

Publishing Executive

Master Manufacturer:

Co-mail Confusion

Do you know how much you're really saving?

By Steven W. Frye

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Co-mailing—the process in which a mailer (usually your printer) combines the mailing of your magazine with that of other titles— isn't a new process. However, chances are you've only performed one or two postal analyses utilizing co-mailing techniques. And, when you did your analyses, you may have misunderstood how much you would be "saving" by co-mailing.

By its very nature, analyzing co-mailing costs is difficult because it is a moving target. With each mailing pool, the participants change; therefore, quantities, weights and destinations change, resulting in different costs.

To make matters more confusing, the mailers use different methods, equipment, terminology, billing procedures, and numbers and sizes of pools per week. Yet, they all promise huge savings!

The question is: savings compared to what? Here's an important tip: Ignore the word "savings" in every mailing bid. The mailers use the word much differently than publishers. Mailers use it to show the difference between co-mailing your title(s) and other mailing options, such as direct entry, dynamic entry (drop-ship) or co-palletization. It is not the difference between what you currently pay for postage and what they propose.

Because co-mailing is a moving target, mailers use direct entry as a means to establish a baseline for comparative purposes. However, direct entry is the most expensive way to enter the postal system, and it is rarely used anymore. Most printers have been drop-shipping and co-palletizing for decades, and chances are your titles have been, too. Therefore, you have not been paying the highest possible postal rates—those from which mailers are calculating co-mail "savings."

Your job is to figure out your true savings—the difference between what you currently pay and what they are proposing.

Finding out what you currently pay is the easy part. After every mailing, the USPS gives you a receipt called Form 3541 (3206 for nonprofits). If you mail versions, each version of your magazine gets a 3541, so each mailing may have many pages.

Understanding your potential savings is where the process becomes more complicated. An important tip in this process is to control it from the very beginning by submitting actual data used in a previous mailing for comparative purposes, defining all possible cost elements and calculating your own true savings.

Who Are the Co-Mailers?

Your printer, usually, is your mailer. Larger publication printers, including RR Donnelley, Quebecor World, Quad/Graphics, Fry Communications and Brown Printing Co., have invested in co-mailing equipment and even built dedicated mailing facilities.

Both Donnelley and Quebecor have, or will soon have, two mailing facilities each. Both have co-mail plants in Bolingbrook, Ill. Donnelley created a co-mailing department within its existing distribution plant, whereas Quebecor built a plant dedicated solely to co-mail and co-palletization. Quad, Fry and Brown all have equipment within existing plants.

QuadTech Inc., a division of Quad/Graphics, is the developer of Quad's co-mailing technology and offers nearly 100-percent co-mail density, whereas the others have minimums on qualifying quantities. Quebecor World requires a minimum of 1,500 copies to enter a pool, and RR Donnelley requires 10,000.

The smaller printers, who do not have the volume needed to justify the investment, may use a third-party mailer. This may include one of the above printers or an independent company. Schumann Printers Inc. uses Donnelley, for example.

The prominent independent co-mailer is ALG Worldwide Logistics, located in Wood Dale, Ill., and many printers around the country ship their products there to be co-mailed.

Unlike the previously mentioned printers, ALG does not have any dedicated "Periodical pools." Instead, it co-mingles all magazines with Standard-Class publications. It is obvious that the Standard Class benefits by riding with our Periodicals, but it is rumored that the Periodicals are handled as Standard Class. ALG, sensitive to these rumors, has been tracking delivery and says it has found no such delay.

Some printers have multiple relationships, sending Periodical customers to Donnelley and Standard mailings to ALG, for example.

When to Do the Analysis

The time to analyze your mailing processes is when you analyze printing bids.

I used to only perform postal analyses with the finalists (usually two) from a printing project; the finalists would be given the data and ultimately compared to the actual costs from the incumbent printer/mailer. This saved time by focusing on the best printers, and was sufficient when mailing was considered just another factor for final selection. But, with significantly rising postal costs, it may be worth the effort (especially for 75,000+ circulations) to review postage at the preliminary bidding stage.

Large-circulation titles are seeing significant differences between co-mailers. In many cases, the strongest printer is the weakest mailer and vice versa. Therefore, it is important to include this step at the same time you are reviewing printing, ink and paper costs.

Since postage is a major cost center, make sure you include a co-mail analysis with every print-bid project. Co-mailing offers great savings, but not all co-mailers are created equal. I have seen both lower-priced printers lose work over their higher mailing costs, and higher-priced printers win work with lower mailing rates. It's important to prepare a comprehensive co-mailing analysis in order to have confidence in the true postal savings offered with each proposal.

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