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Mail tracking in today's marketplace - Why it is more than just a cost for suppliers
By AccuZIP Inc.

With increased competition in today's marketplace, printers and mailers must identify ways to distinguish themselves. The margins on their traditional service offerings have been pushed to the point where cost can no longer be the only way that a business creates its' "niche" and differentiates itself. To market a mail tracking services successfully, you've got to come up with your target customer base and position your business to meet their specific needs. This market segmentation, if done right, will differentiate a business versus the competition, improve profit margins, and win market share.

Adding services like mail tracking is the real answer in differentiating a business. Now that the USPS is getting heavily into providing tracking data from the mandated IMb on every mail piece receiving postal discounts, mailers can help their clients generate valuable reports on how their mail is moving through the system. They can diagnose problems in almost real time and forecast delivery times and patterns very accurately for their clients. This service is something that will very quickly become expected in the industry by the customers these vendors serve. The good news is that I strongly believe that the clients are and will remain willing to pay for this service and the information it provides to them. Businesses that adopt and invest in new technologies and services are able to create better partnerships with their clients. They will be able to suggest new and more effective solutions to answer the clients' needs. These businesses will be able to control projects at a more detailed level and achieve more for their clients and themselves. Businesses which do not do this will see projects being taken out of their control as they are handed to organizations that have. Their clients will not want to maintain partnerships with them and they will simply be regarded as price providers.

In terms of just cost, the PM vendors need to reach out to their clients' "marketing" divisions to find the dollars necessary to cover these increased costs. These divisions exist in every organization are the most interested in the value this reporting can provide an organization. They also have access to the money needed to cover the increased cost. If a PM vendor (internal or external to the client organization) is not dealing in some way with an organization's marketing personnel (directly) they need to change that. The marketing division controls the money and they get what they want. Marketing is driven by ROI and response rates. They have to justify their existence on a project by project basis and as a result they want visibility of their mail from design through in-home delivery to enable them to generate the reports they need to remain viable. In the end, the marketers are asked to do more with less and do not have the time to manage the details. In some cases, the lines of business are

entrenched and cannot see the trees through the forest to see the "bigger picture". I see more companies looking at these expanding technologies and as the complex world of mail meets digital, mobile, and beyond we will see more integration of these channels more platforms to support them.

Transparency is essential as Print and Mail (PM) vendors attempt to meet the challenges of connecting with individual customers (or prospects) in a targeted manner. Large enterprise mailers need to be shown the true value of tracking and combining both improved address hygiene and utilizing the mail delivery information to support other multi-channel marketing efforts. As more and more mailers support their direct mail (DM) campaigns with multi-channel media (e-mail blasts, social, radio, SMS and direct mail advertising, etc.) they need a way to gain deeper insight into the mail stream and delivery process to time everything properly. Knowing that mail is being delivered (or not) is essential to the timing of these efforts. When weather or disaster related delays occur, it is very important to an organization to know what the delays are and what plans are in place to resolve the issues.

The added cost incurred to get this information is nothing compared to the cost incurred when these activities are mistimed and opportunities are missed. Improper staffing of retail locations, customer service operations and internal and external call centers are all expensive. Without tracking the mail, the waste of these expenses are often doubled as they occur on both ends of the delay (i.e. Too much staff early and too little staff late in the cycle). There is also the cost of trying to react after the delays have impacted their efforts. Not knowing the problems existed because they did not have the information soon enough is no longer acceptable. If the clients are too frugal to pay the cost of getting this information the fault no longer lies with the forward thinking PM vendor. They should be talking about having these services in their portfolios up front and openly now that they are available. All they need to do is make the investment to make it a part of what they offer. The first PM vendors offering these services will benefit most. They should realize that these costs spread out across their total volume are not significant even if all of their clients choose not to use them due to increased cost. They can easily recoup their investment and as an early provider of these services, they will be able to set the standard in terms of pricing and answer their competition's efforts as a bunch of "Me too" when they try to provide the services as the industry evolves. From a marketing perspective the ROI all one needs to do is some very simple calculations. ROI on a mailing of 10,000 pieces looks something like this:

Average Cost per Piece (CPP) = $0.50
Value per Response = $250
Response Rate = 1.3%
ROI for one mailing = $32,500

All a PM vendor needs is the information to plug into this model from their client to see why their investment is justified and educate their clients about the value of mail tracking services.

Having the ability to gain control of the mail is something the industry is hungry for. In today's market, many of the big agencies have built their own systems. They track activity against a MID (or multiple MIDs) for unique sequence numbers that represent mail pieces on behalf of their clients. They project in-home delivery from USPS "standards" they have been told, seen, remember from a long time ago or actually have been given from the USPS. These are often fine as "standards" but beyond that they are too broadly based to represent what is happening in the postal service's delivery network today. With the USPS actively undertaking efforts to consolidate their operations across their network (SCF and NDC) these standards have been proven to be increasingly inaccurate. The good news is that the USPS' delivery statistics are getting better (i.e. faster). The bad news is that having mail in-home too early is as destructive as it being too late in many instances.

Today's market is saturated with companies wanting to provide these services. Many are expensive and have limited functionality without "add on features" that add expense. As a result, many organizations believe that they can "build" their own systems but those costs are very high when you factor in the costs (initial and ongoing) for the programming, additional staff and infrastructure throughout the organization and training costs for people to understand and maintain the USPS information are factored in. PM vendors should make the investment, understand and create cost models they will use to charge for the services (use calculations above) and proceed to sell these services to their clients. The market will tell them if their pricing is too high based on the perceived value and metrics shared by their clients. It should also be a separate line item on their quote so that it can be removed if the client's objections are too strong. More importantly, this will cause the smart customers to ask questions about the "new charge" they are seeing and this discussion is priceless as a way to generate demand as the sales people get the opportunity to deliver the message they have been trained on ahead of time regarding the benefits for each mail type, client and added service (expand from IMb alone to mobile barcodes and other technologies that are being offered/created). The cost benefit models change here depending on what market "segment" the PM vendor is a part of. There are three types of segments I would target: In-house PM vendor, Managed Print Services Provider (MPSP) vendor and a large corporate mailer seeking to build their own.

For the in-house PM vendor, adding mail tracking to the services they provide is essential to survival. Every single one of these vendors faces outsourcing threats/efforts annually. They are targeted as inefficient or "limited/restrictive" and the capital expenditures needed to deliver the necessary support services to the organization are significant. Acting now to add these services would be a real differentiator when battling outsourcing efforts. Printing and mailing association groups print and mail for the organizations they work for to support their business. Many work for educational, health care, religion based publishing, insurance and other industries that would benefit from tracking their mail. They are often very efficient and know

their operations well. They have people who understand mail and could add the duties of tracking if they had a product that would make it efficient. AccuTrace does that and would be something that these organizations could start with and expand with as the Marketing staffs in their organizations get on board and seek to expand on these other technologies. They would gladly fund the expense and even provide staff to augment the PM staff already engaged in mail tracking. The information is also valuable to the internal account people who deal with "lost" mail daily and are instructed to just reorder the document and have it sent out again. This costs an organization a great deal of money. Many documents are printed and mailed 4 or 5 times because people do not understand mail and have no visibility to see when the original mailed and when it will be delivered. Having this information would save the rework for an organization and enhance the customer experience. It would also save on staffing needed to answer phone calls caused by currently ineffective processes and allow people to be more productive as they provide answers and take action based on real data that offers clear direction and insight into issues.

The second segment is Managed Print Service Provider (MPSP) vendors who are already being pressed by their clients for these services. These are organizations that manage millions of direct mail pieces for large organizations. These organizations demand this type of information when problems with a mailing are brought to their attention. Problems are often identified well after the fact by the MPSP and trying to explain poor performance of a piece they designed (Low ROI and response rates) is complex to resolve with the USPS. The "best practice" is to standardize the mail tracking across a single, turn-key platform (like AccuTrace) for every piece of mail produced. Then the MPSP can link all of the vendors in the production network to this common SAAS platform and have it track the IMb and report back for every job as it was being scanned and delivered in-home. AccuTrace can ensure that every mail project is handled consistently and the reporting can be proactively supplied to each vendor as a part of the MPSP regular services they provide. MPSP vendors will gladly pay for this valuable service. The AccuTrace service would help them to measure the effectiveness of USPS in almost real time to determine poor performance and save time arguing after the fact about what the cause of the problem was, which can result in a huge expense for MPSP vendors. An organization could also use this information to keep their PM vendor honest as the information would quite simply measure the in-home performance of the mail and present an unbiased and unfiltered "lens" into this for them. It would also allow them to leverage the relationship with the USPS and their Strategic Account Manager (SAM). Their mail volumes give them clout but without data, the USPS will not even look into issues as they have nowhere to start to provide answers or impact on the issue. They cannot even validate that there was an issue without data. Further, MPSP vendors would like nothing better than having AccuTrace transmitting data about their mail through their network to generate reports that could be supplied in almost real time about mail delivery, account payments, purchases and other activity resulting from different technologies utilized on their mail (Direct and Transactional). MSPS should look at adding these capabilities now so their customers do not gravitate toward vendors who do so proactively or pursue building their own through partnerships with mail tracking vendors and further justify managing all print and mail activities themselves.

Finally, there are the large mailers choosing to manage these functions for themselves by entering into agreements with mail tracking vendors. This model is a real threat to PM vendors that perform services for these organizations. When these companies successfully get this information, they are going to use it to measure their PM vendor's performance. These vendors better be prepared with data of their own to measure this performance on their own to validate actual results and get in front of potential issues. Some of this will be justified but without the ability to provide data that supports performance they will be left to accept the "adjustments" to the invoices from these organizations. PM vendors need to invest now and get familiar with the data available to them. They need to create reports and measure every project so they know the data and tools better than anyone. They can also prevent some of these organizations from investing in these systems if they do. This will enable them to keep charging for the services and at least cover their costs. If they hesitate, this will all be lost and they will be subservient to their clients as they track mail and hand out penalties in the form of short paid invoices and other "adjustments".   This group of vendors will now be losing money on once profitable services and have to find a way to track mail in an attempt to win back business they have lost.

It is imperative to the survival of all PM vendors, MPSP and any organization to demand mail tracking and reporting. Making this investment (in AccuTrace) will allow them to require their vendors and customers to push data to and through AccuTrace where the data can be accumulated and reported seamlessly.

AccuTrace is a product that can really help businesses get "on board" with this immediately. It is extremely powerful and yet cost effective when compared with other products and services in the industry. Organizations of any size or market segment need to provide these services and should not worry about being able to recoup their investment in them. The industry will reward them with clients willing to pay for these services and open doors they had never considered before. Mail tracking as a service will make them "sticky" to their current clients and organizations.