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Customer Engagement
Print and Digital Communications Management

The unexpected cost of undeliverable mail

How a disciplined approach can cut costs,
accelerate revenue and strengthen relationships

Is your mail reaching its intended recipient?

In many industries proof of delivery is not just good business; it's how you comply with regulations. For others, the inability to verify mail delivery has far-reaching consequences across the organization.

Without oversight of your print and mail process, you can't be certain. Each year, more than four percent of US mail fails to reach its destination.[1] Undeliverable and returned mail extracts a surprisingly high toll on an organization's productivity and revenue, and it increases potential for fraud. Piecemeal solutions to this issue have limited impact, and can sometimes be counterproductive.

It's time for a more disciplined approach. End-to-end mailing intelligence can systemically verify integrity and provide a chain of custody for every mail piece, protecting your productivity and revenues.

Take control of your undeliverable mail.

[1] USPS, UAA Mail Study Rollup 1998-2015

There's a lot riding on your mail.

Mail seems so simple and ordinary that we tend to take it for granted. But behind the scenes, mail is more complicated than many people realize. Each successful mailing is the result of a complex chain of events that involves precise coordination of data, documents, people and processes across time and geography.

Although it's complex, mail is also extraordinarily effective and efficient. Even in today's digital age, it remains the primary mode of communication between companies and their customers. A single organization often mails millions of bills, statements, policies, letters and promotional mailings each month.

On that scale, anything that goes wrong in the mailing process can have far-reaching consequences. Delivering sensitive documents to the wrong person could result in substantial fines. When bills aren't delivered promptly, cash flow can suffer. If in-home delivery isn't timed correctly, it's impossible to synchronize multi-touch promotional campaigns. If mail is not addressed correctly, businesses can lose customers.

Yet surprisingly, many organizations lack even basic ability to track important communications from production through delivery.

The many costs of undelivered mail	
Financial cost	Needless expense
Environmental cost	Wasted postage, ink and paper
Brand impact	Reduced marketing effectiveness, inaccurate ROI
Strategic impact	Impeded ability to accurately forecast and plan
Operational impact	Compromised productivity
Security impact	Increased exposure to fraud
Regulatory impact	Vulnerability to fines, penalties and even criminal prosecution for failure to comply with regulatory and postal requirements
Customer satisfaction	Missed SLAs, lack of trust

Chain of custody required.

Proof of delivery demonstrates regulatory compliance, helps manage cash flow, guards against fraud, protects customer privacy, ensures that SLA requirements are met, and delivers a better customer experience. Yet the issue of undelivered mail is often perceived as a minor problem, and little effort is invested in determining if, when and where communications have been delivered.

Without a clear chain of custody and real-time mailstream visibility, mailers are forced to rely on guesswork. Costs go up, productivity goes down and customer relationships can suffer. The lack of mailstream intelligence has a ripple effect that spreads across many departments and functions.

Billing	Bills that don't get delivered don't get paid on time, and sometimes don't get paid at all.
Compliance	Failure to comply with regulations such as HIPAA and Sarbanes-Oxley can result in substantial fines and penalties.
Collections	With remittance tracking, it's possible to know when a payment is on the way, eliminating the need for dunning notices and collection calls. Without it, organizations overspend on collections calls for both in-transit and undelivered mail.
Marketing	Customers and prospects who never receive an offer represent many missed opportunities. Plus, it's impossible to accurately determine response rates for campaigns without factoring in undelivered mail.
Call Center	Call volume goes up with complaints from customers who haven't received their bills, statements or policies. Lack of insight into exact delivery status makes it difficult if not impossible to achieve first-call resolution.
Operations	With proof that mailings are on their way, mailers can avoid the need for expensive reprints. Plus, knowing that a check is in the mail can eliminate the costs of cancelling and reinstating service.
Finance	Payment delays make it difficult to predict cash flow and budget accurately. Exposure to fraud diminishes profits. Fines and revenue-deficiency assessments for sending undeliverable mail can be substantial. Inability to maximize postal discounts can be extremely costly.
Customer Experience	Customers who have a bad experience due to undelivered mail are likely to spread the word on social media. They are also much more likely to switch providers, even after a single incident, and in spite of efforts to make good.

Is your organization at risk?

Identity thieves target undelivered mail.

Undelivered mail is a gateway to fraud and fraud is on the rise around the world. Credit cards, checks and financial statements can be taken from production facilities, removed from postal vehicles in transit or stolen from mailboxes. The cost of these thefts is significant, and growing. From 2015 to 2020, global card fraud is expected to exceed $183 billion, representing a loss of more than five cents for every hundred dollars in volume.[2] Regulators hold mailers responsible for the consequences of lost, stolen or undelivered mail.

Health and medical data can also be compromised when insurance documents and bills do not reach the intended recipient. In 2014 alone, there were two million victims of medical identity theft in the US, incurring thousands of dollars in out-of-pocket costs for each attack.[3]

Check fraud accounts for even greater losses; in fact, it represents the largest dollar loss due to fraud.[4] Seventy percent of business-to-business payments are made by check, and paper checks are the payment method most likely to be targeted by fraudsters. US banks, for example, lost $608 million to check fraud against deposit accounts in 2014.[5]

Lost privacy = lost customers

When a customer's personal or financial data is compromised, whether accidentally or by criminal intent, the consequences can be far-reaching for both victims and businesses. Identify theft occurs every two seconds in America[6], and it is often a devastating experience for victims, even if their immediate financial losses are minimal. It can negatively impact credit ratings, damage job prospects, and create feelings of vulnerability. It can also spur changes in behavior. In fact, in 2014, breaches had a great impact on purchasing decisions: 28 percent of fraud victims said they avoided merchants post-fraud.[6]

**FACT:
Fraud cost card issuers more than $10 billion worldwide in 2014.**
Source: BusinessWire, 2015

What is undelivered mail costing you?

Because costs are spread across the enterprise, it can be hard to detect the full impact of undelivered mail. Industry experts estimate that the average operational cost of undeliverable mail is $3 per piece, including postage, printing, handling and remailing. When high-value items such as checks and credit cards are included, the costs can be significantly higher.[7]

Yet, this figure doesn't even take into consideration the many "hidden" costs such as increased call center volume, delayed payments, collection costs, bad debt, fraud, and fines or penalties for regulatory non-compliance. When all of these indirect expenses are factored into the equation, the total cost for each piece of undeliverable mail soars to an estimated $50.[8]

Undeliverable mail cost credit card issuers approximately $1.5 billion in 2015.

US credit card companies sent approximately 3.8 billion pieces of credit card-related mail in 2015.[9] 4.3 percent of these mail pieces are likely to be undeliverable, and 23 percent of those would be returned to the mailer.[10] At an average processing cost of $40 per item, the total cost for returned mail would be just over $1.5 billion.

[2] Nilson Report, 2015
[3] Fifth Annual Study on Medical Identity Theft, Medical Identity Fraud Alliance, 2014
[4] E2014 AFP Payments Fraud and Control Survey, Report of Survey Results, Association for Financial Professionals, 2014
[5] American Bankers Association Deposit Account Fraud Survey Report, 2015
[6] Javelin News Release: $16 Billion stolen from 12.7 million identity fraud victims in 2014, according to Javelin Strategy & Research, March 2015.
[7] Return Mail: The True Economic Impact, 2016
[8] Strategies for Reducing Undeliverable as Addressed Mail, Office of Inspector General, USPS, May 2015
[9] Business Insider, 2015
[10] Strategies for Reducing Undeliverable as Addressed Mail, Office of Inspector General, USPS, May 2015

Improve visibility throughout the mailstream.

Address the problem head on.
Tracking applications that utilize the USPS Intelligent Mail® barcode (IMb) make it possible to document the complete chain of custody for every mail piece, from induction to delivery and remittance.

New software solutions can improve and standardize document management and mailing procedures while dramatically reducing compliance risk. Many of today's advanced solutions have a single-user interface that can be used to track all incoming mail and packages, providing complete chain of custody and visibility throughout your organization.

Identify bad addresses.	Remove undeliverable addresses from the database, and stop wasting money on incorrectly addressed mail.
Obtain low-cost proof of mailing.	Verifiable proof of delivery data can help resolve disputes quickly and ensure that suppliers are compliant with SLAs.
Coordinate multichannel communications.	Today's multi-touch marketing campaigns require precise synchronization between channels to be effective. When companies know exactly when their mailing will arrive at the customers' homes, they can schedule pre- and post-delivery calls or messages that significantly increase response.
Measure response.	When you can verify that mailings have been delivered, it becomes possible to more accurately determine the effectiveness of direct mail campaigns, and improve response.
Optimize call center staffing.	With increased insight into precise delivery dates, it becomes easier to align call center staffing with call volume.
Enhance customer service.	Instant access to the status and contents of individual mail pieces enables fast resolution.
Reduce call volume.	Inform customers regarding billing and payment status via web or email, giving them less reason to call.
Predict cash flow.	Know exactly when customer remittances have entered the postal system.
Improve regulatory compliance.	Detect lost mail pieces earlier to minimize exposure to fines and penalties.

Find a solution that can deliver critical documents on time, every time.

High-volume mailers need a comprehensive, end-to-end approach that tracks communications across every channel, verifies delivery, automates return mail processing, updates addresses, and provides actionable insight into customer behaviors.

• **Improve address accuracy.** You'll want to begin with address management software that can automatically verify addresses to eliminate misdirected shipments, delivery failure and costly carrier address-correction fees.

• **Capture data at every step.** To ensure integrity and deliverability, the solution should capture accurate data at every point in the process from document creation to production, to postal delivery service. It should automate the flow of data for enterprise-wide access, and provide APIs for easy integration with other in-house systems, including CRM, accounting and collection.

• **See what you need to see.** Users should be able to track mailings or check delivery status of individual mail pieces based on multiple search criteria, and use robust reporting capabilities to design and generate custom reports complete with timelines and audit trails.

• **Automate returns.** Last but not least, look for a solution that automates the business workflow around return mail, eliminating the need for manual data entry.

Pitney Bowes can help.
When you want to gain control over undeliverable mail, Pitney Bowes offers solutions that improve deliverability and provide clear chain-of-custody insight. These are just part of a robust family of solutions and services designed to help businesses take their communications to the next level. Each Communicate Solution features a powerful set of capabilities that enable organizations to better connect with customers and deliver more relevant and engaging interactions every time they interact with a brand.

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