The USPS and Postal Logistics

Part of the 2023 Production Day

Dave Lewis

President, *SnailWorks*

SNAILWORKS
Direct Mail Insights & Solutions

Agenda

- Shipping and mailing basics
- Service performance - how long to deliver mail
- Postage rates increase
- Promotions
- Louis DeJoy and the future

Shipping and Mailing Basics

SNAILWORKS
Direct Mail Insights & Solutions

Classes of Mail

- **First-Class Mail**
  - Required for some mail (invoices, account information) and travel faster – generally 3-5 days. Given priority in processing
  - May get better response in marketing – generally for high-dollar
- **Marketing Mail**
  - Travels by ground – lower priority
  - Requires sortation
  - Most common for marketing – commercial and nonprofit are both "Marketing Mail"
- **Periodicals**
  - Magazines and other publications – not for marketing

SNAILWORKS
Direct Mail Insights & Solutions

HOW MAIL IS PREPARED

- Unsorted – OK for First-Class Mail only
- Presorted
  - Discounted First-Class Mail
  - Minimum sortation requirement for Marketing Mail
    - Loaded into trays, tubs or pallets depending on volume
- Automated
  - Includes Intelligent Mail barcode (IMb)
  - Technical paperwork - eDocs
  - Most common sortation level for all commercial and nonprofit mail

SNAILWORKS
Direct Mail Insights & Solutions

HOW STUFF GETS MAILED

First-Class Mail

- Most commercial quantities are presorted or automated
- Origin induction – mail is deposited at local post office
  - USPS handles transportation
  - No discount for inducting near destination

SNAILWORKS
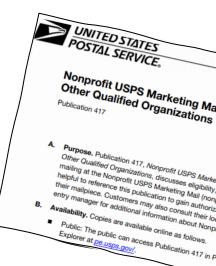Direct Mail Insights & Solutions

HOW STUFF GETS MAILED

Marketing Mail

- Mail must be presorted, generally automated
- Induction method varies with volume
  - Local mail may be inducted at origin (local post office)
  - Small nationwide mailings may be origin-inducted, too
  - A portion or all of a mailing may be commingled
  - For large or concentrated mailings, mail may be drop shipped
- Postal discounts available for transporting closer to destination
- Commercial and nonprofit are handled exactly the same – only the rates are different

SNAILWORKS
Direct Mail Insights & Solutions

Nonprofit Mailers

- Special nonprofit prices are available for some Periodicals and USPS Marketing Mail mailers. Nonprofit postage is lower than regular prices, but not everyone can qualify.

- Organizations wishing to mail at Nonprofit USPS Marketing Mail prices first must be authorized by the Postal Service as eligible.

- A nonprofit status from the IRS does not automatically qualify you to mail at nonprofit prices. Mailers still need to ensure that the material being mailed complies with strict requirements for nonprofit prices.

- Nonprofit postage prices are available only for domestic mail, not for international mail.

- Publication 417, Nonprofit USPS Marketing Mail Eligibility, or get advice from the Business Mail Entry Unit personnel while you are designing your nonprofit material, especially if your mailpiece contains any advertising.

UNITED STATES POSTAL SERVICE®

Nonprofit USPS Marketing Ma
Other Qualified Organizations
Publication 417

A. **Purpose.** Publication 417, Nonprofit USPS Marke
Other Qualified Organizations, discusses eligibility,
mailing at the Nonprofit USPS Marketing Mail (non
helpful to reference this publication to gain authoriz
their mailpiece. Customers may also consult their lo
entry manager for additional information about Nonp

B. **Availability.** Copies are available online as follows.

- Public: The public can access Publication 417 in P
Explorer at pe.usps.gov/.

USPS Postal Processing Hierarchy

Network Distribution Centers (NDC) – 29 of these
- Process Pallets Only

Sectional Center Facilities (SCF) – 200+ of these
- Sorting Equipment
- Most scans take place here
- Where you can buy a stamp

Destination Delivery Unit (DDU) - 40,000 of these
- Where carriers pick up their mail processed at the SCF
- Little processing, very little automation

Understanding Entry Points

Marketing Mail - Non-Profit Letters				
	Entry Discount	Automation		
		5-Digit	AADC	Mixed AADC
Letters weighing 3.5 ounces or less (Per piece price)	None	$ 0.138	$ 0.164	$ 0.183
	DNDC	$ 0.118	$ 0.144	$ 0.163
	DSCF	$ 0.114	$ 0.140	-

Entry Discounts

SCF — **Increasing drop shipment** — Origin

Lowest cost — Highest cost

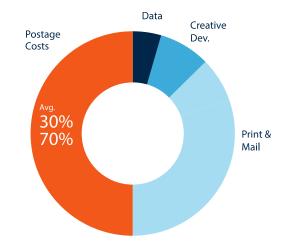**LIST PROCESSING, DROP SHIP, COPAL and COMMINGLE**

None – Local Entry Mail
DNDC – Destination Network Distribution Center
DSCF – Destination Sectional Center Facility
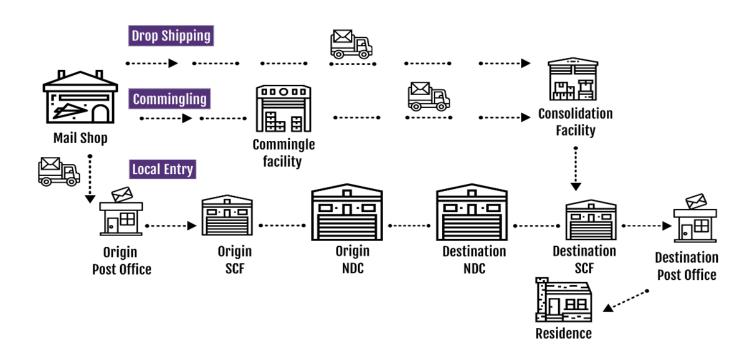
Postal Logistics Strategies

1. **Local Entry Point**

2. **Drop Shipping**

3. **Co-Palletization or Co-Mailing**

4. **Commingle**

5. **Hybrid**

Data

Creative Dev.

Postage Costs

Avg.
30%
70%

Print & Mail

" Did you know that postage accounts for such a significant part of a campaign budget?"

HOW MAIL MOVES

DECISION DRIVERS

- Local Entry
  - Local mailings
  - Small mailings
  - First-Class
- Drop Ship
  - Mail concentrated in an area
  - Very large national mailings
- Co-Pal/Co-Mail
  - Large mailings with full trays
- Commingle
  - Small to moderate national mailings or non-qualified portions of co-mail
- Hybrid
  - Using a variety of methods for different portions of the mail

SNAILWORKS
Direct Mail Insights & Solutions

DECISION DRIVERS

- Cost factors:
  - Freight costs
  - Postage discounts
  - Preparation costs
- Service factors:
  - Predictable delivery
  - Logistics visibility

Tracking Your Mail

TRACKING MAIL

- Informed Visibility from USPS uses the Intelligent Mail barcode (IMb) to follow mail as it travels through the Postal system

- The Postal Service feeds this data to the mailer, or their service provider

- Reports are created to show what mail is being delivered and when

SNAILWORKS
Direct Mail Insights & Solutions

WHAT'S IN AN INTELLIGENT MAIL BARCODE

00**747**222222123456789217011**22408**

- Barcode ID – 2 digits, applies to flats, assigned by presort software

- STID – 3 digits – indicates services requested and type of mail

- MID – 6 or 9 digits – Mailer ID – whose mail is it?

- Serial Number – 6 or 9 digits – unique number for each piece

- Routing Code – 0, 5, 9, or 11 digits – the destination ZIP+4 code and delivery point, as available

SNAILWORKS
Direct Mail Insights & Solutions

WHY TRACK YOUR MAIL?

- Coordinate other marketing efforts
- Anticipate – and prepare for – response
- Confirm that all mail was deposited on time
- Document postal possession of mail
- Track response with inbound tracking

SNAILWORKS
Direct Mail Insights & Solutions

INBOUND (RESPONSE) TRACKING

- **Non-unique IMb**
  - Generally printed on return envelope
  - Can be distinguished by USPS Unique Piece ID
- **Unique IMb**
  - As part of remittance
  - On return envelope matched to sender
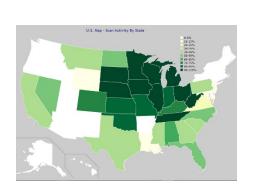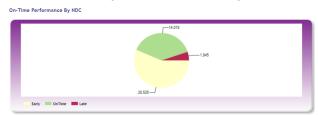 - On return envelope, unmatched

HOW TO START MAIL TRACKING

- Signing up with USPS
  - Go to USPS Business Customer Gateway
  - Create Informed Visibility account
  - Weep in confusion, and then…
- Using a service provider
  - Like SnailWorks, Gray Hair Software
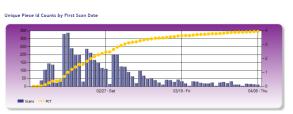   - Service providers will walk you through the process

MAIL TRACKING BEST PRACTICES

1. Full Service IMb on every outbound mail piece
2. Monitor and review tracking
3. Add IMbs to Response Mail Envelopes – both Unique and Non-Unique available.

U.S. Map - Scan Activity By State

On-Time Performance By NDC

14,018

1,845

20,525

Early   OnTime   Late

Unique Piece Id Counts by First Scan Date

Scans   PCT

On-Time Performance By NDC

NDC	Mailed	Scanned	% Scanned	Target Date Start	Target Date End	*Delivered	% Delivered	Early	% Early	On-Time	% On-Time	Late	% Late
ATLANTA	2,907	2,897	99.66	03/08	03/15	2,844	97.83	2,249	77.36	594	20.43	64	2.20
CHICAGO	686	681	99.27	03/08	03/15	666	97.08	415	60.50	251	36.59	20	2.92
CINCINN	1,115	1,112	99.73	03/08	03/15	1,094	98.12	1,075	96.41	18	1.61	22	1.97
DALLAS	1,839	1,836	99.84	03/08	03/15	1,783	96.95	538	29.26	1,227	66.72	74	4.02
DENVER	2,191	2,166	98.86	03/08	03/15	2,065	94.25	1,360	62.07	704	32.13	127	5.80
DES MOINES	493	492	99.80	03/08	03/15	483	97.97	465	94.32	18	3.65	10	2.03
DETROIT	1,709	1,707	99.88	03/08	03/15	1,670	97.72	1,617	94.62	51	2.98	41	2.40
GREENSBORO	1,552	1,534	98.84	03/08	03/15	1,499	96.59	1,423	91.69	76	4.90	53	3.41
JAXVILLE	3,339	3,329	99.70	03/08	03/15	3,256	97.51	2,287	68.49	957	28.66	95	2.85
KANS CITY	453	452	99.78	03/08	03/15	444	98.01	408	90.07	36	7.95	9	1.99
LOS ANGELES	4,172	4,123	98.83	03/08	03/15	4,032	96.64	951	22.79	3,075	73.71	146	3.50
MEMPHIS	996	996	100.00	03/08	03/15	971	97.49	598	60.04	338	33.94	60	6.02
MPLS/STP	649	648	99.85	03/08	03/15	613	94.45	337	51.93	276	42.53	36	5.55
NEW JERSEY	1,206	1,204	99.83	03/08	03/15	1,165	96.60	1,158	96.02	6	0.50	42	3.48
PHILA	899	897	99.78	03/08	03/15	884	98.33	803	89.32	81	9.01	15	1.67
PITTSBURGH	648	645	99.54	03/08	03/15	631	97.38	545	84.10	86	13.27	17	2.62
SAN FRAN	3,299	3,217	97.51	03/08	03/15	3,071	93.09	237	7.18	2,804	85.00	258	7.82
SAN JUAN	114	113	99.12	03/08	03/15	112	98.25		0.00	111	97.37	3	2.63
SEATTLE	4,366	3,882	88.91	03/08	03/15	3,740	85.66	996	22.81	2,742	62.80	628	14.38
SPFLD	1,059	1,058	99.91	03/08	03/15	1,004	94.81	636	60.06	368	34.75	55	5.19
ST LOUIS	292	291	99.66	03/08	03/15	287	98.29	266	91.10	20	6.85	6	2.05
WASHINGTON	2,404	2,397	99.71	03/08	03/15	2,342	97.42	2,161	89.89	179	7.45	64	2.66
Totals:	36,388	35,677	98.05	03/08	03/15	34,656	95.24	20,525	56.41	14,018	38.52	1,845	5.07

Unique Piece Id Counts by First Scan Date

Date	Scan Count	Cumulative Total	Cumulative %	Elapsed Days
2021/02/08 - Mon	4	4	0.00	0
2021/02/09 - Tue	6	10	0.01	0
2021/02/10 - Wed	36	46	0.04	0
2021/02/11 - Thu	104	150	0.13	0
2021/02/12 - Fri	144	294	0.26	0
2021/02/13 - Sat	135	429	0.38	1
2021/02/14 - Sun	22	451	0.40	2
2021/02/15 - Mon	42	493	0.43	3
2021/02/16 - Tue	328	821	0.72	4
2021/02/17 - Wed	336	1,157	1.02	5
2021/02/18 - Thu	238	1,395	1.23	6
2021/02/19 - Fri	195	1,590	1.40	7
2021/02/20 - Sat	200	1,790	1.58	8
2021/02/21 - Sun	30	1,820	1.60	9
2021/02/22 - Mon	235	2,055	1.81	10
2021/02/23 - Tue	210	2,265	2.00	11
2021/02/24 - Wed	165	2,430	2.14	12
2021/02/25 - Thu	147	2,577	2.27	13
2021/02/26 - Fri	115	2,692	2.37	14
2021/02/27 - Sat	110	2,802	2.47	15
2021/02/28 - Sun	15	2,817	2.48	16
2021/03/01 - Mon	198	3,015	2.66	17
2021/03/02 - Tue	197	3,212	2.83	18
2021/03/03 - Wed	125	3,337	2.94	19

USPS Performance – How Long Does a Letter Take?

SNAILWORKS
Direct Mail Insights & Solutions

HOW IS SERVICE THIS YEAR?

First-Class Letters

First-Class Flats

SNAILWORKS
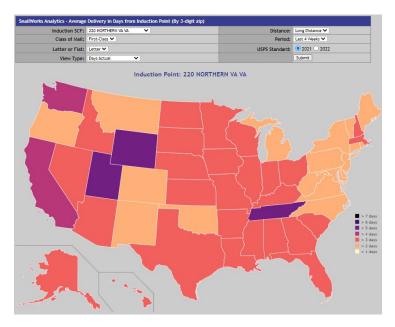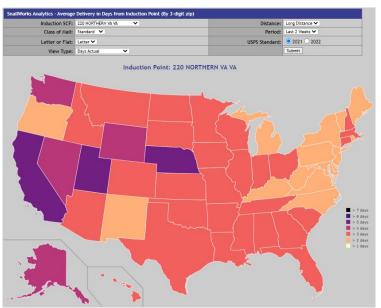Direct Mail Insights & Solutions
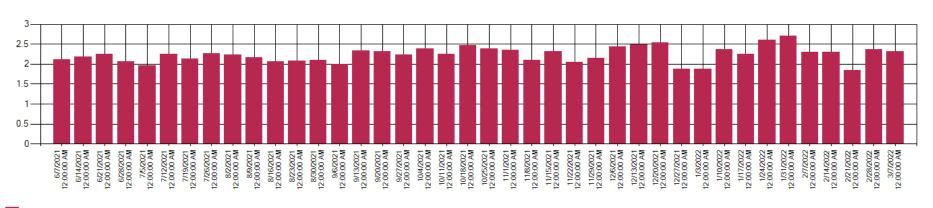
HOW LONG DOES A LETTER TAKE?

DROP SHIP/COMMINGLE

INDUCTION TO DELIVERY – INTRA-SCF

Days (Postal)

HOW IS SERVICE?

- Most categories have worse on-time delivery than 2022
- First-Class flats are doing poorly
- New USPS network changes are unpredictable
- All SCF's are generally operating OK

Informed Delivery

INFORMED DELIVERY

- What it is
- How to participate
- Benefits
- Gathering and using data
- Participating in the promotion

SNAILWORKS
Direct Mail Insights & Solutions

WHAT IS INFORMED DELIVERY?

- A consumer facing USPS service

- USPS sends black and white images of the day's mail to consumers before the mail is delivered

- These images are captured from barcode sorting equipment at the Postal Service

- Flat-Size mail is a different process – mailer must provide image

- Mailers can add and replace images

SNAILWORKS
Direct Mail Insights & Solutions

THREE PRIMARY ELEMENTS

1) Representative
Image
(Optional)

3) Target URL (For Ride-Along)
(Required):
https://kingdomworkers.com/give-now/

2) Ride-Along Ad
(Required)

THE WHY OF AN INFORMED DELIVERY CAMPAIGN

- Better Response
- Online Channels
- Control Your Brand
- New Customer Data
- **Save Postage**

SNAILWORKS
Direct Mail Insights & Solutions

INFORMED DELIVERY REPORTING

After campaign completes, view and evaluate reports

Summary:

Campaign(s) for Job June 2020 C3 Low/Mid Appeal											
			Subscribers		Emails Sent		Emails Opened		Emails Clicked	
Campaign Code	Campaign Title	Mailed Quantity	Quantity	%	Quantity	%	Quantity	%	Quantity	%
· June 2020 C3 Low/Mid Appeal P2	RWT - 275692	102,610	19,424	18.93%	15,945	15.54%	6,840	42.90%	39	0.20%
· June 2020 C3 Low/Mid Appeal P1	RWT - 275692	173,066	34,355	19.85%	28,459	16.44%	12,679	44.55%	68	0.20%
	Totals:	275,676	53,779	19.51%	44,404	16.11%	19,519	43.96%	107	0.20%

Campaign Details

USPS INFORMED DELIVERY PROMOTION

- Registration opens June 15, 2023
- Promotion runs August 1, 2023 – December 31, 2023
  - All dates must be after August 1 and no later than December 31
  - Mail submission, drop ship induction – all dates!
- Discount – 4% off postage for mailed amount
- Discount taken at time of mailing
- .5% Credit for eDoc submitter (Mail house)

SNAILWORKS
Direct Mail Insights & Solutions

USPS INFORMED DELIVERY PROMOTION

The Promotion Process – 5 Steps

- Register for promotion in Business Customer Gateway (BCG) – mail shops register
- Go through approval process
- Create ID campaign in Mailer Campaign Portal (MCP)
- Create appropriate eDocs with mailing
- Provide sample mail piece with mailing (and hold a copy for yourself for 60 Days)

SNAILWORKS
Direct Mail Insights & Solutions

Postage Rates

HISTORY OF POSTAGE RATE INCREASES

- Rate increases were irregular for years:
  - 1981 (2 increases)
  - 1985
  - 1988
  - 1991
  - 1995
  - 1999
  - 2001
  - 2002
  - 2006

SNAILWORKS
Direct Mail Insights & Solutions

HISTORY OF POSTAGE RATE INCREASES

- Since 2006
  - 2007
  - 2008
  - 2009
  - 2011
  - 2012
  - 2013
  - 2014
  - 2015
  - 2016

SNAILWORKS
Direct Mail Insights & Solutions

HISTORY OF POSTAGE RATE INCREASES

- Lately…
  - 2017
  - 2018
  - 2019
  - 2020
  - 2021 – 2 increases
  - 2022 – 2 increases
  - 2023 – 2 increases

SNAILWORKS
Direct Mail Insights & Solutions

HOW 2X/YEAR POSTAGE INCREASES WORK

- January Increase:
  - CPI only for preceding 6 months
  - Additional increases for Periodicals, flats - 2%
- July increase:
  - CPI
  - "Density" adjustment – Typically 1%
  - Retirement funding adjustment – Typically 1%
  - Additional increases for Periodicals, flats - 2%

SNAILWORKS
Direct Mail Insights & Solutions

JULY 9, 2023, INCREASE

- Overall, about 5.4%, which was expected
- Differences vary within classes
- Nonprofit got hit harder than expected
- Periodicals hit much harder – over 8%
- Flat mail also hit harder – About 8 - 10%

JULY 9, 2023, INCREASE

- Key Rates: (No Entry Discounts) Now   July
- First-Class
  - One-ounce stamped letter $.63 $.66 (+4.7%)
- Nonprofit
  - Mixed AADC auto letter $.213 $.226 (+6.1%)
  - Mixed ADC auto flat $.681 $.751 (+10.2%)
  - 5-Digit auto letter $.158 $.171 (+8.2%)
- Commercial Marketing Mail
  - Mixed AADC auto letter $.36 $.381 (+5.8%)
  - Mixed ADC auto flat $.896 $.976 (+8.9%)
  - 5-Digit auto letter $.305 $.326 (+5.8%)

POSTAGE COPING STRATEGIES

- Budget Appropriately – Guess the CPI and add 2% each year

- Participate in promotions – Informed Delivery is particularly easy, and can knock off 4% for 5 months

- Stay away from flats where possible

- Keep your list accurate – NCOA, ACS

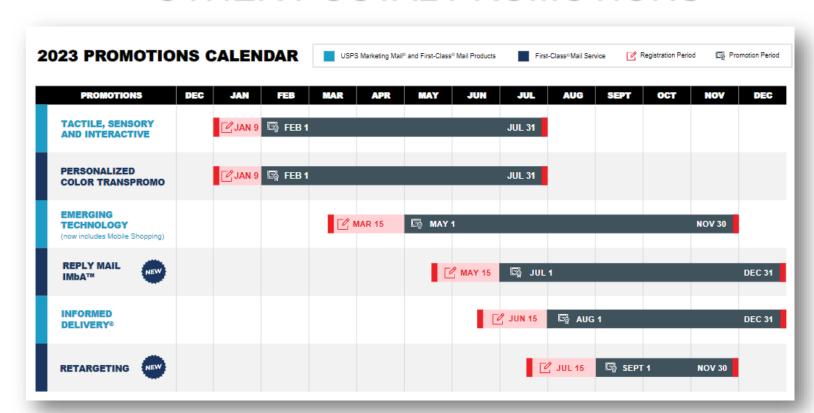- Support mail with other channels to boost reponse

2023 Postal Promotions

OTHER POSTAL PROMOTIONS

2023 PROMOTIONS CALENDAR

Legend: USPS Marketing Mail® and First-Class® Mail Products | First-Class® Mail Service | Registration Period | Promotion Period

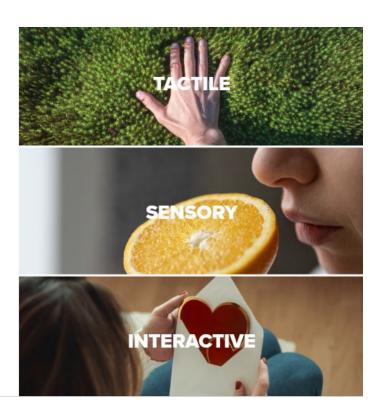| PROMOTIONS	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEPT	OCT	NOV	DEC
TACTILE, SENSORY AND INTERACTIVE		JAN 9	FEB 1					JUL 31					
PERSONALIZED COLOR TRANSPROMO		JAN 9	FEB 1					JUL 31					
EMERGING TECHNOLOGY (now includes Mobile Shopping)				MAR 15		MAY 1						NOV 30	
REPLY MAIL IMbA™ NEW						MAY 15		JUL 1					DEC 31
INFORMED DELIVERY®							JUN 15		AUG 1				DEC 31
RETARGETING NEW								JUL 15		SEPT 1		NOV 30	

TACTILE, SENSORY & INTERACTIVE

The Tactile, Sensory, & Interactive (TSI) Promotion encourages mailers to excite their customers' senses by incorporating innovative techniques into their First-Class Mail® and USPS Marketing Mail®.

New developments in papers and paper stocks, substrates, finishing techniques, and inks can be incorporated into mailpieces to create a multi-sensory experience through special visual effects, sound, scent, texture, and even taste! Features like pop-ups, infinite folds, and other dimensional treatments encourage interaction and drive customer engagement.

EMERGING AND ADVANCED TECHNOLOGY

3% DISCOUNT — Emerging and Advanced Technologies

"Enhanced" Augmented Reality
Show real world objects using 3D digital images.

Basic Integration with Voice Assistant
Use basic voice commands to guide exploration.

NEW **Mobile Shopping**
Make your direct mail a catalyst for consumer purchases.

4% DISCOUNT — Enhanced Emerging Technologies

Advanced Integration with Voice Assistant
Guide an experience through advanced voice commands.

Video in Print Technology
Create a mailable, interactive video experience.

Near Field Communication
Chip enabled mailpiece.

Mixed Reality
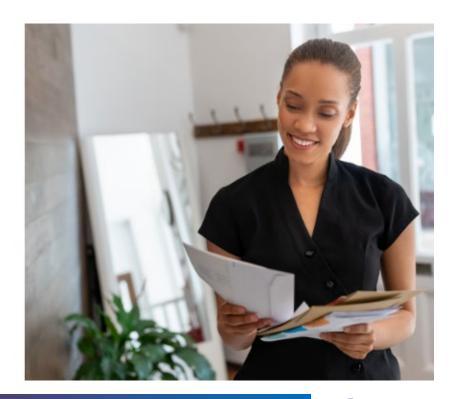Blend physical and virtual spaces.

Virtual Reality
Craft experiences that take place in the artificial world.

SNAILWORKS
Direct Mail Insights & Solutions

REPLY MAIL IMbA

Build engagement and create efficiencies.

By adopting Intelligent Mail® barcode Accounting (IMbA), Qualified Business Reply Mail™ (QBRM™) and High Volume QBRM™, customers can improve visibility, while also delivering easier payment methods and faster delivery speeds.

SNAILWORKS
Direct Mail Insights & Solutions

RETARGETING

Retargeted direct mail blends the digital experience with a marketing mailpiece.

The process involves matching either the visitor's IP address to a website or an app to a customer's physical address. Triggered automatically by a digital interaction, retargeted direct mail is a dynamically printed, targeted message sent in a timely manner to a customer's home via First-Class Mail® Postcard.

5% DISCOUNT **Retargeting Promotion** ....

Retargeting
Postcard follow-up to digital experience.

SNAILWORKS
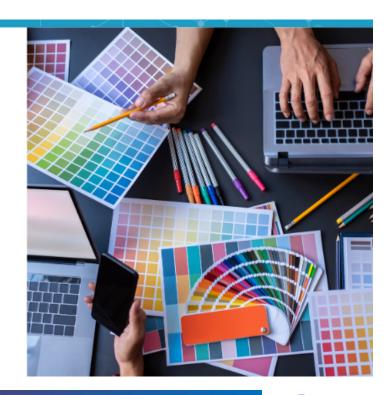*Direct Mail Insights & Solutions*

PERSONALIZED COLOR TRANSPROMO

Making the Details Shine

New print technologies are primed to deliver unique, engaging, and creative experiences that cannot be created with digital channels alone.

The Personalized Color Transpromo Promotion encourages mailers to highlight marketing messages through the use of color, dynamic variable print, and personalization. Color messaging incorporated in bills and statements enhances the value of First-Class Mail® pieces by fostering a better connection and response from consumers. Utilize a reply mechanism (BRM/CRM) to further engage with customers and collect these responses.

Send mail with flying colors to receive a discount.
Explore below to review what discount is applied to the qualifying elements below.

De Agony and DeJoy

SNAILWORKS
Direct Mail Insights & Solutions

Louis DeJoy – The PMG we love to hate

- Appointed by USPS BOG during Trump administration
- Focused on 10-year plan
  - Packages
  - Realign logistics network
- Runs USPS like a business
- Unlikely to be removed

SNAILWORKS
Direct Mail Insights & Solutions

Great Resources

PostalPro.usps.com

SnailWorks.com - Resources

Ask your suppliers!

Dave Lewis
President, *Snail**Works***
dlewis@snailworks.com