

Whether or not you rely upon the services of a print production manager to pilot you through the rough waters of production, it's useful to bear in mind that the following are key contributions to the cost of any Direct Mail piece. They're good places to start when you're looking to cut costs.

Format

If you have a lengthy, extensive story to tell — describing your innovative new product and the list of benefits that your customers will enjoy, be prepared to design and send a 4-color brochure or sales piece that gets your message across. If it is a reminder to your best customers that your annual retail sales event kicks off next week, a postcard might suffice. If you are reminding your clients that their tax returns are due April 15th and that they should gather their documents and call to make an appointment with your accounting office, a simple business letter in a #10 envelope may do the trick. Obviously, the business letter costs substantially less than the brochure. But it may be the wrong format for the goals

you've set. Cheap doesn't mean cost-efficient. According to most experts, sending a business letter in a #10 envelope simply because you already have the stationery is a recipe for failure. Simply put, determine the appropriate format with a view toward the budget, but not dictated by it.

Color

Even a postcard is enhanced by color, and over the years, most experts have concluded that color increases effectiveness. However, it also substantially increases costs. Over and above the added costs of 4-color process, is the use of other PMS colors or metallics. These can affect budgets dramatically, and should be included or ruled out before the creative process starts.



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65% of companies using Direct Mail increased their Direct Mail budgets in the past five years by an average of **25%**.

18% raised their budgets by **90%** or more.

Packaging

If you are using anything other than standard-sized envelopes, the intricacies of designing a box or mailer can make it become a costly item. There are standard box sizes and shapes, and any deviation from them must be part of your budget planning.

Postage

The size, shape and weight of the mail piece will determine the postal costs and your local Post Office can help you explore the options. They can also advise you on the use of barcoding and other cost-saving processes that you should consider. Don't forget to factor in the cost of reply card or envelope postage. If you are setting up an 800 number as a reply or fulfillment vehicle, budget for that, as well.

Once these decisions have been made, you can begin to estimate the production costs of the mailing.

Budget factors

Here is a checklist for you to follow. It should help you avoid any unpleasant surprises.

Step 1:

Creating the Direct Mail piece

At a minimum, figure on the costs of:

- Copywriter**
- Art director**

Some people do this task in-house. Many use agencies. Some use their nephew who just started art school. Using an agency usually costs more, but the "pros" may be able to bring talents to the job that can't be matched.

- How elaborate or complex is the message?*
- Is there a corporate image that needs to be considered?*
- A tone for copy?*
- If you send out 10 mailings a year, do they have an established, well-received look or brand identity that needs to be maintained?*

Also budget for:

- Mechanicals**
- Alterations**
(relatively inexpensive at this stage)

Changing copy or repositioning art at this stage is a matter of computer time and labor. Unless you are asking for a major

overhaul or new execution, it is reasonably easy to make changes at this time.

Extras and contingencies
(i.e.—proofreading)

Proofreading cannot be overemphasized. More often than not, the person who wrote the copy is not the right one to proofread it. After all, the writer knew what was meant and will “see” what was supposed to be there. Additionally, be sure to double check reply phone numbers, ZIP Codes®, and website URLs as well as spelling and grammar.

Additionally, you may need:

- Stock photos**
- Photographers**
- Illustrators**
- Models**

Some companies reduce their photography or illustration expenses by reusing shots again and again. If you do this, be sure to make arrangements to buy full rights to the art from the stock photo house, photographer or illustrator to avoid disputes in the future. Arrangements made with models and their agents can vary widely, as well.

Step II:

Prepress

Prepress costs will vary based on color or black and white, size, intricacy of package design, use of art work and even the format on which it is received by the people doing the work. A completed, high-resolution digitized disc is in a virtual “ready-to-go” condition. Disparate pieces (art, copy, layout, etc.) needing assembly and stripping will cost a great deal more to put together.

Expect to budget for:

Retouching

The term retouching is not just cleaning up a model’s complexion. It can be an adjustment of the overall color balance, the need to lighten an area that is too dark, or the necessity to wipe out some of the background. It may also be cropping of a photo to adjust to the space.

The computer equipment today that accomplishes retouching is very sophisticated and very expensive. Prepress shops and printers have this equipment by necessity, but charge accordingly.

Your copywriter and art director can help you create a powerful Direct Mail package.



However, a good art director, working with a photographer ahead of time, may be able to plan a photo shoot in such a way so as to reduce the retouching that will be needed. But, since most photography from even the best studios usually requires some retouching, it's safer to budget for it than to ignore it.

□ Stripping

Stripping is the term used for the process of laying the components onto the page so that they are ready for the printing plates to be made. In multipage brochures or catalogs, this can be a time-consuming chore. In simple pieces, it is relatively easy and inexpensive.

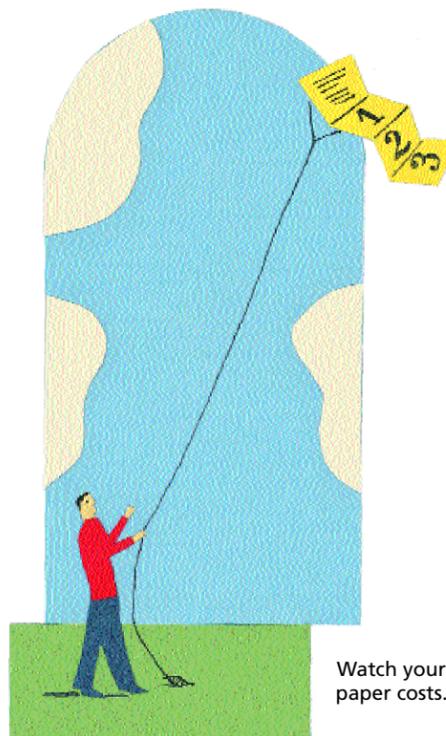
□ Proofs

Proofs of black and white are inexpensive and may be as simple as "blue lines." Color is another matter again. Color proofs are costly but necessary in order to see that the colors have been reproduced properly. Of course, once color art has been separated and "OK'd for color," any subsequent changes to the art that do not involve alterations to the color can be proofed in a cheaper way.

□ Alterations

Altering the copy or artwork at this stage gets expensive because you are already into the photographic process.

If you are working in color, it may be necessary to pull new film for each of the four process colors. Copy changes may be simpler if the copy is clear of any background, but that is not always the case. Budget for some alterations and hope you don't need to spend the money.



Watch your paper costs.

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Step III:

Printing

Printing costs are usually estimated for you by the printer who will determine the price based on:

□ Platemaking

A basic cost in offset printing. This cost will not vary much from printer to printer and will not be a very significant factor unless you are printing a small number of pieces.

□ Press time

Most printers today have many presses that can accommodate all sorts of jobs. They vary in quality, however, and you should see samples of a printer's work. Printers will also have variations in prices based on labor, volume and size of the print run. In addition, it is unlikely that your press run will come at a convenient hour. The more lead-time you can give, the more flexibility the printer will have in scheduling.

The variable for you is:

□ Paper

The costs of paper have soared in the last few years and decisions about the paper stock you use can

make a big difference in the cost of a printing job. Remember the rule of appropriateness. There is a correct paper stock for most print jobs, and it should be part of the overall considerations you make in your budgeting process. For example, a 4-color brochure is usually printed on cover stock which has a firm feel that lends substance to the message. A letter should be printed on good stationery, but a sales sheet may be on lighter stock.

You may want to investigate recycled paper. When you state "printed on recycled paper" on your mail piece, you're being environmentally correct while showing what your company stands for. But it is also not as inexpensive as some other stock papers, and not all presses or inks will run well on recycled paper. Ask your printer for samples of work produced on recycled paper to help in making your decision.

The prices of papers will vary considerably as will the costs of similar papers from different manufacturers. It pays to investigate the differences between manufacturers who make the same grades and weights of paper. However, most of the time, the orders for paper are placed with wholesalers

Large and mid-sized companies typically allocate **2%** of sales volume or revenue to the marketing communications budget, and **22%** of that budget is allocated to Direct Mail.

and here again, the markups and service may be very different. Take the time to investigate paper costs because, if your print run is large, the savings could be substantial.

Minor alterations, major costs

As previously mentioned, alterations in art or copy at the creative stage are usually easy to do and relatively inexpensive. At the prepress level, they can be costly because they have to be made, and new film has to be made and reproofed. However, if alterations have to be made at the print shop, the costs are very, very high.

The reason for the high cost is that each step depends on the previous one. To correct something at the prepress level, you really have to go back to the creative document and make the change before starting the prepress process (film and proof) all over again. However, if a change is made with a job already on press, you pay for the change, the new film, the new proof, the new plates and the downtime on the printing press. Ouch!

A “rule of thumb” that is frequently cited is the “50-500-5000” rule. Figure each change at the creative level to be about \$50. At the prepress level, it can be as much as \$500 and, on press, \$5,000. Clearly, in the life of any printed piece, it is best to “finalize” as early as possible.

Step IV:

Into the mail

Mailing costs are determined by how you mail your item. First-Class® Mail usually has a higher level of response, but costs more than Standard Mail A™ (formerly known as Third-Class). Overall, the budgetary items that go into your mailing are:

- *Cost of the mail list and address tape*
- *Merge/purge*
- *Reformatting and data conversion*
- *Coding and running labels*
- *Inserting letters into envelopes, labeling, sorting, packaging*
- *Reports and directory printouts*
- *Postage*
- *Auditing and pulling samples*

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- *Time allowed for each task*
- *Various contingencies*

The prices charged for these services depend on the volume of the mailing, the number of individual steps, the difficulty in handling, trucking costs and the lettershop you use. Their prices and responsiveness to your needs makes them invaluable to your operation.

Please see the section "Tips from the U.S. Postal Service" on ways to save money on postage.

OK. Your Direct Mail campaign is a success. Now what?

Once again, you should anticipate costs, because as long as your program is successful, you will need to respond. Figure on budgeting for some of the following:

- If you use an 800 number you'll pay for each incoming call plus the cost of the operator.
- If you use a Business Reply Card (BRC) or Business Reply Envelope (BRE) you can expect

to pay First-Class® postage, plus a given rate (based on whether or not you've prepaid a deposit) for each response.

- You will have the cost of computer-processing time to do data entry over the phone or from the BRC.
- You will have computer and stationery costs associated with the printing of a personalized response letter.
- Anticipate the need to warehouse whatever it is you are offering, such as an information kit.
- There are labor charges associated with Pick and Pack operations as well as postage.
- There will be transaction fees from credit card companies and returned checks.
- If you extend a "Bill Me Later" option, you may have potential costs in bad credit or delinquent payment situations.

In all, the costs of producing a Direct Mail piece can be controlled and kept within budgetary considerations. But it is vital that you be able to anticipate as many of the cost factors as possible. The choices made at the very beginning of the process will help determine your ability to judge your costs and control them.

#1

The most important thing to remember

There is no such thing as a guaranteed response rate—so work out the highest figure you are prepared to invest and stick to it.



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