

MEMO to MAILERS

UNITED STATES POSTAL SERVICE
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Sometimes you need to be *direct*

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Sometimes you need to be *direct*

Today's families are busy. They want to make the best use of their time. They want value when they buy. They want convenience. They want choice. Direct mail delivers on all of these.

"Despite what you may have heard or read, despite the increased use of the Internet, e-mail and fax systems, direct mail is here to stay," says Postmaster General John E. Potter.

Direct mail is one of the most effective marketing channels available today, and it's the focal point of a new advertising campaign from the U.S. Postal Service. The campaign demonstrates just how influential mail can be in a

multi-channel marketing campaign and will appear in major marketing and business publications.

The campaign focuses on three things that lead people to make

purchases: generate awareness about the product or service, plant a seed that could lead to a potential purchase, and create an offer that is immediate or compelling enough to drive the actual purchase.

"Mail has a unique and personal role in people's lives," says Rod DeVar, manager of Advertising for the Postal Service. "It is truly the only medium that offers the single, pow-

erful instant when advertisers have a person's undivided attention to consider their key message."

An industry-sponsored research report shows that on

average, consumers spend seven minutes each day with mail and that the smart shopping information it contains is useful to at least 75 percent of consumers surveyed. Fifty-two percent of households have ordered products and

services based on direct mail pieces they received in theirMail is the only medium with the potential to reach approximately 140 million addresses six days a week.

Direct mail works. ■

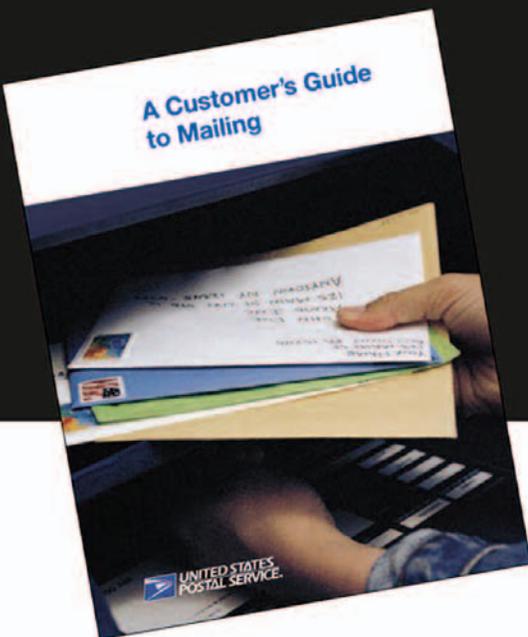


Delivering results

That's what we're all about. When you see the "Delivering Results" symbol, you'll know it's about how we're making the Transformation Plan — the blueprint for the future of the United States Postal Service — a part of everything we do. Read the plan at www.usps.com/strategicdirection. ■



Clear, Concise and Compact



A Customer's Guide to Mailing

A convenient, easy-to-follow guide in English, Spanish and Chinese.

Available at your local Post Office or www.usps.com.

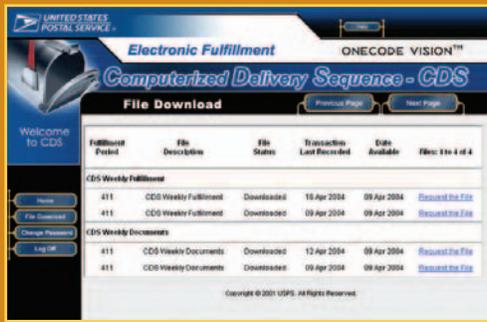
Delivery point information: more timely, more accessible

You don't want to miss any potential customers. And you don't want to prepare a mailpiece that can't be delivered because of incorrect address information. That requires timely access to Postal Service address information. If you're a mailer who subscribes to the Computerized Delivery Sequence (CDS) product, you'll soon have the option to receive these files weekly.

One of the many addressing products available from the Postal Service's National Customer Support Center (NCSC), CDS provides qualified mailers with an electronic file containing updates to their list of addresses arranged in

delivery sequence served by a specific carrier. This information is particularly important to mailers who pre-barcode their mail to qualify for discounts.

Beginning in June, NCSC will offer an option to receive CDS product files every week. Instead of the set of base files currently provided, qualified subscribers will receive information only for the carrier routes in their ZIP Codes where changes have occurred. The types of changes which could cause a route to be included in the weekly product release are: the addition of new addresses, changes in delivery sequence, route adjustments with



addresses moving from one route to another and other address related changes. If no changes have been made to the addresses in a route, there is no need to update the base address file data. This can substantially reduce the file size of the CDS product subscribers receive.

This new option will allow subscribers to receive more current CDS information than they do with the bimonthly product. If mailers use more current, correct delivery sequence information in their mailings, they improve the delivery efficiency by avoiding additional handling of the mail.

This new option may provide mailers with other savings as well. Smaller file size may give subscribers the opportunity to save on in-house list processing activities. Weekly electronic fulfillment enables updates to the base file when it makes the best business sense — when changes have occurred. Mailers using

the weekly updates still retain access to current postage discounts when the updates are applied to the base file within the current rate eligibility requirements.

"We have been listening to our customers and are answering their need for more current addressing products," says Charlie Bravo, senior vice president of Intelligent Mail and Address Quality for the Postal Service. "We are using technology to make information more accessible. Mailers can save time and money processing smaller files. The Postal Service saves when sequenced mailings accurately reflect carrier delivery information."

Bravo adds, "The file structure of the product will not change, enabling a seamless transition for mailers electing to use this option. Despite creating more frequent product fulfillment, we are not changing the price of the product subscription."

Qualified subscribers can convert to the new fulfillment option by completing the Delivery Unit Summary, indicating a change to weekly fulfillment, and submitting it to the National Customer Support Center, 6060 Primacy Pkwy Ste 201, Memphis TN. 38188-0001. A copy of the Delivery Unit Summary is on page 25 of the CDS Technical Guide, available at <http://ribbs.usps.gov/files/CDS/CDS.PDF>. ■

FYI

Express Mail Corporate Accounts let you charge Express Mail shipments to one central account. Not only can you get the speed of Express Mail for your packages, you won't have to wait in line to have an Express Mail package weighed and charged. You can even arrange for package pickups on more than 204,000 delivery routes nationwide. Need more information about Express Mail Corporate Accounts? Call USPS Stamp Fulfillment Services at 800-STAMP-24 (800-782-6724) or go to www.usps.com/forms/firstclass.htm. ■

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Slim down **your shipping costs**

Surcharges are a lot like calories. They really add up if you're not paying attention. It's not so much the baked potato that puts on the pounds. It's the add-ons like butter, sour cream and bacon that tip the scales in the wrong direction. Want to shape up your bottom line? The Postal Service can help with its fat-free shipping solutions.

GIVE YOUR ADDRESS LIST A MAKEOVER

When using parcel carrier companies, surcharges for address correction, return service and the cost of reshipping improperly addressed packages can quickly run up a company's monthly bill. A package destined to a business or residential customer may only lack a suite number or street directional, but parcel carrier companies often charge \$5 to \$10 in additional

surcharges for address correction and delivery. For an undeliverable parcel, the shipper may pay for the correct address as well as the return.

Consider running an address list through a Coding Accuracy Support System (CASS)-certified software program. Customers can purchase CASS software from a CASS-certified vendor. Companies can also send their mailing lists to a vendor who will process the mailing list for a small fee.

CASS-certified software can standardize your address, assign a carrier route ID, assign the correct ZIP+4 and correct incorrect ZIP Codes. An incorrect ZIP Code is one of the most common causes of address correction fees and returns from parcel carrier companies. CASS processing will alert the shipper to multi-point addresses where an apartment or suite number is required, indicate uncodeable addresses and flag for insufficient or incorrect address data (e.g., missing directionals, firm name or institutional name).

LEARN SOME NEW MOVES

Another program that is available to shippers is the Postal Service's National Change of Address (NCOA) program. This program is available through licensed vendors. The NCOA database includes change-of-address information for any business or residential customer who has submitted a permanent change-of-address with the Postal Service within the past 48 months. The NCOA program will match a company's name and address database against these changes and provide the updated corrections where a valid name and address match is found using strict name and address matching rules.

READ THE LABEL

Residential Delivery Indicator (RDI) is designed to be used in conjunction with CASS-certified ZIP+4 Code or Delivery Point

Validation-enabled address matching software. RDI-enabled software allows shippers to determine the addresses on their mailing lists that may incur residential surcharges. Residential surcharges by parcel carriers run from \$1.40 to \$3.50 per package. This includes a residential surcharge of up to \$1.75 and an additional surcharge of up to \$1.75 if the delivery is located in one of over 23,000 ZIP Codes nationally that qualify for an additional Delivery Area Surcharge. Many shippers are slimming down their costs simply by moving some residential-bound packages to the U.S. Postal Service.

WATCH FOR HIDDEN FAT

Fuel surcharges are another area where companies are battling the bulge. Most parcel carriers apply a fuel surcharge for domestic and international service. Some carriers are charging as much as 6.5 percent or more in fuel surcharges, and the amount of surcharge applied fluctuates monthly.

Also, watch out for fees charged by private carriers for Saturday and holiday delivery — it's free with the Postal Service. And then there are excessive tracking charges, weekly service charges and late fees.

NOW YOU CAN HAVE A GREAT FIGURE

"I recommend that anyone who ships parcels contact their U.S. Postal Service area sales representative and ask for assistance in doing a cost analysis," suggests Cathi Moriarty, a marketing specialist for USPS Package Services. "In many cases, a company's accounting department is responsible for bill payment and does not take the time to review the bimonthly invoice with the shipping department because it is worried about the late fee."

Moriarty says not all surcharges are easy to identify on a billing statement. "That's where our Postal Service sales representatives can help," she says. "Our representatives have the tools and training to make a detailed comparison between the company's bi-monthly invoice and the shipping manifest to identify hidden costs. In many cases, surcharges are applied after the discounts, and they eat away the supposed discount."

USPS sales representatives also have software to compare private carrier's products and services to Postal Service offerings. This enables shippers to battle the budget bulge by choosing lower-cost shipping options for some of their packages without sacrificing service, convenience or efficiency of operations.

Want more information?

Visit www.usps.com or <http://ribbs.usps.gov>. ■



NEW PCC NETWORK PLAN TO LAUNCH MAY 26 WITH PMG SPEECH

The National Postal Customer Council (PCC) Day and New England Mail Expo May 26 are just the beginning of the changes under way for the national PCC network!

In addition to the New England Expo, which will host Postmaster General John E. Potter's first national satellite television broadcast, there are five major PCC mailing industry events scheduled during May:

- PCC of New York City Educational Seminar and Expo
- Capital Region PCC Creative Marketing Seminar
- Greater Michigan PCC Vendor Show

- Long Island PCC Annual Mailing Conference
- Lakeland Mailing Expo

In June, major PCC events will include the Cleveland PCC Annual Expo and the Utah PCC Postal Expo.

"We're focused on these PCC events because they serve as outstanding examples of how to add value to local PCC members" said USPS Chief Marketing Officer and Senior Vice President Anita Bizzotto. "We want to showcase and share their best practices as a way to assist the councils in becoming a premier network for customer education and training, in order to facilitate growth."

For periodic updates on the development of the new PCC network, please visit regularly the national PCC Web site at www.usps.com/nationalpcc to stay informed. ■



Postmaster General John E. Potter will deliver his first national satellite broadcast on the state of the Postal Service during National PCC Day.

USPS raises bar for scanning flat-size mail

A new threshold for machine-read barcodes on flat-size mail will be crossed July 31. That's the date the Postal Service begins to require a 90 percent rate of readability of barcodes in order to qualify for lower rates. This read rate — increased from the current 80 percent — is evaluated by the Postal Service's MERLIN (Mailing Evaluation and Readability Lookup Instrument) system. Letter-sized mailing rates remain at 90 percent, the threshold set when MERLIN was deployed in 2001.

The Postal Service currently has 1,203 MERLIN systems in operation nationwide. Each system can verify First-Class Mail, Standard Mail and Periodicals mail. It weighs and measures mailpieces, evaluates metering data and determines barcode readability and accuracy.

"The MERLIN system is delivering the quality results we hoped for," says Michele Denny, manager of USPS Marketing Technology and Channel Management. "More than 94 percent of flat mailings are passing at the current quality threshold."

Mailers who don't meet the new threshold but who achieve the former standard of 80 percent will pay proportionally higher postage based upon the readability score. "A mailing will only fail to get any automation discount if it falls below 80 percent readability," Denny says. This change will make the

barcode quality threshold requirement and policy for flat mailings consistent with letter mailings, which has been at the 90 percent level since the implementation of MERLIN.

"The industry has responded favorably to MERLIN because we all agree that quality mailings improve the effectiveness and efficiency of the mail and the Postal Service," adds Denny. "The industry shares our belief that quality matters."

The increase in the readability requirement will benefit businesses that use the mail, says Bob O'Brien, vice president for Postal Affairs at Time Customer Service, Inc. and the industry chair of the Mailers' Technical Advisory Committee (MTAC). "Our industry relies on mail's effectiveness and efficiency to meet its business goals and those of its customers," says O'Brien. "That value promise can only be delivered if the mailing industry prepares and enters its mailings in accordance with the highest possible standards."

"Every evaluation results in a diagnostic that's shared with the mailer," says Denny, who cites results like reduced mailer/postal rework, lower Postal Service costs for processing and transportation, and improved delivery service emerging from the implementation of MERLIN and other mailing technologies.

More information about MERLIN can be found at www.usps.com/merlin. ■



Are your letters literate?

There are specific standards for preparing barcoded letter-size mailpieces mailed at automation rates. Letter-sorting machines have come a long way from the early days of manual keying. Today's machines are able to read a large percentage of mail, recognizing handwriting and most types of fonts. Even letters that are not barcoded deserve the benefits of automated processing.

However, approximately 13 percent of letter mail cannot be initially sorted on a barcode reading machine. More in-depth character readers on other machines read another 7 percent — leaving many letters daily that are still sorted by hand — increasing costs and slowing down the processing of this mail.

Here are some guidelines for making mail readable and easier to process.

CHOOSE COLORS CAREFULLY

Automated machines prefer plain white or light pastel backgrounds with addresses printed in dark-colored ink. Dark or black paper envelopes result in an inability of sorting machines to read the address or barcode. If a dark envelope is used and an automation rate is claimed, the barcode should be printed in the address block in an address window. Bright or fluorescent colors on envelopes should be avoided due to their tendency to render canceling machines unable to detect the front of such envelopes.



FONT FACTS

USPS machines speak many “languages,” but some fonts work better than others. The best font for readability is one using a sans serif format such as Arial or Helvetica. For best results, avoid italics, scripts, fonts with a serif format (Times New Roman), or stylized fonts. Condensed and bold fonts also cause the characters to crunch together and should be avoided.

THROUGH THICK AND THIN

Our lettersorting machines accept a wide variety of sizes, but there are limits. Letter-size mailpieces have to be at least .007" thick and are processed more reliably if they are .009" thick. The thickness maximum for letters is .25" (1/4 inch). Thicker envelopes may become stuck and cause an envelope and its contents to be damaged.

As a reminder, the minimum height and length is 3 1/2" high by 5" long with the length being parallel to the address. The maximum letter-size is 6 1/8" high by 11 1/2" long.

AVOID SHIFTING IN YOUR WINDOWS

Window envelopes are a convenient way for mailers to mail statements. Usually these do not cause a problem, but sometimes the address shifts inside the envelope and moves out of the window. It's best to keep the address block 1/8" away from any edge of the window. The insert should fit snugly



into the envelope so it does not shift in handling. The machines read addresses best through low-gloss type windows — polystyrene, cellophane and glassine all work well.

FOLDED MAILERS

Some mailpieces are created by folding a piece of paper. Automated letter machines can handle them when they are prepared correctly. Designing them with the fold on the bottom works best. A seal (when using tabs, nonperforated tabs perform best) should secure the middle of the upper open edge, with an alternative of two seals placed within an inch of each side preferred.

A single page 20-pound (bond) piece of paper folded once is not thick enough. However, a tri-fold usually meets the minimum thickness requirement. Letter-size mailpieces must be at least .007" thick and should be at least .009" thick when more than 4 1/4" high or 6" long. The above recommendations facilitate processing of these mailpieces on automated equipment regardless of the rate paid. *Domestic Mail Manual* section C810 describes all the preparation standards for mailpieces mailed at automation postage rates.

CLEAR ZONE

When letters are not barcoded by the mailer, the Postal Service's optical character readers attempt to apply barcodes to the mailpiece. The clear zone for such barcodes is a rectangular area at the lower right corner of the mailpiece that extends to the left 4 3/4" from the bottom right corner and 5/8" up from the bottom of the mailpiece. Keeping this area clear of any printing enables the application of a readable barcode.

WHO IS THE MAILER?

Return addresses should be placed in the uppermost left corner of the mailpiece in a font less prominent than the delivery address. If a logo or artwork is used, it's best to place in below the return address, but above and to the left of the delivery address.

HAPPY MAILING!

Designing mailpieces that can be readily processed on postal automated equipment is a key step along the road to a successful mailing experience. ■

It's been a great ride

After sponsoring the world-class USPS Pro Cycling Team for the past eight years, the Postal Service will end its sponsorship of the 24-member team at the end of the year. USPS will continue to support the team at events in this country and around the world throughout the 2004 racing season, including the Tour de France July 3-25.

"It's been a wonderful ride," said USPS Chief Marketing Officer Anita Bizzotto. "The relationship we've had with this team, its riders and its owners has been more than we could have ever imagined. The excitement generated by five consecutive Tour de France wins by team leader Lance Armstrong — and potentially a sixth record-breaking win this

year — has been inspiring and exhilarating to the Postal Service, its employees and the entire country."

Since 1996, the Postal Service



has been the title sponsor of the USPS Pro Cycling Team owned

and managed by Tailwind Sports. In the past eight years, the team has assisted Lance Armstrong in winning five back-to-back Tour de France championships and has been influential in re-energizing cycling in the United States.

"We have sincerely enjoyed our relationship with the United States Postal Service and the winning tradition they created for our team," said Bill Stapleton, CEO, Tailwind Sports. "Further, we appreciate their continued support as we seek a new title sponsor for the best cycling team in the world. We are committed to keeping our riders and staff in place for years to come and furthering our goals of winning important events like the Tour de France."



National World War II Memorial postage stamp honors those who served.

MEMO to MAILERS

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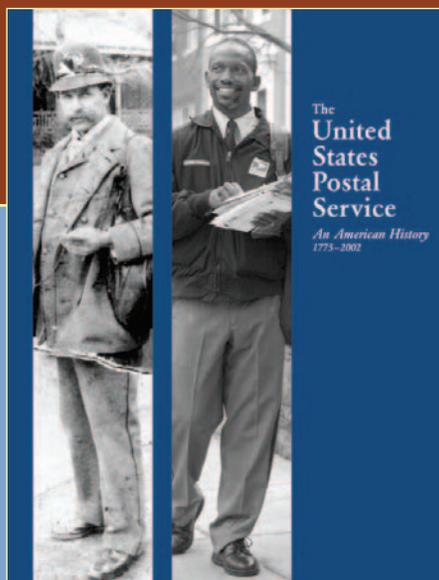


Historical perspective

Curious about the growth of mail volume over the years, who was Postmaster General when, what First-Class Mail rates were going back to 1863, or how General George Washington got his mail? Be sure to read Publication 100, *The United States Postal Service: An American History, 1775-2002*.

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