

MEMO to MAILERS

UNITED STATES POSTAL SERVICE
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surf the POWER of DIRECT MAIL

Before there was “big business” there was “small business.” You’ve got to start somewhere. Small and medium-sized businesses in the mood to grow should consider this from the Postal Service. The newest enhancement to www.usps.com provides links to service providers that offer complete online solutions for direct mail campaigns — from list services to creative, print, production and mail entry — everything companies need to launch a successful direct mail campaign and grow their business.

“Advertisers know that direct mail gives the biggest bang for the buck but small and medium-sized businesses and nonprofits often feel they can’t get in the game,” says John Ward, vice president, USPS Core Business Marketing. “These businesspeople are savvy enough to understand the power of direct marketing, but they often have to wear many hats, and don’t always have the time to learn how direct mail can work for them.

“But with our direct mail website, they can get that information quickly, as well as find a

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NEW PMG NAMED

POTTER is it!

The U.S. Postal Service Governors named John E. “Jack” Potter as 72nd Postmaster General of the United States.

Potter, a 23-year postal employee, had been chief operating officer and



executive vice president. He’s only the sixth postal employee to serve as PMG. He replaces William J. Henderson, who served in that position for three years.

In making the announcement, Board of Governors Chairman Robert F. Rider said, “Jack’s talent and commitment have delivered success in providing affordable, universal mail service for the nation. He has the experience, leadership and vision that will position the organization for long-term success and necessary regulatory

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DIRECT MAIL SITE

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full range of services to help them prepare their mailing. Simply put, the Postal Service is making the power of direct mail available online for these businesses on their own terms."

The direct mail website — www.usps.com/directmail — also has been redesigned. It provides tutorials, templates for mailers to do their own mailing and a listing of direct mail seminars. In addition to a list of merchants offering services, the website also features the Postal Service's own NetPost Mailing Online service, which lets mailers submit their creative copy online for printing and mailing.

"Once businesses see how quickly they can prepare a direct mail ad campaign, how cost effective it is for them to do so and the return on investment they get from it, they'll really appreciate

the power of the mail," says Ward. "We want them to succeed and we think our website and the services these vendors provide will help them do that."

Within hours of activation of the links to the service providers — and before any publicity had even been released to the public — one of the vendors, ListBazaar.com, already had made its first sale through the Postal Service website. That's pretty convincing testimony to the visibility, reach and power of the Postal Service website.

"USPS is the perfect organization to provide education for small businesses," says Rakesh Gupta, president, ListBazaar.com. "It's an accepted brand. There is no better partner to have than USPS in educating small businesses around the country who have never used direct marketing."

Gupta praises the concept of a one-stop shop for direct mail

service vendors. His company has followed up on its initial sale with several more, thanks to the USPS Direct Mail Merchants link. "We're excited about that," says Gupta.

Wilson Zehr, CEO, president and co-founder of Zairmail, another service provider with a link from www.usps.com, says, "Direct mail is the most powerful advertising medium available, returning \$10 for every dollar spent. There are incredible efficiencies using Internet solutions. When you submit content electronically and it's produced locally, you're providing better service for less internal costs. That's a good thing for mailers and a good thing for the Postal Service."

Best of all, the Postal Service's direct mail website's services are accessible whenever they're needed. The Internet is the only road a business has to travel to get the job done. ■

LOOK FOR LINKS to service providers on the Direct Mail Merchants page. The vendors are:

DIRECTMAILQUOTES.COM

Provides free competitive quotes on direct mail services

LISTBAZAAR.COM

Provides mailing list services

THINKDIRECTMARKETING.COM

Provides mailing list services

ZAIRMAIL

Provides creative, print and production services

ZIPM

Provides mailing list, creative, print and production services

POTTER IS NEW PMG

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reform through dramatically changing competitive and technological environments."

Potter says he is "looking forward to the challenge of making the Postal Service an even better place tomorrow than it is today."

Prior to his appointment as chief operating officer in October 2000, Potter had also served as senior vice president of Operations, senior vice president of Labor Relations and manager of Capitol Metro Operations, in addition to other field and headquarters jobs.

Potter began his postal career in 1978 as a part-time clerk in Westchester, NY. ■



"I am looking forward to the challenge of making the Postal Service an even better place tomorrow than it is today."

John E. Potter
Postmaster General and CEO

EXPEDITED BECOMES EVEN MORE EXPEDITIOUS



Last year, the Postal Service began to define its international services in terms of delivery days using such catchwords as “fast, faster, fastest.” On April 1, the “fastest” got faster as Global Express Guaranteed™ launched its online service, giving customers the option to print shipping labels from the convenience of their home or office.

“This is part of our continuing effort to emphasize customer ease of use in international shipping,” says Melodie Ransom, manager of business initiatives for the Postal Service’s Expedited/Package Services division. “Speed is an issue for customers who choose Global Express Guaranteed,” she added, “and these new online shipping options are intended to shorten the steps between sender and receiver.”

In addition to online label printing capabilities, the Global Express Guaranteed website provides customers with rate information and shipping requirements as they navigate their way through shipment preparation.

Global Express Guaranteed is the expedited date-certain shipping service USPS offers with DHL World-

wide Express. Providing guaranteed delivery for all types of shipments, it’s available at more than 20,000 retail locations nationwide, offering service to more than 200 countries and territories.

The names of the countries, the Post Office locations and the new online shipping options can be found on the website at www.usps.com/gxg. And there’s more to come. According to Ransom, the Global Express Guaranteed website will be expanded soon to include payment options. “Ultimately, this service is building the foundation for a global shipping network that will include other international and domestic package services,” said Ms. Ransom. “We’re also making plans to offer customers the option to order pickup service online.” ■

USPS/FedEx Express business agreement: PART 2

Managers from the Postal Service and FedEx Express have gathered together at regional levels to discuss implementation later this year of the transportation agreement that calls for Express Mail, Priority Mail and some First-Class Mail to fly on FedEx Express planes.

In the first meeting of its kind on April 19 in Denver, leadership teams from USPS and FedEx briefed 150 managers from western areas of both organizations. The managers then got a chance to meet their respective city coun-

terparts and begin the communication that will be essential to the success of the transportation agreement.

Similar meetings are occurring across the country, including San Francisco, Chicago and other cities.

The Postal Service expects to save \$1 billion in transportation costs over the length of the contract for shared access to the FedEx Express national air transportation network. The seven-year contract has service commitments by FedEx to provide on-time performance within the network and

growth potential. It will provide an expanded reach for Express Mail next day and Priority Mail two day.

USPS and FedEx already have launched their drop box agreement with placement of FedEx drop boxes at Post Office pilot sites in Charlotte, NC, and Fort Lauderdale, FL. FedEx drop boxes eventually will be located on the grounds of thousands of Post Offices throughout the country, with FedEx paying the Postal Service between \$126 million and \$232 million in fees over the next seven years. ■

SAMS:

MANAGING HOW USPS
TRANSPORTS THE MAIL

A small but important part of the Postal Service’s information platform — the Surface-Air Management System (SAMS) — is currently being deployed at locations throughout the country. The Postal Service Board of Governors

approved funding for SAMS last year. USPS is building an information platform that will benefit both mailers and the Postal Service by providing meaningful information to support relationships with customers, manage the mail flow and associated resources and understand costs.

One of the key uses of SAMS will be to assign mail to the Postal Service’s surface and air transportation network, and it will play

a crucial role in identifying mail that will fly on FedEx Express planes as part of the business agreement between USPS and FedEx Express.

SAMS gives the Postal Service the ability to assign a unique dispatch and routing tag to each tray, sack or container. SAMS replaces the Air Contract Data Collection System (ACDCS) with a user-friendly tool with upgrade-ready software. In addition to provid-

ing the ACDCS functions, SAMS also provides capabilities such as the ability to assign surface routes, manage capacity of the first leg of transportation by splitting out mail by class and track manifests online.

SAMS is scheduled for national deployment in eight overlapping waves. The first wave of 15 new sites became operational on May 5. ■

Modified rates highlights

Modified rates take effect on JULY 1

The Postal Service Board of Governors voted to modify the postage rates that were implemented in January. The unanimous vote came after the independent Postal Rate Commission issued a series of three recommended decisions that did not meet the Postal Service's stated revenue requirements.

Board Chairman Robert Rider said, "The Governors reluctantly decided to adjust the rates to make up a shortfall of about \$975 million caused by the Postal Rate Commission decision." Rider explained that this action came 16 months after the Postal Service filed its request for new rates and almost two years after the revenue need was identified.

"The cumbersome and difficult course of this proceeding demonstrates once again the need for structural reform of the Postal Service's underlying legislation," says Rider.

Complete rate information is available on www.usps.com and in the May 31 issue of Postal Bulletin. The Bulletin is available online at <http://www.usps.com/cpim/ftp/bulletin/pb.htm>

FIRST-CLASS MAIL

- The single-piece first-ounce letter rate will remain the same at 34 cents.
- The additional ounce will increase from 21 cents to 23 cents. This increase conforms with the Postal Service's original request. As a result, a 13-ounce piece, which is currently \$2.86, will increase to \$3.10.
- The first ounce at the presorted rate, automation rate and automation carrier route rate will increase by 0.2 cent each.
- The nonstandard surcharge remains the same at 11 cents for single-piece rates and 5 cents for automation and presorted rates.

CARDS

- All card rates will increase by 1 cent.
- The fee for stamped cards will remain at 2 cents in addition to the postage.

BUSINESS REPLY MAIL

- Only the underlying postage rates will change. Accounting fees and per-piece charges are not affected.
- For basic and high-volume business reply mail (BRM) the card rate will increase to 21 cents.
- For qualified business reply mail (QBRM) the card rate will increase from 17 to 18 cents.
- The additional ounce for all BRM will increase from 21 to 23 cents.

PRIORITY MAIL

- The newly implemented Priority Mail rate for 1 pound or less will remain at \$3.50. The two-pound and flat rate envelope for Priority Mail will remain at \$3.95. Rates over two pounds will increase by varying amounts.

EXPRESS MAIL

- Express Mail rates will increase 1.5 percent across the board. The range of increases is 15 cents to \$1.80 per piece.
- The Express Mail Post Office to Addressee service half-pound rate will increase by 20 cents to \$12.45 and the two-pound flat rate will increase 25 cents to \$16.25.
- Customers who use Post Office to Post Office or Custom Designed Services will see small increases to those two service options as well.

PERIODICALS

- Overall, Periodical mail rates will increase by an average of 2.6 percent.
- The 5 percent differential for nonprofit and classroom rates will remain the same.
- There will be no change to application, additional entry and reentry fees. The experimental ride-along rate will remain at 10 cents.

Outside-County Periodicals

- Zoned advertising pound rate increases will range from 0.5 cent to 1.5 cents per pound depending on how far the publication travels.
- The non-advertising pound portion of the Periodicals rate will increase by 0.6 cent from 17.3 to 17.9 cents.
- Piece rates will increase by 0.2 cent for carrier route saturation levels to 0.8 cent for non-automation basic rate addressed pieces.
- The discount for the non-advertising percentage applied to pieces will increase from .00065 to .00067 cent.

In-County Periodicals

- Pound rates will only increase by 0.2 cent. Rates for addressed pieces will increase by 0.1 cent with the exception of the Basic and 3-digit automation rates, which will remain the same.

STANDARD MAIL

- All non-carrier route rates will increase by 0.3 cent.
- Enhanced Carrier Route (ECR) pieces will increase by 0.2 cent.
- Nonprofit rates will have the same increases of 0.2 cent for ECR piece rates and 0.3 cent for all other nonprofit piece rates.
- There will be no changes to the pound rates.
- There will be no changes to drop-ship discounts.

PACKAGE SERVICES

- Parcel Post retail rates will increase by between 0 and 88 cents, depending on zone and weight.
- Parcel Select will increase by between 0 and 66 cents, depending on destination and weight. (Note: some Parcel Post Intra-BMC and Parcel Select rates will be reduced by 5 cents.)
- Bound Printed Matter rates will increase by between 5 and 41 cents, depending on zone and sort.
- Media Mail first pound rates will increase by 3 cents across the board.
- Library Mail single-piece and 5-digit rates will increase by 2 cents. BMC sorted Library Mail will increase by 3 cents.

SPECIAL SERVICES

- The fee for Certified Mail will increase from \$1.90 to \$2.10.
- Domestic Money Orders will increase from 75 to 90 cents.
- All other Special Services are not affected by this modification.

INTERNATIONAL MAIL

- The only change to International Mail is to the Recorded Delivery fee, which will increase to \$2.10.

Representative Rates

Product	Current	Modification
Birthday Card (1 oz.)	34.0¢	34.0¢
Bank Statement (2 oz.)	46.3¢	48.5¢
Post Card	20.0¢	21.0¢
Bill	25.3¢	25.5¢
Priority Mail (2 lbs., and flat rate)	\$3.95	\$3.95
Priority Mail (10 lbs., Zone 5)	\$10.55	\$10.95
Local Newspaper	9.4¢	9.5¢
National Magazine	24.4¢	25.0¢
Catalog (bulk mail center entry)	15.7¢	15.9¢
Fundraising Letter	12.0¢	12.3¢
Parcel Post (2 lbs., destination delivery unit entry)	\$1.25	\$1.28
Heavy Catalog (3 lbs., destination delivery unit entry)	66.0¢	71.0¢

To get an idea of how the modification will affect particular pieces of mail, we have prepared these examples:

- No change to the stamp price means those birthday cards will stay at 34 cents.
- A 2-ounce bank statement increases by 2 cents due to the modification to the additional ounce rate, and another 0.2 cent that all bulk First-Class Mail receives.
- A postcard goes up a penny. That rate has been 20 cents since January 1995.
- Bills increase by the 0.2 cent that all bulk First-Class Mail receives.
- The most frequently used Priority Mail rate does not change, but heavier pieces do.
- Local newspapers have low rates, and see a modest increase.
- National Periodicals see an increase. In the above example, the piece will receive an increase of 0.6 cent.
- Lighter-weight catalogs receive a modest increase, as do fundraising letters.
- Parcel Post sees a modest increase.
- And heavier catalogs that are mailed as Bound Printed Matter will see larger increases.

And you don't even have to rewind

First-Class Mail is where it's at, according to Netflix, the world's largest online DVD rental store. Launched in 1998, the Los Gatos, CA-based company provides movie fans with an unlimited movie rental service for a flat monthly fee, delivering the DVDs directly to subscribers' homes through the U.S. Postal Service.

Netflix executives are not shy about giving credit to the role the Postal Service has played in the company's success. "The Postal Service is an integral part of our business model," says Leslie Kilgore, vice president of marketing for Netflix. "We offer our customers the convenience of home delivery and USPS helps us to deliver the best movie experience possible."

Kilgore says Netflix eliminates the hassles of due dates, late fees and returns — no matter where customers live. Members pick the movies they want to watch online at www.netflix.com and the DVDs are delivered to their mailboxes within two to

four days along with a business reply stamped envelope. Because DVDs are lightweight, the cost of mailing them is 34 cents.

After members finish watching the movie, they simply pop it into the return envelope and — at their convenience — drop it into the mailbox and it's returned. No late fees, ever.

"The Postal Service likes to talk about that 'mail moment' when members of a household open the letters and packages they've received that day. This is something similar. It's a 'Netflix moment,'" says Margaret Parsons, manager of Northern California/Hawaii sales for the Postal Service.

Netflix mails more than 70,000 DVDs each day (except Sunday). It's capable of mailing 500,000 DVDs daily.

Netflix is also a source for the latest information on new theater releases, including show times, reviews and personalized movie recommendations.

And this is particularly noteworthy. In the midst of all the dot-com failures of recent months, Netflix is forecasting a profit by the end of this fiscal year. It expects to reach a half million members by the end of the calendar year.

Movie rentals as close as your computer and mailbox. It's a winning combination. Just add popcorn. ■



**RENT AS MANY
DVDs
AS YOU WANT
FOR 20 BUCKS
A MONTH**

118213

Create a list of the movies you want to see. We have virtually every DVD movie ever published.

The movies you select arrive in your home mailbox via first-class mail.

NO LATE FEES

Keep each DVD as long as you want. Have up to 3 movies on hand. Watch them anytime.

When you're done with a movie, send it back for free in its prepaid return envelope. We'll send you the next available movie on your list.

RENT AS MANY DVDs AS YOU WANT.
For 20 bucks a month. No late fees.

NETFLIX

No commitments. Cancel anytime.

Go to www.netflix.com
Enter code

Netflix prominently features the Postal Service in its promotional materials as it builds brand awareness and acquires new customers. USPS is a big part of Netflix's ticket to success.

POSTAL NEWS BRIEFS

FORMER PMG GETS POSTAL SERVICE'S HIGHEST HONOR

The Board of Governors presented former Postmaster General Bill Henderson with the Postal Service's highest honor, the Benjamin Franklin Award, at its April meeting.

The award, named after the first Postmaster General, honors individuals whose outstanding accomplishments over a sustained period of time result in major improvements of national significance to USPS and the nation's mail system.

The governors said Henderson helped lead USPS to continuing improvements in service, customer satisfaction and productivity.

MARKETERS HONOR

The DMD Marketing Conference, which promote direct and integrated marketing, awarded a Lifetime Achievement Award to former PMG Henderson, only the third recipient of this honor.

The award recognizes the significant accomplishments and contributions Henderson made to the direct marketing and mailing community — "from the average citizen to the largest mailer."

INNOVATION IN EBUSINESS

The Postal Service was named a finalist for the 2001 Massachusetts Institute of Technology's Sloan eBusiness™ Awards in the category of business transformation. The award recognizes companies that take advantage of a channel — Internet, wireless or other — to create a new market or a new way of doing business, or to create a competitive advantage in an existing market.

USPS was cited for introducing an electronic bill presentment and payment service, a secure electronic messaging/document transfer service, a hybrid mail product and a secure online government

transaction service. Also cited were the expanded capabilities of www.usps.com, providing new choices to consumers and lowering operating costs.

USPS SIGNS VAN WAGNER COMMUNICATIONS

The Postal Service signed Van Wagner Communications, an advertising company with extensive experience in a wide array of outdoor communications, to manage its Postal Ad Network.

The Postal Ad Network is a program that makes various postal assets — including delivery vehicles, collection boxes, Priority Mail and Express Mail packaging, postal lobbies, stamp booklets and websites — available for commercial advertising.

Van Wagner will manage all aspects of the program, including the marketing and sales of advertising space, as well as sign production and placement.



The Honoring Veterans stamp pays tribute to men and women who have served in the U.S. armed forces. It's also a "thank-you" to those veterans who continue to serve as members of veterans service organizations.

MEMO to MAILERS

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Keeping POSTED

News from Postal Customer Councils www.national.pcc.usps.com

SPRING USHERS IN CHANGE

Welcome back to Pat McGee, manager, Mailing Industry Relations at USPS headquarters, as national postal co-chair of the Postal Customer Council Advisory Committee (PCCAC). McGee is an energetic champion of postal customers and a driving force in advocating stronger business and working relationships between the Postal Service, its customers and the PCCs. He returns to a role he relinquished in December 1999. In his previous tenure as national postal co-chair, he was

instrumental to the success of the 1999 PCC Day broadcast from Southern California, he guided the dynamic update of the PCC website and helped launch "Keeping Posted" in *Memo to Mailers* so PCC news could reach a broader audience.

As McGee rejoins the PCCAC, Ken Cowell departs to take over full-time management of the Postal Service's National Postal Forum (NPF) efforts. "It has been a pleasure working with the Postal Service's customers in the PCC program. They have proven to be committed to continuing their long-

standing positive relationships with the Postal Service, while enhancing their value to all businesses utilizing mail for success," says Cowell. "PCCs are highly beneficial because they provide grassroots support and networking that can improve how effectively the mail is used to reduce costs or increase profitability in businesses of all sizes." In addition to presiding over the successful PCC Day 2000 from Providence, RI, Cowell oversaw inclusion of national PCC Awards at NPF recognition events.

Change Service Requested

GO FOR THREE!

**“We believe in the
values of hard
work, the striving
for excellence,
and the
championship
spirit these
athletes
demonstrate.”**

Gail Sonnenberg
Senior vice president, Sales

Will they make it three in a row? The USPS Pro Cycling Team is preparing to defend its two consecutive Tour de France wins. The world's premier bike race begins July 7. When it ends July 29, will two-time Tour de France winner Lance Armstrong be wearing the yellow jersey across the finish line again?

The anticipation builds. Ahead of the race, special rallies and events are being held in 85 cities across the country to show support for the cyclists, beginning with the official sendoff June 1 in front of postal headquarters in Washington, DC.

For the past six years, the U.S. Postal Service has sponsored the USPS Pro Cycling Team.

“Our cycling team sponsorship has proven its value to the Postal Service,” says Gail Sonnenberg, senior vice president, Sales, for the Postal Service. “By being associated with our championship cycling team and one of the world's greatest athletes, Lance Armstrong, the Postal Service brand is recognized around the world.” Their winning formula — speed, focus, reliability and teamwork — is the same one that drives performance for the Postal Service.

On August 4, a week after the Tour de France, a new race — the

New York City Professional Cycling Championship — will be held in lower Manhattan. This “Tour de New York” will feature 72 of America's top-ranked pro cyclists, including two-time (and perhaps three) winner Armstrong.

For more information on the USPS Pro Cycling Team, visit www.uspsprocycling.com. Team gear is available at the Postal Store at www.usps.com. ■

