How to Save Money on Printing & Postage

Direct mail software can save you headaches as well as time and money.

BY RAYMOND F. MELISSA

There are two ways you can use direct mail software to save money on postage and printing. The first, and most important, is to clean your mailing list and rid it of undeliverable addresses and costly duplicates.

According to the United States Postal Service (USPS), up to 15 percent of all third class mail is undeliverable as addressed. Lists have been known to be as much as 40 percent "dirty." In other words, they contain 40 percent duplicates and incorrect address information, such as the wrong ZIP code or an addressee who has moved or died. "Dirty" lists cost you money in two ways: the cost of printing (toner, paper, labor) and the cost of postage (sending and returned mail).

The second way to save on postage and printing is to take advantage of postal discounts. The USPS has spent billions of dollars to automate its facilities. Automation equipment reduces labor and speeds delivery. Therefore, the USPS gives significant discounts to

encourage you to create automation-compatible mail. Taking advantage of these generous discounts saves you money on postage and ensures faster, more accurate delivery of your mail pieces.

The First Step: Verify Addresses

The first step in good list hygiene is to verify that all the addresses in your list are valid. The most efficient way to do so is to use a USPS CASS-approved ZIP+4 program on CD-ROM. Such a program will compare every address in your list with the current USPS nationwide address database. If the address is valid, the software will standardize the address to USPS requirements and append the correct ZIP+4, carrier route, and delivery point codes.

The Next Step: Eliminate Duplicates

The easiest and best way to save on printing and postage is to eliminate duplicates. Not only are duplicates a waste of money, but they annoy your prospects.

You can use software to find duplicates by name and address or by address only. Address-only is called "householding" and is used when you want to send only one mailing piece to a household.

More sophisticated programs use a sound-alike technique to find names with spelling variations. They can even find

duplicates that use nicknames (Dick—Richard, Bob—Robert, etc.) Another less common feature in duplicate checking programs finds duplicates in which the first and last names are switched (Dave Francis—Francis David).

First vs. Third Class Mail

Should you use first or third class mail when sending out a mailing? It depends on the type of mailing and the results you're looking for.

First class mail has three advantages compared to third class: USPS workers will deliver it faster; they won't open it; and they will forward it if the addressee has moved in the last year or, if they can't deliver it, they will return it to you.

Third class mail has one big advantage: It can save you up to 65 percent on postage compared to first class. However, USPS workers won't forward third class mail or return it to you if it is

The most important way to save money on postage is to clean your mailing list.

Raymond F. Melissa is the president and founder of MAILER'S Software, a 10-year company specializing in computer-based direct mail software and databases (970 Calle Negocio, San Clemente, California 92673-6201 (phone 714-492-7000; fax 714-492-7086).

undeliverable. So it's crucial that you use your mailing list management software to verify all third class addresses.

How to Save on First Class Mail

There are several ways to reduce first class mail costs. First, you can get a bulk mail permit, mail at least 500 pieces at a time, and tray your letter-sized mail. You can thus save up to 16.4 percent.

If you ZIP+4 code your mailing list, the postage decreases to 30.5 cents for each letter. You don't have to presort them, and it's easy to do.

If you ZIP+4 code and presort your list, the postage decreases to 26.7 cents for each piece. Postal presorting involves a complicated set of postal regulations, but it may well be worth the effort to comply. Taking the time to ZIP+4 code and presort your list is the easiest way to qualify for postal presort discounts. Good mailing list management software will incorporate all the current presort rules, check for size and weight restrictions, and then print your labels in presorted order.

If you ZIP+4 code, presort, and print labels with the USPS POSTNET barcode, you will reduce your postage cost to 25.8 cents for each letter. Using a label printing function allows you to print the USPS POSTNET barcode on all your labels or envelopes.

How to Save on Third Class Mail

Third class is the most cost-effective way to mail. You can save up to 48 percent on postage with third class mail. To receive these savings, you must have a bulk mail permit, mail at least 200 pieces, presort your mail, and tray your letter-sized mail.

Basic third class mail is 22.6 cents each for letters, but you can reduce this cost in the same ways as with first class. If you ZIP+4 your list, the postage decreases to 21.6 cents each for letters. If you ZIP+4 code your list and print

labels with the POSTNET barcode, you reduce your postage to 20.4 cents for each piece. If your pieces qualify for a five-digit presorted rate, you can mail them at 16.6 cents each.

How to Save with Carrier Route Coded Mail

Carrier route coded mail gets you even lower postage rates. To qualify, you need a carrier route code number on the label and at least 10 pieces per carrier route. As a rule of thumb, carrier route coding makes sense when you mail more than 1,000 pieces of mail to a single ZIP code. Carrier routed mail is ideal for local advertising mail.

Mailing list management software can append the carrier route code to your mailing list and presort it. It can then print the required postal forms (3600 series) and tell you how many pieces qualify for discount. The carrier route letter-sized postage rate is 15 cents each for letters, a 53 percent savings.

How to Use Destination Discounts

The USPS offers additional discounts, called destination discounts, for third class mail brought directly to the facility that will deliver it. There are three types of destination facilities:

1. Bulk Mail Facility (BMC). There are 25 BMCs in the United States. Each BMC serves about 2,000 ZIP codes. If you give a BMC mail with ZIP codes served only by that BMC, you'll save an additional 1.4 cents per piece.

According to the USPS, up to 15 percent of all third class mail is undeliverable as addressed.

2. Sectional Center Facility (SCF). There are 195 SCFs in the country. Each serves about 200 ZIP codes. If you give an SCF mail with ZIP codes served only by that SCF, you'll save an additional 2.0 cents per piece.

3. Destination Delivery Unit (DDU). This is the local post office. If you give your local post office mail with carrier routes served only by that post office, you'll save an additional 2.5 cents per piece.

There are some restrictions on destination discounts, so be sure to check with your postmaster.

A Final Word

Good list hygiene and postal discounts will save money on printing and postage. In addition, you will increase your response rate and profits. As mailing list management software becomes more sophisticated, it will offer even more cost-saving features in the future. ■

Selected References

"How to Mail More, Mail Smarter, and Spend Less," *Nonprofit World*, May-June 1995.

Muehrcke, Jill, ed., *Computers and Information Systems*, *Leadership Series*.

"Save Money with Postal Barcodes," *Nonprofit World*, July-August 1994.

"10 Secrets to Computer Wizardry," *Nonprofit World*, May-June 1994.

Selected Mail Management Software Resources

ArcList Mail Management Software, Group 1 Software, 4200 Parliament Place, Suite 600, Lanham, Maryland 20706-1844 (phone 301-731-2300; fax 301-731-0360).

MAILER'S+4 List Management Software, MAILER's Software, 970 Calle Negocio, San Clemente, California 92673-6201 (phone 714-492-7000; fax 714-492-7086). To receive free quarterly mailers' catalogs, call 800-800-MAIL.

POSTBAR software, Electronic Technologies, 3985 South Rochester Road, Suite H, Rochester, Michigan 48307-5135 (313-656-0630).

SOFTperfect Presort Mail List Management software, Barcode Addressing Corporation, 7370 Hodgson Memorial Drive, Suite F-3, Savannah, Georgia 31406-2536.