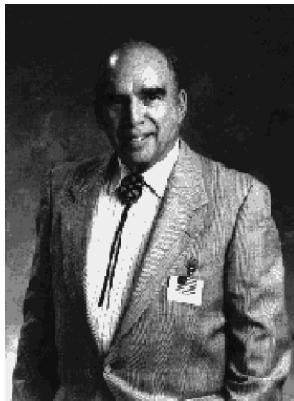


Ed Burnett

How to Save Money on Postage & How to Work With Your Local Post Office

During the course of a career that spans more than 40 years in the direct mail marketing business, Ed Burnett has helped mailers select more than 10 billion names for direct mail and telemarketing campaigns. He is President of Ed Burnett Consultants, Inc., one of the five major direct marketing firms that makes up THE DATABASE AMERICA COMPANIES. His firm specializes in direct mail consultation, list compilation and list brokerage. He is widely recognized as the pioneer of many of the list marketing concepts and techniques utilized today throughout the industry. These concepts and techniques are freely shared in the numerous articles he contributes to all of the major trade publications, and are gathered together in the book he recently authored for Prentice Hall, *The Complete Direct Mail List Handbook: Everything You Need to Know About Lists and How to Use Them for Greater Profit*. He is also the author of *Database Marketing -- The New Profit Frontier*.



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ABSTRACT

This article covers how to save money on postage, the different classes of mail, and self-mailing formats. It also addresses how to work with your local post office to minimize your postage costs. Though written with costs from 1996, it's other tips are still valuable and worth noting.

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Introduction

This article discusses two major topics: 1) How to Save Money on Postage and 2) How to Work With Your Local Post Office.

HOW TO SAVE MONEY ON POSTAGE

For the first, we turn to Lee Epstein, President of Mailmen, Inc., a very large mail shop for major direct mail advertisers. Lee is one of those great people who like to help others. He is a member of the Postmaster General's Technical Advisory Committee and Chairman of the Postal Operations Committee for the Advertising Mail Marketing Associates.

So here is Lee's report on how to save money on postage:

The secret to shrewd business mailing is to take advantage of the discounts the Post Office gives for mail that is properly addressed, labeled and sorted.

Caution! Rules given here are for Summer, 1996. Because of reclassification, a number of rates here will change before the end of 1996.

The key to getting these discounts is tailoring the company's mail so that it can be handled by the Postal Service's increasingly sophisticated automated system.

Classes of Savings

* **Business-reply mail discounts.** To enable business-reply mail to be computer-processed by the Post Office, design it so that it includes the company's nine-digit ZIP+4 code. Also include on the reply envelope or card the bar code that enables the Post Office to sort it automatically.

The Post Office will provide the company with specific reply envelope specifications and film for the bar code, which the company can give to its printer.

Savings: 8.0¢ per piece. Instead of charging a service charge of 10.0¢ per piece in addition to the first-class postage rate, the post office will only charge 2¢.

* **First-class mail discounts.** To automate first-class mail, the pieces in the mailing must be no larger than letter size. This means nothing larger than 6-1/8 inches by 11-1/2 inches. The pieces can't be more than 1/4 of an inch thick and they can't weigh more than 2-1/2 ounces. The mailing must include at least 500 pieces and they must have ZIP+4 in the addresses.

Savings: 1.4¢ per piece for the first ounce. The cost will be 30.5¢ per piece, rather than 32.0¢. There's an additional savings of 4.0¢ if the mail is bar-coded, making the total savings 6.0¢ per piece.

***First-class postcard discounts.** To qualify for discounts, the cards must be no larger than 4-1/4 inches by 6 inches. The minimum mailing for discounts is 500 pieces.

Savings: 10¢ per piece. The cost is 20.0¢ rather than 32.0¢. When ZIP+4 is added, the cost drops to 19.0¢ per piece. It falls to 17.0¢ if the pieces are pre-bar-coded.

* **Third-class mail (bulk rate) discounts.** To get a discount here, the minimum mailing is 200 pieces. The size of the pieces must not exceed 6-1/8 by 11-1/2 inches.

Savings: The bulk rate is 22.6¢ per piece--compared to 32.0¢ for first-class mail. If ZIP+4 is added, there's an additional 1.0¢ discount, bringing the cost down to 21.6¢ per piece. And if the mail is pre-bar-coded, there's an additional 1.2¢ savings, for a cost of 20.4¢.

"Flats" -- mail that is bigger than 6-1/8 by 11-1/2 -- are not yet automatable. The bulk rate is 26.6¢ for flats.

* **Presorting discounts.** If the company can't automate its mail--because it's too costly to add

ZIP+4 codes -- it is still possible to earn what are called "presort discounts."

These are discounts the Postal Service gives for mail separated according to the way the Post Office is going to handle the mail.

To qualify for presort discounts, there must be bundles of at least 10 pieces going to a five-digit zip code (Example: 10012) and at least 125 pieces in total to make up a bag.

Alternatively, it is possible to qualify for three-digit presort discounts with bundles of 10 to each Post Office. This is easier to make up than five-digit presorting. Examples of savings:

* A three- or five-digit presort brings the first class rate down to 27.4¢ from 32.0¢.

* It brings the postcard rate down to 17.9¢ and the third-class rate down to 18.8¢ -- compared to 22.6¢.

* **Carrier route discounts.** This is for larger mailings and local mailings.

The carrier route number must be in the address. These can be obtained from commercial mailing services. *Minimum requirement* : 10 pieces going to a carrier route.

Savings: The first-class rate comes down to 25.4¢. The rate for postcards comes down to 16.0¢ and the third-class rate comes down to 16.2¢.

Mailing Smarter

About 4% of mail is undeliverable as addressed. To save money on postage, companies must work to reduce the amount of undeliverable mail by correcting addresses before pieces are mailed. Two key steps:

* **ZIP+4 programs.** The company's mailing list is checked against a ZIP+4 file from either a mailing service or the Post Office. This computer program corrects addresses that are either incorrect or

incomplete, standardizes the spelling of the city, state and street addresses, adds details that may be missing, such as *North Main Street* and adds the ZIP+4 digits.

* **NCOA file programs.** This is the National Change of Address file. It does everything the ZIP+4 file does but, in addition, it provides all the changes of address that have occurred within the last two years. Ask the Post Office for the names of licensees who provide this service.

The "Ed" of "Ask Ed" adds:

Note that Lee advocates use of Merge Purging and NCOA. At Database America, we provide Merge Purging of both consumer and business lists, as well as NCOA. In addition, Database America is privileged to provide two additional USPS services - "DSF" and "LACS." The first (Delivery Sequence File) is a list of **every deliverable address in the country** -- about 120,000,000. Your list is matched against this file. We at DBA provide seven layers of probable deliverability. If you mail by layer, you save a bundle on postage. "LACS" is a locator file for all new addresses created by towns and villages to convert rural routes (with new addresses) to specific addresses on newly named streets and roads. This too, on the whole, can increase deliverability and save waste.

"Ask Ed" now moves onto additional helpful hints for first-time mailers:

WHAT SELF-MAILING FORMAT SHOULD I USE?

When you start out, you need to keep the mailing and the work to get it out as simple as you can.

Any and all formats can be used. But because of cost and involvement, almost all local mail to build customers by small business - retail, service, financial, transportation, insurance, real estate - will be conducted by self-mailers. And the majority of these self-mailers will be cards, either one piece cards, or two panel cards - with one panel for the

message, and the second panel for the prepaid response.

Note:

If you use a folded card and do not utilize the second half as a prepaid response vehicle, the low rate for the single post card mailing disappears. Many fledgling mailers think any double post card (two cards 3-1/2" x 5" folded to 3-1/2" x 5" size) can be mailed at the low cost post card rate, only to find they must either pay 1st class rates or mail sufficient pieces to qualify for third class bulk mail. So if you wish to advertise on both sides of both cards and not utilize one entire side as a prepaid return address, be certain you are mailing at the proper rate. If in doubt, go to your post office for a ruling on your sample.

The USPS requires that you put either a sticker or tab or spot glue on the open side of a double post card (the side opposite the fold) so the piece won't fly open or be torn apart as it moves through postal processing equipment.

You should examine the three main costs involved in putting your message into the mail:

1. Printing: the cost for paper, printing, folding, etc.
2. Mailing service: the cost to prepare the mail for delivery to the post office (addressing, sorting, placing mail in USPS trays or USPS bags, delivering to the post office.)
3. Postage

You may elect to cut costs on the first two items by doing some or all the work yourself. But if your mailing is larger than 1,000 or 2,000 pieces, it is far better to work with your lettershop. Postage costs can be minimized if you know which mail piece formats and sizes will give you the lowest postage rates.

A self-mailer is a card or flyer that goes through the mail without any mailing envelope. The design

includes a space for the mailing address and for the postage, so the piece does not need to be put into an envelope (it is a self-contained mail piece.)

There are three main types of self-mailers:

- Post Cards/Postal Cards
- Double Post Cards
- Folded Mailers

All three must be at least 3-1/2" high by 5" long, and must be rectangular (with the length greater than the height.) The thickness of the card or folded piece must be at least .007".

Post cards and Postal cards can be mailed at a special low postage rate, called "card rate." To qualify for this rate, the card can't be any bigger than 4-1/4" high by 6" long, and no more than .0095" thick.

The US Postal Service makes a distinction between "*postal cards*" and "*post cards*."

Postal cards are printed and sold by the US Postal Service. Postal cards are blank except for the postage that is preprinted on them. They are available from local post offices. Cards that are produced by commercial printers are called post cards.

Most post cards are printed on card or index stock or HiBulk offset. You can use almost any color you wish, as long as the mailing address can be easily read. (Your artistic efforts won't get very far if a postal worker can't read the address.)

The postage for cards (card rate) is 20.0¢ per piece. Postage drops to 19.0¢ when the mail is presorted, and goes down to 17.0¢ if mail is carrier route sorted. Additional discounts are available off the standard rate and the presorted rate when post cards are prepared as ZIP + 4 mail or as barcode rate mail.

If your card is bigger than 4-1/4" x 6", it can still be mailed, but it will no longer qualify for the card rate so postage costs will increase.

Large cards can be mailed at First Class rates (starting at 32¢ for the first ounce) or at Third Class (starting at 22.6¢ per piece).

If the post card format is too limiting for your message, you can use a folded self-mailer, which is simply a sheet of paper (or several collated sheets) folded into approximately the same size and shape as an envelope.

The USPS has some rules you must follow to insure that your self-mailer will pass through postal processing equipment.

* The size of the piece when folded can be no more than 6-1/8" high and 11-1/2" long.

* The thickness of the folded piece can't be more than 1/4".

* The length must be greater than the height. If you divide the length by the height, and the answer falls between 1.3 and 2.5, your piece is acceptable. If the answer doesn't fall within that range, you'll need to revise the dimensions of either the stock or the folding.

If your piece measures more than 6-1/8" high or 11-1/2" long or 1/4" thick, you will pay a higher rate of postage.

But every self-mailer (unless it folds stiff and will not open in the mail) has to be glued shut at one or two points along the longest open fold - or have one or two tabs or wafer seals on the longest open folded edge. Self-mailers not so glued or tabbed cannot safely be placed in the mail stream. (The USPS may refuse to accept them.) It just may be that you will settle for a single card or post card which needs no tabs. For even a double post card must be sealed (glued, tabbed, or stapled) on the longest open side. (By all means check with your mailer!)

Of course, a mailing inserted in an envelope needs no tab. The envelope automatically is sealed on all four edges.

Note:

If you are unsure about the mailability of the piece you have designated, it is advisable to take it to your mailing shop or to your local post office to make certain it will be handled by the U.S. Postal Service. This is particularly important if you plan to ship a folded piece through the mails.

A Few Reminders

If you plan to insert a printed piece (or pieces) inside an envelope, be sure to leave 1/4" clearance on all 4 sides for easy insertion. Be sure to utilize an envelope that opens on the long side. End opening envelopes cannot be machine-inserted.

If you elect to utilize a window envelope (to save addressing the envelope), be sure the address on the inserts will show clearly through that window.

Do take advantage of the expertise of your mailing house personnel. Show them your proposed form - **before you go to print**. You will be surprised (and pleased) at the help and suggestions they can make that will save you time and money.

Unless you plan a series of mailings, let your lettershop take care of your permit and indicia needs with the U.S. Postal Service. You can also arrange to use their permit numbers for some of your mailings.

Have your lettershop address one of your pieces to you at your home and one to the office to check on when the mail went out (and as a check on the fact it did go out when it was supposed to.) (You can take care of this by creating a new or over labeling two of the labels ready to go to the lettershop for affixing.)

Carrier Route Pre-Sorted Mailing Lists

If your mailing is concentrated in a small geographic area, **be sure** to order your outside list sorted and coded by carrier route - for this is the lowest postal rate offered - and it is only available to mailers who

sort and code the mail for "carrier-route sort."

Mail directed to a given carrier in a given zip code bypasses all the usual distribution levels of the postal service and is delivered, in trays, right to that one mail carrier. Carrier Route Sorted mail reduces the time the carrier must spend at the office "casing" mail into each of the pigeonholes for each of his 450 "mail stops."

When you are mailing locally, the great bulk of your mail, even at times every piece you mail can qualify for carrier route sort postage cost; this can be a saving to you of \$30 per 1,000 pieces or more.

If you find it expedient to order lists on Cheshire in carrier route order, such mail can only be processed by Cheshire affixing machines, which are run by trained employees in a mailing shop.

Advice on How to Work with Your Local Post Office

Very few entrepreneurs visit their local post offices - which means when you visit, and ask for help and advice, you will get V.I.P. (Very Important Person) treatment!

Your Post Office is your lifeline to every customer and every prospect you mail to - and Postal Clerks like to help you get all the service you are paying for.

Discuss with them each of the various "indicia" you can print on your pieces. These direct the Postal Service to take certain actions with any mail which is not immediately deliverable. Probably not one in 100 small business mailers is even aware that the Postal Service can do more than return mail as undeliverable.

The Post Office can show you samples of special "commemorative" stamps - which you might like to utilize to "spice up" a mailing.

They will gladly determine whether your outsize sample piece is mailable - and at what rate.

And they can sell you 3 x 5 postals, already prestamped for first class mail, to help you get quickly into the mail at the lowest price.

Postage rates change every 3 years or so - so it is best to check your postal service for the current rates. (One of those changes occurred in the latter months of 1996.)

BEFORE YOU MAIL:

*** Address Correction Requested (and Address Correction Service)**

Requirements: Print an endorsement line on the envelope (or in the address block for ACS), and put the mailing piece in the mail.

Results: The USPS lets you know when the piece is not deliverable. You get a forwarding address when the recipient has moved. You get a reason for non-delivery when there is an error in the address.

Advantages: You get address changes that a computer process can't give you. A local mail carrier can recognize variations in name/address and can make judgments that a computer can't make (or isn't allowed to make). The carrier also knows about moves that are too recent to be on any file compilation.

Disadvantages: Your in-the-mail cost is the price of admission. Then before you can learn anything, you must pay 32 cents for every piece that comes back (up to one ounce; over one ounce costs more). And some carriers become too enthusiastic about identifying errors in addresses. Also, if you want the piece delivered to the forwarding address, there's an additional charge.

Special Note! Do not pay for address correction of a list that you rent. This can help the list owner - but at your expense. A good rule to follow for renting lists is there are just two results you are interested in - does the list "work" (pay out) or not.