



THIRD-PARTY COLLECTIONS CASE STUDY

# Re-Scoring Accounts Generates Substantial ROI for Leading Firm

Segmentation

Prioritization

Contact Solutions

To boost its tax-season letter campaign, an accounts receivable organization enlisted TransUnion's help to target accounts with a high propensity to pay

## The opportunity

Tax season leaves many consumers with an influx of cash. According to 2018 IRS data, **72%** of consumers who filed a tax return received an average refund of **\$2,825**.<sup>1</sup> For collectors, this is a prime opportunity to convince consumers that their money is best served by paying down debt.

To comply with state and federal laws, collectors communicate with consumers about their debt via regular mail. This is quite a costly endeavor when production, postage and data expenses are considered.

To reduce controlled expenses and maximize returns, collectors prefer sending letters only to those with a propensity to pay – a challenging ambition.

## The goal

With the 2019 tax season approaching, an accounts receivable organization (ARO) wanted to conduct just such a direct mail letter campaign. In an effort to improve the campaign's success rate, the ARO wanted to identify the movement of accounts into new strategic segments, focusing on those with the highest propensity to pay.

To meet that objective, re-scoring some older, idle accounts was necessary to determine which accounts had moved below the target range and which had moved up into the target range from the prior recovery scoring efforts.

## Results

After the re-scoring with **TransUnion CreditVision<sup>®</sup> Recovery Score**, the ARO discovered notable segmentation shifts that would dictate the company's next move.



86K

moved into target range

86,000 accounts went from under the baseline to over the baseline and were placed into a strategic contact work group.

ROI  
\$102,500

after accounting for the expense of the test

94K

moved out of target range

94,000 accounts went from over baseline to under baseline and were selected for an alternate strategy.

By far, the outcome was positive, with the ARO seeing segmentation shifts that enabled a more strategic approach to their collections process. Specifically, bumping accounts from high to low propensity and low to high propensity allowed them to implement alternate treatment efforts to consumers less likely to pay. As a result, the ARO saw a boost in revenue.

### Bottom line: Similar costs – much better revenue

The ARO realized some minimal cost savings, but they saw a dramatic jump in revenue after using CreditVision Recovery Score.

### Conclusion

If you're letting old data fuel your letter strategy, you could be missing opportunities to collect and effectively manage controlled expenses. To learn how we can help you focus efforts where they'll make the most impact, visit [transunion.com/collections](https://transunion.com/collections) or contact your TransUnion sales representative.

1. Compiled from "Filing Season Statistics for Week Ending October 19, 2018," Internal Revenue Service. Accessed November 15, 2018. <https://www.irs.gov/newsroom/filing-season-statistics-for-week-ending-october-19-2018>.

2. Most accounts did receive an updated score, different from the existing score, but the change did not shift the account into a different segment population.

3. For the analysis, the ARO isolated letter results only. They looked at the entire population that was re-scored and associated revenue dollars if the following specific criteria was met: Accounts moved from a low score to a score that qualified for strategic contact during the tax season window (February and March); and accounts received a payment within the window of February, March and April. The ARO also did not include dialing in this analysis.

+\$4K

Savings on data, postage and printing



### Advice from the pros

Once you've gone through the process of rescoring your accounts, ensure the success of your consumer contact efforts by going one step further. Refresh your contact information for your new score groups based on your collections strategy. For example, acquire addresses only for your top scores, if that's where you intend to focus.

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