

DELIVER



Industry feature: The changing mail game
by Pamela Oldham

An industry turning point:
Responding to dramatic changes in direct mail
by Murray Martin

Greener mail: Packaging is key for environmentally responsible marketers
by Spyro Kourtis

Converging trends: Shaping the future of direct mail
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DM News

Editor's Note

During a time of increased mailing costs, proposed do-not-mail legislation, heightened environmental awareness and tough economic times, the direct marketing industry is more ready than ever



Eleanor Trickett
Editor in Chief

for a guide to strategies and best practices aimed at optimizing the direct mail channel.

In the upcoming pages of *Deliver*, the latest in a series of *DMNews* Essential Guides, you will see advice and opinion that has been informed by last May's postal rate increase, as well as further strategies for minimizing the impact of the upcoming, albeit smaller, rise in May 2008. Also reflected is the excitement that new technologies and efficiencies in printing are bringing to marketers. While companies are being mindful of the

amount of printed materials they are sending to customers, they are making each communication smarter, better targeted and more cost-effective thanks to these advances.

The DM industry talks loud and often about responsibility, and there's never been a more important time to reflect these values in how the mailstream is being utilized. By following some of the guidelines reflected in these pages, mailers and customers alike will benefit.

—*Eleanor Trickett, Editor in Chief*

DMNews

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The changing mail game

The key issues facing direct mailers in 2008

BY PAMELA OLDHAM

Proposed do-not-mail legislation and postal rate increases certainly raised the blood pressure of most direct mailers in 2007. But while in the coming year industry experts predict continued challenges facing mailers in those areas, there are also significant opportunities for direct marketers, particularly from advances in digital production technology that promise reduced production costs and increased business results. Taken together, these trends are altering the playing field for direct mailers and hold the potential for significant long-range impacts on the industry as a whole.

Do-not-mail list legislation

Last year saw the introduction of proposed legislation to essentially close mailboxes to commercial marketing in a record 15 states. Ron Barnes, vice president of state affairs at the Direct Marketing Association, says that as of February 2008, 14 bills in 11 states have already been introduced that would restrict the mail channel, with several proposing a variety of different restrictions — but all bills would carry a fine for mailers that don't comply.

"In 2008, it's our purpose to keep the mail channel open," Barnes says, adding that the DMA will work with the Mail Moves America coalition (www.mailmovesamerica.org) to explain the importance of the mail channel to policy makers. "It is in our interest as a mailing community to make

sure policy makers understand all aspects of the mail channel, the size of the direct mail business, and its importance as a sector in the economy," he explains.

Additionally, the DMA reportedly plans a consumer outreach campaign in late 2008 and is beefing up its longstanding Mail Preference Service, which offers consumers choices about how and when they receive direct mail. There are also several other opt-out services that have joined the ranks, including Catalog Choice, GreenDimes, 41pounds, CatalogEnd and Pro-Quo.

Aside from formidable legislative threats, experts also say close attention needs to be paid to public opinion. "We've got a real battle going in the court of public opinion for the souls and wallets of American consumers," says Hamilton Davison, executive director of the American Catalog Mailers Association.

Postal rate increases and regulations

In 2007, the industry met steep increases in postal rates, causing some mailers to suffer from what some have called "rate shock." Under the Postal Accountability and Enhancement Act of 2006, however, changes in the way rates are increased (capped at the rate of inflation) will at least offer some predictability in the face of proposed increases in 2008. "Under the new law, the rate changes are much more predictable, therefore they are



John Campo, Pitney Bowes' VP of postal relations, says new rate changes will offer more predictability for mailers

The life of a direct mail campaign

In 2006, San Francisco-based Education Finance Partners (EFP), which provides private education loan solutions, partnered with Goodman Marketing Partners on a new direct mail campaign. "We'd done one-off mailers for individual targets, and it was time to go to a broad market," says Kirk Copeland, EFP's director of marketing.

Step 1:

Strategic planning

Two national direct mail campaigns were conceived to reach different targets: one went to college students and their families, and one was sent to college grads and their families. The total mail volume was more than 1 million. Production was planned for late 2006 and a mail drop for summer 2007.

Step 2:

Creative development

Goodman Marketing Partners created a back-to-basics mailer featuring a personalized 8 x 11 letter, buckslip and #10 envelope. The company focused on a simple solution to what its target audience viewed as a complex, occasionally intimidating, process — applying for a student loan.

easier for a company to understand and budget,” says John Campo, VP of postal relations for Pitney Bowes. “The industry is cautiously optimistic since these changes allow mailers to have a degree of certainty to make cogent business decisions.”

However, the world of postal will get even more complicated in the coming year – and not just due to postal costs. Pointing to the myriad technical regulations being considered now, including the Intelligent Mail barcode (IMB) and shape-based ratings, the ACMA’s Davison urges direct mailers to get informed and involved in the postal policy debate to preserve their own interests. “They’d better have someone who’s reviewing and commenting on these [issues] before they become full regulations,” he says.

Campo agrees that mailers need to educate themselves, explaining that “the devil is in the details – make sure you communicate and communicate again with the Postal Service, via the federal register process and with your vendor who provides you with the technical assets to manage the implementation of the IMB.”

Digital printing for better business results

Amid the challenges facing direct mailers in 2008 is a decidedly bright opportunity, thanks to technological advances and production innovations in digital printing – specifically, variable data printing (VDP). “Digital printing, with its database attributes and deep personalization results, will increase response rates and ease the financial pain of postage rate increases,” says Scott Hopkins, EVP of Poway, CA-based Anderson Direct Marketing. “Now, more than ever, we need to acknowledge VDP’s effectiveness.”

Direct mailers’ use of VDP is on the rise due in large part to its high quality output and nearly infinite personalization and customization qualities.

“For the first time, I think the new class of digital presses that are coming to market can print on low-quality papers faster and from a roll, and these

are going to make inroads into new applications that we’ve never been able to achieve before,” says Howard Fenton, senior consultant for operations and technologies at the National Association of Printing Leaders. “For the first time, we’ll see customized catalogs, short customized newsletters and magazines become a reality because of high speed, low cost-per-page devices.”

The key, to a successful VDP campaign, however, is making sure you have the same goal as any other forward-thinking direct marketing initiative – to use relevant data to provide information that resonates with each individual, says Cathy Vlad, Anderson’s VP of sales. “We want [people] to say, ‘Hey, that’s what I like,’ instead of ‘How did they know that about me?’”



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Howard Fenton, senior consultant for operations and technologies at NAPL, says variable data printing will offer marketers more options than ever

Loan-solution company Education Finance Partners kept postage costs down with a simple, efficient direct mailer that exceeded expectations last year

Step 3:

Production

With printing companies trying to make their numbers for the year and keep production busy in late December, the project’s timing brought huge cost savings. “[It was] some of the best pricing I’ve ever seen,” says Carolyn Goodman, president of Goodman Marketing Partners.

Step 4:

Delivery

The mailers were shipped third class, but Goodman explains that through commingling, they were able to get deeper postal discounts. The mailers were pre-sorted and shipped by truck to Bulk Mail Centers, so the mailers went into the mailstream faster and got to homes within a specified time period.

Step 5:

Outcome

The results of the direct mailing far exceeded expectations, says EFP marketing and communications manager Chris Denny, who credits the mailer’s simplicity for its success, as well as “choosing the right people, the right message, and the right time.”

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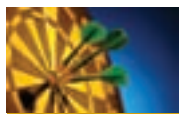
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Postal Marketplace

POSTAL MARKETPLACE

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Postal operations are central to any direct mail campaign, but there is a range of complex issues that marketers must address, from a climate of postage rate regulations and mail legislation to consumer environmental concerns. In the following articles, a variety of industry experts examine the state of the current marketplace.

Does the industry face a turning point?

BY MURRAY MARTIN

The US economy is now facing tremendous pressure, but experienced marketers know this is a temporary matter that will, in time, resolve itself. Of far greater concern is the profound long-term threat from forces aligning to choke off our access to the mailstream — one of the most powerful tools ever developed for direct selling. Unlike the cyclical nature of business, this is a one-way threat — if we lose access to the mailstream, we will not get it back.



Murray Martin
Pitney Bowes

One factor behind this threat is an environmental concern, as consumers grow more frustrated with having to dispose of unwanted mail. Another is privacy, as more Americans increasingly want to protect access to their personal information. The third is a changing individual expectation as to who controls their relationship with direct marketers. The rise of e-mail marketing has taught consumers that ending a relationship should be as easy as clicking a link that says “unsubscribe.” They want it to be that simple for all of their business relationships.

We have no choice as an industry but to respond — and quickly — to these dramatic changes. One promising set of responses is already getting underway, as a consensus emerges across the industry to make direct marketing more environmentally friendly and consumer-driven. These efforts include sourcing

paper from companies that practice sustainable forestry, using dyes and inks that are environmentally benign, printing materials in multiple locations so as to minimize high-carbon-emitting transportation needs and aggressively managing mailing lists to reduce undeliverable, duplicate or poorly targeted mail.

However, a more important change has yet to occur: a change in our thinking about our relationship to the consumer — and as direct marketers, to one another. We can no longer think of the consumer as a passive recipient of our marketing messages. We must begin to see the consumer as our partner, as someone we engage with on an individual level whose feedback drives our future strategies, and whose desires — including a desire no longer to hear from us — needs to trigger from us an immediate, accurate and respectful response.

Equally important is a shift in how we view ourselves as an industry. We need to raise our own standards far more aggressively. Each of us has the obligation, in some small measure, to support the overarching “brand” of mail as a trusted and engaged partner with the consumer. While we operate as independent and competitive companies in various industries (banking, retail, insurance or others), the consumer experiences us as a group — direct mailers. The very best mail — highly relevant, well designed, well targeted — comes through the mail slot right along with the inappropriate, the poorly targeted or even the offensive business solicitation. If we, as marketers, fail on our own to protect the mail brand, there certainly are outsiders who will do the job for us. And we will not like the results.

As Benjamin Franklin noted when the colonial rebels faced their adversaries, “We must all hang together, or assuredly we will all hang separately.” We would do well to heed his advice today.

Murray Martin is CEO of Pitney Bowes. Reach him at pivotalthoughts@pb.com.

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United Way invests in CRM

By Lauren Bell
IN AN effort to focus more on individual donors, nonprofit giant United Way of America has rolled out its first nationwide CRM platform, and has tapped consulting agency Charly Group for its development. Charly offers marketing consulting and CRM services to nonprofits and faith-based organizations and has worked with United Way chapters in the past. It won the business of a competitive review.

The new program, which kicked off in January, revolves around 11 United Way branches. These branches—forming what United Way has dubbed the “CRM Learning Circle”—will, over the course of the 18-month project, disseminate their learned CRM tactics and insights to all 1,200 US chapters of the United Way. “This is not solely a technology ops initiative,” said Jim Yu, VP of relationship management for United Way of America.

“Ultimately, our goal is to improve United Way chapters from a transaction orientation to a more relationship-based approach. Technology will be effectively used if we’ve created the right foundation for it to rest on and our commitment is that we won’t be successful if we don’t have that,” he continues. The idea, Yu said, is to do the organization outside personal, emotional content with donors and volunteer key goal, derived from a set of United Way’s dimensions, is to reduce and retain individual case costs. Currently, a large portion of United Way’s cost

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Ziff Davis Media files Chapter 11 bankruptcy

By Chantal Todd
INTEGRATED MEDIA company Ziff Davis Media Inc. has filed for Chapter 11 bankruptcy protection in the US Bankruptcy Court for the Southern District of New York, as it attempts to implement a restructuring program. Ziff Davis expects operations to continue as usual and to emerge from Chapter 11 this summer with an improved capital structure. “Today’s restructuring agreement gives a long way towards reaching the burdens of a debt load and capital structure stable

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The impact of the economy on search

Data Bank
 Privacy concerns are driving more consumers to use search engines.

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How catalogers can manage rising postal costs and access

BY HAMILTON DAVISON

Postage costs continue to represent one of the largest single expense items for most catalog companies. Yet many catalogers feel they have no control over, or even visibility in, the rate-setting process or the expected changes to one of their largest expense centers. While they aggressively manage their entire P&L, catalogers have historically not worked to control postage costs. Periodic changes to USPS regulations governing mail-piece design, preparation and presentment may have significant compliance costs. These changes can be dramatic, but typically get even less management attention, often deferred to printers or preparers. From fundamental changes such as how the USPS manages rates to transformational changes in terms of how flats mail is processed, catalog companies must change their approach to managing postal affairs if they are to continue access to this primary marketing channel.



Hamilton Davison
ACMA

Outsiders wonder about cataloging and say, "Isn't it all going online?" A recent Interactivetail.com study revealed a catalog is involved in 80% of online sales. Direct merchants know that the Web and the catalog are inextricably bound, which means there is even more reason to control postage costs. But how can marketers do that?

Better segmentation, improved hygiene, co-mailing, reduced page count or basis weight are all mitigation strategies being used to reduce the impact of postal cost. What about managing the cost at the source?

The scale and scope of postal operations make this a daunting proposition. The number of moving parts and layers of complexity require partnering to digest the issues. It goes both ways: Postmaster General Jack Potter has said it is impossible for the USPS to have meaningful dialogue with individual customers. Every major mailing interest – large banks who send First Class, saturation mailers like Valpak, package delivery companies and even groups representing individuals such as the Greeting Card Association – all actively participate in the national policy debate covering postage rates. The USPS and PRC have stated publicly that they rely on mailer input in determining rates, rate classifications and postal policy – the apportionment of the significant fixed costs of running our national mail system to individual mailer groups. Many have noticed that catalogers have not shown up in the past and have worked to shift costs, leading to mammoth cost increases for catalogs. Fortunately, catalogers now have a focused advocate.

The question remains, however, whether catalogers will see their individual role in supporting this work. Under a great deal of pressure in the wake of cost escalations, catalogers are behind the curve. However, with aggressive work, centered on the best interests of catalogers and the USPS, it is possible to implement

postal policy that keeps catalogers in the mail. We will certainly see 2008 as a defining year in more ways than one.

Hamilton Davison is the executive director of the American Catalog Mailers Association. Reach him at hdavisonjr@gmail.com.

Tips on how to identify the right mail service provider

BY JOHN WALSH

For direct marketers, ROI – return on investment – is often measured by the number of people who responded to a DM piece by taking the action recommended. Therefore, the message, packaging and design are all critical to the success of any direct mail effort.

But ROI cannot be maximized if the mail pieces never get into the hands of the recipients. So the messenger system is also critical. Many businesses look at cutting costs amid increasing postal rates, and new rules and regulations. But is your business sacrificing reliability in exchange for lower mail costs?



John Walsh
UPS

You need to take a closer look at your goals and at what you hope to achieve by your direct mail efforts. First of all, know your customer. Each industry comes with a unique set of needs, and the type of mail you're sending will vary for each target industry. Next, identify your expectations. How soon do you expect mail pieces to get to customers? Is your message evergreen or is it a limited-time offer?

The next step is to identify and work with a mail service provider to help figure out the best mailing solution for your business. A mail service provider works with you to manage your mail, sorting and weighing the pieces, affixing the proper postage, and then handing the pieces off to the USPS for final delivery.

Something to keep in mind as you work to identify a mail service provider is the company's reputation. By working with an established company that has a proven track record, you can have peace of mind, knowing that you can rely on that provider to reliably manage your mail pieces. Also, consider the ease of use of the provider. Where are they located? Do they have consultants in your area? How long have their top managers been in the industry? How familiar are they with the USPS?

A mail service provider also can advise you on the content and design of your mail pieces. They can examine your items for packaging that would work the best. The consultant can then figure out the best mail rate possible for your pieces, often enabling you to capitalize on a lower postage rate, avoiding the sacrifice of timeliness for your delivery.

Also, some mail service providers have workshare relationships with the USPS, which means they have access to any updates on rates, rules and regulations. They also can negotiate favorable transit times and costs, and can help you solve any issues that

come up once your mail is on its way to your targets. You can depend on them for reliable troubleshooting and problem-solving from beginning to end.

Most importantly, don't focus all of your energy only on the design and packaging of direct mail pieces and forget about the essential component of mail service. Working with a reliable mail service provider, you'll be sure to get the best results possible.

John Walsh is vice president of business development for UPS Mail Innovations. Reach him at info@ups-mi.com.

By any name, an adjustment simply means an increase

BY KATE MUTH

Mailers find themselves in the unusual position of applauding an inflation-bound price increase. That's because many know the USPS' recently announced price adjustments could have been much worse if they were not capped by law at the Consumer Price Index (CPI).



Kate Muth
Assoc. of Postal Commerce

The Postal Accountability and Enhancement Act (PAEA) allows the USPS to increase prices on its market-dominant products without a lengthy cost-of-service rate case as long as the average increase in prices at the mail class level do not exceed the growth in CPI, which was 2.9% for this adjustment. The PAEA directed the USPS to apply the CPI price cap at the class level, which means the USPS has discretion to adjust prices at the "product" level.

So, some products will get an increase above inflation and some below, as long as the overall mail class does not exceed 2.9%.

The USPS in February 2008 announced that it would raise postage prices for market-dominant products on May 12, the USPS' first price adjustment under the new postal law. Flats mailers were hoping for a break, and they got one. The USPS attempted to provide relief for catalog mailers, many of which were hit with sizable rate increases in May 2007. The USPS moderated the price increase for Standard Mail flats mailers, increasing them on average less than 1.0%, and raised the average increase imposed on Standard letters above CPI (3.4%) to effect this moderation.

Further relief for catalog mailers can be found in the USPS' decision to reduce the flats pound rate in absolute terms, which should provide some additional relief for catalog mailers, as the USPS says in its filing with the Postal Regulatory Commission. Standard Mail weighing more than 3.3 oz. pays a per-piece price and a pound price.

PostCom members often say "mailers don't pay averages, they pay prices" and so it's not until they crunch the numbers that mailers determine just how these higher prices will affect their bottom lines. Some service providers have run numbers and have told their customers that a number of catalogs will see an

increase between 0.6% and 2.2% but that increase goes higher for those catalogs that approach 100% carrier-route presort.

While mailers applaud the predictability that comes with the price cap, they are not necessarily cheering a price increase. The bottom line simply is that postage prices will increase one year after a sizable rate increase jarred the business plans of many mailers. This new price hike comes as the country teeters on a recession and mail volumes are in decline. The USPS' chief financial officer recently reported that total mail volume in the first quarter of the USPS fiscal year declined 3.0%. This follows the 2007 year-end total mail volume decline of 0.4%.

Higher prices in May – even moderate ones – will have a further dampening effect on volume. Mailers continue to worry that the USPS does not fully understand their businesses, and so it does not know how to offer them new products and services that will keep them in the mail. They stand ready to help the USPS promote mail as a viable communications tool.

Kate Muth is vice president for the Association of Postal Commerce. Reach her at kmuth@postcom.org.

Tips on how to use the new barcode to your advantage

BY CHARITY TUCKER

In September 2006, the USPS unveiled a new barcode with a promise to use it exclusively starting in January 2009. Mail houses, retailers, agencies and other companies are affected equally by the change from the current Postnet code and the



Charity Tucker
Trackmymail.com

promise of new available features in the Intelligent Mail Barcode (IMB). The IMB has the capabilities of the current Postnet code and can also be used with the CONFIRM program to track standard and first class mail. The IMB goes beyond a combination of tracking and routing information, offering Address Correction Service (ACS), as well as extra digits that can be used for in-house tracking – and it is all in a single barcode.

ACS currently shows up on your mail as a series of alphanumeric key lines that identify the subscriber and specific record for the address. The current system for ACS has provided valuable address update information for years, but at a high cost that clutters your envelopes. Notices may be sent electronically for six cents per correction, but can cost up to 50 cents for a manual correction notice. Worst of all, you're never quite sure which you are going to get. The IMB changes all of that with an updated version of ACS called OneCode ACS. Now your ACS request can be right inside of your barcode, automatically identifying the subscriber, and sending electronic address corrections for as little as two cents per correction on Standard Mail and for free on First Class.

Beyond ACS, the extra numbers for mail tracking add another great benefit to the IMB. Tracking your US mail to its destination gives you dozens of benefits like the knowledge of where your mail is in the postal system; tools to enhance your direct mail programs; and valuable reports that show you the costs and benefits of direct mail. The IMB makes tracking your mail a simple add-on to your ZIP Code information since the information is right there – but it also gives you the ability to track your mail before it goes into the postal system. Imagine what your company could do if you could track mail as it was being printed, assembled, mailed and then returned. Billing processes could be simplified as you track your bills back from customers and then watch them come in. Even your revenue reports could predict the revenue coming in, up to five days before it is received. In both the mail house and the printing company, misprinted mail can be evaluated and easily tracked to see exactly which part of the mailing needs to be reprinted.

Intelligent mail can seem like a daunting prospect with the new barcode and the information that it contains – but the valuable ACS and tracking information is more than worth it.

Charity Tucker is marketing coordinator at Trackmymail.com. Reach her at ctucker@trackmymail.com.

Strategies for alleviating the effects of postal changes

BY GINA DANNER

Clean up your house list. Your house list is your active client and prospect mailing list. Include “Return Service Requested” under the return address when you mail a promotional piece to ensure that you receive any undeliverable pieces back. Check your list against the National Change of Address Database to obtain information on businesses or consumers who have moved in recent months. Conduct internal reviews of your master list for relevance.

Use cross-media marketing for increased effectiveness. Integrating communications to your clients, combining e-mail, direct mail and sales calls, enables you to increase the response rate of your campaigns. When married with direct mail, you are certain to touch your prospects and clients.

Collect more data. Any opportunity you have to gain more knowledge about your audience is an opportunity to focus your message, and tailor your marketing and segment communications. By targeting consumers, you can have demographic information appended to your database. E-mail marketers can use

personalized URLs (PURLs), so when they visit your Web site they can access a unique link embedded in the e-mail message. Instead of one mass mailing, you can send the right message to a segment or fraction of your list.



Gina Danner
Mail Print Inc.

Analyze your target audience. Be sure your marketing message is relevant and well thought out. You wouldn't want to market baby food to a household with teenage children. Also, make sure that you give people enough time to respond to your offer. Promotional pieces that demand people to come in that day or weekend are inconvenient.

Execute smaller test mailings. With new digital printing technology, you can create a mailing campaign to a very small audience. It used to be only cost-effective to print thousands of pieces, but now printers are able to produce very small mailings.

Make the message more relevant. New variable data printing technologies allow printers to create truly unique, individual pieces. You now can design a mailing campaign that has a specific message and images for the prospects that are looking for something specific. Collect as much data as is possible and craft messages that have relevant value to the prospect.

Analyze and capitalize on your CRM system for long-term revenue growth. Are you taking a proactive approach to your CRM system? Be sure that your clients and prospects hear from you on a regular basis using a contact plan that makes sense for your business. If people buy your product once every five years, be in their heads before they start thinking about the next purchase. And, be sure that you are fostering the relationship over time so that they give you referrals.

Gina Danner is chief executive officer and co-owner of Mail Print Inc. Reach her at ginad@mailprint.com.

Direct mail campaigning during the new age of IMB

BY MIKE COOPER

For the direct mail industry, Intelligent Mail is both a threat and a boon – it can be looked at as a cost burden imposed by the USPS or as an opportunity to move direct mail operation from a cost center to an “engine of innovation.” While spending money on compliance, companies are now exploring ways to gain multiple benefits from the use of the Intelligent Mail Barcode (IMB). They are looking at Intelligent Mail as an opportunity to improve business processes around their communications



Mike Cooper
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with customers, and leveraging it to drive ROI throughout the enterprise

There are numerous benefits of mainstream visibility, outside of earning the highest postal discounts. For basic efficiency, IMB provides better scan rates, improved deliverability, more effective returned mail processing and increased customer intelligence. When each piece is tracked individually, this provides the precise status of the mail and the knowledge

that it was delivered to the right address, to the right person, at the right time. This not only improves the integrity of mail production environment, but provides even bigger advantages

like improving customer relations and directly increasing revenue to the bottom line.

Intelligent Mail can increase ROI by leveraging this visibility to provide increased efficiency of processes. For example, your campaigns can be monitored to align delivery dates with days that deliver the most responses and give better insight into the time it takes to deliver mail throughout the country. With this information at hand, marketers can then plan campaigns that optimize in-home dates, increasing overall response rates as a result.

Data address quality is another aspect of Intelligent Mail that will provide direct marketers with further benefits. A key driver for the USPS' implementation of Intelligent Mail is to reduce Undeliverable As Addressed (UAA) mail. It comes as no surprise that this is a very costly area of direct mail, with an estimated average of approximately \$3 per undelivered mail piece. The IMB makes address correction much less costly. With full service Intelligent Mail, the electronic Address Change Service (OneCode ACS) is free for the first two notices for any name and address sent First-Class mail. This will obviously improve your overall customer data address quality and provide enormous value for improving direct-marketing initiatives.

While, initially, the IMB mandate may generate many questions and concerns, it is important to consider long-term implications for implementing the full service IMB. In reality, the cost may not be significantly different to implement full service over the basic IMB and the value can provide enormous business benefits, in addition to ensuring compliance and achieving maximum postal discounts. Don't underestimate the potential positive impact this barcode mandate can have on your business and the multiple departments that may realize financial benefits and increased efficiency from using the intelligence of the IMB.

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Understanding postal service changes within a tight budget

BY STEVE LOPEZ

Campaign strategy and budget – driven primarily by postage costs – are the driving factors that determine what a direct mail piece will look like. Under the new postal reform law, the USPS is acting similarly to a private corporation. It formerly operated under a profit, break-even and loss three-year cycle of rates with no rate cap and this caused mailers to scramble once rate increases were announced.

However, with a Consumer Price Index (CPI) cap for all classes of mail, the new postal increase shows that – at least at the class level of mail – the overall increase is limited to CPI, but mailers must still be careful. The most recent announcement of the CPI increase has shown that the USPS can price various subclasses of mail at any rate that will add up to the allowable CPI amount for the class level and, as a result, the industry is seeing varying increases across all classes and sizes of mail pieces.

With the newly announced rates, mailers should look at the various subclasses of mail under standard mail rates. A quick example of varying increases can be seen in nonprofit Standard Mail. Enhanced carrier route-saturated rates increased 10.3%

per piece while the five-digit automation rate dropped 11.6% per piece. This represents a 22% variance in postal rates within the subclass and it clearly illustrates the need for an in-depth understanding of how postage costs can affect the layout of most every mail piece.

To further complicate the process, specifications for the Intelligent Mail Barcode (IMB) are increasingly difficult for printers to meet. Marketers are looking for answers on how to overcome the challenges in determining costs per piece, and how to implement the IMB. Some concerns are about the cost to receive the data back from the USPS,



Steve Lopez
Experian Marketing Services

based upon the service level chosen. In many cases, this is currently unknown because it was not part of the recent rate filing. Other questions include: What happens when a mailer's ID is changed? How does the true data owner get the data feedback to them to update future mailings? Can a co-mail job print acceptable code when thickness varies greatly in the run?

With so many variables, it is difficult to plan a campaign and adhere to postal budgets. In addition, changing layout to maximize budgets without compromising recognition with customers is a key concern. Experian is leading the charge with the Association of Postal Commerce (PostCom) to address these concerns and variables, and expects to have results for industry-wide release in May 2008. A solid understanding of postal regulations and new costs based on the structure of a piece will help marketers handle increased costs without compromising campaigns.

Steve Lopez is vice president, postal products and affairs, Experian Marketing Services. Reach him at steve.lopez@experian.com.

Don't allow your mailing lists to go bump in the night

BY JULIET FURNIER

Dealing with postal regulations changes is a lot like watching a scary movie. Just when you've gotten comfortable after the last scary scene, the director has a new frightening change lurking in the shadows.

On November 23, 2008, the USPS will change its move update standards. Currently, only First-Class mailers are required to ensure their mailing lists are updated every 185 days. With the change, mailers of all classes of mail will be required to update their mailing lists every 95 days.

The new regulations will decrease the amount of Undeliverable As Addressed mail (UAA), a costly problem for the USPS, individuals, businesses and organizations. In fiscal year 2004, the most recent statistics, the USPS handled 9.7 billion pieces of UAA mail – a \$2 billion expense that resulted in postage rate increases. According to a Direct Marketing Association survey, 34% of all direct marketers will have to double their update cycles to meet the new USPS regulations.

We always question the sanity of movie characters that venture into the haunted mansion by themselves. The same is true for mailers who are dealing with the complex challenges ahead.

The best answer for many mailers will most likely be a combination of services. The ideal solution should meet regulations to take advantage of postal discounts and enable marketing based on the most effective contact data possible. Implement a solution that will improve quality and increase quantity of new mover information. You also need to reduce the cost associated with the new regulations and improve mail-file deliverability. This often translates into increased response rates.



Juliet Furnier
Acxiom

The solution should include all of the standard USPS-certified address hygiene and change-of-address processes, including DSF2, LACSLink and NCOALink. You also want to tap into an extremely large, evolving knowledge base to validate and add exclusive address correction, new movers, missing information and to correct subtle errors. With enhancements such as address improvement and mover identification services, you can realize the highest potential ROI for mailings. Exclusive

knowledge-based “occupancy level” matching will help fill in missing address components and obtain more updated addresses than conventional address-only matching processes.

With the right solution, you see an average lift over basic postal services of 8% more NCOALink matches, 26% more ZIP + 4 coded records and 48% more records completed or corrected.

The new regulations are all about time, or more specifically, timeliness. Forty-four million annual moves equal a monthly mover match rate of 1.5% per month. Updating only every six months can result in 9% of the pieces not having the current address. For First-Class mailers, this means merely a delay in delivery. For Standard mailers, however, this means discarding 9% of the pieces.

Preparing your mailing database for the upcoming changes doesn't have to be a terrifying endeavor. So, save your fears for the werewolves, psycho-killers and zombies on the silver screen.

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Looking at cleaning up your company's undeliverables

BY ROSE FLANAGAN

The challenges facing direct mailers are becoming more complex than at any time in history. From design, materials, printing and production to mailing lists, list hygiene, address formatting, mail preparation and mail entry, everything is changing rapidly.



Rose Flanagan
Transcontinental Direct

The USPS has goals of 95% delivery-point-sequenced letter mail and a 50% reduction of Undeliverable As Addressed (UAA) mail by 2010. It is scheduled to begin deployment of Phase 1 FSS (Flat Sequencing System) machines in 2008, which requires an address placement change for flat mail pieces. Proposed flat rules for addressing were published

in October; the industry is still waiting for the final rules. Recent address hygiene requirements from CASS Cycle L are still being felt by the industry, but should be regarded as the beginning of the list clean-up phase.

As the USPS improves its efficiency and its greener mail stream, marketers are seeking innovative "mail moment" packages for specific target markets. The industry and the USPS seem to be working at odds with one another.

Postage costs pose the largest burden on advertising budgets. Marketers can reduce postage costs simply by scouring their mailing lists. How often do we receive multiple pieces of the same mailing from the same advertiser — addressed to our legal name, in this case Rosemary Flanagan; next to our married name, Mrs. R.E. Flanagan; and finally to our shortened name, Rose Flanagan? Recently I received one from our pet store, which has our pet's name on file. My dog, Tinker Flanagan, was offered a credit card in his name — but I didn't let him respond.

Where are these lists obtained? How old are they? What type of address hygiene has been performed? There are many methods for cleaning up a purchased list. You pass the files through the National Change of Address database to find the most up-to-date information. You run them through a process that correlates names and addresses and purges duplicates. Then, you scrutinize where your list is being sent. Lists for high-density city areas have held as many as 5,000 good addresses of vacant buildings.

Take a look at how many pieces are coded ZIP+4. Some addresses may not be coded, but if you're working with a purchased list without personal information, consider dropping these from your mailings file. The lack of a +4 code might indicate the piece is undeliverable.

Assure your message actually reaches your target audience instead of ending up as UAA, by consulting your vendor and service provider about cleaning up your list.

Rose Flanagan is director of mailing services at Transcontinental Direct. Reach her at rflanagan@transcontinentaldirect.com.

It's time that you refocus on mailing list management

BY SHARON NEUENFELDT

Direct mail success has long been attributed to a simple three-pronged approach: the offer (product and price), the creative (channel, look and feel) and the mailing list (target audience). Which of the three is most important has been debated for years, but one fact is certain: none of the three can be ignored.

Too often, proper management of customer mailing lists has been ignored or critical functions have been farmed out to service providers. While service providers do excellent jobs, they are limited to executing their products and cannot see the "big picture" that supports the ongoing marketing effort.

Increased environmental sensitivity, hovering Do Not Mail legislation, higher postage and more stringent postage-discount qualification regulations have made list maintenance both more critical and complex. It is time for direct mailers to diligently adhere to basic list hygiene practices.

The first step is to properly clean the mailing list. Find a quality service provider that will use the latest USPS-certified products for address standardization. There are options available for these



Sharon Neuenfeldt
Design Intelligence, Inc.

services and there's no excuse not to utilize them. The cost of processing the list is quickly recouped by increased postage discount qualifications and the improved deliverability of mailings.

Once the mailing list has been processed, use the information received from the service. USPS-certified products for address standardization provide status codes indicating the likelihood of delivery for every address processed.

Take time to understand what the status codes mean and how to correctly use them to make mailing decisions. Develop a plan to properly identify and repair bad information. Based on the corrected information, combine the deliverability status with the customer value rating to determine how much to spend pursuing the customer.

When the mailing list is accurate and up to date, delete any duplicates. A customer receiving multiple offers at the same time can damage the sale and the company's reputation. Make sure your company determines the policies for duplicates.

Take every possible opportunity to verify customer contact information, including spelling, address, e-mail and phone. Customers appreciate the effort to correct mistakes. Nothing dooms a personalized effort faster than a glaring error in the salutation.

In a Mail Moment study conducted by the USPS, 98% of consumers bring in the mail daily and read it within half an hour. Give your offer and your creative the best chance to make a sale by first ensuring the mailing list is properly managed.

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Direct Mail Strategies

DIRECT MAIL STRATEGIES

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For a song: One direct mail marketer's disaster story, by James A. Sullivan

With today's uncertain economy, today's marketers need to carefully consider every aspect of each direct mail piece. The following articles address strategic topics including triggered direct mail campaigns; the agency's role in the campaign process; return rates; sales tax solutions and list issues.

For greener mail, packaging is key

BY SPYRO KOURTIS

Being an environmentally responsible marketer is about to come up on your radar. It helps your company save money, save resources and polish its image. People want to do business with companies that avoid harming the environment. It's truly a win-win opportunity for mailers. Because direct mailers use so much paper, it's no exaggeration to say we can make a huge environmental impact. Here are a few good places to start.

You can start by removing package elements.



Spyro Kourtis
Hacker Group

The easiest way to get greater efficiency – and reduce the number of trees you sacrifice – is to test whether you really need a brochure or lift note. We sometimes fall in love

with what's on the paper and think our readers will, too. How can they know precisely how wonderful Product X is without the multi-page brochure that lovingly describes every button, bell and whistle? Will they respond without the lift note that spells out the discount offer in percentages, dollars, pesos and lira? You have only one option – test it.

Do you need a business reply envelope? BREs may still get a lot of use – even in the age of online purchases. But you may discover online responses are more qualified and make up for the loss of raw numbers on the front end. By eliminating the BRE, you may actually be able to ratchet up the value of the offer

and possibly get more response.

If you can send everyone to the phone or online to respond, you could even get away without a reply form.

When mailing to your current customers, you may be able to radically cut the amount of paper you use without an equivalent impact on response. They are more likely to recognize your brand and know the mail contains something they want. It's possible to mail postcards to segments of interested customers and still get good results.

If a skinnier package becomes your control, continue to test a segment with more paper, in case results change. After all, it's wasteful to mail packages that don't work for you – no matter how little paper is in them.

The next step after reducing your package contents is to consider environmentally friendly materials. Recycled paper is no longer prohibitively expensive and is readily available. The Recycle bug on your printed materials shows your readers that you care about the environment. When possible, we use soy- or other vegetable-based inks.

Stringent data hygiene is yet one more way to reduce the amount of paper you use, because you simply won't print undeliverable mail. For fulfillment kits, a print-on-demand solution helps eliminate a lot of the waste.

Think about internal processes that use a lot of resources. Perhaps now is the time to go for an electronic proofing solution to save some paper, toner and ink cartridges.

Reducing our impact on the environment can reduce our costs, and may also help us show a greater return on our marketing investment.

Spyro Kourtis is president of the Hacker Group. Reach him at skourtis@hackergroup.com.

It's time to revive creativity for today's leading catalogers

BY TOM FLEMING

For the past year, catalogers have looked at creative ways to offset postal and paper cost increases. They have explored every possible area to lower promotion costs, including smaller

trim size, lighter paper weight, improved postal qualifications through add-a-name or co-mailing opportunities and, lastly, attempting to simply mail less.

All of this has led to lower response rates, minimal or no growth to catalog sales, and smaller house file universes.

Was it the right decision given the circumstances? Absolutely. But now is the time for us to

start looking at fixing the sales and revenue side.

I propose that 2008 brings back creative thinking: How do we get response rates back up, without breaking the bank? How do we test new media or partner with other affinity mailers to discover new, untapped universes of names? We were all pretty good at this a few years back. We were more open to testing models, whether it was a ZIP model, a cross-member model or list optimization. No matter what category you are in (catalog, publishing, nonprofit or membership) we are all looking for improved response rates and more names to mail to.

We see clients' online orders range from 20% to 80%. Why then, is it so hard to get an "online buyer" select on most catalog lists? Now is the time to start looking at how customers transact and adjust our marketing plans accordingly. We all know that costs are going up and more prospects are transacting online, but just how many of us are testing a smaller book that is geared toward driving traffic online? Are we segmenting the lists in the same way?

I am fortunate enough to sit in on over 50 client meetings each year across catalog, membership and financial sectors. Everyone is looking for new, inexpensive names. When is the last time a catalog company sat down with a nonprofit organization to look at database opportunities? Guess what, nonprofits mail a ton of commercial names. Why can't catalogers do the same? I say it is because we have not focused enough on it. How about a catalog company testing a magazine list, at a really low rate that works for both sides? We are all guilty of saying "magazine and fundraising lists don't work for catalogs." They will never work if we stop testing and seeking creative ways to cultivate these sources.

I never thought I would sound like a DM veteran, but I do remember the days when we had conference calls or met at the shows, and really looked at ways to test into secondary markets through creative segmentation, optimization or modeling. Now that most mailers are truly multichannel, there should be even more opportunities to test and segment lists, not fewer.

Tom Fleming is SVP, account management at ParadyszMatera. Reach him at tfleming@paradyszmaterna.com.



Tom Fleming
ParadyszMatera

Use front-end analysis for improved targeted response

BY PETER MEYERS

With rising mail costs and an uncertain economy, inefficient direct mail campaigns can wreak havoc on a bottom line.

Let's examine two common but flawed approaches to a response campaign: In the first, marketers narrowly target the group with likely key responders, such as identifying a group of country club golfers to consider sampling a new golf ball. While the marketers receive a fantastic response from this targeted group, they are not a sustainable sample.

With the second, marketers widen the target group to likely and unlikely responders, including all other members of the country club, looking for those willing to try or buy the new golf ball. Other members with an interest in golf respond, creating a larger and more sustainable response pool. But the approach is troubled. The cost associated with targeting such a large audience is exorbitant, and with such a broadly defined target,

the ROI comes in well below expectations.

For a new, more efficient approach to drive program performance, calculated market analysis prior to launching a campaign can greatly increase your chances of targeting a sustainable market segment without compromising response or cost of acquisition. Front-end research can account for as little as 15% of your total campaign budget. The minor investment can pay big dividends in de-



Peter Meyers
ICOM

livering critical information about your most valuable consumer targets and the best creative tactics to motivate these segments.

A carefully crafted online survey to a randomly selected group of households is an excellent, cost-friendly place to begin identifying and optimizing your audience. The survey should be brief and the questions should center on two important elements of your product campaign: the message and the creative. Households that do not respond at all or that respond negatively about the product are immediately eliminated from the direct mail campaign's prospect list.

This type of front-end analysis can greatly increase the efficiency of a direct mail campaign. It not only weeds out the households most unlikely to respond, but gives the marketer pertinent information about the ideal message and creative to engage the optimized audience. For example, an online survey to all country club members would not only deliver an optimized audience of those interested in golf balls, but could also determine whether they like golf balls that are "long-distance" or "soft-core."

Optimizing your audience with front-end tactics ensures that you will be talking to the right audience with the right message and creative when you launch your DM campaign.

Peter Meyers is vice president of marketing at ICOM. Reach him at pmeyers@i-com.com.

Increase the agency's role in a direct campaign's success

BY DASHER LOWE

An earthquake of change has taken place in the marketing industry during the past decade, partly due to a changed attitude towards direct mail, a discipline once believed to be a "below-the-line" offering and not the province of major ad agencies. Today the line no longer exists and direct mail continues to see growing importance in most successful integrated campaigns.



Dasher Lowe
Draftfcb Chicago

ROI is foremost in the minds of marketers everywhere and agencies are playing a growing and critical role in the development and execution of successful direct mail efforts.

Many agencies have come to realize that many good advertising principles are equally important in direct mail efforts.

An agency's role is best shown by the five areas it addresses effectively to ensure successful direct mail efforts:

Strategic planning: The agency defines the marketing objectives and determines effective strategies and tactics. It decides if direct mail can help, and what role it plays in the overall communication mix.

Targeting: The next important role the agency plays is defining the target audience(s). The agency not only can identify the lists to use, it can also provide deeper targeting with geographic and/or demographic modeling.

Creative development: Ensuring that direct mail is delivering results and building the brand is something experienced agency creative teams can deliver on. The creative team understands what elements drive response and how to incorporate seamlessly with the brand message.

Production management: Matching the right production facility to direct mail is necessary to ensure flawless execution. Agencies can evaluate various production options for all elements of the direct mail program, and manage the process so that it is delivered in the most cost-effective and efficient manner.

Performance analysis: Was your direct mail effort successful? That question is not always answered with a simple yes or no, but by a deeper look into the ROI. Agencies can dissect the performance of the DM effort and determine what worked and what didn't. An effective performance prediction model can be developed to ensure future successes.

These steps are not the sole issues agencies must consider during the development and execution phases of a campaign, but are the benchmark and guide to ensure success. As audiences sift through cluttered messages, agencies can provide clients with results-driven direct mail campaigns that become more valuable in the ever-changing landscape.

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The Authority for Direct Marketers

There is gold in those piles of undeliverable mail

BY ERIC TOLKIN

If you think of every piece of returned undeliverable mail as a chance to improve the quality of your mailing list, then undeliverables can actually earn money for you in the long run.

The national average for returned mail is 3% to 6%. If your return rate is significantly higher than that, you're missing a great opportunity to lower your total costs, decrease your cost per sale and increase your conversion rate (because your denominator shrinks while your numerator stays the same). What's more, you can lower your return rate to as low as 1% to 2% if you really get serious about cleansing your list.

Consider our real case: In a list of about 500,000, 15% came back regularly as undeliverable. We built a scrub flowchart that began with the obvious industry-standard technique of NCOA suppression, which reduced the total list by about 3%. Next, we took the also industry-standard technique of CASS/DPV suppression, which reduced the list by another 7%.



Eric Tolkin
Javelin Direct

That left a return rate of 4% of the original list. That's right in the industry-average sweet spot. But then we took the additional step of investigating each piece of returned mail by checking with the source – the originating sales organization – or, in some cases, by calling the customer directly. This ultimately reduced our return rate to just over 1%. What's that worth to you?

The key to consistently reducing your undeliverables is to have the right mindset that is backed up with a good, deliberate process. These are the best practices we use for our clients:

- Create and enforce standards for the original input of data (the most common errors are: missing apartment numbers, incomplete ZIP codes and street addresses)
- Perform NCOA and CASS/DPV suppression prior to each mailing
- Centrally collect all returned mail and dedicate resources to scrubbing and checking all addresses
- Measure results and costs at every step (measure the aggregate customer long-term value to expense ratio)
- Continuously monitor and improve the entire system
- Communicate well and often with the client

If you think about and treat it correctly, there's gold in those piles of undeliverable mail.

Eric Tolkin is CMO at Javelin Direct. Reach him at erictolkin@javelindirect.com.

Use new mover data to improve triggered direct mail

BY DON HINMAN

Successful direct mailers recognize that moving is a trigger event that – when identified and acted upon in a timely manner – can retain existing customers and acquire new ones.

Epsilon and researcher GfK surveyed 800 consumers who had moved in the previous 18 months. Regardless of the reason for moving, or distance moved, our study found that new movers:

Are big spenders. The typical new mover spends \$7,300 on new products and services in the first three months after a move. More than half purchase household supplies, clothing and furniture, while one-third buy big-ticket items.

Easily sever established business relationships. About 72% say it's not difficult to leave old business relationships behind. Even people who move blocks from their previous homes develop new relationships – one in five crosstown movers sign up for a new cable TV, home phone, ISP or home insurance provider.

Direct mail and old-fashioned human interaction are among the most influential vehicles for finding where new movers learn about businesses in their new communities. Only 39% do so through local newspapers. But 60% say they've received special offers related to their new move in the mail and two-thirds say they've received advice from people in their new communities – especially those who move out of town or across state lines.

Marketers must build satisfaction and loyalty through all stages of customer relationships, and they should aggressively use customer knowledge and insight to retain and attract new movers. To improve their ability to capitalize on this critical trigger event:

Refresh databases with weekly New Mover updates. Half a million people move each week. Refreshing mail databases on a weekly basis can give marketers first-mover advantage over competitors who target new movers on a monthly basis.

Develop predictive models to segment new movers. Value and relevancy increases when using mover information, such as location, type of dwelling and household income to develop predictive models.



Don Hinman
Epsilon Data Services

Overlay new mover data onto existing customer databases. Combining existing customer knowledge with predictive-model generated segmentation enables mailers to segment even further and develop highly specific retention and up-sell campaigns for existing customers, and acquisition campaigns for prospects.

Develop referral programs.

Analysis of new mover data can determine where the big spenders are moving, and armed with this knowledge, marketers can target mailings to existing customers in those ZIP codes, with incentives to refer their neighbors.

Don Hinman is SVP, Epsilon Data Services. Reach him at dhinman@epsilon.com.

Making dollars and sense of sales tax and direct mailings

BY MELANIE HILL

One way mailers can stretch their marketing dollars is to look at some potential tax savings available. Here are some pointers:

Obtain a postal permit and allow your mailer to use it for advertising and transaction mail to avoid sales tax on postage. Without a permit, the mailer must collect tax or follow best practices to limit exposure – write postage checks to the USPS instead of the mailer; contractually designate the mailer as agent for postage procurement; and require the mailer to account for prepayment as a deposit, not as revenue. The advertiser files for a refund if the dispute is favorably resolved by the industry. This does not affect postage tax in Nebraska and Kentucky.

Procure direct mail advertising materials from a printer, not an agent for campaigns in states which have passed Streamlined Sales Tax (SST) legislation.

While many states have traditionally viewed advertising as a non-taxable service, advertising fees could be seen as part of the sales price.

Provide a direct mail form to your printer and mailer. This is advisable for national and regional campaigns, but is not crucial for remote sellers without storefronts. Only companies doing business in SST states can issue the form.

The taxation of direct mail

advertising campaigns is unsettled in these states and issuance of the direct mail form makes the advertiser directly responsible for computing and remitting the appropriate amount of tax. If an advertiser is unwilling to invest in resources to make an informed decision on taxability, it should not issue a direct mail form. The mailer may be conservative in over-collecting tax on the transaction but the advertiser can claim a refund later if trade associations favorably resolve the dispute and the advertiser is aware that a refund opportunity exists.

Hire separate printers and mailers in SST states, though many of these states do not agree that mailing services are taxable and the Governing Board has not issued guidance. The cost of using separate mailers should be weighed against the value of taxes saved and the chance that an individual state will retroactively apply a future Governing Board decision.

Get a ZIP code summary of mailing list purchases from the list vendor. Promotional material is primarily taxed in the jurisdiction where it is distributed. Direct mail taxation litigation has resulted in disparate treatment. Firms with direct mail advertising campaigns should review procedures with a multi-state sales tax professional to decide the amount of tax legally owed and the amount that is subject to interpretation.



Melanie Hill
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For a song: One direct mail marketer's disaster store

BY JAMES A. SULLIVAN

Review each piece in my mailbox. For me, the best part of direct mail marketing is not how creative the package is, or how good and responsive the list is, or how strong the offer or how compelling the story about the kit is to me.

What's exciting about direct mail marketing are the disaster stories about the mail pieces you never see in your mailbox.

Here's one you won't see.

This sad story began with the creative. The clients wanted to have a singing microchip sing a popular song about the product. The song selected was current. It was easy to remember, as well as short and sassy. The chip was inserted into a finely designed box, which held a small product sample. This all was wrapped securely with an attractive box wrapper.



James A. Sullivan
Optic Nerve Direct Marketing

The 50,000 pieces were all hand inserted; properly sorted and matched up with a personalized letter; wrapped and again personalized, stamped and made ready to mail. Having left the mailing house with all of those perfectly wrapped packages, the truck driver entered the local USPS loading dock.

Unfortunately, the truck driver had trouble entering the bay perfectly – in frustration, he jammed the truck into reverse gear and slammed into the rear of the loading dock with a resounding thud. What happened next was a heartbreaking melody – most, if not all of the microchips accidentally got activated by the sudden jarring of the truck, singing all of the words of the pre-programmed song in their entire 50,000 pieces chorus. The orchestra did not stop – all of them kept repeating their songs, all at different times and in different segments of that popular song, over and over again. The back door of the truck was not even allowed to open – the Postmaster at the dock would not allow the truck to discharge its cargo until the singing stopped completely.

Undaunted, the truck driver informed the Postmaster that after a few minutes of settling down to normal and balanced levels, the singing would all stop and a silent truck would prevail. The bellowing of the 50,000 voices was not to be silenced, even after a brief waiting time. The Postmaster kindly asked the truck driver to take his melodic shipment back to the mailing house. As you can imagine, neither the production manager, nor the creative director – nor the client – were amused. The microchips continued singing their hapless song for about two days, before their chip life died. With that, the mailing died as well.

All 50,000 pieces were dead, none could be saved. The entire mailing piece was lost, hundreds of thousand of dollars wasted on a singing chip. What did we all learn from this? Well, maybe having your mail talk back to you is not a good idea.

James E. Sullivan is project director of Optic Nerve Direct Marketing. He can be reached at jsullivan@aimmedia.net.

Production & Printing

PRODUCTION & PRINTING

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Some of the most exciting innovations in the direct mail process have been in production and printing. As marketers battle rising costs, these techniques are essential to increasing ROI. These articles address such sector issues as advanced printing technologies, trigger-based programs, production efficiencies and transpromo.

Three converging direct mail trends

BY DON MCKENZIE

The direct mail industry experienced an interesting 12 months in 2007, including postal rate increases that had a substantial impact on direct mail campaigns. Facing what is now an annual rate-increase environment, service providers and direct marketers continue to establish new techniques and invest in new technologies to combat rising costs.



Don McKenzie
Direct Group

Through this effort, three mutually reinforcing industry trends have emerged that warrant examination: The rapidly increasing adoption of trigger-based mailings; the availability of revolutionary digital printing technology; and the demand for more

effective postal strategies to combat recent and future rate increases.

Taken together, these developments support each other and combine for powerful changes to come on the direct marketing front.

Searching for new mechanisms to increase ROI, many direct marketers have begun turning to trigger-based mailings as a tool for achieving desired results.

According to Bruce Biegel, a senior managing director at Winterberry Group, tests have shown that a highly personalized trigger mailing, using fully variable color formats, can produce upwards of 5% to 15% response rates, better than the traditional direct mail channel.

Direct marketing service providers have recently begun to invest more heavily in sophisticated printing systems, especially those with highly advanced, variable digital printing

features, offering the capabilities and flexibility required by trigger mailings and the other direct marketing options.

Systems like the Océ JetStream 2200, for example – which will soon be installed at Direct Group – offer unprecedented versatility, helping marketers achieve highly variable messaging, quality color, mixed forms, commingled data streams and affordable short runs – all within the same workflow.

Equally important to trigger-based programs and advanced printing technologies, marketers continue to seek effective postal strategies to combat continued rate increases. Enormously effective technologies are now available for optimizing postal strategies and instituting intelligent mail techniques.

The most advanced among them offer comprehensive solutions for entry-point deliveries, commingling and other logistics strategies – including optimal packaging, targeted in-home delivery dates, load planning, reporting, co-palletization and standardized interfaces that determine the most efficient trucking and transport options. In addition, the USPS offers a number of paperless, electronic interface options that help reduce time-consuming paperwork and expedite mail handling.

As these trends continue to converge and reinforce each other, they shape the future of direct mail. Providers that offer streamlined, optimized mailing strategies – in addition to trigger-mailing tools and the latest in digital printing techniques – are most likely to emerge as the winners for 2008 and beyond.

Don McKenzie is president & CEO of Direct Group. Reach him at don.mckenzie@directgroup.net.

Secrets to guarantee your print-on-demand success

BY BRENT TARTAR

The increasing use of full-color variable data printing (VDP) technology in a print-on-demand (POD) environment has created a revolution within the marketing world. POD technology allows companies to highly customize their print communications, thereby helping them to better target customers than



Brent Tartar
W.A. Wilde

perhaps any other marketing vehicle in history. Users are seeing significantly higher customer communication rates, better customer relationships, and perhaps most important, increased revenue. A very positive side benefit is that it reduces mailbox clutter – something that is truly appreciated by the environmentalist within all of us.

But before you jump into a POD effort, some things to consider: What is the goal

of the piece you are creating? No matter what it is, you need to evaluate the ROI. Typically, this is done in a comparison with a control document with known results. VDP is typically more expensive to produce than a traditional offset piece and thus requires more responses unless you have a mailing of only a few hundred pieces.

Above all, there are three key things to remember about your POD project: First of all, ensure that all of your content is rendered at a high resolution and of a size of your anticipated largest use, to guarantee that it can be repurposed. Also, make sure you have both data and content that will drive the improved response rates. Finally, consider VDP to be part of the creative step and not part of the printing step.

Other factors to consider: In terms of ROI, is this a cost-savings application or a response improvement? Is speed to market an issue? What kind of data are you planning to work with (i.e., name, address etc.)? Is your database internal or external? What kind of content will you be working with? Will there be video or sound? How will the job be set up for production? How many pages (i.e., letter versus dynamic booklet)?

What is the layout? (Multiple-up? duplex? crop marks? bleeds?) What are your final output expectations – paper, PDF or HTML? Do you want finishing options such as perfect bound, saddle stitched or spiral bound? What is the time frame? What is the value generated?

Above all, be sure that you work with a reputable – and experienced – direct marketing company that can provide results of previous, successful campaigns. That – and of course, a great product – will help guarantee success.

Brent Tartar is SVP, sales and marketing, at W.A. Wilde. Reach him at btartar@wilde.com.

Realize great savings with real production efficiencies

BY PETER HARPER

With production and postage now accounting for more than 50% of all direct mail costs, marketers can realize huge savings by making small but significant shifts in their approach.

Production efficiency starts upstream in the creative process. If your efforts to maximize direct mail execution start at the triple-bid process, you are scratching the surface of the impact that production strategies can have on your entire program.

To deliver a big bottom line impact and enable program expansion and/or efficiency gains, high-volume mailers also need to improve key production metrics from a strategic level. In my 20 years of direct mail experience, all of the most successful direct mail programs that I've seen reduce complexities, optimize packages and use industry-leading technology.

Among the most common symptoms that have dragged down many an otherwise sophisticated direct mail program are the sins of format inefficiencies and overlapping components.



Peter Harper Merkle

These inevitably lead to bloated mailstreams and a great deal of unnecessary expense, as well as an increased number of errors.

Close collaboration between the production and the creative teams can greatly reduce these problems through tactics that include variable imaging techniques to collapse the number of pre-printed forms; the consolidation or elimination of underperforming components; and stock modification to cut

costs without effecting impact.

A recent audit of a national financial services marketer's program found that, through numerous minor adjustments over time, it amassed 111 unique active pre-printed versions – translating into many unnecessary plate changes, proofs, time and postage. Through tools and techniques, such as variable personalization and advanced personalization instructions with lookup tables, the number of versions was cut down to 31, saving a quick \$300,000.

Adopting a strategic approach creates many new opportunities for creative teams to develop more compelling messages. And it will help you get the most from postage, paper stock, direct mail formats and freight.

Postage costs are typically the greatest campaign expense. So, getting production involved early is essential to ensure that kits are designed with paper stocks, format and weight in mind. Perhaps the most overlooked variable expense of all is freight. Many mailers go to painstaking efforts to ensure the best production price, yet leave freight costs virtually untouched – often unaware that they can source and consolidate their own logistics solution on a national level vs. using the local vendor.

Partnering with suppliers who have the leverage to drive postage costs down and increase delivery times through consolidated

buying power, co-palletization, less-than-truckload (LTL) strategies and/or commingling operations will unquestionably enhance most companies' ROI.

Getting your production teams integrated farther upstream, viewing execution as a strategic function and partnering with the right suppliers will provide substantial opportunities to increase campaign ROI and free up additional capital – in fact, one national retailer saved over \$120,000 simply by reviewing its stock and format selection. So what are you waiting for?

Peter Harper is vice president of production at Merkle. Reach him at pharper@merkleinc.com.

Transactional documents transform with transpromo

BY SANDRA ZORATTI

Marketers are constantly faced with tough choices in today's multichannel world. Consumers are fatigued by the daily bombardment of often irrelevant and outdated marketing messages. Traditional methods of reaching the end consumer no longer work, meaning that many messages are diluted long before they reach their target.

Add to that equation an array of environmental concerns, along with an uncertain economy which is driving the need for increased ROI, and today's marketers face tough sledding in their direct marketing campaigns.

Novel solutions arising in service, output and personalization technology mean enterprises can create transactional documents that drive incremental revenue – one potential solution to today's demanding market conditions.

After all, despite a staggering array of innovative technologies, certain documents will always need to be printed, and then sent. But today, for many consumers, the only piece of mail not immediately thrown into the trash is a statement or bill.

An emerging trend is transpromo, the use of personalized messages on these transactional documents. This marries traditional transactional documents such as invoices, statements and notifications with relevant offers attuned to a consumer's

preferences and purchasing patterns.

The strategic objective is to strengthen retention efforts; to cross-sell; to up-sell; and to advance customer/provider relationships.

But why should marketers consider using transpromo? Advantageous mail rates, for one. The good news is that despite the challenges of the recent postage increase, the new rates for high-volume mailings actually decreased.



Sandra Zoratti
InfoPrint Solutions

It's now less expensive to send promotional offers and messages as part of the transactional statement than it is to send it separately. Going from inserts to onserts will help manage postal costs, which can be as much as 65% of the total.

Second is the ever-increasing space available as consumers make more transactions. While the number of people opting for paperless billing is increasing, the length of a typical transaction document is also on the upswing, due to the public's greater use of debit and credit cards.

While personalization and combining data and print is not new, print production departments previously only had the uncomfortable choice between high-quality, low-speed digital color devices or low-quality high-speed digital color devices. Advances in hardware and software mean marketers can now deliver cost-effective, personalized, color transaction documents at volume.

Independent research carried out for InfoPrint Solutions proves consumers will use personalized coupons that are printed onto monthly bills and statements. Additionally, they are more inclined to be loyal to a brand that offers this option.

The research also reveals many consumers have never purchased a product or a service after receiving a separate promotional document along with their monthly statements, and most of them feel that these inserts are always impersonal and irrelevant.

But the most compelling reason is the huge increase in ROI on transpromo spend, with some early adopters experiencing anything from a 3% to a 25% increase in response rates when moving to personalizing transactional documents.

Through the transformation of transactional documents, marketers can boost customer loyalty and generate revenue opportunities; all while remaining mindful of the market forces they need to work within.

Sandra Zoratti is vice president, Strategic Business Development at InfoPrint Solutions Company. Reach her at szoratti@us.ibm.com.

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