

USPS Proposed Pricing Overview

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October 2016

Market Dominant Price Change

- Overview
- First-Class Mail®
- USPS Marketing Mail®
- Periodicals®
- Package Services
- Extra Services
- Promotions

Total average increase of ~0.871%* on Market Dominant products

The Price Cap

- CPI: 0.871%
- Based on Consumer Price Index
- PRC formula uses a moving average of CPI data*
- All classes had varying degrees of banked authority**

*Note: Cap authority is cumulative for the entire period when it has been more than 12 months since the last price change

**Note: First-Class and USPS Marketing Mail have less CPI Cap due to promotions filings, Retail Parcels 0–3 ounce price increase in August, and First Class Mail International Inbound UPU rates.

Key Activity	Date
Share Key Concepts with MTAC	Jul 12 - 13
Share Technical Changes and Draft Postage Statements with Developers	Aug 11
Share Draft Mailing Standards with Industry	Aug 11
File Market Dominant Prices with PRC	Oct 12
Expected PRC Approval of Market Dominant Prices	Nov 15
Publish Final Prices and Standards	Dec 9
Implementation of New CPI Prices	Jan 22

***Note: Move Update and Competitive filings are TBD**

Full Service IMb Incentives Remain in Place

First-Class Mail	\$0.003
Marketing Mail	\$0.001
Periodicals	\$0.001
BPM Flats	\$0.001

First-Class Mail

- ~0.8% overall increase
- First-Class stamp price moves to 49 cents

Product	CPI Percent Change
Single-piece Letters & Cards	2.0%
Single-piece Metered	-1.1%
Flats	1.9%
Parcels	0.6%
Presort Letters & Cards	-0.3%
First-Class Mail International* (includes letters, cards, and flats)	0.0%



* Does not include International Inbound

Key First-Class Mail Single-Piece Prices

	Current Price	New Price	Percent Change
Stamp Price 1 Oz.	0.47	0.49	4.3%
Single Piece Additional Ounce	0.21	0.21	0.0%
Meter Price 1 Oz.	0.465	0.46	-0.1%
Single-Piece Flats 1 Oz.	0.94	0.98	4.3%
Single-Piece Cards	0.34	0.34	0.0%
Retail Parcels 0-4 ozs.	2.62	2.67	1.9%

Key First-Class Mail Bulk Prices

	Current Price	New Price	Percent Change
Mixed AADC Automation Letters	0.419	0.423	1.0%
AADC Automation Letters	0.399	0.403	1.0%
5-Digit Automation Letters	0.376	0.373	-0.8%

* Note: AADC to 5D Discount expanded from 2.3 cents to 3.0 cents, now an 84% passthrough.

First-Class Mail International

No increase at this time

Product	CPI Percent Change
Letters	0.0%
Flats	0.0%
Cards	0.0%

* Note: First-Class Mail International Global Forever Stamp remain \$1.15

Market Dominant Classification Changes

- **First-Class**

- Eliminate 3-Digit Automation Letters for First-Class Presort
 - Prices have been the same since 2012
 - Combines the 3 Digit (L003) and AADC (L801) into the L801 AADC sortation
- 3 & 3.5 Ounces free for First-Class Commercial Letters
 - One price for all commercial letters up to 3.5 ounces
 - Provides the ability to add content to bills and statements
- Alternate Postage rebranded as Share Mail
 - One price tier
 - Marketing agreements no longer required
 - Both static and serialized IMb's allowed
 - Included in 2017 Earned Value promotion.

Market Dominant Classification Changes

- **Standard Mail name to change to USPS Marketing Mail**
 - Named to influence marketers who are not in the mail
 - Identifies majority of the volume in the class
 - 18 month transition
 - The indicia on the mail pieces should continue to display current Standard Mail abbreviations until notified by the USPS

USPS Marketing Mail

~0.9% overall increase

Product	CPI Percent Change
Letters	2.1%
Flats	2.5%
Carrier Route Letters, Flats, and Parcels	-3.1%
High Density / Saturation Letters	2.3%
High Density / Saturation Flats and Parcels	-2.1%
Parcels	1.6%
EDDM-Retail	0.6%

Key USPS Marketing Mail Commercial Origin Prices

	Current Price	New Price	Percent Change
Letters (5-Digit Auto entered at Origin)	0.255	0.251	-1.6%
Flats (5-Digit Auto Flat entered at Origin)	0.376	0.387	2.9%
Carrier Route (Flat entered at Origin)	0.288	0.290	0.7%
High Density/Saturation Letters (Saturation Letter entered at Origin)	0.194	0.185	-4.6%
High Density/Saturation Flats (Saturation Flat entered at Origin)	0.205	0.218	6.3%
EDDM-Retail	0.176	0.177	0.6%

Marketing Mail Automation Commercial Letters Prices

Marketing Mail Auto Letters	Current Price	New Price	\$ Difference	% Difference
Mixed Origin	\$0.291	\$0.288	-\$0.003	-1.0%
5-Digit Origin	\$0.255	\$0.251	-\$0.004	-1.6%
5-Digit DNDC	\$0.220	\$0.225	\$0.005	2.2%
5-Digit DSCF	\$0.211	\$0.217	\$0.006	2.8%
HD DSCF	\$0.164	\$0.168	\$0.004	2.4%
Saturation Origin	\$0.194	\$0.185	-\$0.009	-4.6%
Saturation DNDC	\$0.162	\$0.161	-\$0.001	-0.6%
Saturation DSCF	\$0.151	\$0.155	\$0.004	2.8%

\$0.035 (between 5-Digit Origin and 5-Digit DNDC)
\$0.026 (between 5-Digit Origin and 5-Digit DSCF)
\$0.009 (between 5-Digit DNDC and 5-Digit DSCF)
\$0.008 (between 5-Digit DNDC and 5-Digit DSCF)
\$0.032 (between Saturation Origin and Saturation DNDC)
\$0.024 (between Saturation Origin and Saturation DSCF)
\$0.011 (between Saturation DNDC and Saturation DSCF)
\$0.006 (between Saturation DNDC and Saturation DSCF)

Marketing Mail Piece-Rate Commercial Flats Prices

Marketing Mail Auto Flats	Current Price	New Price	\$ Difference	% Difference	
5-Digit DSCF in FSS	\$0.288	\$0.335	\$0.047	16.3%	4.2%
5-Digit DSCF not in FSS	\$0.333	\$0.335	\$0.002	0.6%	
C-R Basic DSCF in FSS	\$0.288	\$0.252	-\$0.036	-12.5%	0.2%
C-R Basic DSCF not in FSS	\$0.245	\$0.252	\$0.007	2.9%	
Pure C-R DSCF not in FSS	\$0.240	\$0.232	-\$0.008	-3.3%	
Pure C-R DDU not in FSS	\$0.233	\$0.221	-\$0.012	-5.2%	
HD DSCF (125 pieces)	\$0.192	\$0.194	\$0.002	1.0%	
HD+ DSCF (300 pieces)	\$0.187	\$0.174	-\$0.013	-7.0%	
Saturation DSCF (90%)	\$0.162	\$0.164	\$0.002	1.2%	
Saturation DDU (90%)	\$0.153	\$0.155	\$0.002	1.3%	

Price Change Annotations:
 - From \$0.288 to \$0.252: -\$0.088 (Blue)
 - From \$0.252 to \$0.232: -\$0.020 (Red)
 - From \$0.245 to \$0.240: -\$0.005 (Red)
 - From \$0.240 to \$0.233: -\$0.007 (Black)
 - From \$0.233 to \$0.221: -\$0.011 (Black)

Marketing Mail Pound Rate Commercial Flats Prices- 8 oz

Marketing Mail Auto Flats	Current Price	New Price	\$ Difference	% Difference
5-Digit DSCF in FSS	\$0.451	\$0.507	\$0.056	3.7%
5-Digit DSCF not in FSS	\$0.496	\$0.507	\$0.011	
C-R Basic DSCF in FSS	\$0.451	\$0.394	-\$0.057	-1.5%
C-R Basic DSCF not in FSS	\$0.391	\$0.394	\$0.003	
Pure C-R DSCF not in FSS	\$0.386	\$0.374	-\$0.012	-6.7%
Pure C-R DDU not in FSS	\$0.365	\$0.352	-\$0.013	-7.4%
HD DSCF	\$0.311	\$0.294	-\$0.017	-5.5%
HD+ DSCF	\$0.287	\$0.274	-\$0.013	-4.5%
Saturation DSCF	\$0.281	\$0.264	-\$0.017	-6.0%
Saturation DDU	\$0.260	\$0.246	-\$0.014	-5.4%

Marketing Mail

Detached Address Labels (DALs)

- Price remains the same at 3.5 cents



Key USPS Marketing Mail Nonprofit Origin Prices

	Current Price	New Price	Percent Change
Letters (5-Digit Auto entered at Origin)	0.140	0.136	-2.9%
Flats (5-Digit Auto Flat entered at Origin)	0.237	0.244	3.0%
Carrier Route (Flat entered at Origin)	0.214	0.209	-2.3%
High Density/Saturation Letters (Saturation Letter entered at Origin)	0.120	0.111	-7.5%
High Density/Saturation Flats (Saturation Flat entered at Origin)	0.131	0.136	3.8%

Market Dominant Classification Changes

- **Marketing Mail**

- FSS Marketing Mail reverts to previous structure
 - Reverts to structure in place prior to January 2014
 - Carrier Route Pieces pay Carrier Route prices etc.
 - Prices not based on equipment used to sort – label list determine bundle and pallet makeup
 - Allows Operations flexibility to add or remove ZIPS without impacting prices
- Encourage more Carrier Route Bundles on 5-Digit Pallets in non-FSS zones
 - Wider incentives to prepare more direct pallets of CR volume
 - Wider incentives to enter those pallets at DDU

Market Dominant Classification Changes

- **Marketing Mail**

- Eliminate 3-Digit Automation Letters presort level for Standard Mail Presort
 - Prices have been the same since 2012
 - Combines the 3 Digit (L003) and AADC (L801) into the L801 AADC sortation
- Simplify Marketing Automation Letters by eliminating the per pound rate between 3.3 and 3.5 ounces
 - Simplifies Marketing Mail Letters
- Increase Marketing Mail flats piece price weight break from 3.3 to 4.0 ozs.
 - Allows mailers to add weight in order to add value to mail piece

Market Dominant Classification Changes

- **Marketing Mail**

- Adjust Marketing Mail Forwarding fee to two decimal places
 - Fixes 3 decimal problem in systems
- Simplify Simple Samples
 - Reduces 6 pricing tiers to 2 pricing tiers

<u>Periodicals</u>	CPI Percent Change
Outside County	0.8%
Inside County	1.0%

- On average, large circulation publications will pay 0.5 to 3 percent less in postage due to this price change.
- On average, heavier weight mailers will also see their postage decline around 0.5 percent to 1 percent.
- On average, large Nonprofits mailers will see changes in their prices from 0.9 percent increases to declines of 3.3 percent.
- On average, smaller, low circulation publications (less than 150 thousand per issue) will see above average increases due to small circulation and lighter weight pieces.

Market Dominant Classification Changes

- **Periodicals**

- FSS pricing structure for Periodicals reverts to previous structure
 - Reverts to structure in place prior to January 2014
 - Carrier Route Pieces pay Carrier Route prices etc.
 - Prices not based on equipment used to sort – label list determine bundle and pallet makeup
 - Allows Operations flexibility to add or remove ZIPS without impacting prices

Package Services

~1.0% overall increase

Product	CPI Percent Change
Media Mail/Library Mail	1.1%
Alaska Bypass	1.1%
Bound Printed Matter	
Flats	0.8%
Parcels	1.0%

Market Dominant Classification Changes

- **Package Services**

- FSS Bound Printed Matter reverts to structure in place in 2014
 - Carrier Route and Presorted
- FSS prep continues to be required

Extra Services

~2.5% overall increase

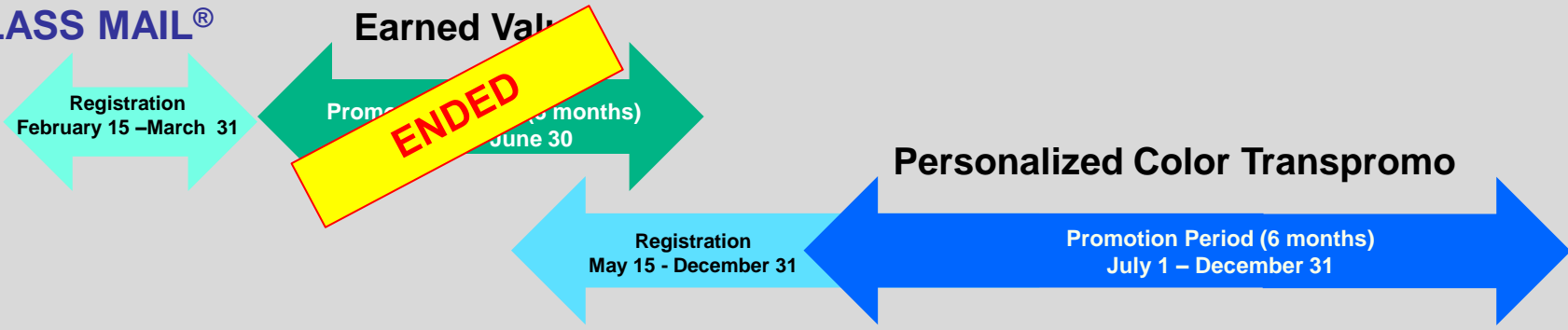
Product	CPI Percent Change
PO Boxes™	6.7%
Certified Mail®	1.5%
Return Receipt	2.9%
Registered Mail™	0.0%
Insurance	0.5%
COD	2.5%
All Other	1.5%

Market Dominant Classification Changes

- **Special Services**
 - Combine Permit for Outbound/Return Shipping Products
 - Eliminate fees for Inbound/Outbound Commercial Competitive Shipping Products
 - Redesign COD to provide only Hold-for-Pickup delivery

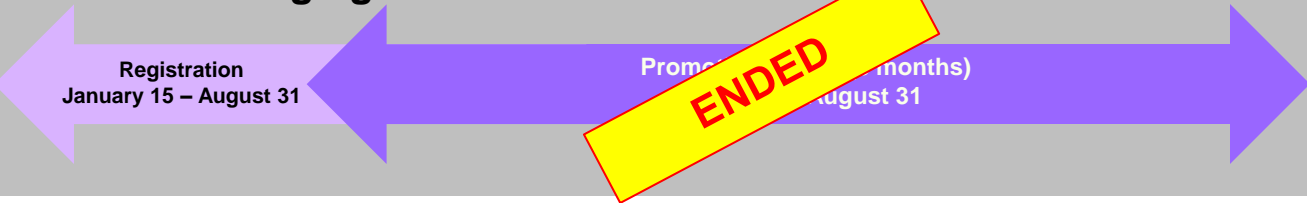
JAN — FEB — MARCH | APRIL — MAY — JUNE | JULY — AUG — SEPT | OCT — NOV — DEC

FIRST-CLASS MAIL®



STANDARD MAIL® AND FIRST-CLASS MAIL

Emerging and Advanced Technology (Video In Print)



STANDARD MAIL

Tactile, Sensory & Interactive Mailpiece Management

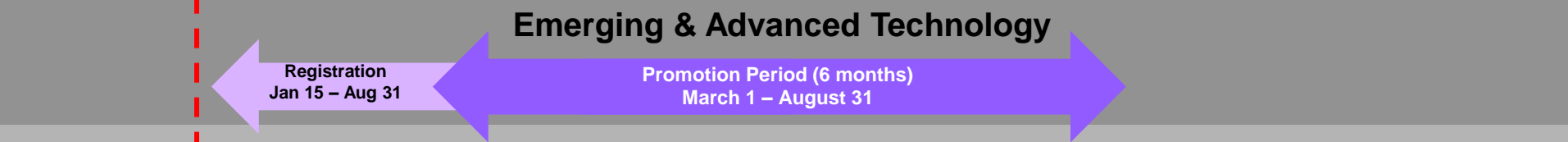




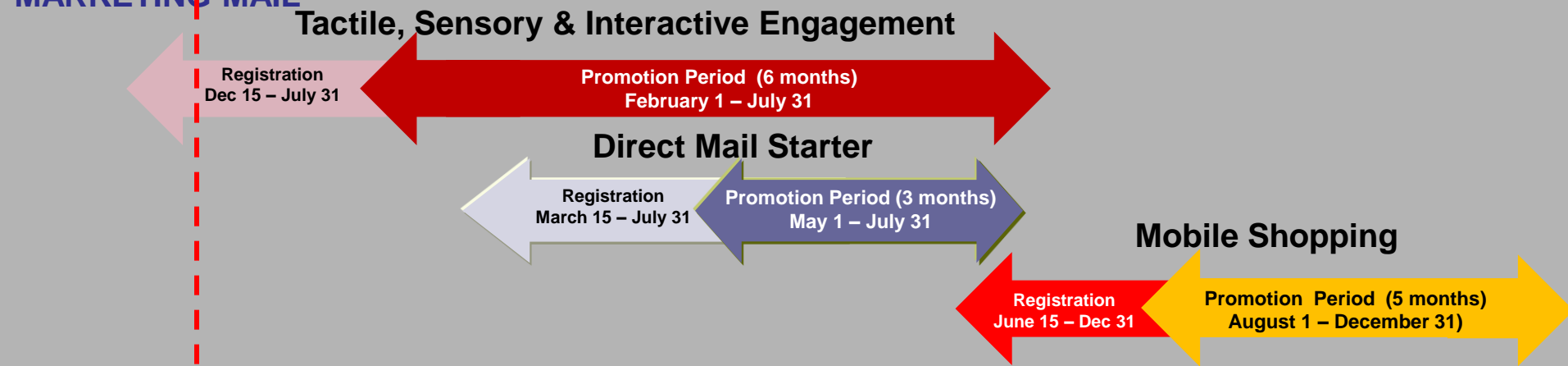
FIRST-CLASS MAIL



MARKETING AND FIRST-CLASS MAIL



MARKETING MAIL



2017 Promotions

Earned Value (First Class Mail)

5 cents per piece credit for all Business Reply Mail or Courtesy Reply Mail pieces received. Alternate Postage aka Share Mail also included in this year's promotion

Color Transpromo (First Class Mail)

A 2% discount provided for mail that uses variable color printing and personalized color messaging on bills and statements (New participants only need to meet the color criteria)

Tactile, Sensory & Interactive Mailpiece Engagement (Marketing Mail)

Receive a 2% discount when using specialty inks, sensory elements, textural papers, and or other dimensional interactive elements on the mailpiece

Review Program Requirements documents for complete participation instruction.

2017 Promotions

Emerging & Advance Technology (1C & Marketing Mail)

Get a 2% discount on mailpieces that use Near Field Communication (NFC), “enhanced” Augmented Reality, Video in Print & Beacon technology. Also, new this year, Virtual Reality, Digital to Direct Mail & other developing technologies may also qualify!

Direct Mail Starter – NEW (Marketing Mail)

This promotion offers a 5% discount to new mailers on up to 10,000 mailpieces that include , at a minimum a QR Code that leads to a mobile optimized website

Mobile Shopping (Marketing Mail)

Receive a 2% discount on Standard Mail mailpieces with a barcode or other mobile-enabled technology that leads to a mobile-optimized shopping website

Review Program Requirements documents for complete participation instruction.

Resources

Online

- Postal Explorer® — pe.usps.com
 - Current and new prices
 - Including downloadable price files in excel and CSV formats
 - *Federal Register* notices
 - *Domestic Mail Manual & International Mail Manual*

DMM® Advisory — posted on Postal Explorer, also special e-mail updates



Questions?