

# postage savings...letter rate

The USPS postal increase in May 2007 raised distribution costs by as much as 40% for mail order catalogers in the "Standard A Flats" category. Paper price increases of 20-25% on coated stocks from June through December '07 only made the situation worse. Forecasts of another postal rate hike mid year 2008 and further paper price increases of 20-25% through the end of the year will leave many mail order catalogers with spiraling costs that are, to say the least, difficult to bring under control.

The combination of above circumstances has changed the typical 500,000 copy 48-page, 45# gloss coated consumer mail order catalog cost structure...

from *this* in early 2007:

<b>\$0.07</b>	<b>\$0.08</b>	<b>\$0.23</b>	<b>= \$0.38 ea.</b>
Print	Paper	Postage (co-mailed)	

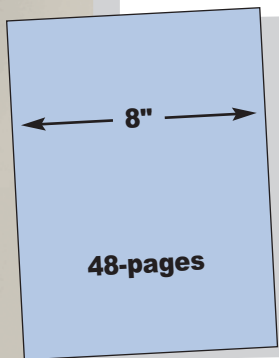
to *this* in late 2007:

<b>\$0.07</b>	<b>\$0.10</b>	<b>\$0.29</b>	<b>= \$0.46 ea.</b>
Print	Paper	Postage (co-mailed)	

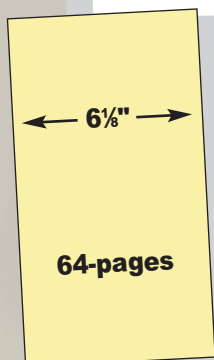
to potentially *this* in late 2008:

<b>\$0.07</b>	<b>\$0.11</b>	<b>\$0.30</b>	<b>= \$0.48 ea.</b>
Print	Paper	Postage (co-mailed)	

While there are many ways to make slight improvements in press efficiencies and paper selections, there remains only one way to improve the cost structure dramatically without curtailing prospecting – changing postal classifications. Postal rates were increased sharply in May for lightweight flats pieces, but the USPS did remain consistent with its long term philosophy of enhanced automation. Much lower rates were offered to mailpieces that are able to be machine sorted on current and future USPS automated sorting equipment. The new "letter rate" allows a properly prepared catalog to mail for as little as \$0.199 each. The comparison below demonstrates how this would affect a typical 48-page catalog cost structure:



**48-page Standard Size**  
8" x 10½", 45# Gloss Coated  
4032 square-inches 3.05 ounces  
**\$0.46 ea.**  
**to Print, Bind, Mail**



**64-page Slim-Jim**  
6" x 10¾", 48-pages on 38# Gloss,  
16-pages on 50#  
4,214 square-inches 2.88 ounces  
**\$0.38 ea.**  
**to Print, Bind, Mail**

## Other Notes About Letter Rate Mailpieces

### Postage; Per Piece

Based upon national mailings

(costs are lower if mail drops are geographically concentrated):

100m or more	— \$0.225	
200m or more	— \$0.218	effective after May 12th, 2008
300m or more	— \$0.207	
400m or more	— \$0.199	

### Size

Up to 6-1/8" x 11-1/8" as long as the piece conforms to an aspect ratio of 1.3-2.5. For example: 11.125 divided by 6.125 = 1.816 well within the ratio; However: 10.5 divided by 4 = 2.625 is outside the ratio and must be made wider or shorter to conform. Our most popular trim size is 6-1/8" x 10-3/4".

### Weight

Mailpiece must weigh 3 ounces or less for letter rate, 3.0-3.3 ounces carries a .013 per unit penalty. Beyond 3.3 ounces does not qualify.

### Typical Page Counts

32-100-pages, basis weights from 32#-70#. To qualify for letter rate covers must be 50# or greater in basis weight.

### Tabbing

2 tabs, each placed within 1" of the head and foot on the face trim. Tabbing typically adds \$15.00/m (\$0.015 ea.) to mail preparation.

### Orientation

Most slim-jim catalogs are in vertical format—hence the name, but some catalogers are utilizing a landscape orientation.

### Outlook

Letter Rate was priced attractively to inspire mailers to create products that conform to USPS long term strategy of enhanced automation. Largest decline in category mail volume for USPS over the past 10 years has been letter class. New lower rates, in part, were offered to increase volume in this class where sorting machinery already exists.

### Early Adapters

Recent survey from Multi Channel Merchant shows that slim-jim catalog size conversions are up 800% since postal increase.

### Slim-Jim advantages to Standard Catalog Sizes

Average 40% less in postal costs than Standard A flats, don't need to co-mail to achieve geographic densities.

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## Here's what our customers think...

After the postal rate increase hit our postal budget by more than 30% in May of 2007 we were hard pressed to continue to grow the catalog and to hit our circulation numbers. While working with Catalogs America, we were able to develop two specific offerings that sharply reduced our overall postal cost. By using two different catalog sizes—one standard and one letter rate—we have been able to reduce our postage to prospects and reallocate that money to our customer books. Which, in turn, has allowed us to increase page count and circulation.

**Jamie Conetta**  
Competition Accessories

Facing such a large increase in postage costs, Rite at Home Healthcare was forced to consider the slim-jim size to take advantage of the letter rate. While the postal savings were tempting, we were concerned that a change in trim size would reduce response rates. However, our "one time" experiment has now evolved into our new format. We are very pleased with both the response rates and the new look. With the USPS acknowledging the surge in volume at the slim-jim size, it seems apparent that many catalogers have been pleasantly surprised with the new format, just as we were.

**Darrin Schmidt**  
Rite at Home Healthcare Products

We switched to the new format for our first drop of 2007, and used the opportunity to introduce a new style to the catalog overall that helped to refresh the brand. We've continued to see our business expand over the past year, giving us every indication that our new format, look, and feel are all positive factors for us.

**Sally Partridge**  
PBS

So far, we've had great feedback. The format actually seems easier to digest than a normal-sized catalog. The true test will be how well it performs. I thought print quality was great, as usual. Thanks,

**Mark Hagenberg**  
Perfection Learning

"We produce a high-end organic bedding and apparel catalog. Switching to slim-jim with Catalogs America was a great move for us. We took the savings in postage and upgraded our paper, and still had money left over to increase our print run! It is the best-looking catalog we have had so far, with more square-inches than our previous size, and our sales ratios are consistent with last year's full-sized piece. We have committed to producing the next three titles in this format.

**Cheryl Hahn**  
Organic Comfort Zone

We produce a monthly catalog that is primarily a house list, and the switch to slim-jim allowed us to print and mail 20% more books per month than before for the same price.

**Cindy Larcombe**  
Kingdom Company

We like the new slim-jim format and feel that the one-time effort to change trim-size was worth the postal savings realized. It has allowed us to continue to offer a 68-page catalog without increasing our costs. We don't feel tabbing the catalog has discouraged customers from opening the book.

**Pam Thompson Smith**  
Thomas and Friends Railroad Gifts Catalog

Contact your Catalogs America salesperson today to learn how you can control costs without curtailing prospecting.

