

Co-Mail

Today's Opportunities & Tomorrow's Untapped Potential

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Today's Direct Mail Environment

- Print Catalog is a Key Revenue Driver
- But Catalog Budget Under Cost Pressure
- Result: Rising Customer Acquisition Cost



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Postal Rate Trends

- Labor Costs
- Mail Stream Visibility
- Trend: More Automation,
Less Flexibility,
Higher Cost



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The Hunt To Manage Costs

- Upstream ...
 - Analytics & List Selection
 - Reduce Print Contacts
 - Increase Non-print Contacts
 - List Hygiene
 - Pass thru Price Increases
- And Downstream ...
 - Reduce Paper Weight & Grade
 - Reduce Trim Size
 - Flat vs. Letter Sizes
 - **Co-mail**

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Why Focus On Co-mail?

- Supports Long Term USPS Strategy
 - Maximize Flat Sorting Machine Investment
 - Standardize shape-based requirements
 - “OneCode 4-State Barcode
 - Reduce redundant facilities & operations
- A Proven Reliever for the Catalog Budget



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What Is Co-Mail?



It is when multiple versions or titles of Periodicals or Standard Mail flats are combined within presort destination bundles through an in-line or off-line production process

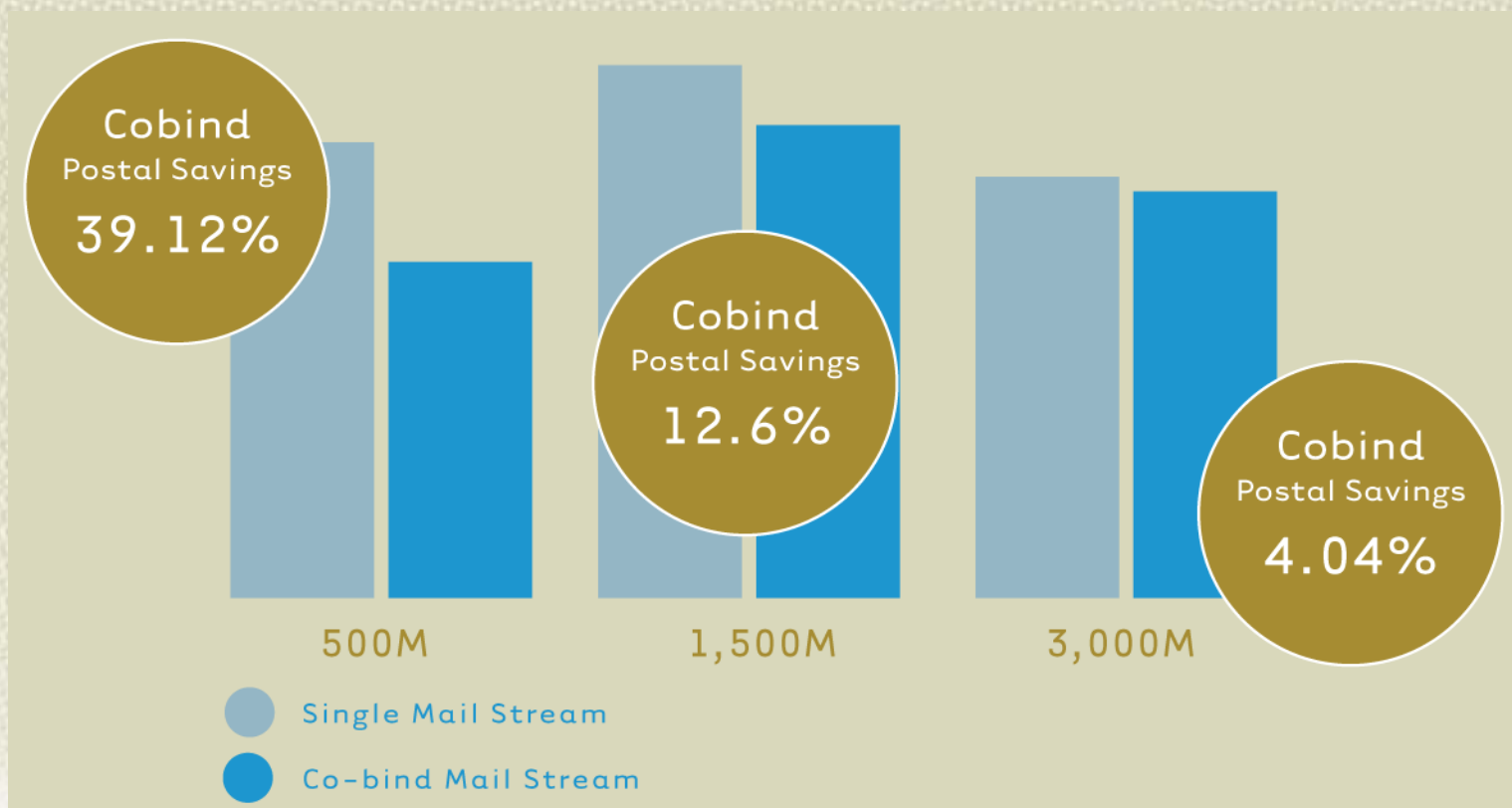


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Co-bind Savings Opportunity

(aka Inline Co-mail, Multi Bind)



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Evolving Technology: Offline Co-mail (aka Co-mail, Multi Mail)

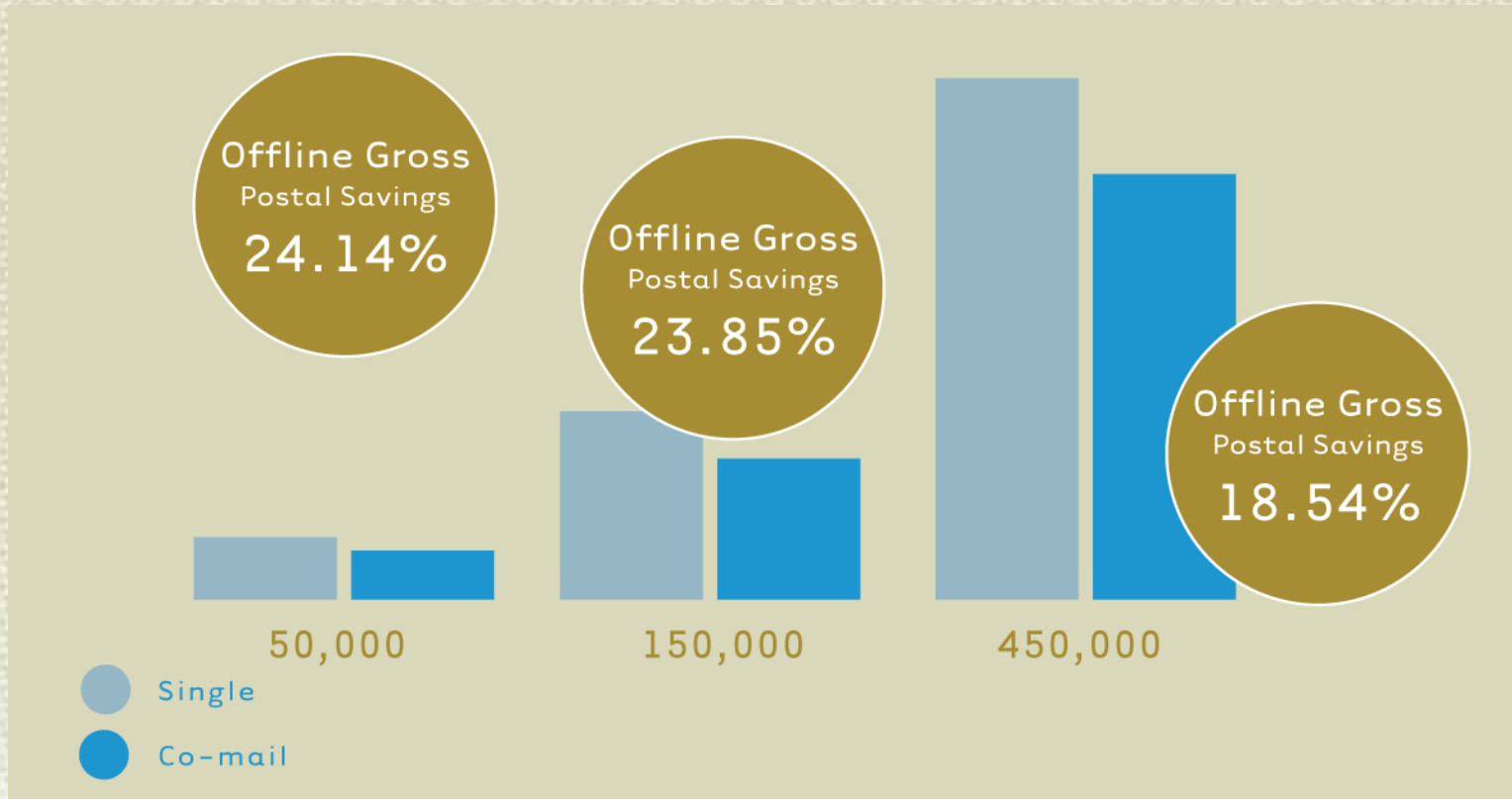
Opportunity	Combine unique, bound catalogs into one mail stream.
Process	After binding, catalogs are selectively fed into a large pool mail stream via a pocket feeder to optimize postal discounts.
Flexibility	Trim Size and Bind styles. Offline co-mail machines range from 12 to 30 pockets.
Limitations	Ink Jet back cover only. Target Versions require a separate pocket feeder. Extra production step (bind then mail).
Results	Gross Postal Savings range from 18% to 25%



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Offline Co-mail Economics



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A New Co-mail Flavor: Host & Guest (aka Hybrid Bind, Multi Blend)

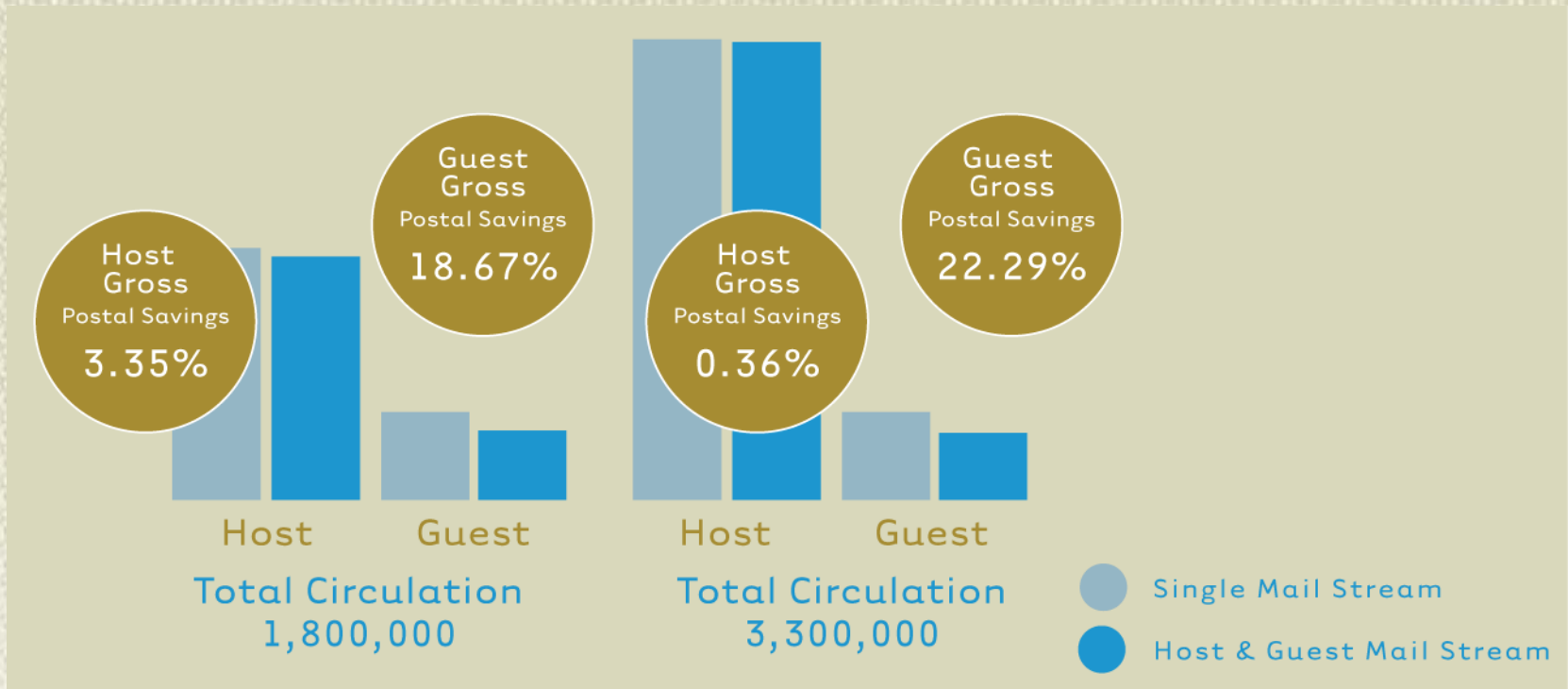
Opportunity	Combines a small circulation, bound Guest catalog into a larger Host catalog mail stream during the Host bind run.
Process	Guest catalogs are selectively fed into the Host mail stream via a pocket feeder during the Host catalog binding process to optimize postal discounts similar.
Flexibility	Guest Trim Size and Bind styles may vary.
Limitations	Host Catalog must saddle stitch with target versioning. Guest Circulation 10% to 20% of Host Circ., has an added production step (bind, then mail), ink jet back cover only.
Results	Gross Postal Savings range from 15% to 25% (Guest)

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Host & Guest Co-mail Economics



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Sounds Great ... But What About Trade-offs?

POTENTIAL BARRIERS	BARRIER BUSTERS
1. Mail Dates Typically 2 to 3 Days	Understand in-home window impact, communicate with Call Center and Distribution Center teams.
2. Change in Trim Size	Leverage current digital page files and convert size during cylinder making or use Offline/Guest Co-mail.
3. Less Target Version Capability	Pick the right co-mail tool, co-bind or “host & guest” offer best target versioning solutions.
4. Bind Style Limitation	Inline & Host: Saddle Stitch bind only Offline & Guest: Press Pasted, Saddle Stitch or Perfect
5. Loss of Control	Work with mailer on the strategic competitive issues. Otherwise, get over it.



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When To Use These Tools?

- **Inline Co-bind**
 - Circulation > 500,000
 - Saddle Stitch with targeted version flexibility
- **Offline Co-mail**
 - Circulation < 500,000
 - Single Version either saddle stitch or perfect bind, limited to back cover personalization
- **Host & Guest Co-mail**
 - Host Catalog must be saddle stitched bound
 - Guest circulation must be 10% to 20% of Host circulation
 - Guest catalog either saddle stitch or perfect bound, limited to back cover personalization



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The Future: Tomorrow's Untapped Potential

- Spot Light on Letter Formats
- Expanding Co-mail Pool & Capacity
- Expanding Host & Guest Capability
- Partner with an Innovative Mailer
- Live & Breath Co-mail



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