



TOPIC: Meeting the Move Update Standard

CHANGES:

Effective November 23, 2008, mailers who claim First-Class Mail® commercial prices (nonautomation and automation rates) and all Standard Mail® mailers must demonstrate that they have updated their mailing list within 95 days prior to the mailing date.

WHY:

A primary reason for the inclusion of Standard Mail® mailings to the regulation is that in an independent study of Undeliverable as Addressed (UAA) mail, Standard Mail® accounted for 62.8% of all UAA mail! The Postal Service and the mailing industry believe the regulation is critical to both the interests of business mailers and the continued vitality of the Postal Service. In fiscal year 2004, the Postal Service handled 9.7 billion pieces of UAA mail at a cost of \$1.85 billion. That cost is translated into the price of postage.

And according to a report published by The Data Warehousing Institute in 2002, “Poor quality customer data cost US businesses a staggering \$611 billion a year in postage, printing and staff overhead.” That amount did not include the costs associated with losing and alienating a customer, which are ever greater. And relative to Direct Mail marketing, incorrect or invalid addresses could mean the difference between a successful campaign or a failed campaign. Because delivery of inaccurately addressed mail may be delayed, time-sensitive promotions may be ineffective. Receiving an advertisement of a sale or event after it has happened not only means lost opportunity but perhaps even disgruntled prospects! And clearly, if the offer never is received, prospects cannot respond at all!

Thus, the cost of UAA mail to businesses and organizations may include:

- Delayed delivery
- Lost opportunity
- Customer dissatisfaction
- Material and postage waste
- Labor waste

So while it is necessary for mailers to be compliant with the Move Update Standard, it really makes good business-sense for mailers in all organizations to ensure the utmost quality of their address databases!

DETAILS:

The Move Update Standard is met when an address used on a mailpiece in a mailing for any class of mail is updated with a USPS®-approved method and the same address is

used in a First-Class Mail® or Standard Mail® mailing within 95 days after the address has been updated.

The regulation does not apply to mail bearing an alternative address format, i.e., “Postal Customer” or “Occupant,” “Householder,” or “Resident”. This is because mail with an occupant or an exceptional address format is delivered as addressed to the physical location rather than the “person”.

Also, when a customer contacts a business and as a result is added to the list, the newly added address can “ride” with the list until the next cycle for update. The address can be added to the list only if the customer has requested services or literature or has purchased merchandise. (Refer to the USPS® Move Update FAQ available at <http://ribbs.usps.gov/>)

USPS® - APPROVED METHODS:

Ancillary Service Endorsements allow the mailer to obtain, on request, the recipient’s new (forwarding) address (if that recipient had filed a change-of-address - COA - order with the Postal Service) or the reason for nondelivery. Approved endorsements include Address Service Requested, Return Service Requested, temporary Return Service Requested and Change Service Requested (used with Address Change Service for First-Class Mail® or as a stand-alone option for Standard Mail®). (Refer to the Quick Service Guide 507d or DMM® section 507.I available on the Postal Explorer® Web site at <http://pe.usps.gov/>)

Note that Forwarding Service Requested is not an approved method because in the first 12 months, the mailer is not notified of the recipient’s new address.

The endorsements are the same for all classes of mail, but the treatment and cost differ by class of mail. The mailer must pay any applicable charges for forwarding or return of the mailpiece, and a separate address notification charge (manual is 50¢).

To complete the Move Update process, the mailer must make the address changes received as a result of the use of the approved ancillary service endorsement. It is recommended that mailers retain address correction records for up to two years.

As a “reactive” option, meaning that mailpiece is addressed and entered into the mailstream with an inaccurate address, potential drawbacks might include:

- Re-mailing and/or recreation of mailpiece may be necessary
- Delivery may be delayed, negatively impacting response time or cash flow
- Use of the “wrong” endorsement could be very costly! For instance, if “Address Service Requested” was used on a Standard Mail® mailpiece, and the addressee moved 13 months ago, the mailpiece would be returned with new address attached and a weighted fee would be charged. The weighted fee equals single-piece First-Class Mail® or Priority Mail® price (plus the nonmachinable surcharge, if applicable), multiplied by 2.472.

Example: Postage for a 14 ounce automation Mixed ADC flat-size catalog mailed

as Standard Mail® costs \$.979. Whereas the weighted fee, for the return of the mailpiece would be the Priority Mail® price of \$4.90 x 2.472 = \$12.11! (\$4.90 reflects the January 2010 Retail price for a 1-pound package, Zones Local, 1 and 2.)

- Generally, ancillary service endorsements would not meet the Move Update Standard if the mailings extended beyond the 95-day timeframe!

Benefits of this option include that endorsements enable the mailer to obtain, on request, the addressee's new (forwarding) address, if the addressee filed a change-of-address order, or the reason for nondelivery. To the Postal Service, endorsements provide instructions for the disposition of undeliverable-as-addressed mail.

Address Change Service (ACS™) is a process for mailers to receive address changes electronically from the Postal Service to update their next mailing. Depending on a mailpiece's class and endorsement, mailers may also receive information on addresses that are undeliverable for reasons other than a customer move. There are two options:

1. OneCode ACS® service using the Intelligent Mail® barcode and a mailer ID, or
2. ACS™ used with a participant code and an appropriate ancillary service endorsement

For either option, the “Address Service Requested” or “Change Service Requested” endorsements can be printed on First-Class Mail® mailpieces and are required for Standard Mail® mailpieces.

To complete the Move Update process, the mailer must make the address changes received as a result of notifications. It is recommended that mailers retain address correction records for up to two years.

Benefits include that participants can use electronically generated address correction information to update their mailing lists more easily and in a timelier manner than via the manual process, and more cost-effectively:

- Per electronic notice, or a manual notice for electronic option customers, First-Class Mail® \$0.10; Standard Mail® \$0.26
- Per automated notice (OneCode ACS®), First-Class Mail® letters (first two notices) \$0.02 and each additional notice \$0.08; Standard Mail® letters (first two notices) \$0.05 and each additional notice \$0.20
- Pieces eligible for the Full-Service Intelligent Mail® option as described in the DMM® section 705.22 are free.

As a “reactive” option, drawbacks are similar to Ancillary Endorsements, i.e., the potential need to re-mail and/or recreate the mailpiece, delayed delivery negatively impacting response time or cash flow.

FASTforward® Multiline Optical Character Reader (MLOCR) is a process that allows physical mailpieces to be updated against the USPS® COA database. If a change of address is provided, the new address is printed directly on the mailpiece. Presort businesses, including Pitney Bowes Presort Services (formerly known as PSI) commonly offer FASTforward® service.

Mailers should consider the following:

- FASTforward[®] program only contains 18 months of COA history. Therefore, if a particular recipient moved longer than 18 months ago, that new address would not be recognized, potentially delaying delivery.
- And while not necessary at this time in order to meet the Move Update standard, mailers may want to work with their presort company and the USPS as part of the FASTforward[®] Move Update Notification (FFMUN) program to receive electronic files of COA information. Otherwise, over the course of time, the mailer's database could eventually deteriorate. This might also have negative ramifications on mailings not processed through FASTforward[®] program.
- Some presort companies might not have the FASTforward[®] system on their flats processing equipment. Thus, another Move Update solution may be required for commercially-priced flat-size mail.

While this option is “reactive” in that the mailpiece is created, addressed and metered before being processed by a presort company, that “wrong” address is often caught and corrected by the FASTforward[®] program, before entering into the USPS mailstream.

Partnering with a presort business not only enables mailers to achieve some level of postal incentive (discount) but it also serves as a simple means of meeting the Move Update standard!

Alternative methods are available for First-Class Mail[®] mailers and require USPS approval. These include the 99% Accurate and the Legal Restraint methods. Mailers should work with their post office for these methods.

National Change of Address Linkage System (NCOA^{Link}[®] system) is an efficient pre-mailing method leveraging the most current USPS address information, including standardized and delivery point coded addresses, for matches made to the NCOA^{Link}[®] file for individual, family, and business moves. The VeriMove[™] solution is the Pitney Bowes NCOA^{Link}[®] solution and provides 48-months of COA history!

As a proactive solution, benefits include that addresses are corrected before mailpieces are addressed and entered into the mailstream, maximizing the opportunity for a fast delivery of revenue-collection and revenue-generating mailpieces. This can often prevent the need to regenerate and/or re-mail mailpieces. SmartMailer[™] or AddressRight[®] Pro solutions with VeriMove[™] Net enable mailers of letter-size and flat-size mailpieces to maximize their postal incentives for qualifying mailings, sometimes at lower prices than a presort company can offer.

The VeriMove[™] solution can be a very valid option for proactive move updates. The investment can be substantially less, especially comparing the super-low cost per correction against the overall costs associated with reactive (post-mailing) solutions.

Even considering the charge for every record submitted (versus only the correction fee when using ancillary endorsements), most savvy mailers would only want to submit the

most accurate and concise mailpieces to the USPS. Mailers wouldn't want to give the USPS pieces that may be delayed or not delivered. Nor would they have wanted to waste the investment in creating, printing, folding, inserting and posting because of inaccurate addresses. Waiting for address correction notices from the USPS could negatively affect turnaround time for subsequent mailings!

Certificate of Compliance

Regardless of the Move Update solution used, the mailer's signature on the postage statement certifies that the mailing complies with all relevant standards, including the Move Update. (See form PS6014 Certification of Move Update Compliance available on <http://ribbs.usps.gov/>)

Verification of compliance is measured through the MERLIN® program.

Effective in January 2010, the following thresholds and additional postage assessments may apply:

- A mailing with 5 or fewer pieces with a COA on file that were not updated by the mailer will pass the verification regardless of the passing percentage.
- A mailing with a passing score of 70% (tolerance 30%) or higher will pass verification
- A mailing with a score below 70% will fail the verification *if there are also* more than 5 pieces with COAs that were not updated by the mailer.

The passing score is calculated using the total number of pieces with a Move Update on file divided into the number of pieces that the mailer updated with the change (within the date range, 95 days – 18 months).

First-Class Mail® and Standard Mail® mailings that fail will be assessed as follows:

- The assessment will be calculated based on only the percentage of failed pieces in excess of the tolerance (30%) multiplied by the total number of pieces in the mailing.
- The fee will be \$0.07 per assessed piece.

In conclusion, the Move Update standard will have a great impact on many organizations, especially Standard Mail® mailers who have not incorporated a Move Update solution into their address quality processes!

Don't wait! Partner with your Pitney Bowes consultant now for information, education and solutions that will enable you to make informed decisions on how to meet this new regulation!

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