

USPS Proposed CPI & Exigent Pricing Overview

Start Time: 1:00 PM EST

United States Postal Service

Steve Monteith
Manager, Pricing

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Tuesday, October 22, 2013



Mailing Services Price Change
Effective Jan. 26, 2014

USPS Proposed CPI & Exigent Pricing Overview

October 2013



Mailing Services Price Change Effective Jan. 26, 2014

Mailing Services

- **Background**
- **Structural changes**
- **First-Class Mail®**
- **Standard Mail®**
- **Periodicals**
- **Package Services**
- **Extra Services**
- **Promotions**

Total average increase of 6.0% on Market Dominant products

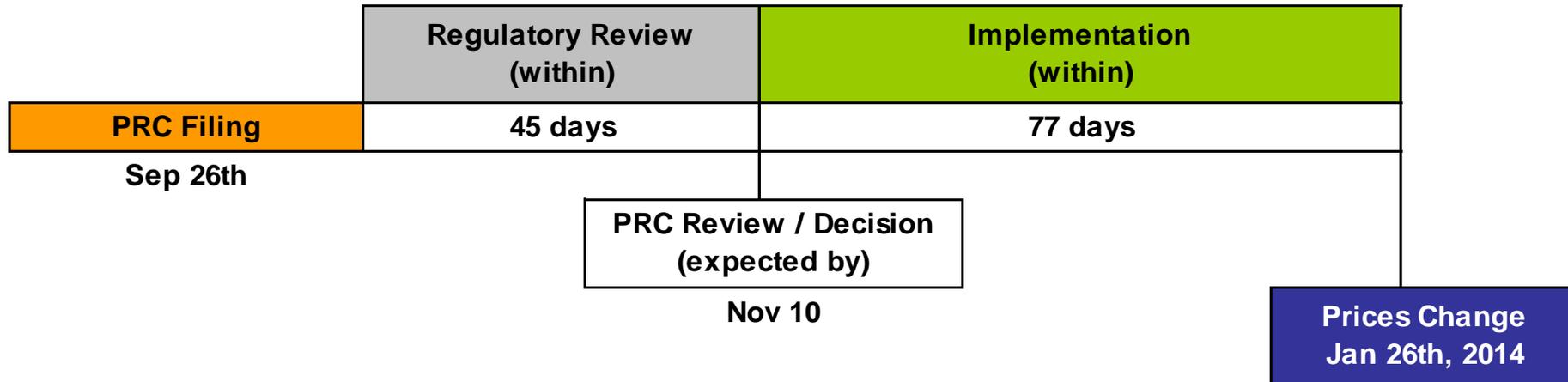
The Price Cap

- **CPI: 1.6%**
- **Based on Consumer Price Index**
- **PRC formula a moving average of CPI data**

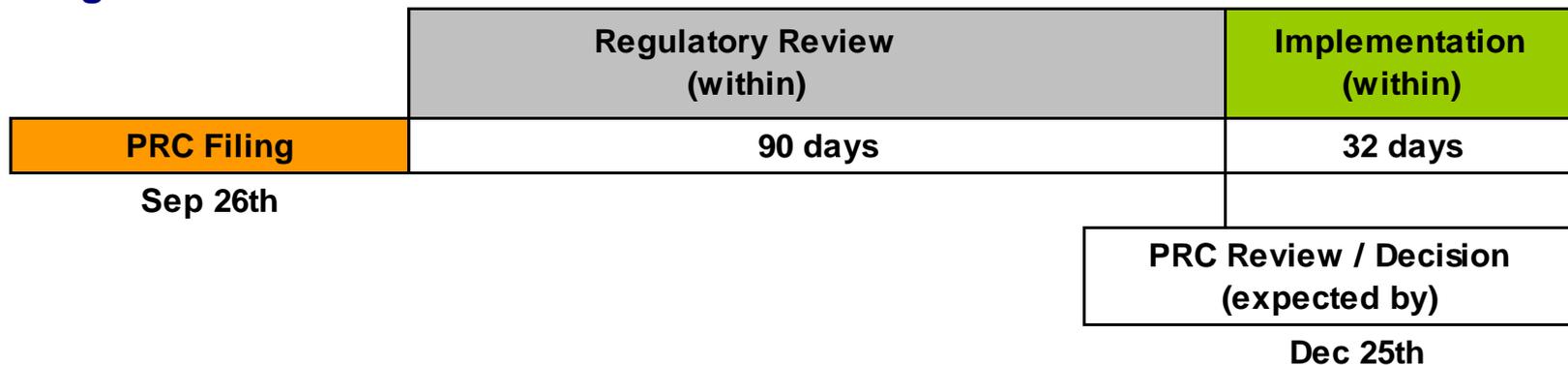
Exigent: 4.3%

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CPI Rate Case



Exigent Rate Case



Classification Changes

- **New price category for First-Class® Metered Single-Piece**
- **Revision of residual structure in First-Class Mail®**
- **Introduce FSS pricing**

First-Class Meter Rate

- **Meter Rate of \$0.48 for one ounce is available for Single-Piece mail, whether mailed at retail, or as residual in a commercial mailing**
- **Available for meter, permit imprint, pre-cancelled stamps, & PC Postage**
- **Existing requirements for Single-Piece mail remain unchanged**
- **For permit imprint mailings, the minimum piece requirement of at least 200 pieces remains**

Residual Mail

- **First-Class Mail® Letters Residual Mail changes for January 2014:**
 - ▶ **Blended rate of \$0.50 for mailings containing 1 oz. and 2 oz. pieces**

 - ▶ **Option to separate pieces by weight and pay prevailing Single-Piece prices**
 - ▶ **\$0.48 for 1 oz.**
 - ▶ **\$0.69 for 2 oz.**

Flats Sequencing System(FSS) Pricing

- **Establishes DFSS (FSS Facility) Entry Rate Structure**
 - ▶ **For approximately 50% of FSS zones, the SCF is not an FSS site**
- **Periodicals**
 - ▶ **No pallet charge for scheme pallets entered at DFSS**
- **Standard Flats**
 - ▶ **\$0.001 per piece discount for pieces on DFSS-entered scheme pallets**



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Full Service IMb Incentives Remain in Place

- **First-Class Mail[®] : \$0.003**
- **Standard Mail[®] : \$0.001**
- **Periodicals: \$0.001**

First-Class Mail®

- **5.9% overall increase**
- **46-cent stamp price increases to \$0.49**

Product	Percent Change
Single-piece Letters & Cards	5.5%
Single-piece Metered	4.3%
Flats	6.0%
Parcels	11.0%
Presort Letters & Cards	6.0%
First-Class Mail International (includes letters, cards, and flats)	8.5%





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Key First Class Mail Single-Piece Prices

	Current Price	CPI Price	CPI + Exigent Price	Percent Change
Stamp Price	0.46	0.47	0.49	6.5%
Meter Price	0.46	0.46	0.48	4.3%
Single-Piece Flats	0.92	0.94	0.98	6.5%
Single-Piece Cards	0.33	0.33	0.34	3.0%
Retail Parcels	2.07	2.23	2.32	12.1%



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First-Class Mail® Single-Piece

- **Letters**
 - Additional ounce increases to **\$0.21**

 - Postcard rate increases to **\$0.34**

 - **First-Class Mail International® Global Forever Stamp**
\$1.15



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Key First-Class Mail Bulk Prices

	Current Price	CPI Price	CPI + Exigent Price	Percent Change
Mixed AADC Automation Letters	0.405	0.415	0.435	7.4%
3-Digit Automation Letters	0.384	0.389	0.406	5.7%
5-Digit Automation Letters	0.360	0.366	0.381	5.8%



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First-Class Mail® Presort

- **Letters**
 - Letters up to 2 ounces charged the 1-ounce price
 - Additional ounce increases to \$0.13

First-Class Mail® International

- **6.6% overall increase**

Product	Percent Change
Letters	4.5%
Flats	10.9%
Cards	4.5%

Standard Mail®

- **5.9% overall increase**

Product	Percent Change
Letters	5.9%
Flats	6.2%
Carrier Route Letters, Flats, and Parcels	6.0%
High Density / Saturation Letters	5.6%
High Density / Saturation Flats and Parcels	5.7%
Parcels	6.2%
EDDM-Retail	9.4%



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Key Standard Mail Prices

	Current Price	CPI Price	CPI + Exigent Price	Percent Change
Letters (5-Digit Auto entered at Origin)	0.247	0.250	0.261	5.7%
Flats (5-Digit Auto Flat entered at Origin)	0.362	0.368	0.386	6.6%
Carrier Route (Flat entered at Origin)	0.279	0.283	0.295	5.7%
High Density/Saturation Letters (Saturation Letter entered at Origin)	0.189	0.190	0.198	4.8%
High Density/Saturation Flats (Saturation Flat entered at Origin)	0.201	0.202	0.211	5.0%
EDDM-Retail	0.160	0.168	0.175	9.4%

Standard Mail®

- **Detached Address Labels (DALs)**
 - Price increases to 3.4 cents from 3.1 cents



Standard Nonprofit Mail®

- **The average revenue per piece from Nonprofit “products” must equal, as nearly as practicable, 60 percent of the average revenue per piece for commercial Standard Mail**
- **USPS continues to make every effort to keep the nonprofit discounts equal to commercial discounts**



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Key Standard Nonprofit Mail Prices

	Current Price	CPI Price	CPI + Exigent Price	Percent Change
Letters (5-Digit Auto entered at Origin)	0.135	0.136	0.143	5.9%
Flats (5-Digit Auto Flat entered at Origin)	0.216	0.225	0.237	9.7%
Carrier Route (Flat entered at Origin)	0.202	0.207	0.216	6.9%
High Density/Saturation Letters (Saturation Letter entered at Origin)	0.115	0.116	0.121	5.2%
High Density/Saturation Flats (Saturation Flat entered at Origin)	0.126	0.126	0.131	4.0%



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<u>Periodicals</u>	Percent Change
Barcoded Machinable Flats Carrier Route Basic (Piece Rates)	6.2%
Barcoded Machinable Flats 5-Digit (Piece Rates)	5.8%
Outside County	5.9%
Inside County	6.0%

Note: No individual publication prices will increase greater than 7.5%.

Package Services

- **5.8% overall increase**
- **Eliminate \$0.03 Postnet barcode discount for BPM Flats**
- **Retain \$0.001 IMb barcode discount for BPM Flats**

Product	Percent Change
Media Mail/Library Mail	6.5%
Alaska Bypass	6.8%
Bound Printed Matter	
Flats	5.0%
Parcels	6.2%

Extra Services

- **6.9% overall increase**

Product	Percent Change
PO Boxes™	6.9%
Certified Mail®	6.5%
Return Receipt	6.1%
Registered Mail™	6.3%
Insurance	7.8%
COD	8.4%
All Other	7.8%

2014 Proposed Promotions

- **Mobile Technology Integration**
 - ▶ Build upon previous promotions and continue strategy to encourage mailers to integrate direct mail with mobile technology
- **Technology Drives Relevance**
 - ▶ Leverage the value of innovative direct mail techniques that are effective but less widely used
- **Leverage Value of First-Class Mail®**
 - ▶ Promotions intended to slow the declining volume trends and ensure reply mail and FCM advertising remain a relevant part of the FCM mix
- **New Customer Acquisition**
 - ▶ Program to provide incentive for new small business customers to try direct mail



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Effective Jan 26, 2014

JAN – FEB - MARCH

APRIL – MAY - JUNE

JULY – AUG - SEPT

OCT – NOV - DEC

FIRST-CLASS MAIL

Earned Value Promotion



Color Print in First-Class Mail Transactions Promotion



STANDARD AND FIRST-CLASS MAIL

Mail and Digital Personalization Promotion

Branded Color Mobile Technology Promotion

Promotion Period May 1 – June 30

Promotion Period Feb 1 – March 31

Premium Advertising Promotion *mail prepared/ presented as FCM

Promotion Period April 1 – June 30

STANDARD MAIL

Emerging Technology Featuring NFC Promotion

Promotion Period Aug 1 – Sept 30

Mail Drives Mobile Commerce Promotion

Promotion Period Nov 1 – Dec 31

EDDM MAIL

EDDM Coupon Program

Tentative Program Period March 1 – Dec 31

All promotions are subject to PRC approval.

Resources

- **Online**
 - **Postal Explorer® — pe.usps.com**
 - **Current and new prices**
 - **Including downloadable price files**
 - ***Federal Register* notices**
 - ***Domestic Mail Manual & International Mail Manual***
- **DMM® Advisory — posted on Postal Explorer, also special e-mail updates**