

POSTAL NEWS
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1. Mail More, Pay Less: A Postal Strategy

Jan 7, 2008 10:58 AM , By Jack Sturn

It's time to cheer up.

Yes, catalog mailers were slammed again in the May 2007 rate increase. But there's a way to maintain current circulation levels at only a portion of that new cost.

What many people forget is that the USPS also increased the number of postage tiers. The goal was to reward mailers preparing their mailings just the way the postal service likes them.

What's this mean to you? First, you can improve your return on investment by keeping or adding names that receive the maximum discount. Or, you can drop names when postage costs make those records unprofitable to mail.

Add-a-name

The first step in getting maximum postal benefit is to create mail-file density. This can be done via traditional add-a-name strategies or by co-mailing.

The goal in implementing either (or both) of these strategies is to place as many books as possible in the highest postal rate tiers. Many mailers have added names—they know that filling one hole is always a winning proposition.

But you can fill two holes. The proof is in the following table.

(Image)

One more tip: Remember to include the paper and printing costs associated with each added name.

The next step is to consider the incremental profit these add-a-name records will generate. The stronger the names are, the more holes can be filled.

But where do you find these names? Many mailers turn to older house-file names that are relatively strong—but not quite good enough to mail on their own. The premise is

that the postage savings provided by filling holes offsets the marginal performance of these names, making them profitable to mail.

Other catalogers draw on the purchase data of the Abacus Alliance or one of the other co-ops. By adding these high-quality names, they improve their return and lower marketing expenses.

This added dimension improves the potential return from each mailing and helps lower marketing expenses.

Drop-a-name

But you just can't keep adding names—sometimes you have to drop them.

Some may fall into more costly tiers. The postage penalties can be so great that they offset any contribution the names may make..

This is especially true for names that are expected to be marginal performers to begin with. Take a look at all of the names in the lower, more expensive tiers, and evaluate whether or not they are worth mailing.

Let's you have a breakeven of \$0.80 for each book mailed at the CRRT tier, and that you have decided to mail 10,000 names from a list with a projected sales per book of \$0.90. Here's a look at how these names may fall into their respective postal tiers:

(Image)

What can you learn from this? You can identify the names that fall below breakeven. These records are found in the postal rate tiers at \$0.363 and greater. The conclusion: That Thus 1,500 books may be taken out of the mail stream because they are too costly to mail.

Marketing decisions must be based on financial soundness. It makes sense to drop names that will fall below breakeven after factoring in the additional cost of postage because of the recent postal hike. And don't stop there—replace them with good names that will be mailed at the CRRT rate.

All this will help you maximize the return on each campaign dollar invested. The net benefit may be tens or hundreds of thousands of dollars a year.

Jack Sturn is vice president of client services for I-Centrix, an East Greenbush, NY-based data management firm.

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2. Postal Service phasing out vending machines

By Ken Hedler, The Daily Courier

Tuesday, January 08, 2008

The process of buying stamps is changing.

The U.S. Postal Service is phasing out vending machines because they break down and are costly to repair, tri-city area postal officials said.

"The cost of keeping these machines up is too high," Reid Schilling, postmaster for Prescott and Prescott Valley, adding, "It's hard to get parts."

Schilling said postal officials this past week removed vending machines from the Prescott Gateway Mall and Embry-Riddle Aeronautical University and a smaller stamp machine at the Bob Stump Department of Veterans Affairs Medical Center. He added the phase-out, which is taking place nationwide, will conclude by the end of February.

The Dewey and Humboldt post offices removed the machines during the summer and the Chino Valley Post Office removed its two small vending machines in October, postal officials said.

"They were old machines, not the new advanced type," Dave Hyslip, postmaster in charge in Chino Valley, said. "You could only use a \$10 bill. It was very limited. And we had a single-stamp machine (that took) under a dollar."

Postal officials advise area customers to seek other means to buy stamps, besides waiting in line.

For instance, Prescott's main post office on Miller Valley Road has an Automated Postal Center where customers may use credit cards to buy sheets of 41-cent stamps and weigh and mail packages, Schilling said.

"It's been around for a couple of years now," Schilling said. He added postal officials plan to install an APC in a few months in Prescott Valley.

Postal customers also may buy stamps from supermarkets and online at usps.com and stamps.com, Schilling said.

He said consumers also may obtain Stamps by Mail envelopes from carriers, which enables customers to make out checks for stamps and mail the envelopes or return them to the carriers.

However, a letter carrier in Prescott who asked to remain anonymous because he fears retaliation said Postal Service managers did not notify him about providing the envelopes to consumers.

"The ones we have in stock are not for current postage," the letter carrier said.

The pending loss of the postage machines will not inconvenience some customers of the downtown Prescott location.

"I've used the machines occasionally since I have to come to the post office for work," Diane Brock, a bookkeeper who lives in Prescott Valley, said Monday after she left the building on Cortez and Goodwin streets. "I just buy (stamps) at the counter."

Brock added that she cuts down on postage by paying bills online.

Michael Haywood, a land surveyor who lives in Prescott, said he never uses the vending machines.

Haywood said he goes to the counter because he likes the "personal touch" of buying stamps at the counter.

The counter also is the main venue for Karen Ludwig, a Prescott Valley resident who works in insurance customer service. She said she buys stamps for her office using her company's credit card.

"While at the counter, I purchase postage for myself," Ludwig said. "People at the counter are always very accommodating."

The counter can be busier at the Prescott Valley Post Office off Robert Road, where two customers from Prescott Valley said the machines provide convenience.

"The machines are handy," said Bob Rickey, a retired drywall finisher. "I've used them before."

With the machines becoming extinct, Rickey said he plans to buy stamps at supermarkets.

Retired maintenance worker Helen Clinton said the machines have offered her the convenience of buying stamps after hours.

"I have a computer at home, but I have not (bought stamps) online," Clinton said. "I don't like giving out my credit card or check (number) online."

Contact the reporter at khedler@prescottaz.com

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3. XPO Pushes the Envelope on Customized, Affordable Postal Solutions Mon Jan 7, 2008 12:00pm EST

TORRANCE, Calif.--(Business Wire)--XPO, a premier provider of international and domestic mailing services, starts the New Year with projected revenue of \$30 million. Sales nearly tripled in the past two years and increased over forty percent last year.

XPO was founded in 2003 by postal professionals seeking to provide

a better solution to existing, non-flexible, mailing services. Working with the biggest mailing companies, the founders identified a service need based on consistency, collaboration, customer management and most importantly, true customization.

XPO has quickly grown, processing millions of mail each month. Its founders remain active in the company's operations from facilitating new clients' customized programs to navigating the complicated international postal regulations. XPO was recently ranked the 16th fastest growing private company by the Los Angeles Business Journal.

XPO earned the USPS' difficult to achieve distinction of a Postal Qualified Wholesaler. It has the Indirect Air Carrier Approval from the Transportation Security Administration and qualifies as a Women Owned Business.

"The industry is talking about our truly unique ability to invent a postal system for our customers, rather than forcing them into an inflexible mailing system," says Kelly Herold-Martinez, CEO of XPO. "Through collaboration and quality customer support, we attribute our company's growth and continued success to our loyal customer base."

Super D (www.sdcd.com) is a wholesale distributor that provides and consolidates all the large record labels and movie studios' products. It carries the largest worldwide selection of CDs and DVDs from 24 countries and distributes them to independent and chain music, Internet, international and special market retailers globally. With their rapidly expanding international business, they needed a mailing company capable of accommodating their growth.

"We chose XPO over larger mailing companies, not just because of their competitive pricing, but because they cared about our account with their attention to details. It's refreshing to get the kind of service we know we won't get with a larger corporation," said Bruce Ogilvie, CEO of Super D. "We are pleased how they think out of the box and act as a partner by collaborating on costs, ideas and services to mutually benefit both companies."

From smaller innovative Internet businesses to the largest brands in the world, other XPO customers include printers, financial institutions, direct marketing and fulfillment companies.

About XPO

XPO leads the industry in creating dependable customized domestic and international postal solutions matching the unique needs of customers. It was founded in 2003 by a dedicated group of postal professionals who desired to provide a better solution to then existing mailing services. XPO does not believe in forcing its customers into a box but is committed to Inventing Your Postal

Solution(TM). The senior management team personally creates a unique program utilizing their extensive worldwide network of carriers and a service backed by a hands-on, world class, customer support team (www.XPOmail.com).

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