



USPS 2018 Price Increase & Impact on Shippers

By Gordon Glazer, CMDSM, CMDSS, MDP, MDC

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The USPS today announced new prices for 2018 to take effect on January 21. Mailing Services are set to increase 1.9% in line with Consumer Price Index limits. First Class Letters, Metered Letters and Post Cards will increase a penny. Shipping Services have an announced 3.9% increase, but shippers should note that these averages don't necessarily reflect the true impact. Most shippers will likely experience a 5% or greater increase!

First Class Package Services (FCPS)

- Similar to last year, the higher the higher ounce lanes will see the biggest increase, with another big spike for 7 & 8 ounces (Table 1)
- If you compare all the cumulative increases since 2014, the 14 - 15.999-ounce cells have increased 15%, while the lightest packages (1-3 ounces) increased 38% (Table 2)

Table 1

First Class Package Service			
Weight Not Over (Oz.)	Proposed 2018 Single Piece	Delta	
		\$	%
1	2.66	0.05	2%
2	2.66	0.05	2%
3	2.66	0.05	2%
4	2.66	0.05	2%
5	2.79	0.02	1%
6	2.92	0.15	5%
7	3.05	0.28	10%
8	3.18	0.41	15%
9	3.34	0.02	1%
10	3.50	0.04	1%
11	3.66	0.06	2%
12	3.82	0.08	2%
13	4.10	0.22	6%
14	4.38	0.36	9%
15	4.66	0.50	12%
15.999	4.94	0.64	15%

5.4% (rows 9-13)
8.7% (rows 14-15.999)

Table 2

FCPS Multi-Year Comparison							
Ounces	2014	2015	2016	2017	2018	\$ Delta	% Cumulative
1	\$ 1.93	\$ 2.04	\$ 2.60	\$ 2.61	\$ 2.66	\$ 0.73	38%
2	\$ 1.93	\$ 2.04	\$ 2.60	\$ 2.61	\$ 2.66	\$ 0.73	38%
3	\$ 1.93	\$ 2.04	\$ 2.60	\$ 2.61	\$ 2.66	\$ 0.73	38%
4	\$ 2.01	\$ 2.13	\$ 2.60	\$ 2.61	\$ 2.66	\$ 0.65	32%
5	\$ 2.09	\$ 2.22	\$ 2.60	\$ 2.77	\$ 2.79	\$ 0.70	33%
6	\$ 2.25	\$ 2.35	\$ 2.60	\$ 2.77	\$ 2.92	\$ 0.67	30%
7	\$ 2.42	\$ 2.53	\$ 2.60	\$ 2.77	\$ 3.05	\$ 0.63	26%
8	\$ 2.59	\$ 2.71	\$ 2.60	\$ 2.77	\$ 3.18	\$ 0.59	23%
9	\$ 2.76	\$ 2.89	\$ 3.30	\$ 3.32	\$ 3.34	\$ 0.58	21%
10	\$ 2.93	\$ 3.07	\$ 3.35	\$ 3.46	\$ 3.50	\$ 0.57	19%
11	\$ 3.11	\$ 3.25	\$ 3.40	\$ 3.60	\$ 3.66	\$ 0.55	18%
12	\$ 3.29	\$ 3.44	\$ 3.45	\$ 3.74	\$ 3.82	\$ 0.53	16%
13	\$ 3.47	\$ 3.63	\$ 3.50	\$ 3.88	\$ 4.10	\$ 0.63	18%
14	\$ 4.05	\$ 4.05	\$ 3.55	\$ 4.02	\$ 4.38	\$ 0.33	8%
15	\$ 4.05	\$ 4.05	\$ 3.60	\$ 4.16	\$ 4.66	\$ 0.61	15%
15.999	\$ 4.05	\$ 4.05	\$ 3.65	\$ 4.30	\$ 4.94	\$ 0.89	22%
						Average	24.7%

38% (rows 1-3)
15% (rows 14-15.999)

(Revised 11-9-17)

Priority Mail (PM)

- The 3.9% increase is not linear, notice the wide variations in the price change deltas. (Table 3)
- Base + 6.2% and CPP + 6.1%
- Flat Rate Products will increase an average of 7% (Table 5)
- Regional Flat Rate will decrease an average of 11% (Table 6)
- Cubic pricing on the whole increases 5.2%, but the more expensive larger tiers and outer zones are only increasing 2% (Table 7)

Table 3

Weight Not Over (Lbs)	PM "Base" % Delta						
	L, 1 & 2	Zone 3	Zone 4	Zone 5	Zone 6	Zone 7	Zone 8
1	10.1%	8.4%	8.2%	7.0%	7.1%	8.4%	7.0%
2	8.9%	9.8%	8.3%	0.0%	3.0%	3.0%	5.1%
3	8.9%	4.1%	7.8%	-2.5%	3.0%	3.0%	3.0%
4	7.0%	5.6%	-0.3%	-1.5%	3.0%	3.0%	3.1%
5	3.3%	5.1%	2.0%	-2.7%	3.0%	3.0%	3.0%
6	0.0%	4.1%	1.8%	4.1%	3.0%	3.0%	3.0%
7	2.7%	8.8%	1.4%	3.1%	3.0%	3.0%	3.0%
8	3.5%	7.0%	3.3%	6.1%	3.0%	3.0%	3.0%
9	1.8%	3.4%	3.0%	6.5%	3.0%	3.0%	3.0%
10	1.5%	2.0%	2.1%	6.9%	3.0%	3.0%	3.0%
11	4.7%	8.2%	0.1%	7.5%	3.0%	3.0%	3.0%
12	5.5%	9.0%	10.9%	7.9%	3.0%	3.0%	3.0%
13	6.2%	9.6%	11.6%	7.9%	3.0%	3.0%	3.0%
14	6.9%	10.2%	12.4%	8.3%	3.0%	3.0%	3.0%
15	7.5%	10.6%	13.1%	8.9%	3.0%	3.0%	3.0%
16	7.1%	10.7%	13.3%	9.5%	3.0%	3.0%	3.0%
17	7.6%	10.9%	13.8%	9.9%	3.0%	3.0%	3.0%
18	7.8%	11.3%	14.1%	10.3%	3.0%	3.0%	3.0%
19	8.0%	11.1%	13.9%	10.4%	3.0%	3.0%	3.0%
20	8.6%	10.8%	13.7%	10.2%	3.0%	3.0%	3.0%

Lbs.	PM CPP % Delta 2017 vs. Proposed 2018						
	L, 1 & 2	Zone 3	Zone 4	Zone 5	Zone 6	Zone 7	Zone 8
0.5	10.4%	8.5%	8.2%	6.9%	7.1%	8.5%	7.0%
1	10.4%	8.5%	8.2%	6.9%	7.1%	8.5%	7.0%
2	8.8%	9.8%	8.3%	0.0%	3.1%	3.0%	5.1%
3	8.9%	4.1%	7.9%	-2.6%	3.0%	3.0%	3.0%
4	7.1%	5.7%	-0.4%	-1.6%	2.9%	3.0%	3.1%
5	3.3%	5.1%	2.0%	-2.7%	3.0%	3.0%	3.0%
6	0.0%	4.3%	1.7%	4.1%	3.0%	3.0%	3.0%
7	2.6%	8.8%	1.5%	3.1%	3.1%	3.0%	3.0%
8	3.5%	7.0%	3.3%	6.1%	3.0%	3.0%	3.0%
9	1.7%	3.4%	3.0%	6.5%	3.0%	3.0%	3.0%
10	1.5%	2.1%	2.2%	7.0%	2.9%	3.0%	3.0%
11	4.7%	8.2%	0.1%	7.5%	3.0%	3.0%	3.0%
12	5.5%	8.9%	10.9%	7.9%	3.0%	3.0%	3.0%
13	6.2%	9.6%	11.5%	7.9%	3.0%	3.0%	3.0%
14	7.0%	10.2%	12.5%	8.3%	3.0%	3.0%	3.0%
15	7.5%	10.6%	13.2%	9.0%	3.0%	3.0%	3.0%
16	7.1%	10.7%	13.3%	9.4%	3.0%	3.0%	3.0%
17	7.6%	11.0%	13.9%	9.9%	3.0%	3.0%	3.0%
18	7.8%	11.4%	14.1%	10.4%	3.0%	3.0%	3.0%
19	8.1%	11.1%	13.9%	10.3%	3.0%	3.0%	3.0%
20	8.5%	10.8%	13.7%	10.2%	3.0%	3.0%	3.0%

- Notable historical changes: Much larger increase in the inner zones and heavier weights. Taken into a longer context, rates have only increased 4% since 2014. (Table 4)

Table 4

t Not Over	% Delta USPS PM "Base" Jan 2014 vs. Proposed Jan 2018							
	L, 1 & 2	Zone 3	Zone 4	Zone 5	Zone 6	Zone 7	Zone 8	Zone 9
1	30%	34%	33%	30%	28%	25%	19%	28%
2	33%	33%	27%	8%	15%	15%	8%	28%
3	31%	20%	15%	2%	13%	13%	13%	28%
4	19%	11%	7%	-3%	6%	11%	11%	28%
5	9%	15%	11%	-15%	6%	11%	11%	29%
6	8%	16%	14%	-5%	6%	11%	11%	29%
7	11%	24%	-2%	-8%	6%	11%	11%	29%
8	13%	1%	-16%	-7%	6%	11%	11%	29%
9	7%	-4%	-20%	-7%	6%	11%	11%	29%
10	-2%	-20%	-26%	-7%	6%	11%	11%	29%
11	-5%	-9%	-18%	-8%	6%	11%	11%	29%
12	-6%	-9%	-11%	-8%	6%	11%	11%	29%
13	-7%	-10%	-11%	-8%	6%	11%	11%	29%
14	-7%	-10%	-12%	-9%	6%	11%	11%	29%
15	-8%	-11%	-12%	-9%	6%	11%	11%	29%
16	-7%	-11%	-13%	-10%	6%	11%	11%	29%
17	-8%	-11%	-13%	-10%	6%	11%	11%	29%
18	-8%	-11%	-13%	-10%	6%	11%	11%	29%
19	-8%	-11%	-13%	-10%	6%	11%	11%	29%
20	-9%	-11%	-13%	-10%	6%	11%	11%	29%

Table 5

Priority Mail - CPP	1/21/2018	1/22/2017	Delta	
	Proposed	Current	\$	%
Flat Rate Envelopes	\$6.35	\$5.75	0.60	10%
Legal Flat Rate Envelope	\$6.65	\$6.05	0.60	10%
Padded Flat Rate Envelope	\$6.90	\$6.30	0.60	10%
Small Flat Rate Box	\$6.85	\$6.25	0.60	10%
Medium Flat Rate Boxes	\$12.45	\$12.05	0.40	3%
Large Flat Rate Boxes	\$17.10	\$16.55	0.55	3%
APO/FPO/ Large Flat Rate Box	\$15.60	\$15.05	0.55	4%

Table 6

PM Regional Rate % Delta							
Zones							
Boxes	L, 1 & 2	Zone 3	Zone 4	Zone 5	Zone 6	Zone 7	Zone 8
A	-19%	-18%	-19%	-11%	-7%	-6%	-4%
B	-21%	-18%	-18%	-11%	-3%	-2%	-2%

Table 7

PM - CPP Cubic % Delta							
Zones							
Cubic Ft:	L, 1 & 2	Zone 3	Zone 4	Zone 5	Zone 6	Zone 7	Zone 8
0.10	10%	8%	8%	7%	7%	8%	7%
0.20	10%	10%	8%	5%	6%	7%	6%
0.30	9%	10%	8%	0%	3%	3%	5%
0.40	9%	6%	8%	-2%	3%	3%	4%
0.50	8%	5%	2%	-2%	3%	3%	3%


Parcel Select (PS)

According to a Steifel study, the Post Office delivered 62% of all residential packages in 2016. Most of these were inducted via Parcel Select, although many may not recognize the name. Shippers are more likely to recognize popular brand names like UPS SurePost, UPS Mail Innovations, FedEx SmartPost, Newgistics, OSM Worldwide and DHL SmartMail. Collectively known as “Consolidators”, these companies perform and enjoy “workshare Incentives” from the Postal Service for: collection, sortation, transportation and deep induction within the USPS network for final mile delivery.

- Ounce-based Parcel Select Lightweight (PSL) will increase an average of 5.3% for DDU induction. (Table 8)
- The average increase for PS DDU entry for packages weighing 1–10 Lbs. is 7.4%. (Table 9)
- Average cumulative increase since 2014 is 31% (Table 10)

Table 8

PSL % Delta								
Commercial Parcels								
	5-Digit			SCF		NDC		Mixed NDC/Single Piece
Weight Ounces	DDU	DSCF	DNDC	DSCF	DNDC	DNDC	None	None
1	3%	3%	5%	9%	5%	3%	1%	1%
2	3%	3%	5%	9%	5%	3%	1%	1%
3	3%	3%	5%	9%	5%	3%	1%	1%
4	3%	3%	5%	9%	5%	3%	1%	1%
5	1%	1%	2%	8%	3%	0%	1%	1%
6	4%	5%	8%	14%	8%	4%	4%	4%
7	8%	9%	14%	20%	13%	7%	8%	8%
8	11%	13%	19%	26%	19%	10%	11%	11%
9	4%	6%	11%	18%	11%	5%	6%	6%
10	7%	9%	16%	23%	15%	8%	9%	10%
11	10%	13%	21%	28%	20%	12%	13%	13%
12	13%	17%	26%	34%	25%	16%	16%	16%
13	0%	5%	11%	17%	15%	8%	8%	9%
14	3%	8%	15%	22%	19%	12%	11%	12%
15	5%	11%	20%	26%	23%	16%	14%	15%
15.999	8%	14%	24%	31%	27%	20%	17%	18%
AVG	5.3%	7.5%	12.9%	18.9%	13.5%	8.2%	7.6%	7.7%



Parcel Consolidators Deep Induction

Table 9

PS Machinable % Delta						
	Machinable		DNDC/ASF			
Weight (Lbs)	DDU	DSCF	1 & 2	Zone 3	Zone 4	Zone 5
1	4.0%	4.8%	4.1%	4.3%	5.1%	6.1%
2	5.7%	6.5%	5.9%	7.2%	7.5%	8.2%
3	7.0%	7.9%	7.8%	9.9%	9.9%	9.9%
4	7.6%	7.3%	6.9%	8.1%	6.9%	6.9%
5	8.1%	6.8%	6.1%	6.6%	4.4%	4.8%
6	8.2%	6.3%	5.3%	5.3%	2.5%	3.3%
7	8.3%	5.9%	4.8%	4.1%	1.2%	2.3%
8	8.5%	5.5%	4.3%	3.1%	0.4%	1.9%
9	8.6%	5.1%	3.8%	2.2%	0.1%	1.8%
10	8.4%	4.8%	3.5%	1.5%	0.1%	1.9%
AVG	7.4%	6.1%	5.3%	5.2%	3.8%	4.7%

Table 10

Parcel Select Multi-Year Comparison						
Weight (Lbs)	2014 (DDU entry)	2015 (DDU entry)	2016 (DDU entry)	2017 (DDU entry)	2018 (DDU entry)	Cumulative %
1	\$ 2.32	\$ 2.51	\$ 2.66	\$ 2.74	\$ 2.85	23%
2	\$ 2.32	\$ 2.51	\$ 2.66	\$ 2.79	\$ 2.95	27%
3	\$ 2.38	\$ 2.59	\$ 2.71	\$ 2.84	\$ 3.04	28%
4	\$ 2.42	\$ 2.65	\$ 2.77	\$ 2.91	\$ 3.13	29%
5	\$ 2.46	\$ 2.71	\$ 2.83	\$ 2.98	\$ 3.22	31%
6	\$ 2.50	\$ 2.77	\$ 2.89	\$ 3.05	\$ 3.30	32%
7	\$ 2.54	\$ 2.83	\$ 2.95	\$ 3.12	\$ 3.38	33%
8	\$ 2.58	\$ 2.89	\$ 3.01	\$ 3.19	\$ 3.46	34%
9	\$ 2.62	\$ 2.95	\$ 3.07	\$ 3.26	\$ 3.54	35%
10	\$ 2.66	\$ 3.01	\$ 3.13	\$ 3.33	\$ 3.61	36%

International

- First Class Package International Service (FCPIS) increase is 3.8%
- Priority Mail International (PMI) Priority Mail Express International (PMEI) and Global Express Guaranteed (GXG) increases are also pegged at 3.9%

While we knew this price increase was coming, those who follow this closely will be relieved to see the increases overall are modest in comparison to the last couple years. Meanwhile, the national private carriers (UPS & FedEx) have both announced Holiday surcharges and dimensional related charges that will make the USPS even more competitive in 2018. Savvy shippers will utilize least cost routing intelligence that compares fully laden costs based upon desired arrival times to drive down costs and improve the customer experience. It is also well acknowledged that those who work with third party experts pay significantly less than those that negotiate their carrier contracts by themselves. Wishing you great shipping success.

Gordon Glazer, CMDSM, CMDSS, MDP, MDC is a Senior Consultant, USPS Specialist at Shipware LLC, an innovative parcel audit and consulting firm that helps volume parcel shippers reduce shipping costs 10%-30%. Gordon is a postal industry veteran with 31 years' experience and is a sought-after speaker and industry thought leader. He welcomes your questions and comments, and can be reached at 858-724-0457 or gordon@shipware.com.