

Can a Mailer Find True Happiness?

Mail formats could hold the key

By Pamela Gaul

Direct mailers have been searching for even a shred of contentment since the most recent postal increase. It may be too much to think that the postal rate cloud has a silver lining. But, like a child's security blanket, it could at least be flannel.

In other words, there's hope. Let's see why.

SOME FACTS

First class mailers will see major rate changes thanks to separate charges for postcards, letters, flats and parcels, as well as the elimination of automation carrier route discounts. On the positive side, depending on one's view, these mailers get lower extra-ounce rates.

Regular and nonprofit standard mailers will have to deal with different rates for letters, flats, non-flat machinable pieces and parcels. While the enhanced carrier route and auto-basic discounts are discontinued, the cost to mail a five-digit automation letter is now less than the enhanced carrier route line of travel rate. Destination delivery unit drop shipments for letters have been dropped as well.

Standard mailers won't get any solace from the following, either:

- **Non-machinable letters.** A separate rate category, and generally more expensive than the machinable rate with a surcharge.
- **Flats.** Tougher machinable requirements, including uniform thickness and flexibility.
- **Automation flats.** Additional tests and more format restrictions related to size and deflection/droop.
- **Flats not qualifying for automation** could be classified as non-automation flats,

resulting in a larger than average boost in postage costs.

- **Non-flat machinable.** A new category, one step below parcel rates, with exacting size requirements and a 5-cent surcharge for non-barcoded pieces, except at the five-digit sort level.

NOW ABOUT THAT FLANNEL LINING...

If not addressed, all of this would discourage the hardest working marketer, format designer or data provider. But all three could find a bit of relief if their mail is machinable, automated and barcoded.

In analyzing a variety of campaigns over the last year, RR Donnelley has observed postal increases between 3% and 4% for standard letters, including nonprofit. We've also noted hikes of 20% to 37% for standard flats, with up to 50% jumps for nonprofit flats.

The industry speculates that flat-size mailers will move quickly to letter-size pieces to keep cost increases down.

On the surface, downsizing may look like an option. Then again, appearances can be deceiving. Consider the difference in mail sortation level discounts. For example, it takes 150 pieces of letter mail to get a five-digit discount, but only 15 flats to qualify for the same savings.

Also, non-automation mail preparation and sorting levels vary significantly. The U.S. Postal Service now requires a three- and five-digit sortation scheme, which means mailers can combine three- and five-digit mail which previously wouldn't qualify for discounts. Thus, flats will qualify for deeper discounts and create fewer mail bundles.

Saturation levels also may work in mailers' favor. Enhanced carrier route flats are only slightly more expensive than letters. A basic ECR letter costs 22.6 cents and a basic ECR flat 24.9 cents. That's only 10% extra for a much more powerful format!

HOW TO MAKE THE MOST OF MAIL FORMATS

Here are three possibilities for mailers trying to cope with postal increases:

• Max-out size

As a rule, bigger is better in direct mail formatting. For instance, a mailer using a No. 9 envelope should move up to a 6-inch by 11-inch package. This adds more real estate without tacking on postal cost. If a marketer's control is a 9-inch by 12-inch, then it might be wise to consider 11-inch by 13-inch. The size increase can improve response.

• Leverage variable imaging

The more often a mailer breaks up a postal string to change inserts, offers or copy, the lower its postal densities — and that's costly. If these changes can be done using variable imaging, longer, denser postal sorts will result. In turn, costs will drop.

• Push printers to optimize the press.

By altering format dimensions, a marketer can achieve economies based on better press utilization.

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