

The USPS and Postal Logistics

Part of the 2024 Production Day



Dave Lewis

President, *SnailWorks*



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



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

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

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

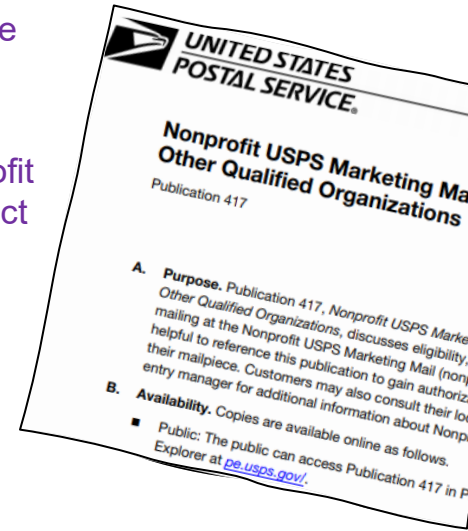
HOW STUFF GETS MAILED

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

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.



USPS POSTAL PROCESSING HIERARCHY

Network Distribution Centers (NDC) – 29 of these

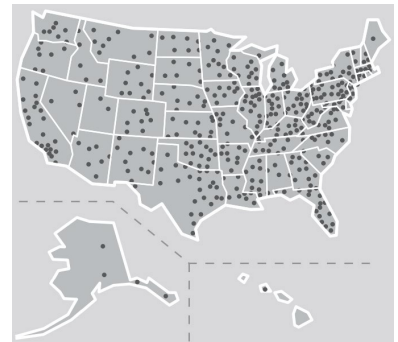
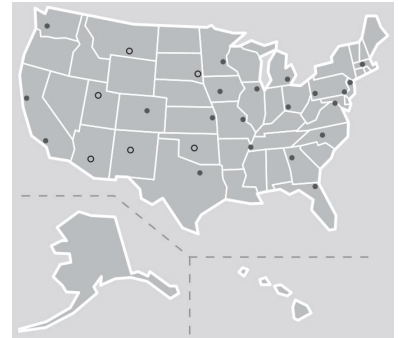
- Process Pallets Only

Sectional Center Facility (SCF) – 48 of these

- Sorting Equipment
- Most scans take place here
- Where you can see the mail

Destination Delivery Unit (DDU) - 48 of these

- Where carriers pick up their mail, processed at the SCF
- Little processing, very little automation



NEW USPS PROCESSING HIERARCHY

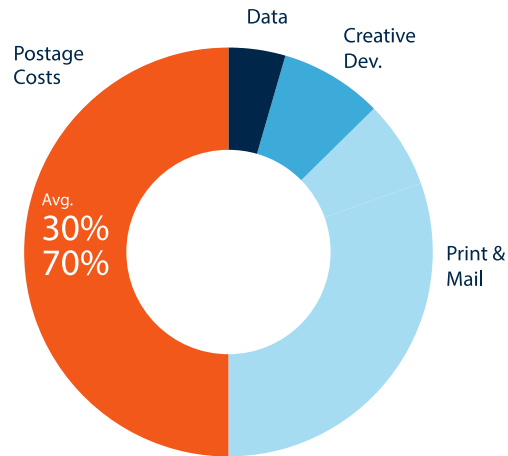
- In transition with little notice
- NDCs become RPDCs (Regional Processing and Distribution Centers) – about 60 of them
- SCFs become LPCs (Local Processing Centers)
- New Facility Type: S&DC (Sorting and Delivery Center)
 - Aggregates multiple DDUs into one facility
- DDU – Destination Delivery Unit – Your local post office
 - Retail operations to continue, but many will have no carrier activity

TIMING FOR NEW FACILITIES

- USPS is being very vague
- Many S&DCs targeted beginning in June 2024
- Others to be built over years
- Initial S&DCs:
 - Houston
 - Atlanta
 - Richmond, VA
- Very difficult rollout

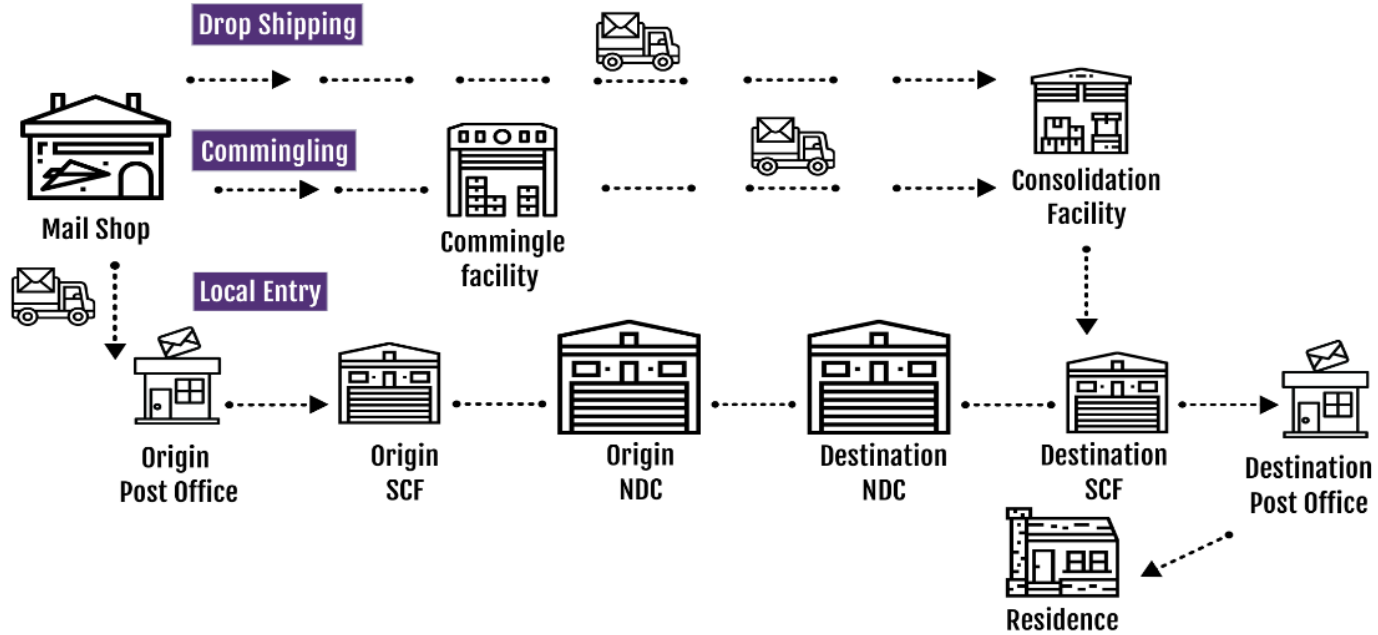
POSTAL LOGISTICS STRATEGIES

1. Local Entry Point
2. Drop Shipping
3. Co-Palletization or Co-Mailing
4. Commingle
5. Hybrid



" 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

DECISION DRIVERS

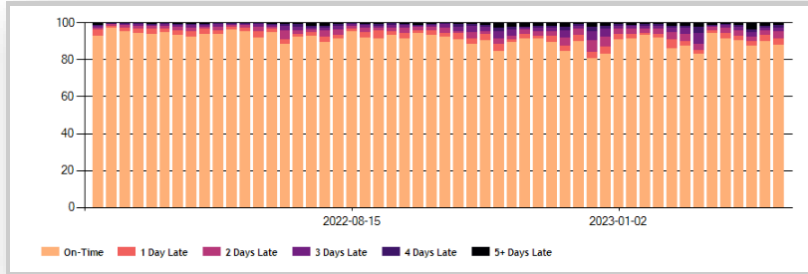
- Cost factors:
 - Freight costs
 - Postage discounts
 - Preparation costs
- Service factors:
 - Predictable delivery
 - Logistics visibility

USPS Performance – How Long Does a Letter Take?

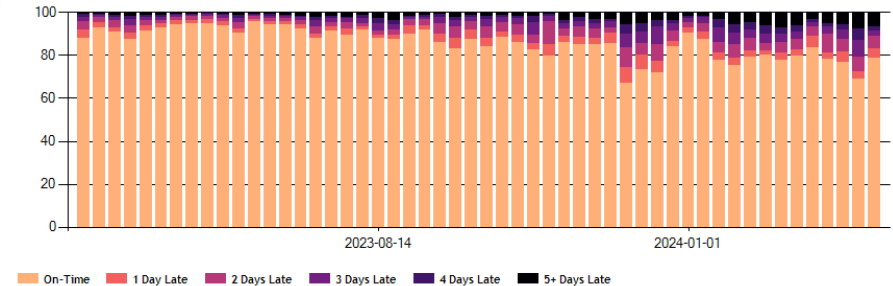


HOW IS SERVICE THIS YEAR?

First-Class Letters – 2023 Production Day

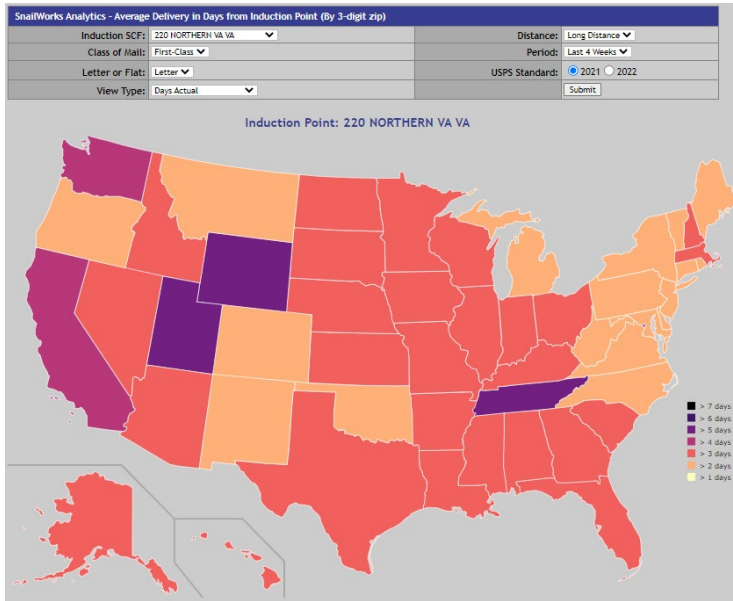


First-Class Letters – 2024 Production Day

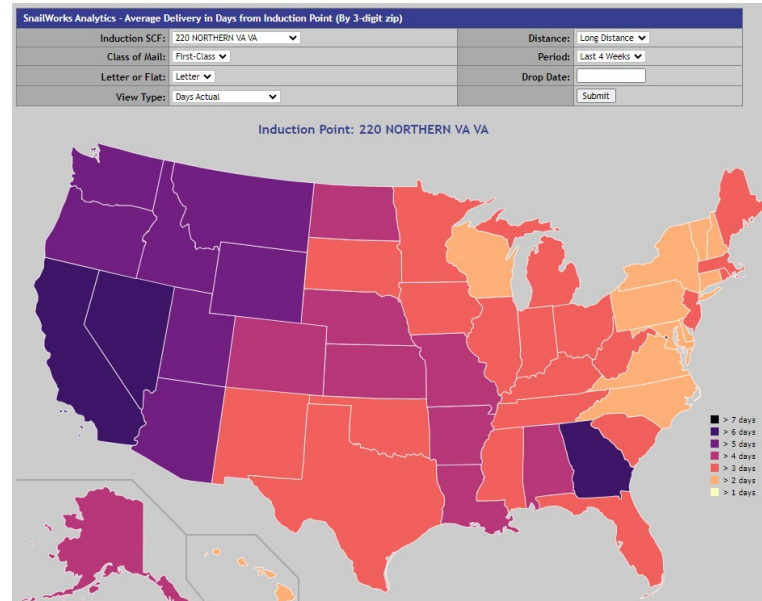


HOW LONG DOES A LETTER TAKE?

First-Class Letter 2023

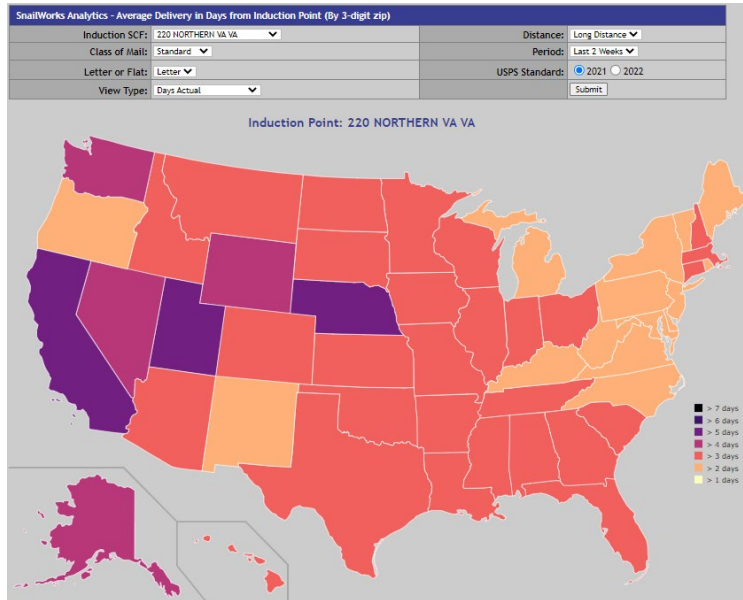


First-Class Letter 2024

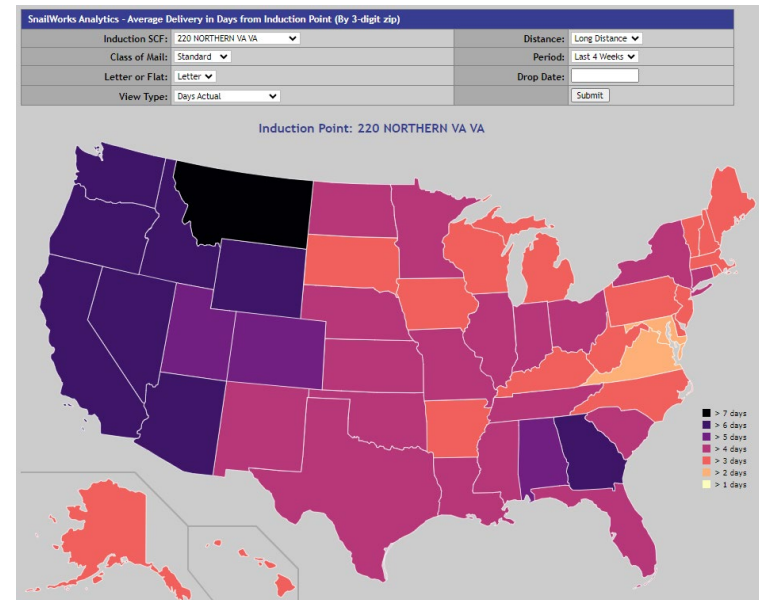


HOW LONG DOES A LETTER TAKE?

Marketing Mail Letter 2023

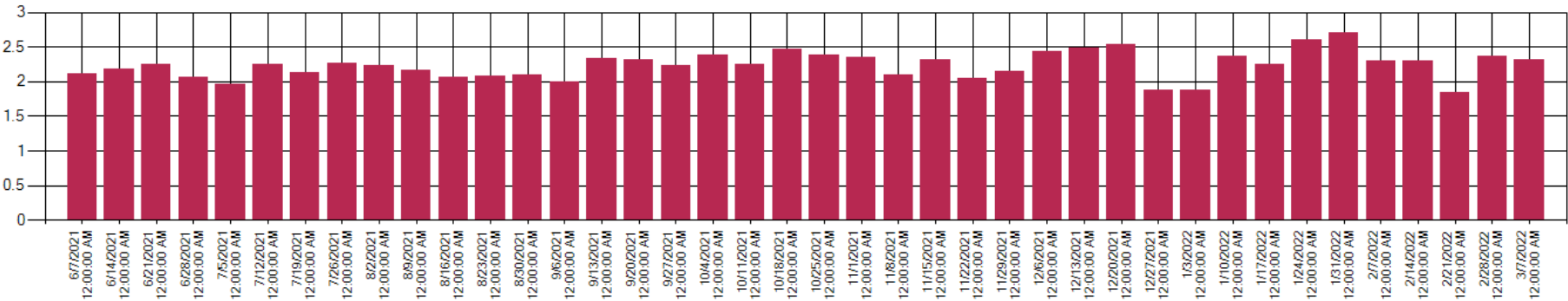


Marketing Mail Letter 2024



DROP SHIP/COMMINGLE

INDUCTION TO DELIVERY – INTRA-SCF



Days (Postal)

HOW IS SERVICE?

- Service performance has never been less predictable
- New facility installations are grinding mail to a halt
- Marketing Mail – in many cases – is about as fast as First-Class
- Not tracking mail today is irresponsible

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

WHAT'S IN AN INTELLIGENT MAIL BARCODE

007472222212345678921701122408

- 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

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

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

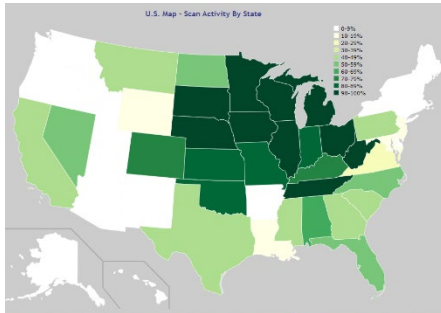


HOW TO START MAIL TRACKING

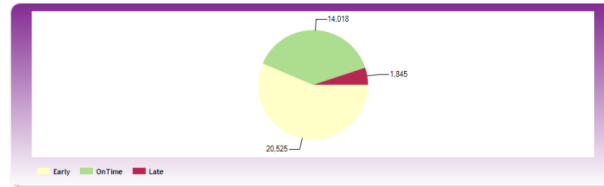
- Signing up with USPS
 - Go to USPS Business Customer Gateway
 - Create Informed Visibility account
 - Weep in confusion, and then...
- Using a service provider
 - Like SnailWorks, Gray Hair Software
 - Service providers will walk you through the process

MAIL TRACKING BEST PRACTICES

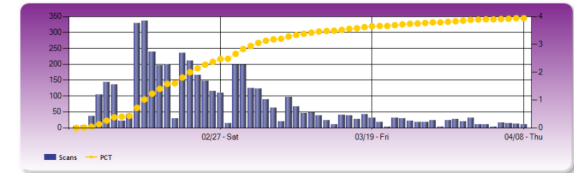
1. Full Service Imb on every outbound mail piece
2. Monitor and review tracking
3. Add IMbs to Response Mail Envelopes – both Unique and Non-Unique available.



On-Time Performance By NDC



Unique Piece Id Counts by First Scan Date



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
DREXELBORO	1,552	1,534	98.84	03/08	03/15	1,499	96.59	1,423	91.49	76	4.90	53	3.44
JAVILLE	3,339	3,329	99.70	03/08	03/15	3,256	97.51	2,287	68.49	957	28.66	95	2.85
KANSAS 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	98.82	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	590	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	548	546	99.54	03/08	03/15	531	97.38	545	84.10	86	13.27	17	2.63
SAN FRAN	3,299	3,217	97.51	03/08	03/15	3,071	93.09	237	7.18	2,804	88.00	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	1,099	1,058	99.91	03/08	03/15	1,024	94.81	636	60.06	388	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	2.06
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	156	162	0.13	0	
2021/02/12 - Fri	144	294	0.26	0	
2021/02/13 - Sat	155	449	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	306	1,127	1.02	5	
2021/02/18 - Thu	338	1,465	1.23	6	
2021/02/19 - Fri	195	1,560	1.40	7	
2021/02/20 - Sat	200	1,760	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	128	3,337	2.94	19	
www.snailworks.com	1,446	4,783	4.46	20	

Informed Delivery

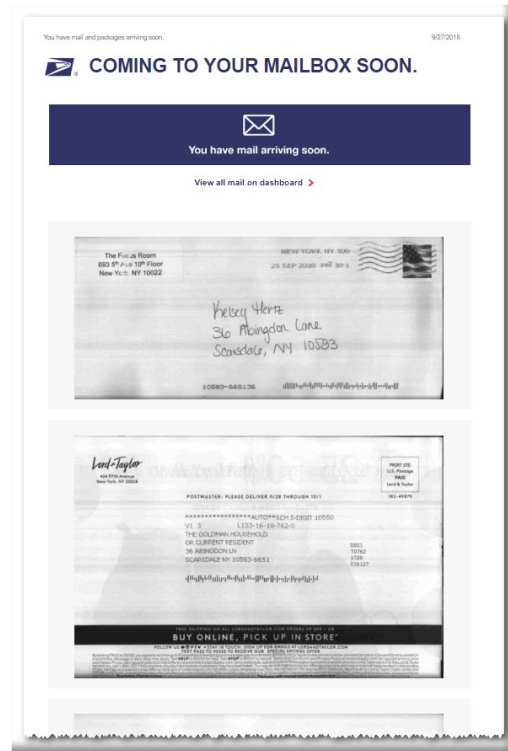


INFORMED DELIVERY

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

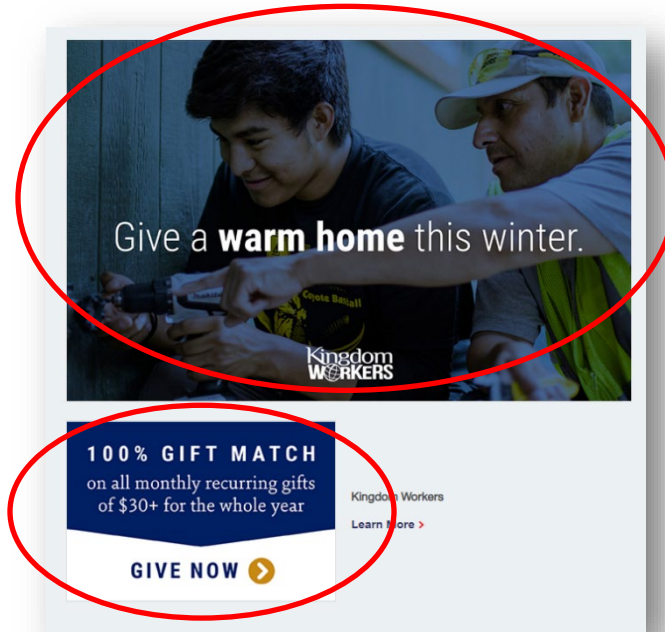
WHAT IS INFORMED DELIVERY?

- 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



THREE PRIMARY ELEMENTS

1) Representative Image
(Optional)



2) Ride-Along Ad
(Required)

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

THE WHY OF AN INFORMED DELIVERY CAMPAIGN

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

INFORMED DELIVERY REPORTING

After campaign completes, view and evaluate reports

Summary:

Campaign(s) for Job June 2020 C3 Low/Mid Appeal										
Campaign Code	Campaign Title	Mailed Quantity	Subscribers		Emails Sent		Emails Opened		Emails Clicked	
			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, 2024
- Promotion runs August 1, 2024 – December 31, 2024
 - 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)

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)

Postage Rates



HISTORY OF POSTAGE RATE INCREASES

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

HISTORY OF POSTAGE RATE INCREASES

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

HISTORY OF POSTAGE RATE INCREASES

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

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 – Death Spiral
 - Retirement funding adjustment
 - Additional increases for Periodicals, flats - 2%

JULY, 2024, INCREASE

- Overall, about 7.75% is expected
- Differences will vary within classes
- Density adjustment – 4.3%
- CPI – 1.622%
- Periodicals hit much harder – close to 10%
- Flat mail will be hit hard – About 8 - 10%

JULY 14, 2024, INCREASE

Key Rates: (No Entry Discounts)	Now	July
First-Class		
– One-ounce stamped letter	\$.68	\$.73 (+7.35%)
Nonprofit		
– Mixed AADC auto letter	\$.228	\$.230 (+.9%)
– Mixed ADC auto flat	\$.767	\$.836 (+9.0%)
– 5-Digit auto letter	\$.173	\$.173 (+0%)
Commercial Marketing Mail		
– Mixed AADC auto letter	\$.385	\$.402 (+4.4%)
– Mixed ADC auto flat	\$1.006	\$1.072 (+6.56%)
– 5-Digit auto letter	\$.330	\$.345 (+4.5%)

JULY 14, 2024, INCREASE

Don't celebrate too much about the seemingly mild increases in Marketing Mail and Nonprofit. The Postal Service has also proposed reducing the entry discount for commingled mail by about 20% - this will have to be passed along to mailers.

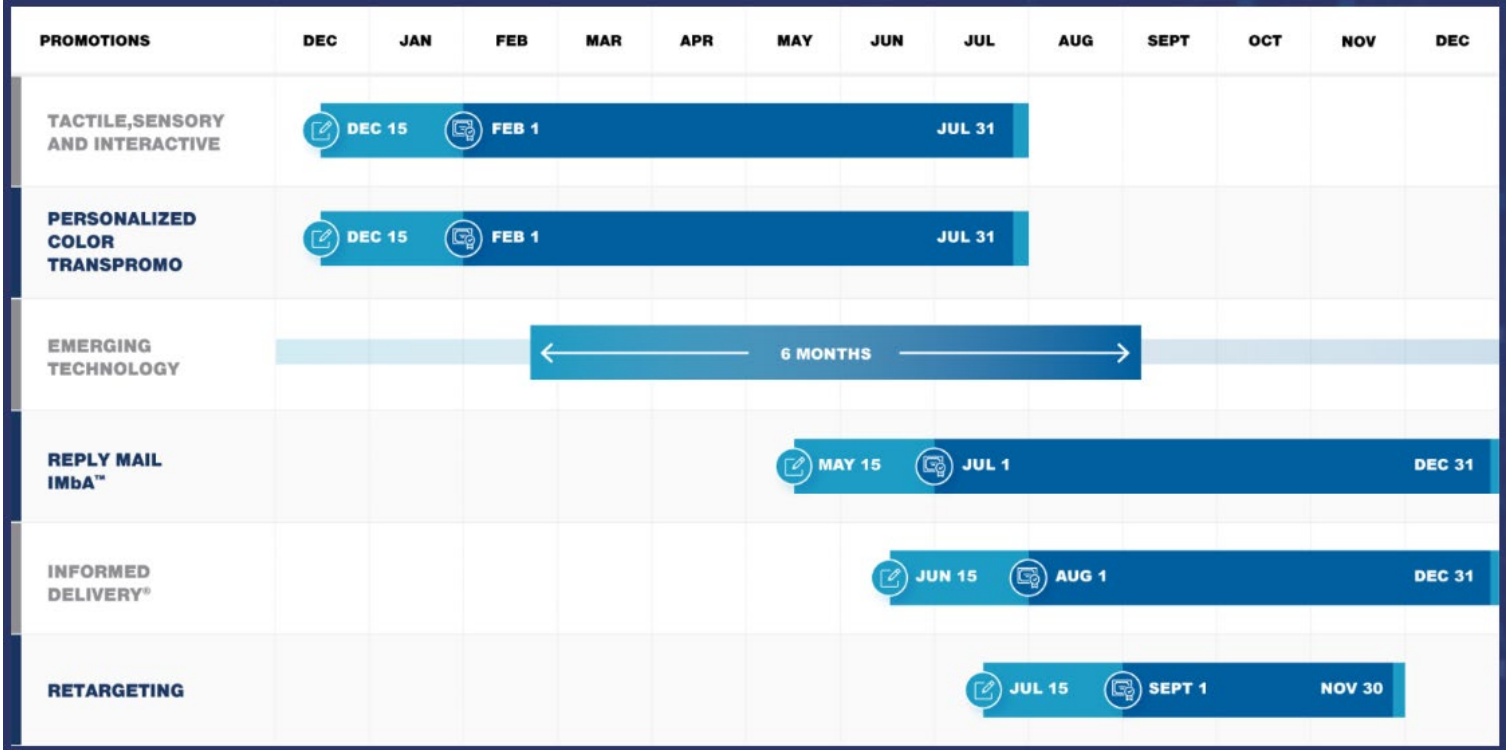
POSTAGE COPING STRATEGIES

- Budget Appropriately – Guess the CPI and pray for the rest
- 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



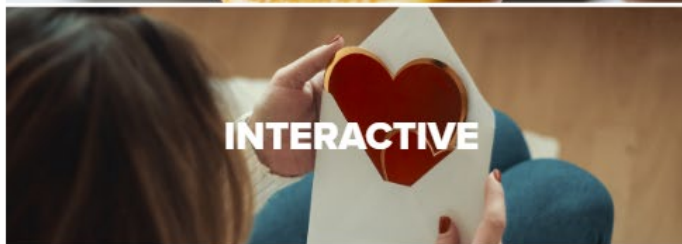
OTHER POSTAL PROMOTIONS



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.

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.



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.

PERSONALIZED COLOR TRANSPROMO

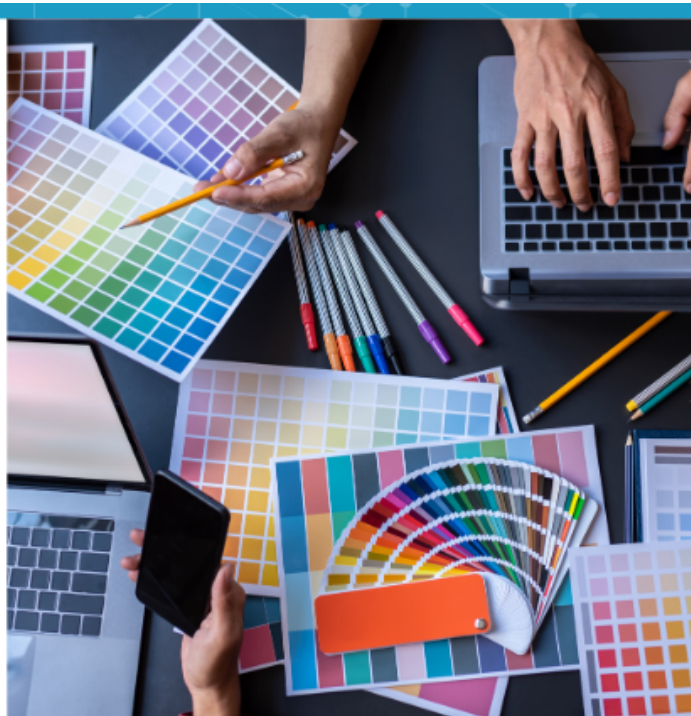
Making the Details Shine

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



POLITICS AND THE PMG

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 (tries to)
- Unlikely to be removed



Great Resources

PostalPro.usps.com

SnailWorks.com - Resources

Ask your suppliers!

Dave Lewis

President, *SnailWorks*

dlewis@snailworks.com