

# BANTA Mailbox

Banta Publications Group ■ 12 Salt Creek Lane, Suite 350, Hinsdale, IL 60521 ■ July 2002

## Special Issue!

Dedicated to details of most recent postal increase

*Message from the Editor:*

*Magazine publishers have been challenged by a recessionary economy and rapidly changing postal regulations and rates. This special edition of the Banta Mailbox discusses the changing postal landscape, its effects on our customers, and the products and services Banta offers to assist our customers in this area. If you would like more details on the recent postal increase, or to arrange for an analysis of your mailing list, please contact your Banta Customer Service or Sales Representative.*

—Monica Lundquist, Banta Publications Group, Director of Mailing & Distribution Services

### Postal Rates

#### A brief history of postal rates:

The United States Postal Service is a quasi-governmental agency charged with delivering mail to each and every household in the country on a daily basis. To give you an idea of the scope of the USPS,

consider the following statistics:

- The USPS has approximately 800,000 employees
- The USPS generates **\$63 billion** in annual revenue
- The USPS delivers **207 billion** pieces of mail annually
- The USPS delivers 600 million pieces of mail per day at an average cost of 30 cents per piece (compared to FedEx which delivers 3 million pieces per day at an average cost of \$15.70 per piece)
- The daily average for a mail carrier is 2,300 pieces of mail delivered to 500 addresses
- The USPS delivers to 134 million addresses 6 days a week
- There are 1 million new addresses added every year
- The USPS handles 41% of the world's mail (Japan is second with 6%)

see **HISTORY** on page 2

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*The following is a table reflecting historical postal increases, which also includes the increase effective June 30, 2002.*

	Jan 1 1995	Jan 10 1999	Jan 7 2001	Jul 1 2001	Jun 30 2002
First-Class Single Piece	8.6%	2.8%	1.7%	1.7%	7.5%
Priority Mail	9.6%	2.3%	2.4%	1.0%	8.7%
Express Mail	8.0%	8.1%	3.6%	1.6%	9.4%
Periodicals Regular	13.9%	4.6%	10.5%	2.6%	10.2%
Periodicals Nonprofit	19.3%	8.0%	7.2%	2.4%	10.7%
Standard Regular	13.6%	1.2%	8.8%	1.4%	7.8%
Standard Nonprofit	3.8%	9.6%	4.8%	2.5%	6.6%
Package Services Bound Printed Matter	14.0%	5.0%	17.6%	0.7%	9.0%
International Mail	10.3%	3.0%	3.8%	0%	8.4%
Overall All Classes	10.2%	2.8%	4.6%	1.6%	7.7%

## New Rates

**HISTORY** continued from page 1

The USPS is governed by congressional laws that are the foundation for the postal regulations and which govern the postal rate making process.

Unlike private industry, the USPS is not free to establish its pricing on its own, nor is it free (except in limited cases) to negotiate rates, offer volume discounts, or otherwise establish different rate structures and levels for various customers.

The postal rate making process is a cumbersome and lengthy process involving many different parties. To briefly summarize:

The USPS makes the determination that it needs to adjust postal rates. The USPS is legally bound to break even over the course of time, so when the costs of processing and delivering mail reach the point where existing rates will not cover the costs, new rates need to be established. The USPS puts together a postal rate proposal, which is derived from a great deal of costing and economic data. The proposal includes detailed rate structures for the various classes of mail, along with explanations of how the data was gathered and how the proposed rates were arrived at. The USPS files this proposal with the Postal Rate Commission (PRC). The Postal Rate Commission is a presidentially appointed group who has responsibility of overseeing the rate making process. There are five members of the commission, one of whom is designated as the chairperson. Law requires Senate confirmation of the five appointees, who serve six year terms.

Any parties interested in the outcome of the postal rate case may participate by filing with the PRC to become an intervenor in the case. Intervenors usually include mailer's associations, such as the Magazine Publishers Association or American Business Media, individual mailers, competitors, such as UPS and FedEx, consumer advocate groups, etc. These intervenors may be in favor of the USPS proposals or against the proposals. Fully participating intervenors present written interrogatories to the testimony of the witnesses in the case. In turn, the witnesses must provide written responses.

The rate making process takes ten months to complete and includes the following phases (each with a specific time frame): 1) Notice, 2) Discovery, 3) Hearings, 4) Briefs, 5) Oral Arguments, and 6) Opinion and Recommended Decision.

As you can see, a postal rate case is a great deal like a trial with a defendant, plaintiff, judge and jury. It involves calling of witnesses, oral cross-examination, evidence submitted, rebuttals, etc.

Once the PRC has issued its Opinion and Recommended Decision, the USPS Board of Governors (BOG) then has to act on this recommendation. The BOG may accept the decision, reject the decision, or accept the decision under protest. If the BOG rejects the decision, they can modify the proposed rates on their own, however this requires a unanimous decision. If

the BOG accepts the decision under protest, the case goes back to the PRC for review and further recommendation.

In the previous rate case, the BOG did send the decision back to the PRC for review and then modified the resulting decision, which is rare. This resulted in an additional rate increase that was effective on July 1, 2002 on top of the regular rate increase that was put into effect on January 7, 2001. In the most recent rate case, another unusual situation occurred in that a settlement agreement was reached. This involves all parties to the case agreeing on a proposed set of rates rather than going through the entire ten month rate process, similar to a legal issue being settled out of court rather than going through the whole trial process. This is rare because again, it requires all parties to agree. In this case, the result is an earlier implementation date (June 30, 2002 vs. an estimated implementation date in September or October) and most likely a smaller increase than what might have been effective with a full-blown rate case.

To follow are detailed rate tables for Periodicals, Standard, and Package Services Bound Printed Matter reflecting the postage rates effective June 30, 2002.

### Regular Periodicals Rates

Settlement vs. Current  
Effective June 30, 2002

	CURRENT	NEW	PERCENT CHANGE
<b>PER POUND RATES</b>			
<b>ADVERTISING</b>			
DDU	\$ 0.153	\$ 0.158	3.3%
SCF	0.195	0.203	4.1%
ADC	N/A	0.223	N/A
ZONES 1 & 2	0.238	0.248	4.2%
ZONE 3	0.253	0.267	5.5%
ZONE 4	0.292	0.315	7.9%
ZONE 5	0.351	0.389	10.8%
ZONE 6	0.413	0.466	12.8%
ZONE 7	0.488	0.559	14.5%
ZONE 8	0.552	0.638	15.6%
NONADVERTISING	0.179	0.193	7.8%
<b>PER PIECE RATES</b>			
BASIC NON-AUTO	0.333	0.373	12.0%
BASIC AUTO	0.291	0.325	11.7%
3-DIGIT NON-AUTO	0.283	0.324	14.5%
3-DIGIT AUTO	0.248	0.283	14.1%
5-DIGIT NON-AUTO	0.219	0.256	16.9%
5-DIGIT AUTO	0.194	0.226	16.5%
CARRIER ROUTE	0.139	0.163	17.3%
<b>DISCOUNTS (PER PIECE)</b>			
EDITORIAL DISCOUNT	0.00067	0.00074	10.4%
DDU DISCOUNT	0.017	0.018	5.9%
SCF DISCOUNT	0.008	0.008	0.0%
ADC DISCOUNT	N/A	0.002	N/A
PALLET DISCOUNT	N/A	0.005	N/A
DROP SHIP PALLET DISCOUNT	N/A	0.010	N/A
<b>AVERAGE INCREASE</b>			10.3%
<b>RIDE ALONG RATE (PER PIECE)</b>	0.100	0.124	24.0%

\*Note: Nonprofit rates are discounted 5% from the regular rates (except for the Advertising Pound rates)

## Standard Rates

Settlement vs. Current

Effective June 30, 2002

	REGULAR			NONPROFIT		
	CURRENT	NEW	% CHANGE	CURRENT	NEW	% CHANGE
<b>PER PIECE RATES ( Pieces 3.3 ounces or less)</b>						
BASIC NON-AUTO LETTER	\$ 0.253	\$ 0.268	5.9%	\$ 0.158	\$ 0.165	4.4%
BASIC NON-AUTO FLAT	0.322	0.344	6.8%	0.220	0.230	4.5%
MXD AADC AUTO LETTER	0.200	0.219	9.5%	0.133	0.144	8.3%
AADC AUTO LETTER	0.200	0.212	6.0%	0.133	0.136	2.3%
BASIC AUTO FLAT	0.278	0.300	7.9%	0.179	0.189	5.6%
3/5 DIGIT NON-AUTO LETTER	0.233	0.248	6.4%	0.146	0.153	4.8%
3/5 DIGIT NON-AUTO FLAT	0.266	0.288	8.3%	0.171	0.183	7.0%
3 DIGIT AUTO LETTER	0.190	0.203	6.8%	0.123	0.129	4.9%
5 DIGIT AUTO LETTER	0.177	0.190	7.3%	0.108	0.114	5.6%
3/5 DIGIT AUTO FLAT	0.239	0.261	9.2%	0.154	0.166	7.8%
CARRIER ROUTE (BASIC NON-AUTO)	0.178	0.194	9.0%	0.118	0.126	6.8%
<b>DESTINATION DISCOUNTS (PER PIECE)</b>						
BMC	0.019	0.021	10.5%	0.019	0.021	10.5%
SCF	0.024	0.026	8.3%	0.024	0.026	8.3%
DDU (CARRIER ROUTE ONLY)	0.029	0.032	10.3%	0.029	0.032	10.3%
<b>PER PIECE/PER POUND RATES (Pieces over 3.3 ounces)</b>						
<b>PER PIECE RATES</b>						
BASIC NON-AUTO	0.184	0.198	7.6%	0.107	0.110	2.8%
BASIC AUTO	0.140	0.154	10.0%	0.066	0.069	4.5%
3/5 DIGIT NON-AUTO	0.128	0.142	10.9%	0.058	0.063	8.6%
3/5 DIGIT AUTO	0.101	0.115	13.9%	0.041	0.046	12.2%
CARRIER ROUTE (BASIC NON-AUTO)	0.046	0.068	47.8%	0.042	0.050	19.0%
<b>PER POUND RATES</b>						
CARRIER ROUTE	0.638	0.610	-4.4%	0.370	0.370	0.0%
ALL OTHERS	0.668	0.708	6.0%	0.550	0.584	6.2%
<b>DESTINATION DISCOUNTS (PER POUND)</b>						
BMC	0.093	0.100	7.5%	0.093	0.100	7.5%
SCF	0.114	0.125	9.6%	0.114	0.125	9.6%
DDU (CARRIER ROUTE ONLY)	0.140	0.157	12.1%	0.140	0.157	12.1%
<b>AVERAGE INCREASE LETTERS</b>			7.3%	5.3%		
<b>AVERAGE INCREASE FLATS</b>			11.1%	7.1%		

## Package Services Bound Printed Matter Flats

Settlement vs. Current

Effective June 30, 2002

	CURRENT	NEW	% CHANGE
<b>PER POUND</b>			
DDU	\$ 0.030	\$ 0.030	0.0%
DSCF	0.060	0.060	0.0%
ZONE 1 & 2	0.070	0.090	28.6%
ZONE 1 & 2 DBMC	0.060	0.073	21.7%
ZONE 3	0.090	0.112	24.4%
ZONE 3 DBMC	0.090	0.102	13.3%
ZONE 4	0.120	0.149	24.2%
ZONE 4 DBMC	0.120	0.139	15.8%
ZONE 5	0.160	0.198	23.8%
ZONE 5 DBMC	0.160	0.187	16.9%
ZONE 6	0.200	0.248	24.0%
ZONE 7	0.250	0.308	23.2%
ZONE 8	0.340	0.419	23.2%
<b>PER PIECE</b>			
BASIC	0.970	1.078	11.1%
BASIC DBMC	0.830	0.818	-1.4%
BASIC DSCF	0.690	0.603	-12.6%
BASIC DDU	0.620	0.532	-14.2%
CARRIER ROUTE	0.870	0.978	12.4%
CARRIER ROUTE DBMC	0.730	0.718	-1.6%
CARRIER ROUTE DSCF	0.590	0.503	-14.7%
CARRIER ROUTE DDU	0.520	0.432	-16.9%
<b>AVERAGE INCREASE</b>			9.6%

## Banta Publications Group Distribution Contacts

As a customer, you are encouraged to direct all of your communications to your plant Customer Service Representative. However, there may be occasions when you may need to contact someone in the distribution areas directly. To facilitate this, the following is a list of contacts:

### Entire Publications Group

Director, Mailing & Distribution Services

Monica Lundquist  
816-792-6370 Phone  
816-792-3112 Fax  
mlundquist@banta.com

List Services Manager

John Buck  
816-792-6349 Phone  
816-792-3112 Fax  
jbuck@banta.com

### Long Prairie, MN plant

Distribution Manager

Al Lemke  
320-732-7946 Phone  
320-732-7976 Fax  
alemke@banta.com

Distribution Supervisor

Jane Zirbes  
320-732-7969 Phone  
320-732-7976 Fax  
jzirbes@banta.com

### Liberty, MO plant

Distribution Manager

Jeff Volkmann  
816-792-6402 Phone  
816-792-2031 Fax  
jvolkmann@banta.com

Mailing Coordinator

Bobbie Hill  
816-792-5300 ext 6376 Phone  
816-792-2031 Fax  
bhill@banta.com

Shipping Manager

Steve Bieri  
816-792-6363 Phone  
816-792-6480 Fax  
sbieri@banta.com

### Greenfield, OH plant

Postal Specialist

Margaret Mobley  
937-981-2161 Ext. 320 Phone  
937-981-5032 Fax  
mmobley@banta.com

## Actual Increases

While the percentages shown in the rate charts on pages 2-3 reflect the average increases, in many cases the actual increases can vary substantially. To assist you in determining what the actual effect of the rates are, we have put together some tables showing the actual percentage increases based on data for an average business and trade publication (based on data provided by American Business Media).

### Periodicals Regular Rate Percentage Increase

Weight	Advertising Percentage			
	0%	25%	50%	75%
.25 lbs. (4 oz.)	14.3%	13.93%	13.64%	13.4%
.375 lbs. (6 oz.)	13.66%	13.37%	13.14%	12.96%
.50 lbs. (8 oz.)	13.14%	12.92%	12.74%	12.6%
.75 lbs. (12 oz.)	12.33%	12.22%	12.13%	12.06%
1.00 lbs. (16 oz.)	11.74%	11.72%	11.7%	11.68%

### Periodicals Nonprofit Rate Percentage Increase

Weight	Advertising Percentage			
	0%	25%	50%	75%
.25 lbs. (4 oz.)	14.3%	13.92%	13.61%	13.36%
.375 lbs. (6 oz.)	13.66%	13.35%	13.11%	12.91%
.50 lbs. (8 oz.)	13.14%	12.89%	12.70%	12.55%
.75 lbs. (12 oz.)	12.33%	12.20%	12.09%	12.01%
1.00 lbs. (16 oz.)	11.74%	11.69%	11.66%	11.63%

### Standard Mail Percentage Increase

Weight	Regular Rate	Nonprofit Rate
.1875 lbs. (3 oz.)	8.65%	6.89%
.25 lbs. (4 oz.)	8.38%	6.77%
.375 lbs. (6 oz.)	7.64%	6.51%
.50 lbs. (8 oz.)	7.17%	6.37%
.75 lbs. (12 oz.)	6.63%	6.21%

### Package Services Bound Printed Matter Increase

Weight	
1 lb. (16 oz.)	11.36%
1.25 lbs. (20 oz.)	11.74%
1.50 lbs. (24 oz.)	12.08%
1.75 lbs. (28 oz.)	12.41%
2 lbs. (32 oz.)	12.72%

As you can see, some of these increases are pretty frightening. So you may ask, how can Banta Publications Group help magazine publishers combat the impending postal increases and what is on the postal horizon?

See **HELP IS ON THE WAY** on page 5

## Help is on the Way

The Banta Publications Group constantly strives to improve our distribution services in an effort to provide the most efficient, cost effective distribution of your magazines. Since the largest percentage of the magazines we produce are distributed through the mail, it stands to reason that many of these efforts focus on postal options. Here are a few recommendations for keeping your postal costs down:

1) Drop ship mail to additional entry points. The USPS offers discounts to mailers who truck their mail to postal facilities close to the final destination of the mail. The key is knowing which facilities to use and what the applicable discounts are. The Banta Publications Group utilizes sophisticated software to analyze each mailing of each magazine we produce to determine which, if any, additional entry points should be used. While not every mailing will show a savings (in some cases the shipping costs outweigh the postal savings), we are currently drop shipping an average of 80 titles per month with an annualized postal savings to our customers of over \$1 million. Drop ship savings can vary from title to title and even from issue to issue, depending on variables such as weight, advertising percentage, geographic concentrations, and versions. We drop ship to Sectional Center Facilities (SCF's), Automated Distribution Centers (ADC's), Bulk Mail Centers (BMC's) and Periodicals Transfer Hubs.

2) Make sure your mailing list is clean and up to date. USPS statistics show that close to one third of all mail is undeliverable as addressed. These undeliverables are usually the result of people who have moved, incomplete or incorrect addresses, city names, state abbreviations, ZIPcodes, etc. Not only will these types of addressing problems cost you more money in postage, they can also result in delayed or non-delivery of mail. The best way to circumvent this problem is to make sure your mailing list is as accurate as possible. Banta Distribution Services (BDS) has many address hygiene pro-

cesses available to assist you in this effort, such as National Change of Address (NCOA), CASS certified ZIP+4 coding, address correction, etc. There are also any number of software packages available that allow you to make address corrections as the addresses are input into your database.

3) Make sure your mailing is presorted as finely as possible in order to take advantage of all possible postal discounts. The finer your mail is sorted before it is presented to the USPS, the less expensive your postage will be. Again, BDS has state-of-the-art software in place to help achieve the best postal discounts available. Carrier route sorts, firm bundle sorts, palletizing, and selective use of optional sort levels all contribute to saving money.

4) Review your paper weight and trim size options. This is pretty basic, but reviewing the effects of these types of changes to determine the impact on your postal rates may provide some less expensive options that will still meet your marketing needs. We can assist you in estimating these savings. Please contact your Customer Service Representative or your Sales Representative.

5) Creative mailing options, such as selective stitching, polybagging multiple publications together, polybagging with ride-alongs, and a host of other alternatives are available to provide postal savings and/or revenue generating ideas. As indicated above, we can assist you in estimating these savings. Please contact your Customer Service Representative or your Sales Representative.

6) Review your current method of distributing international mail. The USPS rates for international mail can be very expensive. There are a number of alternatives available, even for very small quantities of international mail. We can analyze your international list to determine if there are savings available. Contact your Customer Service Representative or Sales Representative.

See **ACTUAL CASE STUDIES** on page 6

### Online Information

More information on Banta Corporation is available through the company's World Wide Web site at [www.banta.com](http://www.banta.com)

**BANTA Mailbox** is a monthly publication produced by the BANTA Publications Group. Any comments or questions are welcome. Please contact Monica Lundquist of the BANTA Publications Group by phone at 816-792-6370, by e-mail at [mlundquist@banta.com](mailto:mlundquist@banta.com), or write to BANTA Publications Group, Mailing & Distribution Services, 3401 Heartland Drive, Liberty, MO 64068-3378.

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## Actual Case Studies

### Drop Ship Mail

**Publication A:**

36,421 copies  
1.2059 lbs. Per copy  
64.71% advertising

Additional entries: 27

Gross Postal Savings: \$3,739.07

Shipping/Handling/Admin: \$1,980.50

**Net Postal Savings: \$1,758.60**

**Publication B:**

144,265 copies  
.3827 lbs. Per copy  
60.07% advertising

Additional entries: 37

Gross Postal Savings: \$3,097.18

Shipping/Handling/Admin: \$1,973.60

**Net Postal Savings: \$1,123.61**

There are many variables, including quantity, geographic concentration, weight, ad content, and versions that influence the amount of drop ship savings. We can analyze your magazine to determine if drop ship savings are possible.

### Postal Presort

**Publication C:**

695,447 copies  
.1066 lbs. Per copy  
0% advertising

Postage using old presort: \$97,519.70

Postage with Banta recommended presort: \$85,475.88

**Postage savings over current presort: \$12,043.82**

In this case, the magazine was not taking advantage of Carrier Route level presort discounts. Based on our analysis and recommendation, the publisher was able to realize significant postal savings on each issue. We can analyze your mailing list to determine if there are additional presort discounts available. For more details on any of this information, or to arrange for an analysis of your mailing list, please contact your Banta Customer Service or Sales Representative.

### More Information

For more details on any of this information, or to arrange for an analysis of your mailing list, please contact your Banta Customer Service or Sales Representative.