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Address Systems and the Future of the Mail

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February 2011

The Dual Role of Address Systems

Improve Network & Delivery Operations

- Improved addressing by customers
- Improved delivery
- Improved mail sorting & staging
- Delivery point sequencing
- Change of address redirecting

ADDRESS SYSTEM

Enable Direct Advertising Mail & Mailing Industry

- Increase delivery confidence
- Build direct mail industry
- Develop intellectual capital / revenue
- Work sharing
- Intelligent mail & future applications

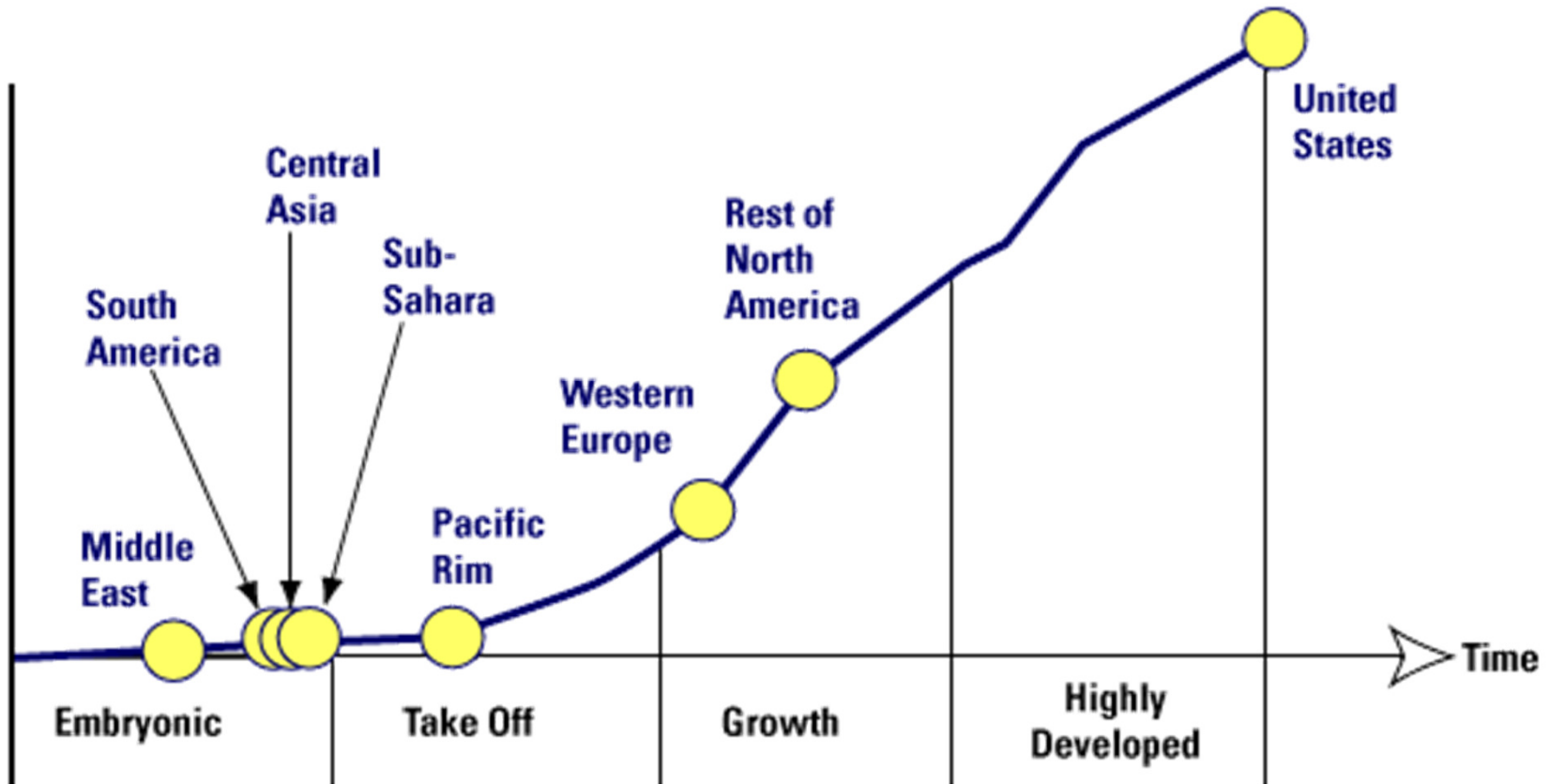
Results: Improved communications and trade



The Value of a Valid Postal Address is Increasing

- Traditional value of standard, validated address:
 - ◆ Reduce the number of “undeliverable as addressed” (UAA)
 - ◆ Minimize cost of redirected, destroyed mail
 - ◆ Enhance the average lifespan of an address (mobile society)
- Multiplicity of stakeholders increases the value of addresses:
 - ◆ Increasing number of stakeholders: Cadaster, emergency management, e-gov, utilities.
 - ◆ Increasing cost of failed postal processes (delivery, cross border returns),
- Integrated customer knowledge:
 - ◆ Commerce (direct mail) is driving the value trend
 - ◆ Drive to increase response rate (from 1% to 5%) through information integration, analytics.

Direct Mail Development Around the World



Source: UPU Direct Mail Advisory Board

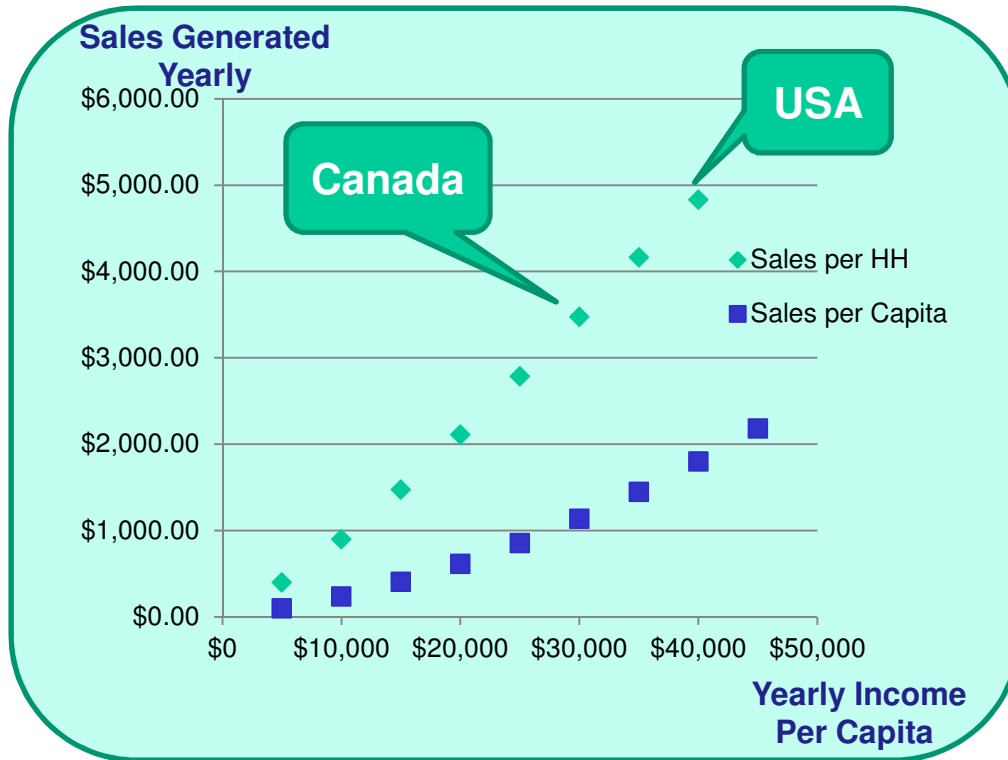
Direct Mail Represents a Significant Economic Force

	United States	Canada
Addressed Mail Pieces; per household (2009)	602	133
Postage Generated; per household (2009)	\$126.65 ⁽¹⁾	\$124.79 ⁽²⁾
Spend on Direct Mail Advertising per household, excluding postage (2007)	\$351/y	\$195/y
Total revenues generated from Direct Mail Advertising	\$5 595/y ⁽³⁾	\$3 753/y ⁽³⁾

Direct mail spending will grow 5.8% to \$47.8 billion in the U.S. in 2011

⁽¹⁾ USPS Avg rate per piece = \$0.21 ⁽²⁾ CPC Avg rate per piece = \$0.94 ⁽³⁾ ROI = \$11.73 of revenue per \$1 spent; DMA 2009

The value of a single address in emerging economies is significant



Estimated Yearly Sales Generated by Direct Mail (per Capita and per Household)

3 Year NPV @8%

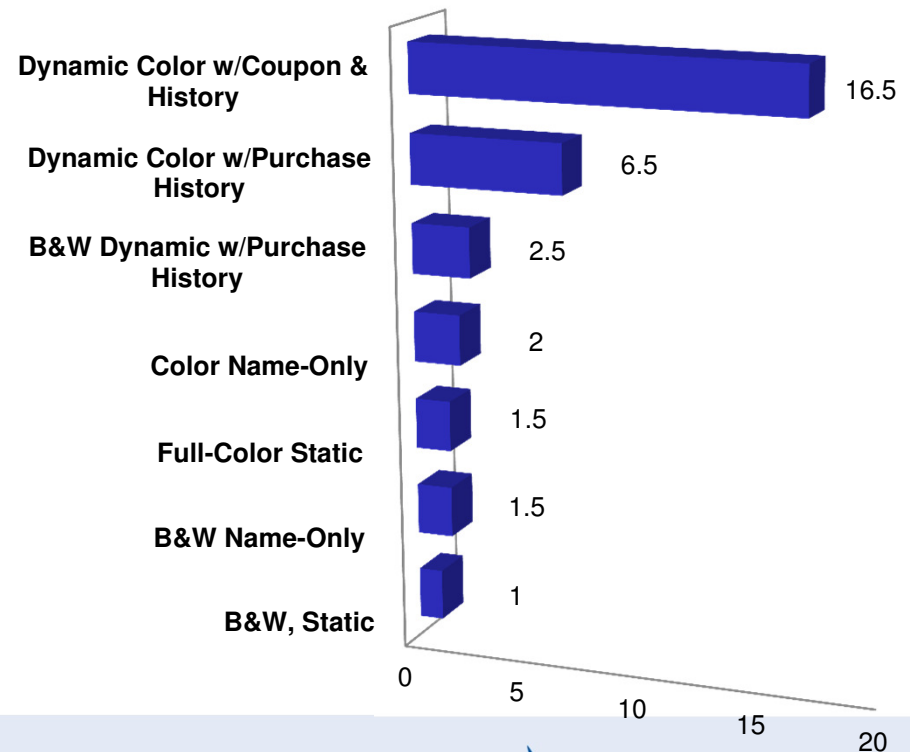
Per Capita Income	Estimated HH sales	Address NPV (3 years)
\$5 000	\$400	\$1 030
\$10 000	\$900	\$2 300
\$15 000	\$1 475	\$3 800
\$20 000	\$2 100	\$5 440
\$25 000	\$2 800	\$7 200

Developments in Direct Addressed Mail Increase Response Rate

Enhanced Technologies

- Variable data color digital printing
- Data mining and profiling
- Internet, online, web, e-mail
- Mobile devices
- CD/DVD formats
- Digital Photography
- Trans-Promo

Response Rates (%)



Information Integration and Address Systems Improve Response Rates



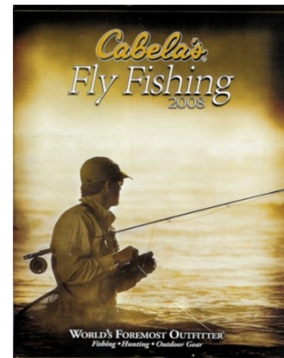
george@yahoo.com
gbrown@hotmail.com
geb@gmail.com

**From 1% to 5%
Response Rate**

12045 Oak Valley Rd
 Manassas, VA 20108



**Online Purchases
Store Purchase**



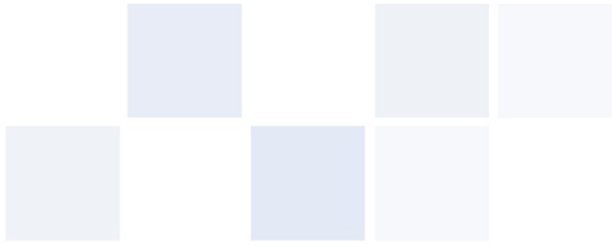
Per Buyer	Without Catalog	With Catalog
Dollars	\$224	\$260
Sales	1.3	1.5

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Trends in Information Integration

- Info to be integrated with address
 - ◆ Marital status & age
 - ◆ Lifestyle information such as hobbies and past product purchases
 - ◆ Home value & household income
 - ◆ Language spoken in the household.
- Mailers (and customers) want:
 - ◆ More targeted and personal messages
 - ◆ Capitalize on the “mail moment”
 - ◆ Customized coupons and mini-websites based on purchasing data
 - ◆ Integration of email, phone and mail (catalog) (QR Code, Intelligent Mail)
 - ◆ Tracking & measurement (Intelligent Mail)
 - ◆ Wider sale territory



Postal Operators & Governments Must Tap into the Direct Mail Commerce Potential

- Encourage public-private discussions through industry dialogue
- Provide address validation & change of address services
- Encourage strong customer privacy & preference opt-in
- Adopt a “pro-commerce” stance

