

The New Presort Paradigm

Five trends and innovations that can change the way you mail

WHITE PAPER



Organizations who once thought they had achieved all they could in mail are going back to re-evaluate their strategies and approach

Every organization is looking for new ways to engage customers. Innovations and improved workflows are being adopted at a rapid pace, and every day there are headlines promoting a new app, a breakthrough in mobile marketing or a new tool such as QR codes.

But behind the scenes, innovations in mail technology—particularly in the presort arena—have changed the way organizations approach mail, redefining what it means to be successful in today's economy. These advances are creating significant efficiency and cost savings opportunities—helping organizations engage prospects and customers more consistently and effectively. Now, organizations who once thought they had achieved all they could in mail are going back to re-evaluate their strategies and approach.

This Pitney Bowes white paper looks at changes in the presort environment over the past decade and highlights the five trends and innovations that will help change the way you mail in the decade to come.



To see where you are going, take a look at where you've been

Some organizations may question whether there are still ways to innovate in mail—and if so, whether it's worth the time and effort. In order to understand where your organization can benefit from a new approach, it is important to consider why so many companies have turned to collaborating with external presort services providers with expertise in mail flows, enhanced processing and mail delivery.

You will find that the factors driving this transition—a change in mail characteristics, new USPS® programs and increased economic pressures—are issues that organizations must also contend with in the months and years ahead.

Mail Characteristics: Postal discounts are maximized when organizations have many pieces going to the same 5-digit ZIP Code™. Over time, organizations realized that they could achieve better sorts—and greater savings—by commingling mail with mail sent by other companies. Presort services enable organizations to maintain their discounts on First-Class Mail® even in environments where more statements are sent electronically. Plus, as marketers respond to consumer demands for multichannel communications including mail, Standard Mail® volumes continue to increase and become a larger portion of the mail mix, adding even more value to services that help induct mail closer to its final destination.



New USPS Programs. Over the past decade, the U.S. Postal Service has become more sophisticated. In many cases, these new postal programs can add significant value to an organization—but new technology may be required to optimize results.

Presort services that have invested heavily in new platforms and software have thrived in this environment, while small regional shops have closed their doors. Many mailers, faced with new capital expenses, have chosen to collaborate with large, established players in the external mail presorting field. With the transition to the Intelligent Mail® barcode in 2013, for example, organizations will now have a vehicle to track and manage the mailstream down to the piece level. Even high-volume mailers who have managed presort in-house for years are now re-evaluating the added benefits of switching to a company that specializes in this field, with many opting for a hybrid approach that involves in-house and outsourced elements.

Economic Pressures. In the 1990s, some organizations focused only on speed to market and revenue growth. While speed and growth are still important, the 2008 economic downturn reminded us that we also need to closely manage expenses—down to the penny.

Interest in working with external presort services providers has increased significantly over the past five years. In part because of the pure economics, in part because top presort services have worked closely with mailers and the USPS to create workflows, metrics and standards that deliver a secure, well-documented chain of custody. Today, the top providers can often deliver an experience that is more secure, more controlled and more cost effective than some in-house operations.

Five trends and innovations that can change the way you mail

As customer communications continue to evolve, organizations need to address new challenges and opportunities head on. For those with responsibility for mail presort, five trends stand out as ones to watch.

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Mail takes a magnified role in an increasingly multichannel world

New devices and digital applications will continue to change the way consumers interact with organizations. Consider that Facebook now boasts over 900 million users... three billion YouTube videos are viewed every day... and there are more mobile phone accounts in the U.S. than there are actual people.

Today, organizations often manage seven or more communication channels—dealing with ever-increasing levels of complexity—while consumers must wade through thousands of messages each and every day. Studies show that your customers and prospects will probably notice only a few dozen messages in a day, and will remember as few as four.¹

While print-and-mail is viewed by some as one of the more costly touchpoints among these options, it also remains one of the most effective. It is also a channel consumers trust. In fact, 60 percent of consumers prefer direct mail for marketing messages,² and Nielsen reports that mail offers the strongest ROI for both retention and acquisition.³

Even when mail accounts for a smaller piece of the overall marketing mix, some organizations are taking the time to explore new alternatives such as presorting to create a new advantage. These organizations have improved ROI by increasing their postal efficiencies and helping to ensure that each piece reaches its intended recipient.

1. <http://www.iwco.com/blog/tag/david-mastervich/>

2. <http://www.epsilon.com/download/consumer-survey-results>

3. <http://www.targetmarketingmag.com/article/target-marketings-sixth-annual-media-usage-forecast-2012/2>
<http://printinthemix.com/Fastfacts/Show/533>

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New geo-logistics add control and confidence

The physical nature of mail is what enables this medium to have such an impact on recipients. Mail is a tangible communication that consumers can touch and experience. Not surprisingly, effective communications now require even more effective logistics management.

Some presort services providers will excel in logistics operations, providing 24/7 access to service and support, as well as incident tracking and geo-location tracking. So, if the truck carrying your mail has a flat tire in Sheboygan, the presort supplier can locate a nearby, available vehicle to offload your mail from the stricken vehicle and keep the mail moving on its way. As technology continues to evolve, large national service providers have the bandwidth to stay on top of the latest tools, including software that can track weather patterns across the nation or traffic accidents—even road construction—which means that trucks can be quickly re-routed to avoid any possible delays.



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Standard Mail® benefits from a first-class experience.

While First-Class Mail® volumes have declined in recent years, more organizations are turning to Standard Mail® as a cost-effective way to engage customers, generate leads and sell more products and services. Many of the innovations in mail processing in recent years have enhanced Standard Mail®, creating an environment where you can expect consistent, reliable delivery dates; faster rollouts; and lower, fixed pricing.

More precise delivery windows

The best presort networks span the entire United States, enabling service providers to route and induct Standard Mail® closer to its final destination, which provides for more reliable in-home dates. Now, mailers can coordinate multichannel efforts, follow-up effectively and target when mail should arrive.

Just-in-time mail drops

Instead of holding onto mail until there is enough volume to qualify for lower postage rates, smart organizations are marketing in real time—leveraging greater postal savings even on smaller runs by using presort services.

Fixed-rate pricing

Some presort service bureaus are even able to offer fixed-rate pricing. This makes it easy for marketers to manage costs and avoid fluctuations that are common when geographic densities vary from campaign to campaign. With one low, consistent price, organizations can budget effectively and manage marketing ROI without regard to volume.

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Mailers gain greater visibility into the mailstream—and expenses

Marketers rely on reports and metrics more than ever to not only analyze the results of campaigns, but also to make real-time decisions while the campaign is in progress. While web, call center and social media efforts have always been easy to track, now mailers can provide the same level of visibility if they have the right tools, barcodes and systems in place. Some presort services providers have invested in Intelligent Mail® technologies and infrastructure. By leading the way in Intelligent Mail® adoption, these presort services providers offer mailers detailed, piece-level tracking on outgoing mail and business reply envelopes. With unique identifiers on each mailpiece, organizations can monitor the flow of mail without incurring any hardware and software expenses.

Mailers can expect even greater advances in mail tracking solutions, with tools that make it easier to analyze individual campaigns and mailpiece delivery. Already, organizations are working with presort services providers to leverage technology to:

- Validate that each piece was mailed on time
- Generate the audit trails required for industry regulators
- Mitigate fraud due to misdirected checks and cards
- Avoid cancelling accounts when payment is in the mail
- Coordinate multichannel marketing campaigns
- Respond to customer inquiries regarding mail status
- Forecast cash receivables

The same software solutions also provide details on postage expenses, providing mailers with more control. The ability to consolidate data from multiple locations and campaigns provides a big-picture view of opportunities, while detailed reports make it easy to allocate costs across projects and business units.

When it comes to determining whether it makes sense to presort onsite or via an offsite service, some mailers recognize they can have the best of both worlds

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“All of the above” becomes the new mantra in mail efficiency

Even high-volume mailers who once handled all presort in-house find it increasingly difficult to maximize postal discounts. With more complex postal standards, and in some cases lower mail volumes, the organizations may not even be able to sustain existing 5-digit densities.

When it comes to determining whether it makes sense to presort onsite or via an offsite service, some mailers recognize that they can have the best of both worlds. It is possible to maintain an onsite solution—upgrading hardware and software solutions to maximize operational throughput while adding integrity and security—and use an external presort service where volumes or ZIP Code™ concentrations fall short of the best discounts.

For these mailers, a portion of the volume can be processed and presorted in-house and delivered directly to the USPS. The remaining volumes are presented to a presort service provider where they are commingled to qualify at the five-digit level. In this way, mailers can maintain high levels of control over their mail while maximizing postage savings. And the new Full Service Intelligent Mail® barcode means that whether they deliver direct to the USPS or route mail through a presort service first, it's possible to keep track of the mail every step of the way.

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Moving forward: effective strategies for mail presort

Consulting with a presort services provider can help your organization achieve more in the decade to come. When considering working with a provider, five factors should rank high on your list of criteria.

Nationwide and global networks. Going forward, presort services providers will continue to take on an important role in collaborating with the USPS. Inducting mail at destination points, for example, requires a robust national presence.

Sheer volume. Working with an external presort services provider can be far more efficient as economies of scale will become even more important in the years ahead.

Specialized workflows. Savings are important, but only when combined with speed and integrity. You should inquire about MPTQM Certification (Mail Processing Total Quality Management), Six Sigma processes and overall information security.

Secure workflows. Work sites should feature a high level of security: security cameras, limited card access and security fences. Sensitive mail, such as checks and credit cards, should be commingled with other mail so it does not stand out (and is less likely to be stolen or misdirected).

Increased visibility. With the most advanced solutions, service providers can let you monitor individual mailpieces through the entire postal system—or gain advance notice of “global hot spots” and other potential disruptions. Such insights, combined with proper spend-management tools, can make it easier for you to administer your mailstream on a more proactive basis.

For additional information, please visit www.pb.com/mailservices

Delivering more than 90 years of innovation, Pitney Bowes provides software, hardware and services that integrate physical and digital communications channels. Long known for making its customers more productive, Pitney Bowes is increasingly helping other companies grow their business through advanced customer communications management.



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