LEAN DM.

ELIMINATING
DIRECT MAIL WASTE

THE SOFTWARE BUREAU.

LEAN DM.

INTRODUCING LEAN DM

The Direct Mail sector is worth ***£15.2 billion** in the UK, however despite the maturity of the sector ****20 million** mail pieces are still being incorrectly mailed each month costing businesses an estimated **£200-£300m** annually.

Lean DM is a concept developed by The Software Bureau as a systematic process for mail providers to minimise waste and maximise results of mail campaigns for their clients. At The Software Bureau we aim to establish Lean DM as the gold standard for mail producers in the UK.

20m
Incorrect items per month

£15b
Spent on DM annually

£300m
Error cost per year

ORIGINS OF LEAN

Kiichiro Toyoda, founder of Toyota was arguably the inventor of Lean manufacturing with his 'Toyota Production System'.

As post war demand for Japanese cars was low, Kiichiro sought to transform his car company from a mass production model to a build to order concept.

To do this he focused on the elimination of waste to minimise costs and maximise efficiency of production.

7 types of waste ranging from inventory to transportation to defects were identified and systematically reduced or removed. 'Lean' transformed Toyota from a fledgling car manufacturer into one of the largest brands in the world.
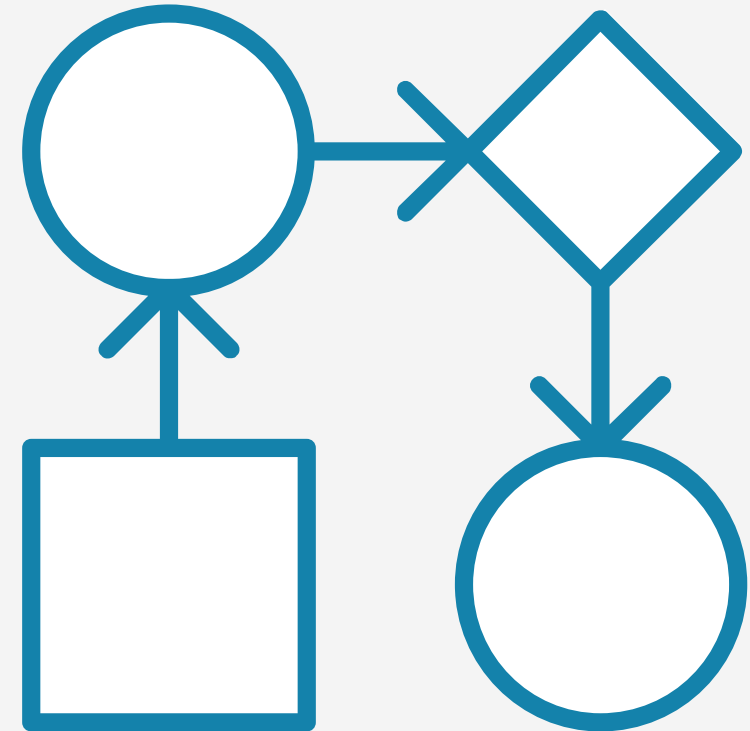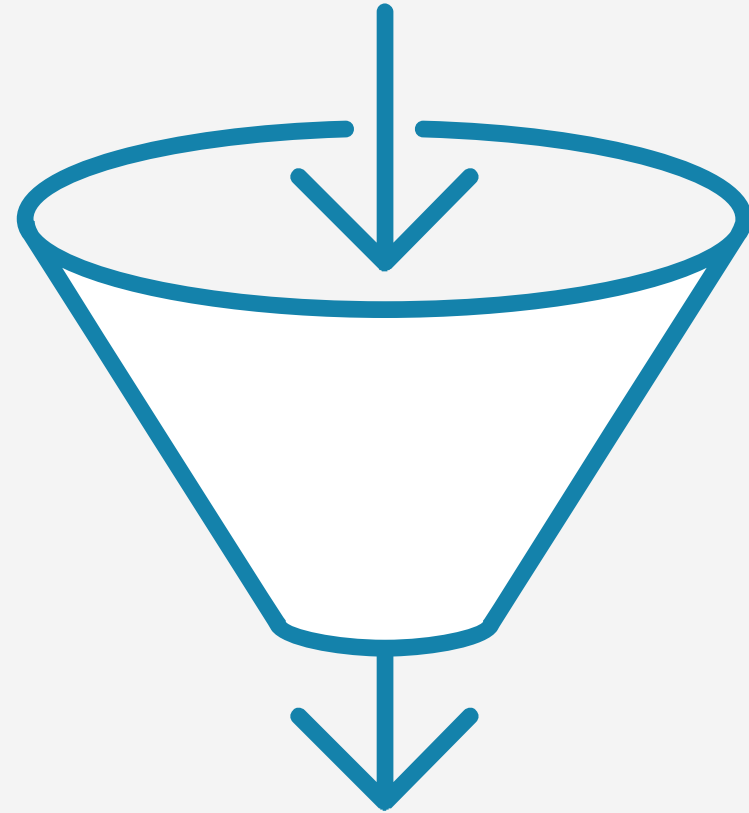
Lean DM is about the elimination of waste within direct mail campaigns

'Waste' defined as anything that doesn't contribute to achieving customer campaign objectives.

5 SOURCES OF DIRECT MAIL WASTE

1. Pack Design
2. Postage Option
3. Data Formatting
4. Data Quality
5. Learning

DIRECT MAIL WASTE REALLY MEANS

Poorer response rates

Increased overall campaign costs

Unhappy customers

LEAN DM BENEFITS MAIL USERS

AND BENEFITS MAIL PROVIDERS

Saves Money
Clients spend less on postage and production of defective mail

A Unique Offering
Applying Lean DM makes you stand out from competitors focused only on price

Better ROI from DM
Recipient quantity maximised cost per response is minimised

Retain Clients
Keep clients longer by becoming their trusted mail advisor.

Stronger Brand
Fewer mailing errors makes your client look professional

New Revenue Opportunity
Lean DM enables you to expand into added value data services

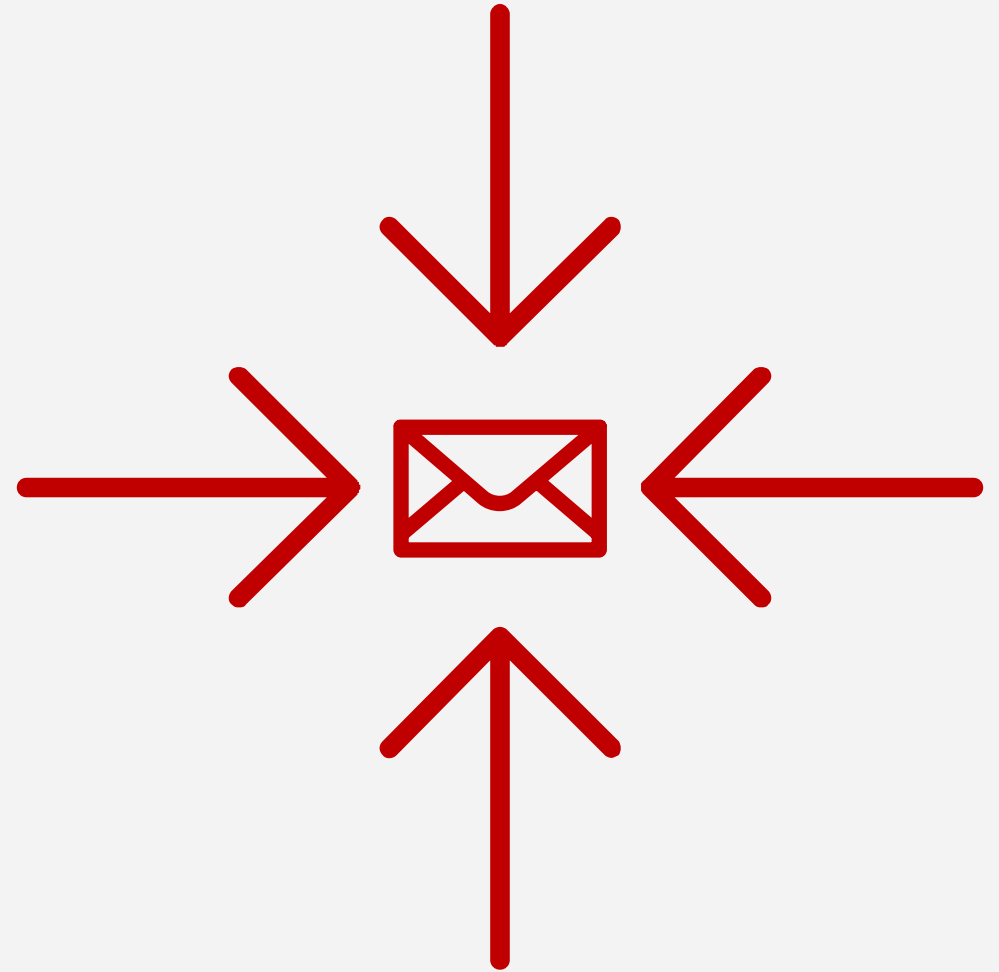THE SOFTWARE BUREAU.

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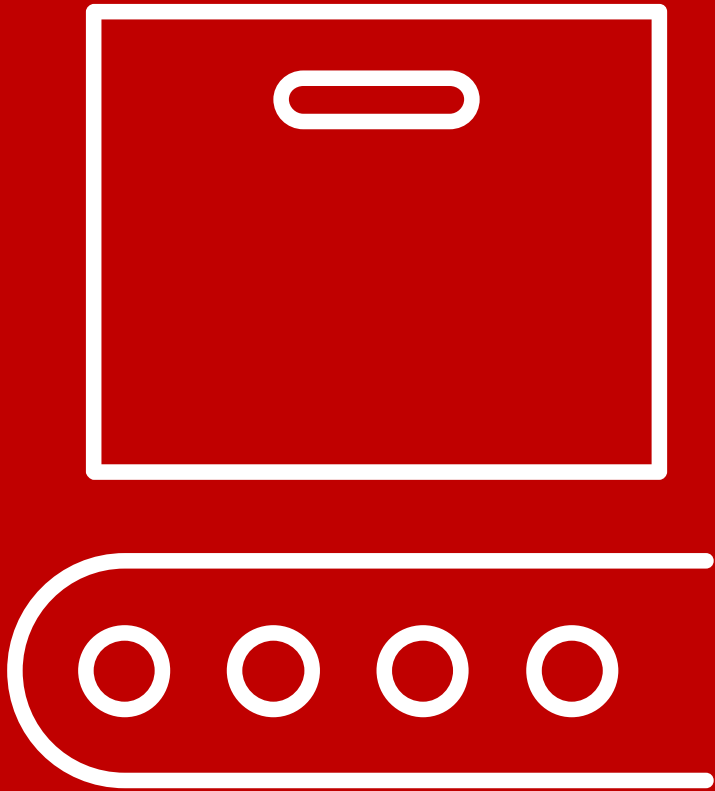
Source of Waste
Pack Design and Postage Optimisation

PACK DESIGN

Up to *34% of postage costs could be saved by optimising the pack to maximise discounts

- **Help optimise your clients postage spend by advising on pack formats**

- **Demonstrate the cost differential between pack sizes, weights and formats**

LEAN DM IN ACTION

STORE CARD MAILING

Lean DM provider advised client how to change the pack format in order to benefit from a significantly cheaper postal service.

£400k p.a.

Annual postage savings for retailer

Source of Waste
Data Formatting

OPTIMISE POSTAGE

Incorrectly formatted addresses can result in adjustment charges ranging from 13.2p to 43.16p per item

- Ensure address data is correctly formatted

- Validate and enhance data

- Exclude Mailsort rejects

- Generate compliant barcode data and barcode formats

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1
Large
Letter

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...ered by

ADDRESS QUALITY

Address data files sourced from CRM and online data capture systems can often include records with an incomplete or missing address

- PAF enhance your address data and discard incomplete addresses

- Remove overseas addresses if the offer is domestic

???????????? ???????????? ??????

Good quality address data will deliver better results

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NAME ERRORS

*97% of consumers say they open correctly addressed mail

- Remove records without a name

- Identify a gender to improve personalisation and targeting

- Use gender specific selections in your deduplication process

- Identify gender conflicts between title and forenames

- Ensure name enhancements make it back to customer data
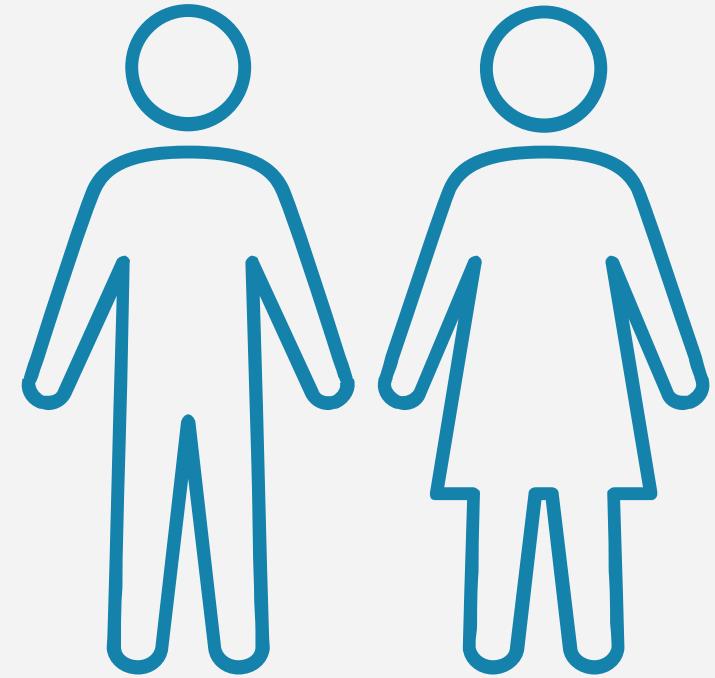
*30% of consumers said they would be less likely to open a piece of mail if their name is spelt incorrectly

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LEAN DM IN ACTION

LEGAL AND GENERAL

Sent account clerk from Leeds Sally Peackock direct mail addressed to Mrs Sex Peackock after a rogue 'x' was added to name data. With a Lean DM obscenity screen this record would have been highlighted and corrected.
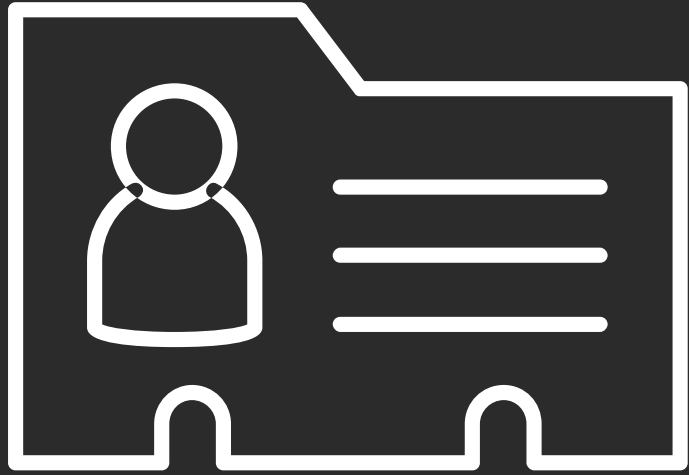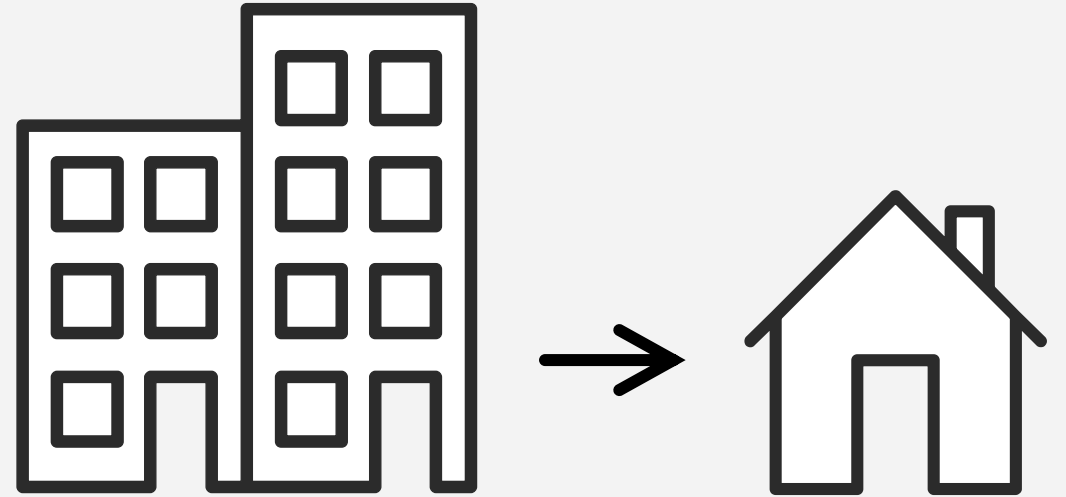
Source of Waste
Data Quality

MOVED / DECEASED

Around *1.5 million households move and *500,000 people die each year in the UK. Mailing to these people is not only costly but reflects badly on the brand

- Ensure you remove or update inaccurate contact data to avoid losing touch with customers and missing opportunities

DUPLICATES

- Identify the correct level of deduplication required

- Build deduplication rules with your client and their specific data files

- Use alternative data anchors in your matching such as; DOB, Tel No.s

- Fine tune your results
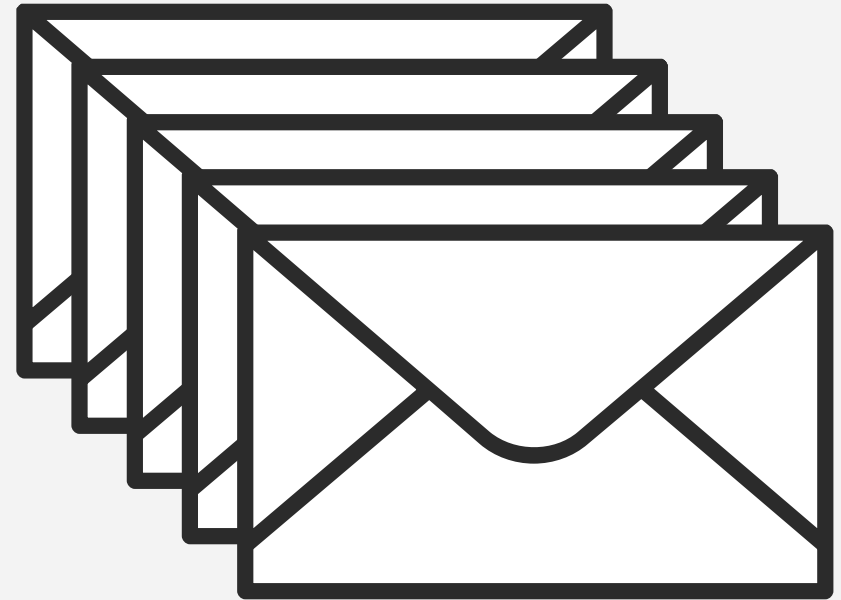
NO MAIL PREFERENCE

On average*40% of returned mail is due to recipients wishing to opt out from mailings

- Ensure clients maintain permissions and preference settings within their CRM

- Screen cold data against Mailing Preference Service

- Hold and maintain suppression files of returned mail on behalf of clients
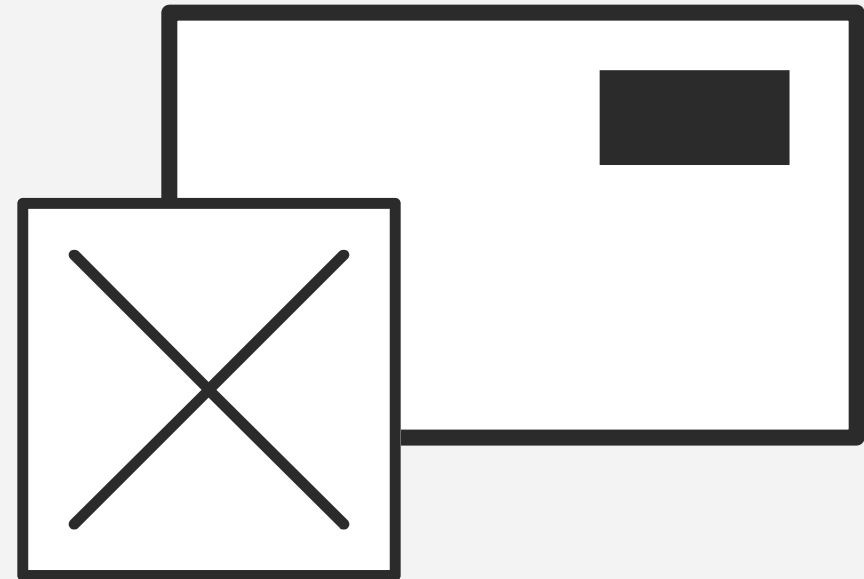
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IRISH WATER

Widow receives multiple offers from Irish Water addressed to her late husband with initials 'RIP' next to his name. A deceased suppression file would have prevented this from occurring.

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Source of Waste
Missing Feedback Loop

RETURN HANDLING

Don't lose contact with valued customers and learn from the mail that gets returned

- Pool mail returns and screen regularly against Home Mover data

- Maintain a suppression file on behalf of customers

- Use marketing automation to update customer data via alternative channels

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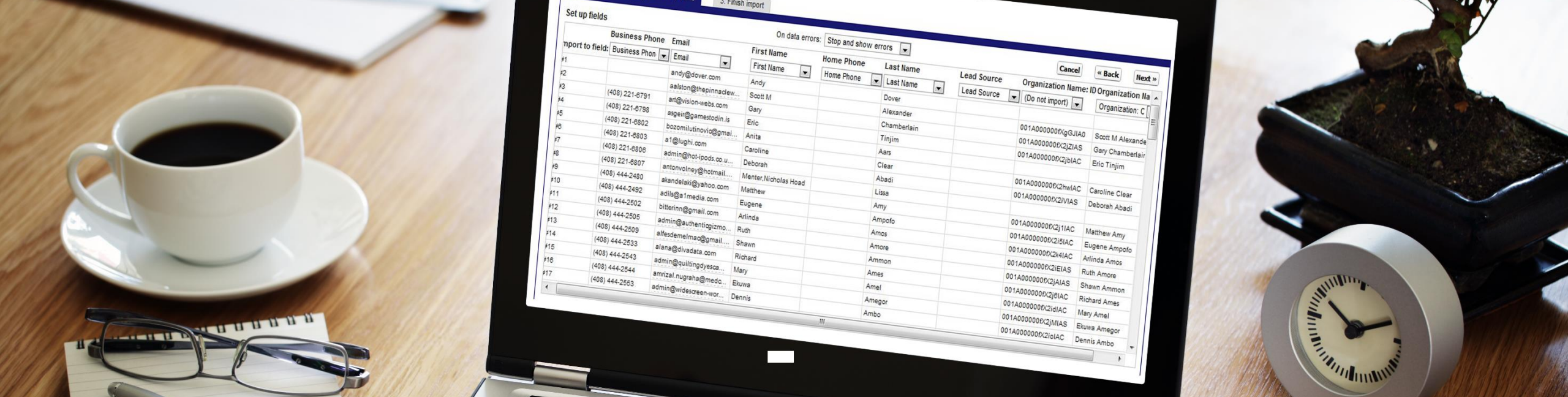
LEAN DM IN ACTION

AA DATA BREAKDOWN

45% of AA's database could not be PAF verified while 2% of those AA claimed were verified were incorrect. A thorough data cleansing campaigns resulted in cost saving of at least £2.8 million.

3.5m

Records found to contain data hygiene errors

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MAIL PROVIDERS THAT OFFER LEAN DM

Develop new chargeable services
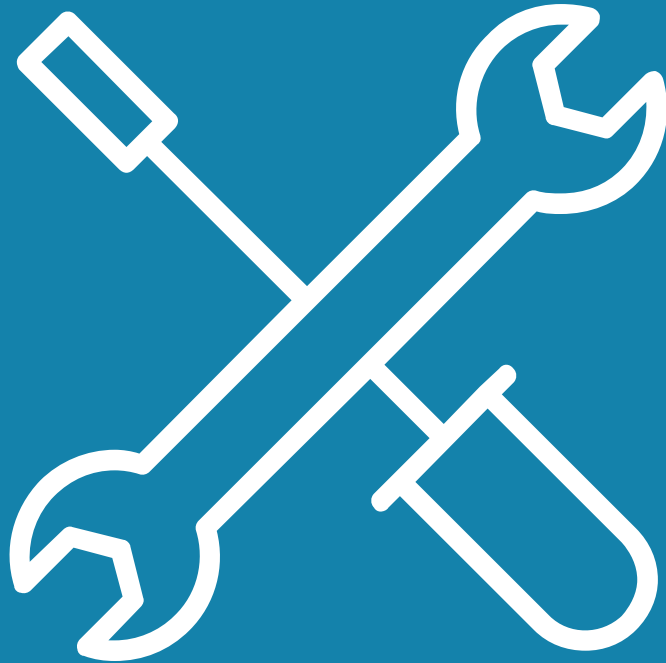
Offer something unique

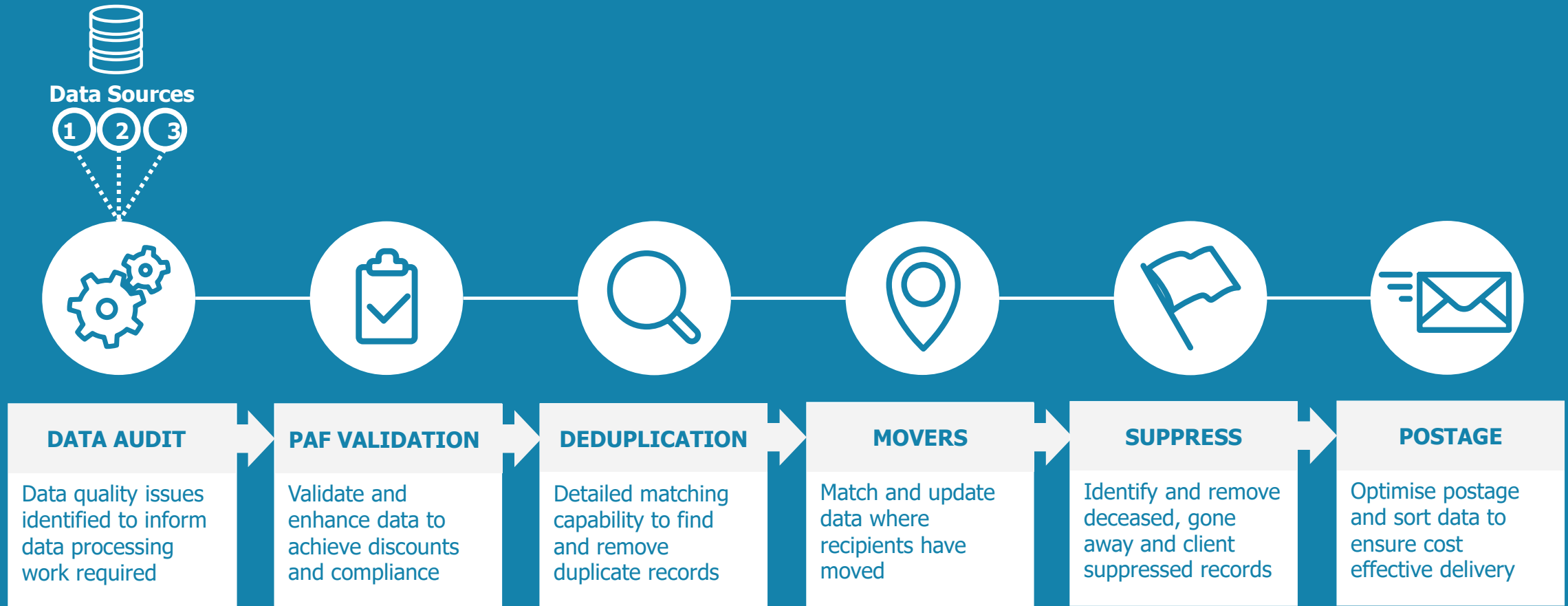Have more satisfied clients

... so where do you start?

Introducing Cygnus
Your Lean DM Toolkit

Cygnus makes it simple to design Lean DM data processing workflows to eliminate waste

TYPICAL CYGNUS LEAN DM PROCESS

Data Sources

1 2 3

DATA AUDIT

Data quality issues identified to inform data processing work required

PAF VALIDATION

Validate and enhance data to achieve discounts and compliance

DEDUPLICATION

Detailed matching capability to find and remove duplicate records

MOVERS

Match and update data where recipients have moved

SUPPRESS

Identify and remove deceased, gone away and client suppressed records

POSTAGE

Optimise postage and sort data to ensure cost effective delivery

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"Since investing in Cygnus we have grown revenues & profits and enhanced our relationships with our clients furthering our marketing services offering."

Jude Whitfield, Managing Director
Pepper Communications Ltd

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