

# SHIP RIGHT

with **Elizabeth Lombard**



## Proposed Changes to USPS Mailing Services For January 2012

The Postal Regulatory Commission has approved new pricing for USPS services, which will go into effect on January 22, 2012.

Mailing Services, also called Market Dominant products, includes First-Class Mail, Standard Mail, Periodicals, Package Services (i.e., Library Mail, Media Mail, Bound Printed Matter and Parcel Post) and Extra Services such as Certified Mail and Delivery Confirmation. Shipping Services (also known as Competitive Products) will also change on January 22, but those changes have not yet been announced. To that end, this article will discuss potential changes that impact packages within Mailing Services.

While actual percentage price increases for various products and services varies, the overall average price increase across all Mailing Services products is capped, per the Postal Accountability and Enhancement Act (PAEA), at the rate of inflation as measured by the Consumer Price Index rolling average for 12 months, or 2.133 percent for this proposal.

### PERCENTAGE OF PRICE CHANGE BY CLASS OF MAIL

Class	Percent Change
First-Class Mail	2.133%
Standard Mail	2.124%
Periodicals	2.133%
Package Services	2.133%
Extra Services	-0.663% (with the exception of Delivery Confirmation and Confirm@, most Extra Services prices increase about 2.1 %)

As noted above, the average price increase by class is about 2.1%. However, certain prices within classes or mail and Extra Services increase or decrease to a greater degree. For example, prices for retail First-Class Mail parcels increase almost 11% (10.882%). The current postage price for a retail FCM parcel weighing no more than three ounces is \$1.71. Upon approval, that price will increase to \$1.95. The additional ounce rate after three ounces will remain 17 cents. As it applies to smaller increases, the overall decline in Extra Services pricing

is primarily a result of “no fee” for Delivery Confirmation service of several parcel categories.

### MACHINABLE PARCELS

The Postal Service has also proposed to change the dimensional requirements for all machinable parcels from the current 34 inches x 17 inches x 17 inches to 27 inches x 17 inches x 17 inches, and the maximum weight (with the exception of Parcel Select and Parcel Return Service) from 35 to 25 pounds. The purpose of this change is to align the standards for machinable parcels with mail processing equipment capabilities.

### STANDARD MAIL

There are a number of changes specific to parcels within the Standard Mail class.

### Marketing Parcels

The category of Not Flat-Machinables will be discontinued and be replaced with a new Marketing parcels category. The target application for this new category would be product samples. Marketing parcels will include both commercial and non-profit pricing, and according to the proposal, Marketing parcels will have minimum dimensions of 3.5 inches in height by five inches in length and 0.009 inches in thickness. Maximum dimensions will be nine inches in height by 12 inches in length, two inches in thickness and a weight less than 16 ounces. These parcels will use alternate forms of addressing, such as including “Or Current Resident” along with the mail-piece’s address.

### Fulfillment Parcels

Regular Standard Mail machinable and irregular parcels, commonly used for mail order fulfillment, will be moved to the Competitive products category and will be known as a new Parcel Select Lightweight category.

Nonprofit irregular and machinable parcels will remain in market dominant Standard Mail and must be large enough to accommodate the postage, address and other required elements on the address side of the piece, and can be no larger than 108 inches in combine length and girth and must weigh less than 16 ounces.

Please recall per the previous Ship Right article that commercial First-Class Mail parcels transferred to the competitive products list. Prices for this relatively new First-Class Package Service category will be announced along with other Shipping Services prices in the near future. And while no longer within Mailing Services, but because there seems to remain much mystery and confusion relative to First-Class Package Service, let's quickly put some clarity to the two options within First-Class Package Service. The commercial base option includes single piece and presorted pricing. Shippers must use a qualifying postage payment solution such as an IBI meter, contents are open to Postal Inspection and cannot contain documents or personal correspondence, i.e. content defined as a „letter“ per 39 Code of Federal Regulations (CFR) 310.1. (The CFR describes a „letter“ as a message directed to a specific person or address and recorded in or on a tangible object.) An exception to this limitation of personal, „letter“-type content is that parcels may contain invoices, receipts, incidental advertising, and other documents that relate in all substantial respects to merchandise contained in the parcels. The commercial plus option includes single-piece and presorted pricing and mailers must meet an minimum annual volume. However, since the only approved postage payment method is a Permit Imprint, „single-piece“ may more easily be understood in this case as non-presorted. Plus parcels do not have content restrictions and are closed against postal inspection. Because the pricing is „fixed“, the sweet spot or most opportune application would be packages weighing more than 13 ounces but less than 16 ounces.

## PACKAGE SERVICES

The overall increase for Package Services is 2.133% but more specifically, pricing for Parcel Post will increase 2.472%, Bound Printed Matter parcels only 1.886% and Media Mail and Library Mail 2.581%. The three-cent barcode discount on Package Service machinable parcels will be eliminated.

There have been slight price changes for Extra Services but the most notable is that electronic Delivery Confirmation service will be free for commercial parcels.

In closing, here are a few actions to consider in preparation for January (assuming the proposed changes are approved). Note the contents and business purpose, i.e., marketing or fulfillment, of your Standard Mail Not Flat-Machinables and parcels to identify the potential new category in which they may fall and any associated changes to physical characteristics. Also, since in certain classes of mail, postage and preparation are dependent on machinability, match your parcels against the proposed standards for Machinable parcels, and perhaps redesign your packaging if needed. And when possible, leverage free electronic Delivery Confirmation service for qualifying parcels.

To read the entire USPS filing with the Postal Regulatory Commission, see <http://www.prc.gov/Docs/76/76795/Notice%20of%20Rate%20Adjustment%20Final.pdf>

I look forward to talking with you in the next edition of PARCEL regarding the anticipated proposal of Shipping Services products. ■

ELIZABETH LOMBARD Manager, Postal-Carrier and Certifications, Pitney Bowes Inc. Contact Elizabeth at [elizabeth.lombard@pb.com](mailto:elizabeth.lombard@pb.com).



Need a refresher on First-Class Package Service? Read the whole article by scanning this QR code.