

Postal Optimization for Printers

How Commercial and Short-Run Digital Printers Profit from Presort, Commingling, and Disaster Recovery Mailing Services

Executive Summary

Taking advantage of presort postal discounts is a more than one-size-fits-all proposition. Each list is different in geographical density. If most of your mailing list is local, presorting, preparing, and dropping it at the Post Office may provide the best discounts. A commingling service offers the best rate if the list is regional or national. If the list density is half local and half regional, a "hybrid" approach is best. Take the local mail to the local Post Office, use a comingle service to enter the rest of the mail closest to its delivery points, and take advantage of reduced postage rates.

Postal discounts rarely represent the best overall value for commercial or short-run digital printers. Labor, liability, space, and time management enter the profitability equation for print/mail work. This document explores the three mail preparation approaches, their advantages and disadvantages, and how printers can utilize a presort and comingle mail service to provide value to their customers and additional profit.

Mike Maguire
Territory Manager Michigan, Ohio, and Indiana
Grand Ledge, Michigan
Pitney Bowes Presort Services
www.linkedin.com/in/mmaguire531/
510-432-1554
michael.maguire@pb.com

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Pitney Bowes Presort Services
Michigan, Ohio, Indiana

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Introduction

Postage is increasing at an unprecedented rate. If industry predictions hold, postage rates will increase by at least five percent every January and July for the foreseeable future. Companies are looking to print and mail professionals for guidance and ways to reduce costs. Direct mail has never been more important for communicating a company's products and services. Consumers suffer from digital fatigue. Most email and text messages are, at best, irrelevant and, at worst, fraudulent.

Printers add value and profit to jobs headed to the mailbox and differentiate themselves by providing optimum postal pricing. The key word is "optimum." Shooting for the best rate typically does not consider the labor and liability required to enter mail at the lowest rate. Here is where a commingle/presort mailing service comes into play. A commingle/presort service optimizes postage spend by sorting and entering some or all of a printer's direct mail. Which option is the best depends on many factors, including the geographical density of the list, labor costs, liability, and general "hassle factor" for prepping, loading, driving, unloading, and inducting mail at the Post Office.

With the reality of COVID, organizations that once relied on an informal, often unwritten disaster recovery plan have no choice but to become serious. Before COVID, an event closing a business was typically a natural disaster, such as a blizzard or flood. Manufactured disasters included a power outage, a computer network virus, or equipment failure. Today, a "sick out" shares equal billing as a business disaster. A comingling and presort service added to a printer's business continuity and disaster recovery workflow adds value and is a service that companies demand.

Presorting and Commingling: Definitions & Differences

What is Commingling?

The comingling concept is simple. Individual companies save postage by combining their mail with the mail of other organizations. Letters, cards, and flats are organized in trays, tubs, and pallets by ZIP Code—the more digits matched in the sort, the greater the postal discount. Sorting mail to the 5-digit level is typically the goal of most business mailers, as it provides an excellent postage rate. That means that 150 or more mail pieces are going to a specific 5-digit ZIP Code. With most regional or national mail "drops," some mail will be eligible for a 5-digit presort rate. However, most mail will qualify at a higher rate.

Let's say you have 75 pieces of mail addressed to ZIP Code 12345 (an authentic ZIP Code; it is the ZIP for The General Electric Corporation in Schenectady, New York). At least 150 pieces are required for the sought-after 5-digit postal rate. However, another organization drops mail, and 75 pieces go to ZIP Code 12345. By comingling mail and the other organization's mail, you both qualify for a much better postage rate. Commingling direct mail allows an organization to send smaller mailings while maintaining the cost advantages of larger mailings.

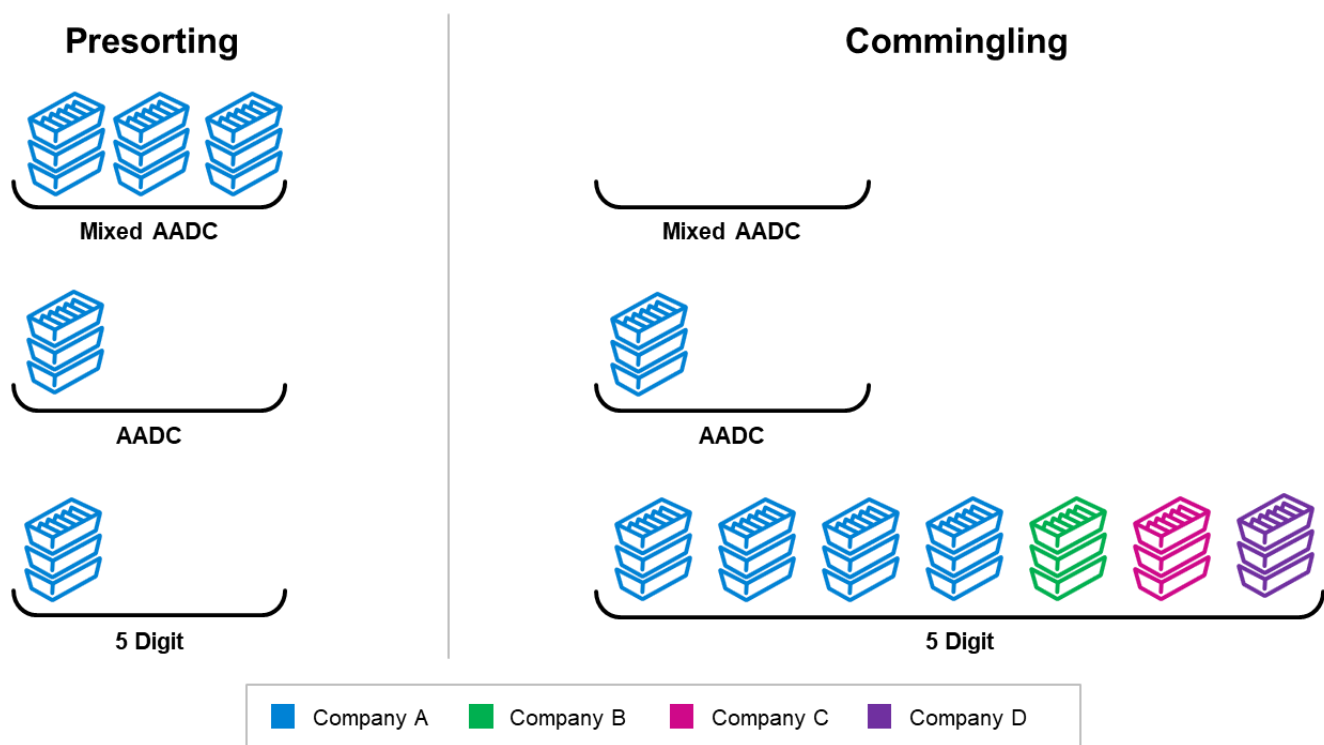
Commingling systems consist of two components: sorting hardware and processing software. The hardware scans mail pieces and feeds information to the processing software. The processing software sorts the mail and directs the hardware to move the mail pieces into the proper bin or tray. Commingled mail can bypass the usual intermediate processing facilities by going directly to the Sectional Center Facility (SCF) or Network Distribution Center (NDC) nearest its destination. A comingling service does a good portion of the post office's work. This process often speeds the mail to its destination and provides a discount.

What is Presorting?

In its most basic sense, "presorting" means grouping mail by ZIP Code. "Pre" refers to an organization sorting the mail before induction to the post office. In a presorted mailing, all the pieces going to the same destination combine into the same bundle or tray. Mailings are sorted into specific ZIPs and then sorted into more general ZIPs. Leftover mail is combined. These schemes are part of commercial presort software. The software essentially creates a "recipe" to prepare the mailing. As mentioned, most mailings will have some that qualify at the 5-digit level, the most sought-after discount. Software is necessary for this. For most companies, however, a significant amount of mail will not qualify at the 5-digit rate. Lack of geographic density is the scenario where commingling comes into play.

The Power of Commingling

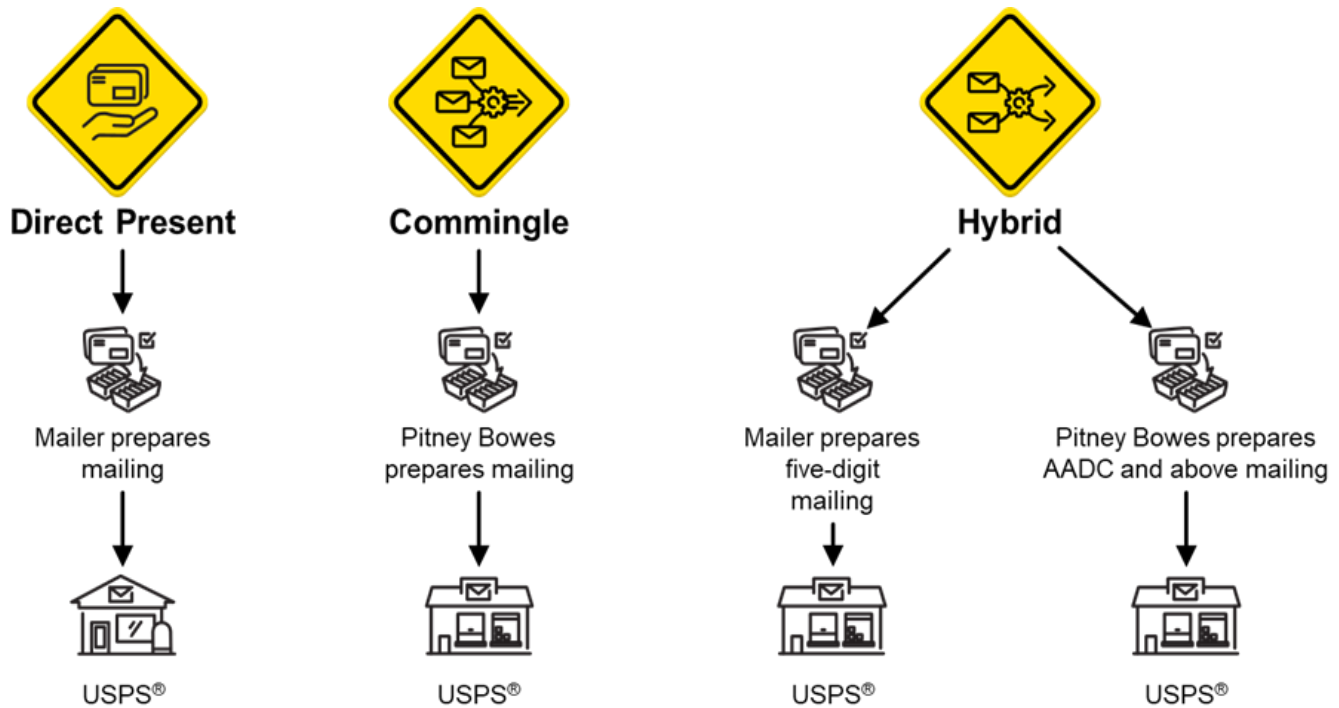
This graphic illustrates the power of commingling. Combining your mail with other mail is where discounts live.



Postal Optimization: 3 Options

As a printer preparing mailings for customers, chances are you routinely use CASS Certified address standardization software and PAVE Certified presorting software. These are great tools to lower your clients' postage costs, but more importantly, you are helping them reach and communicate with their customers. You are printing, preparing, and trying your customers' mail, taking it to the Post Office, and enjoying discounts on each mail drop.

If your mail is like most business mailers, you are not getting the deepest discount on the entire mailing. In addition, labor, liability, and resources associated with preparing and transporting mail to the Post Office are significant costs. You submit mail locally. It is typically not entered at the Sectional Center Facility (SCF) nearest the destination.



Option 1. Direct Presentation

If you are not using a commingling and presort service, this is how you prepare your mail now. Address standardization/updating and presort software create a "recipe" for a mail drop. USPS documentation is produced, tray tags are printed, and mail is addressed, bundled, and trayed. A driver loads trays onto a truck and transports the mail to the local post office. The driver waits for mail induction. Typically, discounts are available for a portion of the mailing delivered locally.

- Trays require tagging.
- Trays require strapping or sleeving.
- Postal documents are submitted.
- Mail must be in a specific tray. The envelope must return to the correct tray or bundle if a tray tips over.
- Accumulate all mail for the job before transporting it to the Post Office. In a large mailing, you cannot take in partial shipments. What happens when there is no more space on your production floor?
- Loading or unloading of mail trays or pallets is required.
- Trips to the Post Office for mail induction are required. Drivers are needed to transport mail to the Post Office.
- New employees often require postal knowledge to complete the necessary processing to submit mailings to the Post Office.
- Liability and risk exist as a driver is required to transport mail to the Post Office.
- Eventual postage price certainty. More about price certainty in a moment.

Option 2. Comingle

A better term for this preparation method is “pure commingle” because the hybrid approach discussed next also has an element of commingle. Prepare the mailing through the addressing step, and you have completed the job. Pure comingle provides the least labor and liability of the three options discussed. A great way to remember your role in the mailing process is:

“Print, tray, and walk away.”

It comes down to an informed business decision. Evaluate overall costs and liability, not solely postage. If all your regular mailings qualify at the 5-digit discount level, comingle may not have a place in your mailing mix. If not, other costs come into play. What can be saved by a pure comingle initiative?

- Eliminate tray tagging.
- Eliminate tray strapping.
- Eliminate Post Office document submission.
- No worries if the correct mail is in the proper tray. If a tray tips over, put the envelopes back. The order and method make no difference. Spill it? Just refill it.
- There's no need to accumulate a mailing before taking it to the post office. Call for pickup if you complete 50,000 pieces on a 150,000-piece job today and need more space. That job enters the mail stream on schedule. When you complete the job or have another batch, call for pickup. Your floor space is optimized.
- Eliminate loading or unloading of mail trays or pallets.
- Eliminate trips to the Post Office for mail induction.
- No driver is needed to transport mail to the Post Office. Redeploy labor to other profitable work.
- With “print, tray, and walk away,” no postal knowledge is required. New employees are brought up to speed quickly as there is no need for postal regulation and preparation knowledge. The Domestic Mail Manual has 1,305 pages. The “Quick” Service Guide has 162 pages. With a pure commingle service, you will not scare new hires with postal regulations.
- Reduce liability and risk. A driver is no longer required to transport mail to the Post Office.
- Immediate postage price certainty. More about price certainty in a moment.

Option 3. Hybrid Postal Optimization

If the Post Office is nearby, part of your mail qualifies at the 5-digit rate, and your driver is going out on other business, a hybrid approach might be the way to optimize postage spending. In this scenario, you take the mail that qualifies at the 5-digit presort level to the Post Office, and the rest is picked up and processed by the commingle and presort provider. Typically, your total postage using a hybrid approach will be less than presenting the entire mailing yourself because of discounts you have never previously qualified for.

The hybrid approach requires the same labor and input as “**Direct Presentation**” above, except that the mailing will send for less postage because a commingling service picks up a portion of it.

Price Certainty and Why it is Important to Your Sales Proposition

What is price certainty, and how will it help you close sales? Let's say you are sitting across from a potential client with a proposal, and they ask what the postage for their job will be. With a comingle and presort service, you know exactly what the postage is. The commingle and presort service has provided it in advance. You have marked it up a penny, two, or three, but you can immediately respond with an exact postage price in the conversation.

The alternative is to ask for the list to "run it" and see where the sorts fall. Unless you know the list is 70-80 percent local, it is probably like most. It mails to many places, and comingling makes the most sense. The other predicament is that businesses would rather not provide one of their most critical corporate assets for someone to look at. There are non-disclosure forms and many hoops to jump through before you can sort a list to determine the postage costs. If you want to close a printing and mailing deal on the spot, know the postage before you go in.

Are You in Competition with Your Presorting and Comingling Service?

When did you last look at your presort service providers' website? What services do they offer? Do they design, print, fold, insert, perf, and tab? Wait a minute. Isn't that what you do? Are you effectively handing off your customer list to a competitor to presort and commingle your mailing? Your customer list is not protected. Look to a commingle and presort service that does not offer design, printing, and letter shop services. These are the services you provide and get paid for. Don't hand off your customer list to a competitor.

Disaster Recovery and Business Continuity

Every printer should have a disaster recovery and business continuity plan in place. It is often with a competitor down the street. Let's call them ABC Print. What if the power is out at ABC Print as well? Does ABC have Tier 3 security procedures or any security protocol at all? Most F1000 companies do not back up data in the same city where their server farm is. Your protection is limited if you use a local, single-location commingle and presort service for disaster recovery and business continuity.

Disaster recovery has been on people's minds today more than it was five years ago. A "disaster" was usually a tornado, flood, or lengthy power outage. Today, a work disaster is often a COVID-19 work stoppage. It does not matter; a work stoppage is a work stoppage, regardless of the reason. Your customer will ask you:

*"What happens to my mail if the local presort and comingling service has a business disaster?
What is your recovery plan? How will my mail get out?"*

A multi-site, yet local presort and commingle service solves this dilemma. Exchanging mail between Detroit, Indianapolis, Chicago, Columbus, and Milwaukee is not only a recovery plan but an intelligent way to enter mail. Why present the mail in Detroit if Indianapolis is its ultimate destination?

Disaster recovery and business continuity are on every company's mind. As a printer, you have an excellent answer to any related question. Banks, insurance companies, universities, and mortgage companies require a written disaster recovery and business continuity plan to review. Using a multi-site presort and comingling service answers these questions.

Frequently Asked Questions

Can I use my mailing permit or my customer's permit?

+ Yes. Permit information already printed on envelopes can be used and mailed with a commingle and presort service.

Which classes of mail can be submitted?

+ Pitney Bowes processes First Class Mail, Marketing Mail, Ground Advantage, Bound Printed Matter, Priority Mail, Profit, and Non-Profit Mail.

What about the USPS promotions and incentives? Can you help me take advantage of those?

+ Yes. We enter mail routinely for customers, taking advantage of postal promotions.

Are there mail piece size limitations? What if I have flats or small parcels?

+ Most machinable mail can be sorted and processed, but having samples handy is always a good idea.

What about Move Updating?

+ Using an NCOA method for your database always contributes to mailing and data quality, but we can "see and spray" a better address and barcode if one exists in the NCOA database.

My software already presorts mail. Why do I need a presorting service?

+ The power of a commingling and presort service is in the commingling first and the presorting second. What is the geographical density of your list? If 25% of your list qualifies for the best presort discount (5-digit), 75% does not. It is a business decision. What is the "hassle factor" associated with trying, tagging, sleeving, loading on a truck, driving to the Post Office, unloading, and returning to work? How much of the mail are you getting no discount on?

Once a service picks up the mail, how long before it enters the mail stream?

+ First Class Mail enters the mail stream on the same day of pickup or the next day, depending on mailer requirements. Marketing Mail enters the mailstream two to five days after pickup day.

Conclusion

Postal mail communication has never been more critical. Digital fatigue disengages customers from the companies they work with, the schools they attend, and the churches where they practice their faith. Educators believe that students learn better and retain more from a tangible, printed textbook than from a PDF on a screen. A colorful, engaging, and relevant direct mail piece is similar. It is easy and cheap to send a message electronically that no one looks at it. Postal mail cuts through the clutter. It is tactile. It has permanence. It sells stuff. The reason someone invented refrigerator magnets is for direct mail coupons. The downside is that direct mail costs money. That cost will increase twice yearly for the next five years.

Presorting and commingling mail is a way to normalize postage rate increases. It also eliminates the "hassle factor" of transporting mail and submitting it to the Post Office. If postal mail is part of your daily business, a presorting and commingling service allows you to take advantage of postal discounts, redeploy your labor force, and provide your customers with a disaster recovery and business continuity plan.