

# Case Study

## Reduce % of home shopping catalogues returned as undelivered



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### Project background

A large home shopping organisation mailed over 6 million catalogues to customers per year for a single brand.

Over 1.4% were returned as undeliverable costing over \$600k per year in wasted postage and catalogue production cost.



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### Problem

Management were concerned that over 90,000 catalogues mailed to customers per year were being returned as undeliverable. In addition to the direct cost a further \$2M of margin on possible lost sales was confirmed by finance staff. A Six Sigma project was set up.

The team discovered that in a 3 week period over 130 crates of catalogues were returned. The team's Pareto analysis targeted the direct brands that sent out the most catalogues.

Call centres received information from consumers that the customer had "gone away". Internal computer systems had a flag which specifically stated "gone away, do not mail catalogues".

Hypothesis testing showed which brands had greater incidence of failure to use the "do not mail" flag. Prior to improvements target marketing groups were still mailing to customers where a gone away flag had been applied, as it was not one of the inputs to their target for mailing selection process.

### Solutions

The team audited 36,000 accounts in recent mailings, using a traffic light system for good data, data improvement needed and serious data issues with the addresses. Data concerns included address spelling and incompleteness issues.

A separate print mailing division was able to provide a new address for over 6,000 "gone aways" and corrected issues with a further 1,500.

The gone away flag was set as a parameter for catalogue mail suppression across all brands. Standard operating procedures were established for target marketing groups which included using gone away flags to stop mailings as part of the target audience score card selection process.

### Business benefits

An 80% reduction in the number of undelivered catalogues was achieved, releasing space for other activities, reducing the risk of lost orders and saving \$480k in catalogue production costs.