



PROLIST
DIRECT MARKETING SERVICES

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USPS Appeals PRC Denial of Exigent Rate Case

What's a mailer to do?

Just when you thought it was safe to hang up your 44 cent stamp posters again, the USPS has filed an [appeal](#) in Federal court challenging the Postal Regulatory Commission's rejection of their exigent rate case for January 2011. It seems that in the opinion that accompanied the PRC's denial, they didn't exactly say the Postal Service was wrong in calling their circumstances exigent (or obsequious or lugubrious, for that matter) but that they didn't demonstrate that the rate increase they were proposing was linked to said exigency. Harrumph!

Essentially, the Postal Service case did not include a sufficiency of statutorily required "Mother, may I's" nor any demonstrable offers of "icing on top" as specified in the Postal Accountability and Enhancement Act (PAEA). So the Postal Service is going to try again...and this time they'll ask nice. And in court.

There are a lot of possible outcomes. For those of you daring enough to attempt to budget for postage next year, we believe there will be some kind of increase in postage rates either in January or May. Were we gambling men (and we are!) we would bet on an increase of around 3% for most types of mail. That is our educated guess for most letters or flat size mail. If you mail a lot of small parcels... well, have you considered opening a nice local bakery or pub? We understand that can be very rewarding.

Stay tuned to ProNews for up to the minute coverage of all rate case action!

Mail's in Trouble!

But Maybe Not the Mail You Think...

Responded to a good FAX offer lately?... No!?

Fifteen years ago broadcast FAX was going to be the dominant new marketing medium...direct mailers trembled. When they came out with those color fax machines a decade ago, that was pretty much it for the mail. What? You still get black and white Faxes? OK, maybe the FAX never became the marketing force the mailing industry feared, but viewing its lifecycle from the post-fax perspective is instructive. Email, the newest Godzilla of direct marketing may follow the same arc.

In the early 80's facsimile transmission was an exciting new technology. It was expensive and quality was poor, but still you could send an image across the country for the cost of a long distance call (remember long-distance calls?) and a couple of feet of thermal paper. How cool is that? Soon fax machines got a lot less expensive, and pretty much every business had one. The quality got better too, and they used plain paper, a huge improvement. B2B direct mail faded away and the broadcast fax became the dominant means of direct marketing to businesses. Well, all true but that last sentence. As it turns out, broadcast fax has some fatal flaws:

- It was invasive – it got in the way of "real" business faxes;
- It used prospects' resources – ink and paper – not a way to endear a prospect;
- It was ugly – black and white, uneven print quality
- It just didn't work – no one responded.

Faxing didn't go away; it just went away as a significant marketing channel. Most businesses still have fax machines (or can send/receive faxes through their computers), but other than the occasional restaurant menu, and some truly pathetic attempts at spam-my marketing, faxing is pretty much dead as an advertising medium.

Could a similar fate await the latest marketing channel, email marketing? I wouldn't dismiss the thought too quickly. Email marketing does have some specific advantages:

- It's cheap;
- It's seemingly tree-free;
- It's cheap;
- It's inexpensive;
- All the hip kids like their computers better than their mailman;
- It's low cost;
- You can build links into it;
- It doesn't cost a lot.

There are other benefits to email marketing that I don't intend to dismiss, but the biggest advantage by far is price. Why spend \$2,000 to send out 5,000 pieces of direct mail when you can send a bazillion emails for the same price?

Maybe because it works.

Email is clearly in danger of being a victim of its own success. Email service providers (ESP's) are popping up all over the place, and the prices are going lower and lower. There are very few differentiators between one ESP and another – they all have great reports, templates, customer service, etc, etc., etc – so down goes the price. There are very few incremental costs to sending an email for an ESP, so they can get extremely aggressive on price. Ridiculously aggressive. In order to keep driving prices down, ESP's are more and more self service. You create your own emails using their tools, and fling them out there for next to nothing. The result? A whole bunch of nice looking but poorly conceived emails sent to way too many people. They're not exactly spam, because the senders have permission to send, but there are too many senders with too many permissions. What we're beginning to see is Spam 2.0 - permission-based spam.

So, will email go away? Of course not – it's a wonderful communications channel for people who genuinely know one another. As a marketing medium, however, it is likely to become background noise. Spam filters and ISP's will more aggressively block email, making it harder and harder to reach an audience. Users getting dozens, if not hundreds, of emails a day will focus on only those that come from people they know. Email response rates will get worse, emailers will compensate by sending out even more email, driving prices for email even lower.

Meanwhile your six or seven pieces of direct mail will be waiting patiently for you at home, like the family dog. You can take your shoes off, flip through the mail, and see if there are any intriguing offers from one of the few folks smart enough to invest some money in getting your attention.

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