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# PRINTtips

## A USPS Partnership... Brings Direct Mail Success



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**A**n active direct mail program is more than the offer, the printed piece, and the mailing list. It is also the United States Postal Service (USPS) delivering the mail piece to the intended target. We admit that it can sometimes be hard to understand and follow the rules set down by the USPS to qualify for postage discounts. But we also recognize that without the USPS, direct mail campaigns would be more expensive and possibly less effective.

It is likely that some of the frustration with the USPS results from misunderstanding its business model. For instance:

- It has been almost 50 years since the postal service was supported with tax dollars. The Post Office remained a government-funded department of the Executive Branch until 1970 when the Postal Reorganization Act was passed by Congress. The reorganization established the USPS as an independent government corporation, organized like a business yet subject to Congressional oversight. Since 1971 the USPS has been funded entirely by the sale of postage, products, and services.
- The USPS cannot freely raise prices. Any change in postage rates must be approved by the USPS Board of Governors who act upon recommendations by the Postal Regulatory Commission (PRC). The USPS submits a rate case — essentially the justification to



raise rates — to the PRC which reviews the case, invites public comments, and either rejects, accepts, or asks the USPS to make modifications. The rate case must meet legal requirements for proposed rate changes, and there is a cap on the amount of a rate increase for market-dominant products (i.e., those where the USPS has been granted a monopoly, like first class letter mail). Generally speaking, it takes about a year to institute a price increase.

- Congress sets some of the business requirements for the USPS. Even though the USPS receives no tax support, Congress still regulates some of its business functions, including whether it can expand into new service areas in response to the shift in market preference away from first class letter mail, or requiring the USPS to charge below-

## A USPS Partnership... Brings Direct Mail Success (cont.)

*“...the USPS began even before the United States was established.”*

cost postage rates for non-profit mailers and some publishers of periodicals. Individual Congressmen are also likely to intervene if the USPS wants to close an underused or outdated facility in the Congressman's district.

### The Importance of the USPS

What we now know as the USPS began even before the United States was established. Because the free flow of information was thought to be essential to a healthy republic, the Continental Congress appointed Benjamin Franklin as the first Postmaster General in 1775. A post office department was written into both the Articles of Confederation (1783) and the United States Constitution (1789).

Beginning with the earliest days of the republic and continuing until World War I, the post office constantly improved the transportation and delivery of mail. Benjamin Franklin established post roads and efficient routes between cities. Mail delivery evolved from foot to horseback, stagecoach, steamboat, railroad, automobile, and airplane with mail contracts funding the cost of developing transportation technologies.

In the mid-1950s, the Post Office Department began mechanizing mail processing. Mail contracts supported the development of machines to sort, cancel stamps, read addresses, and convey mail within postal handling facilities. The introduction of ZIP (Zone Improvement Plan) codes in 1978 and its expansion by four digits (ZIP+4) in 1984 set the stage for today's automated mail processing. The delivery point bar code (1991) enabled further automation, including automatic updates of addresses for which individuals or businesses have filed Change-of-Address orders. The Intelligent Mail barcode (IMb) (2008) enables mailers to track mail during processing and transport within the USPS network.

The USPS is the largest postal system in the world, delivering nearly 40% of the entire world's mail volume. In the United States, it delivers to 152 million residences, businesses, and post office boxes. The USPS operates almost 32,000 retail

locations; 10,000 of those provide 89% of USPS retail revenue.

### Working with the USPS

Businesses and organizations that use a direct mail campaign as part of their sales and marketing strategy know well that a significant amount of money can be saved on postage by presenting pre-processed mail. Discounts are available for mail:

- whose addresses have been standardized, compared to the USPS list of deliverable residences and businesses, and checked for move updates;
- that contains additional information about the owner of the mail, the mailing agent, the class of mail, and postage rate; and
- for mail pieces that are uniquely identified so they can be tracked through the mail processing and delivery system.

In addition, the USPS is helping mailers with ongoing direct mail marketing programs like Every Door Direct Mail (EDDM) and one-time promotions and postage discount incentives for innovative uses of mail that enhance how consumers interact and engage with mail.

### Presenting Pre-processed Mail

The USPS offers tiered postage discounts, with the actual amount of the discount dependent on how much pre-processing is done. The highest discounts are available to mail that can immediately enter the automated mail processing stream.

This level of pre-processing requires: permission from the USPS to mail at discounted rates; checking the quality and accuracy of the addresses in the mail list; for folded mail pieces, affixing one or more wafer seals in the correct location; printing a machine-readable barcode on each mail piece; packaging the mail in trays, tubs, sacks, or pallets to which machine-readable labels with postal routing are affixed; and transporting the mail to a bulk mailing acceptance facility. To qualify for this level of discount, most businesses pay an outside service to prepare the mail.

*“The USPS is the largest postal system in the world ...”*

*“...the USPS is helping mailers with ongoing direct mail marketing programs like Every Door Direct Mail...”*

## A USPS Partnership... Brings Direct Mail Success (cont.)

### 2014 Postage Rate Increase

In late January, 2014 the USPS increased postage rates for all classes (first and standard) and types (letters, flats, and cards) of mail in all discount categories. Because of the complicated formulas the USPS must use for a rate increase, the exact percentage increase varies by discount category, class, and type of mail.

But for budgeting purposes, we recommend you increase your company's postage expense allocation by 6%. This should provide a fairly accurate approximation of postage costs for 2014 over 2013.

### 2014 USPS Mail Holidays

In 2014 the USPS will be closed to observe ten holidays:

January 1:	New Year's Day
January 20:	Martin Luther King Day

February 17:	President's Day
May 26:	Memorial Day
July 4:	Independence Day
September 1:	Labor Day
October 13:	Columbus Day
November 11:	Veteran's Day
November 27:	Thanksgiving Day
December 25:	Christmas Day.

### A Three-way Partnership

Conducting a direct mail marketing campaign can be easy and effective using a three-way partnership: you, us, and the USPS. We keep informed about the changes made by the USPS in the requirements to qualify for postage discounts and about incentives and programs offered by the USPS. Call us to review the opportunities that may apply to your direct mail program.

*"...effective using a three-way partnership..."*

## The Every Door Direct Mail Option

If your new customer prospects can be found in a neighborhood, a ZIP code, or other identifiable geographic location, then Every Door Direct Mail (EDDM) is a great way to start a direct mail marketing program. Get your message to every active address without having to buy a mail list and also qualify for the lowest postage rate offered by the USPS.

EDDM was launched by the USPS in 2010 as a trial program. It proved so popular that it was made a permanent product in 2013. Here are some advantages of EDDM:

- No mail list is required. This saves the cost of acquiring a mail list, addressing the mail piece, and maintaining the mail list.
- Mailings can be quickly produced. Most city carrier routes are 400-600 addresses. By eliminating the time to gather a mail list and address the mail piece, and by using digital equipment for printing the mail piece, a small

mailing can be in the hands of prospective customers in just a few days.

- No postage permit is required. Regular presorted mailings require use of a permit to mail at discounted postage rates. For EDDM, the USPS waives this requirement.
- The mailing panel can be very small. Because the mail piece does not go through normal mail processing, there are no requirements for the location and size of the mail panel (the area containing the return address, indicia and outbound address). Note, however, that there are requirements for the wording of the indicia and the simplified address.
- The mailing may be directed to homes only. Even though a carrier route or ZIP code may have a mix of homes and businesses, it is possible to exclude the businesses from the mailing and send mail only to the homes.

*"...a great way to start a direct mail marketing program."*



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## QUESTION:

Is it true that nothing can be placed in a mailbox except U.S. mail?

## ANSWER:

Yes. The mailbox access rule states that the mailbox can only be used for receipt of postage-paid U.S. mail placed in the box by USPS delivery personnel. This rule is part of the Private Express Statutes (PES), a group of laws that gives the USPS the exclusive right to carry letters for compensation.

The PES laws were developed jointly by the USPS, Congress, and the President to fund the USPS obligation for universal service — to provide the American public with trusted and affordable mail delivery. The universal service



obligation (USO) has many facets, including geographic scope, range of products, access to services and facilities, delivery frequency, affordable and uniform pricing, service quality, and mail security.

Taken together, the USO, PES, and mailbox access rule comprise the USPS monopoly.

*“Taken together, the USO, PES, and mailbox access rule comprise the USPS monopoly.”*