millennials-begin/>

²Christine Erna. "The True Economic Impact of Return Mail." Mailing Systems Technology, September 22, 2015. <https://mailingsystemstechnology.com/article-3339-The-True-Economic-Impact-of-Return-Mail.html>

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