

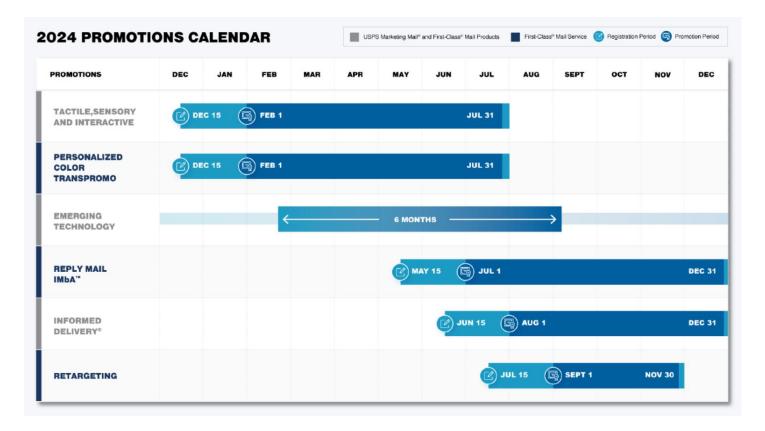
2023 and 2024 PROMOTIONS

Finally, some news for you to get excited about in 2023 moving forward into 2024. The PRC has approved the 2024 Mailing Promotions. Although the final documents for 2024 are not yet available all rules of the incentive and promotions programs in 2023 will apply in 2024 so you can start planning. The calendar of dates is for 2024 is attached with this overview so you can start planning now. There was one big change made in the Emerging Technology category where the USPS will allow the mailer to now select his or her own custom promotion start date. This is significant for marketers.

In 2024 these promotions offer mailers a chance to receive additional discounts on mail that meets program requirements. Mailers can take a current mailing, tweak it to meet promotion requirements, then receive an additional discount of their earned work-sharing discount already being applied.

The Six Incentive and Promotions Programs for 2024 are as follows:

- Tactile, Sensory and Interactive
- Personalized Color Transpromo
- Emerging and Advanced Technology
- Reply Mail IMbA
- Informed Delivery
- Retargeting



EXCITING PROGRAM NEW for 2024

30% credit equal to 30 percent of the average per-piece price paid for all qualifying mailings

In addition to the above promotions, the USPS (The U.S. Postal Service) filed notice with the Postal Regulatory Commission (PRC) requesting approval to make certain Mail Classification Schedule (MCS) changes to establish two Mail Growth Incentives - a First-Class Mail Growth Incentive and a Marketing Mail Growth Incentive.

When these are approved, the incentives will run from Jan. 1, 2024 through Dec. 31, 2024. The First-Class Mail and Marketing Mail Growth Incentives are being offered to mail owners to promote volume growth in 2024 and into the future.

These two incentives will drive mail owners to increase the volume of First-Class and Marketing mail entering the network while providing them lower overall postage costs on incremental growth — allowing mail owners to maximize total return on investment, by providing additional cost-savings and strengthening the value of mail.

Under both incentives, for every qualifying piece mailed in calendar year 2024 after the first million pieces, mailers receive a credit equal to 30 percent of the average per-piece price paid for mailing all qualifying pieces, unless the volume of qualifying pieces the mailer sent in the preceding fiscal year exceeded 1,000,000 pieces. In that case, credits accrue only after the mailer surpasses its fiscal year 2023 volume of qualifying pieces.

For example, for either incentive, if a mailer sent 900,000 qualifying pieces in fiscal year 2023, the mailer earns credits for pieces mailed in calendar year 2024 beginning with piece 1,000,001. But if a mailer sent 2 million qualifying pieces in fiscal 2023, then this mailer earns credits for pieces mailed in calendar year 2024 beginning with piece 2,000,001.

The use of calendar year 2024 for the incentive period and fiscal year 2023 for the comparison period is intentional. Doing so allows the Postal Service time to complete the administrative setup of the incentives before the incentive period begins.

Calculating the credits earned is somewhat complex. There is more than one qualifying product for each incentive, and within any given product, pieces of different weights, sortation levels, and dropship locations have different prices.

Accordingly, for each incentive, the credits earned are equal to the average actual per-piece price paid for all qualifying volume, after other incentives and promotions, i.e., the total actual price paid for all qualifying pieces (not including any special services that might be added to and paid for with these pieces), divided by the total volume of qualifying pieces. This average is then applied to the total volume of pieces eligible for credits.

For example, assume a mailer sends 5 million qualifying pieces in calendar year 2024 and sent 4.5 million

qualifying pieces in fiscal year 2023. Table 1 shows how those 5 million pieces were distributed across three products and the prices the hypothetical mailer paid. The example uses generic product names because it illustrates both incentives.

Table 1: Example Credit Calculation, Qualifying Pieces and Prices Paid

Product	# Qualifying Pieces	\$ Per-piece	Total \$ Paid
1	500,000	0.193	96,500
2	3,000,000	0.30	900,000
3	1,500,000	1.465	2,197,500
TOTAL	5,000,000		3,194,000

Given that the mailer paid \$3,194,000 for 5 million qualifying pieces, the average per-piece price is \$3,194,000 / 5,000,000 = \$0.639.

The mailer's fiscal year 2023 qualifying volume was 4.5 million pieces, so it earns credits only on the last 500,000 pieces of the 5 million it mailed.

Thirty percent of the average, per-piece price paid of 0.639 for 0.639 fo

Distributed across the total mailing of 5 million pieces that generated \$3.2 million, the actual, per-piece credited price will have Credits issued in July and October 2024 and again in January or February 2025. Once issued, a mailer may use credits any time before the end of calendar year 2025.

These programs are very exciting and offer opportunity to drive down the cost of using the mail today. If you have any questions, please contact your sales representative for additional information on how we can assist you with building an envelope that meets the criteria to start saving additional money on postage on your next mailing.



ELIGIBLE

GENERAL

Pieces that incorporate one or more of the qualifying elements, which are:

- Specialty inks
- Sensory treatments
- · Interactive features

Visible and distinguishable treatments

that are applied to either/both:

- The mailpiece
- The envelope

INKS

Inks that create visible and distinguishable effects

See next page for list of inks

SENSORY TREATMENTS

Qualifying scent features include:

- · Microencapsulated scents
- · Scented varnishes and coatings
- Ambient scented coatings (no rubbing or scratching required to activate)
- Scent on the outside of the envelope is now being considered for this promotion. Questions regarding scent can be sent via the <u>Mailing Promotions Portal</u>.

Qualifying sound features include:

Paper that incorporates sound chips or speakers

Qualifying taste features include:

Paper that incorporates edible components

Qualifying visual features include:

 Paper that incorporates special effects, like filters, holographic stickers, and lenticulars

Qualifying textural features include:

- Paper with applied coatings
- Embossed Papers
- Non-geometric-shape die cuts
- Surface treatments such as sandpaper, soft/velvet touch and leather

INTERACTIVE

Qualifying interactive features include, but are not limited to:

- Three-dimensional elements
- Pop-ups
- Scratch-offs
- Infinite folding
- Clean release cards
- Perforated pull open strips* (zip strips)
- · Trailing Edge Die-Cuts (TED-Cs)

*cannot be applied to the border

INELIGIBLE

GENERAL

Treatments that do not:

- Appear to be both visible and distinguishable
- Enhance the engagement and value of the marketing message and mailpiece

Treatments that rely solely on ineligible features, which include:

- Non-holographed stickers
- Blow-in cards
- Detached Address Labels (DALs)
- Detached Marketing Labels (DMLs)
- Reply envelopes
- · Order forms
- · Snap packs, perforated stubs, and tear stubs

Enclosures such as greeting cards, coins and samples enclosed within the envelope that have a treatment applied to them do not qualify for the promotion.

Mail diversion on envelopes is excluded from the promotion.

INKS

- Inks that are absorbed into the substrates with limited visibility
- Clear inks
- Inks that look like photos and are not distinguishable as ink applications

PAPERS

- · Features that are not bound or sewn into mailpiece
- Linen-embossed paper stock
- Geometric-shaped die cuts
- Laminated postcards

INTERACTIVE

Simple folds, including:

- Half-folds
- Tri-folds
- · Gate folds
- · Iron cross folds
- Accordion folds

Features that cannot be physically manipulated by recipient

Don't see your treatment here?
Contact us at tactilesensorypromo@usps.gov

5% DISCOUNT

Eligible Speciality Inks

Specialty Inks Requirements

The specialty inks must enhance the engagement and value of the mailpiece. Unique properties of specialty inks must be both visible and distinguishable on paper. Inks that are absorbed into the substrates so that the applied ink is

not visible and distinguishable to the TSI Promotions Office do not qualify.

Qualifying inks may include but are not limited to:

Conductive inks

Conductive inks are used to print circuits that can be used to activate an electronic device. These inks often contain metals such as copper and are printed onto paper and substrates like any other ink. Printed components can include elements such as tiny, flexible batteries that power the printed circuits. Users press a "button" to close the circuit, and can activate other devices, such as lights, sound chips, or other electronic sensors and components.

Leuco dyes/Thermochromics

Change color in response to temperature variations

Photochromic

Changes color with UV light exposure

Optically variable ink

Contains metallic materials that change appearance when viewed from different angles

Piezochromic

Change appearance under pressure

Hydro chromic

Changes appearance when exposed to water or liquids

Metallic ink*

Metallic ink is a varnish or vehicle containing metallic particles. Common metals used to manufacture metallic ink include copper, aluminum, bronze or zinc. When metallic ink is printed and left to dry, the metallic particles rise to the surface, reflecting light and creating a metallic sheen.



* Replicate metallic ink is allowed if it is visible and distinguishable while reflecting light and creating a metallic sheen.



Non-Eligible Ink Treatments

If the specialty ink looks like a photo and is not distinguishable as one of the eligible inks, it does not qualify.

The treatment must create an effect to stand out in the mailbox and must be visible and distinguishable to the recipient.



Specialty Inks

Catch their eye with something unique.

5% DISCOUNT

Interactive Element Requirements

To qualify for the discount based on interactive elements, mailpieces must engage recipients through dynamic effects using folds and other dimensional enhancements. Simple folds such as half folds, tri-folds, gate folds, iron cross, and accordion folds do not qualify. The mailpiece must include elements that the recipient can physically manipulate (i.e., twist, spin, dial, pull, bend, etc.).

Eligible Examples

- 3-Dimensional
- Pop-ups
- Scratch-off
- Infinite folding
- Clean release cards
 - Minimum card weight of 7-point gloss card stock

- The card must be detached or glued
- Perforated pull open strip (zip strip) opening mechanism
 - Minimum 7-point die strike
 - Perforated pull-open strips located at the top of the envelope do not qualify

Non-Eligible

- Stickers (except holograph)
- Reveals
- Snap packs, perforated stubs, and tear stubs

Samples enclosed within the envelope are not eligible for the TSI Promotion. Samples include, but are not limited to: coins, fabric, greeting cards, dream catchers, etc.



Interactive Elements

Give customers a creative way to engage with your mail.

