

## How Data Cleansing always saves money for Mailing Campaigns

How using standard [data cleansing](#) techniques, such as goneaway suppression, deceased suppression, Mailing Preference Service and the removal of duplicates, will always deliver a positive return on investment for a mailing campaign.



## Executive Summary

In these days of tightening direct marketing budgets it is important to justify each and every spend to ensure that both value for money and return on investment are demonstrated. This paper sets out to show that data cleansing will always be able to demonstrate a positive return on investment when the data cleansing costs are considered alongside the saving made in the execution of the direct mailing campaign.

Quite often, [data cleansing](#) is seen as an additional cost that was not seen or quantified in the early stages of planning the campaign. Indeed, due to the fact that all data sources are updated regularly, it is not until just before execution of the campaign that accurate costs for data cleansing can be calculated. However, this should not concern the marketer, as this paper shows that the cost of removing any individual record is more than compensated by not having to send a mail to the customer. Because of this, data cleansing should be seen as a saving to the total campaign budget, rather than a cost.

By using Data8 marketers can demonstrate their commitment to ethical and environmental marketing whilst at the same time saving money and improving campaign response rates.

## Cost of mailing campaigns

The costs for a mailing campaign can differ vastly depending on what the marketer sets out to achieve. They vary from a simple postcard to large glossy brochures with digital print techniques offering chances to bespoke each and every item. In addition to this, there are several costs, such as creative or copy writing, that are fixed and not easily divisible by the size of the mailing campaign: we are going to ignore these costs in our study and not spread these costs evenly across each mailed item.

For the purposes of this study, we are assuming the cheapest possible campaign.

### **ASSUMPTIONS FOR MAILING COSTS**

We are assuming that you are mailing an A5 sized colour postcard weighing no more than 35g which qualifies as a “letter” sized item with the Royal Mail. You will print a full colour 2 sided postcard, and then overprint the name and address details on top.

We will assume that you are planning to send 100,000 items, and as such you qualify for Mailsort 700 discounts. As the mailing is not time sensitive, you opt to use Mailsort 3 ensuring the cheapest possible price from the Royal Mail. We shall also assume (rather generously) that you will manage to achieve 100% direct selection regarding your mailsorting and that there will be no residue.

We are also going to assume that you are good negotiators and that you have managed to find a printer with the following aggressive pricing.

All costs are per item.

Purchasing and printing a 2 sided colour postcard :	<b>£0.050</b>
Overprint name and address @ £15 per '000 :	<b>£0.015</b>
Mailsort management fee @ £5 per '000 :	<b>£0.005</b>
Royal mail charge with Mailsort 700 :	<b>£0.154</b>
<b>Total Charge Per Item :</b>	<b>£0.224</b>

## Which Data Sources to Use

In recent years, there have been many new data sources that have been introduced to the market. This has changed the traditional approach of using just one data source for removing goneaways and deceased records and made it substantially harder and more expensive for any organisation to subscribe to all of the data sources necessary to offer a complete service.

### DECEASED SUPPRESSION

Data8 has 3 deceased suppression files which, when combined, offer an almost complete coverage ensuring that recent deaths come to the files quickly whilst ensuring that a large history is available to pick up older records.

#### Mortascreen

The Mortascreen data file contains the name and address details of nearly 9 million deceased individuals. Over 40,000 records are collected each month, accounting for 80% of all deaths in the UK. Mortascreen has a large history going back nearly 20 years.

### **The Bereavement Register (TBR)**

The Bereavement Register (TBR) was launched by the REaD Group PLC in February 2000 as a service for members of the general public and was designed to remove from databases and mailing files the names and addresses of people who had died. It has one simple aim: To reduce the mail sent to those who have died and consequently make the passage of bereavement that much easier. The TBR claims to cover 96% of UK deaths with many of these captured with 14 days following death making it useful as one of the quickest files to confirm a deceased.

### **disConnect**

Equifax provide a database of confirmed deceased records based on information passed through their credit and banking partners. There are currently over 1m records going back over 6 years of data.

### **GONEAWAY SUPPRESSION**

Over 10% of the population move house every year which means that no matter how clean you think your data is, you are always fighting a battle against goneaways. Data8 has 3 goneaway suppression files which, when combined, offer an industry leading coverage of goneaway records.

### **Acxiom Purity**

Acxiom produce a file of gone-away data from its InfoBase file and derived from the comparative analysis of product warranties, product registrations, lifestyle questionnaires and magazine subscriptions in conjunction with external reference files. The Purity file is especially recognised for its ability to detect much older goneaways that have been gone for a long time.

### **disConnect**

Equifax provide a database of confirmed goneaway records based on information passed through their credit and banking partners. There are currently over 35m records going back over 6 years of data. Because of the way the data is gathered, the file is extremely good at identifying financially active people very soon after they move house.

### **USS and NCOA**

The USS is a file of over 8 million records who have been registered as goneaway by the Royal Mail in the last 3 years. The main source of the data comes from the Royal Mail's redirection service.

## **MAILING PREFERENCE SERVICE (MPS)**

The Mailing Preference Service (MPS) is a data file of consumers who have registered their wish not to receive unsolicited advertising material by mail. It is a requirement of the British Code of Advertising, Sales Promotion and Direct Marketing (administered by the Advertising Standards Authority) and the Direct Marketing Association that you use the MPS for unsolicited mailings.

The use of the MPS is often debated amongst direct marketers as it is not required by law; it is often the view of marketers that marketing can continue to MPS subscribers if they have at some point given consent to receive information. Whilst this may be true, it is still an obligation if you are a member of the DMA.

Additionally, it is also worth remembering that the people on these files are sufficiently frustrated with the amount of direct mail they receive that they have registered with the MPS - a move that promises to stop all unsolicited direct mail. These people do not tend to respond very well to direct marketing requests and studies have shown that it is often not worth mailing them as the costs of mailing will often outweigh the return.

## **DEDUPLICATE**

Duplicate records are a constant thorn in the sides of marketers and can arrive from many sources. Good data capture techniques can largely prevent new duplicate entries being entered but, even so, duplicates can be entered at other times, such as purchasing new lists.

Data8 deduplicate service offers you the chance to remove any duplicate records from your mailing at your required level: either individual, surname or household.

## **To Flag or Suppress**

Whenever you purchase any of the above data cleansing services, you are offered the option of either suppressing the redundant record (removing it from your file), or flagging the redundant record (added a flag next to the record that you may keep and use again in the future).

Suppressing is generally substantially cheaper, but it is only cost effective if this is a one off campaign and you do not intend to re-use the data.

If you need to use the data for subsequent mailing campaigns then you may find that purchasing flags will be more cost effective. Having flags enables you to store the fact that the record is goneaway and therefore you will not need to clean the record again.

For the purposes of this study, we will assume that you are buying suppressions if you are going to do a single mailing, and buying flags if you intend to market on multiple occasions.

## The Hidden Costs of Handling Returns

The costs of sending a mailing to a goneaway person are not just limited to the direct costs attributable to the letter and the postage; further costs are incurred when a proportion of the mailing will be returned to the marketer.

From the Royal Mail's point of view, sending mail to a person who is a known goneaway, is an unfair misuse of their network. This is compounded if you choose to use another carrier and leave the Royal Mail with the last mile and the burden of returning the mailing.

According to Royal Mail sources, they currently manually handle around 1 million returned business mailings each day, so it is unsurprising that they are actively looking at ways in which this cost can be passed back onto the originating business.

It is also worth noting that not all mail that is sent to goneaway people is returned to sender. The best industry estimates are that only around 20% of mailings are returned, which implies that your boxes of returned mail represents only one fifth of the total problem; the rest have probably been thrown into someone else's bin.

Faced with a few boxes of returned mail, the marketer has two choices:

- a) File the returned mailings in the round file labeled 'dustbin'; or
- b) Capture the information so that it can be re-used with subsequent mailings.

Even if the mailings are thrown away, then the responsible marketer will be looking for ways to recycle the paper.

If the decision is made to capture the data from the returned mail then the following prices can be used as indicative:

Capture from Unique Number printed on mailing :	<b>£0.100</b>
Capture from Name and Address :	<b>£0.300</b>

It should be pointed out that data cleansing does not ever capture all goneaways and deceased, and it is highly likely that you will receive some returns even if you do cleanse your data. This is primarily down to 2 reasons:

- 1) The consumer population moves all the time. The data sources have a time-lag and some goneaways and deceased have not found their way onto the files yet.
- 2) Some people's circumstances mean that they don't come onto the data sources. For example, an old lady may die (and have her death registered) in a nursing home, rather than the address where you have known her. People moving between rented accommodation leave less of a credit trace than those who own the houses they live in and therefore may be less likely to be identified as goneaway.

## Less Quantifiable Benefits

In addition to all the cost savings that can be demonstrated in not having to send mail to people that are not there or don't want to receive it, cleansing your data offers further benefits.

### **PROTECTING YOUR BRAND**

Sending a piece of direct marketing to a recently deceased is a sure-fire way of alienating the bereaved relatives from your product for some time. Similarly, it is also damaging to send repetitive mailings to goneaways, or send duplicates to the same person. All of these examples indicate to the consumer that the company does not take their direct marketing responsibilities seriously.

### **THE ENVIRONMENTAL SAVING**

According to the website [www.reduceyourco2.co.uk](http://www.reduceyourco2.co.uk) 1 million trees are used each year by the direct mail industry. Additionally, each adult receives 19kg of unwanted direct mail each year which contributes to the creation of 104kg of CO<sub>2</sub>.

Using these figures, it is possible to estimate that the amount of CO<sub>2</sub> that would be saved for every 35g mailing that was not sent would be 175g.

It should be pointed out that calculating a carbon footprint is a notoriously difficult thing to do, especially when it comes to estimating the amount of CO<sub>2</sub> used in such things as the paper, ink, machinery and transportation of each piece of mail. It is not clear exactly how the above figures have been created and how reliable they are, nevertheless, it is undeniable that there is some sort of environmental saving in choosing not to send a mail rather than in sending one.

## The Costs of Cleansing your Data

The prices detailed here are the default pricing that would be applicable on signing up to our online data cleansing solution, data8online. Data8 do offer bulk related discounts on larger cleansing jobs. Please speak to an account manager if you are interested in this.

Service	Pricing Method	Flag	Suppress
Goneaway	Per Hit	£0.30	£0.20
Deceased	Per Hit	£0.40	£0.25
MPS	Per Thousand	£3.00	£3.00
Deduplication	Per Thousand	£5.00	£5.00

### TYPICAL HITRATES

For the purposes of this study, we are going to assume some hitrates which are based on long term averages of data that Data8 typically see. These averages have then been illustrated with the assumed 100,000 record file.

Service	Average Hitrate	Expected Hits
Goneaway	15.0%	15,000
Deceased	1.5%	1,500
MPS	12.0%	12,000
Deduplication	3.0%	3,000
<b>Total Removed</b>		<b>31,500</b>

## The Return on Investment

### A ONE-OFF MAILING CAMPAIGN

In doing a one-off mailing campaign we are assuming that we are never going to use the data again, and therefore we will suppress the goneaways and deceased in order to save money. As we are doing a one-off mailing campaign, we are not interested in doing anything with the mailing returns – we will simply throw them away. We shall ignore the cost of recycling.

Firstly we need to calculate our data cleansing costs:

<b>Service</b>	<b>Cost</b>
Goneaway Suppression: 15,000 hits @ £0.20 per hit	<b>£3,000.00</b>
Deceased Suppression: 1,500 hits @ £0.25 per hit	<b>£375.00</b>
MPS Suppression: 100,000 records @ £3 per '000	<b>£300.00</b>
Deduplicate Suppression: 100,000 records @ £5 per '000	<b>£500.00</b>
<b>Total</b>	<b>£4,175.00</b>

Then we need to work out how many mailing would be sent if we cleansed, and how many if we didn't cleanse.

Records Sent with No Cleansing	<b>100,000</b>
Records Sent with Cleansing (remove 31,500)	<b>68,500</b>

Then we can show the costs for mailing both the cleansed file and the uncleaned file.

	<b>Clean</b>	<b>Unclean</b>
Cost to send mailing @ £0.224 per item	<b>£15,344</b>	<b>£22,400</b>

Then we can show the total cost of the mailing including data cleansing costs.

	<b>Clean</b>	<b>Unclean</b>
Cost to cleanse data	<b>£4,175</b>	<b>£0</b>
Cost to send mailing	<b>£15,344</b>	<b>£22,400</b>
<b>Total Cost for Campaign</b>	<b>£19,519</b>	<b>£22,400</b>

So, even though we are only doing one mailing campaign, we have still managed to demonstrate a saving.

<b>Total Saving :</b>	<b>£2,881</b>	<b>12.8%</b>
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## **MULTIPLE MAILING CAMPAIGNS – FIRST CAMPAIGN**

As we plan to perform multiple mailing campaigns from the same data, we will purchase flags this time and re-use them in the subsequent mailing campaigns. We shall also factor in return handling costs.

Firstly we need to calculate our data cleansing costs for the first campaign:

<b>Service</b>	<b>Cost</b>
Goneaway Flagging: 15,000 hits @ £0.30 per hit	<b>£4,500.00</b>
Deceased Flagging: 1,500 hits @ £0.40 per hit	<b>£600.00</b>
MPS Flagging: 100,000 records @ £3 per '000	<b>£300.00</b>
Deduplicate Flagging: 100,000 records @ £5 per '000	<b>£500.00</b>
<b>Total</b>	<b>£5,900.00</b>

Then we need to work out how many mailing would be sent if we cleansed, and how many if we didn't cleanse.

Records Sent with No Cleansing	<b>100,000</b>
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Records Sent with Cleansing (remove 31,500)	<b>68,500</b>
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Then we can show the costs for mailing both the cleansed file and the uncleaned file.

	<b>Clean</b>	<b>Unclean</b>
Cost to send mailing @ £0.224 per item	<b>£15,344</b>	<b>£22,400</b>

Now we need to estimate the number of returns we need to handle for both the cleansed and uncleaned file. We are going to assume that our goneaway cleansing identifies 75% of all goneaways, and only 20% of bad mails are actually returned to the sender.

Data8 identified goneaways	<b>15,000</b>
Estimated total goneaway population	<b>20,000</b>
Expected returns for cleansed data (20% of 5,000)	<b>1,000</b>
Expected returns for uncleaned data (20% of 20,000)	<b>4,000</b>

Then we can show the cost of handling returns for both the cleansed and uncleaned files.

Costs for returns for cleansed data (1,000 @ £0.10)	<b>£100</b>
Costs for returns for uncleaned data (4,000 @ £0.10)	<b>£400</b>

Then we can show the total cost of the mailing including data cleansing and return handling costs.

	<b>Clean</b>	<b>Unclean</b>
Cost to cleanse data	<b>£5,900</b>	<b>£0</b>
Cost to send mailing	<b>£15,344</b>	<b>£22,400</b>
Cost to handle returns	<b>£100</b>	<b>£400</b>
<b>Total Cost for Campaign</b>	<b>£21,344</b>	<b>£22,800</b>

So, even though we have purchased the more expensive flags, we can still demonstrate a saving on the first mailing from the campaign.

<b>Saving on first campaign:</b>	<b>£2,056</b>	<b>9.0%</b>
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## **MULTIPLE MAILING CAMPAIGNS – SECOND CAMPAIGN**

The real savings come in when we consider multiple campaigns. In the next campaign we will be able to keep all the flags that we have bought in the first campaign.

For this demonstration we are going to assume that the second campaign has a fixed cost for data cleansing of £1,500. This is because it is difficult to calculate the cost for data cleansing the second campaign because of the number of variables involved (such as the time elapsed between the two campaigns). We would need to MPS again, but we should expect very few hits on the goneaways, deceased and duplicates as we have already flagged them. £1,500 represents a high estimate.

We need to work out how many mailing would be sent if we cleansed, and how many if we didn't cleanse.

Records Sent with No Cleansing (remove the handled returns from the first campaign)	<b>96,000</b>
Records Sent with Cleansing (remove 31,500 + 1,000)	<b>67,500</b>

Then we can show the costs for mailing both the cleansed file and the uncleaned file.

	<b>Clean</b>	<b>Unclean</b>
Cost to send mailing @ £0.224 per item	<b>£15,120</b>	<b>£21,504</b>

Now we need to estimate the number of returns we need to handle for both the cleansed and uncleaned file. In practice, as we have already done this once, we shouldn't have to handle many – so we will ignore this cost for simplicity.

Then we can show the total cost of the mailing including data cleansing costs.

	<b>Clean</b>	<b>Unclean</b>
Cost to cleanse data	<b>£1,500</b>	<b>£0</b>
Cost to send mailing	<b>£15,120</b>	<b>£21,504</b>
<b>Total Cost for Campaign</b>	<b>£16,620</b>	<b>£21,504</b>

Here we can see the clear benefits of purchasing the flags in the first campaign as the cleansed data saves us again in the second campaign. The total saving for the second campaign is therefore:

<b>Saving on second campaign:</b>	<b>£4,884</b>	<b>22.7%</b>
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## **MULTIPLE MAILING CAMPAIGNS – TOTAL SAVINGS**

The total costs for these two campaigns can be summarized as:

Total Cost for First Campaign	<b>£21,344</b>	<b>£22,800</b>
Total Cost for Second Campaign	<b>£16,620</b>	<b>£21,504</b>
<b>Total Costs</b>	<b>£37,964</b>	<b>£44,304</b>

This gives us a total saving of:

<b>Total Savings:</b>	<b>£6,340</b>	<b>14.3%</b>
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## **Conclusion**

We have made a number of assumptions during these calculations:

- (i) That you qualify for the maximum possible mailsort discount; and
- (ii) That you are sending the cheapest possible letter; and

- (iii) That you have negotiated some aggressive pricing from the mailing house.

All of these assumptions work against the 'data cleansing' argument, but despite this we can still clearly demonstrate that [data cleansing](#) saves you money. It is likely that some of these assumptions are over-optimistic - this would make the actual mailing costs higher, which in turn would lead to significantly greater savings.

On top of the financial savings, you would also benefit by protecting your brand against the potential damage of incorrect mailings, and you would significantly reduce your environmental footprint by not sending mailings to people who don't want them or won't get them.

When data cleansing is viewed as an intrinsic part of the marketing campaign, we have demonstrated that data cleansing reduces the total marketing spend and shows that you are a responsible marketer. In these troubled 'credit crunch' days, it is more important than ever that every penny of the valuable marketing budget is spent wisely, efficiently and with return on investment. Data cleansing should be considered an essential part of a marketer's strategy to ensure their most valuable asset, the data, is protected and enhanced.