

EU SERVICES

News & Insights

Postal Progress in 2009

In This Issue

- Ask the Experts 2
- Testing Direct Mail Packages 4
- Leadership in Paper & Environment 7
- NAPL Award 8
- Variable Imaging Promotion 8

Businesses, both small and large, are trying to overcome the challenges imposed by the economic shakeups that were set in motion throughout the course of 2008. The United States Postal Service (USPS) is no exception. The USPS has been forced to meet mounting production and labor costs with dwindling resources. For example, DHL, an international logistics and express service provider, has discontinued its domestic air and ground services in the U.S. market as of January 2009 to concentrate on its international services in the U.S. market. DHL was a major player with the USPS. The Postal Service has continued to take steps to offset the impact of these events.

POSTAL RATES INCREASE

Over the past few years, direct mail marketers have become weary of witnessing consistent increases in postage rates. Again in 2008, the USPS announced its plan to increase prices for both its shipping and mailing services. Shipping prices went up an average of 5 % starting in January of this year, while mailing rates rose an average of 3.7% as of May 11, 2009. There appears to be no end to the growing cost to mail. To see a rate chart reflecting the current postage increase, email marketing@euserVICES.com.

These recent increases in postage have direct marketers worried about how to maintain their mailing programs and still garner consistent results. For some, it may mean increasing their marketing budget to meet the rising costs. For many others, however, it requires cutting costs and inefficient programs as much as possible. As the economic slump lingers, it is safe to say that direct mail marketers are anticipating more changes by the Postal Service and are searching for new and better ways to survive.



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HOW INTELLIGENT MAIL BARCODES CAN HELP

To weather all the current challenges, marketers need to apply any new postal regulations and revisions to their best advantage. One such new regulation is the Intelligent Mail Barcode (IMB). The IMB was developed in 2008 to simplify the automated process of scanning and tracking mail in the postal stream. It combines the mail sorting capabilities of the POSTNET barcode and the tracking capabilities of the Planet Code barcode into one unique barcode. This new barcode contains 65 bars and 20 more digits allowing each address on the mail file to be assigned a unique identifying number. When combined with the OneCode ACS (Address Change Service), the IMB provides mailers with an electronic file containing

Postal Progress in 2009 ►
Continued on Page 6

Ask the Experts...

Q.

My selfmailers seem to get pretty beat up in the mail stream. Do you have any suggestions to make them sturdier or more durable?

A.

Have you considered applying a UV coating to your selfmailers? It's true that a high-shine gloss is a primary benefit of UV coating, but significant abrasion-resistance also makes it a popular choice for direct marketers. Selfmailers, particularly digitally-printed ones, are exposed in the postal stream to fingerprint smudges, wear and tear, and damage caused by mail processing equipment. Your selfmailers will get through the grind in much better condition when UV coated.

Additional coating options that can enhance and protect offset printed projects include varnish and aqueous coating. E-mail us at marketing@euserVICES.com to request a copy of our Varnish Book and you'll see how overprint coatings can positively affect the appearance and durability of your printed pieces.



Q.

We are in process of producing our first variable data print mailing. How should I expect to proof the campaign? What key tips do I need to keep in mind when proofing?

A.

There are several proofing options to consider for Variable Data Printing (VDP) applications:

The most important aspect of proofing is to ensure your design is compatible with the longest and shortest (or largest and smallest) data elements. A full-service direct marketing production company can supply proofs generated from your data to ensure proper design integration with the extreme data values and also the variable text and image elements. You can request as many samples as you're comfortable receiving, and proofs can be delivered as PDF files and/or printed samples.

Another option is to proof every permutation of your data, which can be helpful for first-time VDP users or those with complex variability. Soft PDF proofing is often recommended for this proofing population, as your business rules may dictate well over 100 data permutations.

When processing your files, understand that a variable data print file is one document, with a "page" created individually for each data record from the database. The printing process does not move to the next record until the page in question is completely generated. For that reason, error is highly improbable.

Most importantly, rely on an experienced vendor or service provider for advice, counsel, and assistance. Your VDP vendor should be experienced with and fully understand the technical aspects of VDP, including such requirements as writing the rules, setting up a test, developing data into subsets, and managing images.



Forest Wathen, Manager of Prepress, has been with EU Services for over 16 years and has 28 years of experience in the industry. He is well-versed in both traditional and digital prepress processes. You may reach him at ext. 6312 or via email at fwathen@euservices.com



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Q.

My next digital mailing is highly variable. How do I go about marking variable images and text for my vendor?

A.

Communication is key! If you'll be using personalization directly from the fields in your data, such as first name, you can simply indicate that by inserting the data field name with brackets into your copy. It might look like this: Dear [Firstname]. Then you should print out copies of the layout file and highlight what is variable.

For more advanced variable projects, you'll also need to create a legend or guide for your vendor that will link the values in the data with elements of the design including text, images, or layers in the file. Approach it as a series of if-then statements:

If **Prefix** (data field) equals **Mr.** (data value) then **Image1** (creative element) will be **Car.tif** (file name).

If **State** (data field) equals **MD** (data value) then **Copy Layer** (creative element) will be **Local** (InDesign layer name).

Be sure to also indicate what should happen when a record is missing information that is supposed to trigger creative content. Here is an example of a default rule:

If **Prefix** (data field) is blank, then **Image1** (creative element) will be **Other.tif**.

With careful planning and documentation, the project will run seamlessly.

Q.

We recently used variable imaging on our printed direct mail pieces and now we would like to utilize the same variable image from the printed piece in our e-mail communications and web pages. How can we do that?

A.

Your marketing campaign can utilize the same variable image from the printed piece in personalized e-mails or web pages. If you're using personalized images, the image creation process will be modified to save the variable images in a low-resolution web format as well as the high resolution print format. This flexibility will allow you to apply the personalized images to multiple channels, keeping a consistent campaign concept and look across all personalized media.

To start simply, you can first try adding relevance with versioned images for the various segments of your audience. For instance, you might want to show a different photograph or map based on the state where a recipient resides. This approach can easily be taken to any other personalized medium such as e-mail or personalized web pages. The key is to make the message more meaningful in some way to your various recipients.



Testing Direct Mail Packages



Marketers today are faced with more challenges than ever before in our unprecedented economic conditions. With shrinking budgets and increased pressure, it is crucial marketers diligently measure response rates to learn what works and improve overall direct marketing performance. This may seem like a daunting task, but disciplined testing within a direct mail environment makes it very easy to identify successful strategies and measure ROI.

WHY TEST?

Direct mail marketing is, by no means, an exact science. However, many organizations depend upon mail to consistently generate donations or revenue. Marketers at these organizations are tasked with identifying ways to boost response rates and improve the program's performance while carefully avoiding any negative effects on short-term or long-term revenue.

Making changes to an existing direct mail program in a controlled, limited environment before applying them to the full mailing list or program reduces the risk of accidentally depressing response rates. That means that testing different offers, creative concepts, targeting strategies or other variables to small segments will help accurately determine what should yield the best response to the group at large. By carefully tracking and measuring the return on investment (ROI) of properly implemented test panels and making the comparisons to the control package, marketers can obtain with this valuable knowledge.

EXPERIMENT WITH YOUR MAIL PACKAGE

When designing your mail package, start with careful consideration of the outside or outer envelope. Mail recipients generally have a 2-second window in which they will become engaged with (or dispose of) a mail package. People are inclined to notice things that demand their attention, so select creative elements to

test on the outside of the package that might boost this response. Take care to align with the overall creative approach for the outside of the package. For example, the one-to-one appearance of a stamped envelope with a typewriter-style address block and return address on the back flap might benefit from a personalized teaser message in a handwritten font. In a promotional creative approach, you may test having a scratch-off show through a window to get recipients immediately intrigued and involved with the package.

Another common element to test is postage treatment with variations in stamps, indicia and metering. Some organizations have found that commemorative or specialty stamps produce a lift in response, while others have seen responses increase with the use of a company-branded indicia. Indicia designed to look like a post office stamp have been effective in consumer mailings, whereas metering might deliver the best performance in a business-to-business effort. Again, it depends on the overall strategy and how it relates to the organization, audience and offer.

Letters are still an integral part of the direct mail process, particularly for fundraisers, and adding personalization to letters is a proven method to boost overall response. Studies have shown that some of the reasons people donate to an organization are because they have a personal connection, they want to impact the cause, and they want to see tangible benefits as a result of the donation. If your current direct mail package contains a generic letter, consider testing personalization in the salutation, body, bulleted lists, photograph captions, and P.S. sections, which are the places in letters that get the most readership. This should create a more relevant and personal experience for the reader by relating the direct mail campaign or cause to each individual, but testing will provide the data to prove the strategy's cost-effectiveness overall.

Testing is also done to determine how many pages of a letter should be included in a package. In a fundraising environment with a compelling story to tell, a personalized four-page letter has been shown to better engage recipients and lead to more donations. Conversely, in a B2B environment with a time-poor audience, a very short, succinct letter will likely work better. Also consider testing the use of bold bullets and subheadings, which are used to draw a reader's eyes to motivating factors or the benefits of responding.

LIST TESTING

The most common element of a mailing to test is the list. The best offer in the world will not succeed in generating responses if it is targeted to the wrong audience of people who do not need or want what you're offering. Information that can be appended to lists is crucial for segmentation, which allows you to make your message meaningful to very specific groups with similar attributes.

A good place to start with list selection is to look at your frequent responders, donors or customers. Carefully investigate the source of your best responders, the package(s) to which they responded, and their common attributes. Did they respond originally from a premium, referral from a friend or from the web? Depending on how the recipient was acquired, your next campaign could communicate to these responders with more relevance.

OFFER TESTING

The second most important element in a direct mail campaign is the offer – how you present your message, service or product. People want a clear description of what their response will accomplish or what product they will receive. For example, in a fundraising campaign, it's often very successful to link donation amounts to tangible items that contribute to the cause such as meal tickets for children or a "catalog" you select what your donation will fund, in actuality, or symbolically.

A simple test in a consumer environment is to make the offer as risk-free as possible with a free trial period or money-back guarantee. Using a supply-and-demand tactic to create a sense of urgency is another potential motivator to test. This can be done with an offer expiration date, a

limited quantity, a purchase limit or a "last chance" offer. Many studies have also shown that the little word "free" gets a better response rate and that people like receiving bonus gifts because they feel they are getting a good value. Similar to acquisition in fundraising, just be wary of what long-term effects might result from a free gift - potentially donors or customers who are not loyal to the cause or product over time. If rolled out to the group too soon based on higher response rates from a test group, it could potentially depress long term ROI related to the value of the donors or customers acquired with this tactic.

In a business to business environment, testing an informational offer for something like case studies or white papers is a soft approach that allows recipients to request additional information. An example of a hard offer might be offering the recipient an incentive for setting up an appointment to learn more information.



Another challenge is finding the optimal price point with consumers or dollar upgrade strategy with fundraisers. You could test price points to see which option boosts response, but also verify that the long-term ROI is positively impacted as well. You could also test giving first time buyers a discount, additional benefits to loyal club members, or back-end premiums to frequent donors.

ROI TRACKING AND INTERPRETING RESULTS

With each test, it is important to track each mailing and measure the results. Construct careful key codes, which will be used to track the results of each test and control. Benchmark the performance and learn from the results. When calculating your ROI, you will need to know total number mailed, total campaign cost, response rate, average donation or revenue per customer, cost per response, cost per piece and ROI. Lastly, be sure to confirm results with a second test before implementing changes to the program overall.

DO'S AND DON'TS OF TESTING

DO	DON'T
<ul style="list-style-type: none"> • Test ONLY one variable at a time. • Mail the test and control package at the same time. • Build detailed key codes. • Track and analyze results in terms of both response rates and long-term ROI. 	<ul style="list-style-type: none"> • Don't mix creative strategy testing with offer or list testing. Too many variables make it impossible to accurately measure results. • Don't test on a whim. Have a strategic plan in mind. • Don't roll out to the control without a backtest.

◀ Postal Progress in 2009 Continued from Page 1

address correction information and inaccurate addresses to reduce Undeliverable-As-Addressed (UAA) mail.

Mailers can not only benefit from a cleaner address block that leaves more space for marketing content, but also related postal discounts. Using IMB will result in a discount of \$0.003 per letter for First Class Mail and \$0.001 per letter for Standard Mail. IMB also facilitates better tracking for fewer undeliverables – which reduces waste, saves money and improves overall results! Direct mailers should also be able to plan and predict in-home delivery dates by detecting patterns and applying these findings to future mail pieces.

The Intelligent Mail Barcode will become a requirement for automation discounts as of May 2011. Until then, the USPS will continue to allow POSTNET barcodes on automation letters and flats. However, mailers should begin taking advantage of this new service and all the incentives it offers right now. EU Services has compiled a brochure outlining the requirements for Intelligent Mail Barcode and how to stay compliant. Request your copy by sending an e-mail to marketing@euserVICES.com.

MOVE UPDATE ADDS STANDARD MAIL

The Move Update Requirements were also revised in 2008 in an attempt to improve overall efficiencies within the USPS. As of November 24, 2008, the Move Update requirements were expanded to apply not only to automation-rate and presort-rate First-Class mail, but to Standard Mail as well. This was implemented in an effort to reduce the number of mail pieces that require forwarding or returning to sender. The minimum frequency of Move Update processing also changed from 185 calendar days to 95 days prior to the date of mailing. Therefore, if a mailing is scheduled to go out on June 23rd of this year, the list(s) must have been updated no earlier than March 20th.

Each year the USPS receives an estimated 9.7 billion pieces of Undeliverable-As-Addressed (UAA) mail that they estimate costs approximately \$2 billion for them to process. It is hoped that the revised Move Update requirements will cut this cost in half by 2010.



The USPS will allow mailers a grace period until January 2010 to fully comply with the latest Move Update revision for Standard Mail. However, you need to know if you are not already in compliance with the First-Class Mail Move Update requirements, you can be fined now. Those who are not compliant can be fined 7 cents per piece by the USPS for their entire mailing. In addition, if mailing lists have not been processed using these new requirements, you could find that your mailing has failed to qualify for the previously received automation discount postage rates. It is to every direct mailer's advantage to take the necessary steps to meet all Move Update requirements as soon as possible.

OTHER POSTAL MUST KNOWS

- ◆ Postal increases are expected to happen on a yearly basis – mailers should budget accordingly so they don't get caught off guard.
- ◆ The USPS recently announced that postal workers will no longer work overtime. This is expected to affect functionality and production in local post offices. Some mailers have already begun to experience additional delays in the delivery of their mailings.
- ◆ The new address standards for commercial flat-sized mail went into effect March 29, 2009. Mailers are now required to place delivery addresses in the top half of all Periodicals, Standard Mails, and Package Services flats mailed at automation, presorted, or carrier route prices.



As you plan your next mailing project, keep these postage regulations and changes in mind. Be sure to take advantage of every cost-savings available to you and avoid unnecessary delays. Remember – direct mail is one of the most effective means for marketers to communicate with their audience. Don't stop mailing . . . just mail smarter.

To get up-to-date information on new postal regulations and recent changes in the postal industry visit www.usps.gov or contact David Loudon, VP of Mail Processing, EU Services at 301-795-6305 or send an e-mail to dloudon@euserVICES.com.



Leadership in Paper & the Environment

By Derek Smith
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Consultants in Paper and the Environment



The global recession has had a massive impact on business and personal lives throughout the world. The huge accumulation of national, corporate and personal debt and the consequential squeeze on credit, the reduction in volume, and the pressure on margins has driven many companies to reform their strategies around a single core – survival.

There are many companies, frequently to be found in the printing and paper merchanting industries, who have placed environmental progress, programs and responsibility on the back burner because they believe that today's market is not the time for investment. I think they have misread the markets. One of the key areas (and there are not too many of them) where growth opportunities in jobs can be found is in green markets, especially in green energy.

More and more states are laying down new environmental legislation that curbs greenhouse gas emissions. Individual cities and counties are moving forward aggressively, recession or no recession, with environmental programs. Universities are giving environmental issues major attention (the leaders of tomorrow). Corporate America – from Wal-Mart to Mohawk Paper – is putting money behind sustainable procurement and production, reflecting a positive and responsible outlook for the future. These organizations must see profit from environmentally responsible programs; otherwise why invest now?

Companies who step on the environmental pedal today will reap the rewards of the future and, done right, avoid the pitfalls of the present.

What are the ingredients that make an environmentally responsible company? Too many companies in our industry seem to think that getting certifications and logos by the score is enough, and yet the future market is about environmental performance and that is quite a different matter. Not many merchant and print salespeople have developed the knowledge or the technical background on the very complex issues of environmental performance to make the necessary adjustments. What has been the consequence? We've been unable to establish the link between paper, print

and the environment and the performance of our mills and printers in the minds of Corporate America in such a way as to drive paper and print back into the U.S. market and toward environmentally aware print and paper suppliers. If you don't know the consequences – why care?

SO WHAT IS TO BE DONE?

Printers must recognize that the supplier end of their market (the pulp and paper mills in the U.S.) is already far beyond certification in their production technology and well down the path of environmental conservation. The end-user part of their market is also moving rapidly down the same path. It's time for the 'middle' of the supply chain (paper merchants, printers and designers) to get on terms with its two ends. This means going beyond certification and genuinely performing in a sustainable way at every level of operation. This ability to reduce environmental damage provides significant added value to the end-user and will persuade environmentally conscious end users that the selection of print, paper and design has to be governed by environmental criteria as well as by price.

Finally, paper and print are so ubiquitous that they are almost invisible to most people not in the industry, they are simply there. Consumers all too frequently do NOT relate these industries to the environment. As business leaders and marketers today, we have the opportunity to promote the environmental impact of paper and print and the consequences of choosing the right printer and paper supplier. And that can turn Green to Gold!



AVAILABLE NOW!

Derek Smith's field guide brings all the issues facing paper, print, design and the environment together in one easy-to-read book.

To order, visit
PaperLeadership.com
or email **DerekSmith@PaperLeadership.com**.

NAPL Award



EU Services recently received two Gold Awards for Marketing Excellence from the National Association for Printing Leadership (NAPL), a nonprofit business management association representing companies in the printing and graphic communications industry.

EU Services' redesigned Web site, www.euservices.com, received a Gold Award in NAPL's Web Positioning category, while its Spring 2008 Educational Seminar Series offered through "EU University" received a Gold Award in the Community Events category.

The Marketing Excellence Awards, which NAPL granted for the first time this year with the support of Xerox, are designed to assess a company's overall marketing commitment against a particular effort's stated goals and achieved results.

Variable Imaging Promotion

Advanced imaging technology allows direct marketers to incorporate names into a photograph and vector illustration for a sophisticated effect. If you've been contemplating using personalized images to get your mailing noticed, now's your chance to get started!

Choose a variable image from our gallery of templates at www.EUServices.com/Circus for a color variable project and we'll provide the image template and related set-up and processing free of charge – a \$750 value.

For more information, please contact your sales representative directly or e-mail marketing@euservices.com.

PRODUCTION NOTES Paper: 80# Sterling Ultra Dull Text; Press: Xerox DocuColor iGen3 Digital Press; Editing and Layout: EU Services Marketing Department

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