

ow fast do you want to get there? If you mail internationally, the Postal Service is making it easier to make that call. The Postal Service Board of Governors approved a restructuring of USPS international services.

The structure of international mail will change to provide our customers with simple choices when they mail their international letters and packages. Instead of a content-based system, which charged the customer based on what was inside, the system will change to reflect speed-based pricing.

"Traditionally, we classified international mail by content — with over a dozen ways to send a four-pound package," says International Business vice president, James P. Wade. "Simplified product offerings will make it easier for everybody our customers and our employees." Outbound international postal products and services represent about \$1.4 billion in annual USPS revenue. The rate adjustments reflect changes in foreign delivery charges (terminal dues) that were adopted by the Universal Postal Union. They go into effect January 1, 2001.

The USPS will offer five levels of service at retail — Global Express Guaranteed (GXG), Global Express Mail (EMS), Global Priority Mail (GPM), Global Airmail (Letter-post and Parcel Post) and Global Economy, which provides surface service (Letter-post and Parcel Post).

Global Airmail will have only two subcategories: Letter-post and Parcel Post. The other distinctions, such as small packets, printed matter, sheet music and books, will be incorporated into the Letter-post service. And the half-ounce rate will be eliminated for Letter-

continued on page 2

WHAT'S INSIDE

- SMART BARCODES
- **3** CO-BRANDING
- **b** IDEA FORUM
- 6 METER UPDATE
- **KEYLINE SPACES**

New rates... under protest

The Governors of the U.S. Postal Service announced that they would allow the recommended decision of the Postal Rate Commission to raise the price of a First-Class letter to 34 cents "under protest." New rates for all classes of mail will begin on January 7, 2001. Postage for mailing this year's holiday cards and packages remains the same.

New 34-cent letter-rate stamps will go on sale December 15. The first of the new stamps will be marked "USA FIRST-CLASS." In later stamp printings, the phrase "FIRST-CLASS" will be replaced by the 34-cent amount. Over two billion one-cent stamps are already available for customers to use up supplies of older 33-cent stamps.

The cost of mailing a two-pound Priority Mail package increases to \$3.95, although a new one-pound rate is now also available at \$3.50. The cost of mailing a one-half-pound Express Mail package increases to \$12.25.

continued on page 3

Voices for reform

he U.S. Postal Service Board of Governors unanimously called for reform of the nation's postal system.

At its November meeting, Board Chairman Einar Dyhrkopp stated that, in spite of the cost cutting and productivity efforts, the difficult present financial condition of the Postal Service would worsen unacceptably in the coming years.

The Board committed to personally promoting the change necessary to safeguard the future of the Postal Service. Governor David Fineman said reform through major statutory change would be needed.

FYI BOARD OF GOVERNORS

The newest member of the U.S. Postal Service Board of Governors is Alan C. Kessler, a Pennsylvania attorney. He was appointed to the Board by President Clinton and confirmed by the U.S. Senate. Kessler's term expires December 2008.

FYI DIRECT MAIL

Traditional small business or dot-com? Direct mail should be part of your company's marketing mix. It can draw customers to your website, and you can combine it with other advertising media. Check out the USPS direct mail website *www.uspsdirectmail.com.*

FYI E-STAMP.COM

E-Stamp.com told customers that it will begin to phase out its Internet postage operations and shift the company's focus to Web-based shipping logistics solutions. The Postal Service is disappointed that E-Stamp is leaving the field but applauds the company's assurances that it will work to minimally disrupt PC Postage customers.

INTERNATIONAL RATES continued from page 1

post, making the starting weight the same as domestic — one ounce. For customers who used our printed matter rates for books, sheet music and related merchandise samples, the M-Bag option will be offered with no miniFinally, a couple of special services will be eliminated: Special Delivery and Special Handling.

For commercial services, International Surface Air Lift (ISAL) will now be available to Canada and replace the current VALUEPOST/CANADA service. The number of rate groups for ISAL will increase from four to eight and include a separate rate group for Canada. Under the speed-based

Fewer global categories mean simpler choices for you:				
Service	Guaranteed Delivery Date	Tracking	Insurance Included	Expedited Handling
Global Express Guaranteed™	YES	YES	YES	YES
Global Express Mail™		YES	YES	YES
Global Priority Mail™				YES
Global Airmail™				
Global Economy Service also available.				

mum weight restrictions. (An M-Bag is a single mail bag which can hold up to 66 pounds and can be sent to one addressee only.)

The Global Economy Letter-post rate will begin at one pound and the Parcel Post rate will begin at five pounds. These starting rates reflect the costs attributed to Economy service that would price Economy rates above Global Airmail at the lower weight levels. classification system, all ISAL and International Priority Airmail (IPA) items will be classified as Letter-post and conform to those size and weight limits. Items in excess of four pounds will not be mailable as Letter-post. However, printed matter items weighing over 4 pounds will be mailable as M-Bags, subject to a minimum 11 pound charge. The number of rate groups for IPA will also expand from five to eight rate groups.

SHIPPING SOLUTIONS: SMARTER BARCODES Now Combine Insurance with Delivery Confirmation

The U.S. Postal Service has just made it easier for shippers who print their own black and white labels to use insurance, alone or combined with Delivery Confirmation[™] service.

Until now, mailers were required to apply individual labels and/or barcodes for each additional special service requested, which caused size and space problems and added labor costs to manually apply multiple labels. Customers asked for a fix. "The need to make special service barcodes carry more information was obvious," noted Julie Rios, manager, Information Systems, Expedited/Package Services.

The answer? An integrated barcoding solution that combines services into a single barcode as well as barcoding for insurance service alone. Now, shippers can print the barcode directly on their shipping label and eliminate the need for additional insurance labels. Fingerhut Companies, Inc., one of the nation's largest direct marketing and online retailers, is one of the first customers to take advantage of the new option. Based in Minnetonka, MN, the company sells a broad range of products and services through catalogs, direct marketing, telemarketing and the Internet.

"The combination of insurance and Delivery Confirmation gives us the security we need and timely delivery information," says Lloyd Karls, manager, Parcel Delivery Service for Fingerhut. "And now, with the integrated barcode, we need only our address label to request both services on a package. It saves us time and money." Customers will find that the new barcoding option easily merges with current Delivery Confirmation software/systems. The modifications include a change in the text above the barcode to identify the service requested and a change in the service-type code in the barcode.

Complete information is available in the November 2000 Publication 91, Delivery Confirmation Technical Guide. At this time, it is available in electronic copy only. To view it, visit the Postal Service website at *www.usps.com* and type "Pub 91" in the keyword search block.

YOU'VE GOT MAIL... and the ultimate delivery vehicle

See that postal truck? It's not just a delivery vehicle. Now it's also an advertising channel as the Postal Service launches a new venture to provide business customers with an opportunity to make their brands more visible in neighborhoods across the United States through the Postal Ad Network.

In the first agreement of its kind, the U.S. Postal Service and America Online (AOL) this month began a six-week co-branded advertising campaign that will give new meaning to the phrase, "You've got mail." The co-branded ad promoting USPS Expedited/Package Services (E/PS) and AOL will be featured on 10,000 postal delivery trucks in 11 major markets.

The ads feature Priority Mail and Express Mail packaging with the tagline, "Ultimate Internet Delivery Vehicle," and AOL's logo with the words, "You've got mail." The ads will appear on vehicles in New York, Chicago, Los Angeles, Philadelphia, Detroit, Atlanta, San Francisco, Miami, Houston, Dallas, and Washington, DC.

"America Online recognizes the value of co-branded advertising with the Postal Service," says Deputy Postmaster General and Chief Marketing Officer John Nolan. "We believe other companies that use the mail will find that co-branded advertising with the Postal Service brings high visibility and will be very cost-effective. And, as they build their businesses, our mail volume will grow."

The Postal Service's agreement with AOL, a product of the partnership between the USPS offices of Strategic Marketing, Core Business Marketing, and E/PS is an example of cooperative efforts that result in success, says John



Deputy Postmaster General and Chief Marketing Officer John Nolan, John Ward, vice president, Core Business Marketing; and Jim Cochrane, associate vice president for Marketing, E/PS, in front of first vehicle to display new ad campaign, at USPS headquarters.

Ward, vice president, Core Business Marketing. He credits Pat McGee, manager, Strategic Marketing, and Marketing Specialist Lewis Johnson for their roles in reaching this agreement with AOL. "Each of us is a salesperson for Postal Service products and services," Ward says, "and by partnering, we create additional sources of revenue to support the USPS goal of affordability."

"We now can offer advertisers, in addition to direct mail, assets for their advertising campaigns," he says. "This is an exciting new opportunity for advertisers that builds on the strength of the Postal Service brand and creates a significant new revenue stream for USPS."

Additional campaigns similar to the groundbreaking USPS/AOL effort are being developed. "We're in a co-branding mode, and we are anxious to hear from other interested partners," Ward adds.

LEGISLATIVE UPDATE

Law affects nonprofit mailers

n October 27, the president signed into law the Nonprofit Rate Relief Act, which changes the process used to establish rates for nonprofit and other preferred-rate mailers.

Under the new law, nonprofit and classroom periodicals will receive a 5 percent discount off the non-advertising portion of the commercial rate. Similarly, library mail will receive a 5 percent discount off special standard rates. Nonprofit Standard Mail (A) will continue to have a separate rate schedule, but rates will be set so that, on average, revenue per piece will be 40 percent less than revenue per piece paid by commercial Standard Mail (A).

A coalition of nonprofit mailers, commercial mailers, postal officials and lawmakers agreed that rate relief was needed.

Check for rate information at *www.usps.com.* ■

NEW RATES continued from page 1

Overall, rates are rising 4.6 percent, although price increases vary some by class of mail in accordance with the legal mandate for each class of mail to cover its own cost. The cost of mailing a First-Class letter will increase from 33 to 34 cents. Each additional ounce will decrease from 22 cents to 21 cents. The cost of mailing a postcard will remain 20 cents. International rates will also rise on January 7.

In a separate action, the Governors rejected four classification changes recommended by the commission including the Courtesy Envelope Mail proposal and Information Based Indicia proposal. New rates are available online

at *www.usps.com*.

FY 2000

The Postal Service reported a loss of \$199 million for fiscal year 2000. Despite the financial loss, postal officials say the financials show a highly successful year despite many challenges, including unforeseen fuel expenses, the addition of 1.7 million new addresses, and the reduction of 6,200 workyears. Against these factors, USPS also posted record productivity gains and an overall mail volume growth rate of 3.1 percent, or 6.2 billion additional pieces of mail. A record 208 billion pieces of mail was delivered by the Postal Service last year.

Financial challenges ahead

HE U.S. POSTAL SERVICE BOARD OF GOVERNORS APPROVED — SUBJECT TO FURTHER REVIEW — AN OPERATING PLAN THAT PROJECTS A LOSS OF \$480 MILLION ON TOTAL REVENUES OF \$67.9 BILLION FOR THIS FISCAL YEAR.

THE PLAN SETS AMBITIOUS PRODUCTIVITY AND EXPENSE MANAGEMENT TARGETS FOR FY 2001. AMONG THE TARGETED CUTS IS A REDUCTION OF 13,200 WORKYEARS, BUILDING UPON A REDUCTION ACHIEVED IN FY 2000 OF 6,200 WORKYEARS.

Capital Plan

The financial plan consists of \$3.6 billion in capital investments and supports the goals of the strategic plan. The capital investment strategy identifies three priorities:

- Concentrate on high-return investments, such as automation/mechanization and information platform projects.
- Maintain the existing infrastructure (facilities, vehicles and information systems).
- Accommodate growth areas, including delivery network growth.

Financing Plan

In conjunction with approval of the integrated financial plan,

the Board agreed to increase the Postal Service's borrowing authority by \$500 million for capital investment.

Chief Financial Officer and Executive Vice President Richard Strasser indicated that the year ahead would be one of the most challenging faced by the Postal Service in recent times.

UNITED STATES POSTAL SERVICE

A Special Delivery from the United States Postal Service and Harper Resource



The 2000 Commemorative Stamp Yearbook

Hardcover \$49.95

From nature's wonders to America's marvelous inventions, musicians and composers, literary masters and military heroes. This year's commemorative stamps are a fascinating philatelic brew. Includes more than \$32 worth of commemorative stamps!

An American Postal Portrait A PHOTOGRAPHIC LEGACY

Hardcover \$31.50

Rarely seen photographs of the United States Postal Service and the men and women behind the mail. *An American Postal Portrait* is an impressive photojournalistic journey that traces not only the Postal Service itself, but the cultural and technological advances it nurtured and promoted, from nationwide mail service to today's commercial airline industry. The Postal Service Guide to U.S. Stamps 27th EDITION UPDATED STAMP VALUES Trade Paperback

Trade Paperback \$17.95

This fully illustrated, four-color field guide lists every stamp issued — approximately 4,000 of them — spanning 153 event-filled years. It includes comprehensive information on each stamp, the stories behind some of the individual designs, how to get started collecting, a resource section listing philatelic organizations and publications and a glossary of important terms.

CALL 1 800 STAMP-24 TO ORDER OR VISIT THE POSTAL STORE AT WWW.USPS.COM



Who let the gators in?

armless reptiles? We beg to differ. When this package dropped into a mail cart at Delta airline mail control in Atlanta, it burst open and out popped an alligator's head. Attached to the box containing the four-foot alligator was another Express Mail piece with a four-foot monitor lizard inside. "Harmless reptiles" was written on both packages.

KeepingOSTED

News from Postal Customer Councils

ON THE WEB

There's a new Speaker's Bureau link at *www.national .pcc.usps.com.* Please take a minute to look it over and tell us what you think. The Upcoming National and Local Events screen also is up-to-date.

FUTURE FORUMS

We will be enhancing PCC offerings at upcoming National Postal Forums (NPFs). Please remind your counterparts, executive board members and general members to check the appropriate PCC box on their NPF registration form. That's the only sure way they will be kept apprised of goings-on that affect PCC members.

NON-COMPETITION AGREEMENT

Some PCCs have raised questions about the new form, Exhibit 15, PCC Member Non-Competition Agreement. The intent of the form is to prevent competitors from selling, recommending, favorably discussing and exhibiting their products and services WHILE AT THE PCC MEETING/EVENT OR IN THE OFFICIAL CAPACITY OF REPRESENTING THE PCC. You may amend the form to stipulate this specific language. Obviously, there is no way to prevent competitors from talking about their products or services away from PCC functions or when they are not in the role of officially representing PCCs.

ideaforum

THE CHALLENGE

Papa John's International, Inc., headquartered in Louisville, KY, is the fastest growing pizza company in America. It has more than 2,400 restaurants — three-quarters of them franchised and the rest company owned. It also operates in international markets under the Perfect Pizza name.

The challenge? Papa John's wanted to revive its corporate direct mail program. The goal was to increase sales and meet the needs of its franchisees and corporate stores. Papa John's wanted to keep production in-house, which would help keep costs down as well as allow use of its own customer information for targeted marketing, which increases redemption of coupon offers. It was essential to Papa John's that its direct mail program provide a quality product to franchisee and corporate markets in all areas — from print to delivery.

THE SOLUTION

Papa John's needed to provide time-definite delivery of advertising material to meet its customers' deadlines. It had to keep costs down to be competitive. It had to provide a quality product that was tailored to each customer's needs.

Together, the Papa John's Support Services team and USPS designed a program to meet these needs. Using Standard (A) Enhanced carrier route mail and Priority Mail drop-ship service to delivery units, Papa John's is able to pinpoint delivery times to a very narrow window and control costs.

"By drop-shipping with Priority Mail on Friday for delivery on Tuesday or Wednesday, the stores are able to prepare for an increase in traffic and orders," says USPS Account Manager Denise Rolstad.

THE RESULT

The response to an initial test mailing was so great that Papa John's launched a full-blown advertising campaign in September. The company has mailed 2.1 million cards, an average of 206,000 per week. The goal is a half-million direct mail pieces a week. The Papa John's direct mail pieces have reached 54 franchisee and corporate markets in 30 states and the District of Columbia.

And how about that goal of increasing sales? Delivered! During the initial test phase, store

revenues were up for the franchisees to the tune of 20 to 25 percent in weekly sales. In fact, a franchise operator in Arkansas sent 5,000 direct mail cards per month for his 22 stores. In the week after the cards were delivered, his sales increased 42 percent.

"The relationship between Papa John's and the United States Postal Service is off to a great start," says Brian Bloom, product development supervisor at the pizza firm. "As Papa John's direct mail business grows, it is imperative that the lines of communication continue to stay open. Papa John's looks forward to new USPS ideas and strategies that will aid in constant improvement within both organizations."

Papa John's delivers. USPS delivers. Pizza for everyone! 😨

FOLLOW-UP

Post Office to retire manually set electronic postage meters

The U.S. Postal Service published the final rule in a recent *Federal Register* for the plan to retire all manually set electronic postage meters. This ruling affects those mailers who must bring electronic meters into their Post Office to add new postage. Companies using electronic meters that are set remotely are not affected, however.

If your lease on a manually set electronic meter expired during calendar year 2000, you may extend the lease up to Dec. 31, 2001. If the lease on your affected meter expires after Dec. 31, 2000, you may use the meter until the end of the calendar quarter following the quarter in which the lease expires. For example, any meter with a lease expiring during the first quarter (January, February, or March) of 2001 must be retired before the end of the second quarter of 2001, that is, by June 30, 2001. This timetable gives you at least three months to replace your meter with a remote set meter. You must return a retired meter to the manufacturer within 30 business days after it is retired.

Given the rapid pace of new technological developments for secure postage meter technology, customers should not accept leases for postage meter equipment of more than five (5) years' duration, unless the equipment includes new digital printing technology.

This is the second phase of a plan that began in 1995 — in cooperation with all authorized postage meter manufacturers to phase-out, retire, or decertify, "rotary" or "letterpress" postage meters that lack adequate security to protect postal revenue.

For further information contact your meter manufacturer, or send a fax to the USPS Postage Technology Management Communications Center, 703-292-4050.

A UNIQUE INCENTIVE: THE WHITE HOUSE'S 200TH BIRTHDAY: A UNIQUE STAMPS AND CURRENCY ISSUE.





NEW POSTAL STORE WEBSITE

The Postal Store at *www.usps.com* brings the speed and convenience of secure online shopping to customers looking to buy postage and other postal products.

Shop the virtual aisles for stamps and philatelic items, phonecards, stamp-theme stationery, USPS Pro Cycling Team gear and more.

A secure shopping cart function features immediate calculation of shipping and handling charges and credit card processing. Orders are processed within 24 hours and delivered within 3 to 5 days — by Priority Mail, of course.

PROMOTING LITERACY

The Postal Service is supporting a nationwide holiday campaign by the First Book organization to donate

new books to children of lowincome families. And we're displaying posters in more than 32,000 post offices across the country, encouraging customers to help underserved children discover the joy of books and reading by mailing a donation of a new book. For more information, visit *www.firstbook.org* or write to First Book, 1319 F Street NW, Suite 1000, Washington, DC 20004-1106.

NEW SHIPPING OPPORTUNITY IN CANADA

The Postal Service signed an agreement with Overseas Courier Service (OCS), Canada, to provide companies in Canada with a new option for shipping to the United States. OCS is a Canadian-owned company with five offices across

Canada. It's part of a worldwide network that provides domestic and international letter and parcel delivery service to 199 countries. USPS and OCS have matched strengths to provide companies in Canada with a priority package and ground delivery service to U.S. consumers and businesses. OCS will prepare shipments, transport them to the United States, clear them through commercial customs and then enter the packages into the Postal Service's domestic delivery network.

EDITOR'S NOTE

In our November issue, the prices listed for books from the United States Postal Service and Harper Resource reflected the publisher's suggested retail prices and not USPS retail prices. Also in that ad, the Commemorative Yearbook's suggested retail price did not include the commemorative stamp pack and was the price for the book only. We apologize for any confusion.



The Postal Service has decked the halls of its retail outlets with the Happy "Who-lidays" theme.



IIze Sella Editor Frank Papandrea Art Director Frank Schultz-DePalo Designer Jim Fisher Printing Specialist

Beth Fluto Contributor William J. Henderson

Postmaster General and CEO Deborah K. Willhite Senior Vice President,

Government Relations and Public Policy Azeezaly S. Jaffer

Vice President, Public Affairs and Communications MEMO TO MAILERS

is published by U.S. Postal Service Public Affairs and Communications. USPS eagle symbol and logotype are registered marks of the United States Postal Service.

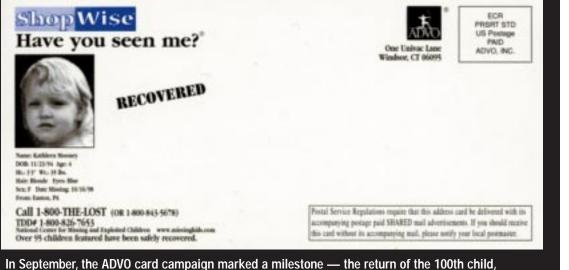
Send address corrections and subscription requests to:

MEMO TO MAILERS NATIONAL CUSTOMER SUPPORT CENTER US POSTAL SERVICE 6060 PRIMACY PKWY STE 201 MEMPHIS TN 38188-0001

Send stories, photos and editorial suggestions to: EDITOR MEMO TO MAILERS US POSTAL SERVICE 475 L'ENFANT PLAZA SW RM 10541 WASHINGTON DC 20260-3100 fax: (202) 268-2392 e-mail: mmailers@email.usps.gov

Online services: www.usps.com ribbs.usps.com PCC website: http://www.national.pcc usps.com Direct Mail Kit: (800) THE-USPS x 2110





Kathleen Mooney.

The Postal Service — in partnership with ADVO, Inc. — and the National Center for Missing and Exploited Children, celebrates the 107th safe recovery of a missing child. The reunion was due to a mailing of ADVO's Have You Seen Me?® direct mail cards. "Visiting every household, every day, provides us the unique opportunity to partner with organizations such as ADVO, Inc., and the National Center for Missing and Exploited Children to make a difference in the communities where we live and work," says Postmaster General William J. Henderson.



NATIONAL CUSTOMER SUPPORT CENTER UNITED STATES POSTAL SERVICE 6060 PRIMACY PKWY STE 201 MEMPHIS TN 38188-0001

Change Service Requested

PRESORTED FIRST-CLASS MAIL POSTAGE & FEES PAID USPS PERMIT NO. G-10

Notice anything different about your address label on this issue of Memo to Mailers? Name, address, ZIP Code... they're still there, of course. But look closely at the ACS keyline, that line of numbers directly above your name and enclosed by two pound "#" signs. There's something new there – a blank space after every four characters. Instead of a continuous string of numbers — #00001694401# — it now looks like this — #0000 1694 401#.

The point?

"This is a welcome change for our Computerized Forwarding System staff," says Jim Wilson, program manager, USPS Move Update Programs. "The spaces between the groups of four numbers will help improve the speed and accuracy of their production keying efforts. This will improve clarity and readability. at that! Where? UP THERE!

Look

Human memory generally is more efficient when dealing with shorter chunks of data."

There is precedent for making this change. Look at your credit card. Notice the numbers are written in small groups, with spaces separating them. Same thing applies to your Social Security number, and even your telephone number. It's easier to deal with long numbers when there are breaks between them. The Postal Service is applying the same principle in its addressing efforts.

This change benefits both mailers and the Postal Service. USPS employees won't have to key long strings of numbers. Mailers get improved information turnaround times.

In addition, the Postal Service expects to make this enhancement a requirement for ACS mailers in the future, says Wilson.

Why not get started early? We did!