

SHIP RIGHT

with **Elizabeth Lombard**



Understanding USPS Shipping Services Changes

On January 4, 2010, changes to USPS Shipping Services went into effect. These include Express Mail, Priority Mail, Parcel Select and Parcel Return services, as well as Express Mail International, Priority Mail International and Global Express Guaranteed services.

While average price increases are lower than last year, shippers should ensure they are up-to-date on the changes and identify ways to take advantage of new cost-saving opportunities from the USPS.

Price Adjustments

While the average increase for Priority Mail Retail pricing is 3.9%, changes actually range from one percent to 18% and Commercial Base pricing up to 14%. There are also new prices for Express Mail, Global Express Guaranteed, Express Mail International, Priority Mail International, Parcel Select and Parcel Return Service. A full list is available at <http://pe.usps.com>.

Another change is Priority Mail Flat-Rate boxes and Flat-Rate envelopes are now priced separately. Before January 4, 2010, a Flat-Rate Envelope and Small Flat-Rate Box cost \$4.80 for Commercial Base prices. However, a Flat-Rate Envelope now costs \$4.75 and a Small Flat-Rate Box costs \$4.85.

In addition, the one-pound price for Priority Mail is now calculated by weight and zone based on seven separations. This applies to Retail, Commercial Base and Commercial Plus pricing.

New Opportunities for Priority Mail Commercial Plus Shippers

In 2010, three new cost-saving opportunities will be available for Priority Mail Commercial Plus shippers. These include:

Priority Mail Cubic Volume-Based Pricing – This is ideal for large-volume customers who ship small, dense, space-efficient flats and parcels. Prices are available to registered end-users of USPS-approved PC Postage products, as well as permit imprint customers who qualify for Commercial Base prices and had account volumes over 250,000 pieces in the previous calendar year or have a customer commitment agreement with the USPS.

The savings potential for Priority Mail Commercial Plus is significant. For instance, an eight-pound parcel measuring 0.45 cubic feet destined for Zone 6 costs \$17.53 with Commercial Plus or \$12.25 with Commercial Plus Cubic versus \$20.20 for Retail and \$18.47 for Commercial Base.

Strategies to Help Manage Shipping Costs

To help leverage changes and opportunities with USPS Shipping Services, consider the following strategies:

Implementing a multi-carrier shipping solution can help shippers smart shop among carriers and service levels to meet delivery objectives at the most cost-effective prices. Features including the residential delivery indicator, fuel surcharge indicator and address verification can reduce the likelihood of carrier assessorial fees. Reporting features in some solutions can also help shippers measure volume, view charge-back costs and monitor carrier performance.

Reshape overnight and ground carrier and Priority Mail packages that may be subject to Dimensional Weight rating. As it applies to Priority Mail, packages destined to Zones 5 - 8 that measure greater than one cubic foot are rated based on the actual or dimensional weight, whichever is greater.

By taking advantage of free Express Mail and Priority Mail packaging, shippers can also help reduce material costs. Packaging can be ordered at www.usps.com. Also, use Express Mail and Priority Mail flat-rate packaging. These specially marked packages are not subject to actual weight or zone.

Electronic Delivery Confirmation service with Priority Mail is a free service that can help obtain delivery information. In doing so, shippers can often offer next day or second-day service to customers without the extra assessorial fees – fuel surcharges, address correction charges or delivery area surcharges that are often added by other express and ground carriers.

Priority Mail Half-Pound Price – For packages weighing up to 0.5 pounds, this mail services product calculates price based on distance. Again, the savings opportunity is significant. For instance, a package that qualifies for Commercial Plus

0.5-pound pricing will range from \$4.22 to \$4.78 depending on the zone it's shipped to. This is compared to \$4.80 to \$5.44 for Commercial Base one-pound and \$4.90 to \$5.55 for Retail one-pound.

Priority Mail Flat-Rate Padded Envelope – Designed for jewelry, electronics and other delicate goods, the envelope measures 9.5 x12.5 inches and is priced at \$4.95.

By understanding the USPS Shipping Services price adjustments and new opportunities, organizations can make informed decisions about their options and help position their shipping operations for success in 2010. ■

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