

Every Door Direct Mail (EDDM) a.k.a. Simplified Addressing, The Drawbacks of EDDM Mailings A Valassis White Paper

EDDM® allows mailers of Standard Mail saturation (carrier route) flats and irregular parcels the option of using simplified addresses (typically, "Postal Customer") instead of complete delivery addresses and needing to maintain or rent a saturation list or resident occupant list. The U.S. Postal Service® started this program to encourage businesses, particularly small businesses, to enter the mail stream by reducing the obstacles to mailing by eliminating the necessity for a mailing address list.

However, there are drawbacks. Foremost is the **12% higher postage rate you will pay for EDDM® Retail** compared to a fully addressed saturation mailing to the same geography. As one of the largest saturation mailers today, Valassis is publishing this whitepaper to ensure that advertisers have all the facts and can evaluate the viability of using the EDDM program.

The General Guidelines for EDDM

It is important to understand that EDDM applies only in specific instances and that mailers must meet the Postal Service requirements in order to qualify. Several articles, news reports and even promotions related to EDDM throughout the direct mail industry contain erroneous or misleading information about what types of mail may be processed through EDDM.

One of the biggest misconceptions is that all saturation mail can be mailed with EDDM. This is not the case. There are two basic categories of EDDM: Retail, which is setup for small mailers; and BMEU, which is setup for larger mailers that want to drop their mail at the Business Mail Entry Unit. Beyond having to use a mailing piece that meets the standard mail saturation flat dimensions¹ and mailing all active deliveries on a carrier route, the two categories have different guidelines. The basic, high level requirements for each are noted below. For specific details, mailers should refer to the DMM®, or the EDDM website (<https://eddm.usps.com/eddm/>).

Retail

- ▶ Accepted at retail outlet for specific carrier route
- ▶ Less than 3.3 ounces
- ▶ Maximum of 5,000 pieces per day
- ▶ No permit, requires special indicia
- ▶ Do not mail requests to be put on facing slip

BMEU

- ▶ Accepted at BMEU
- ▶ No limit on number of pieces
- ▶ Permit, facing slip, other postal paperwork
- ▶ Do not mail requests to be put on facing slip

Naturally, it then becomes important to define what is *excluded* from EDDM. You cannot use EDDM if you mail:

- Letter Size pieces
- Detached Address Labels (DAL)
- Non-enhanced carrier route saturation mailings (mailers that use targeted or response lists do not mail to all addresses in a carrier route)
- Routes with less than 200 deliveries cannot use EDDM

How to Obtain Counts

The Postal Service currently offers two options for mailers to obtain the proper counts necessary to create the correct number of mail pieces: the Delivery Statistics File (typically for large mailers) or an interactive website (typically for smaller mailers).

The Delivery Statistics File is available monthly from the Postal Service on CD Rom or electronically and costs about \$1,000 a year. Alternately, mailers may obtain delivery statistics from the Address Information System (AIS) viewer, which is an interactive version of the CD Rom for about \$96 a year. The Postal Service expects large mailers to use the Delivery Statistics File.

¹ See final page for Standard Mail Flat dimensions

Small mailers will likely not want to invest in the Delivery Statistics File on a national basis, quite simply because it is cost prohibitive for them. The interactive website (<https://eddm.usps.com/>), geared toward the small mailer, is functional for limited geography searches or a single location radius query (up to 5 miles around an address). Thus, you can include up to five ZIP Codes in your search. Additionally, the website does not let you select by carrier route. Rather, you must start with a single location or use a city, county or ZIP Code to perform your search.

Research into the interactive site shows that the counts provided are for all active deliveries in a ZIP Code or carrier route, but they do not take into account Seasonal addresses that are empty because it is the off season. In layman's terms, this means that the Postal Service is asking a mailer to print and pay for postage on addresses that cannot be delivered because no one lives there during that time of year (there are over one million Seasonal addresses nationally). In some areas, this could significantly impact response rates, especially when you consider that in some areas more than half of the residents are Seasonal and only live there during a portion of the year. That means the other half of your mail is undeliverable in those geographies if you use EDDM.

Other Missing Elements

While the goal of saturation mail is to saturate an area, many mailers are taking advantage of the targeting, demographic selections, mapping and other technologies available to them – several at no additional cost – that some saturation list providers offer through their web based online list count, query and order systems.

These systems are easy to access, easy to use and are designed to support mailers in evaluating and creating the best possible mailing. You can have a great offer and great creative, but if you mail to an incorrectly targeted audience, you will not be successful. This makes the ability to properly target your mailing of utmost importance. Saturation list providers have years of experience helping mailers succeed and they offer significantly more advanced targeting capabilities than the EDDM website, the Delivery Statistics File and AIS viewer options.

Here are some key elements leading list provider systems offer in an interactive, real time platform:

- Radius pulls, accomplished by distance to store or drive time, for multiple and single locations for a wide range of distances
- Advanced, interactive mapping technology
- No limit on the number of geographic groupings you can enter
- Great flexibility in terms of searching and sorting capability to review the data
- Ability to archive a query and return to it later or re-order it in the future
- Extensive reporting options
- Extensive demographic targeting at a carrier route level to select the areas with the right income, population and behaviors you need
- Limited targeting at a household level (for example, excluding or including apartments, home owners versus renters)
- Names append to personalize the mailing, a proven response lifter
- Feathering cut backs (selecting just enough addresses to get your best possible postage discount, but no more)
- Prior order suppression - automatic suppression of what you ordered last time
- Drop stop full counts²
- Geographic latitude and longitude coding (so you can include on your mail piece the closest location for that customer)

² Drop stops are common in urban areas, such as New York City. Drop stops are locked apartment buildings or gated communities where the Postal Service™ does not deliver the mail to the individual units/addresses. Rather, they drop the mail in the lobby or designated location for residents to pick up or landlords to distribute. The Postal Service™ (and their EDDM website) maintains Drop stops as a delivery count of one; however some list providers will give you the total unit count for the Drop stop so that the mailer can print enough pieces for the entire building to have one.

Selecting carrier routes based on carrier route summarized demographics such as median income, home value and renter or owner status will directionally target the mailings and allow mailers to mail more efficiently, while still



maintaining saturation levels. These types of variables, and hundreds of others, are available through list rental companies. Alternately, the USPS® EDDM website offers three: age range, average household income, and size of household (number of individuals).

Similarly, many saturation mailers in recent years have opted to use an appended name on their mail piece which adds a level of personalization to their mailings, while still saturating a carrier route. Adding a first and last name to the mailing list rental is an option offered by many saturation list rental companies³ for a relatively low incremental cost. The addition of a person's name elevates the brand image of the mailing and often results in higher response rates. This kind of personalization is not an option in the city simplified format used with EDDM.

Additionally, many of these same list providers have extensive customer service teams who are there to guide a mailer through the possible options. **All of these technologies and targeting variables help reduce mailing costs (better targeting = less mail), while improving response rates at the same time (better targeting = stronger response).**

This is just a small synopsis of the many different advantages a mailer will have when they use a list saturation provider to order addresses rather than conducting simplified mailings.

Do Not Deliver Requests

Mailers, under the Deceptive Mail Prevention and Enforcement Act of 1999, are required to eliminate individual addresses from their mailings if requested by the business or consumer at the address if they include in their mail piece a promotional or skills contest (otherwise known as a sweepstakes). This means that if you offer a promotional or skills contest, or if you allow others to advertise in your mail piece a promotional or skills contest (for example a newspaper who has a car dealership with a new car sweepstakes promoted in the advertisement), then you are legally obligated to eliminate individual addresses from your mailing if requested by the addressee.

Additionally, the Direct Marketing Association – the largest organization representing the mailing industry – strongly encourages mailers to treat do not mail requests respectfully by eliminating them from your mailing. With the onset of strong environmental and privacy movements in the last decade, it is more important than ever for all mailers, large and small, to have a policy that is consumer focused when handling do not mail requests. A national do not mail list, which has been proposed many times, would negatively impact overall mail volume and a mailer's ability to obtain postal discounts. **This is particularly true for saturation mailers, who must mail at least 90% of the residents in a carrier route to qualify for full enhanced carrier route saturation mail postage rates, the lowest available.** Do not mail addresses automatically reduce a mailer's count and can cause them to fall short of the 90% requirement, therefore dramatically increasing postage costs. The industry as a whole has made a concerted effort to self-regulate with regard to do not mail requests to avoid this type of damaging legislation.

The Postal Service in their EDDM program allows mailers to provide a list of do not mail addresses that the individual Postal Carrier is asked to manage. Most mailers know that the incidences of do not deliver requests on city routes is much greater than on rural routes⁴. Imagine the postal carrier having to make sure they have the right do not mail list attached to the right mailing (remember, these pieces have no individual address). Conceptually, a postal carrier could have several do not mail lists to manage. Increased consumer complaints lead to negative public relations for companies and may lead us to a national do not mail list.

Printing Impact

Simplified on city routes still requires mailers dropping mail at the BMEU to print the city, state and ZIP Code on the mail piece. For Retail, a modified label ("Postal Customer") must be printed on the piece. That means that the EDDM program will not save mailers money on printing since the normal printing and mail preparation requirements would still be necessary – for example pre-sorting.

³ Names append is our single most used selection for saturation.

⁴ In our case, 75% of our do not deliver requests are in city routes.



EDDM does not offer a special discounted postage rate for the EDDM program and in fact, recently *raised* the postage rates for EDDM Retail from \$16 cents to \$17.5 cents per piece, making the EDDM Retail program significantly more expensive from a postage perspective than mailing the same piece with a complete mailing address. The postage rate for EDDM BMEU is slightly higher than the postage rate a mailer would pay if they used a saturation list to saturate the carrier route. Finally, for those mailers that are converting their formerly letter sized jumbo postcards to flat size pieces to qualify for the EDDM program, we would encourage them to carefully examine whether the increased cost for the postage (\$15.3 cents for letter size saturation postage versus \$15.6 cents for flat size saturation postage for BMEU⁵ or \$17.5 cents for EDDM Retail) and the increased printing and paper costs for making their piece larger does, indeed, save them money overall when you consider that **most carrier route mailing lists typically can be rented for less than \$1 cent per piece.**

The Importance of a Mailing List

Valassis believes strongly in the value of utilizing a saturation list of addresses for all mailings. The ownership or rental of actual addresses allows a mailer to target demographically, append names to personalize the mailing, and it supports a commitment to consumer choice such that do not mail requests are processed properly. Using a full address mailing list also ensures your mailing will go to all of the targeted geographic locations you desire and ensures you mail them accurately. Further, Valassis has a patent-pending data hygiene process that we apply to each and every update of address data we receive from the Postal Service. This process allows us to keep our commitment to producing and mailing the most accurate and most comprehensive saturation list available today. We detect and correct in our list hundreds of thousands of errors in the Postal Service data each year and our corrected data is passed on to our clients and customers alike so that their results are the best possible.

While we recognize that the EDDM program will be utilized by some mailers of flat size pieces, we hope this white paper has helped clarify the general guidelines for this mail type, as well as elaborate on the potential obstacles and drawbacks.

More Effective Alternatives

From a cost, reach and return on investment perspective, there are a number of effective alternatives to EDDM solo mail offered in the marketplace. Many of these programs are offered for a fraction of the cost of solo mail and are full turnkey solutions, providing both small and large Marketers alike a better return on investment. These programs often incorporate analytic components whereby a Marketer's existing customer base is analyzed in order to develop the most effective geo targeting strategy. Additionally, unlike EDDM, these alternatives offer versioning capabilities, so that existing customers can receive a unique version different from a prospect version. In particular, cooperative mailings where your advertisement rides along with others are highly valued by consumers because of the multitude of offers included. For example, RedPlum® Shared Mail cooperative mailings are read by *80% of recipients* yet can be purchased at a fraction of the cost when compared to EDDM Retail solo mail—thus offering a much greater return on investment. Alternatively, variable data postcard programs – a high quality standalone jumbo postcard used as the addressing mechanism for a cooperative mailing – on average are priced *fifty percent less than the cost of an EDDM Retail* solo mailing. These turnkey, targeted and versioned variable data postcards appear to consumers like a standalone piece and respond at similar or higher rates.

About Valassis and Valassis Lists

Valassis is a leader in intelligent media delivery, providing over 15,000 advertisers proven and innovative media solutions to influence consumers wherever they plan, shop, buy and share. The Valassis RedPlum® Shared Mail Wrap, RedPlum® Shared Mail Inserts and Variable Data Postcard programs are the most efficient and successful programs of their kind helping Marketers achieve their goals. With over 163 million unique addresses, Valassis Lists offers a precise, cleansed and current database allowing you to achieve total geographic coverage from a single source. For more information about Valassis products and services, visit our website at www.Valassis.com. Valassis is a wholly-owned subsidiary of Harland Clarke Holdings Corp.

EDDM FLAT SIZED dimensions:

Minimum: Height 6 1/8" OR Length 10 1/2" OR thickness: 0.250" (1/4")

Maximum: Height 12" OR Length 15" OR thickness: 0.750 (3/4") and Weight: 3.3oz or less

⁵ Entered at BMEU entry point.