

Proper Packaging:

Tips & Tricks for Saving Money using USPS Priority Mail

July 2014

Priority Mail® from the US Postal Service® is typically the most affordable shipping option for ecommerce retailers. In this whitepaper you will gain a clear understanding of the various Priority Mail packaging options available, an overview of the different pricing models, and ways in which Endicia can help you navigate the confusing world of box sizes and pricing tiers to ensure you always achieve the greatest possible cost savings for your business.



A favorite quip of Amine Khechfé, co-founder and general manager of Endicia, goes something like this: “If you’re not using the USPS, then you’re leaving money on the table.” There’s merit to his saying – the USPS typically offers the most economical pricing for shipping packages weighing less than ten pounds. As an ecommerce retailer, no doubt saving money is top of your list, and that’s where Priority Mail comes into play.

Priority Mail

Priority Mail, featuring delivery to most domestic locations in just 1-3 days, is a fast and affordable option that offers a lot of value. There are 3 service categories available through Priority Mail and all service categories include no extra cost for Saturday or residential delivery, free Package Pickup™, free Delivery Confirmation™ Tracking, and free packaging from the USPS. Free USPS packaging and supplies include a wide variety of boxes, Tyvek mailing bags, paperboard and padded envelopes, as well as a range of labels and decals.

Priority Mail Service Categories and Package Types

Online sellers can realize deep savings by understanding the different Priority Mail options from the USPS, specifically designed with ecommerce business – small and large – in mind.

The 3 Priority Mail service categories are designed to fit a diverse range of products:

- Priority Mail Flat Rate™: for shipping heavier packages long distances
- Priority Mail Regional Rate: for shipping heavier packages short distances
- Priority Mail Zone-based Service: for shipping lightweight packages

Priority Mail Flat Rate:

The USPS Priority Mail Flat Rate service offers a pre-priced shipping cost based on the box or envelope size, not the weight or distance. This means that you can send an item, or items, weighing up to 70lbs anywhere in the US for a flat rate – as long as it fits in the box. The USPS has several sizes of flat rate boxes and envelopes with a range of affordable prices. This makes Priority Mail Flat Rate a great option for businesses selling compact, yet heavy items, or who include multiple items in a single shipment.



Priority Mail Regional Rate:

With Priority Mail Regional Rate postage pricing is based on box size and its destination. For instance, a shipment that's going across town will cost significantly less than a shipment going across the country.

Regional Rate boxes come in three types—Box A, B, and C. Boxes A and B both have two unique configurations, so shippers can select the size and shape that best suits their needs. The boxes do have weight limits, but they're generous and tend to satisfy most shippers.

Priority Mail, Zone-based Service:

Priority Mail is often recognized for its Flat Rate and Regional Rate services, but it also offers benefits and cost saving opportunities for businesses that need to use box sizes not available with those options. Priority Mail Zone-based Service is based on the weight of the package and the distance it will travel, thus allowing businesses to use their own packaging while still getting the benefits of Priority Mail. The USPS does offer free packaging for these types of shipments, too (look for USPS boxes without the words “Flat Rate” or “Regional Rate”).

Shippers should evaluate when Priority Mail Zone-based Service might be more cost effective than Flat Rate or Regional Rate. For instance, if you have a 1 lb package going to Zones 1, 2 or 3 Zone-based pricing will cost less than a small Flat Rate box. However, if the package weighs 2 lbs the Small Flat Rate box becomes less expense regardless of the destination.

Say “Bye” to Surcharges

No one likes finding unexpected charges on a bill. But, if you look closely, you'll notice that the private carriers often tag on surcharges for residential delivery, Saturday delivery, fuel, and delivery to hard-to-reach destinations (think gated communities, boats, and apartment complexes). All of the USPS Priority Mail options provide the above mentioned services with no additional surcharges.

Pricing Models

The USPS also offers a range of incentivized commercial pricing – Commercial Base, Commercial Plus, and Commercial Plus Cubic.

Commercial Base Pricing:

Endicia customers automatically qualify for Commercial Base Pricing (CBP), which is the discounted rate provided to ecommerce businesses for purchasing postage online versus at the retail counter. In fact, just by purchasing your postage through Endicia rather than at the Post Office, you'll save between 4 and 16 percent off the retail cost for Priority Mail.

Commercial Plus Pricing:

Taking bulk discounts one step further is Commercial Plus Pricing (CPP), another special pricing model offered by the USPS for higher volume shippers. This pricing model is also supported by Endicia. In order to qualify, you need to be shipping at least 50,000 Priority Mail packages yearly. The USPS recently lowered the package threshold to 50,000 from 75,000 as part of its 2014 annual price change, providing the opportunity for more ecommerce businesses to benefit from these deep discounts. Anticipate steep Priority Mail savings in this pricing tier, with discounts up to 36% over retail rates.

Commercial Plus Cubic Pricing:

Mid- to large-sized retailers shipping heavy items that can fit in smaller sized packages may want to consider taking advantage of Commercial Plus Cubic Pricing. Designed for high-volume shippers, the Cubic pricing model bases the rate a business pays for a package on its volume in cubic feet, rather than its weight. Cubic-priced packages are easy to efficiently carry in planes and trucks, which means it costs less for the USPS to transport and deliver these boxes – and they're passing those discounts on to shippers.

Endicia customers who ship over 50,000 packages a year can qualify for Cubic pricing. Like CPP, which saw a lowered package threshold for qualification during the USPS' latest price change, the cubic pricing qualification level was even more drastically reduced from a 150,000-package threshold to the current 50,000 minimum. Priority Mail Cubic packages must weigh less than 20 pounds and measure at most 0.5 cubic feet.

Cubic Pricing 101

Commercial Plus Cubic Pricing can be a money saving choice for higher volume shippers, but understanding the ins and outs of cubic pricing can be a bit tricky, so let's break it down.

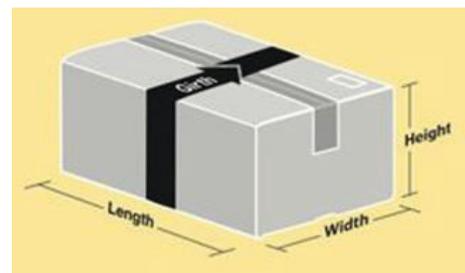
First, a quick lesson in terminology. You might hear Endicia and USPS pros talk about "calculating the cube." The "cube" is a term for the cubic volume of your package, in inches or cubic feet. Calculating this figure correctly is one of the most important parts of the qualification and rating process.

How do I calculate the cube? Glad you asked. Cubic pricing is measured by this calculation:

$$\text{Length} \times \text{Width} \times \text{Height} / 1728 = \text{Cubic Feet}$$

Said in another way with a little more detail:

1. Measure the length by the width by the height, in inches, rounded down to the nearest 1/4 inch (example: 6.375" or 6 3/8" rounds down to 6.25" or 6 1/4").
2. Multiply the length by the width and by the height, and divide that number by 1728.
3. This number is the "cube" – the package's cubic volume in cubic feet.



So now that you've calculated the "cube," what next? If your "cube" number is less than 0.50, that package type is eligible for one of the five Cubic tier rates.

Here's an example to determine your cubic price tier:

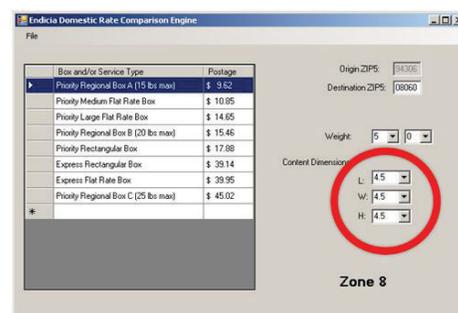
1. A box measuring 11" by 8.5" by 3" has a volume of 297 cubic inches (11x9x3).
2. 297 cubic inches ÷ 1728 = 0.172 cubic feet.
3. Because 0.172 is greater than 0.1, it falls in the next higher cubic price tier: 0.20.

Our Endicia experts took a look at the most common box sizes used by our customers, did the math, and determined the proper cubic tier – in other words, we did the work for you! Something else to keep in mind with cubic pricing is that you may be able to take advantage of these discounted rates using a poly or padded bag. These are known as softpack Cubic rates. The calculation for softpack pricing is slightly different, so if you're interested in learning more about this Cubic option, contact an Endicia Sales Representative.

Endicia Can Help

Finally, Endicia's ecommerce software solutions can help you navigate the confusing world of box sizes and pricing tiers. Our software does much of the legwork for you, so consider it your 'shipping assistant' as you master all things shipping.

For more information, visit www.endicia.com or contact an Endicia representative at sales@endicia.com. We're here to help!



Endicia software can provide package and pricing options based on the size and weight of your package.

About Endicia

Endicia is a leading provider of e-commerce shipping technologies and services, providing solutions that help businesses, small and large, run their operations more smoothly and function more successfully. Endicia also provides seamless access to U.S. Postal Service® shipping services through integration with more than 200 partner applications. A trusted partner of the U.S. Postal Service since 1987, Endicia has printed more than \$11B in postage. Headquartered in Palo Alto, Calif., Endicia is part of Newell Rubbermaid's global portfolio of leading brands.

For more information on Endicia products and services, visit www.endicia.com

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