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Manage Your InHome Window for Better Campaign Results

“Do you believe that people respond the same on Monday as they do on Friday? Why then would you ever deliver mail on a non-responding day?”

— Cameron Bellamy, President, GrayHair Software, Inc.

Introduction

In the past the major ingredients of a successful direct mail campaign were the offer, the list, and the package. Get the right blend of those three things and you had a winner! Now, we must add a fourth ingredient: the InHome window. For the business-to-consumer markets, the in-home window, in-home target or simply InHome, is the range of days when the consumer is most likely to respond to a direct mail piece. Determining when to schedule a campaign to arrive in this window is critical to success.

In September, 2006, the United States Postal Service introduced what it calls “the next generation in the evolution of USPS barcode technology”—the Intelligent Mail Barcode (IMB). Combining PLANET and POSTNET codes, the IMB is the first single postal barcode that uniquely identifies each piece of mail, independent of its destination. In effect, it is the license plate for your mail piece. Only three bars longer than the POSTNET code, the IMB provides powerful, improved tracking abilities.

IMB scan data, when processed into a report, shows the specific facility that processed the piece of mail, the length of time the piece was in the system, and the delivery date. Mailers can use this information to measure and achieve specific InHome delivery targets. This allows you to define and fine-tune a campaign by determining which days of the week produce the best response, and to improve the efficiency and quality of your customer support operations.

This paper explains how the IMB, coupled with mail tracking from GrayHair Software, Inc., can help you determine the optimum InHome window for your campaigns. GrayHair Software, Inc., an independent mail tracking company, has developed unique, customized scan reports containing the information companies need to effectively measure performance against their InHome windows. In 2006, GrayHair tracked more than 25 billion pieces of mail.

Optimizing the InHome Window: An Overview

There are two phases to determining the optimum InHome window. The first is to measure a campaign’s delivery time. That is, you need to determine when the pieces in your campaign actually enter the mail stream, and when they arrive in the recipients’ homes. Delivery time can vary from piece to piece within a campaign depending on where each piece is going. Also, the USPS facilities that handle a mail piece during its journey affect the delivery date, since the processing time varies from facility to facility.

Once you learn the actual delivery times, you can schedule your mailing early enough to

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meet your InHome window. For example, if you decide that your InHome window is Wednesday and you think that the delivery time is three days, you would schedule your mailing for Monday. However, after tracking your mail, you find out that the actual delivery time is five days, and that your mail is arriving on Friday. So, you would reschedule your mailing to go out two days earlier, on the Thursday before your InHome target.

The second phase in determining the optimum InHome window is to measure actual customer response against the actual InHome dates. You may find that response is better early in the month rather than late in the month, or early in the week rather than late in the week. When you have accurate tracking data, you can see which InHome windows achieve the best response rates, and adjust your campaigns accordingly.

Estimating the InHome Window: Seeds, PLANET Codes, and POSTNET Codes

The common way to track delivery time is to use a seed list, a small list of mail recipients chosen to represent the full list. Seed lists are included in with a mailing, and the recipients are asked to notify the sender when the mailing arrives. The recipient may log in to a special web site and enters his or her seed ID and the delivery date. A report is then generated that shows the reported delivery days.

There are several limitations to the seed list method:

- Because it uses a subset of the complete mailing list, a seed mailing does not represent the delivery times for all areas on the list. Delivery times for unrepresented areas may fall outside of the target InHome window.
- There is no record of the specific facilities that processed the seed mailings, let alone each facility's processing time. This method does not enable mailers to identify the delivery patterns of facilities and to take advantage of them.
- The logging process is error-prone. Some recipients may not log in at all, or may enter the wrong delivery date.
- Mailing enough seeds to produce a statistically valid sample can be prohibitively expensive.
- A single piece of mail may "fall through the cracks" and never deliver, making that entire population it represented unknown for delivery.

A better way to determine mail timing is to use PLANET and POSTNET codes. These barcodes, printed in the address block on an envelope or label, contain data on the sender and recipient.

As mail is routed through the postal system and the mail is worked at each mail facility, the USPS scans these codes. The USPS uploads the scan data directly to GrayHair Software computers almost every hour. GrayHair takes the raw data and, using the codes to associate scans of the same piece of mail, produces a clear, easy to understand report showing the actual date the piece entered the mail system, the facilities that processed it, each facility's processing time, and the delivery date. These reports show the projected InHome windows for a campaign.

However, as with the seed method, tracking by PLANET and POSTNET codes has some limitations. When the USPS forwards a piece of mail to a new address, it assigns that new address a new barcode. As a result, the mail loses its original barcode identity and can't be tracked to its new destination. More significantly, it's difficult to keep PLANET and POSTNET codes unique. Different pieces of mail have the same codes.

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Measuring the InHome Window: The IMB

The new Intelligent Mail Barcode (IMB) surmounts these limitations. Combining both codes into one, the IMB uses a new type of barcode that can represent more information. As a result, the IMB encodes more information than its predecessors, but in essentially the same amount of label real estate as the POSTNET. In addition, a mail piece needs only one IMB, in contrast to the older method that required printing both a PLANET and a POSTNET code on the piece.

The most powerful feature of the IMB is that the code assigned to a piece of mail is unique to that piece, just like a license plate. With the older barcodes, two pieces of mail can be imprinted with the same code, compromising accurate tracking. This cannot happen with IMB-encoded mail. Moreover, when a piece of mail marked with an IMB gets forwarded, it retains its unique identity.

Each piece of mail addressed with an IMB can be reliably and uniquely tracked at every sort point on its journey through the US postal system, up through the exit scan. The IMB enables you to measure—not just estimate—the InHome window, down to the last mail piece.

Customers of GrayHair Software can upgrade from PLANET and POSTNET codes to IMB with minimal effort and the tracking costs are about the same.

Once you learn the actual delivery times for your mailings, you can forecast InHome dates more accurately and create more effective campaign models. As you use the IMB throughout the year, tracking reports from GrayHair Software show the actual seasonal delivery times. As you obtain more data and make adjustments based on that data, you improve your InHome window targeting. For example, during seasons when USPS processing is slower, you can schedule an earlier mailing.

For retailers who use direct mail to announce special sales, IMB tracking can accurately target the InHome window for a day or two before the sale. Using mail tracking reports, a retailer can schedule the sale announcements for delivery on a Thursday and Friday for a weekend sale, maximizing consumer interest for a more successful marketing effort.

Moreover, as you track your campaigns throughout the year you may find that at different times of year, different InHome windows yield higher response rates. Your planning will become more exact because you are able to compare the actual delivery curve with the response curve, and adjust your campaign schedules accordingly. Also, using tracking reports based on IMB scans enables you to plan for the next mailing more quickly because you do not need to spend two or three months analyzing a seed mailing.

Operational Benefits

Optimizing the InHome window and using IMB tracking reports from GrayHair Software can increase your campaign response rates as well as benefit your company in other ways. To start with, you will save on marketing and mailing costs, because you may find that you can get a better return with more-targeted mailings. Here are just some of the ways your company may benefit.

More Efficient Call Center Staffing Knowing the actual InHome window lets you predict when you may see an increase in calls and inquiries, enabling you to staff your call centers to meet demand. For example, assigning IMBs to its marketing mailings and analyzing the tracking reports, a credit card company finds that more people sign up for its card at the beginning of the month than in the middle or the end. Responding to this data, the credit card company increases the staffing at its call center for the first week of the month to handle the surge of new sign-ups.

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More Accurate Handling of Late Payments Mail tracking can help improve the way you process customer invoices. Printing an IMB above the return address on an invoice enables your company to track the payment's mailing date. You can use this information to stop an overdue notice or dunning call. Conversely, GrayHair Software can produce a tracking report for you listing any invoices delivered after the due date. This information can be entered into the customer's record, stopping a penalty charge or a late notice.

Better Demand Predictions Knowing the actual dates when a marketing campaign arrives in home enables you to predict when responses will start coming in and when the campaign's half life will occur. An IMB can also be printed on offer response cards to identify the particular offer and sender. By running a daily report on the number of responses in the mail, you can ensure you have sufficient stock for quick shipping, avoiding customer frustration with back-orders.

Monitoring Your Mail Vendors IMB tracking is a great tool for monitoring vendors. To confirm that the letter shop mailed the campaign on schedule, many mailers rely on the date written on a USPS Form 3602. However, this form is just a payment receipt; it is not proof that the USPS received the campaign mailings that same day. Because tracking reports accurately show the date, time, and facility where each mail piece entered the USPS system, they provide mailing confirmation. They show you if your campaign was mailed on scheduled, or early, or late.

Conclusion

The USPS is encouraging mailers to use the IMB today. In fact, starting in early 2009, the postal service will require mailers to use the new code in order to receive automation discounts. This is not the only reason you should convert to IMBs now. Discounts are just the tip of the iceberg.

Implementing mail tracking with the new IMB enables you to define, manage and improve the InHome windows of your direct mail campaigns. Effective mail tracking helps you improve your operations and customer satisfaction. Better InHome windows improve your campaign results.

Delivery Times of USPS Facilities

Each type of USPS facility has an average delivery time. Learning the actual delivery times of the facilities that process your campaigns can help you manage the InHome window and control your budget.

- **Bulk Mail Centers (BMCs)**, the largest mail processing facilities, average three to five days.
- **Auxiliary Service Facilities (ASFs)**, which are typically smaller BMCs serving lower-density areas, average two to four days.
- **Sectional Center Facilities (SCFs)** put letters and flats in delivery sequence for the mail carriers, and average one to three days to process each piece.

These averages vary by season, and from facility to facility.

Tracking reports from GrayHair Software show you the exact processing times of the particular facilities that handle your mailing. With this information, you can adjust your campaign schedule. Even more, you can choose to drop-ship your mail from the most efficient facilities, achieving the quicker delivery time of first-class mail at standard mail rates.

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About GrayHair Software, Inc.

GrayHair Software, Inc., is an independent, enterprise-wide Confirm service provider, and the largest provider of USPS tracking services. We processed more than 25 billion tracking scans in 2006, and project 35 billion for 2007. We track mail for the largest banks and credit card issuers in the US, work with almost every significant mailer in the US, and are the preferred vendor of the largest mail houses, printers, and lettershops.

GrayHair was founded and is managed by executives from the industries that we serve. We view things from the mail owners' perspectives. We have developed over 400 different scan data report formats to meet the varied needs of different industries and types of mailers. Our clients benefit from clear, *actionable* reports that enable them to develop effective mail campaigns and manage their InHome windows.

The executives of GrayHair are active members of the major standards committees, including MTAC, Mail.dat, and Confirm. GrayHair Software is building the future with the postal service, partnering with clients, and creating a more intelligent process for tracking campaigns while optimizing response rates.