

Mailers' Technical Advisory Committee (MTAC) Focus Group

November 3, 2021

**Customer Experience, Product Solutions
& Innovative Business Technology**

ALL SHAPES

PARCELS

FLATS

LETTERS

All Areas

Customer Experience, Product Solutions & Innovative Business Technology	Rose Flanagan
<ul style="list-style-type: none">• Discussion/Feedback on first Industry Service Call• Discussion on estimated 2022 density adder calculation – generate discussion on 2022 rates and impact on new twice a year increases• Update on monthly Association PMG meeting• DOA Mail – High review and industry questions• MTE Workarounds	

Pricing Update

Sharon Owens, Vice President, Pricing and Costing

November 3, 2021

Future Price Change Timeline

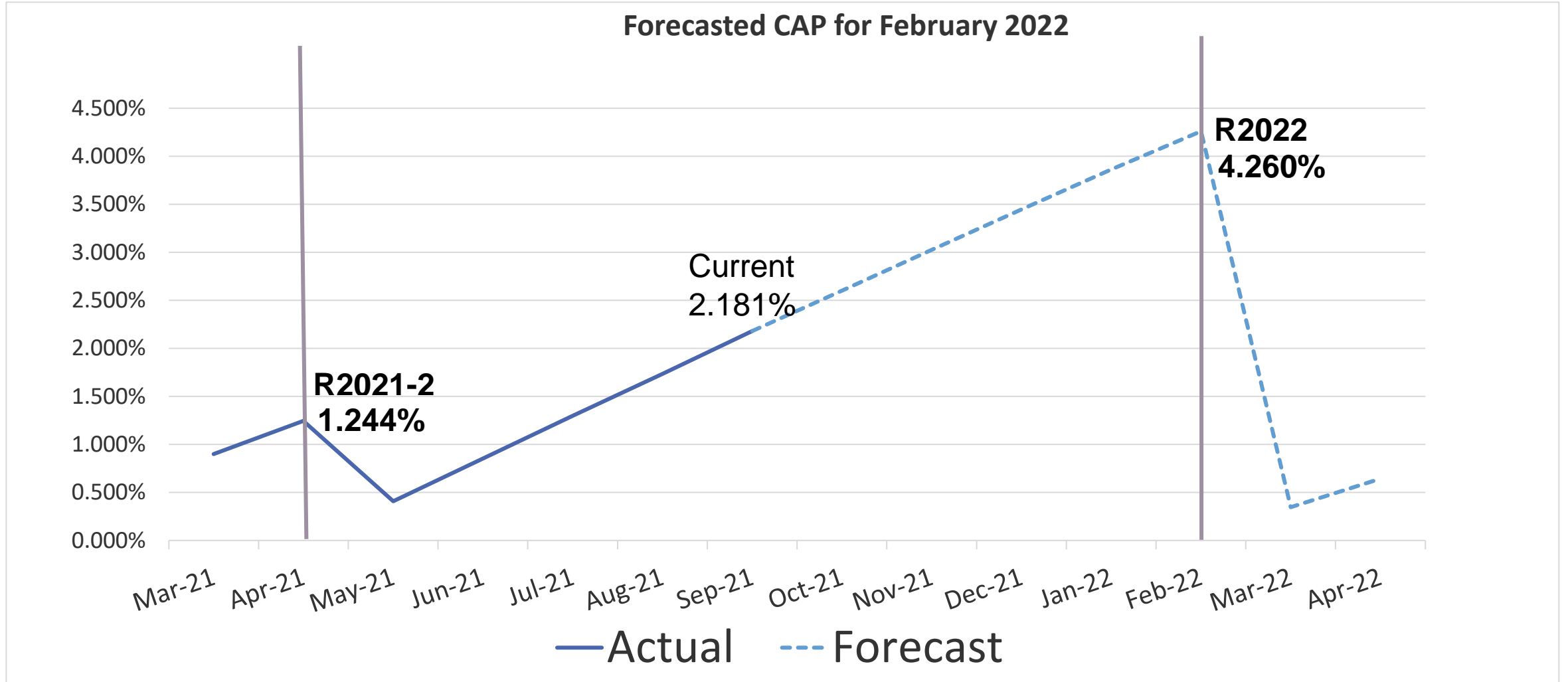
- ❑ Market Dominant products prices will **not** change in January 2022
- ❑ Next Market Dominant products price change expected in July 2022
- ❑ Starting in 2023 Market Dominant products prices expected to change in January and July each year
- ❑ Competitive Product prices are changing for a limited time in October 2021 through December 2021
- ❑ No decisions have been made for additional Competitive Product price changes

Forward Guidance

- ❑ The Postal Service intends to be judicious in the use of available pricing authority, but anticipates the prospect that, given our current financial condition, the price change for each Market Dominant class may be required to apply most or all pricing authority. July 2022 rate authority will include ten months of CPI plus retirement, density, and non-compensatory class authorities as determined by the Postal Regulatory Commission. The January rate authority will include six months of CPI, plus any unused rate authority. Subsequent July prices will include six months of CPI plus the retirement, density, and non-compensatory class authorities.

Expected CPI Authority - July 2022

☐ Consumer Price Index – Urban (CPI-U) 4.3%



Projected Density-Based and Retirement-Based Rate Authorities - July 2022

- ❑ Density Authority accounts for declining volumes and growing delivery points
 - ❑ Depends on market dominant or total mail volume trends (total volume declined from 129.2B to 128.9B)
 - ❑ Depends on change in delivery points (increased from 142.2M to 143.8M)
 - ❑ Depends on percent of institutional costs (was 44.21% in FY20)
 - ❑ Rough estimate is ~ 0.58%
 - ❑ *Percent decline in density = (volume/delivery points₂₀₂₁) divided by (volume/delivery points₂₀₂₀) -1*
 $(128.9B/143.8M) / (129.2B/142.2M) = (896,366/908,296) -1 = 1.31\%$
 - ❑ *Density rate authority = Percent of institutional cost * percent decline in density*
 - ❑ $(44.21\% * 1.31\%) = 0.58\%$

- ❑ Retirement Authority must be used for payment of liabilities and if not taken each year will not be available for future price changes (Revenue due to this authority must be remitted to OPM the following year)
 - ❑ Depends on the amortization payment amounts provided by OPM
 - ❑ Depends on total revenue
 - ❑ *Rate Authority₂₀₂₂ = $(1 + \frac{\text{Amortization payments}_{2021}}{\text{Total Revenue}_{2021}} - \text{Compounded previous authority})^{1/(5\text{-years compounded})} - 1$*
 - ❑ *Compounded previous rate authority = $1 - (1 + 0.0106)^{-1} = 1.050\%$*
 - ❑ Rough estimate is $(1 + \frac{4,166M}{77,068M} - 0.0105)^{1/4} - 1 = 1.07\%$

- ❑ Rough Estimate of Total Authority for First-Class Mail, Marketing Mail, and Special Services is ~5.91%

- ❑ Periodicals and Package Services allowed additional 2% since currently underwater

Parcels

Customer Experience, Product Solutions & Innovative Business Technology

Rose Flanagan

- Discussion on proposed fees for non-standard parcel sizes for certain domestic products – extensive programming with not enough time to complete during peak season
- Update on new zone changes – 3 to 5 digit and zone 10

Wanda Senne

Flats

Customer Experience, Product Solutions & Innovative Business Technology

Rose Flanagan

- When can MM Flats and BPM expect to see FAST information updates for entries? Understand there are no changes expected in 1st quarter however would still like to see future plans
- Update on BPM move to competitive

Steve Smith
Carol Kliewer

Letters

Customer Experience, Product Solutions & Innovative Business Technology

Rose Flanagan

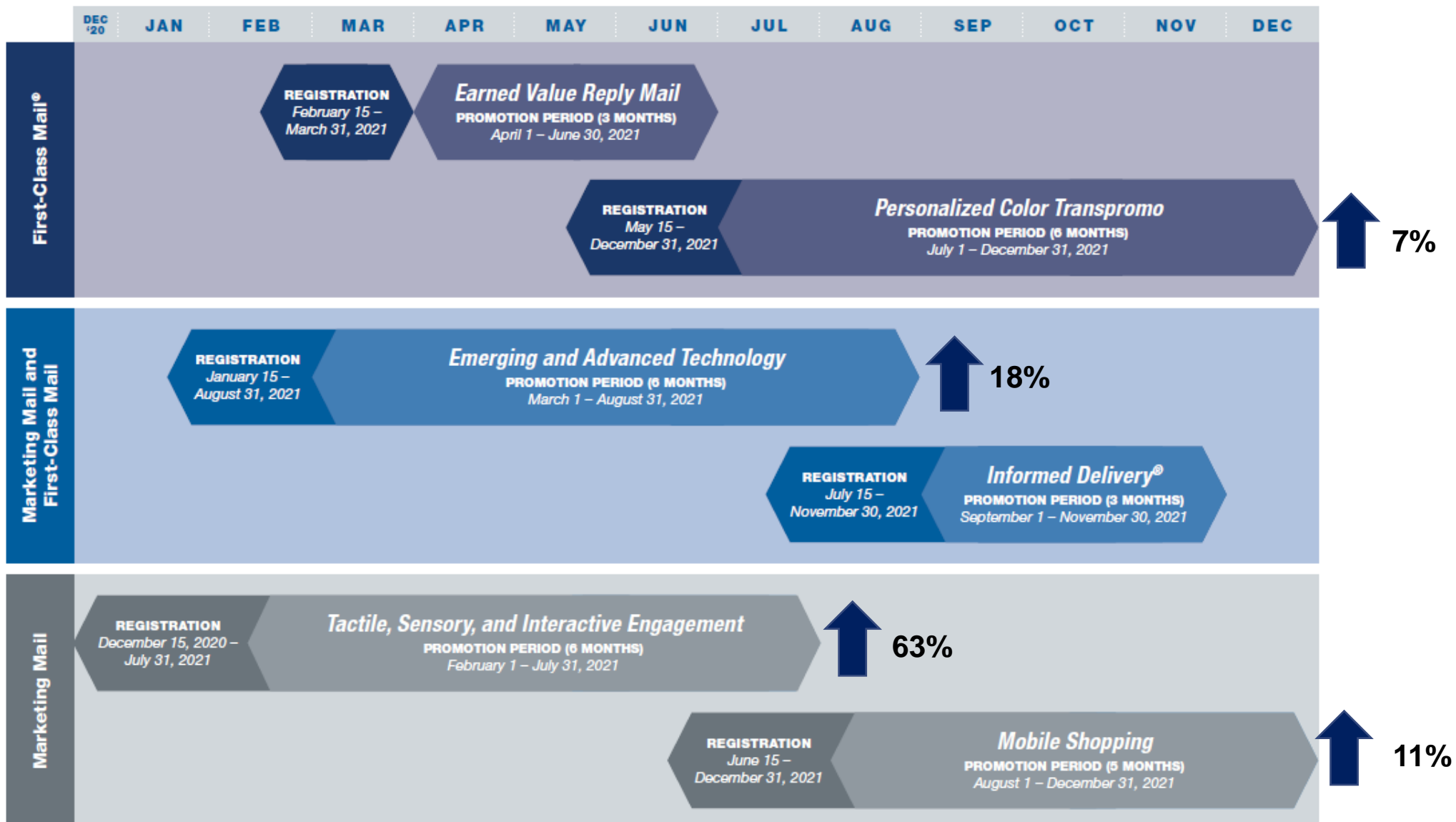
- General discussion on communication and how to partner more effectively to move faster to resolve issues

David Marinelli
Kurt Ruppel

Promotions Update

Krista Becker

2021 Mailing Promotions Calendar – Volume Growth



2022 MAILING PROMOTIONS CALENDAR

DEC 2021	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEPT	OCT	NOV	DEC
----------	-----	-----	-----	-----	-----	-----	-----	-----	------	-----	-----	-----

First-Class Mail®

REGISTRATION
FEB 15 - MAR 31, 2022

Earned Value Reply Mail
PROMOTION PERIOD (3 MONTHS)
APR 1 - JUN 30, 2022

REGISTRATION
MAY 15 - DEC 31, 2022

Personalized Color Transpromo
PROMOTION PERIOD (6 MONTHS)
JUL 1 - DEC 31, 2022

Marketing Mail and First-Class Mail

REGISTRATION
JAN 15 - AUG 31, 2022

Emerging and Advanced Technology
PROMOTION PERIOD (6 MONTHS)
MAR 1 - AUG 31, 2022

REGISTRATION
JUN 15 - DEC 31, 2022

Informed Delivery®
PROMOTION PERIOD (5 MONTHS)
AUG 1 - DEC 31, 2022

REGISTRATION
DEC 15, 2021 - JUL 31, 2022

Tactile, Sensory, and Interactive Engagement
PROMOTION PERIOD (6 MONTHS)
FEB 1 - JUL 31, 2022

Marketing Mail

REGISTRATION
JUL 15 - DEC 31, 2022

Mobile Shopping
PROMOTION PERIOD (4 MONTHS)
SEP 1 - DEC 31, 2022

2022 Promotions Rules – Tips for Planning Ahead

What's New and What's Changing

- **2022 Emerging Tech Document available on Postal Pro**
 - Completely new formatting, new overview, visuals and clickable links
 - Provides guidance on 2 vs. 3% techniques
- Working on including previously excluded techniques for Tactile Sensory Promotion
- Target date for completion of all requirements: 11/26

What's Not Changing

Tactile Sensory Promotion:

- All treatments that qualified in 2021 will also qualify in 2022

Earned Value Promotion

- No changes to the promotion rules

Color Transpromo Promotion

- No major changes

Mobile Shopping Promotion

- All mailings that qualified in 2021 will also qualify in 2022

Informed Delivery Promotion

- No changes to the promotion rules

2022 Promotion Documents

2022 EMERGING AND ADVANCED TECHNOLOGY PROMOTION
PROMOTION OVERVIEW

Where Mail and Technology Meet
Send a mail experience that excites customers by connecting mailpieces with the latest digital technologies.
Use the latest technologies to boost your brand awareness, show off product features, highlight key information, send an irresistible offer, or engage with your customers in new ways.
Follow along to learn more about these technologies, creating great mail experiences, and how to receive a discount on postage with your qualifying mailing.

Seven ways to create a new mail experience. All of them come with a discount.
New for 2022 are two discount levels for different technologies. Explore below to see what discount will be applied to each qualifying technology. Note that only one discount can be applied to a mailing.

2% DISCOUNT Emerging and Advanced Technologies

- "Enhanced" Augmented Reality**
Show real world objects using 2D digital images.
- Basic Integration with Voice Assistant**
Use basic voice commands to guide exploration.

3% DISCOUNT Enhanced Emerging Technologies

- Advanced Integration with Voice Assistant**
Guide an experience through advanced voice commands.
- Video In Print Technology**
Create a clickable, interactive video experience.
- Near Field Communication**
City-enabled, real-time.
- Mixed Reality**
Blend physical and virtual spaces.
- Virtual Reality**
Add experiences that take place in the artificial world.

Mark your calendar

JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEPT	OCT	NOV	DEC

REGISTRATION PERIOD: JUN 15 - AUG 21
PROMOTION PERIOD: MAR 1 - AUG 21

Emerging Tech document available on Postal Pro

<https://postalpro.usps.gov/promotions/2022-emerging-tech/requirements>

New format includes overview, features section, visuals and clickable links

Document provides guidance on 2 vs. 3% techniques

Playable video, right in the mailbox

Video In Print
Create a mailable, interactive video experience

- a printed screen, no WiFi required
- videos customers can shop from
- interactivity that lets you explore 360 degrees

3% DISCOUNT
SEE PROMOTION DETAILS