

# PRINTtips

## The ABCs of Saving Money on Postage

If you are using direct mail as a way of communicating with your customers, contacting prospects or selling your products and services, you have probably noticed that postage can account for a significant portion of what you spend each time you mail. That's the bad news. The good news is that you can exercise considerable control over postage costs as well as the level of service you get from the postal service by learning the ABCs of postage management.

### A is for Address

According to the United States Postal Service (USPS), an average of 7% of all standard mail is undeliverable as addressed. (*Standard mail* is the current USPS term for what many people call *bulk* or *third class* mail.) That represents a lot of unnecessary expense for postage and printing.

The mailing term for keeping mailing lists up-to-date is *list hygiene*. Here is what you can do to maintain good list hygiene.

Make sure all the addresses on your mailing list are deliverable. An easy way to check this is to process the list with CASS-certified mail list management software. CASS stands for Coding Accuracy Support System and is a feature built in to all professional mail

list management software. As part of the CASS process, the extra four digits of the ZIP code (called ZIP+4) will be appended to each record. If an address doesn't successfully CASS, chances are there's a problem with the address that



makes it either undeliverable or makes delivery depend on the postal carrier knowing what address elements are missing and delivering the mail piece anyway.

If you follow up on CASS failures (by telephoning to verify all the address elements, for example) you can turn an undeliverable address into a deliverable one. If you cannot verify an undeliverable address, we recommend

that you delete the address from your list rather than waste postage. (Remember that the USPS discards standard mail that is not deliverable as addressed unless you pay extra for some form of address service.)

Catch up with your customers who change addresses. The CASS process checks to be sure that the address in your mailing list matches a range of addresses in the USPS valid address database. It does not check to see if the person you are trying to reach is still at the address. To confirm that the person has not moved (and to update your mailing list if they have) you have several choices. One is to mail a post card to your entire mailing list and include instructions to the postal service for what to do if the mail piece is undeliverable as addressed.

Due to a quirk in the postage rates, a post card whose dimensions do not exceed 4 1/4 x 6 inches can be mailed first class at a postage rate that is lower than standard mail. One of the free services of first class mail is *return service*. Return service means that if the post card is not deliverable to the person it is addressed to, the post card will be returned to you along with the new address or the reason for non-delivery (such as the forwarding order has expired).

Another method to update your mailing list is to use a National Change of Address (NCOA) service offered by licensees of the USPS. This service compares your mail list to the USPS-maintained database of business and residential address changes. If there are updates on file, these will be automatically put into your mailing list. We can arrange for NCOA services – just give us a call.

**B is for Bulk Mail**

*Bulk mail* is the USPS term for mail that is presented in quantity – bulk – regardless of the class of service. If you mail in bulk and prepare the mail correctly, the USPS will charge you a lower rate for postage. The postage rate you pay depends on the level of service you request (first or standard) and how much preparation you complete.

Unlike single letters, bulk mail is presented to the bulk mail acceptance unit at the rear of the post office. The bulk mail acceptance unit has hours posted indicating when mail may be presented; these often are different than the lobby hours.

To be accepted, bulk mail must conform to specific requirements for

addressing, presorting and packaging the mail. Bulk mail is accepted by a trained postal employee who spot-checks for weight as well as conforming to presorting requirements. If any irregularities are found, the postal employee will not accept the mailing, or will accept it with conditions (such as changing the basic assumption used by the mailer to calculate the postage).

**C is for Class**

Most bulk mail falls into one of two classes – first or standard. First class mail has a higher delivery priority and a shorter delivery standard (that is, the amount of time between when the mail is presented to the post office and its in-home or in-business delivery) than standard mail. In addition, the ancillary services of forwarding and return mail are available at no additional charge.

Periodically the USPS publishes delivery standards for each class of mail. Delivery standards are just that – standards, not guarantees. Determining how long it will take for your mailing to reach its destination is not a precise science, since it depends on many factors unrelated to class of

service such as the origination and destination locations, how far the mail is traveling, and the quality of the address.

One excellent way to save on postage is to use standard mail instead of first class for bulk mailing. Postage savings for letter-sized standard mail can be substantial, as shown in Figure A below.

**S is for Summary**

Don't waste money on postage by failing to keep your mailing list updated. Mail a post card or use NCOA services at least twice a year to keep current on move updates. Correct or delete addresses that are CASS failures. Plan and execute your mailing in enough time to allow use of standard mail. Obtain a bulk mail permit and learn to presort.

**U is for Us**

If you would like to save money on postage without the hassle of buying a permit and learning to presort, contact us! Our mailing experts welcome the opportunity to assist you in planning and carrying out a mailing of any size. Contact us to arrange for a consultation.

**Figure A. Example Postage Savings**

Presort Level	Mail Class*		Postage Savings	
	First Class	Standard	Difference	Percentage
Non-automation	32.2	25.3	6.9	21.4%
Automation basic	28.0	20.0	8.0	28.6%
Automation 3-digit	26.9	19.0	7.9	29.4%
Automation 5-digit	25.5	17.7	7.8	30.6%

\*Rates in effect February 2002

## Try Precanceled Stamps

If you like the idea of being able to use a live stamp for your direct mail marketing but hate to spend the money on first class single-piece postage, then we have an idea for you. Use a precanceled stamp!

Precanceled stamps are regular printed stamps with two differences: they have a horizontal black bar across the face (which serves to cancel the stamp) and they have the class of mail (first or standard) but not the amount of postage printed on the stamp.

Originally designed to eliminate the hand canceling of bulky pieces of mail, tubes and rolls, precanceled stamps are now often used on direct mail marketing pieces.

You must have a permit to mail with precanceled stamps and they often must be ordered in advance from your local post office. They are available in blocks or in rolls; however, the smallest roll contains 10,000 stamps.

# words

**Bar code:** A series of vertical bars that represent the numeric ZIP+4 and delivery point. Barcoding is a condition of qualifying for automation-compatible postage rates.

**Bulk Mail Center:** A central receiving and distribution center for bulk mail. There are 21 bulk mail centers in the US. They process magazines, standard mail and parcels. Eight smaller auxiliary service facilities share the processing load with the BMCs.

**Bulk mail:** Mail presented to a USPS bulk mail acceptance unit with some processing (such as presorting) already completed.

**Carrier route:** Primarily, a route in an urban area used by a letter carrier. Distinguished from a rural route, highway contract route, post office box delivery, general delivery and delivery to unique ZIP codes.

**CASS:** Coding Accuracy Support System. A USPS program that sets standards for commercial software that appends ZIP+4 codes. To be CASS-certified, the software must submit to an annual audit by the USPS to confirm that it performs correctly.

**CRIS file:** Carrier Route Information System file. Contains information about each carrier route in the country. Updated monthly by the USPS.

**DSF:** Delivery Sequence File. A comprehensive database of every address that the USPS delivers to.

**Mailer:** Any business, organization or individual that enters mail into the postal mail stream.

**Mailing house:** A direct-mail service establishment that provides mailing services (mail list management, postal coding, addressing, mail

processing and related services) to mailers.

**ZIP:** Zone Improvement Plan. A scheme adopted by the USPS in 1963 to provides codes to assist in processing mail.

**ZIP code:** A 5-digit numeric code where the first digit identifies the postal region; the first three digits identify the sectional center facility; and all five digits identify a specific post office. There are over 40,000 ZIP codes in the US postal system.

**ZIP+4:** A 9-digit numeric code that designates a block face (i.e., one side of a block, from one intersection to the next); a specific building; a group of residences or businesses within a building; a specific floor, or a specific company within a building.

# TRICKS & tips

One concern often expressed by mailers is the uncertainty of determining in-home or in-business delivery dates for standard mail. By understanding the route mail travels from origination to destination and the processing priority for mail, you may feel more able to make an informed decision about using standard mail.

Mail travels by ground, train or air from origination to destination. The longer the distance between origination and destination, the more stops the mail will make for processing; and at each stop, the mail is subject to a processing hierarchy. Express Mail is processed first, followed by Priority Mail, then first class mail and finally standard mail.

If you are mailing locally – that is, all your addresses begin with the same three numbers of the zip code – then your mail will move from the origination post office to a sectional center facility (SCF) that handles mail for that 3-digit zip code. Here it will stop for processing. Then it will travel to the destination post office where it will be distributed to the postal carrier.

If you present your mail and it is accepted prior to the cutoff time at the bulk mail acceptance unit, it will likely move that day to the SCF. At the SCF the incoming mail is dated, then Express, Priority and first class mail is processed for a predetermined portion of the shift. When all that mail is processed, or when the allotted time is up, standard mail processing begins.

Automated standard mail is processed first, followed by non-automation standard mail. If your mail misses processing on that shift, it waits until the next time standard mail is processed (that is, behind the next day's Express, Priority and first class mail, but ahead of the next day's standard mail).

The mail that moves the fastest is mail where the origination and destination post office are the same. If all your mail is destined for the same 5-digit zip code and you present the mail to the post office that delivers for that zip code, your mail skips SCF processing and may be delivered as early as the next day, regardless of class of mail.

**Q.** *I've never used bulk mail because I don't have enough addresses in one zip code. Can you help me anyway?*

**A.** Yes, by giving you some information. There is a common misconception that all pieces in a bulk mailing must be to the same zip code to qualify for bulk mail postage discounts. This is incorrect. The entire mailing must meet a minimum piece requirement, (500 pieces for first class and 200 pieces for standard mail) but there are no zip code requirements for a bulk mailing.

If you want to mail in bulk, you must have a permit issued by your local post office. The permit application fee is \$125 and the fee to use the permit for 12 consecutive months is \$125.

Thus, the first-year permit cost is \$250. Permit applications are available at your local post office and take only minutes to complete. The permit number is usually issued on the spot when you present the application and fees.

Alternately, you can use our permit if we are providing mailing services for you and avoid permit costs altogether. This makes especially good sense if you mail infrequently or if your mailings are small.