

# Direct Insight

Successful Direct Marketing Depends on Accurate Information Courtesy of Transcontinental Direct

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## USPS IMPLEMENTING EVOLUTIONARY NETWORK DEVELOPMENT

Welcome to the second issue of *Direct Insight*, a Transcontinental Direct communication tool designed to keep direct marketers abreast of important developments in the industry and how to anticipate and prepare for them. This issue will address the U.S. Postal Service's Evolutionary Network Development (END) initiative.

In an effort to keep pace with the changing dynamics of the nation's \$830 billion mailing industry, nearly a quarter of which is attributable to direct marketing activity, the United States Postal Service is implementing its Evolutionary Network Development or END initiative.

Formerly referred to as Network Integration and Alignment, the END initiative seeks to create a more viable postal network in the wake of a 20 percent decline in single-piece first-class mail, population shifts, increased worksharing and discounted drop shipments by direct marketers, advances in automation technology and equipment, network redundancy and the need for greater operational flexibility.

Today the mail distribution system is a series of overlapping, single-product, class-based networks, from which the USPS is migrating to a multiple-product, shape-based network. In redesigning the network, the USPS is closing and consolidating facilities throughout the country to yield a network structure consisting of five processing facility-types instead of nine existing facility-types. To achieve this new structure, the USPS plans to close more than 50 annexes and 40 remote encoding centers. In addition, bulk mail centers (BMCs) will be converted to regional distribution centers (RDCs).

Existing BMCs are equipped with 30-year-old infrastructure and technology, requiring them to be gutted and rebuilt with state-of-the art equipment. Because all of the centers cannot be refurbished at the same time, this will have to be done in phases, temporarily moving some operations and activating RDCs or temporary logistics distribution centers.

The confusion surrounding this protracted process is likely to have an adverse impact on mail processing. In addition, it is uncertain what effect a change in the number of initial drop entry points will have on potential minimum entry discounts. Even if the discount rate for BMC entry remains the same for the new RDCs, transportation to additional sites will increase costs, and a resulting increase in local entry mail may slow delivery. Further complicating matters is the inability of the USPS to provide more details about its final plan due to sensitivity of affected areas.

Partnering with an experienced direct mail service provider, with an effective postal optimization solution, can help avoid unnecessary delays and increased costs as the END initiative rolls out. For more information contact your Transcontinental Direct representative or e-mail us at: [info@transcontinentaldirect.com](mailto:info@transcontinentaldirect.com).

## TRANSCONTINENTAL DIRECT HOSTS POSTAL EDUCATION LUNCHEON

Want to learn more about END and other USPS initiatives? Join Transcontinental Direct at the Four Seasons Hotel in San Francisco, CA, October 16<sup>th</sup>, for a comprehensive review of the latest postal initiatives and their impact on direct marketers like you. Seating is limited and a reservation is required. To register go to: [www.transcontinentaldirect.com/luncheon](http://www.transcontinentaldirect.com/luncheon).