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POSTAL PANEL SAYS DIRECT MAIL WORKS

NEW ORLEANS, LA – Attendees at the National Postal Forum – the leading event for mailing professionals and business mailers – learned today about the power of Direct Mail, traditional and new product applications that have proven success in generating a sizeable return on investment. According to Stephen M. Kearney, vice president, Pricing and Classification for the Postal Service, in 2001, mailers spent \$167 in direct mail per person and received \$2,095 worth of sales as a result, a return on investment of 13-1, the highest in the direct marketing industry.

Citing Direct Marketing Association (DMA) data, Kearney noted direct marketing media generated almost \$2 trillion in sales in 2002, an increase of almost 9 % over 2001. The postal panel consisting of both Postal Service and business industry representatives asserted Direct Mail will have the highest growth rate among all competitive media in 2003, between four and seven percent. Currently, Direct Mail owns 19 percent of the advertising market.

The Postal Service unveiled several product enhancements, that can extend the reach of a direct mail piece and increase its value as a key communications medium through differentiation, impact, and expedited production and delivery - key strategies in its Transformation Plan, the Postal Service's blueprint for the future.

Forum attendees also heard testimonials from businesses that have reaped the benefits of using Direct Mail, including Nigel Morris, Capital One's co-founder, president and chief-operating officer and Joe Arundell, vice-president, First Charter Bank. Capital One has effectively used First-Class Mail as an advertising medium and First Charter Bank has used one of the newer direct mail products - Repositionable Notes – to gain visibility and increase response rates.

Repositionable Notes are little squares of colored notes with sticky adhesive on them placed directly on the outside of an envelope to enhance the appearance of the mail piece and the effectiveness of the mailing. The notes can be easily removed from the envelope and placed somewhere handy such as by the phone, or a refrigerator, or a computer monitor as a reminder of the offer. Research and live-mail testing have shown that through the use of Repositionable Notes direct marketers can significantly increase their response rates by as much as 37 percent. (To learn more about how to use them, visit www.usps.com/repositionablenotes.)

Dick Goldsmith, President of Horah Group- talked about Friend-to-Friend Mail™, a product which has been in test stage since 2000. It is a “referral” marketing technique that works to create a “Buzz” or “word of mouth” about a product.

With Friend-to-Friend Mail, a business creates a postcard and distributes it to its existing customers. The postcard can be distributed as an insert in an existing mailing, included in an order fulfillment, handed out at a company event or positioned at a point-of-sale location. The customer in turn sends the postcard to a friend. Since it has been sent personally, as a referral by a friend or family member, the impact of the mailpiece is increased. The business now has a new qualified prospect and their product has one of the strongest endorsements possible – a recommendation from a satisfied customer. In the test pilot of Friend-to-Friend Mail, an average of ten percent of the post cards distributed was passed on and of these there was a high rate of customer conversion. The pilot is no longer accepting customers, to facilitate the steps being taken to make this a permanent offering.

Adding to the suite of innovative direct mail products, the Postal Service recently filed a request with the Postal Rate Commission that would allow direct marketers to mail uniquely shaped mail pieces – triangular, oblong and circular mail or even shaped replicas of products such as cars, motorcycles, and shoes. Called Customized *MarketMail*™, these eye-catching mail pieces would give business mailers the ability to differentiate their products in the mailstream, adding impact and generating greater response rates on their mailings. Speaking by way of video, H. Robert Wientzen, president and chief-executive-officer of the Direct Marketing Association applauded the Postal Service's efforts with Customized *MarketMail* as being responsive to direct mailers' needs for design flexibility to create eye-catching mail pieces. He stated that "CMM is certainly the shape of things to come!"

Postal representatives also gave a sneak preview of their next new product, Distributed Print Network (DPN). DPN leverages the capabilities of electronic media with the value of hard copy mail. With DPN, a publisher would send an electronic version of their publication from any place in the United States or even from another part of the world to a third party DPN printer, who downloads the contents and prints the publication locally. The printer enters the publication at the area postal processing center and the Postal Service delivers the publication to the customer the same day or next day. So, a Chicago resident could read his daily paper from his beach house in Florida or a journalist on assignment in the United States from Ireland could read his home paper they same day it is published in Ireland.