## STARTING A PROFITABLE CIRCULAR MAILING SERVICE

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## STARTING A PROFITABLE CIRCULAR MAILING SERVICE

Whether you are in mail order, or any other business, you will need things mailed for you. You can make extra money, as well as save a lot of mailing expenses for your own offers, by running a mailing service.

I'll break down this business for you. When you mail a one-page flyer first class, there is a lot of empty space in that envelope. You could fit 4 - 6 more pages in there without going above one ounce, depending on the type of paper each page is printed. This translates to 8 - 12 sides of advertising that could be sent with your offer. If you divide the cost of your mailing by the number of sides of advertising that you can include at no extra postage cost, you will get the cost per page. A markup can be added to this cost per page, and charged to other mail order dealers, who will send you their flyers and ads to include with your mailing. Thus, your offers can be mailed for FREE by selling the remaining "envelope space" to others, plus you'll make a profit. You can actually get paid by others to send your own offers out!

Here's an example: Say you have a one page flyer that you are sending to 1,000 customer mailing list. The postage for this (first class) would be \$290. Say you can fit 6 more pages in. This would be 12 sides, or \$24.16/side. If you went an extra ounce, postage would be 52 cents/envelope, or \$520 for the mailing. A total of 13 unused pages, or 26 sides would be available, at \$20/page. As you can see, as you go up in weight, your cost per page decreases.

What you want to do is set your prices at a point where your costs are covered. Then, observe what other mailing services are charging. If you are far below them, add a markup and there's your profit. If your cost is higher than what they charge, you have two alternatives.

First, you could send your mail by bulk mail, instead of first class. This will greatly lower your costs, but you will need to sort your mail by zip code (not a problem if your mailing list labels are generated by computer), and you will need to send a greater number of envelopes. Your post office has informative brochures on bulk mail permits and services. If you don't understand some of their information (which will probably happen - it's not very clearly written), the postmaster will be happy to explain whatever you need to know. By using bulk mail, proper sorting techniques, and the other tips you'll get from the post office, you can easily cut more than half off your postage costs. While bulk mail is a bit slower and not as reliable as first class, it is still good enough to be used by the large mail order houses, and will allow you to be competitive with the other mailing services. Most of them also use bulk mail, so you will not be providing a lower quality service than your competition.

Second, you could sell smaller space than a full page. Divide your page into four columns, and sell ad space by the inch. You will be creating your own ad sheet, which is a whole business in and of itself; one which is covered in greater detail in the next report. You will make more money per inch from the smaller ads than from the bigger ads. Depending on your circulation, a good ad sheet or two may come close to paying for the WHOLE

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mailing, making all the other flyers and inserts dealers pay you to send pure profit!

One idea to think about is to skip the envelope and create one page that can be used as the outside of the package. Use half of one side of the paper for the mailing area, with your return address, space for a label and postage. Put all the flyers together, with that page on the outside. Fold them in half, staple, and you have a self-mailer that doesn't have the envelope's added weight. On the other half of the outside page, you can either put advertising, or some enticements to whomever is receiving it to open it and read through all the pages.

Another wrinkle to explore is combining this service with the printing brokerage described in the previous report in this series. This way, people who have offers but no preprinted flyers and ads can participate in your program. These two services fit together hand-in-hand and are great to offer together, as a print-and-mail service.

If you combine bulk mail, ad sheets and full page mailing, you can easily cover the costs of mailing your own offers, plus make a profit. Any mail order dealer would be smart to offer this service. Page 2