



Your Catalog Advocate!

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Paul Miller's ACMA Journal, October 24, 2012

- ***The Good: USPS Lays Out Full 2013 Promotional Calendar;***
- ***The Better: USPS Offers 'Tech Credit' For IMb Participation***
- ***The Ugly: USPS Hits Borrowing Limit, Making Reform Legislation More Urgent Than Ever***

For the fifth consecutive year, in 2013 the US Postal Service will offer promotional discounts that catalogers can take advantage of. Unlike the single promo from years past, this year has had two of them - but next year will see six different ones, all pending Postal Regulatory Commission approval. Moreover, responding to mailer requests for more lead time, the USPS is giving early notice of its 2013 promotional plans.

That's the **good**. The **better** is that the USPS is offering an automatic offset to the cost of adopting the full-service Intelligent Mail barcode (IMb), which catalogers and other mailers must do by 2014 anyway. Its purpose is so mailers do it right away. The **ugly** is the USPS recently reached its \$15 billion borrowing limit for the first time ever. As a result, the agency will be funded solely by postage and other revenues going forward. Fortunately, the USPS's last calendar quarter is typically profitable and it expects to generate enough liquidity until mid-to-late summer 2013. But without Congressional action, it could get uglier, raising the specter of an exigent increase to fund operations going forward.

The Good: A Six-Event Postal Promotional Calendar for 2013

In part due to five-plus years worth of ACMA's aggressive advocacy, beginning in 2009, the US Postal Service has volleyed out one postage discount promotion each year. It began with the "summer sales" of '09 and '10 rewarding mailers for volume increases during the slow summer months, then followed by the mobile barcode promos last year and two more this year. Some members capitalized on these discounts, in a few cases handsomely. For others, they weren't applicable or possible.

These promotions have evolved from being designed to draw greater mail volume to attempting to bridge old media (mail) to new media (mobile), giving mail greater relevance. Each promo has been somewhat controversial. Critics from both ends of the spectrum have posed these questions:

- Did the promos do anything to improve USPS's bottom line or did they achieve the opposite effect?
- Why weren't the promos applicable to more types of mailers?

Perhaps with this in mind, during **ACMA's 5th Annual National Catalog Forum**, USPS Vice President of Domestic Products Gary Reblin announced the USPS will take its promotional efforts one step farther by drawing up a full year's schedule of promos for 2013. Different promos will apply to different types of mailers:

- Direct Mail Mobile Coupon and Click-to-Call
- Earned Value Reply Mail
- Picture Permit Imprint
- Product Samples
- Emerging Technology
- Mobile Buy-It-Now

As with most postal promotions, the devil is in the details. Moreover, whether each of these will be useful to you depends largely on your business model and operations. To see a full description and evaluate its applicability, I urge you to [click here](https://ribbs.usps.gov/mobilebarcode/documents/tech_guides/FY13PromotionsCalendar.pdf) (or paste this: https://ribbs.usps.gov/mobilebarcode/documents/tech_guides/FY13PromotionsCalendar.pdf). Virtually every cataloger with a mobile-optimized website will be able to take advantage of the "Mobile Buy-It-Now" promo. But please check the others – we expect you will find some to take part in. The descriptions are concise with all you need to know; however, we'd be happy to help if you have any questions.

The Better: USPS Offers 'Tech Credit' For IMb Participation

In an effort to ensure that all mailers are using full-service Intelligent Mail barcodes (IMb) in time for the January 2014 deadline to qualify for automation discounts, on October 17th the USPS proposed a new incentive in the form of a "tech credit" to encourage mailers to make this conversion now.

This credit is also designed to help offset mailers' costs to implement the necessary hard and soft infrastructure changes needed to support full-service mailings. The incentive comprises a one-time "technology credit." The USPS aims to launch the program in April 2013.

In addition, the USPS proposed mandatory use of a 24-digit IMb format on tray, tub and sack labels. It's also eliminating the existing 10/24 transitional barcoded tray label format as of January 2014. Mailers and mail service providers have until November 16th to submit comments on the proposed rules. If you notice anything of import to cataloging, please advise Hamilton Davison or me as soon as possible so we can submit comments reflecting industry concerns.

The USPS will evaluate mail volume for tech credit eligibility regardless of mailers' full-service status using volume across qualifying permits for each business location through mailers' Customer Registration IDs (CRIDs). Tech Credit will be awarded for each CRID where the annual volume exceeds 125,000 pieces. Volume that is mailed with or without current full-service IMb will be included in this count. The potential credit value, automatically applied by the USPS, as being proposed, is as follows:

- for 125,001 – 500,000 full-service eligible pieces → \$2,000 in postage credit per CRID per location
- for 500,001 – 2 million full-service eligible pieces → \$3,000 in postage credit per CRID per location
- for greater than 2 million full-service eligible pieces → \$5,000 in postage credit per CRID per location

Each business location would be eligible to redeem only one tech credit. In the event there are multiple CRIDs identifying the same business location that have linked permits, the CRID with the highest eligible volume would receive the tech credit.

As for the tech credit redemption, any permit linked to a qualifying CRID may use the credit for mailings that contain 90% or more full-service pieces. The credit may be redeemed only through electronic documentation (eDoc) submission via Mail.dat or Mail.XML – Postal Wizard submissions won't be eligible. Once submitted, the credit will be fully applied automatically. A partial tech credit amount could be applied to statements if the tech credit amount is greater than the total postage for the postage statement. At that point, the rest of the credit amount rolls to subsequent statements with one-year usability. Kudos go to the Association of Postal Commerce (www.PostCom.org), which has been intimately involved with making the IMb promotion happen.

Right Now, You'll be Required to do Full-Service IMb in 2014

The USPS's proposed rule to modify eligibility requirements to obtain automation discounts was published in the October 17th Federal Register. Effective January 2014, use of full-service IMb would be required to obtain automation prices. Initiatives are proposed to minimize the impact on customers who enter small volume mailings, particularly customers who mail infrequently or have limited resources to adopt new mailing practices. Mailers and mail service providers can provide feedback on the proposed rule. The due date is November 16th. Based on member feedback, ACMA is not currently planning on commenting.

Death of the IMR?

The USPS recently shared with us some important IMb-related information regarding Intelligent Mail Range (IMR) records. The IMR contains mailpiece- or near-mailpiece-level information required in eDoc for IMb full-service mailings. In a nutshell, IMR is one of three record types that "nest" specific mailpieces or groups of mailpieces to the handling units (e.g., trays, sacks) and containers (e.g., pallets) they are mailed within. Scanning the top piece allows the full contents of the nested mailing to be uploaded, allowing tracking and service measurement of the entire mailing prior to scanning every piece.

The reason this matters? IMR is going away July 2013. If you or your service provider is still using IMR, you need to get ready to stop. You can opt for the alternative formats (PDR or PBC) unless you fall into the ACS or commingle categories. PBC makes for smaller file sizes, but some businesses can only use PDR. For a more thorough recap, ACMA members (only) can log on to the ACMA website, then find a link for PostCom's 'Postal Weeds' report for a complete explanation. Non-members are welcome to call or email me for further information.

Make the Trains Run on Time...

Finally, catalogers have a strong incentive to get their mail into service measurement so the USPS can use newly-developed tools to expedite mail languishing in postal plants that is at risk of meeting delivery deadlines. Without getting into measurement, catalogs lose this 'on the fly' expediting. The industry also loses reporting to the regulator against USPS-promised service standards. In addition, unless your mail is in measurement, you cannot use newly delivered USPS tools enabling online real-time status tracking by plant, region or total. [Click here](https://mailtracking.usps.com/mtr/landing/resources/confirm/landingConfirmLaunch.jsp) for this feature, or paste the following link:
<https://mailtracking.usps.com/mtr/landing/resources/confirm/landingConfirmLaunch.jsp>

Today, only about a third of catalog mail is "in measurement." After years of poor delivery performance during the busy holiday mailing period, catalogers must do everything possible to help the USPS make catalogs hit targeted in-home dates. Giving the USPS the tools to track and expedite our mail is the way to accomplish this. Please move to full-service IMb with an acceptable nesting method as soon as practical.

The Ugly: USPS Reaches \$15B Borrowing Limit

This one probably has Benjamin Franklin turning in his grave; then again, he probably hasn't stopped turning for over a year now. The USPS recently reached its \$15 billion borrowing limit. That's a first. Fortunately, the busy fall mailing season means robust cash flow for the Postal Service so it expects to manage around this tight liquidity and no one expects any lapse in delivery operations. However, it brings to light the greater urgency for postal reform legislation to be passed soon.

Without more borrowing capability, the USPS has to depend on postage from commercial mailers, stamps and other products to fund operations going forward. While the USPS expects to manage this year's tight liquidity, experts do not expect it will be possible again next year when the magnitude of the gap is greater. Hopefully, Congress will consider some sort of postal reform in the lame duck session following the election.

ACMA is calling on all catalog interests to communicate to their national politicians about the absolute need for Congress to deal with postal reform in the "lame duck." Recall that the expected House draft also includes provisions to force up catalog postage. So if you speak with Republican Representatives, be sure to express your displeasure. We'd be happy to help with the talking points. Please call or email me for specifics.

One can only hope that the borrowing limit will accelerate the crisis to the point of being addressed. If not, it'll be back-to-the-drawing board during the 113th U.S. Congress as new bills must be introduced, debated and passed from committee and to legislation. Action with the 112th Congress right now will minimize the potential for disruption next year and enable postal management to focus on efficiency. Please take action today.

Best,
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