

# **Mail Engagement and Informed Delivery**

February 2018

Mailers' Technical Advisory Committee (MTAC)

Dan Barrett

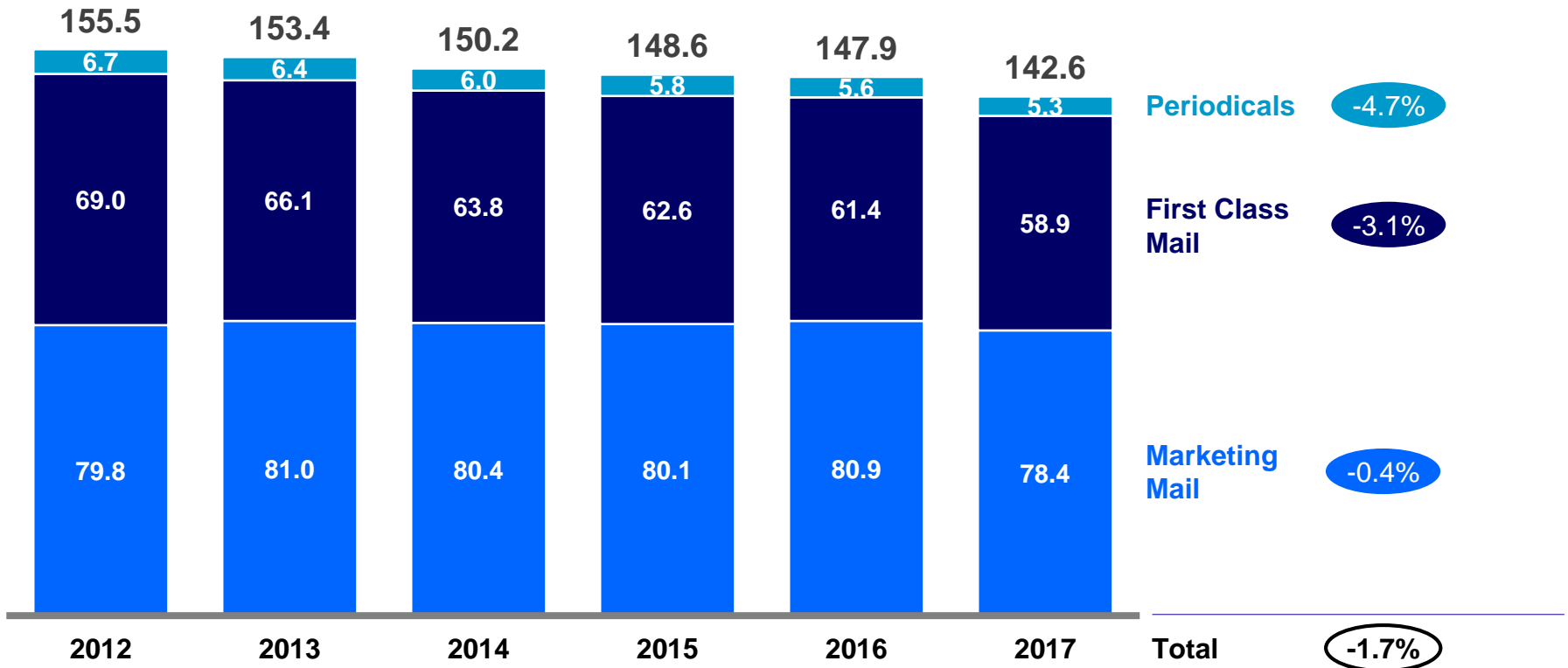
Director, Customer Experience and Market Insights

**Between 2012 and 2017, overall mail volume has declined slightly each year, though Marketing Mail has remained relatively constant since 2012.**

## USPS Mail Volume by Product

Billions of Pieces, Fiscal Year

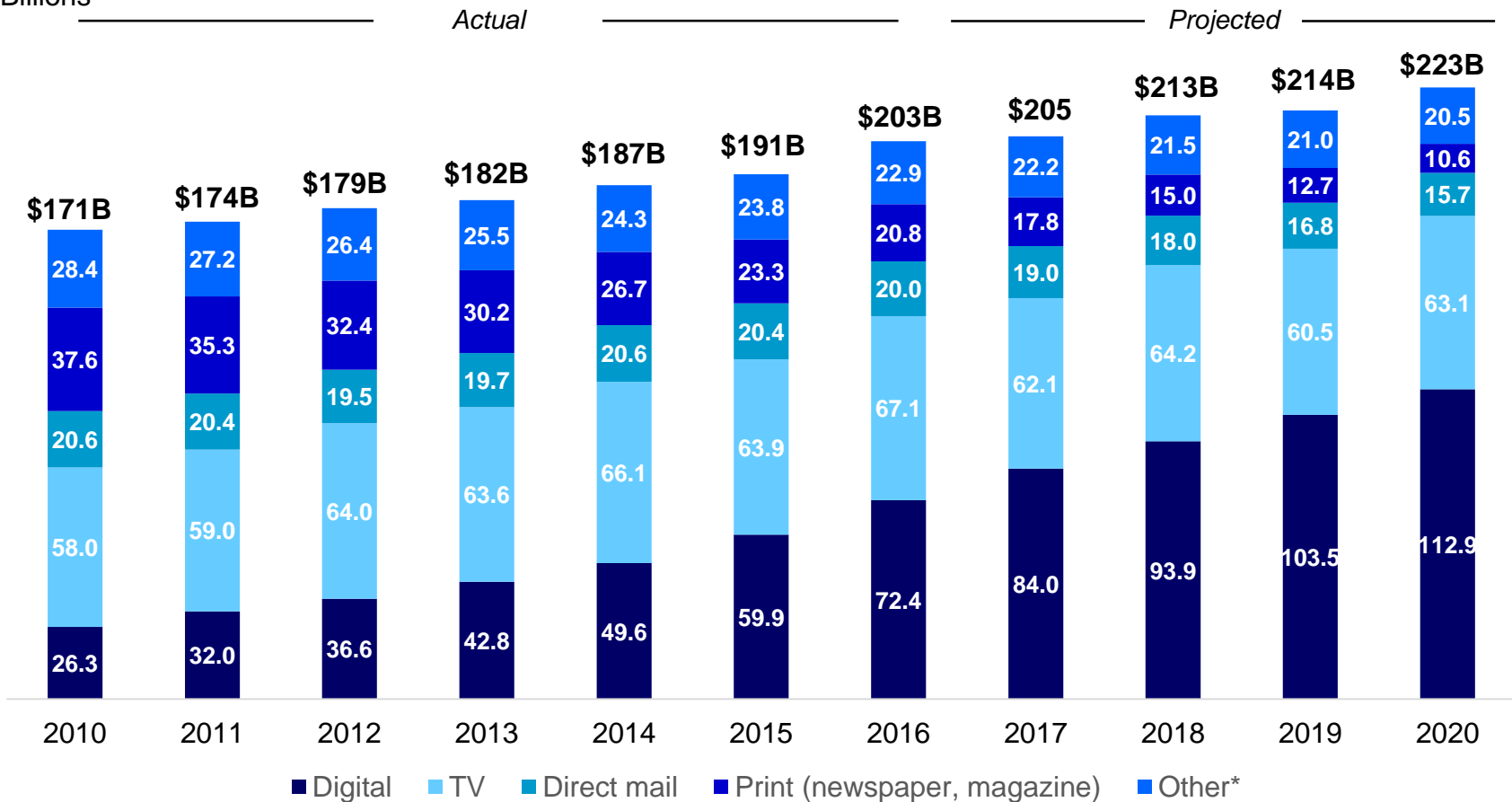
**Growth rate**  
CAGR %, 2012-2017



Digital advertising has been on the rise in recent years and is expected to continue to grow to over 50% of total advertising spend by 2020.

## US Total Advertising Spend, 2010 – 2020

\$ Billions

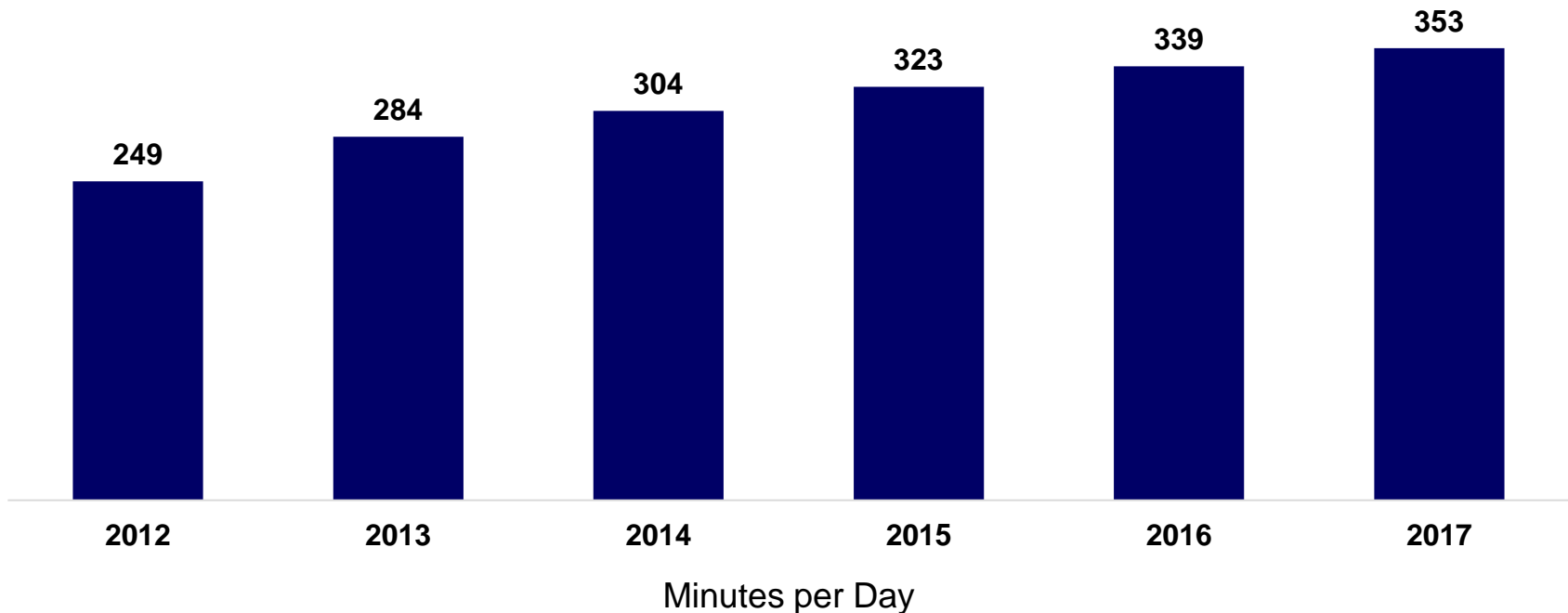


Source: Magna US Advertising Forecast, Fall 2017"

\*Other includes radio, out-of-home, and directories

Consumers continue to spend more time with digital; the average time a consumer spends with digital has increased about 40% over the past 5 years.

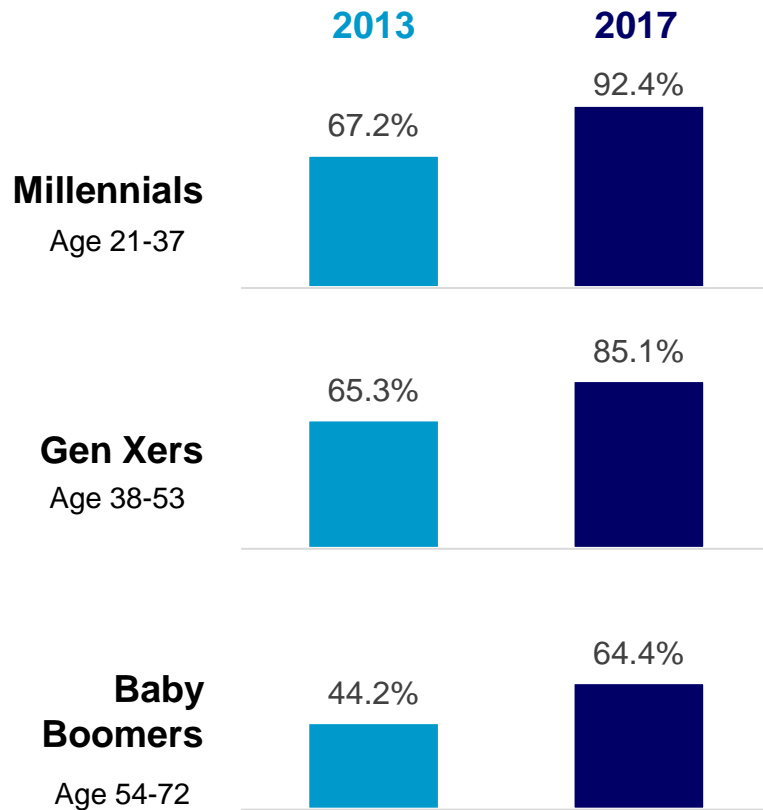
Average Time Spent per Day with Digital Media by US Adults



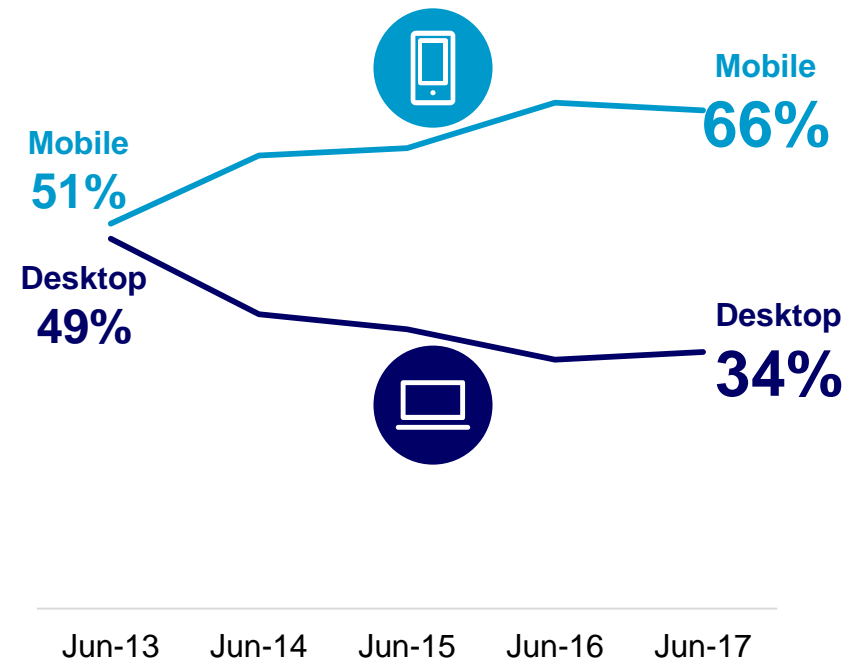
In 2017, US adults will spend about **25%** of their day with digital media.

Part of digital advertising's growth has been fueled by the prevalence of smartphones and a shift to a mobile-first environment.

**% of US Population with Smartphones<sup>1</sup>**



**Share of Digital Media Time<sup>2</sup>  
By Platform**



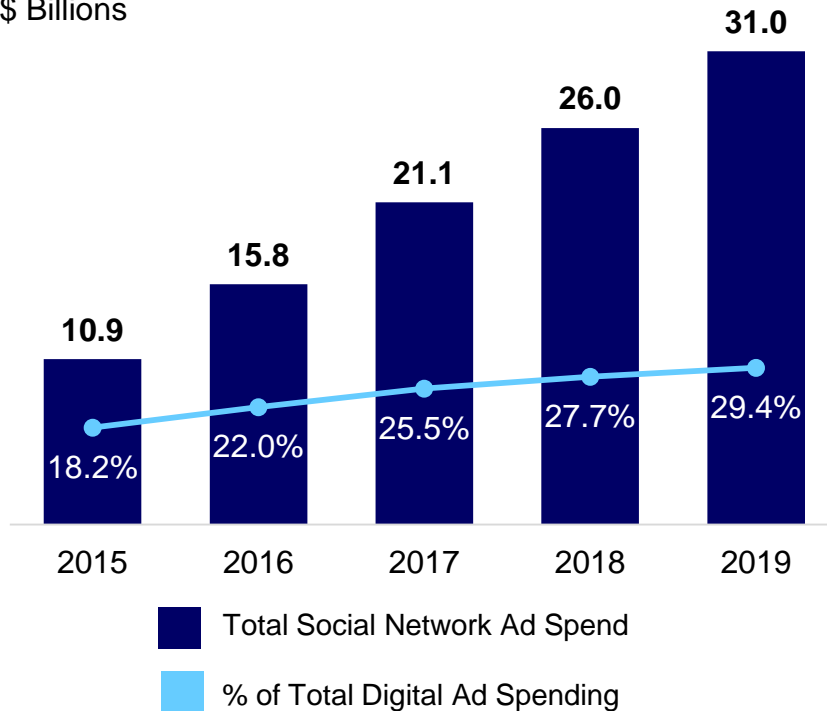
<sup>1</sup> eMarketer, August 2017

<sup>2</sup> ComScore, The State of the U.S. Mobile Market, 2016

**Social media marketing is a major growth area for ad spending and the source of innovative digital marketing tactics.**

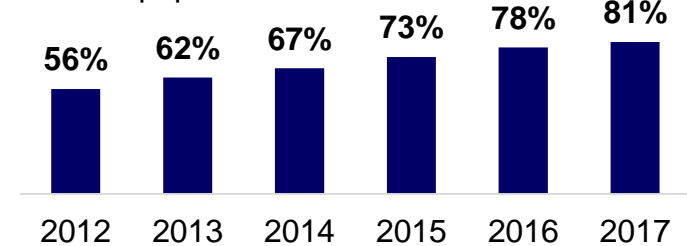
## Social Network Ad Spending<sup>1</sup>

\$ Billions



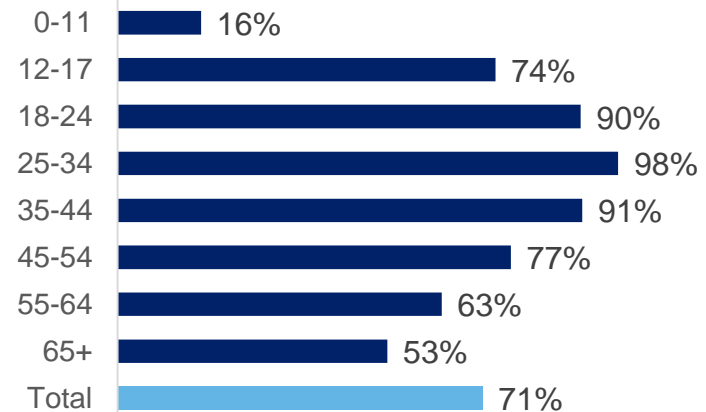
## US Social Network Users<sup>2</sup>

% of US population with a social media account



## Social Network User Penetration by Age<sup>3</sup>

% of internet users



Despite the penetration of social media into the overall marketing ecosystem, challenges still exist around the verifiable authenticity of user accounts and ability to predict user reactions

<sup>1</sup> eMarketer, August 2017

<sup>2</sup> Statista 2018, <https://www.statista.com/statistics/273476/percentage-of-us-population-with-a-social-network-profile/>

<sup>3</sup> eMarketer, January 2018



In a changing **digital landscape**, consumers are showing higher engagement and response to **physical mail**.

As the digital marketing channel has matured, new challenges have emerged for marketers.

## Digital Advertising Challenges



Low Response Rates

**10%** of email ads receive a response<sup>1</sup>

**50%** of users never click on online ads<sup>2</sup>



Digital Clutter

Consumers receive **520** email ads per month.<sup>1</sup>

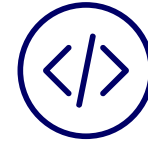
Email users see **4x** as many email ads as in 2011<sup>3</sup>



Ad Blocking / Avoidance

**57%** of desktop users have ad blocking software installed<sup>4</sup>

**26 – 28%** of online ads are blocked in the U.S.<sup>4</sup>



Non-Human Traffic

Up to **37%** of digital ad clicks are from bots which are programs generated to click on ads<sup>5</sup>

**\$7.2 B** will be wasted by advertisers globally to bot traffic<sup>5</sup>

Source: 1) Read Path, "The Hidden Metrics of Email Deliverability," 2016 Benchmark.com  
2) Infolinks, <http://www.infolinks.com/blog/infographic/the-banner-blindness-infographic/>, 2013  
3) Email Marketing Reports, "How much email do people really get?", 2011  
4) Arstechnica, "In the name of free speech, Adblock serves up ads, just for a day", 2016  
5) Bloomberg Business, "How Much of your Audience is Fake?" 2015



Major consumer brands have reduced digital advertising spend in the last quarter because of brand equity concerns and ineffective ads.

## Percent Changes in Digital Ad Spending<sup>1</sup>

YTD June 2017 vs. SPLY

**P&G**

**41%**



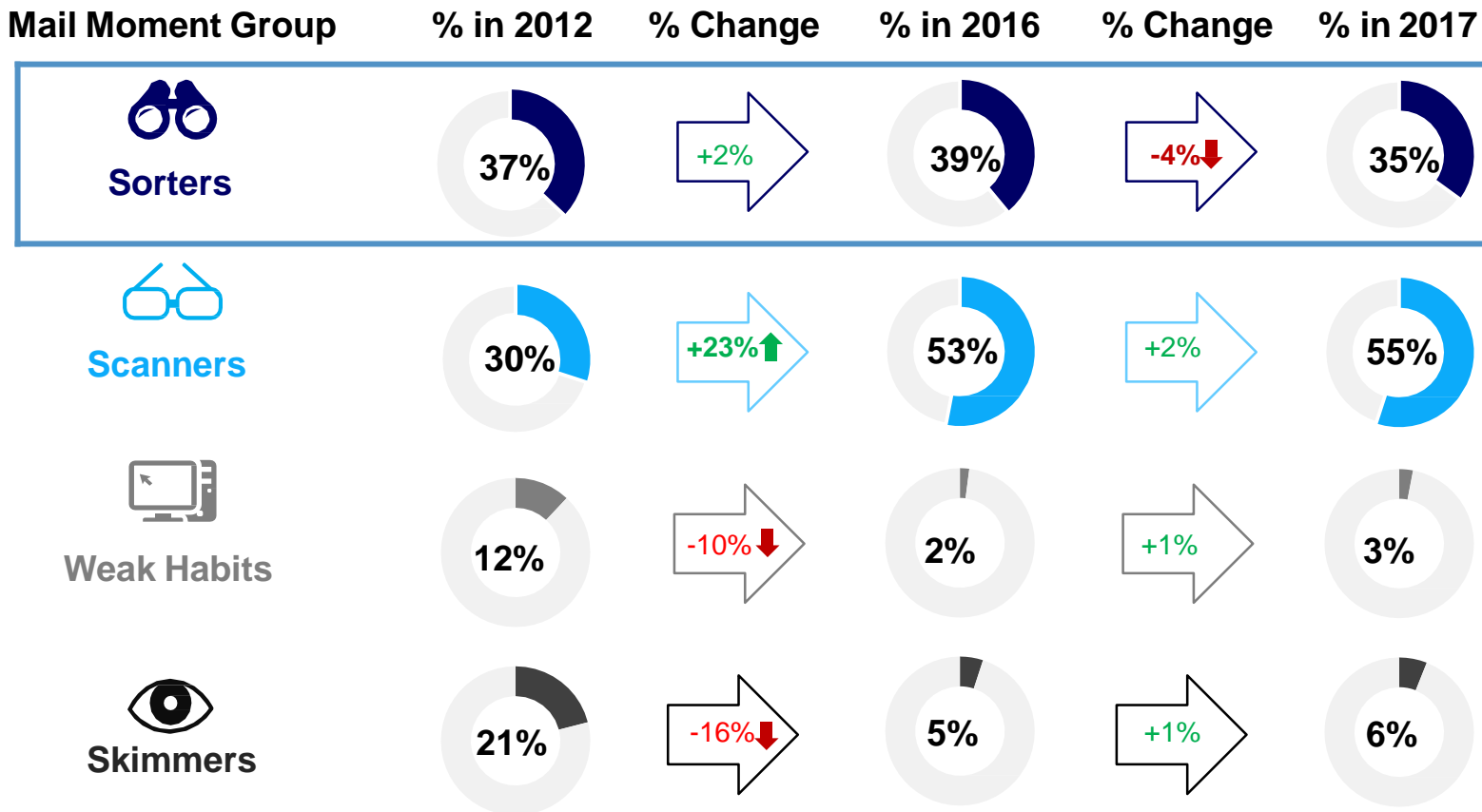
**59%**

*“What it reflected was a choice to cut spending from a digital standpoint where it was ineffective, where either we were serving bots as opposed to human beings or where the placement of ads was not facilitating the equity of our brands.”*

--Jon Moeller, P&G CFO

P&G and Unilever spent \$2.45 B and \$818 M on U.S. advertising last year, respectively, making them two of the **country's biggest advertisers**<sup>2</sup>

Mail engagement has improved since 2012, and the groups with the highest mail engagement still form the vast majority of households.



To combat digital challenges, there is an opportunity to combine the flexibility and accessibility of digital touchpoints with the dependability of physical mail.

## Digital Advertising Challenges



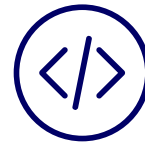
Low Response Rates



Digital Clutter



Ad Blocking /  
Avoidance



Non-Human  
Traffic



Mail has higher response rate than most digital formats



Mail is more memorable to consumers

### How Mail Helps



Mail puts message directly in front of customers

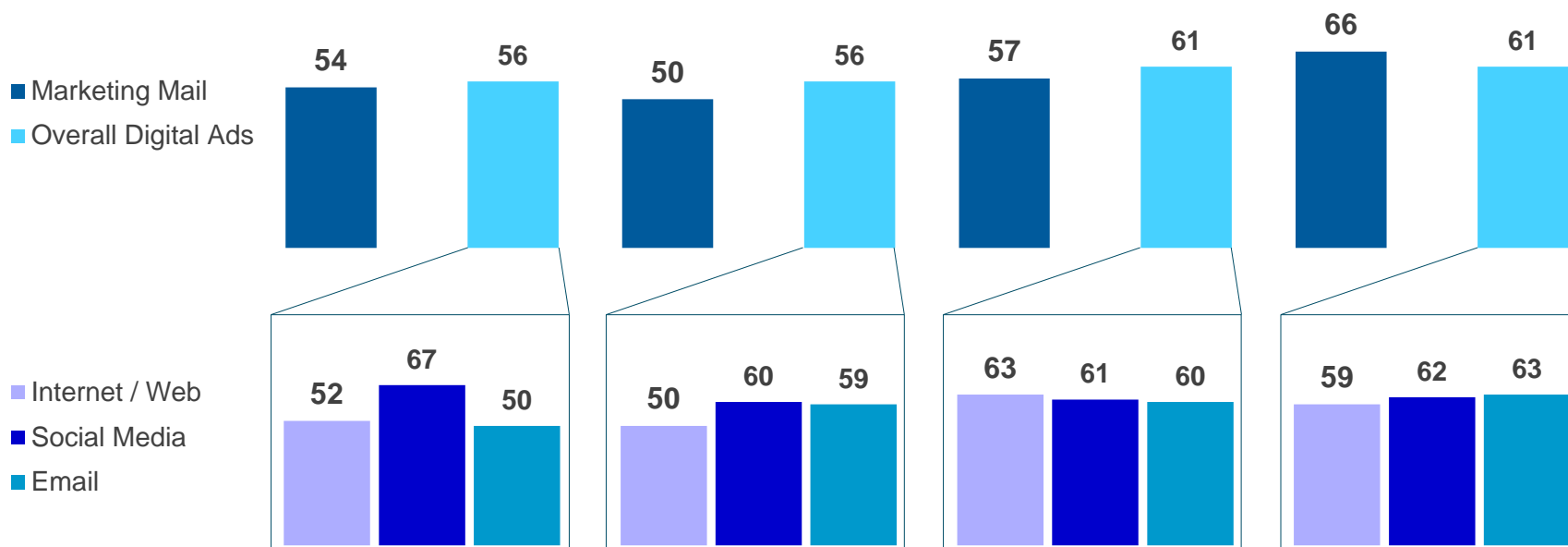


Mail is a verifiable conduit to customers

**Marketing mail competes with digital media channels for share of advertising dollars, and we are comparing business customer satisfaction across these alternatives.**

## Overall Satisfaction with Advertising by Channel

Q1 FY18, % Top 2 Box (7-point scale)



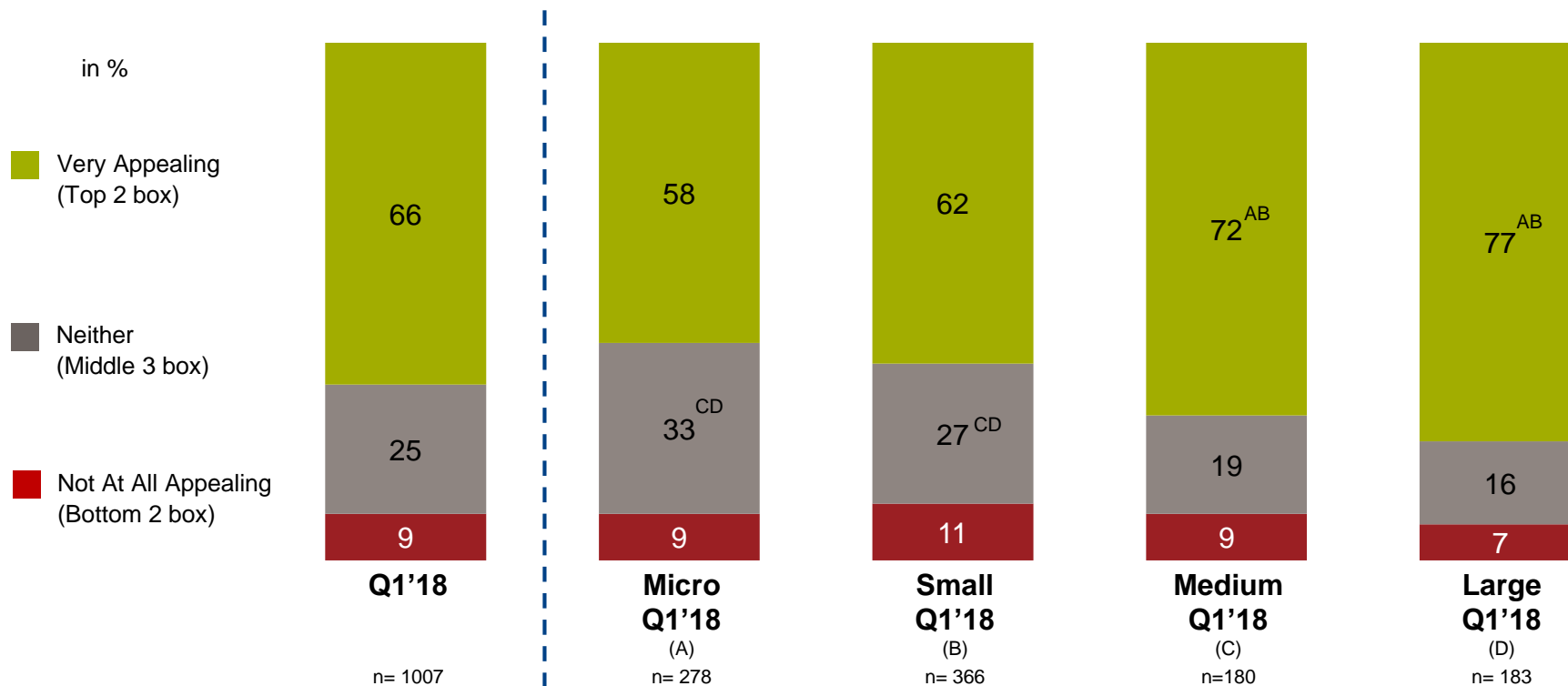
Note: Small Business (1-49 employees); Medium Business (50-499 employees); Large Business (500+ employees)  
D5. Based on your overall experience with the United States Post Office mail service for advertising through the mail, how satisfied are you with the United States Postal Service?  
D5a. Based on your overall experience with advertising through each type of media below, how satisfied are you with services provided by...?  
Source: USPS Brand Health Tracker, FY2018 Q1



How can we maintain high **mail engagement** by protecting the physical mail channel and incorporating **digital innovation**?

Nearly 70% of business respondents see Informed Delivery as very appealing, with Medium and Large businesses most likely to be interested.

## Informed Delivery Appeal among Businesses



Base: Total Respondents

Note: Question added Jul'17

Note: Micro (1-5 employees); Small (6-49 employees); Medium (50-499 employees); Large (500+ employees)

J4. How appealing would a service be to your business if a daily scanned snapshot of the outside of the letter-sized mail pieces, including your marketing mail pieces, arrived in your customers' email account the morning of the day of delivery of your mail?

Uppercase letters denote significant differences at the 95% confidence level; ↑/↓Significantly higher/lower at the 95% confidence level (Q4'17 vs. Q1'18)

While consumer NPS for Informed Delivery is high (50), the score for mobile device usage of Informed Delivery is lower (42), representing an opportunity for that experience.

## Likelihood to Recommend USPS Informed Delivery Service

Net Promoter Score: **50**

in %

- Promoters (Rate 9-10)
- Passives (Rate 7-8)
- Detractors (Rate 0-6)



n=484

## Likelihood to Recommend USPS Informed Delivery Service by Device

Net Promoter Score: **49**      **42**      **69<sup>B</sup>**

in %

- Promoters (Rate 9-10)
- Passives (Rate 7-8)
- Detractors (Rate 0-6)



Check on Desktop

(A)  
n=212



Check on Mobile

(B)  
n=92



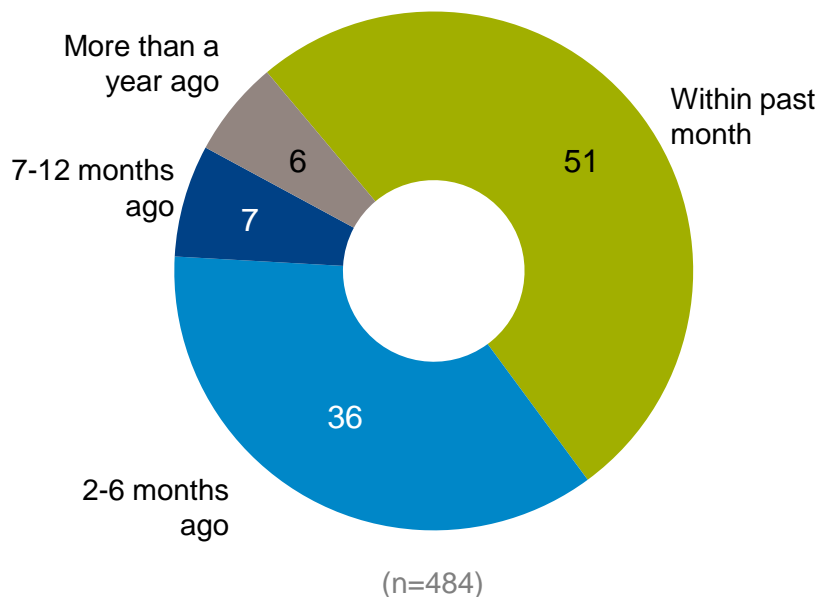
Check on Desktop AND Mobile

(C)  
n=151

**Half of consumers signing up for Informed Delivery had done so within the past month and almost three-quarters report it has made mail service more convenient.**

## When Signed Up for Informed Delivery Service

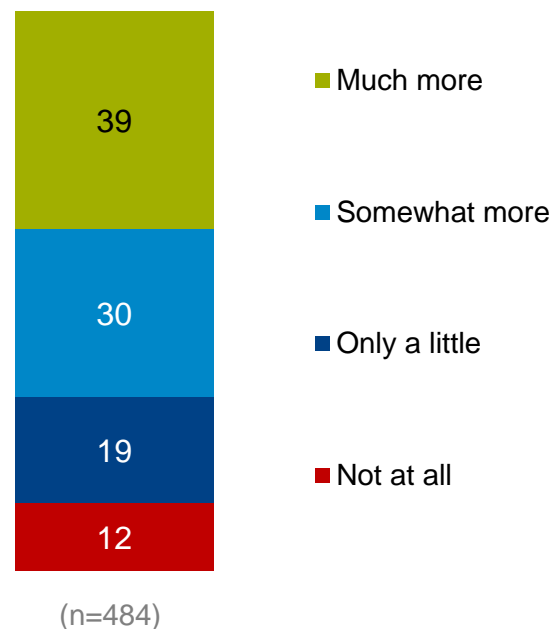
% of Informed Delivery Users



**47%** of users who have heard of Informed Delivery have signed up for the service.

## Extent Informed Delivery Service Made Mail Service More Convenient

% of Informed Delivery Users

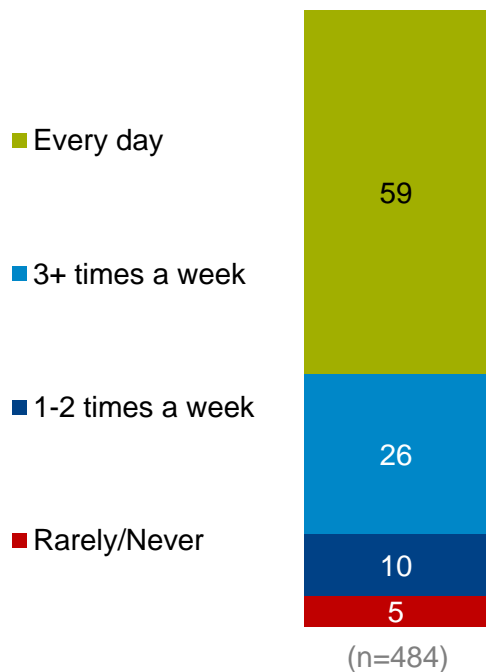




**Almost 60% of Informed Delivery users are using the service daily, with almost three-quarters of users checking mostly from a desktop.**

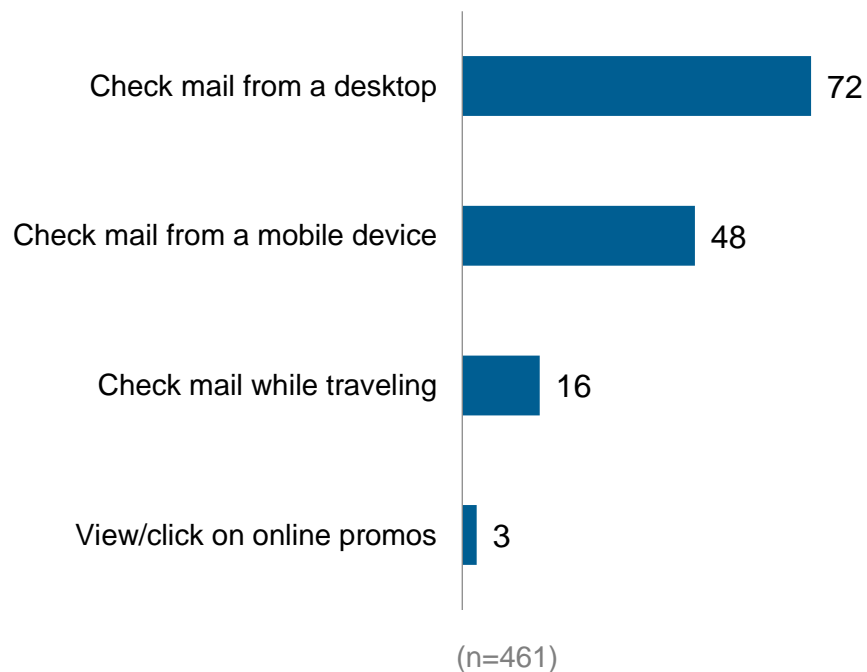
## Frequency of Use

% of Informed Delivery Users



## Channel Used for Informed Delivery<sup>1</sup>

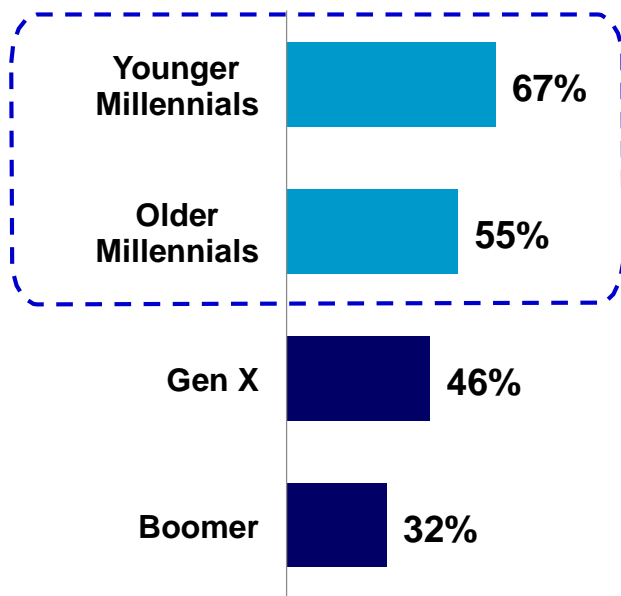
% of Informed Delivery Users



**Millennials said they would check their mail more frequently if they had Informed Delivery.**

## Would Check the Mail More Often if had Advance Knowledge of Mail

% Much More Often/More Often



## Would Check Mail More Often if had Advance Knowledge of Mail



*Much more often/more often*

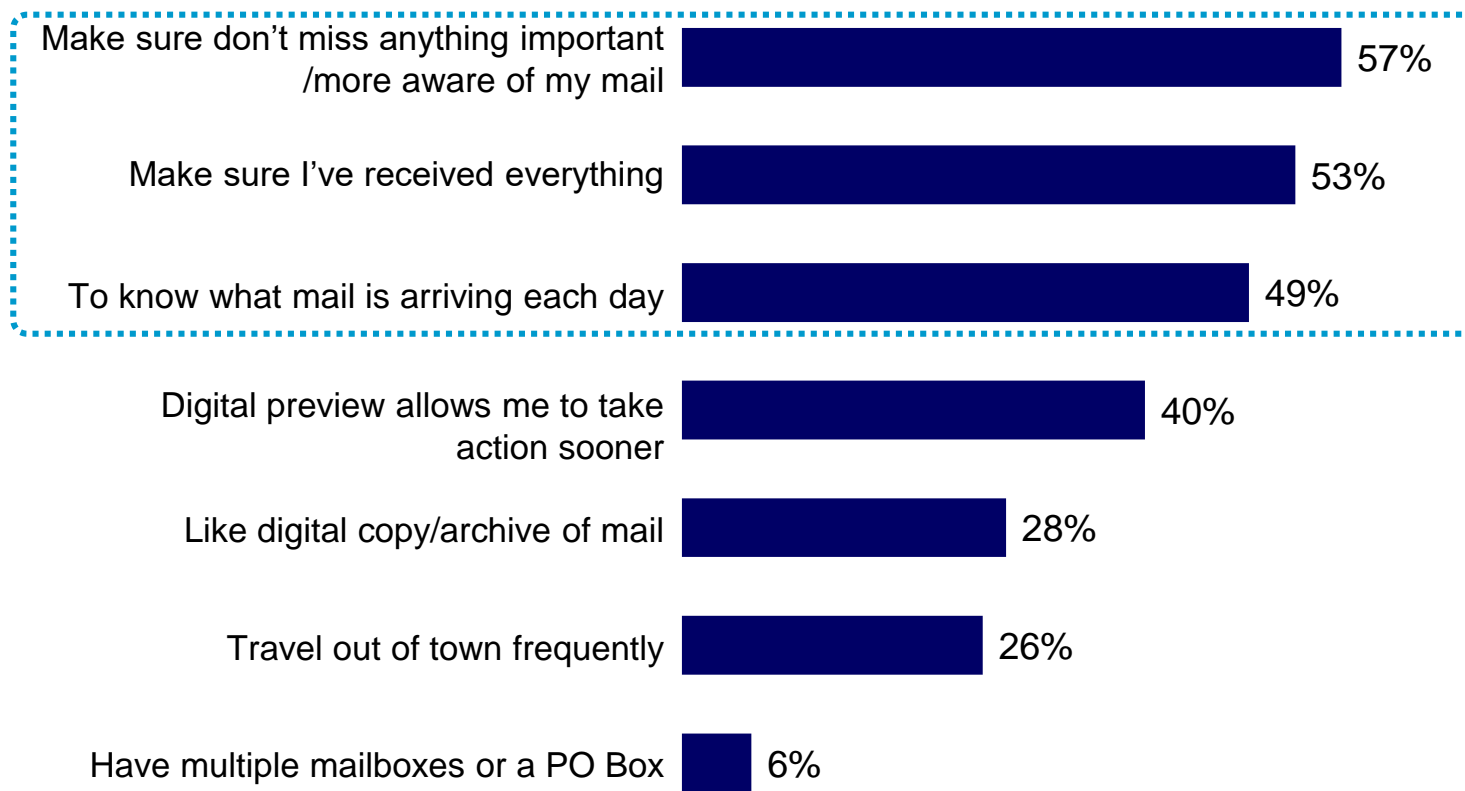
Source: Informed Delivery™ Concept Test 2016, n = 18,939

Question Text: If you had advance knowledge of what would be coming in your mail prior to getting the mail in your mailbox each day, would you check the mail...

**Consumers report they are most frequently using Informed Delivery as a means of confirming what they are receiving in the mail.**

## Reasons Consumers Use Informed Delivery

% Strong Agree / Agree



Although users are satisfied with Informed Delivery, both businesses and consumers have indicated interest in new features.

## New Features Users Want to See



**View packages** and mailpiece images in one place (dashboard)

 *Launched in December*



**View service alerts**, such as Post Office closures, in notifications

 *Planned*



**Add another address** to notifications (e.g., vacation home, PO Box®)

 *Planned*



**Personal Assistant Integration** (i.e., “*Alexa, what’s in my mail?*”)

 *Planned*



**Introduce self-serve portal** for initiating campaigns (for business customers)

 *Launched in Q1 FY17*



**Flag / highlight bills** or important mail

 *Future Consideration*

- Digital can be a **powerful, attention-grabbing channel** for reaching customers particularly for purposes of acquisition.
- However, as digital has matured **new challenges have emerged for marketers** and consumers are showing evidence of fatigue.
- The **benefits of mail are complementary to digital**, offering unique value to all mailers via a memorable, emotional connection to the consumer.
- Informed Delivery enables users to **see and interact with a digital image** of their incoming mail, adding a new engagement point with mail.
- Satisfaction and **engagement with Informed Delivery is consistently high**, driving increased overall engagement with mail.