



# How To Use Data Hygiene To Maximize Your Direct Mail's ROI

---

mmidirect



Dear Reader,

As you're probably aware, following strong data hygiene principles can be every bit as important to the return on investment your mailing attains as having a strong message and an attractive mail piece. During the 40 years I've been helping clients use data hygiene to clean up their mailing lists, I've learned that there's a lot of confusion about how to accomplish this.

I wrote this eBook to explain the actions you should take to ensure that the addresses on your mailing list are deliverable and that your mailing is being sent to those most likely to respond to your mailings.

The eBook starts by explaining the tools available to improve the deliverability of your list and the categories of addresses you may wish to exclude from your mailing. Since the secret to making sure you're mailing to the most responsive names is to set up and analyze well-designed tests, the next chapter covers exactly how to do so. Finally, we explain how to make sense of the data-filled reports you get from your data processing software or consultants, and the important questions you'll want to use them to answer.

After following the processes in this eBook, the vast majority of the addresses on your mailing list should be deliverable and the addresses most likely to be nonresponsive will have been eliminated. The last step you'll want to take before finalizing your list is to make sure you're not sending more than one copy of a particular mailing to an individual or household. Our next eBook will explain how to optimize your merge purge process to accomplish this.

I'm thrilled to pass this hard-earned knowledge along to you and hope you find it useful. However, if you find all of this a bit overwhelming and would prefer to rely on experts to manage your lists, the last chapter outlines what you can expect from a partnership with MMI Direct.

**Hang on tight – here we go!**

Marvin Dawson, Vice President  
MMI Direct - December, 2015

# Contents

	Page
<b>Making Sure Records Are Deliverable</b>	<b>4</b>
a. CASS Certification	5
b. National Change of Address	5
c. Proprietary Change of Address	6
<b>Choosing Addresses To Omit From Mailing</b>	<b>7</b>
a. Types Of Addresses Typically Omitted From Mailings	8
b. Special Cases Requiring More Consideration	9
c. Addresses With Questionable Delivery	11
<b>Testing Key Data Hygiene Decisions</b>	<b>12</b>
a. Testing The Responsiveness of A Type Of Address	13
b. Testing Whether PCOA Is Cost-Effective	15
c. The Importance Of Retesting	15
<b>Understanding Your Data Hygiene Reports</b>	<b>16</b>
a. The List Hygiene Report	17
b. The List Processing Report	20
<b>What To Expect From A Partnership With MMI Direct</b>	<b>23</b>



🏠 7160 Columbia Gateway Drive, Suite 300  
Columbia, MD 21046

🌐 [www.mmidirect.com](http://www.mmidirect.com)    ✉ Email: [marvin@mmidirect.com](mailto:marvin@mmidirect.com)

📞 Office: (410) 561-1500    📱 Cell: (410) 303-2106



# Making sure records are deliverable

---

Nothing is more wasteful than paying to mail something that is undeliverable. Not only does such a mail piece not get seen by the person you think would likely find it interesting, it doesn't get the chance to convince anyone at all!

We recommend that every list be processed through at least the first two steps outlined on the next page prior to every mailing, and periodically through the third step:

# 1 Coding Accuracy Support System (CASS) Certification:

---

The introduction of the nine-digit zip code in 1983 ushered in a substantial improvement in mail delivery. The additional 4 digits allow each street (and sometimes each house or apartment building) to have its own unique zip code, dramatically improving the accuracy of both automated mail processing and sorting at the local post office.

CASS Certification software evaluates the accuracy of the provided addresses and improves the quality of the address through address standardization, zip code correction, zip + 4 append, and carrier route code append. It also adds a delivery point barcode as part of matching to the Delivery Point Validation database. Finally, through the LACS (Locatable Address Conversion System) process, CASS converts old-style addresses (e.g., addresses like "Rural Route 1") to modern street names.

This pre-processing is considered so crucial by the U.S. Postal Service that they require your list to be CASS Certified no more than 180 days prior to the date you send out a mailing in order to qualify for postal discounts.

# 2 National Change of Address (NCOA):

---

The U.S. is a very transient country. With over 11% of all Americans moving in a typical year, keeping your direct mail list up-to-date is an ongoing challenge.

The USPS keeps a list of every one who has filed a Change of Address form and updates the list every week. Checking your list against the NCOA database allows you to reach your prospect, customer or donor almost immediately at their new address. This is doubly important for standard class mail, since the Post Office charges extra to forward bulk mail.

In order to qualify for reduced postal rates, the USPS requires you to process your list through NCOA or a similar USPS-approved process within 95 days of a mailing.

## 3 Proprietary Change of Address (PCOA):

---

Unfortunately, as many as 40% of Americans who move don't bother to file a change of address notice with the USPS. However, even those who didn't change their address with the post office probably did notify their cell phone company, cherished magazines, and other companies they did not want to lose touch with. So a consortium of these organizations banded together in 1995 to share this information with each other and make the data available to data processing services like MMI Direct.

PCOA processing is not required by the USPS and there is, of course, a separate charge for it. It is definitely worth testing to see whether running your list through the PCOA database pays out in terms of higher returns on your mailings. Fortunately, while PCOA processing used to cost several times more than NCOA, PCOA's cost has dropped substantially in recent years.

Assuming the benefits of PCOA do pay out for your list, you also need to determine how frequently you should use it. Relocation rate is heavily dependent upon age -- Americans in their twenties move nine times more frequently than those in their seventies, for example. It is also heavily dependent upon income, with almost twice as many Americans earning less than \$5,000 a year moving in 2012 (13%) compared to those with an annual income of over \$100,000 (7%). So it may make sense for managers of lists consisting primarily of older, wealthier donors to run their full house list through PCOA far less frequently than a company whose target audience is young gamers.



# Choosing Addresses To Omit From A Mailing

---

Deciding what types of addresses to exclude from a mailing is surprisingly complex, and your decision may change depending upon whether you are dealing with your house list or a rented acquisition list. We'll consider the questions you want to ask by category.

## Types of addresses typically omitted from mailings

---

While there are undoubtedly businesses that would find it profitable to mail to one or more of the following categories of addresses, some will not. These are the types of addresses we almost universally recommend excluding from a mailing:



**Jails or Prisons:** There are few organizations for whom prisoners are likely customers or donors.



**Military:** Because of the likelihood they may be stationed overseas or living on a ship for extended periods, military personnel with APO or FPO addresses are typically excluded from mailings.



**Nursing Homes:** Residents of nursing homes are often not in a position to decide on a purchase or to make a donation.



**Trailer Parks:** If your product is priced higher than a resident of a trailer park is likely to be able to afford, you may want to omit such addresses from your mailing list.





**Vacant Lots:** Mailing to an address where the house is unoccupied and there is no forwarding address rarely makes sense. If there is no house or other structure on the property and you're not a builder, investor or real estate agent, it's hard to imagine that mailing to such an address will pay out.



**Disaster Areas:** If an area has recently been hit by a natural disaster, you should strongly consider either postponing the mailing or excluding the area from your mailing. Not only are any remaining residents likely to be focused on basic survival issues, but mail delivery is often suspended for extended periods following major disasters.




 **Addresses That Contain Profanity or Buzz Words:** Disgruntled people will sometimes add an offensive address to a list for the purpose of angering the recipient. For 15 years, MMI has been continually updating a special data file designed to screen out addresses containing inappropriate words and phrases.

 **5- or 6-line Addresses:** Unusually long addresses are often chopped off on the envelope, causing the mail piece to become undeliverable. Even if your mailing can accommodate them, you may want to exclude such addresses if individuals in large companies are not part of your target market.

## Special Cases Requiring More Consideration

---

There are a number of categories of addresses that may or may not make sense for you to mail depending upon your organization's target audience and the type of mailing you're doing:

 **Deceased Records:** First of all, if a family member has contacted your company to ask that no further mail be sent to the deceased, offer your condolences and immediately remove them from all future mailings. You should also periodically match your file against one or more of the databases that contain reported deceased records. However, it may not be a good idea to remove these records from your house list. The surprising reality is that mailings to deceased individuals often have a solid response rate. Perhaps the surviving spouse wants to continue to contribute to the organizations the couple used to support together, or perhaps the record was incorrectly flagged as deceased.

If you're dealing with a rented acquisition list, however, your decision is likely to be different. Since the family has no prior relationship with your organization, mailing to records flagged as deceased is less likely to be productive and we typically recommend cleansing such names from an acquisition list.



**DMA Pander:** People on the DMA Pander list have asked the Direct Marketing Association to remove their names from direct mail mailing lists. We strongly recommend that all such records be removed from an acquisition list. However, the people on your house list have expressed interest in your organization at some point and you should continue to mail to them unless they specifically request to be removed from your list.



**Records with Company Names:** If your target audience is consumers, you may want to drop any names with a business address. In practice, the majority of our clients in this situation drop names with a business address from acquisition lists but keep them on house lists.



**No Names:** If you are soliciting individuals and there is no name in the record, there are several factors you might want to consider. If your mailing doesn't have a lot of personalization and the demographics of the address are good, you may want to keep the record and add "Current Resident" or "Friendly Neighbor" as the first line of the address.

Separately, if there is a company name and businesses are part of your audience, mailing to the record may be appropriate. You may wish to add a title such as "Chief Marketing Officer" to route it to the appropriate person in the company.



**Unique Zips:** Large facilities like the Pentagon or major universities have their own zip codes. If you are doing a mailing to consumers, you may want to avoid having your mail piece get lost in the mail room of such as a large organization.

## Addresses with Questionable Deliverability

---

Finally, there are special categories of records that may or may not be deliverable:



**CASS Rejects and NoPlus4 Records:** If there's a major problem with the records – there's no street address or the zip code is in the wrong state – it should be removed from the mailing. However, if the zip code is in the right city but CASS couldn't append the zip+4 code, don't automatically drop the record; it may well be delivered. Look at the flags or footnotes CASS appended to your file and choose which records to drop based on the type of error CASS indicated.



**NCOA Nixies:** This person filled out a change of address form with the U.S. Postal Service, but did not provide a forwarding address. You may be able to identify a forwarding address for some of these records through the PCOA database. If not, these records should be dropped from your mailing as they will not be delivered.



**Potential Nixies:** When this record was processed through the NCOA database, it was close to an address for which a change of address form was filled out. However, the match wasn't exact enough for the USPS to provide a new address. Again, you may be able to identify a forwarding address by using PCOA. If not, study the footnotes USPS assigned to these potential nixies so you can determine whether they are likely to be deliverable or not.



**Temporary Moves:** Many people file a temporary change of address with the Post Office when they take a long vacation or move south for the winter. These records are removed from the database 30 days prior to their reported date of return, so if you've done the NCOA processing immediately prior to your mailing, you might want to exclude these records from your upcoming mailing.



# Testing Key Data Hygiene Decisions

---

One of the most exciting things about direct mail is that you can use hard data to make important decisions rather than relying on guesswork. This chapter explains how to conduct testing for the two primary types of questions you'll want to test.

## Testing The Responsiveness of a Type of Address

---

Determining whether it makes sense for your organization to mail to a particular category of addresses (such as military personnel or those without Zip+4 addresses) typically requires 4 steps:

**1** Include these addresses in a mailing in such a way that their results can be analyzed separately

---

If you want to test whether mailing to deceased members pays out, for example, a component of the source code should indicate whether a particular record has been flagged as deceased.

If you don't want to create separate source codes, an alternative is to provide your service bureau with the responses to the mailing and ask them to break out results by category after the mailing.

**2** Determine the response to the mailing by category

---

Calculate the response rate and average return per customer for the address categories you tested and see how this compares to the rest of the mailing and to company averages.

For example, if there were 63 responses and a total of \$2,105 donated from a mailing sent to 5,000 deceased records, your response rate and average return would be as follows:

$$\text{Response rate} = \frac{\text{Number of responses} \times 100}{\text{Total mailed}} = \frac{63 \times 100}{5,000} = 1.26\%$$

$$\text{Average return} = \frac{\text{Dollars of revenue}}{\text{Number of responses}} = \frac{\$2,105}{63} = \$33.41$$

### 3 Calculate whether mailing to this type of address pays out

---

To calculate pay out for this segment of the mailing, compare the cost of mailing to these addresses to the revenue that accrued:

$$\begin{aligned} \text{Mailing Cost} &= \frac{\text{Number of pieces} \times \text{Total cost of mailing}}{\text{Total pieces mailed}} \\ &= \frac{5,000 \times \$42,400}{81,500} = \$2,601 \end{aligned}$$

Since the company paid \$2,601 to receive \$2,105 in donations, mailing to these deceased records did not pay out.

## 4 Compare the return for this segment to company objectives

---

Even if a mailing doesn't cover its costs, however, it may still meet company objectives. The reason for this is simply that many donors will give more than once, making the long-term value of a new donor higher than the revenues from this first donation.

Every organization's objectives are different, and you should compare the response of the tested segment to company goals before concluding whether it makes sense or not to omit these types of addresses from future mailings.

## Testing Whether PCOA is Cost-Effective

---

In order to determine whether the response rate of a PCOA-improved list is higher than that of the original list, companies typically split the PCOA-updated addresses into two separately-coded segments. Half of the records are mailed to the new address PCOA has provided and half are mailed to the original address in the file.

In order to determine whether the improved deliverability of the PCOA segment brought in enough additional revenue to offset the cost of PCOA processing, compare the response rate and dollars of revenue of the two segments.

## The Importance of Retesting

---

We recommend retesting your key data hygiene decisions every two to three years. Just because a test five years ago found that a certain category of addresses should be omitted or that PCOA did not pay out for your company list does not mean that the same thing holds true today.



# Understanding Your Data Hygiene Reports

---

The reports you receive from your data processing team contain a wealth of interesting information. The following sections explain how to read the List Hygiene and List Processing reports and the questions they're designed to answer.



## The List Hygiene Report

The List Hygiene Report shows what changes were made to clean up the data file as it was run through CASS, NCOA and PCOA. Your report will likely look similar to the following:

Description	Select	Input	Zip + 4	Zip +4%	Zip Corr	Zip Corr%	Moves w/ New Address
House List	A	30,140	29,988	99.50	61	0.20	1,082
House List	B	29,014	28,860	99.47	44	0.15	1,572
House List	C	20,131	20,023	99.46	38	0.19	1,364
Acquisition List A	\$10 + 24 Month Donors	95,973	95,829	99.85	0	0.00	1,053
Acquisition List B	Active Subs	60,922	60,731	99.69	18	0.03	433
Acquisition List C	Donors/Activists	10,004	9,985	99.81	5	0.05	196

Description	Select	Moves w/o New Address	Moves %	PCOA Moves w/ New Address	PCOA Moves %	Apt Number Appended / Corrected	Addresses Enhanced
House List	A	100	3.92	1,825	6.06%	136	3,782
House List	B	100	5.76	2,066	7.12%	144	4,575
House List	C	103	7.29	1,672	8.31%	79	3,689
Acquisition List A	\$10 + 24 Month Donors	184	1.29	250	0.26%	22	1,722
Acquisition List B	Active Subs	160	0.97	1,070	1.76%	267	10,700
Acquisition List C	Donors/Activists	54	2.50	224	2.24%	73	748

Each row covers a different segment of records. One row may consist of donors in the house file who've given \$50.01 to \$75.00 in the last three months, for example. Another row may include acquisition list records for donors who gave at least \$10 in the last 24 months to another company in your industry.

The columns contain the following information for each category of records:

- **Input:** The total number of records in the original file.
- **Zip + 4:** The number of records containing a nine-digit zip code after CASS processing.

- **Zip Correction:** The number of records for which the original zip code was found to be incorrect.
- **Moves with New Address:** The number of records for which the recipients have filed Change of Address notifications that included their forwarding address with the USPS. These records have been updated with the new address.
- **Moves without New Address:** The number of records that NCOA flagged as moves but for which no forwarding address is known, the box is closed, or the new address is out of the country. These types of records are referred to as "NCOA Nixies".
- **PCOA Moves with New Address:** The number of post-NCOA records for which PCOA identified a new address.
- **Apt. Number Appended/Corrected:** The number of records for which PCOA was able to add or correct information about the apartment number.
- **Addresses Enhanced:** The total number of records whose addresses were made more deliverable during one or more of the processing steps. This total includes the number of records for which a nine-digit zip code was added by NCOA, a number that is not separately reported in the report.

In most cases, the column containing a count of the number of records meeting a certain criteria is followed by a column showing what percent of the total file these adjustments represent.

The List Processing Report provides answers to three important questions:

## 1 How clean were the original files in the mailing?

---

If 11% of the records in a file were updated with new addresses, it is likely that this file isn't being run through NCOA on a regular basis. This doesn't necessarily mean that it is a bad file; more likely, it is not being mailed to frequently.

## 2 Could a processing step have been inaccurately performed?

---

If none of the records in a particular group were updated with new addresses, there's a good chance that an earlier processing step messed up the name or address fields.

## 3 Do any of the acquisition lists look suspect?

---

For example, if a list that purports to consist only of donors who've given in the last 3 months has a 10% hit rate for new addresses, this list is probably not as described.

## The List Processing Report

The List Processing Report shows the records that were dropped from the final mailing list for various reasons prior to merge purge operations. Your List Processing Report probably looks somewhat like this one:

Description	Segment	Provided Input	Conversion Rejects	Deceased Rejects	NCOA Undeliverables	DMA Pander Rejects	Prison Rejects	Profanity Rejects
House List	A	30,140	0	440	98	379	0	29
House List	B	29,014	0	573	98	363	3	33
House List	C	20,131	0	419	99	287	1	28
Acquisition List A	\$10 + 24 Month Donors	95,973	0	464	181	4	0	0
Acquisition List B	Active Subs	60,925	3	672	160	6	566	50
Acquisition List C	Donors/Activists	10,005	1	601	54	72	3	21

Description	Segment	CASS Rejects	Military Rejects	No Name Rejects	Vacant Rejects	Company Rejects	Total Rejects Prior To Merge	Merge Purge Input	Percent Kept
House List	A	78	6	11	214	113	1,368	28,772	95.46%
House List	B	79	4	4	231	168	1,556	27,458	94.64%
House List	C	51	5	10	174	146	1,220	18,911	93.94%
Acquisition List A	\$10 + 24 Month Donors	8	1	0	64	0	722	95,251	99.25%
Acquisition List B	Active Subs	97	1	397	166	1	2,119	58,806	96.52%
Acquisition List C	Donors/Activists	1	0	11	59	0	823	9,182	91.77%

The numbers in this report reflect the number of records which were dropped from the list for different reasons.

If you have chosen not to remove a certain category of records (such as deceased records on your house list, for example), these columns will show 0. A short explanation of each of these categories follows:

- **Provided Input:** The original number of records in the data file.
- **Conversion Rejects:** Attempting to convert the address to a standardized format resulted in an unusable address. This often occurs with international or blank addresses.

- **Deceased Rejects:** The number of individuals reported to have deceased whose records have been removed from the list.
- **NCOA Undeliverables:** NCOA believes these people moved, but no forwarding address is on file.
- **DMA Pander Rejects:** These people have requested to not be sent unsolicited direct mail.
- **Prison Rejects:** These records are addressed to a prison or jail.
- **Profanity Rejects:** These addresses contain obscenities or buzz words.
- **CASS Rejects:** These addresses were judged not to be deliverable during the CASS Certification process.
- **Military Rejects:** These addresses are on a military base.
- **No Name Rejects:** Record does not contain an individual's name.
- **Vacant Rejects:** No one is believed to live at this address, either because the house is vacant or this is a vacant lot.
- **Company Rejects:** Record appears to refer to a company address.
- **Total Rejects Prior to Merge:** The number of total records which were dropped from the mailing list for one of the reasons identified above.
- **Merge Purge Input:** The number of original records less those rejected for any reason during data hygiene processes.
- **Percent Kept:** The percentage of the original list that has successfully completed all data hygiene operations and is being forwarded to merge purge.

Rather than learning the ever-changing intricacies of data hygiene and merge purge themselves, many companies prefer to hire an expert to do it for them. If you're in the market for data processing assistance, we'd love to earn your business!



# What To Expect From A Partnership With MMI Direct

---

Our principals have been managing data hygiene and merge purge operations for a wide variety of companies for 40 years. We eat, breathe & dream about data!

We approach every client's project with a fresh eye. There's no cookie-cutter approach with us -- we dive into your business to understand what makes it unique so we can recommend only those list management processes which will cost-effectively meet your objectives and goals.

We pride ourselves on providing our clients with the best results as inexpensively as possible. Because we approach each new project as the start of a long-term partnership, we're proud to report that few of our clients ever leave us!

“

Working with MMI Direct is like having another team member on our projects. They understand how important deadlines are in our business and always help me meet them – even when lists are late.

No matter how many projects are active or how they change, MMI is always on top of it, managing all the little details, which in this business is what it's all about. The team is always going above and beyond what's required, helping us to prevent problems and avoid delays. I could not imagine working with anyone else to get my data processed correctly and on time.

”

**Melissa Young**

Vice President of Marketing,  
New Market Health



Sound Interesting?

**Let's Talk!**

---



Request a Free Phone  
Consultation or call

**(410) 561-1500**