

# MARKETING UPDATES

## AIM - Areas Inspiring Mail



Jakki Krage Strako

Chief Customer & Marketing Officer, Executive Vice President

March 6, 2019

**THANK YOU!**

---

**FACING FORWARD  
TOGETHER** 

**FOR YOUR  
PARTNERSHIP  
AND  
YOUR BUSINESS**



# COMMERCIAL

FACING FORWARD  
TOGETHER 





# PHYSICAL INFRASTRUCTURE

634,000



Employees

159M



Delivery points

146.4B



Volume

\$70.6B



Revenue

31,324



Post Offices

285



Processing centers

232,000



Vehicles

1.5B



Miles driven per  
year to deliver mail

# DIGITAL INFRASTRUCTURE

**6M**



Daily visits to  
[usps.com](https://usps.com)

**260K**



Mobile delivery  
devices

**4B**



One-second breadcrumbs  
captured each day

**\$983K**



Daily online sales

**14.5M**



Informed Delivery  
subscribers

**28K**



Virtual and  
physical servers

**90 PB**



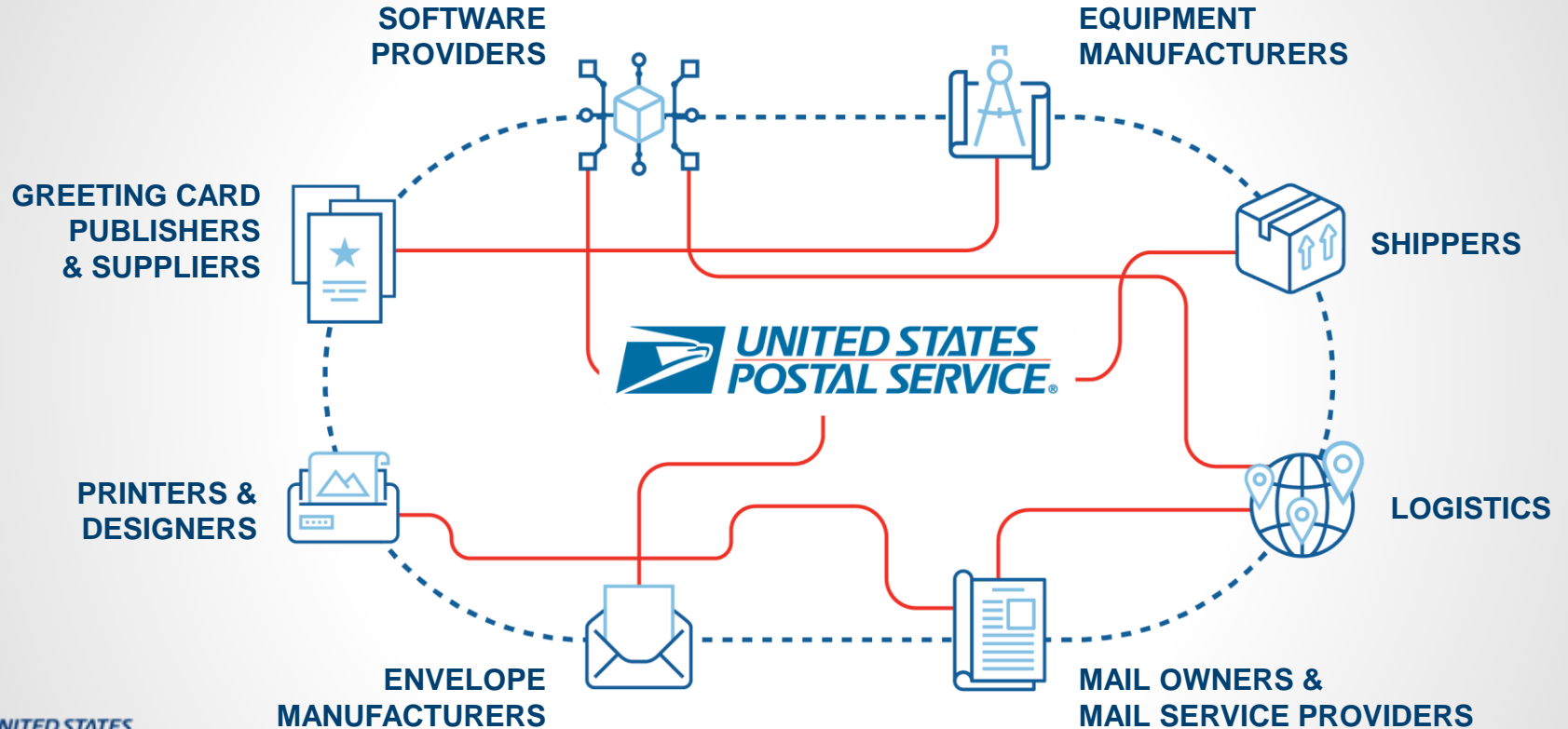
Petabytes of data

**12M**



Corporate emails  
daily

# INDUSTRY ECOSYSTEM



# PRELIMINARY FINANCIAL RESULTS



December YTD (3 Months) (Billions)	FY 2019	FY 2018
<b>Total Revenue</b> <sup>1</sup>	\$ 19.8	\$ 19.2
<b>Controllable Expenses</b> <sup>1, 2</sup>	<u>19.9</u>	<u>18.8</u>
<b>Controllable Income (Loss)</b> <sup>1, 2</sup>	<b>(0.1)</b>	<b>0.4</b>
<b>RHB Normal Cost Amortization</b> <sup>3</sup>	(0.3)	(0.3)
<b>Workers' Comp. Fair Value Adj. and Other Non-Cash Adj</b>	(0.5)	-
<b>FERS Unfunded Liability Amortization</b> <sup>3</sup>	(0.2)	(0.2)
<b>CSRS Unfunded Liability Amortization</b> <sup>3</sup>	<u>(0.4)</u>	<u>(0.4)</u>
<b>Net Income (Loss)</b> <sup>1</sup>	<b><u>\$ (1.5)</u></b>	<b><u>\$ (0.5)</u></b>

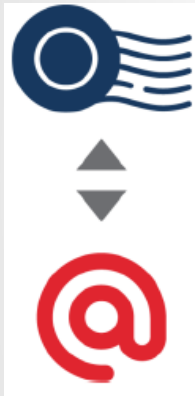
1 - December YTD has the same number of delivery days and 0.75 less retail day as compared to SPLY.

2 - Before Retiree Health Benefits (RHB) amortization and Federal Employee Retirement System (FERS) and Civil Service Retirement System (CSRS) unfunded liability amortization, and non-cash adjustments to workers' compensation liabilities.

3 - This represents the OPM amortization expense related to the FERS, CSRS, and Postal Service RHB Fund liabilities. These are based on OPM's latest updates.



## First-Class Mail



## Shipping/ Packages



---

---

# COMPETITION IN EVERY PRODUCT & LAST MILE

---

---

## Marketing Mail/ Periodicals



## Delivery



# FINANCIALLY STABLE POSTAL SERVICE

Legislation

Regulatory  
Reform

USPS  
Actions



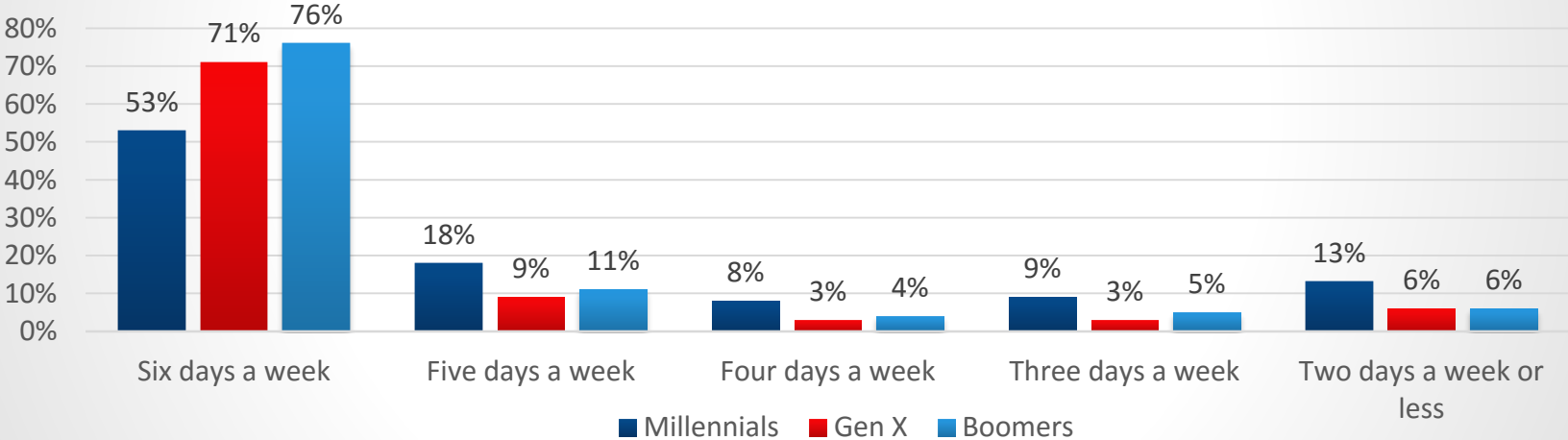
**SERIOUS BUT SOLVABLE**

# MAIL REMAINS RELEVANT

Over two-thirds of customers collect their mail every delivery day. Even a majority (53%) of Millennials check their mail every day

## Frequency of Collecting Mail from Mailbox

6 Days a Week	5 Days a Week	4 Days a Week	3 Days a Week	2 Days a Week	1 Day a Week	<1 Day a Week
68%	12%	6%	6%	3%	3%	2%



The key driver for collecting mail is to check for important items

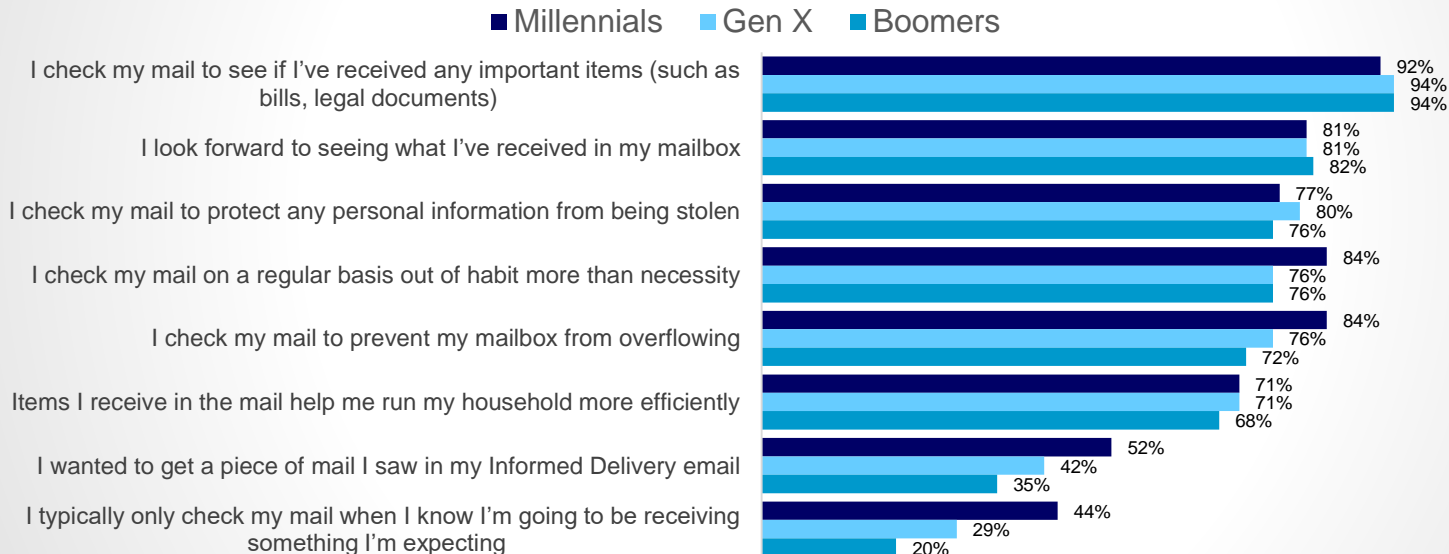
## Why Check Mail (Top 2 Box: Agree Completely/very much)



Millennials are slightly more likely than GenX or Boomers to check their mail out of habit and to prevent their box from overflowing. They are significantly more likely to check their mail when they are expecting something or after seeing something in their ID email.

## Why Check Mail

*(Top 2 Box: Agree Completely/very much)*

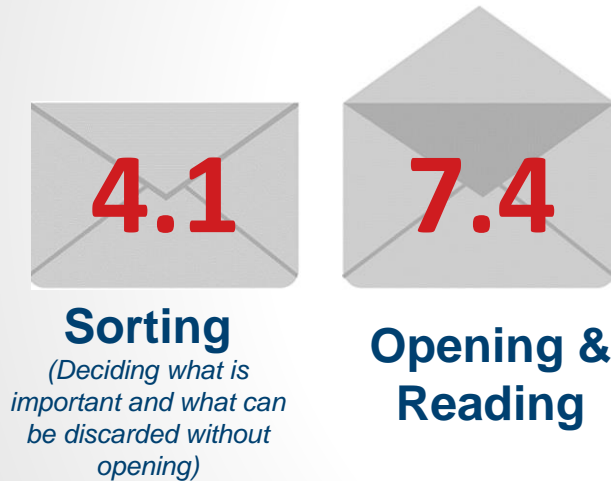


# MAIL SORTING BEHAVIORS

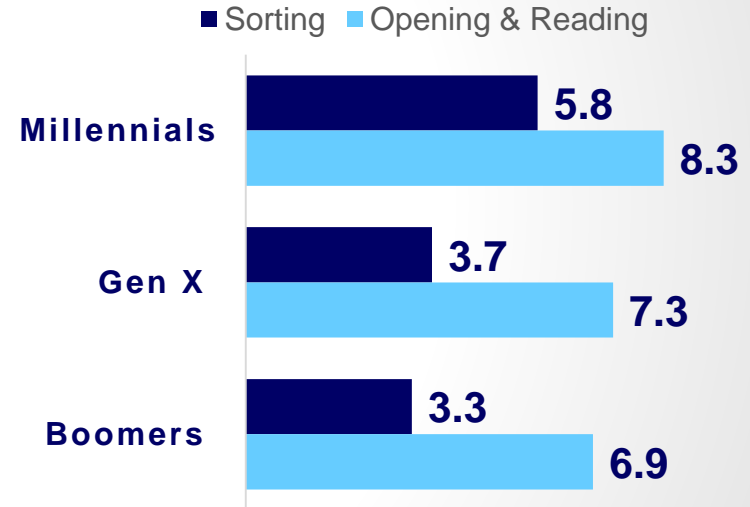
Millennials spend the most time both sorting and opening/reading their mail

## Average Time Spent Sorting Mail (in minutes)

### Total



### By Generation



# CUSTOMER EXPERIENCE



**Customer  
Receiving Journey**



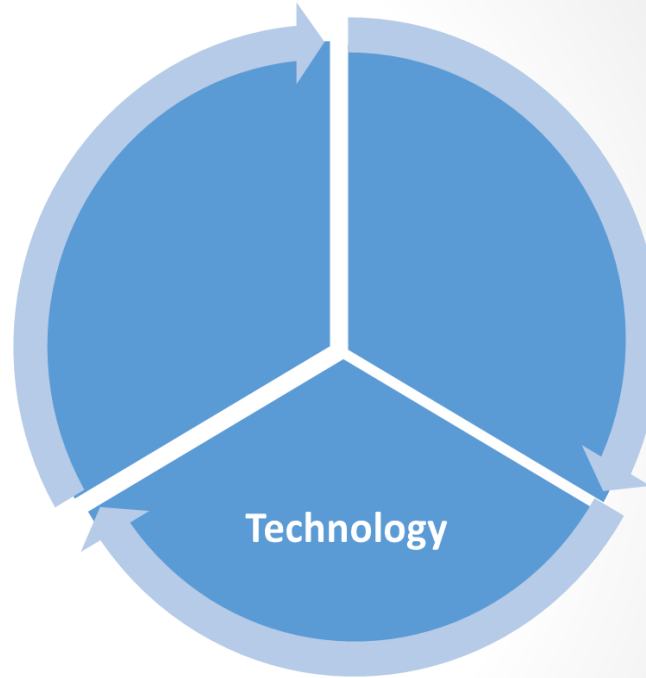
**Build a World Class  
Customer Care Center**



**Listening to  
Drive Action**



**Employee  
Experience & Culture**



Improving Customer Experience translates directly into revenue growth and enhanced profitability



<sup>1</sup>Forbes / Tech, 2013  
<sup>2</sup>Harvard Business Review, 2014



# INTEGRATION OF DIGITAL AND DIRECT MAIL

Combining direct mail and digital yields greater returns than using just one approach.

**28%**

**Higher conversion rate** when direct mail combined with digital ads<sup>4</sup>



**40%**

**Higher recall/recognition of brands** when email marketing is followed by direct mail<sup>2</sup>

**25%**

**Increase in consumer spending** when businesses use both direct and email marketing<sup>3</sup>

**45%**

**Increase in response rate** when direct mail paired with digital communications<sup>1</sup>

1. "Direct mail: A powerful B2C marketing channel," Pitney Bowes, 2015. <https://www.pitneybowes.com/us/shipping-and-mailing/case-studies/direct-mail-is-a-powerful-channel-for-b2c-marketing.html>.  
2. "Connecting for Action," Canada Post, September 2016, [https://www.canadapost.ca/assets/pdf/dm/neuro/connectivity\\_infographic\\_en.PDF](https://www.canadapost.ca/assets/pdf/dm/neuro/connectivity_infographic_en.PDF).  
3. "Direct Mail ROI" United Mail, 2014. <http://www.united-mail.com/direct-mail-resources/infographic-direct-mail-roi.php>.  
4. "30 Direct Mail Statistics for 2017." Compu-mail, 2017. <https://compu-mail.com/blog/2017/07/14/30-direct-mail-statistics-for-2017/#NonProf>.

# INFORMED DELIVERY – BY THE NUMBERS



**15.5M**

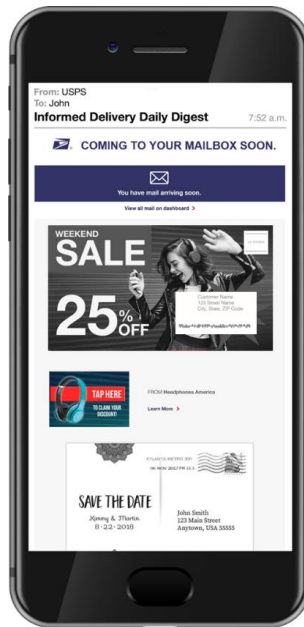
Registered Users

**10.6M**

Email-enabled Users

**166K+**

Weekly User Registrations



**8,517**

Campaigns Completed

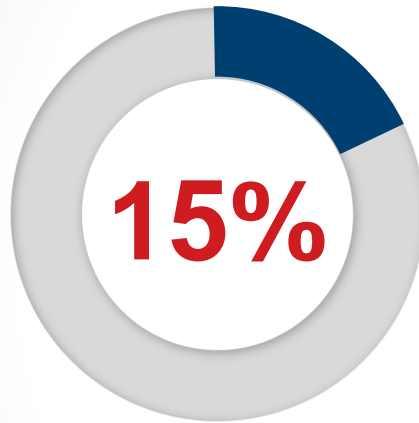
**1,589**

Brands Represented

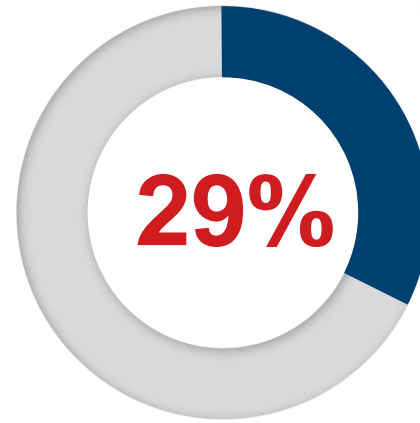
**64.4%**

Average Email Open Rate

Consumer awareness of Informed Delivery has risen consistently over time and is now nearly double that of the same period last year.



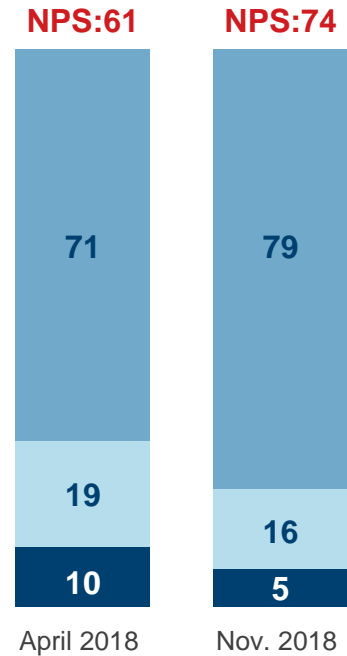
Q1 '18



Q1 '19

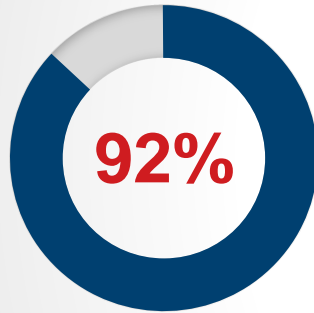
# CONSUMERS ARE LIKELY TO RECOMMEND INFORMED DELIVERY

The likelihood of users to recommend Informed Delivery to friends or colleagues, also known as **Informed Delivery's "Net Promotor Score,"** has increased over the past year.

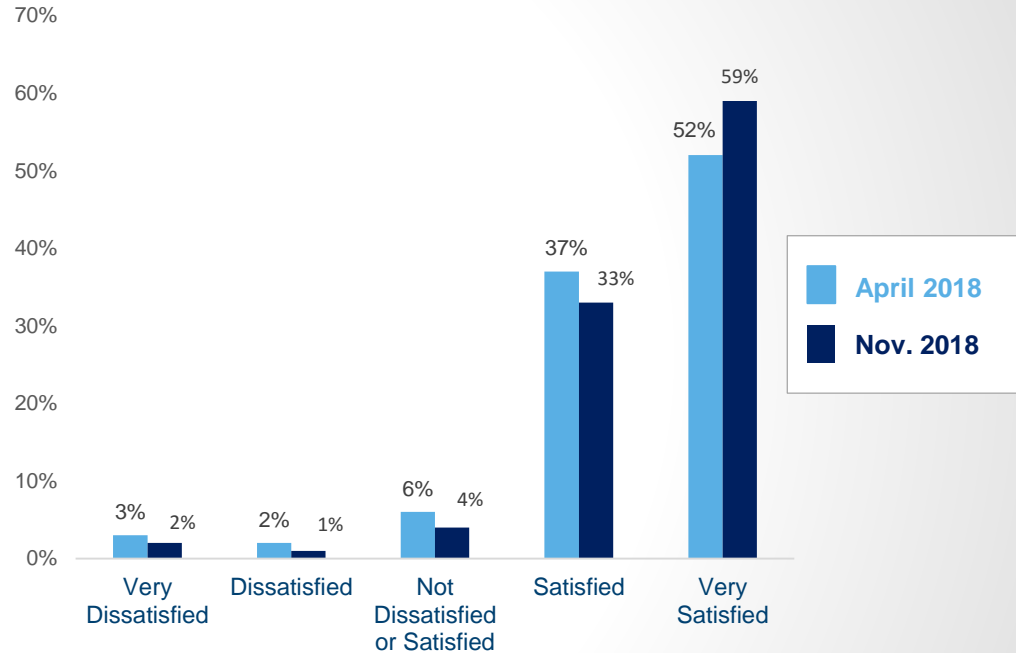


# CONSUMERS ARE SATISFIED WITH INFORMED DELIVERY

The majority of consumers said that they **are satisfied or very satisfied with Informed Delivery**— regardless of their primary channel of use (email, mobile app, or dashboard).

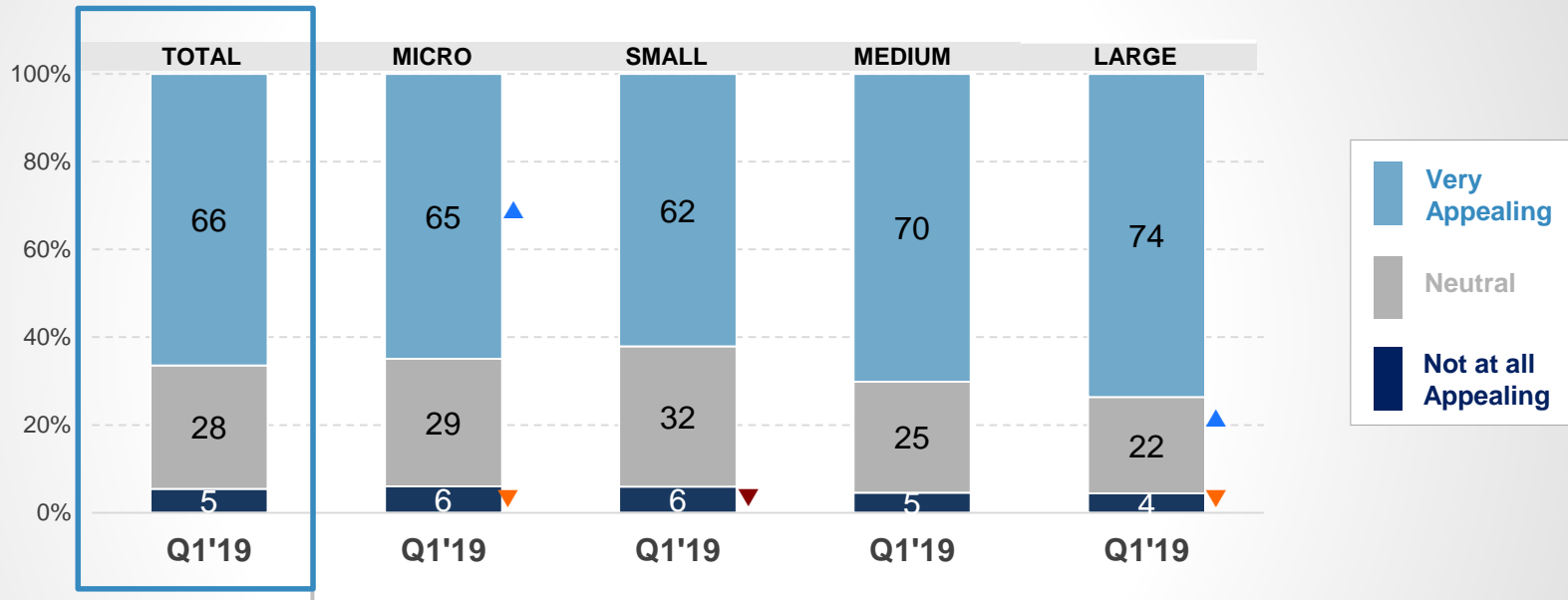


are **satisfied or very satisfied** with Informed Delivery®.



# INFORMED DELIVERY APPEALS TO MAILERS

Appeal of Informed Delivery has increased among businesses overall (5% higher than Q1 2018), in part due to a significant increase among Micro businesses with one to five employees.



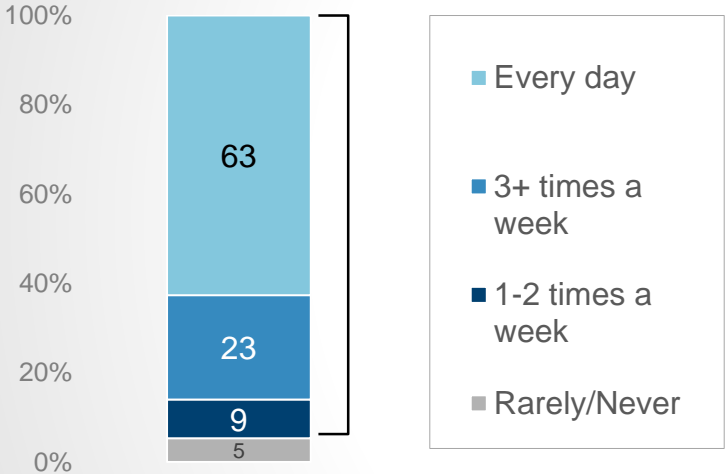
Brand Health Tracker Results from Q1 FY19. Base: Total Respondents. Note: Question added Jul'17 . Note: Micro (1-5 employees); Small (6-49 employees); Medium (50-499 employees); Large (500+ employees). Q115. How appealing would a feature be to your business if a daily scanned snapshot of the outside 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 vs. previous time period at the 95% confidence level

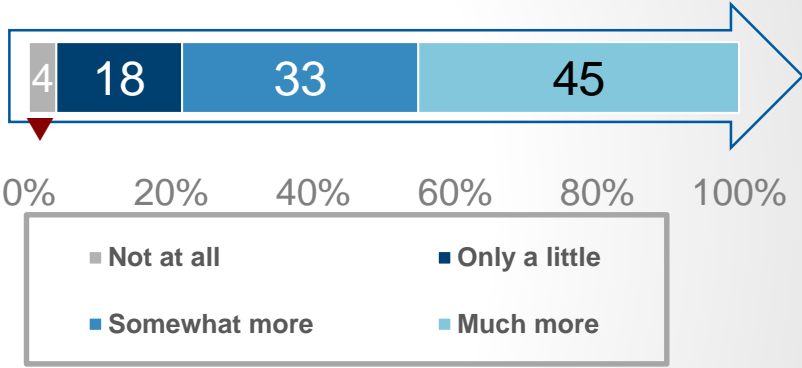
# INFORMED DELIVERY ENHANCES VALUE OF MAIL

**More consumers are using Informed Delivery more frequently, bringing an increased level of convenience, digital integration, and value to mail.**

## Frequency of Use of Informed Delivery



## Extent Informed Delivery Made Mail Service More Convenient

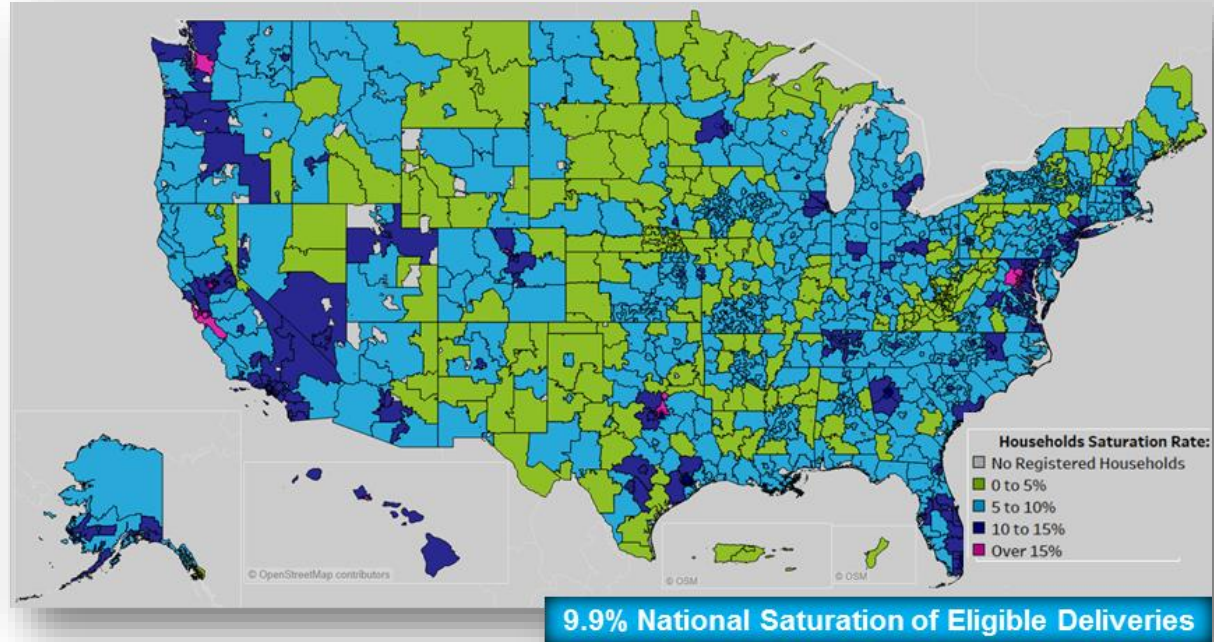


Brand Health Tracker Results from Q1 FY19. Base: Respondents who have signed up for USPS service like Informed delivery (n=338); 1-Base: Respondents who regularly use Informed Delivery (n=317). Q109. How long ago did you sign up for the Informed Delivery feature?; Q110. How often do you use the Informed Delivery feature to see what mail you will be receiving later that day? Q111. What have you used the Informed Delivery feature for? Q112. How much, if at all, has the Informed Delivery feature made mail service more convenient?  
 ▲/▼ Significantly higher/lower vs. previous time period at the 95% confidence level  
 ▲/▼ Significantly higher/lower vs. SPLY at the 95% confidence level

# MAIL AS PART OF THE DAILY DIGITAL ROUTINE

## Household Density

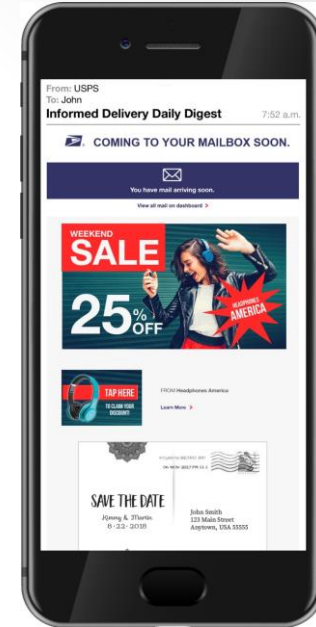
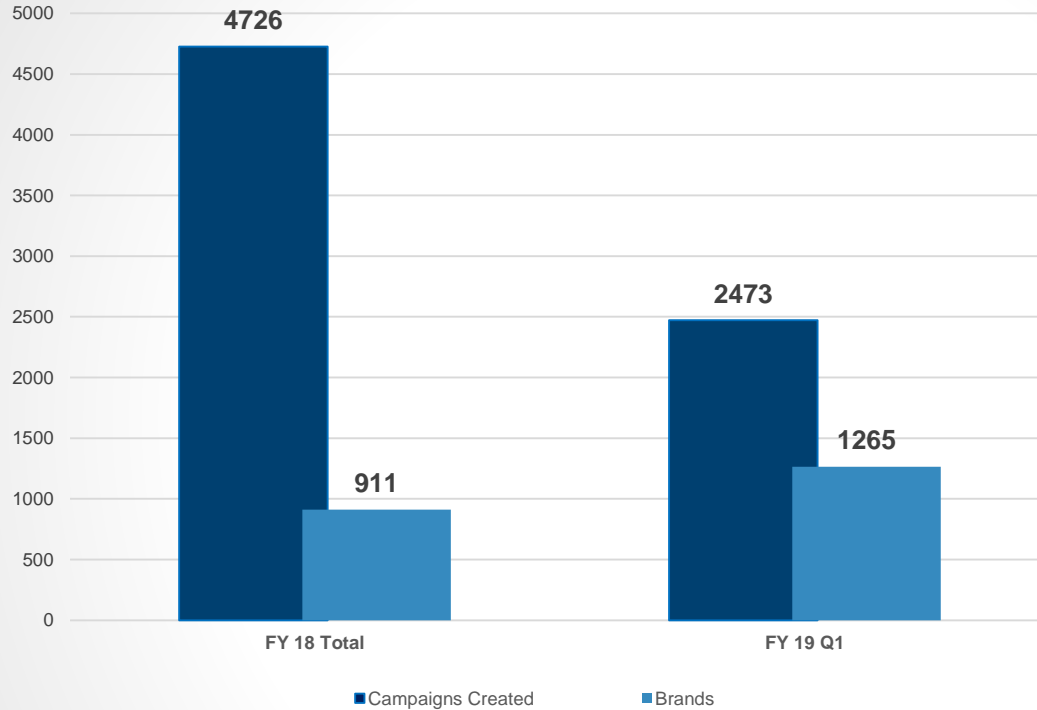
Informed Delivery<sup>®</sup> maintains the relevance of mail in an increasingly digital society.



Consumer and mailer data and household saturation map as of February 19, 2019



# Q1 CAMPAIGN GROWTH 3 TIMES INFORMED DELIVERY® GOAL



# LEVERAGING INFORMED DELIVERY<sup>®</sup> FOR BILLS AND STATEMENTS



- Alert your customers to your bill
- Turn your invoice or bill into an omni-channel experience
- Take your customers to your website or mobile app
- Enable Transpromo to educate or promote your products and services
- Make them curious
- Engage them!

# 2019 MAILING PROMOTIONS CALENDAR

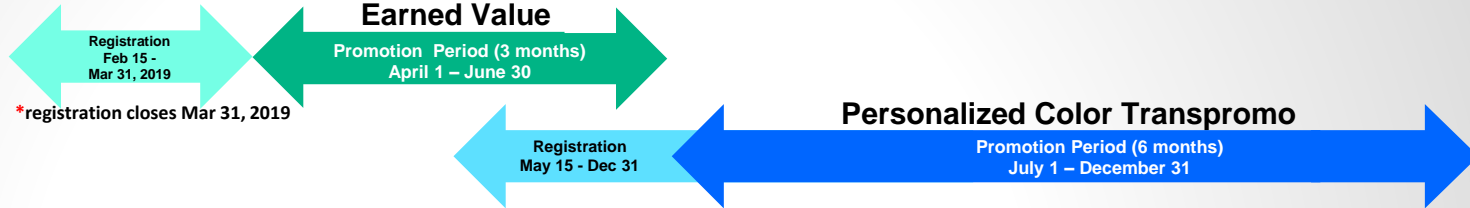
JAN – FEB – MARCH

APRIL – MAY – JUNE

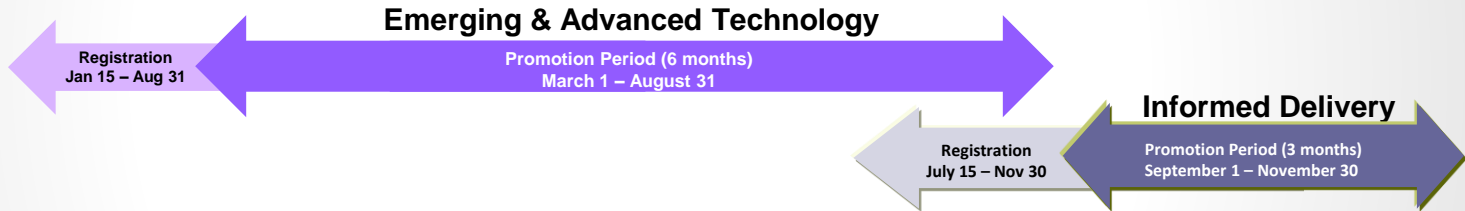
JULY – AUG – SEPT

OCT – NOV – DEC

## FIRST-CLASS MAIL



## MARKETING MAIL AND FIRST-CLASS MAIL



## MARKETING MAIL



# PROMOTIONS UPDATE

---

- Promotions off to fast start!
- 1 Promotion underway
  - Tactile, Sensory and Interactive Mailpiece Promotion: **February 1 – July 31**
- As of February 22, 2019:
  - Enrollment – 198 Participants
  - Volume – 194M
- Comparison to same time in 2017
  - 70% volume increase
  - 34% increase in participants





## *Growth Driven*

Fueling Your Mailing and Shipping Success

INDIANAPOLIS | 2019

# Thank You

