

BANTA Mailbox

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

Statement of Ownership

Deadline to file was October 1

As we mentioned in our September newsletter, publishers of Periodicals rate magazines are required to file a Statement of Ownership (Form 3526) annually for each publication mailing at Periodicals rates. The due date for filing this form is October 1. If you have not already filed this form for your publications, you should do so as soon as possible in order to avoid any delays in your mailings.

In addition to filing the form, it is also required that the information on the form be published in an issue of the magazine. If your magazine is more frequent than weekly, it must be published in an issue by October 10. For magazines that are weekly or less frequently but more than monthly, the information should be published in an issue by October 31. If your publi-

cation is monthly or less frequent, it should be published in the first issue produced after October 1.

Please note that these requirements apply only to Periodical rate publications, not Standard or Package Services rate publications. They also apply only to Periodicals rate publications that are authorized as General (paid) or Requestor (free) publications. Other authorization categories, such as Institutions and Societies and State Departments of Agriculture, are not required to publish the information from the Statement of Ownership, however they are still required to file the form. For a copy of the form, log on to www.usps.com, click on Forms, then on Periodicals, then on PS Form 3526.

New Rule for Standard Flats

USPS allows higher minimum for 5-digit level packages

The USPS implemented a new rule, effective September 5, 2002, which allows mailers the option to increase the minimum pieces per bundle from the old 10 piece requirement up to 17 pieces. This rule applies only to flat size mail (less than 3/4" thick), not letter size mail. The rule also applies only to 5-digit level packages. Mailers may select any minimum between 10 and 17 pieces for the 5-digit level packages as long as the same minimum is used throughout the mailing.

The USPS has determined that a higher minimum for the 5-digit level packages is more appropriate based on modeling of piece, package and container handling costs. There is no affect on postal discounts to mailers (or to revenue for

the USPS) because both 3 digit and 5 digit packages are eligible for the 3/5 digit postal rate. This new rule does not apply to Periodicals mail because there are separate rates for 3-digit and 5-digit sorted mail.

Modeling done by mailers indicates that increasing the minimum can be beneficial, but usually only for lighter weight pieces. As pieces approach 7 ounces in weight, the benefit of the increased minimum is lost.

This rule is currently optional, but we anticipate that it will be made mandatory with the next rate case. For more information about the rule, see the August 20 Federal Register notice by logging on to <http://ribbs.usps.gov/fedreg.html>.

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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:

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Confirm® Update

Program not as beneficial for flats and drop shipped mail

As we mentioned in our September issue, the USPS has begun charging for use of its mail tracking program, Confirm®. Evidently this program is working quite well for letter size mail, but is not working so well for flat size mail, such as magazines and catalogs. The reason for this is the low rate of scans that are occurring on flat size mail. Scan rates for flats ranged from 30% to 40% a year ago, but the USPS is now reporting scan rates of 50% to 60%. The USPS has indicated that the low level of scans is due to field offices that run the flat sorting equipment (FSM 1000's) in manual mode, which does not allow the Planet code (the key of the tracking system) to be read on the mailpieces. This is done when there is a combination of barcoded and non-

barcoded flats, or there is not enough volume of barcoded flats. The USPS is in the process of deploying automated feeders to equipment to help alleviate this problem, with a completion date of October/November 2002. However, this will not totally eliminate the problem as the automated feeders are being installed on only one of the 3 to 4 total feeders per machine.

Mailers using the program have indicated that very low scan rates are a particular problem for very light weight "flimsy" pieces. The program is also not beneficial for mail that is drop shipped to the SCF or DDU level because the scanning occurs on equipment farther up the stream at the ADC's.

Next Postal Increase

Predicting time of next rate case proves difficult

As many publishers are in the midst of budgeting time, we often receive questions regarding the next postal rate increase. This is very difficult to predict, especially at this time since the USPS is working on Product Redesign, which will be a separate filing itself. There has been much discussion of the timing of the Product Redesign filing and the next regular rate increase filing, which appear to be headed for the same time frame. However, there are not enough postal resources to work on both at the same time, so the next regular rate filing will most likely occur first.

One possible new wrinkle to the next rate case is that it may include a proposal for phased rates. This would consist of two sets of rates, the first set at levels to cover contingency and prior year losses in the first year of the new rates and the

second set of rates for year two for recovery. The mailing industry has expressed mixed feelings regarding such a proposal. While phased rates are easier to plan and budget for, mailers are concerned about what triggers the second phase and what changes will occur to the rates.

At this point, the best guess of when the regular rate filing will take place would be in April of 2003. This would mean implementation of new postal rates in spring of 2004. For budget purposes, however, we recommend that you plan for a postal increase in January 2004. The amount of the increase is just as difficult to predict. Based on past cases, however, most mailers are budgeting for increases in the 10% to 15% range for 2004. We will keep you posted as we hear more information regarding possible rate increases.

E-Pubwatch

Publication Watch now available on-line

Publishers of Periodical rate magazines now have the ability to file their Publication Watch information on-line as opposed to the old hard copy multi-part form. Pub Watches are used to file a delivery complaint with the USPS for a specific magazine subscriber. Once the Pub Watch has been filed, the local delivery post office monitors and reports the incoming date and the delivery date of the magazine in question to the recipient registering the complaint. This hard copy process has always been very cumbersome and did not often result in any valuable information regarding the delivery problem.

The new automated system is supposed to be more user friendly and allow the USPS to moni-

tor delivery problem trends and provide more useful information for correcting delivery problems. E-Pubwatch is designed to respond to delivery complaints by monitoring future mailings; it does not offer any tracking of past mailings.

Publishers interested in using the new program can get more information by contacting Frank Spencer at 703-292-3855 or fspencer@email.usps.gov or you may log on at <http://epubwatch.usps.gov/> and register under New User. To participate you will need to complete a Web Access Request Form (PW001), which is available at the web site. You will then be assigned an ID and password which will be unique to your publication.

Flats Mail Initiatives

At the recent Great Lakes Area Focus Group meeting in Chicago, George Hurst of the USPS reviewed some of the initiatives currently being investigated for flat size mail, such as magazines or catalogs:

- Subscription efforts, such as offering magazine subscriptions in post office lobbies. There is a 6 month test underway at 40 post offices in the New York area. Also subscription offers on the USPS Web site.
- Capturing data for mailers (e.g. data from surveys) using the automated sorting equipment.
- Customized MarketMail™ for pieces that currently do not qualify for mailing, such as odd shaped non-rectangular pieces.
- Time sensitive prospecting, such as posting international newspapers on the USPS Web site.
- Periodicals reconsolidation, which entails combining packages of multiple magazines together on the same pallet to obtain drop ship and pallet discounts. For more information log on to <<http://www.recouncil.org/bindery2002/2002BinderySeminar/Bindery2002-27-Seymour.pdf>>
- Friend-to-Friend mailing, which would allow magazine subscribers or catalog buyers to re-mail their magazines/catalogs to another address without affixing postage.

Other initiatives include distributed printing services, flats readability & design guidelines, and simplified mail preparation.

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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, or write to BANTA Publications Group, Mailing & Distribution Services, 3401 Heartland Drive, Liberty, MO 64068-3378.

USPS Finances Improving?

2003 budget anticipates increase in mail volume

The USPS is projecting to end its fiscal year 2003 with a net income of \$600 million, according to CFO Richard Strasser. The budget for 2003 calls for an increase in mail volume of 1.9%, increase in revenues of 5.9% and increased expenses by 3.2%.

The budget also includes \$2.5 billion for capital investments, which is the first increase in this area since 2000. This is still significantly less than the \$4 billion levels of capital spending in 1998 and 1999.

The current financial picture, however, is not

so rosy. Fiscal year 2002 ended with a loss of \$1.2 billion for the USPS. The good news is that this loss is less than the projected \$1.3 billion. Much of this differential is due to the early implementation of postal rates in June of 2002. This was achieved through a settlement agreement between the USPS and the mailing industry which allowed the USPS to implement rate increases sooner than planned in the budget. Mail volume is down 3.4% from last year, so it is unclear why the USPS is budgeting an increase in mail volume for FY 2003.

Delivery Times Lag

Some mail is taking weeks to process and deliver

We are still hearing reports from our customers of mail delays. In some cases, the USPS is taking weeks to process and deliver mail. There does not seem to be any consistent pattern to the areas of delayed delivery, nor is there any consistent delivery lag time. Even mail that is drop shipped to SCF's or ADC's is sometimes taking up to two weeks for delivery from the time

it is dropped at the SCF or ADC. Delivery delays are being reported for all classes of mail.

Fall is a very busy mailing season, so some seasonal delays are expected, but these delays seem to be beyond the norm. Many mailers attribute the delays in mail processing and delivery to the USPS cost cutting efforts which are currently underway.

Online Information

More information on Banta Corporation is available through the company's World Wide Web site at www.banta.com