



# MAXIMIZING DIRECT MAIL COMMUNICATIONS

THE DIRECT MAIL ADVANTAGE

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# Agenda

- **Defining Direct Mail**
- **The Case for Direct Mail**
- **Industry News**
- **Optimization Options**

**By 2016 Standard Mail  
will account for 56% of all  
mail volume**

***- According to the USPS***



# Industry Trends:

## The Growth of Direct Mail

- In 2010 Standard Mail® represented 51% of USPS volume...projections show that growing to 69% by 2020
- 77% of households either read or scan advertising mail sent to their household
- Among various shapes of mail, postcards are the most likely to be read

Source ... 2011 DMA statistical fact book

# Direct Mail Defined

- Most economical class of mailing offered
- Two sub categories: Regular & Non-Profit Mail
- Postage rates can be based on a number of factors:
  - **Content:** What info does the piece convey?
  - **Format:** Envelope, self-mailer or postcard?
  - **Size & Shape:** Letter, flat, or parcel?  
Is it automation compatible?
  - **Weight:** Over an ounce? Under 3.3 ounces?
  - **Distance the Mail Travels:** Can it be drop-shipped?
  - **Quantity & Density:** How many pieces? What destinations?
  - **Nonprofit status:** Does your organization qualify for nonprofit rates?

**Direct Mail is typically an advertisement or solicitation for a product or service**

# Non-Profit Direct Mail

Certain organizations may apply for authorization to mail at the Nonprofit Standard Mail rates.

The eight categories of eligible nonprofit organizations are:

- Religious
- Educational
- Scientific
- Philanthropic (Charitable)
- Agricultural
- Labor
- Veterans
- Fraternal



**91% of Non-profits use  
Direct Mail**

**Direct Marketing Association Response  
Rate Trend Report**



# The Case for Direct Mail



# Benefits of Direct Mail

- Qualifies for additional "workshare" pricing discounts
- It's tangible, portable and non-obtrusive
- Recall is higher than radio and television – ***people don't listen to the radio or watch television with a pen and paper in hand!***
- It's targeted. Reach specific audiences based on demographic and psychographic segmentation
- You can mix and match lists to connect with best prospects, selected customers or specific interest groups with each segment

**77% of Consumers Look  
Through Their Mail Daily!  
- According to The USPS**

# More Benefits of Direct Mail

## Measurable

- Offer-redemption shows effectiveness of your campaigns and ROI
- Allows for easy comparison testing of offers, formats and segmentation

## Personalized

- Data mining and print technologies enable use of name, and other information to tailor each offer to recipients' interests and buying habits
- “Real” personalization increases open & response rate

## Multiple Formats

- Postcard: Simplest & least expensive; digital production permits personalization.
- Self-mailers & booklets: More space for multi-page message and graphics
- Enveloped Letters: Can include reply cards and postage-paid return envelopes. Secure way to include personal data for recipient

## Complements other Channels

- Direct mail can be used in conjunction with other forms of advertising.
  - Using a post card that drives traffic to a website via a QR code
  - Email or telemarketing that previews a mailing or follows up right after a mailing
  - A Facebook, Pinterest or LinkedIn ad that is tied directly to a direct mail campaign



# The Tangible Direct Mail Advantage!

A major financial institution re-engineered their direct mail process and in nine months:

- Saved over \$1M in postage after optimization
- Reduced average national in-home by almost a day

**CASE STUDY**  
**MAILING HOUSE // DIRECT MAIL SOLUTIONS**

Large volume privately held, letter shop that provides list management, printing, addressing, mailing, and direct marketing consulting services

**CHALLENGES**

The company was competing for new business opportunities with two new clients, both of whom were currently using competing lettershop providers. In both cases, the current providers were mail houses that also offered mail commingling services, a service the company provided its customers through PBPS. They needed a Standard mail commingling provider that could provide competitive pricing and meet or exceed the service expectations of both of the new clients. Both prospects had specific in-home windows for their promotions and required the company and PBPS to meet SLAs for processing an additional 1.5 to 2 million pieces of mail per month.

**SOLUTIONS**

→ PB Mail Services became a strategic partner for the company, provided aggressive pricing and worked with the company to establish processing and delivery schedules that helped the company win this business. Mail Services' reputation for exceptional mail processing and its consistent and reliable delivery network was a major contributor to the success of the company's bid.

**RESULTS**

→ Company was able to win two large new accounts, **worth \$1.5 to \$2 million** in annual revenues.

→ The client not only benefited from increased revenues and a consistent profit stream, but it was able to exceed its customers' expectations on postage savings through commingling with PB Mail Services.

→ The customer benefited from lower operational costs because of the streamlined work flow and reduced labor provided by the PB commingling process.

→ Using data from PB Mail Services, the client was able to provide realistic in-home delivery estimates for their two new customers and design a mailing and distribution plan to take advantage of PB's consistent and timely delivery.

**Pitney Bowes helps Mail House secure \$1.5 Million in New Business**

**Pitney Bowes**

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# Industry News & Events



# The USPS®: Standard Mail

## *“The Plan”: Effective Utilization; Cost Reduction; Resource Optimization*

- The USPS’s proposed changes:
  - Five-day delivery
  - Eliminate expected overnight delivery of First-Class® mail & Periodicals
  - Processing facilities reduced from over 500 to under 200
  - Relief from contractual no-layoff policy
  - Elimination of 220,000 jobs
  - Change to Health insurance and retirement plans
- First round of closures is complete, but no further consolidations will occur this fall. Closures will resume after January, 2013.
- Delivery expectation remains at 3-10 days for standard mail
- Some modifications to business mail acceptance locations or hours of operation have occurred.
- DSCF discounts will continue to be available for mailings entered at BMEUs that remain in impacted facilities.

# Design and Barcode Changes

- Effective January 5<sup>th</sup>, 2013
- Folded mail piece changes:
  - Number of tabs
  - Size of tabs
  - Position of folds and flaps
  - Paper weight minimums
  - Minimum and Maximum Dimensions change
- Other changes
  - POSTNET barcode officially “retired.” Mail pieces that use it will no longer qualify for automation rates.
  - Mailers must use at least basic service Intelligent Mail<sup>®</sup> Barcode. Full service IM<sup>®</sup>BC will be required starting in January 2014

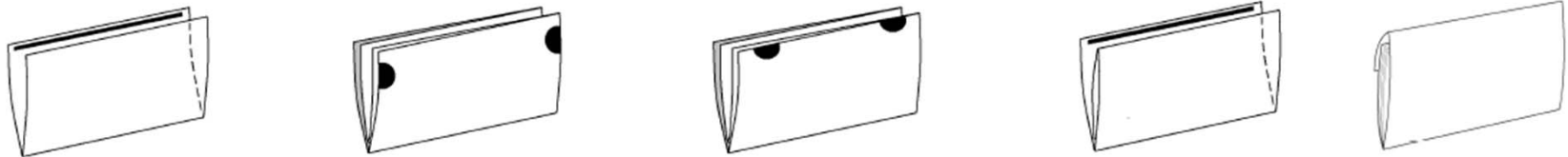




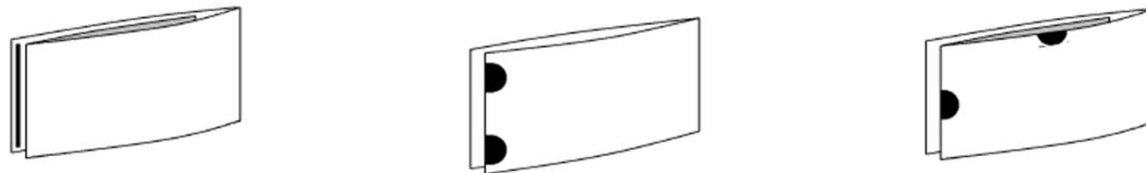
# Changes To Folded Self Mailers – January 2013

## □ Fold style / orientation

- Horizontal - final fold at bottom edge to non-address side



- Vertical - final fold on lead edge to non-address side
  - ◆ Oblong is a common name for this fold style



# The 2D Barcode Promotion Returns!

- November 2012 for Presorted and Automation Standard Mail® letters and flats bearing two-dimensional mobile barcode
- Using smart phones consumers can access account data, promotions, educational content and more... from anywhere, at any time
- Drives interactivity and brand involvement
- Supports an alternative channel of customer communications
- Provides service information on-the-spot & access to communication documents

**QR codes provide value  
for mailers!**  
*Add them to transactional mail!*

The screenshot shows the United States Postal Service Mobile Barcode Promotion website. The header includes the USPS logo, the text "UNITED STATES POSTAL SERVICE®", and "Mobile Barcode Promotion Make your mailpieces work harder for less." with a QR code icon. Below the header is a navigation bar with "Home" and "Resources" buttons. The main content area features a large orange question mark icon next to the heading "So what is a 'mobile barcode' anyway?". Below this heading is a text box explaining that a mobile barcode or QR code is a specific two-dimensional code readable by dedicated QR code readers and smartphones, consisting of black modules arranged in a square pattern on a white background. To the right of this text is a "Mobile Barcode Tips & Tricks:" section with four numbered tips: 1. Search "2D barcode or QR code" for recommendations; 2. Create content optimized for mobile devices; 3. Provide directions for users to scan the barcode; 4. Track the effectiveness of the barcode using unique tracking codes.



# USPS® Mobile Barcode Applications

## *QR codes encourage desired consumer actions*

- Register to receive future documents electronically (eConsent)
- View a video
- Redeem a discount for service or offer
- Make a purchase

*“Make no mistake about it. Nothing beats direct mail in terms of its ability to target and generate an order,” says a director of promotional services for a major clinic. “But the more ways we can find to expand and work with the digital channel, the more we will do so.”*





# Optimization



# Approaching Optimization

## *Combine Strategies to Maximize Postage Savings & Optimize transportation*

- Merge multiple letter size mailings into a single mailstream
- Optimizes postage rates
  - Stamped mail
  - Permit mail
  - Metered mail
  - Prebarcoded



# Commingling Value Proposition

- **Reduce Postage Costs**

- As postage rates and transportation costs continue to rise, being able to offer money saving solutions makes you more valuable

- **Predictable and Consistent In-Home Delivery**

- IMb tracking and planned drop schedule make planning campaigns easier

- **Operational Cost Savings**

- Just about every letter shop can save money because they do not have to sort mail, prepare it for the USPS or take it to the BMEU. You can use less labor or just run equipment faster and drive more revenue per hour worked

- **Quality Assurance**

- Vendors should have the highest quality standards available and strong relationships with The USPS



# What Sort of Mail “Fits”?



National Mailings of 500,000 pieces or less



Mailings that have multiple versions or “cells”



All “Origin Entry” Mail, including the residual (non-drop ship) portions of mail-streams



Multiple job streams that make production complicated



Large mailings that can drop on multiple days but have to be staged and dropped all at once to maximize postage saves

# Logistics - Postal Optimization

- USPS Network Restructuring
- Further distances to SCF drops
- What is the impact on logistics after the USPS changes?
- Transportation partnership?





# What to Look For in a Postal Optimization Partner

- National Network
- Postal Knowledge
- Logistics
- Security
- Volume Discounts
- Technology
- Innovation



# Pitney Bowes Presort Services

- Experts in mail processing and transportation with systems and technology you can count on.
- We develop partnerships between mail owners, mail producers and the USPS.
- Our client focus is not just on your mail, but your business - postal experts who will act as your consultants on postal issues.
- Solutions to save postage and improve delivery for Standard mail.
- Flat-rate per piece pricing - makes it easy.
- Leaders in implementing the Intelligent Mail Barcode and the Intelligent Mail Tracking Program.



# Questions?

## For more information:

- Website: [www.pb.com/mailservices](http://www.pb.com/mailservices)
- Email: [mailservices@pb.com](mailto:mailservices@pb.com)

**THANK YOU.**



Every connection is a new opportunity™