

Multi-Bind Inline Co-mail Postal Savings Allocation Model

The Quad Postal Savings Allocation Model fairly and equitably allocates all postal savings from a co-mail event to the participating mailers, no matter what size.

RATIONALE

It's important that the co-mail environment is favorable for both the larger mailer and the smaller mailer. To ensure this, our model uses a modifier (0.75). One can see how this affects the "per/M" savings for each client in the sample that follows. Client A provided only 20% of the volume, yet received a disproportionately higher "per/M" before the formula was applied. After applying the formula, the "per/M" becomes more fair and equitable for the participants.

Postal savings allocation model applies when:

- There are multiple clients.
- One client has multiple titles co-mailing with one or more other clients' titles.

Savings allocation model DOES NOT apply when:

- There is only one client and that client has multiple titles. (The client retains 100% of the savings so there is no need to apply the allocation model.)
- The co-mail process is offline (multi-mail and multi-wrap).

ALLOCATION OF POSTAL SAVINGS

All (100%) of the savings pool is divided among the participants. QUAD DOES NOT RETAIN ANY OF THE POSTAL SAVINGS.

ADVANTAGES

Quad handles all the management and coordination details of your co-mail event, including that important step of matching you with an appropriate partner.

THE FORMULA

Scenario: Clients A and B are participants of a multi-bind event with a total circulation of 1,000,000 books.

Total combined gross postal savings = \$25,634. 100% of this number goes back to the clients.

Client A: 200,000 books, or 20% of the event.
Gross postal savings = \$8,218 (or \$41.09/M)

Client B: 800,000 books, or 80% of the event.
Gross postal savings = \$17,416 (or \$21.77/M)

1. Calculate the true prorated savings:
Total Event Gross Savings x Client % of Event = True Prorated Savings
Client A: \$25,634 x .20 = \$5,127
True Prorated Savings
Client B: \$25,634 x .80 = \$20,507
True Prorated Savings
2. Calculate the savings spread:
Client's Gross Savings - True Prorated Savings = Savings Spread
Client A: \$8,218 - 5,127 = \$3,091
Savings Spread
Client B: \$17,416 - \$20,507 = -\$3,091
Savings Spread
3. Apply the modifier:
Savings Spread x Modifier = Modifier Spread
Client A: \$3,091 x .75 = \$2,318
Modifier Spread
Client B: -\$3,091 x .75 = -\$2,318
Modifier Spread
4. Calculate client's new/actual presort savings:
Client's Gross Savings (- or +)
Modifier Spread = Client's New/Actual Presort Savings
Client A: \$8,218 - \$2,318 = \$5,900 (or \$29.50/M)
New/Actual Presort Savings
Client B: \$17,416 + \$2,318 = \$19,734 (or \$24.66/M) New/Actual Presort Savings

See how we can help.