

THE 2013 USPS RATE AND SERVICE CHANGES:

A Guide to Maximizing the Value of Your Mail



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1.0 OVERVIEW

The U.S. Postal Service (USPS) has outlined a set of changes to postal rates and services that will come into effect on January 27, 2013. This guide provides an overview of these changes and outlines several strategies to help you minimize the impact of the changes and maximize the value of your mail.

2.0 KEY RATE CHANGES AND NEW SERVICES

The latest USPS changes include increases to postage costs for all USPS mail classes as well as the introduction of new services. There are hundreds of pages of detailed USPS changes; we will summarize the key changes, focusing on those that will have the greatest impact for the majority of mailers.





2.1 Summary of postage increases

The following table outlines the key postage increases by mail class:

Class	Percent Change
First-Class Mail®	+2.570
Standard Mail®	+2.570
Periodicals	+2.560
Package Services	+2.569
Special Services	+2.850

2.2 Highlights of changes to First-Class Mail

For First-Class Mail, presort letters and postcards will rise by 2.6% overall, and flats will rise by 2.7% overall. The USPS is also introducing a new “residual mail” category for non-automation letters, which costs 48 cents for letters up to 2 ounces. Additional ounce pricing on automation-qualified flats rises to 20 cents, up from 17 cents.

2.3 Highlights of changes to Standard Mail

For Standard Mail, letters will rise by 2.7%, and flats will rise by 2.6%. The USPS has also introduced a proposal to change pricing and preparation standards for what it is calling “Simple Samples”, or parcels sent via Standard Mail High Density and Saturation Flats/Parcels, and Standard Mail Carrier Route. The Simple Samples change is designed to help streamline the process and lower the price to encourage more organizations to send product samples.

The USPS is also introducing a new Standard Mail price tier called “High Density Plus”, which sits between the existing High Density and Saturation rate tiers. With High Density Plus, mailers sending 300 or more pieces per carrier route can qualify for better pricing than the existing High Density tier (with its 125-piece minimum requirement).

3.0 STRATEGIES TO MITIGATE POSTAGE INCREASES AND MAXIMIZE THE VALUE OF YOUR MAIL

In addition to the key changes outlined above, the USPS has proposed many other changes to its rates and services. Combined, these changes are set to have a significant impact on organizations. Those that do not adapt to the changes will see an increase in their overall mailing costs when the changes come into effect. The strategies outlined below offer mailers the opportunity to offset cost increases through adjustments to their mailing practices and processes. Some of these strategies may take a while to put in place, so it is important that organizations start implementing them as soon as possible.



Intelligent Mail® Barcode [IMb]

3.1 Leverage automation rates

With the upcoming rate increases, automation becomes ever more essential for organizations to save on mailing costs for both First-Class Mail and Standard Mail. However, the requirements to receive automation rates are changing. As of January 28, 2013, all organizations will be required to use the new Intelligent Mail®

Barcode standard (IMb) in order to qualify for automation rates. For organizations that use the existing POSTNET™ barcode, this requires a migration strategy to switch over to the IMb. Organizations that continue to use POSTNET after January 27, 2013 will no longer receive automation rates, which could result in significant mailing cost increases “overnight.”

3.2 Take advantage of the free second ounce in First-Class Mail letters

In postal price changes effective January 2012, the additional cost of the second ounce on automation-rate First-Class-Mail was eliminated. This “free” second ounce offers organizations a chance to save a great deal on mail costs.

Mail pieces that would normally be sent separately – via Standard Mail – can now be put into the same envelopes as First-Class “transactional” mail such as invoices and statements. Taking advantage of any unused weight (under two ounces) in First-Class Mail envelopes helps to avoid the need for many separate mail runs.

A variety of communications vehicles are good candidates for this free second ounce, giving you many ways to mitigate the cost of an “extra mailing”. These include: newsletters, promotions and offers, customer education, regulatory and legal notices, coupons, end of lease/loan collateral, and buyback notices.

Because transactional mail also has the highest open (and read) rates of all mail, it also gives these other communications and inserts a far greater chance of being read and responded to – increasing revenue and customer loyalty.

3.3 Implement mail tracking

Mail tracking is another important strategy for offsetting increased mail costs from the approved USPS rate changes. Mail tracking solutions, such as Pitney Bowes' [IntelliVIEW™](#) and [TrackMyMail](#), can help provide greater insight into the status and location of mail pieces. With inbound mail tracking (replies, payments, responses), a lack of visibility can lead to significant added costs and inefficiencies. For example, mailers can avoid unnecessary collection efforts for late-paying customers or prevent additional mailings for customers who have responded.

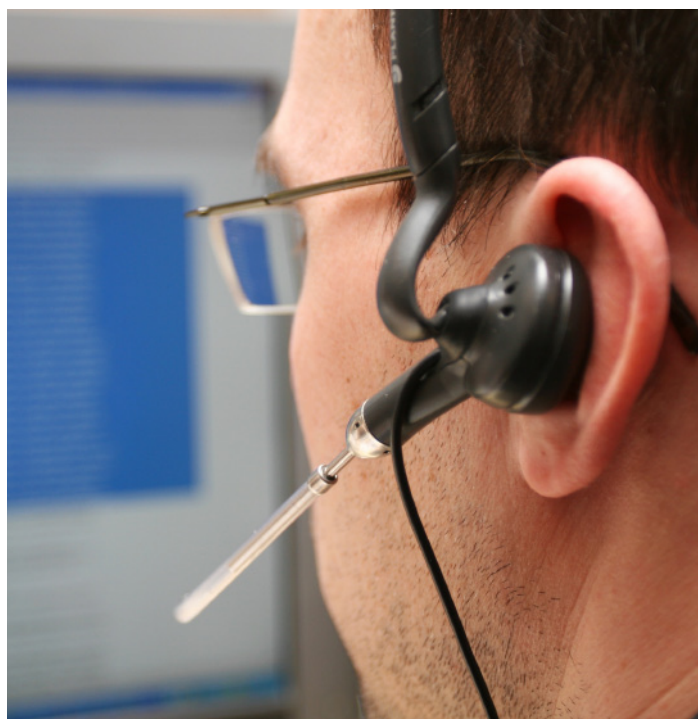
For outbound mail, tracking also avoids expensive and unnecessary re-mailing of pieces that are still en route to the customer but have been delayed, perhaps as a result of changes to USPS service standards.

With mail tracking, call centers can know immediately if there are delivery delays and respond appropriately.

Marketers can also use mail delivery information to trigger emails or phone calls to increase response rates. By offering greater end-to-end transparency in the mailstream, tracking delivers efficiencies and significant savings on mail-related expenses.

3.4 The High Density Plus tier

The new High Density Plus tier for Standard Mail offers savings for large volume mailings to a single carrier route. This tier will provide lower rates for mailings that don't qualify for saturation rates (a mailing to 99% of addresses on that route). So if you send mail to at least 300 addresses in a single route, you can qualify for these new High Density Plus rates, which are lower than those of the existing High Density tier.



3.5 Adjust mailing processes

In addition to these strategies, there are a number of mail process adjustments to cut costs further and increase the value of your mail:

- Reducing CASS errors offers many savings. It enables more mail to qualify for automation discounts, reduces returned mail volumes and helps get more mail delivered. The automation discounts alone can be significant, with 3-digit sortation costing 9.6 cents less than full postage.
- Review returned mail and either update the addresses or migrate them to electronic delivery, to increase delivery rates.

- For Standard Mail, consider using Address Change Services to identify undeliverable addresses and suppress these from your next mailing (if you are not able to obtain a better address). With this approach, organizations have discovered that as much as 15% of their standard mail was not being delivered!
- For any mail that does not qualify for the best automation rates, consider routing these pieces to a presort provider to control postage costs and speed up mail delivery.

4.0 OTHER IMPORTANT POSTAL RATE AND SERVICE CHANGES

With the wide range of changes coming from the USPS, it's important to keep informed to avoid surprises in 2013 and 2014. Understanding network optimization, and how sorting and tracking your mail can help with increased visibility and reliability, is an important step towards safely navigating the USPS service changes.

4.1 Move update fees

Depending on the type of mail you send, there are a number of additional rate changes that require action to avoid increased mailing costs:



- The biggest increase is to endorsements, which will rise 10% from 50 cents to 55 cents.
- Address Change Services (ACS) will increase as well, with traditional ACS electronic notifications rising from 10 cents to 11 cents, and OneCode ACS rising to 4 cents for First-Class Mail and to 7 cents for Standard Mail.

To avoid these increases, organizations should consider migrating to NCOALink for move update compliance. This 100% electronic solution supports an automated process and has the tightest name matching logic available. As an added bonus, rates for NCOALink are not set to rise with the latest rate changes.

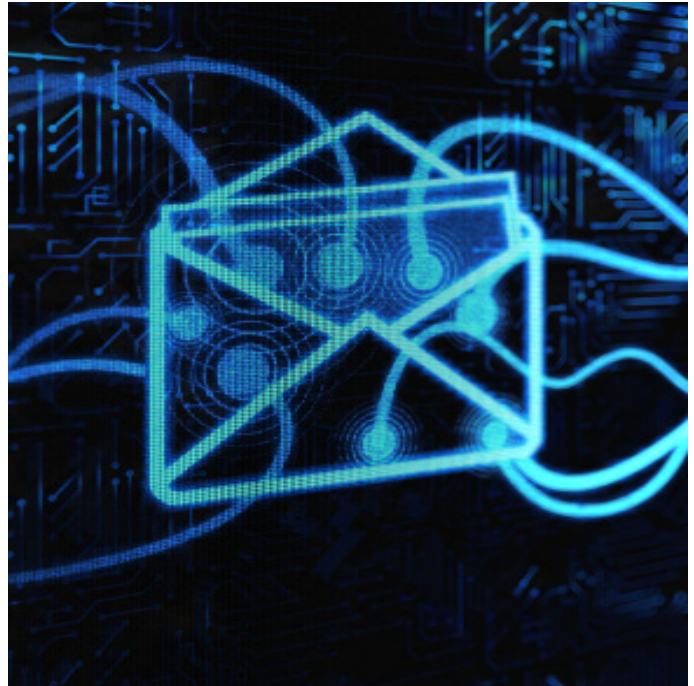
4.2 International mail

Organizations that send international mail will see increases of 14.3% to First-Class Mail International®, and 1.9% to International Priority Airmail™ (IPA). To minimize these increases, mailers should find out if they qualify to receive volume discounts through an IPA provider.

4.3 Priority Mail® and Express Mail®

Rates for package services are also set to rise as part of the changes, increasing by 2.5%. However, despite these increases, the USPS does remain competitive for these services so organizations should check

whether the USPS offers savings over the rates they receive from other shipping providers.



4.4 Proof-of-mailing services

Traditional proof-of-mailing services will cost more under the changes, including Certified Mail™ and Certificates of Mailing. For organizations that require proof of mailing, mail tracking may offer an affordable alternative. Mail tracking allows you to know exactly where a piece of mail is in the mailstream and, in doing so, it offers some of the same verification that proof-of-mailing services provide – at a fraction of the price. In looking at this type of solution, it is critical that organizations check with applicable regulatory bodies to ensure that mail tracking would be accepted as an alternative to traditional services.

CERTIFICATE OF MAILING (EVIDENCE OF MAILING):

When you need to verify that you've sent a letter or package - purchase a Certificate of Mailing. A Certificate of Mailing is a receipt that provides evidence of the date that your mail was presented to the Postal Service™ for mailing. It can only be purchased at the time of mailing. And don't lose it! It's the only official record available.

- Receipt that an item was mailed
- NOT a record of delivery
- Cannot be used for bulk mailings paid by permit imprint

CERTIFIED MAIL (CONFIRMATION AT DELIVERY):

Certified Mail provides proof of mailing at time of mailing and the date and time of delivery or attempted delivery. When you use Certified Mail, you receive a receipt stamped with the date of mailing. A unique article number allows you to verify delivery online. As an additional security feature, the recipient's signature is obtained at the time of delivery and a record is maintained by the Post Office™.

- Optional proof of mailing and record of delivery
- Record of delivery held by USPS for 2 years
- Travels with First-Class mail until Destination Delivery Unit (DDU)

5.0 CONCLUSION

The changes to USPS rates and services present a number of challenges for mailing organizations, forcing them to adapt in order to mitigate any negative impact. The strategies outlined in this piece can go a long way to offsetting these negative effects, and they also help organizations realize the previously untapped value in their mailstream.

To learn more about how to maximize the value of your mail and avoid the impact of the USPS changes, contact [Pitney Bowes](#). Our mail experts will help you better understand the changes and work with you to put these strategies in place at your organization.



For more information please visit:
<http://www.pb.com>