



Mail Managers React to Economic Times

Part 2: Results of the Annual Wage & Operations Survey | By Marll Thiede

In the September/October issue, we released the wage results of our annual Mailing Systems Technology Wage & Operations survey. Not such great news on the “wage” front. In this issue, we delve into analyzing the operations part of our survey. Not such great news here, either. We analyzed the operations of over 350 mail facilities and found that mail volumes are dropping at a more rapid level, most likely due to economic conditions and the continuing move to e-communications. But there are glimmers of hope.

More than half of mail facility managers think that their companies will return to investing in technology yet this year or in the first half of 2010. Topping the list of planned equipment is tabbers, which responds to the new USPS regulations on tabbing and, perhaps, the growth in direct marketing mail volume for some of our respondents.

As mail volumes dropped for most, managers became resilient. With the excess capacity, more mail managers turned to selling their services to businesses outside of their companies. More than a third (36%) are now doing so, up from just 27% last year and a significant leap from years past.

And it is noteworthy that although mail volumes are decreasing in most facilities, overall, our readers maintained growth in volume, albeit just one percent. Some of that growth was sustained by a heavily fought political campaign and an upsurge in some businesses that see the benefit in direct marketing mail — and some of our readers are still experiencing new customer growth. So it is not all gloom and doom, and as the economy strengthens, we hope our next year’s survey will see a rebound in mail as a wise investment for the stability and growth of business.

The charts over the next pages are just some of our findings. There are more statistics online — check them out at www.MailingSystemsTechnology.com/Results. You can find out about what your peers are doing in terms of outsourcing, compliance with address quality standards, green initiatives and more. You can also view the digital version of this issue, which allows you to “send” the magazine to management and your colleagues. Go to www.nxtbook.com/nxtbooks/rbpublishing/mst_20091112. Please email editor Dan O’Rourke at dan.o@rbpub.com if you have any comments about our survey. ■

Economic Impact on Purchases



Top Five Planned Purchases

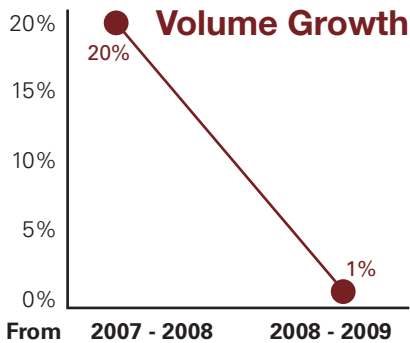
1. Tabbers
2. Addressers
3. USPS compliance software
4. Mail management software
5. Folders

PURCHASING

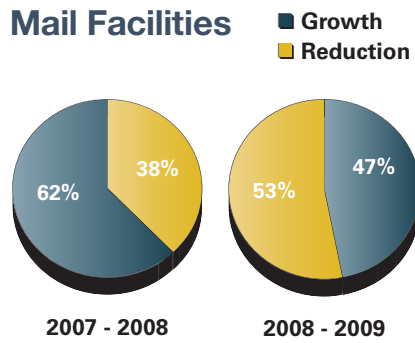
Managers predict when purchase dollars will become available



ECONOMIC WOES



While our mailers are still experiencing growth in mail volume, overall, it plummeted over the last two periods.



Although volume is still growing, the numbers of mail facilities experiencing growth is less than those reducing volumes.

Why Declining Volumes

- #1 Economy
- #2 More E-Communications
- #3 Fewer customers

Why Increasing Volumes

- #1 More customers
- #2 More direct mail marketing
- #3 Added volume from another facility

No surprise the economy is the primary reason for decreasing volumes, but it's good to see some companies are growing during this time, thereby growing volume.

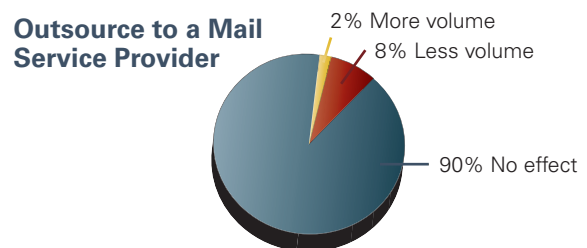
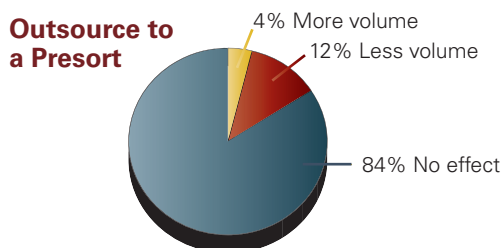
	Volume Shifts		Facilities Seeing Growth/Reductions			
	2007-2008	2008-2009	2007-2008	2007-2008	2008-2009	2008-2009
			Growth	Reduction	Growth	Reduction
Education	6% ↓	6% ↓	32%	50%	30%	57%
Transactional*	10% ↓	26% ↓	61%	36%	45%	50%
Non-Profit/Gov't	44% ↑	12% ↑	40%	25%	48%	33%
Lettershop/Presort	11% ↑	2% ↓	54%	41%	44%	50%
Printer	7% ↑	6% ↓	79%	15%	41%	56%
Business Service	23% ↑	5% ↓	54%	46%	50%	43%

What a difference a year makes! Most mail facilities saw growth in volumes from 2007 to 2008, but from 2008 to 2009, most were seeing reductions in volumes. The non-profit upswing in volume is most likely due to election year swings.

* Financial, Insurance, Telecommunications, Utilities, Health Care

	Volume Shifts		Facilities Seeing Growth/Reductions			
	2007-2008	2008-2009	2007-2008	2007-2008	2008-2009	2008-2009
			Growth	Reduction	Growth	Reduction
First Class	10% ↑	7% ↓	50%	38%	44%	50%
Standard	13% ↑	5% ↓	64%	31%	42%	51%

While slightly more standard mail processing facilities are seeing a decline in volume, the amount of reduction isn't as much as First-Class facilities. NOTE: A facility is considered First-Class, for example, if more than 50% of the mail processed in that facility is First-Class. Most our respondents process a mix of mail classes.



The economy did not much affect the volume of mail outsourced to either a presort or mail service provider (lettershop); however, of those that it did affect, more managers reduced the volume being sent to an outsourcer.

INTELLIGENT MAIL BARCODE

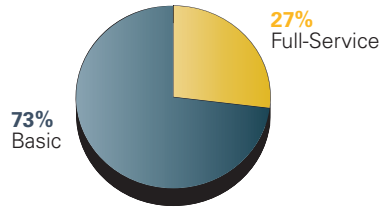
19% Undecided

Almost a fifth of mailers are on the fence about IMB, either by not committing to implementation or just deciding not to comply. The reasons for the indecision:

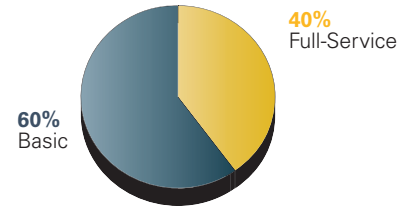
#1 Costs

#2 Insufficient information

Implemented

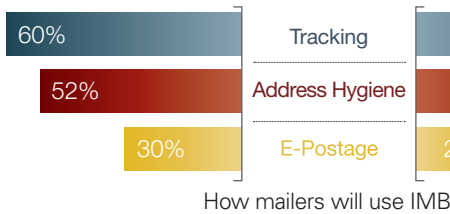


Plan to Implement



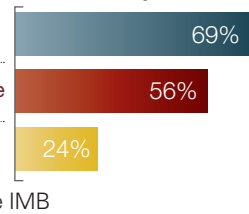
Of those who have already implemented, most have the Basic service, while more of those who plan to implement will implement Full-Service IMB.

Implemented

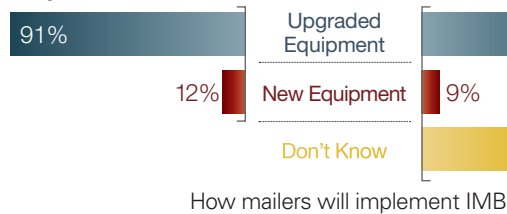


How mailers will use IMB

Plan to Implement

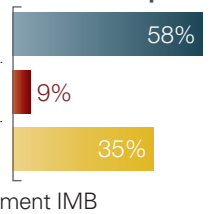


Implemented

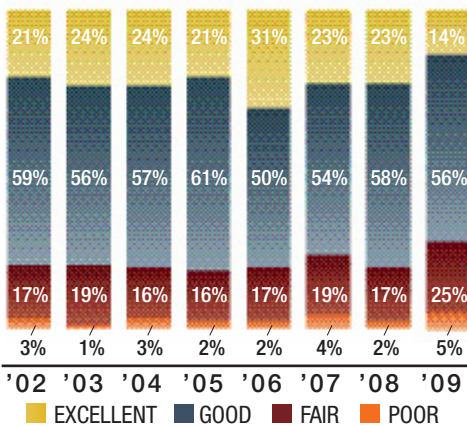


How mailers will implement IMB

Plan to Implement



OPINIONS



Managers rated the USPS more unfavorably this year than in years past — it could be a result of IMB or the changes due to postal reform.

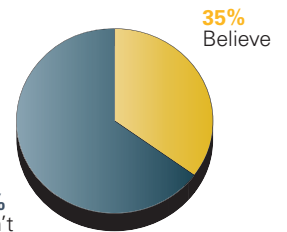
2009

1. Inconsistency
2. Regulations confusing/burdensome
3. Communication/info
4. Postal personnel
5. Flexibility

2008

1. Regulations confusing/burdensome
2. Inconsistency
3. Communications/info
4. Rates pricing
5. Timely delivery

Rates/pricing and delivery issues dropped out of the top five concerns mailers have with the USPS.



The majority of mailers do not believe the Do Not Mail initiatives have validity. This is three percentiles higher than last year.

Top 5 Challenges Managers Face

#1 Budget/financial issues

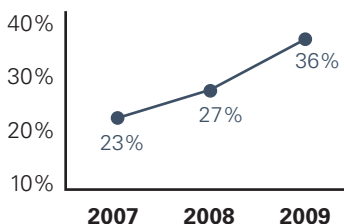
#2 Compliance with USPS regulations

#3 Volume spikes/changes

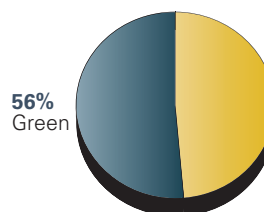
#4 Personnel issues

#5 Productivity

COMBATING THE NEGATIVE



This year saw a jump in the number of mail facilities that are selling excess capacity to other businesses.



Although economic times have been tough, more companies (56%) have implemented green initiatives than had last year (53%).