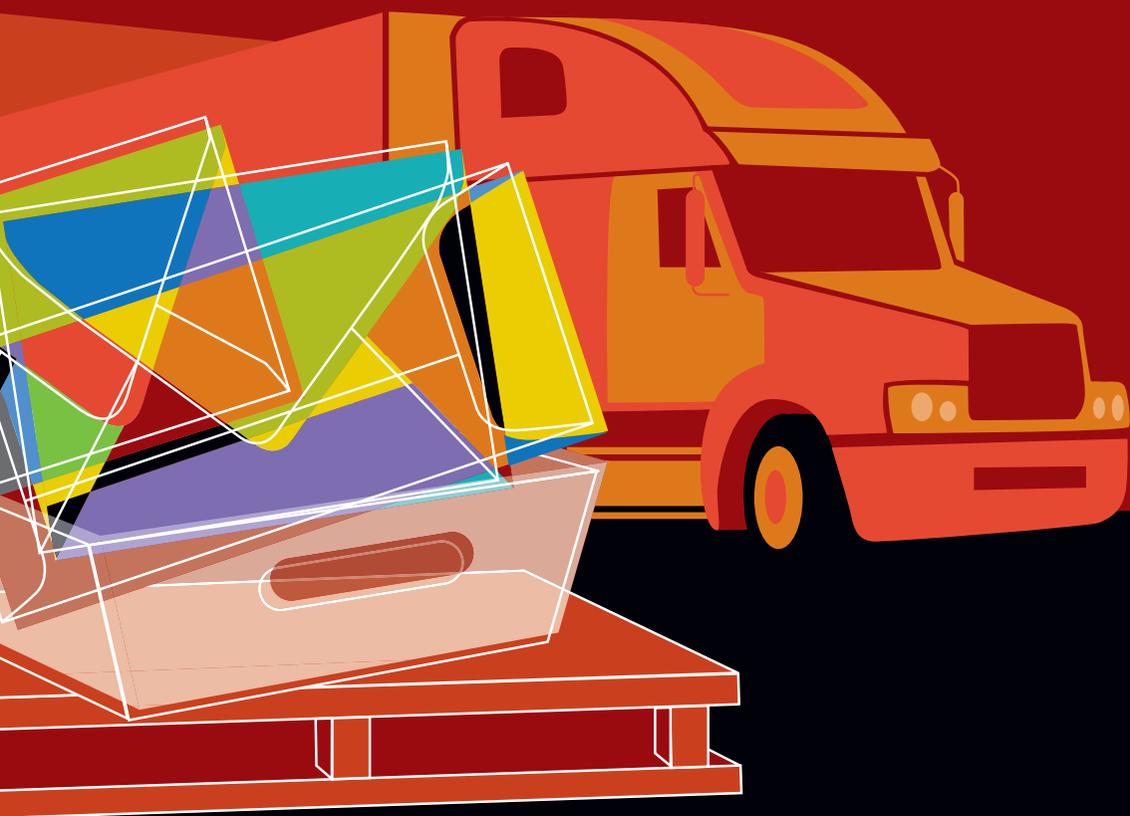


Postal Logistics



Marshalling Economies of Scale

GETTING FROM A-TO-Z MORE EFFECTIVELY

Direct mail provides one of the most compelling brand interactions in a marketer's toolbox. You can immediately impact the cost effectiveness of this tactic with a solid understanding of the United States Postal Service™ (USPS).

To improve the economics and performance of your direct mail efforts, it is helpful to illustrate the benefit of working with a postal logistics service provider. In doing so, you might realize a cost savings of 3.4¢ per piece on a 10MM mailing, yielding \$340,000. This helps the bottom line, in addition to realizing a more predictable in-home delivery.

Lower costs and increased control might seem too good to be true. However, by accessing larger scale operational efficiencies, aggregating mail for greater volume discounts and inserting your mail deeper into the postal stream, you can realize significant benefits and advantages.

The following material is meant to demonstrate how bulk mail moves through the USPS and outline the logistics services available to help you meet your objectives, whether they be cost savings, in-home predictability, or better synchronization with retail or broadcast promotions.



POSTAGE

Postage is typically the largest expense of a direct mail campaign – ranging from 30 – 70%.

DATA/LISTS

CREATIVE DEVELOPMENT

PRINT & MAILING SERVICES

DM Dollar Breakdown

Perspective

On average, 584 million pieces of mail travel through the USPS each day. It's a gigantic hub-and-spoke type network serviced by 596,000+ workers, 218,000+ vehicles, 200,000 blue collection boxes, 32,700+ post offices (or "DDUs"), 485 sectional postal facilities (or "SCFs") and 29 network distribution centers (or "NDCs," formerly referred to as "BMCs").

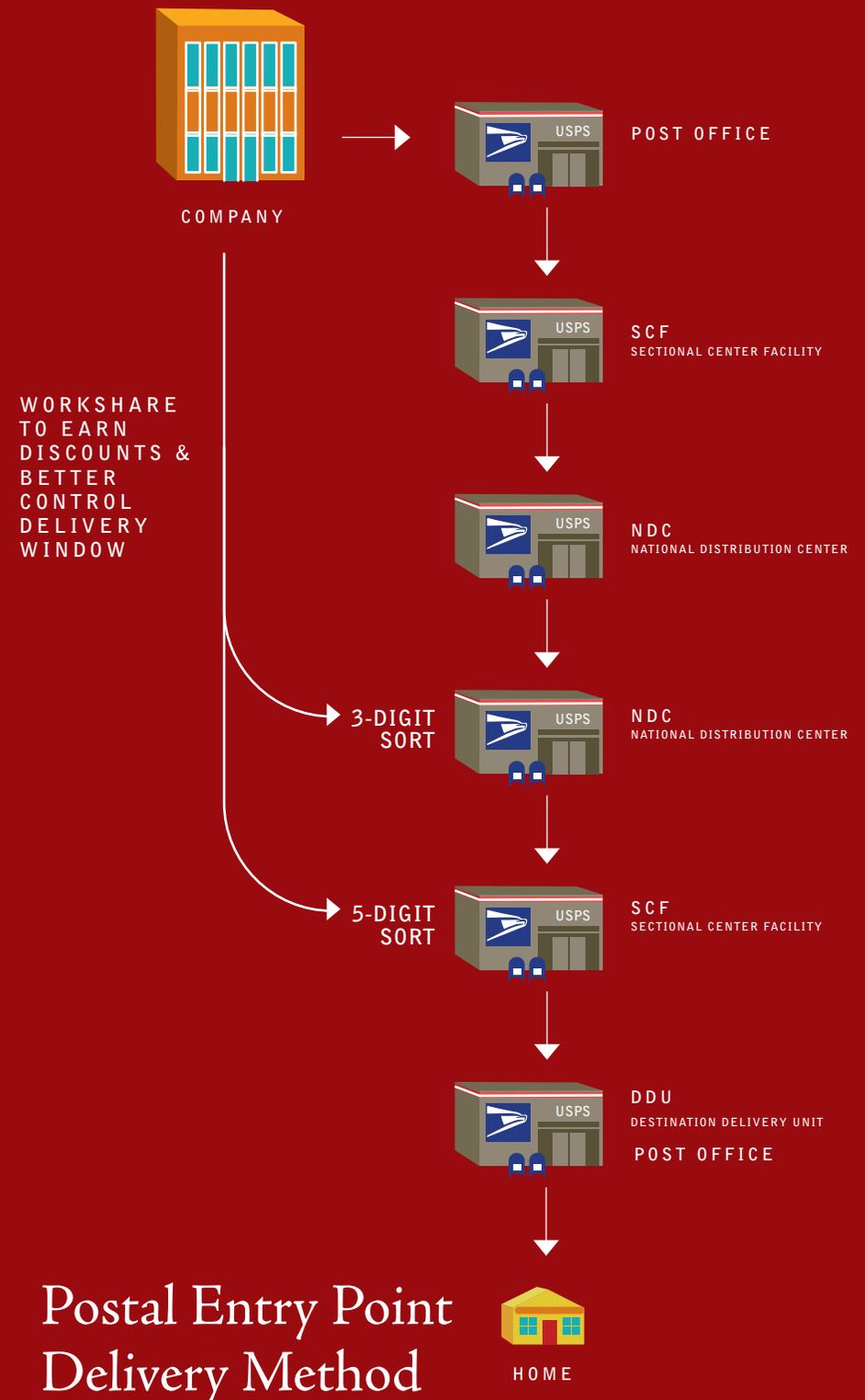
This standardized sorting and delivery process sequences mail through no less than six different USPS facilities in order to deliver your mail to its final destination (see diagram to right).

If you could bypass (or "zone skip") some of those six steps and insert your mail deeper into the postal stream, you would effectively be sharing in the work and helping the USPS work more efficiently. The USPS rewards that 'work sharing' in the form of postal discounts, provided it is done correctly. The more you help, the more reductions you earn, and your in-home window becomes easier to predict.

To properly earn those discounts (postage cost reductions), companies have invested significant time and resources to gain USPS logistics expertise. That effort has resulted in private industry figuring out how to better automate the USPS. And you stand to benefit.



Mail is inserted into the postal stream in three different volumes; individually, as a tray, or as a pallet. The more workshare, the greater the discount.



Getting Started

WORKSHARE DISCOUNTS; PRE-SORTING & AUTOMATION

The effectiveness of any DM project hinges on the quality of work done in advance with your data. The better your data, the more effective your marketing dollars.

PRE-PRODUCTION *(do yourself or with your lettershop)*

- Mail piece design – helps ensure that your mail is postal compliant
- Preliminary postal planning and resource assignments– upfront analysis & plan
- Data hygiene – cleansing, standardization & verification, merge & purge data
 - CASS (Coding Accuracy Support System) to standardize and cleanse data
 - DPV (Delivery Point Verification) system helps mailers identify and address file mistakes and obtain correct information
 - NCOA (National Change of Address) helps ensure that mail gets delivered to the proper individual if they have moved, without penalty, and minimizes forwarding delays
- Presort mail based on postal plan
- Determine best-fit postal logistics solution
- Based on logistics plan and in-home date, determine production run order and pickup schedule

DURING PRODUCTION

- Based upon presort, pieces are combined into trays by destination, trays are loaded onto pallets by destination

POST-PRODUCTION

- Verification through the USPS
- Mail is loaded onto trucks by destination
- Pieces, trays, and pallets are tracked to destination
- Mail progress reporting

WORKSHARE DISCOUNTS; DROP SHIP

Pre-production planning allows you to pre-sort your mail accurately and with automation, enabling postage reduction of approximately 3.4¢ per piece.

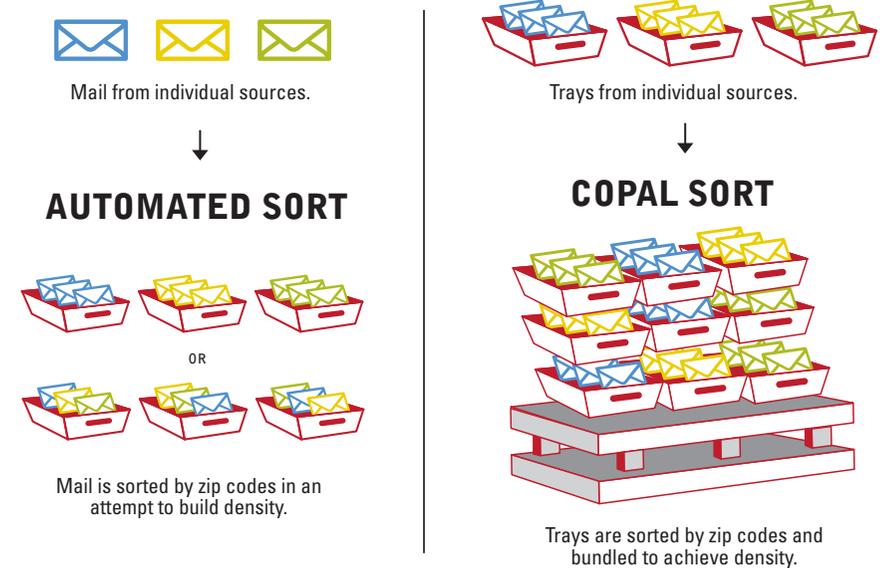
STANDARD MAIL AUTOMATION RATE CHART*

	MIXED AADC	AADC	3 DIGIT	5 DIGIT
STANDARD AUTO	\$.270	\$.253	\$.251	\$.233
DNDC ENTRY	\$.236	\$.219	\$.217	\$.199
DSCF ENTRY	N/A	\$.210	\$.208	\$.190

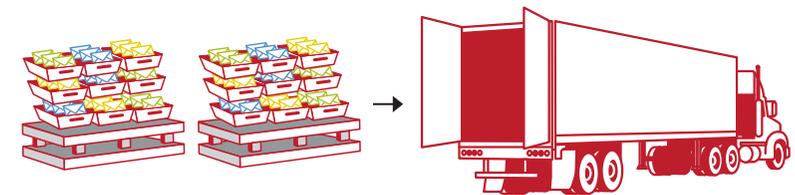
* (3.3oz or less) as of 10/01/10

Achieving Mass

For added efficiencies aggregating mail going to similar 3-digit and 5-digit zip codes, large postal logistic companies are able to drop-ship mail and realize efficiencies of scale far beyond what you can achieve on your own. This privatization effort can afford you time, cost and quality benefits not available on a smaller scale. This is mail working together to gain volume (density) in a given zip code destination.



FREIGHT CONSOLIDATION



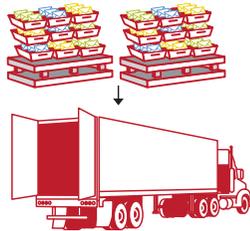
Bundled pallets ship to zip code areas.

Services Available

FREIGHT LOGISTICS (FREIGHT CONSOLIDATION) – Consolidators strategically combine pre-sorted pallets of freight going to similar destination points (NDCs or SCFs) from different companies into one truckload to gain the greatest efficiency.

PROS: They have established daily drops and deliveries, efficient mail volume and full trailers to provide real savings.

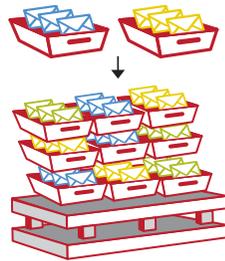
CONS: May take an additional day or two to process while the consolidator gathers similarly-destined mail.* Administrative work, additional invoice.



CO-PALLETIZATION ("CO-PAL") – Consolidates trays of mail from different mail owners onto a shared pallet to increase mail volume deliveries to NDC or SCF, gaining additional work share discounts.

PROS: They have established networks, consistently move volume, provide real savings of money and time.

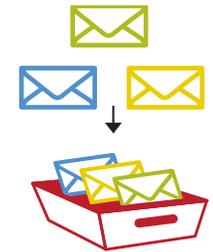
CONS: May take an additional day or two to process.* You don't get a USPS scan entering your mail into the system until it reaches the NDC or SCF. Trayed Mail is entered into the USPS intermixed with other mail owner's mail. Administrative work, additional invoice.



CO-MINGLING – Combines individual pieces of mail from multiple mail owners, sorting them to achieve greater density of mail going to the different SCFs and NDCs in order to earn greater work share discounts. Typically, a co-mingler will give you a volume and workshare postage discount, and charge a processing fee.

PROS: Lower postage rate, fixed rate prior to receipt of data, reduced delivery time, dilutes your mail prior to entry (fraud deterrent).

CONS: It can take a couple of days to process as the co-mingler builds density / volume.* Typically two mail drops per week. Additional paperwork, administrative work.



EXPEDITED FREIGHT – When mail absolutely must reach a destination point, custom logistics are employed to find the absolute fastest delivery method.

PROS: Fast, reliable.

CONS: Expensive, load limitations, additional administrative paperwork.

* All of the above mentioned services speed up the normal USPS delivery process.



More Services Available

Warehousing – Most logistics providers also offer warehousing, enabling you to store a quantity of product for a given period of time. Beyond any convenience factor, warehousing can allow for more flexible and nimble drop shipments on demand.

Tracking – Most postal logistics providers offer near-real-time tracking of your mail. Tracking mail as it moves through the USPS system can provide insight and peace of mind, particularly when it comes to properly staffing call centers and predicting in-store traffic volumes.

The full service intelligent mail barcode (IMB) allows for complete tracking of a piece, a tray and/or a pallet through the USPS. Freight logistics providers use full-service IMB pallet placards to track pallets through their operation.

The USPS uses the full-service IMB to scan pallets, trays and pieces as mail moves through the system. The majority of these scans, especially if you utilize the tools discussed in this brochure, will be piece scans.

DSMS (Drop Shipment Management System) – This service, offered by lettershops, logistics providers, and the USPS, allows you to enter and pay for mail on-demand. Mail is prepared ahead of time and shipped to your logistics provider. Upon your request of release, the USPS goes into their DSMS system and releases mail by pallet, and the logistics provider then delivers those shipments.



JOHN HARMON
381 AMBERVIEW RD
OAKTON, TN 38140-8621

The intelligent mail barcode affords richer data to better manage your campaign.

SPC's Approach

The Situation: A large and professional direct mail client sought to encourage friends and family of their customers to take up their services as well. With a firm belief in scientific testing, it was imperative for mail across the country to deliver within the same three day window to avoid variation of in-home delivery. With a control version in the millions and a dozen test cells of 50,000, SPC would need to implement multiple tactics of postal logistics to achieve the client's goal while minimizing the cost of postage.

The Solution: The project began with format design. SPC optimized the piece from a production standpoint and ensured that it met USPS requirements of standard automated letter mail. After performing the standard data hygiene functions of CASS, DPV, NCOA, and postal sort, SPC analyzed the mail.dat file to determine the optimal solution. For mail distribution and postal savings, SPC isolated the mail from the control version that qualified for 5-digit SCF trays. These records amounted to 80% of the mailing. The remaining 20%, which included control records not qualifying for a 5-digit SCF rate as well as all the test cell records, were run as a different file and co-mingled in a separate process. Once these mail pieces were co-mingled, 95% of them qualified for a 5-digit SCF postal rate. Hence, over 98% of the mail delivered directly to SCFs.

Additionally, by running the West Coast mail, then the East Coast, then the Midwest, virtually all the mail was delivered across the country 10-12 days from the beginning of the production process, accomplishing the desired 3-day in-home delivery window. SPC utilized the IMB barcode to track the pieces by sampling one piece per tray of mail delivered through the freight logistics provider, as well as one piece per zip code that was co-mingled. Through this tracking system, the client was able to verify delivery to every zip code across the country in virtual real time.

The Results: The client was able to maintain full control of the variables, including delivery. This enabled a true test of multiple offers and formats, verifying that the existing control was in fact optimal.



**SPC PROUDLY SUPPORTS THE ENVIRONMENT
THROUGH THESE ASSOCIATIONS**



Printed on McCoy Gloss 80# Cover Recycled Stock.

SPECIALTY PRINT COMMUNICATIONS

6019 WEST HOWARD STREET. NILES, ILLINOIS 60714

847 588 2580

SPECIALTYPRINTCOMM.COM

© 2010 Specialty Print Communications. All rights reserved.