



Simplified Address Mail: An Easier Way for Small Businesses to Reach Local Customers

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Executive Summary

Many small businesses seem to be frustrated with the lack of easy-to-use, effective, and affordable advertising options. Sending advertising mail to every address within their community could be a preferred way to connect to potential local customers, but many have traditionally found the Postal Service difficult to use. They can find the rules, rates, and regulations complex, confusing, and cumbersome. Until recently, the Postal Service required that all mail pieces in saturation mailings be fully addressed (number and street, city, state, and ZIP Code) unless they were to be delivered by rural carriers or were government mailings, in which case only a simple address such as “Postal Customer” was required.

Effective January 2, 2011, the U.S. Postal Service loosened its restrictions by allowing a “simplified address” for all saturation mailings consisting of “flat-size” mail (i.e., mail that exceeds certain size dimensions).¹ In 1934 and again in the mid-1950s, the Post Office Department briefly allowed simplified addressing for saturation mail, but on both occasions it was discontinued due to concerns raised by parties such as address list providers and non-mail advertising media.

The U.S. Postal Service Office of Inspector General (OIG) has previously suggested that the Postal Service consider the simplified address concept in particular and simplified rules and pricing in general. We began this review of simplified address in fall 2010. Key findings from this current study include:

- Simplified address is a significant opportunity that stems from the Postal Service’s core, hard-copy mail delivery business. It could help keep mail relevant in an increasingly digital world.
- Adding profitable simplified address mail volume to the Postal Service’s largely fixed cost delivery network could lower average unit costs and make universal service more affordable for all current and potential mail users.
- Simplified address makes advertising mail both easier to use and far less expensive for small businesses and other organizations that have traditionally shied away from directly using the mail.

¹ Mail is classified as a flat if at least one of its dimensions (height, width, thickness) exceeds the maximums of letter size mail (11 1/2 inches high, 6 1/8 inches wide, 1/4 inch thick). The maximum dimensions for a flat are 12 inches high, 15 inches wide, and 3/4 inch thick.

- Removing the artificial constraint to fully address all pieces on city carrier routes can also make it simpler and more cost effective for the Postal Service.
- Recipients enjoy getting mail from familiar local businesses and think simplified addressing is a good idea. Recipients care more about who sent their mail, how it looks, and if it is relevant to them — not how it is addressed.
- Giving small businesses a simple and inexpensive means to connect with their customers could help support the nation's economic recovery. Effective advertising stimulates consumer spending, and increased consumer spending improves profits for small businesses, thereby potentially enabling those businesses to create new jobs or retain existing jobs.
- Among posts in industrialized countries, unrestricted simplified addressing has long been the standard practice and often accounts for significant mail volume. The U.S. Postal Service has been the sole exception. In fact, about one-third of Canada Post's mail volume comes from simplified address.
- If fully promoted and implemented, a simplified addressing program could potentially improve the Postal Service's annual net income by an estimated \$1.2 billion.

While the Postal Service deserves praise for introducing greater use of simplified address mail and for the many actions it has taken to define and support it, success is dependent on optimal structuring of the program. In that vein, we offer some suggestions for improvement.

Most importantly, we believe simplified address needs to be truly easy for small businesses and others to use. The mail preparation and acceptance procedures must be simple and straightforward, and the customers need to understand the product.

Second, we suggest that simplified address cannot reach its full potential without attention to sales and promotion. Reaching millions of small businesses is no easy task, but this needs to happen if the product is to meet its full potential.

The Postal Service needs to price this product correctly to meet the demands of small businesses and others with limited resources. As the product grows and more is learned about how much it costs and the nature of customer demand, the Postal Service could explore developing prices specifically for this product.

Finally, we believe that adding various product features could improve the potential of simplified address. For example, both domestic market research and the experience of foreign posts suggest that postcard-style mailers of all sizes might be a preferred product mailing option for small, local businesses and other organizations.

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Simplified Address Mail: An Easier Way for Small Businesses to Reach Local Customers

Background

Until recently, small businesses and other customers wanting to send advertising mail to every address in a specific city delivery geographic area have had to fully address every piece with the precise number and street, city, state, and ZIP Code for each household. Such businesses face complex rules, rates, and regulations that can be confusing to nonprofessional mailers. The burdensome requirement to address every piece has made saturation mail harder to use and more expensive to produce than necessary. Mail delivered on rural or highway contract routes have long been exempt from this requirement as have government mail pieces. Mail not requiring the full address of every recipient on the route is called “simplified address” mail. In such instances, a common phrase such as “Postal Customer” is all that is required on the mail piece. Examples of the various types of addressing required are presented below:

Figure 1: Addressing Examples

Full Addressing	Two-line Simple Address	One-line Simple Address
Occupant 123 Main Street Fairfax, VA 22033	Postal Customer Fairfax, VA 22033	Postal Customer

Because of postal regulations mandating full addressing, small businesses and other saturation mail users were previously burdened with the time and expense associated with acquiring and maintaining a current delivery-sequenced address list and either affixing address labels or printing addresses directly on every mail piece. Then, the Postal Service had to sort and deliver the pieces to the exact address specified on each mail piece, even though every piece in the mailing may be identical except for the required full address. This restrictive and wasteful addressing requirement prompted previous attempts to develop a simpler generic addressing method that would benefit both mailers and the Postal Service.

During the 20th century, the Postal Service made a number of attempts to offer simplified address mail. As far back as 1934, the Post Office Department began allowing a simple address such as “Patron, Local” for matter intended for every stop on a city delivery route. This practice was discontinued after less than 9 months. Then in

1953, a product called “Patron Mail” was terminated, this time after 19 months, despite its growing popularity among many small retailers and service establishments, large insurance firms, and others who saw it as an effective, low-cost vehicle to communicate with current and potential customers. In both cases, simplified address generated opposition from various special interests, notably powerful media such as newspapers and magazines who popularized the pejorative term “junk mail.”²

The Postal Service experimented with simplified addressing in 1934 and 1953.

After passage of the Postal Reorganization Act of 1970, which envisioned a financially independent and less politicized Postal Service acting in a “business-like” manner, simplified address mail was considered at various times but was never implemented, even on a trial basis. In the mid-1990s, following favorable market research and discussions with small businesses, senior postal management initially approved a simplified address product called “Neighborhood Mail.” It was designed to make direct mail more affordable and easier to use for small businesses. However, shortly after a 1995 market test was announced, management abandoned the project in the face of criticism from various opponents. At the time, a number of small businesses expressed disappointment that the market test had been cancelled.

On December 16, 2010, the Postal Service announced that beginning January 2, 2011, it would allow a new simplified addressing option for saturation flat-size mail pieces on city carrier routes that it has named “Every Door Direct Mail” (EDDM).³ Soon after, the Postal Service requested permission from the Postal Regulatory Commission (PRC) for a two-year market test of a specific simplified address mail product with different requirements named “Marketing Mail Made Easy” (MMME). On March 4, 2011, the PRC approved the MMME market test. The Postal Service recently changed the name from MMME to “EDDM-Retail.”

² See Richard B. Kielbowicz, “Origins of the Junk-Mail Controversy: A Media Battle over Advertising and Postal Policy,” *Journal of Policy History*, vol. 5, No. 2 (1993).

³The announcement states that the Postal Service would now allow simplified address for saturation flat-size pieces and irregular parcels delivered by city carriers or to Post Office boxholders at Post Office locations with city delivery service. Mail pieces must include the city, state, and ZIP Code if they are not dropshipped directly at the destination delivery unit (DDU). Flat-size mail pieces, commonly called “flats,” exceed one of the dimensional standards for letter-size mail (11-1/2 inches long, 6-1/8 inches high, and 1/4 inch thick) but do not exceed certain maximum dimensions (15 inches long, 12 inches high, and 3/4 inch thick). Irregular parcels include parcels that do not meet Postal Service parcel sorting machine standards, such as rolls, tubes, and enveloped articles that are neither letter-size, flat-size, non-machinable parcels. Merchandise samples are examples of Standard Mail irregular parcels.

The chart below compares the main features of the simplified addressing option the Postal Service offered starting January 2011, EDDM, with the new product EDDM-Retail, currently under market test.

Table 1: Simplified Address Products

Features	“Every Door Direct Mail (EDDM)”	“EDDM - Retail” (Currently under market test)
ELIGIBLE MAIL FORMATS	Standard Mail Flats. Bound Printed Matters (BPM) Flats. Periodicals Flats. Nonprofit Standard Flats. Irregular parcels. Per piece weight up to 15.994 oz for Std Mail.	Standard Mail flats. Per piece weight up to 3.3 oz.
MAIL PERMIT, PERMIT FEE OR ANNUAL MAILING FEE	YES	NO Existing permits can be used.
VOLUME RESTRICTIONS AND ACCEPTANCE	<u>At Business Mail Entry Units (BMEUs)</u> Not less than a carrier route. <u>At Retail Locations or Destination Delivery Unit</u> Maximum daily quantities of 5,000 pieces per mailer per day, but not less than a carrier route.	<u>At Retail Locations or Destination Delivery Unit</u> Maximum daily quantities of 5,000 pieces per mailer, per day, but not less than a carrier route.
PREPARATION REQUIREMENTS AND MAILING DOCUMENTATION	“Simplified Address” option for Standard Saturation Mail (DMM 602.3.2.2 through 602.3.2.5). Facing slip or carrier route information line on each bundle.	“Simplified Address” option for Standard Saturation Mail (DMM 602.3.2.2 through 602.3.2.5) with new, simplified mailing statement. Facing slip or carrier route information line on each bundle. A sample mail piece.
PAYMENT	Trust Account. Cash or Check. Debit Card. Pre-cancelled Stamps. Metered Postage.	Payment in full. Cash or Check or Debit Card. Metered Postage. No Trust Fund Payments.

Source: Postal Service publications.

Both EDDM and EDDM-Retail are open to all sized mailers and consolidators. However, EDDM-Retail, given its restrictions on volume, limited drop off locations, and simplified mailing statement, is intended to more specifically target the needs of small local businesses. In addition, mailing permit fees have been waived for EDDM-Retail. Such fixed, up-front fees have an inordinately large impact on small volume mailers, but almost no affect on large mailers where the same costs are spread over thousands or even millions of pieces.

Mail as an Advertising Medium

Before assessing simplified addressing and related issues, it is appropriate to briefly highlight the most recent trends in the overall advertising market.

The growing consumer preference for new digital communication media, the availability of sophisticated online marketing tools with improved targeting capabilities, and the economic recession that forced advertisers to opt for lower-cost marketing channels, are drastically changing the distribution of advertising expenditures across the various media.

While the relevance of traditional newspapers, radio, TV, and magazines is declining due to a shift to more interactive online formats, the use of digital and mobile channels is rapidly expanding and attracting growing investments in marketing.

Table 2 provides the total 2010 advertising expenditures in the United States split by media and the related percentage change from 2009 levels.

Table 2: Total Advertising Expenditures by Media 2010

Media	2010 Expenditure by Media (billions)	Change from 2009
TRADITIONAL		
OUTDOOR	\$ 6.1	-0.5%
RADIO	\$13.5	-4.4%
MAGAZINES	\$14.6	-6.2%
NEWSPAPERS	\$23.4	-9.2%
CINEMA	\$0.6	2.3%
TELEVISION	\$56.4	17.5%
DIRECT AND DIGITAL		
INSERT MEDIA	\$0.8	2.4%
PRINT	\$15.0	-3.6%
BROADCAST TV	\$23.6	3.8%
DIGITAL	\$27.7	8.5%
DIRECT MAIL	\$45.2	3.1%
TELESERVICES	\$39.5	0.1%
OTHER	\$2.6	6.1%
TOTAL	\$269.0	2.9%

Source: Winterberry Group. *Outlook 2011: What to Expect in Direct & Digital Marketing*, January 2011.

The possibility of reaching more customers, more often, at relatively lower cost and with greater precision and relevance is a key item contributing to the success of online advertising. In addition, there is growing interest among small businesses in using the web as a source to connect with their “neighborhood.” New location-tracking technologies enable the identification of potential customers through their mobile devices and the sending of offers and coupons to direct them to a nearby store.

However, online advertising has limited penetration and is not accessible to all. The “digital divide” excludes large groups of consumers from receiving discounts and offers via the Internet. The use of the most sophisticated marketing technologies and techniques can be complicated and expensive, especially for many small local retail businesses with limited resources and know-how. In addition, electronic communication

channels pose problems with delivery (for example, anti-SPAM and other filters applied to emails) which result in low response rates while also raising privacy concerns.

Despite these changes, direct mail still accounts for a notable share of U.S. advertising expenditures, but is growing at a slower pace than in the past. Digital media have mostly been integrated with direct mail rather than displacing it. Mail advertising continues to be more effective for customer acquisition and is more targeted and less invasive than other channels. Together with email, it remains the most used marketing media among small businesses.⁴

In this evolving and competitive context, the introduction of simplified addressing would help keep mail relevant, by responding to:

- Small retailers seeking cost effective and targeted advertising tools to reach and stay in touch with their local community.
- Start-ups or businesses without specific marketing expertise that would have an easy “bridge” product before moving to more structured mail and marketing options.
- Customers seeking ways to easily integrate direct mail into their marketing mix.
- Non-digital consumers willing to receive deals and offers.

Assessment of Simplified Address Mail

Simplified addressing for saturation mailings can be assessed from a wide variety of perspectives. If implemented well, simplified address mail could help the Postal Service financially while helping small businesses reach potential customers in an easier and less expensive way. The Postal Service can look to other industrialized posts to benchmark best practices. However, other stakeholders’ interests should also be considered when deciding the best course of action.

The Need for New Postal Products

The implementation of new products that support customers and improve its bottom line is of paramount concern for the Postal Service. In fact, profitable new volume benefits

Simplified address mail has the potential to significantly increase volume and help the Postal Service’s finances.

all mailers and consumers in the long run by helping the Postal Service fulfill its fundamental obligation of affordable universal service.

Volume is significant because the Postal Service is a network industry and the vast majority of the costs for its delivery network are fixed. Greater volume spread across this network would lower the average unit cost of every

⁴Direct Marketing Association, *The Integrated Marketing Media Mix: Benchmark and Trends for Successful Campaigns*, 2008.

mail piece delivered. A service such as simplified address mail, which has the potential to significantly increase delivered volume could dramatically help the Postal Service and all users of the network. With lower average costs, the same level of service can be provided at a lower postage cost, thus benefiting all Postal Service customers in the long run. In addition, delivery costs are being driven up by the steadily increasing number of delivery points, which have grown from 117 million in 1990 to 151 million in 2010. This increase exceeds population growth during the same period (29 percent vs. 24 percent) and adds to the fixed cost base of the Postal Service. Adding new volume helps the Postal Service respond to this trend.

Simplified Addressing in Other Countries Can Guide the Postal Service

For many years, the United States has been the only major industrialized country in the world that did not offer unrestricted use of simplified addressing for saturation mailings. The January 2, 2011, rule change permitting simplified addressing for flat-size

The United States has been the only major industrialized country that did not offer simplified address.

saturation mail on city routes is a significant first step toward the international standard practice. Though the Postal Service's pursuit of simplified address mail should hinge on relevant circumstances in the United States, its prominence in other countries should be carefully considered. The long experience that many posts have

with simplified address mail can help guide the Postal Service as it moves forward.

Some of the key observations concerning simplified address mail in foreign countries are as follows:

- Foreign posts provide online tools that help users manage their geographic targeting. These tools normally include mapping features, and often include demographic and behavioral data as well.
- In many countries, small- and medium-size businesses are able not only to select the delivery area, but also create their mail piece, print, and pay for their mailing themselves, completely online.
- Foreign posts provide a variety of services including mail piece design, printing, preparation, and distribution. Many also offer pickup services for this mail.
- Foreign posts often require mailers to book their mailing in advance, and some allow them to specify a delivery date, for a fee.
- Recipients often have the option of affixing a "No Unaddressed Advertising Material" sticker on their mail receptacle, and foreign posts honor these requests.
- Simplified addressing is applicable to a broad range of items, some weighing well over one pound.
- Postcards are very popular with many foreign posts.

- For many postal operators, simplified address mail is a significant portion of their mail volume and for some it becomes a separate business unit.

Additional details regarding simplified address mail at foreign posts are provided in Appendix A, where six countries are profiled.

Though the exact volume of simplified address mail is not known at all posts, there is variation across countries. Because of geographic and cultural similarities, we believe Canada’s experience with this mail may best indicate its potential here in the United States. In 2009, Canada Post delivered 3.6 billion unaddressed mail pieces. This represented about one-third of Canada Post’s total mail volume, and equaled 107 pieces per capita. If the United States were to achieve this much per capita volume, it would amount to 33 billion mail pieces per year.⁵

Table 3: Canada Post and U.S. Postal Service Comparison

Item	Canada Post	U.S. Postal Service
Total mail volume	11 billion	177 billion
Simplified address ⁶ volume	3.6 billion	NA
Country population	34 million	308 million
Per capita simplified address volume	107	NA
Country advertising expenditures (estimated)	\$23 billion	\$269 billion

Source: 2009 Annual Reports and Public Advertising Survey Results.

Postal Service Financial Benefit

Combining the high potential volume with the fact that Saturation Standard Mail has a high profit margin, suggests the potential financial benefit for the Postal Service is significant. A typical dollar of existing Saturation Standard Mail revenue generates about 55 cents of “profit.”⁷

⁵ 33 billion = (107 pieces per capita) x (308 million people reported in the 2010 U.S. census). Many factors could influence such estimates. On the one hand, Canada’s Unaddressed Admail rates are lower than the Postal Service’s rates for Saturation Standard Mail. This suggests that since low rates stimulate volume, reaching Canada’s per capita volume of 107 pieces could be difficult at current Postal Service rate levels. On the other hand, there are factors suggesting that a well-marketed program in the United States could achieve simplified address volume greater than Canada’s 107 pieces per capita. First, the Canadian economy was in recession during 2009 and advertising was at a low point then. Second, though Canada and the United States have similar GDP per capita, the proportion of national GDP represented by advertising in the United States is higher than it is in Canada. Third, total mail volume per capita in the United States is nearly twice as high as in Canada.

⁶ Canada Post calls their product “Unaddressed Admail.”

⁷ The Postal Service studies the financial performance of its various mail classes and products through extensive data collection and analysis that is reviewed by the independent PRC and others. Volume variable costs are attributed to its various mail classes and products. Those “attributable costs” are compared to corresponding revenues. When a mail class’s revenue surpasses its attributable cost, the excess is considered its “contribution” toward funding the Postal Service’s overall fixed costs (“institutional costs” in postal parlance). This contribution can be viewed as that mail class’s profit and is referred to as such in this paper. The 55-cent figure is derived from data

Therefore, new Saturation Standard Mail volume could result in significant profitable revenue for the Postal Service. While it is uncertain exactly how much simplified address mail volume would be new mail as opposed to migration from different categories, the available market research indicates that simplified addressing will prompt new mail volume and revenue because it will allow mailers to avoid the expense and inconvenience of full addressing. A significant portion of mail could be expected from those small- and medium-size businesses that have not used the mail because of perceptions it was too complicated and expensive. In addition to postage, mailers have

Market research indicates that simplified addressing will prompt new mail volume because mailers will be able to avoid the expense and inconvenience of full addressing.

had to pay an annual fee up front and mailers on city routes have had to purchase mailing lists and print those full addresses on every piece. For small businesses, such preparation costs can add significantly to the total mailing budget.

We use Saturation mail's current profit margin as a proxy to estimate the potential profit margin for simplified address mail.⁸ We adopt Canada Post's experience with "Unaddressed Admail" to project the volume potential here in the United States. Combining the profit margin estimate with the Canadian-based volume assumption, we estimate that simplified address could improve the Postal Service's annual net income by \$1.2 billion as detailed in Appendix B.

In addition, the infrastructure already exists to profitably handle significant new volumes of simplified address saturation mail. No initial investment is required except sales and promotional expenses to get the word out to potential new users. For a product with such significant future revenue potential, the relatively modest start-up cost is probably unique.

Benefits for Small Businesses and Others

Small businesses represent a significant potential market for the Postal Service. There are almost 30 million businesses in the United States,⁹ which account for nearly one-half of total advertising expenditures. Although direct mail still remains one of the most used marketing media, many small businesses have never directly used mail at least

underlying the Postal Service's 2010 Cost and Revenue Analysis report. "Profit margin" equals profit per dollar of revenue (= [Revenue – Attributable Cost]/Revenue).

⁸Simplified address mail could be less costly and therefore even more profitable than Saturation Standard Mail. Unlike fully addressed Saturation Standard Mail, when simplified address mail is manually sequenced into a separation or delivered into a mail receptacle it does not need to match a particular address. This simplifies both operations, thereby offering cost savings possibilities. During the initial stages of the simplified address program, this benefit could be somewhat offset temporarily by higher acceptance costs if inexperienced mailers drawn to simplified address require exceptional postal clerical time answering questions. However, this potential start-up cost could be minimized if prospective mailers are educated via an effective postal website and user's guide dedicated to simplified addressing. Product features making simplified address mail easy to use would also help. Both topics are discussed in the section Product Features and Other Issues to Consider.

⁹ Office of Advocacy estimates based on data from the U.S. Department of Commerce, Bureau of the Census, and U.S. Department of Labor, Employment and Training Administration.

partially because they do not know enough about it. Simplified address mail would represent an ideal entry-level, affordable product to get them started with direct mail.

When simplified address mail was last allowed on city delivery routes, it proved to be popular among small businesses.¹⁰ The qualitative market research conducted by National Analysts for the Postal Service when it was considering Neighborhood Mail found that:

Advertisers and mailers believe third-class advertising mail [now Standard Mail] is likely to increase because the simplified address option will make advertising mail more affordable to smaller, local advertisers and it will free up revenue for large saturation advertisers to increase their mailings.¹¹

Today, many small and local businesses are frustrated with the lack of easy-to-use, effective, and affordable advertising options.

Small and local, businesses are frustrated with their lack of easy, effective, and affordable advertising

Simplified address mail is intended to provide an additional option to help them do this better. Time will tell how many businesses will eventually be attracted to

simplified address mail and to what extent, but if successful, it could create widespread economic benefits. If businesses do a better job of reaching potential customers, consumer spending could increase. This could benefit small businesses and other users with improved profits and could help create new jobs or preserve existing jobs.

Impacts on Other Stakeholders

The Postal Service has an essential responsibility to facilitate access to the mail for all potential users and simplified address mail could be a key means to help do that. However, various stakeholders may be affected in different ways, as discussed below.

Mail Service Providers

Rather than interface directly with the Postal Service, sometimes customers outsource mailing-related duties to others. They hire intermediaries called mail service providers (MSPs) who provide services that help mailers comply with the complex maze of postal addressing, mail preparation, acceptance, pricing, and payment rules and procedures.

Though simplified addressing has raised concerns for some MSPs in the past, times have changed and simplified address could also be seen as an opportunity. In fact, the potential market for MSP services could expand if the simplified address program attracts new businesses into the mailstream as expected.¹² After being introduced to the value of mail via simplified address, some businesses could be expected to refine or

¹⁰Patron Mail Research Findings, December 16, 1954.

¹¹National Analysts, Inc., *Simplified Address Study – Topline Summary*, September 9, 1994, p.13.

¹²See comments filed by MSPs in PRC Docket No. MT2011-3. <http://www.prc.gov/prc-pages/dockets-search/default.aspx>.

expand their mail presence (for example, outside of early geographic lines) and seek out services from MSPs that would help them target customers who are using, or would be likely to use, their products and services. The bottom line is while some MSPs have seen only threats in simplified address mail in the past, there may be great opportunities available to those that recognize and take advantage of them.

Mail service providers also serve as postal sales partners, because when they sell their services they are, by definition, also selling mail. Simplified address mail may alter relationships between small businesses wanting to advertise through the mail and intermediaries. Therefore, sales partner roles may also change. For example, the Postal Service is expected to engage printers and national office supply chains to become more active sales partners in support of small, local businesses. Printers already sell services to small businesses when they prepare their menus or flyers and they and others could make simplified address mail known to end customers and help them use the service more easily. Thus, both existing and new sales partners could start selling valuable new simplified address mail related services directly to smaller mailers and creating new opportunities for both.

Competing Advertising Media

In the past, the newspaper industry has expressed concerns about simplified address mail. Its concerns focused on newspaper inserts, run-of-press ads, and its total market coverage (TMC) products.¹³ The newspaper industry's uneasiness reflects the fact that advertising is a competitive industry comprised of countless entities in various media that are continually searching for better ways to satisfy advertisers' needs. However, things have changed and it can be argued that such industries may no longer fully compete with simplified address mail. Given that newspaper circulation is down and advertising costs are high in some publications, small businesses wanting to blanket a full community with a simplified address mail piece may not always consider a newspaper advertisement a viable alternative for their unique goals.

Shared Mailers

Shared mailers (such as those that include flyers from many businesses within one shared piece) could be affected by simplified addressing. Since many of these are saturation mailers, simplified address could benefit them by eliminating the need to maintain address lists and individually address every mail piece. On the other hand, some small businesses now using shared mail could start using solo mail to take advantage of its greater impact and readability. In addition, shared mailers make small businesses captive to the schedule of the shared piece and do not allow small businesses to closely match the delivery of the piece with a business opening or other key milestone. Regardless, simplified address mail merely provides another option that each small business can choose or ignore based on its individual needs.

¹³Some newspapers provide saturation coverage to advertisers by offering a combination of in-paper ads to subscribers and ads that are placed in separate TMC products delivered by the Postal Service to non-subscribers.

Alternate Delivery Firms

Alternate delivery firms could be affected by simplified address mail. Typically using low-cost labor, these firms deliver unaddressed advertising matter to all households in a chosen area. They are prohibited by federal law from delivering their products in mailboxes and other postal receptacles (see Mailbox Access Concerns below), so the circulars they deliver are often left in areas homeowners and other recipients find objectionable. Many advertisers have expressed concerns over the image of alternate delivery firms relative to the Postal Service.¹⁴

Mail Recipients

When the concept of simplified addressing was explained to mail recipients, nearly all focus group participants thought it was a good idea.¹⁵ Many actually favored simplified addressing over full addressing for two reasons. First, they generally want to see content from local businesses they know, and they understand that simplified addressing will help businesses save money when they advertise to their community. Second, some recipients feel that if their name is not on the mail piece, they are less vulnerable to identity theft and fraud.

Furthermore, research indicates recipients are not really concerned about the addressing of their advertising mail.¹⁶ Quick identification of relevance is the primary concern rather than whether it bears a full address or a simplified address. The mail piece's perceived content is what is important, and that is often determined by seeing who sent the mail piece, not how it is addressed.

“Junk Mail” Concerns

The American public has a love/hate relationship with advertising. Consumers welcome informative advertising promoting products and services that match their personal interests and needs, and they love to learn about money saving opportunities. On the other hand, consumers understandably dislike advertising that is not personally relevant or beneficial to them.

It is a common misperception that First-Class Mail subsidizes Standard Mail.¹⁷ This misconception makes the public more receptive to “junk mail” criticisms. If Standard Mail volumes were to expand due to a successful simplified address program, some believe it could generate additional concerns regarding “junk mail.” In the past, individuals have contended that simplified address will tarnish direct mail's image and

¹⁴National Analysts, Inc., *Simplified Address Study – Topline Summary*, September 9, 1994, p. 9.

¹⁵Great Lakes Marketing, *Simplified Address, Focus Group Research with Consumers*, October 18, 2010

¹⁶*Ibid.*, p. 13. Also, National Analysts, Inc., *Simplified Address Study – Topline Summary*, September 9, 1994, p. 14. “The address of the mail piece is of little importance to a large segment of consumers; the contents of the mail piece are more important than the address in determining if they will open an advertising mail piece.”

¹⁷Because First-Class Mail is more expensive and contributes more total revenue, some believe it subsidizes Standard Mail. However, this is not correct as both classes fully cover their costs, thereby negating the possibility of a subsidy. In fact, Saturation Standard Mail has a substantially higher contribution percentage (cost coverage) than Single-Piece First-Class Mail (FY 2009 Cost and Revenue Analysis report)

encourage “Do Not Mail” legislation. Though some stakeholders may see these as legitimate issues, we do not consider them to be compelling public policy arguments.

As stated in the previous section, focus group feedback consistently indicates that mail recipients are not concerned about the lack of their name or street address on mail pieces. In fact, some prefer it that way. The decision to read or dispose of a mail piece hinges on what it says and not how it happens to be addressed.

Research has shown that customers are, in general, far more receptive to mail from small, local businesses than from distant businesses they do not know and cannot easily contact.¹⁸ Recipients seem to care about supporting local commerce and can share any feedback either positive or negative with those businesses directly in person. Such opportunities can provide outlets for concerns and may negate the need for legislation. In addition, if volume ever grew to the point that “Do Not Mail” issues were a concern, they could also be potentially addressed by considering procedures adopted by foreign posts as discussed in the section below titled Product Features and Other Issues to Consider.

Customers are more receptive to mail from local businesses than from distant businesses they do not know.

Mailbox Access Concerns

The Postal Service’s exclusive legal access to mailboxes became law in 1934 and was upheld by the U.S. Supreme Court in 1981.¹⁹ The legal rationale supporting this “mailbox restriction” at the time was that it helped protect Postal Service revenue from “cream skimming” and keeps unstamped matter out of mailboxes. Other important advantages are that it promotes privacy for postal customers; it helps ensure the security of the mail; and it facilitates postal carrier functions which could otherwise be compromised if mailboxes were cluttered with non-postal matter.

The public adamantly favors the mailbox restriction. Market research found that 82 percent of Americans oppose open access to their mailbox.

The public adamantly favors the mailbox restriction. Market research found that 82 percent of Americans oppose allowing just anyone to access their mailbox.²⁰

Some stakeholders may worry that mail without full conventional addresses resembles the fliers distributed by alternate delivery firms.²¹ This concern seems unwarranted, not only because the public does not want the mailbox restriction lifted, but also because the law’s original rationale had to do with protecting the revenue base needed to support the Postal Service’s universal mail delivery system. That rationale remains

¹⁸National Analysts, Inc., *Simplified Address Study – Topline Summary*, September 9, 1994

¹⁹18 U.S.C. § 1725 and U.S. Postal Service v. Council of Greenburgh Civic Associations 453 U.S. 114 (1981).

²⁰U.S. Government Accountability Office, *U.S. Postal Service: Information about Restrictions on Mailbox Access*, Report No. GGD-97-85, May 30, 1997, <http://www.gao.gov/archive/1997/gg97085.pdf>, p. 2.

²¹EDDM does currently require some form of Postal Service payment identification on each piece.

valid, perhaps even more so today than in the past, given that revenue has declined and the Postal Service is in difficult financial shape.

Even if there was linkage between the mailbox restriction and addressing — and we maintain there is no link — simplified address has been allowed on rural routes for decades without difficulty.

Product Features and Other Issues to Consider

As the Postal Service moves forward with its simplified address mail service, it may want to devote additional resources to this product and consider some suggestions regarding product features, promotion, and pricing. As many of the customers expected to use simplified addressing are small businesses new to using mail, it is particularly important to make every facet of the program as easy to use and with as few barriers as possible.

Ease of Use

There are a series of aspects of the Postal Service's current simplified address mail service, ranging from mail addressing and preparation tools and requirements, to “opt out” procedures and eligible mail shapes, for which ease of use could possibly be improved, as discussed below.

Mail Addressing and Preparation

Today, when simplified address pieces are deposited at a location other than the destination delivery unit, mailers must provide a two-line address. While this makes it easier for the Postal Service should pieces be lost in transit, it makes it more difficult for the mailer and ease for the mailer must be an overriding goal.

Simplified address must be made easy for mailers to use.

The Postal Service requires simplified address mailers to prepare bundles that are carefully separated by carrier route and containing the exact number of pieces per route. Small, inexperienced mailers can find this burdensome and complicated. An alternative approach, used in other countries, is for mailers to provide the correct total and have the postal operator allocate the precise number for each chosen route. Moving the burden from the mailer to the Postal Service could improve ease of use for the mailers and result in additional volume and revenue that could more than cover any small increase in Postal Service costs.

Opt-Out Procedures

Under recently introduced Postal Service rules, recipients can block mail from individual simplified address mailers, who then must provide the Postal Service with their “opt out” list when they deposit the mail. This may be impractical and costly for a small business. When and if simplified address mail becomes widely used, a better approach might be to give recipients the choice to opt out of the entire mail category by displaying a “no

simplified address mail” sticker on their mailbox, just as some other countries do. The number of delivery points per route conveyed by the Postal Service to simplified address mailers would be adjusted to reflect the number of addresses that have opted out. In some countries, few recipients actually opt out when given the choice.

Online Mapping and Mailing Tools

At present, the Postal Service’s site provides simplified address mail users with a web-based system to define their delivery area, calculate the number of delivery points, estimate prices, and print mailing forms. We support the Postal Service’s ongoing plans to enhance this system by adding an improved visual mapping feature and making mailing statements increasingly less complicated. We also suggest giving customers the option of submitting all necessary mailing information and prepaying for their simplified address mailing directly online.

Some foreign postal operators have developed Internet-based tools to make simplified addressing easier for small businesses. Through the website of these postal operators, mailers can, *within minutes*, create a simplified address mail piece online and send it to the post for printing and mailing. The U.S. Postal Service could offer a similar service by leveraging its existing partnerships with online mail service operators or by making available a list of printers and mail service providers on its web site that offer this option.

Simplified Addressing for Other Mail Shapes

For operational reasons, simplified addressing is currently only allowed for flat-size Standard Mail, while in other countries all mail shapes within certain dimensions and weight are eligible for simplified addressing. The Postal Service could consider expanding the range of sizes to which simplified addressing applies, at least to include smaller cards. Given their lower production costs, cards are the preferred advertising format for many small businesses in the United States and abroad, as well as for recipients, due to the immediacy with which they deliver a promotional message.²²

Promotion

A compelling web presence and an effective promotional campaign are critical success factors for simplified address mail.

The success of simplified address mail will largely depend on how effective the Postal Service will be in communicating and marketing the new product through its online and offline channels. A strong product branding, a compelling web presence, and an effective promotional campaign will be critical

success factors for simplified address mail.

Product Branding

Characterizing simplified address mail as a separate product with its own brand name is a good step toward making it well recognized by customers. Although names such as

²²Great Lakes Marketing, *Simplified Address Focus Group Research with Consumers*, October 18, 2010, p. 12.

“Every Door Direct Mail” and “Marketing Mail Made Easy” communicate the concepts of ease of use and one-to-one advertising, a more concise term such as “Neighborhood Mail”, which originated from past market research, may better capture the product’s essence. The option to further promote the product name with the creation of an associated logo, according to the example of other posts, could also be considered.

Web Presence

Given its potential, the simplified address mail service warrants greater online attention and focus. A highly visible link or banner placed on the front of the Postal Service’s web site, directly driving users to the simplified address mail dedicated page, could be an easy way to help promote the product. This page could be enriched with continuously improving customer support material, such as video presentations, contact details of local postal sales representatives, and lists of approved mail and printing service providers. An easy-to-understand online manual on simplified address mail, specific to small businesses, could be particularly helpful to new mailers. Examples of foreign posts with continuously improving, user-friendly websites include Royal Mail, Deutsche Post, and Canada Post.²³

Marketing Effort

Promotion is absolutely essential for simplified address mail to achieve its potential. Fully reaching a large and diverse audience such as small businesses will be difficult. At a national level, this objective could be reached through a large scale marketing campaign like that for the Priority Mail Flat Rate Box. At a local level, postmasters and sales people, ideally in collaboration with small business organizations, could help connect to customers. Utilizing the existing relationships small businesses have with current partners such as printers could also be helpful and we applaud current efforts along these lines.

While we encourage promotional efforts, we suggest that issues concerning product name and brand, website, customer support material, and other product details be properly resourced and finalized before fully promoting simplified address mail.

Pricing

Lower simplified address rates might be justified in the future.

At least in the short term, the Postal Service plans to charge the same rate for simplified address mail as it does for all destination-entered Saturation Standard Mail. After gaining experience with simplified address mail, more will be known about its costs and demand characteristics. At that time, the possibility of developing separate prices for simplified address mail should be considered. Lower rates could potentially be justified by lower costs.

²³See <http://www.royalmail.com/portal/rm/jump2?catId=400092&mediaId=400049>, http://www.deutschepost.de/dpag?tab=1&skin=hi&check=yes&lang=de_EN&xmlFile=link1017281_1010284, http://www.deutschepost.de/dpag?tab=1&skin=hi&check=yes&lang=de_EN&xmlFile=link1017338_1010544, and <http://www.canadapost.ca/tools/pg/manual/PGunaddadm-e.asp>.

Introducing options such as day-certain or narrowly specified delivery dates could provide mailers with new opportunities to reach their customers exactly when desired. Given the potential value to customers of such an option, the Postal Service could consider charging a fee for delivery on mailer-selected days as many foreign posts do.

Conclusion

We encourage the Postal Service to continue its pursuit of simplified address mail. Today, the time is right to focus on the needs of its potential small business and other local users and provide an easy-to-use option to address their unique needs. The simplified address mail service removes needlessly complicated and costly addressing regulations for saturation mail and, thus, removes the historical barriers to entry for small, local businesses wanting to mail on their own. If these businesses benefit from this new mailing option, so too will the overall economy through increased consumption, sales, and employment.

The Postal Service will have the opportunity to discover and make further product improvements as it gains experience with simplified address mail, and we have offered some suggestions that may be worth implementing. An in-depth study of other countries' experiences with this type of mail, including their online marketing methods, could also provide helpful guidance. To reach its full potential, simplified address must be made easy and its benefits must be communicated to every small business in America.

Direct mail has a history of success in the advertising market, particularly when it comes to geographically targeted advertising which is precisely what simplified address mail is. In an increasingly digital world, it makes perfect sense for the Postal Service to exhaust all options within its inherent, hard-copy core. In fact, simplified address mail can act to maintain the value of the mail in the face of market changes and electronic diversion with little financial risk. Other than relatively modest sales and promotional expenses, no significant up-front investment is required.


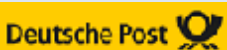




Simplified address mail can offer worthwhile financial benefits for the Postal Service. The fact that this type of mail is common in all other industrialized countries suggests that it could similarly take hold in the United States. This significant financial opportunity can help support the universal service obligation to the benefit of all mailers and citizens. We encourage the Postal Service's current efforts to better meet the needs of small businesses and other local customers with this valuable service.







Appendices

Appendix A Simplified Addressing in Other Countries


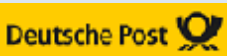




The delivery of unaddressed or simplified addressed advertising mail is a long-standing, standard practice among foreign postal operators. In other countries, the market for unaddressed mail is mature and competitive with national postal operators generally holding significant market share. Foreign postal operators usually benefit from greater flexibility in defining its prices, size, format, and delivery standards, as well as complementary, value-added service offerings.







The following benchmark analysis compares the main features of the simplified addressing programs offered by the postal operators of Australia, Germany, Netherlands, United Kingdom, Italy, and Canada.

	AUSTRALIA POST 	DEUTSCHE POST 	ROYAL TNT POST 	ROYAL MAIL 	POSTE ITALIANE 	CANADA POST 
SIMPLIFIED UNADDRESSED MAIL	Allowed	Allowed	Allowed	Allowed	Allowed	Allowed
SPECIAL BRAND NAME OR IMAGE	NO Unaddressed mail displays Australia Post's generic logo.	YES Unaddressed mail has a separate name and logo (<i>PostWurfSendung</i>).	NO Unaddressed displays TNT's generic franking mark.	YES Unaddressed mail has a separate name and logo (<i>Door-to-Door</i>).	YES Each unaddressed mail product has a separate name and logo (<i>PostaZONE</i>). Advertisers can display their own logo on each mail piece along with the product logo.	NO Unaddressed mail displays Canada Post's generic " <i>Delivered by</i> " logo.
MAILABLE ITEMS	Envelopes, postcards, brochures, mini-catalogs, wrapped or as a self-mailer up to 8.8 oz. Specially shaped items are accepted if they fit the mailbox.	Brochures, catalogs, postcards, wrapped, in envelope or as a self-mailer up to 2.2 lbs. Specially shaped items are accepted if they fit the mailbox.	Leaflets, samples, or goods wrapped, in envelope, or as a self-mailer up to 3.5 oz.	Leaflets, catalogs, brochures, coupons, promotional items and samples, wrapped or as a self-mailer up to 3.5 oz.	Leaflets, brochures, catalogs, postcards, promotional items, samples, food items, CDs, and DVDs wrapped, in envelope or as a self-mailer up to 4.4 lbs. Specially shaped items are accepted if they fit the mailbox.	Flyers, newspapers, community newspapers (they must be 70% advertising and 30% news), cards, coupons, leaflets, envelopes, catalogues, brochures, magazines inserts and enclosures, samples, CDs, and DVDs wrapped, in envelope or as a self-mailer up to 8.1 oz and Reply Mail. Printed and non-printed items weighing between 17.6 oz and 2.2 lbs are delivered by non-letter carriers and require pre-scheduled delivery.

	AUSTRALIA POST 	DEUTSCHE POST 	ROYAL TNT POST 	ROYAL MAIL 	POSTE ITALIANE 	CANADA POST 
VOLUME RESTRICTIONS	NO	NO	YES <u>Minimum</u> 3000 pieces for standard distribution. 2000 for targeted distribution. <u>Maximum</u> Two per day is the maximum number of unaddressed mail pieces delivered to the households located within the same zip code.	YES <u>Maximum</u> Six per day is the maximum number of unaddressed mail pieces delivered to the households located within the same postcode. <u>Non-competing item policy</u> The households located within the same postcode do not receive more than one advertising piece per product category at a time.	YES <u>Minimum</u> 5000 pieces.	YES <u>Minimum</u> One complete carrier route. If the mail dispatch is composed of less than the pieces necessary to fully cover a carrier route, the items will be delivered in the order indicated by the customer until depleted.
SPECIAL TOOLS/OFFERS FOR SMALL BUSINESSES	NO	YES <u>"Mailing Factory"</u> : A do-it-yourself, online application to create an unaddressed mail piece by using premade templates, select the target area, pay and send the piece to Deutsche Post for printing and mailing. <u>"Umfeld Promotion"</u> : Local unaddressed mail specialists advise small retailers on how to plan and implement their campaign.	NO	NO	NO	YES <u>"Direct Marketing Online™"</u> : A do-it-yourself, online application to create an unaddressed mail piece by using premade templates, select the target area, pay, and send the piece to Canada Post for printing and mailing.

	 AUSTRALIA POST	 DEUTSCHE POST	 ROYAL TNT POST	 ROYAL MAIL	 POSTE ITALIANE	 CANADA POST
ANCILLARY SERVICES (free and paid)	<p>Electronic sending of mailing forms.</p> <p>Mail pick-up.</p>	<p>Online mapping tools for selecting the delivery area, calculating the number of mailpieces.</p> <p>Geo-demographic targeting: online tools for selecting specific groups of households based on their socio-demographic, life style or consumption characteristics.</p> <p>Web-based tools for online sorting, preparation and labeling of the mail dispatch.</p> <p>Unaddressed mail campaign outsourcing, from mail piece creation to printing, preparation and delivery.</p> <p>Online printing and mailing (hybrid unaddressed mail).</p> <p>Bulk printing.</p> <p>Consultancy services on mail piece design.</p> <p>Unaddressed mail pallet storage.</p> <p>Mail pick up.</p>	<p>Geo-demographic targeting: online tools for selecting specific groups of households based on their socio-demographic, life style or consumption characteristics.</p> <p>Web-based tools for online sorting, preparation, and labeling of the mail dispatch.</p> <p>Outsourcing of mail sorting and preparation.</p> <p>Bulk printing.</p>	<p>Online mapping tools for selecting the delivery area, calculating the number of mailpieces.</p> <p>Geo-demographic targeting: online tools for selecting specific groups of households based on their socio-demographic, life style or consumption characteristics.</p> <p>Web-based tools for online sorting, preparation and labeling of the mail dispatch.</p> <p>Unaddressed mail campaign outsourcing, from mail piece creation to printing, preparation and delivery.</p> <p>Delivery day selection.</p> <p>Consultancy services on mail piece design.</p> <p>Bulk printing.</p>	<p>Delivery day selection.</p> <p>Online printing and mailing.</p> <p>Outsourcing of mail sorting and preparation.</p> <p>Mail distribution tracking.</p> <p>Bulk printing services.</p>	<p>Online mapping tools for selecting the delivery area, calculating the number of mailpieces.</p> <p>Geo-demographic targeting: online tools for selecting specific groups of households based on their socio-demographic, life style or consumption characteristics.</p> <p>Web-based tools for online sorting, preparation, and labeling of the mail dispatch.</p> <p>Delivery day selection.</p> <p>Consultancy services on mail piece design.</p> <p>Unaddressed mail campaign outsourcing, from mail piece creation to printing, preparation, and delivery.</p> <p>Online printing and mailing (hybrid unaddressed mail).</p> <p>Bulk printing.</p> <p>Mail distribution tracking.</p>
MAILING IN ADVANCE BOOKING	<p>YES</p> <p>No less than three weeks and no more than three months prior to the delivery date.</p>	<p>NO</p>	<p>NO</p> <p>Although orders must be placed five weeks prior to the week of distribution.</p>	<p>YES</p> <p>No less than one week prior to the week of distribution and up to two years in advance.</p>	<p>YES</p> <p>Five days prior to the delivery of the dispatch to the mail acceptance unit.</p>	<p>NO</p>

	AUSTRALIA POST 	DEUTSCHE POST 	ROYAL TNT POST 	ROYAL MAIL 	POSTE ITALIANE 	CANADA POST 
MAIL SORTING AND PREPARATION	<p>Mail has to be sorted at the delivery unit level.</p> <p>Mail is bundled in lots of equal quantity, placed in trays grouping the items going to the same delivery unit, labeled with a form indicating the number of pieces for each delivery route.</p>	<p>Mail has to be sorted at the delivery unit level.</p> <p>Mail is bundled in lots of equal quantity, placed in trays grouping the items going to the same delivery unit, labeled with a form indicating the number of pieces for each delivery route.</p>	Not Available	<p>Mail has to be sorted at the delivery unit level.</p> <p>Mail is bundled in lots of equal quantity, placed in trays grouping the items going to the same delivery unit, labeled with a form indicating the number of pieces for each delivery route.</p>	<p>Mail has to be sorted at the delivery unit level.</p> <p>Mail is bundled in lots of equal quantity, placed in trays grouping the items going to the same delivery unit, labeled with a form indicating the number of pieces for each delivery route.</p>	<p>Mail has to be sorted at the carrier route level.</p> <p>Mail bundles of equal quantity, labeled by carrier routes are placed in trays grouping the items going to the same delivery unit and labeled with a form indicating the urban or rural destination facility where the trays will be delivered.</p>
MAIL ACCEPTANCE	Bulk mail acceptance units.	<p>Bulk mail acceptance units.</p> <p>Major post offices or retail outlets with business customer consultants.</p>	Special unaddressed mail sorting center.	Special unaddressed mail acceptance units.	Area sorting centers.	<p>Destination delivery units.</p> <p>Selected post offices and sorting centers.</p>
DELIVERY STANDARDS	Between Monday and Friday of the delivery week selected by the mailer during the booking.	Within four working days from acceptance.	Mail dispatched on a Wednesday is delivered on the following Thursday or Friday.	Any day of the delivery week selected by the mailer during the booking.	After 7-9 days from the day of acceptance for items up to 5.3 oz and after 25 days for items between 17.6 oz and 26.5 oz.	Between 1 and 5 business days from acceptance by the final delivery unit, depending on the size of the items and the type of delivery routes.
START UP FEES/PERMIT	NO	NO	NO	NO	NO	NO

	AUSTRALIA POST 	DEUTSCHE POST 	ROYAL TNT POST 	ROYAL MAIL 	POSTE ITALIANE 	CANADA POST 
OPT-OUT OPTIONS FOR RECIPIENTS	<p>Recipients can request from the “Australian Distribution Standard Board” a “No Unaddressed Advertising Material” sticker for their mailbox.</p> <p>Australia Post maintains a database with all advertising mail non-delivery points.</p> <p>Just 20 percent of Australians have opted out from receiving unaddressed mail.²⁴</p>	<p>Recipients can display a “No Unaddressed Advertising Material” sticker on their mailbox.</p> <p>Deutsche Post maintains a database with all advertising mail non-delivery points.</p>	<p>Households can request from the local council a “No Unaddressed Advertising Material” sticker for their mailbox.</p> <p>TNT maintains a database with all advertising mail non-delivery points.</p> <p>The database is available to mailers free of charge.</p>	<p>Recipients can fill out an opt-out form on Royal Mail’s Door-to-Door website.</p>	<p>Recipients can display a “No Unaddressed Advertising Material” sticker on their mailbox.</p>	<p>Recipients can display a “No Unaddressed Advertising Material” sticker on their mailbox.</p> <p>Canada Post maintains a database with all advertising mail non-delivery points.</p> <p>The database is available to mailers free of charge.</p>
ANNUAL VOLUMES 2008 (Domestic)²⁵	<p>Population (millions): 20.951.</p> <p>Total mail volumes(000): 5,328,680.</p> <p>Total advertising mail volumes (000): 1,356,308.</p> <p>Addressed mail volumes(000): 781,000.</p> <p>Unaddressed mail volumes (000): 575,308.</p>	<p>Population (millions): 82.534.</p> <p>Total mail volumes(000): 21,818,000.</p> <p>Total advertising mail volumes (000): 11,852,000.</p> <p>Addressed mail volumes (000): 6,912,000.</p> <p>Unaddressed mail volumes (000): 4,940,000.</p>	<p>Population (millions): 16.450.</p> <p>Note: Network VSP, a subsidiary of TNT Post, is the market leader in unaddressed mail delivery in the Netherlands, delivering over 5 billion pieces a year.²⁶</p>	<p>Population (millions): 61.019.</p> <p>Total mail volumes(000): 18,767,000.</p> <p>Total advertising mail volumes: Not Available.</p> <p>Addressed mail volumes: Not Available.</p> <p>Unaddressed mail volumes: Not Available.</p>	<p>Population (millions): 58.946.</p> <p>Total mail volumes(000): 6,138,271.</p> <p>Total advertising mail volumes (000): 1,750,914.</p> <p>Addressed mail volumes (000): 1,160,056.</p> <p>Unaddressed mail volume (000): 590,858.</p>	<p>Population (millions): 33.170.</p> <p>Total mail volumes(000): 11,646,000.²⁷</p> <p>Total advertising mail volumes (000): 5,563,794.</p> <p>Addressed mail volumes (000): 1,503,178.</p> <p>Unaddressed mail volumes (000): 4,060,616.</p>

²⁴Australian Catalog Association – Unaddressed Mail and its Contribution to Australian Economy – An economic review 2009.

²⁵Universal Postal Union – Postal Statistics Database 2008.

²⁶TNT Post website 2011 – <http://tntpost.com/infopage/netherlands.asp>.

²⁷Canada Post – Annual Report 2008, p.73.

Appendix B Projected Annual Postal Service Financial Benefit

This calculation assumes that Postal Service simplified address Standard Mail volume attains Canada Post's 2009 Unaddressed Admail volume level, per capita, and has the same profit margin as 2010 Saturation Standard Mail. Only flat-size mail is considered, because the Postal Service currently only allows flat-sized pieces for simplified address.

Line	Part 1 – Estimated Postal Service Simplified Address Volume	Amount
1	2009 Canada unaddressed mail volume	3,640 million
2	2009 Canada population	34 million
3	2009 Canada unaddressed mail volume, per capita	107 pieces
4	2010 U.S. population	308 million
5	<i>Estimated Postal Service Simplified Address Volume</i>	<i>33 billion pieces</i>
Part 2 – Estimated Postal Service Financial Benefit		Amount
6	Postal Service 2010 Saturation letter mail volume	3.3 billion
7	Postal Service 2010 Saturation flat mail volume	9.5 billion
8	Total existing Saturation mail volume	12.8 billion
9	Estimated new Saturation flat mail volume total	24.5 billion
10	Estimated additional simplified address flat mail volume	15.0 billion
11	Destination Delivery Unit (DDU) Saturation mail price	\$0.142
12	Saturation mail contribution percentage	55.2%
13	<i>Estimated Postal Service Financial Benefit</i>	<i>\$1.2 billion</i>

Notes:

Line 1: 2009 Canada Post Annual Report

Line 3 = Line 1 / Line 2

Line 5 = Line 3 * Line 4 (Assuming same per capita volume in U.S. as Canada)

Line 6: Postal Service volume data

Line 7: Postal Service volume data

Line 8 = Line 6 + Line 7

Line 9 = Line 5 * (Line 7 / Line 8) (Assuming same proportion of Simplified Address will be flats)

Line 10 = Line 9 – Line 7 (New Saturation flat mail total minus existing Saturation flat mail total equals estimated additional volume)

Line 11: Postal Service price list – DDU Saturation Standard Mail flats

Line 12: 2010 Cost and Revenue Analysis report (High Density and Saturation Flats and Parcels – Contribution/Revenue)

Line 13 = Line 10 * Line 11 * Line 12