

▶ RETAILER'S CATALOG REACHES DEEPER, FOR LESS, DESPITE POSTAGE COST INCREASE

SITUATION AND CHALLENGE

A major U.S. retailer mailing several million catalogs per promotion recently faced a 30%-plus cost increase in the form of a U.S. Postal Service price hike. The company's budget could not be adjusted to absorb it. The retailer's only apparent option was a 25% reduction in catalog circulation.

The retailer works with multiple Harte-Hanks services to build customer relationships and market share. Data processing professionals help manage its customer file, regularly updating it to ensure accuracy. The file feeds letter shop operations at several Harte-Hanks locations, where the frequent catalog promotions are addressed and pre-sorted for selective geographic distribution and postage discounts. A similar process supports three-times-a-year mailings of thick shopping books (about 45 million pounds per batch). In addition, logistics services are applied to optimize Postal Service delivery, so that customers receive sale and special event promotions in time, at the least cost to the client.

With the recent postage increase, Harte-Hanks was challenged to restructure the company's logistics plan so it could maintain its circulation volume without additional budget.

SUCCESS DEFINED

This retailer typically evaluates logistics on its ability to deliver 100% of the company's catalogs within the allowable window for each promotion. However, given the postage increase, the logistics plan also would be judged on an additional metric: maintaining current circulation volume while managing postage costs.

THE HARTE-HANKS ROI SOLUTION

A key tool of Harte-Hanks logistics is proprietary software called TOPS4. Certified by the U.S. Postal Service, TOPS4 analyzes mail distribution at the 5-digit ZIP code level and suggests end-to-end process automation for maximum productivity. Mail drop-shipping is enhanced with postal and transportation savings as a result of coordinating production and release into the mail stream. TOPS4 for catalogs and its sister product for standard mail, called TOPS3, also offer regionalized network options.

HARTE-HANKS MAKES ROI HAPPEN

- TOPS4 analyses enabled mailer to achieve 33.1% savings on postage — more than offsetting a Postal Service cost increase.
- At the same time, retailer was able to increase its DDU penetration by more than 50%.
- Circulation plan was maintained without a budget increase.

We make ROI happen.



PROPRIETARY SOFTWARE SOLUTIONS

- Proprietary TOPS4 software maximizes efficiency and productivity.
- Better mail stream penetration yields postage savings.
- In-home delivery dates are consistently met.
- Mail production and delivery release are optimally coordinated.
- TOPS4 is certified by the Postal Service.

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Harte-Hanks runs TOPS4 analyses for clients to ascertain that clients enjoy on-time, cost-effective mail delivery for each promotion. At the same time, professionals throughout Harte-Hanks maintain close contacts with Postal Service representatives to ensure compliance with, and potential client benefits from, new postal regulations and procedures.

Coincident with the postage increase, the Postal Service implemented new delivery regulations which increased the number of ZIP codes that could be served by any given post office (or Destination Delivery Unit — DDU). By applying this knowledge in the context of a new TOPS4 analysis, Harte-Hanks recommended that the retailer's catalog enter the mail stream at more than 7,500 post offices versus the 3,500 it had been using. Previously there had been no significant cost or timing advantage for the retailer to mail deeper into the postal stream, but now such a change would offset the postage increase and allow the retailer to maintain its existing circulation volume.

SUCCESSFUL RESULTS QUANTIFIED

At the end of the first restructured mailing, analysis showed that the retailer overcame the 30% postage price hike — and saved an additional 3%. What's more, the promotion also mailed with better accuracy.

THE FUTURE – CONTINUOUS ROI IMPROVEMENT

Based on demonstrated success, the retailer can expect to enjoy ongoing improvements in return on investment (ROI). The Postal Service currently has about 35,000 DDUs in the continental United States alone — more than four times the number used on the first revised mailing. While it may not be cost effective to target some DDUs in areas of less population density, ongoing analysis will spot the most promising logistics improvements. In addition, the retailer is evaluating expanded usage of other Harte-Hanks solutions, such as new list and data services.

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