

Updated: ___3/2/18_____

MTAC Focus Group Session Notes
Wednesday, February 28, 2018

PRODUCT INNOVATION & EMERGING TECHNOLOGY

Gary Reblin, USPS VP-New Products and Innovation
Steve Colella, MTAC Industry Leader, Emerging Technology & Product Innovation

Session 1: FIRST CLASS

(Tate, MTAC Industry Leader)

Gary Reblin welcomed all. Regarding Action Items to follow up to clarify status from last meetings Gary and Steve Colella covered these:

Action Item Review (Past Action Items / Progress):

- Establish MTAC User Group to flush out all Informed Delivery ideas including identifying subscribers, sharing images, providing data to mailers and all other challenges and Informed Delivery enhancements. / Informed Delivery User Group # 12 has been formed. First meeting is March 6 11-noon EST.
- USPS to provide information on how to access the Informed Delivery Mail Portal-access through the Customer Gateway under "Other Services." / Can be reached through BCG under 'Other Services' Click informed delivery option and sign in as you would any other service. First person on must agree to be BSA.
- Tom Foti group to look into cases where UAA mail is being returned by the USPS when mail piece does not have return endorsements. / Tom has been working with Jim Wilson and Engineering. The issue with Marketing Mail being returned without endorsement is created when that mail gets into ACF system. Once there a barcode is sprayed in the lower right then piece is considered First-Class Mail processed as required. Engineering tried one fix but it did not work and is still working on the issue.
- Consider FCM for mobile shopping promotion / The USPS does not now have plans to incorporate FCM in the mobile shopping promotion, since this was developed as a Standard/Marketing Mail opportunity, and the color Transpromo promotion for FCM typically runs during the same/similar window. USPS will reconsider for 2019 promotions.

First-Class Mail Volumes:

Presort down 5.1% and Single piece is down 3.1%

Trends continue to be similar to previous years – however; trend is still decreasing volume.

Mury Salls: When they survey their clients/members between move update assessments, PRC and prices many clients looking for ways out of the mail.

2017 Promotion Summary - Provided by Vicki Stephen

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- Over 1,948 participants representing 2,236 mail owners 17.3% increase from previous year
- Volume: 16B 7.3% increase
- Revenue: \$4B 11.6% increase

2017 Emerging & Advanced Technology Promotion

- Participants: 265
- Volume 5.1B
- Revenue: \$1.1B

Color Transpomo

- Participants: 66
- Volume 1.5B (52% increase from SPLY biggest growth in 2017)
- Revenue: \$564M

2017 Mobile Shopping

- Participants: 730
- Volume 7B (97% of SPLY)
- Revenue: \$1.5B
- 45 companies: Informed Delivery/Mobile Shopping campaigns

Capitol One is testing using informed delivery with a 'pay now' option. Gary is interested in getting other companies to test this concept.

Bob Dixon: Starting in March (date to be announced), ability to get to individual mail piece using mail.dat and capturing image of piece bringing in to system. Industry wants ability to change the message and/or action within a mailing that can be taken by individual. For example if receipt needs to pay bill message will be 'pay now', if customer is looking for loan, message can direct to load application website. Sharon Harrison wants to test with USPS on this issue.

Adam Collinson

Asked question about the 30 million not eligible for informed delivery. Some are multifamily units with same IMb and the carrier then sorts the mail by unit once at house. USPS does not want people in one apartment to see mail for another apartment and since Informed Delivery only sorts by IMb per household these delivery points are not eligible.

Bob Dixon is working on getting Business being able to receive Informed Delivery.

Working on method to authenticate the fact person works for company and is authorized to receive the mail. To be discussed more in User Group 12.

There was a lot of discussion about informed delivery for businesses and concerns in making sure only authorized employees can view mail. The verification process will include the person

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having access to the BCG and being an authorized user-perhaps user of Mailing Services.
Possible Action issue was deferred to user group 12.

Form 1093 C Caller Service is being redesigned.
The new form will provide instructions.

Product Simplification:

- Product marketing Strategy
 - FCM-bills and statements as customer communications channel by taking advantage of variable color printing and high open and read rates.
 - Marketing Mail hardcopy mail as integral to an omni- channel communications strategy
- Marketing requirements and prep opportunities
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- Leverage Informed Delivery to increase engagement with mail and value of the mailbox

Sharon Harrison requested single piece residue rates be added to the list.

ACTION ITEMS

- None

Session 2: USPS MARKETING MAIL	(Flanagan, MTAC Industry Leader)
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Review of Action Items (Past Action Items / Progress):

USPS to share industry segment specific data showing volume changes. Also provide data on movement from one category of mail to another. Example: mail moves from letters to flats and back. / To be covered in Tom Foti presentation.

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- USPS to post the stamp list for all mailers to view. / USPS running into challenges in posting on web due to constant change. For now clients must check with Stamps Now for current inventory status.
- Gary Reblin's Promotions Group to share 2018 business rule drafts as soon as possible once promotions are approved by ELT. / PMG has indicated she will review and release at later date.
- USPS to share results from their planned Informed Delivery mail campaigns conducted. / Presentation at general session provided some case studies and promise of more to follow.
- Evaluate how surveys are sent out and the ability for the MSP to forward. Additionally most likely the response scores are under estimated because the MSP contact might not be the person to answer – so they do not do so. / This is being discussed in User Group 8 This topic has been discussed at two recent UG8 calls. The promotions that finished mid-2017 followed the traditional survey process, and the survey for the Mobile Shopping promotion applied a new approach where shorter surveys were distributed throughout the promotional period rather than a single survey at the end. MSPs receive different surveys than mail owners. USPS is tabulating responses, and the result of this shift in approach will be presented as soon as available. UG # 8 will evaluate possible additional changes to encourage responses from the appropriate party.
- Update of First-Class (6 x 9) idea. / To be covered in Tom Foti presentation.

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Effectiveness of Technology/Treatment on Direct Mail (E&A, TSI)

65% of survey participants agree or strongly agree that specialty treatments increase the effectiveness of direct mail.

New survey method is increasing response rates.

Jamie Freeman: Asked about MSP promotion because burden and risk of providing promotion are borne by the MSP and therefore do not participate as much as they could.

Phil-disagrees with that assessment because he does not want presort company getting between them and their client.

Informed Delivery Update:

- 7.2MM registered households
- 8.2rMM registered users
- 3.4 million Email enabled
- 275+ participating brands
- 1050+ campaigns completed
- 72.6% average email open rate

Recent Campaign Results:

January 2017

Industry	Mail Pieces		
	Sent to	Email	Email Click to Open
	<u>ID Users</u>	<u>Open Rate</u>	<u>Rate</u>
Nonprofit	753	64%	9.26%
Finance	959	66%	5.36%
Professional, Scientific and Technical Services	542	77%	7.38

December 2016

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Financial and Insurance	607	63%	7.19%
F.93%inancial and Insurance	551	67%	4.32%
Financial and Insurance	906	71%	3.93%

Bob presented the Informed Delivery Roadmap. It is to be a living map managed in part by User Group 12.

Note: Stressed that informed delivery is a platform and not an application.

User Group Leaders:

Leanne Herman-RRD Leanne.R.Herman@rrd.com

Robert Dixon-USPS robert.e.dixon3@usps.gov

Carrie Bornitz-USPS Bornitz-carrie.a.bornitz@usps.gov

Product Management Update-Tom Foti

Industry Segment Performance & Product Trends

Trends YTD through January

Flats 20% of volume declining 8%

Letters 70% volume declining 2%

Flat Entry Points

- 60% SCF
- 28% DDU
- 6% DNDC
- 7% none

Letters Entry Points

- 77% SCF
- 10% DNDC
- 14% None

Letter Presort:

- 62% 5 Digit (-2%)
- 21% AADC/3D-(4%)
- 3% mixed
- 6% Saturation (-5%)
- 3% HD plus (-9%)
- 5% HD (+7%)

Flat Presort:

- 33 % CR

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- 12% 5D
- 5% 3D
- 39% Saturation
- 3% HD plus
- 7% HD

Top Ten industries Trends

Retail –largest group down 4%

Financial up slightly

Professional down slightly

Information down slightly

Other Services (other than Public Admin) down almost 19% (political mailings in this group)

Health Care flat

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BRM/QBRM Improvements-Dale Kennedy

- Leverage IMb technology to innovate QBRM process by automating counting and invoicing
- Streamline and Standardized QBRM process

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- Eliminate manual counting and weight verification
- Make BRM/QBRM mail available earlier for customers

Decrease costs and increase customer value proposition. Path Forward:

- Initial Merrifield test is ongoing, concurrent with present QBRM processing
- Accuracy Validation
 - Implement new counting procedures for QBRM
 - Analysis of hand count vs end of run count comparisons to additional sites
- Expand to additional sites
- Evaluation of expansion to BRM letter mail

2018 Election Cycle Update-Dan Barrett

Election Community Partnership

Tag 191

- Can now be ordered on line
- Mailed directly to local election offices
- Tags are to be affixed to trays, tub
- Pallets, sacks and even rubber banded to single piece mailings

Ballot Mail Visibility:

Developing Service Type Identifiers (STIDs) and 9 digit Zip Codes

- Goals
 - Identify ballots on hand and enable tracking in the mailstream
 - Sort all ballots and election mail on automation equipment
- Benefits
 - Increased visibility
 - Enable tracking of ballot mail
 - Increase public confidence in the “Vote by Mail” process
 -

Operational Focus:

Conducting employee training on Election Mail, including a series of national webinars and employee service talks. Topics include:

- Outreach process
- Issue reporting and resolution
- Mail entry processes
- Handling military Ballots
- Key election dates by state

We will implement daily “all clear of ballots” certification at all Post Office.

Busy Election Season

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Federal:

33 senate seats and all 435 house seats

State:

38 Gubernatorial

44 state house races

All 50 states – local / county races

10K races total expected

Local Strike Teams

Joint AAPC and USPS “mail moments” report

Updated Collateral Material

Special Political and Election Mail Forum at the NPF

May 7

ACTION ITEMS

- Steve Monteith is working on solution for stamp lists to be updated and available online. Right now, customers can get stamp availability through the Stamps Now phone number.
- Industry asked that volume totals be added to the quarterly volume slides.
- USPS needs information from Industry about which clients would use new larger First-Class Mail postcard. This should be discussed in MTAC User Group # 8 on promotions as Industry first suggested this be a promotion.
- Political heat map for this year’s big elections – post who postal contacts are on PostalPro.

Session 3: PACKAGES

(Medeiros, MTAC Industry Leader)

Meeting was opened with update on informed delivery and then discussion within the group.

Informed Delivery – Gary Reblin provided update.

Salem One yesterday provided testimony of his company’s MSP work for clients for Informed Delivery. Flemmings Steakhouse received 450 reservations from just one mailing. They consider it very successful and are continuing other Informed Delivery for other clients like the Outback, Security Financial, etc.

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Gary described how we are scanning and providing around the country where we do have differences operationally. Gary said we have the next release going out March 2018. Gary stressed we have the new MTAC User Group # 12 for Informed Delivery and he encouraged all to participate. The first meeting is Tuesday, March 6 at 11 am ET.

John Medeiros said he thinks USPS has a wonderful opportunity “growth plate” for shippers and Gary agreed and invited shippers to participate in testing with the new UG # 12. Gary said in Chris Karpenko’s presentation this morning that research showed 18 – 39 year olds said tracking packages was their number one use of Informed Delivery. Industry requested Gary to provide them with marketing materials which they can use to further promote Informed Delivery for packages with their clients. Gary then turned the meeting over to Karen Key to cover the following part of the agenda:

Agenda:

- Lean Six Sigma Projects
- Refunds Phase II
 - New Policy Change for Commercial and Online Postage customers
 - Enhancements
- New Scan Event
- USPS Customer Pickup Locations

Shipping Products and Services MTAC Update

Projects

- Redelivery Cost
- Missing package pickup
- Premium Forwarding service Commercial
- Package intercept
- Improve certified mail

Service Failure Refund Policy Change

Refunds for service performance failures will no longer be available at retail locations effective May 4, 2018

- Refund request must be submitted online thru either
 - USPS.com
 - BCG
 - Exception requires customer to be present for Adult Signature

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Online Refund Phase 11 Enhancements

Consumer/Click N ship

Commercial Customers

- Change: Nightly batch process to check bulk files for duplicate request
 - Benefit: Inform customers of duplicate labels with batch file
- Change: File request for Certified Mail
 - Benefit: Inform user
 -

New Scan Event 73:

- Change: Add a scan event to inform customers when their item(s) is Available for Pickup or Redelivery at a local post office when item could not be delivered on the first attempt
 - Benefit: Leverage for customer pickup locations and mobile order ahead.

The USPS goal is to have this completed by September 2018 but date is tentative.

USPS Customer Pick up Location

Change: Establish single data source to accurately direct customers to the correct post office for pickup

eSignature on File

Change: Allow customers to use Electronic Signature on File to authorize delivery for three products/ Extra Services.

Benefits: Leverage Informed Delivery per package authorization offer merchant override.

- Priority Mail Express
- Signature Confirmation
- Insurance over \$500

Premium Forwarding Service-Local

Early summer 2018 test

No Group E Boxes

Street address and POB serviced by same facility

shippingservices@usps.gov if interested in test.

Allows customers to maintain their privacy while avoiding trip to the Post Office and expense related to that trip.

Group E Post Office Box-this summer

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Currently 1.3 million Group E POB are used by USPS customers in lieu of street delivery

When Group E customers place orders that exclude delivery to Post Office box packages shipped bear an undeliverable physical street address.

Packages that the customer is expecting are often return to sender as UAA.

This initiative will allow packages sent to undeliverable physical street addresses to be reassigned to the actual Group E POB to:

- Reduce UAA Mail
- Improve customer satisfaction

Elimination Web Tools APIs: No Postage Option

The non postage option in web tools label APIs allows customers to print domestic and international shipping labels.

Sample of the electronic postmark on the retail receipt: Certified Mail and Registered Mail

An electronic postmark will be provided for each certified Mail and registered mail transaction.

USPS Returns:

USPS Package Platform:

Network Returns: Will use package attributes

USPS is getting ready for internal testing

Pilot to begin March 2018

Participants will maintain existing returns processed, but also be able to access package level data from the package platform.

Presently automated:

- Acceptance
- Enroute Processing
- Calculate Postage Due
- Delivery and postage collection.

Future:

- Acceptance
- Enroute processing postal due calculation
- Collection

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Product Management Update – Provided by Jay Smith

Product performance & Opportunity

- Product Position
 - Within USPS shipping portfolio
 - In market place
- Pricing
- Service

Priority Mail Open and Distribute

- Full product lifecycle review is underway
- Product management outreach for feedback

Parcel Select Lightweight-DSCF Entry

- Customer support Ruling (CSR)
- 5 digit machinable parcel

USPS will begin to allow this mail to be brought to 160 SCF that have required equipment to process this mail. This is for clients that have this volume and are going to the SCF with other mail. Presently this mail is required to go to the NDC.

Discussion around this new method as industry points out this can be done and is allowed to do.

Action Item discussed:

USPS will review this Parcel Select Lightweight policy and see if there is any need to go forward and to see if there may be a need for a service such since industry can already drop mail at SCF levels.

US eCommerce sales grew 16.8% from 122.52 billion to 143.11 billion in the fourth quarter 2017

PRS Opportunity:

- With an increase in eCommerce sales, returned items have lead to a growth in PRS volume/revenue

Performance Opportunity

- Mis-sorts
- Scanning/Visibility
- TNT
- Continuous training

Active Involvement

- Continuous participation and support in quarterly Business Reviews (QBR)

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ACTION ITEMS

- USPS will review the Parcel Select Lightweight policy to determine if there is any need to proceed since Industry can already drop mail at SCF levels. Jay Smith agreed to do this.
- Get parcel mailers engaged with Informed Delivery
- Question about Informed Delivery addressing fix for multi-family households 11 digit match being compliant with parcel secondary address requirement (add to WG 185 continuation)

Session 4: PERIODICALS

(Stumbo, MTAC Industry Leader)

Volumes continues downward trend 1.2-1.4%

Promotion Update-

2017 Earned Value

Participants: 729

Final Volume: 1.3B (>250% increase) due in part to more participants and longer time period

Revenue: \$532M

See notes from previous sessions for recap on other promotions.

Informed Delivery Update:

See previous notes.

In response to question “Does USPS collect email open rate by day?” response was “yes” but is recorded in aggregate.

For Flat Mail-two ways to put in Informed Delivery-use FSS scan and from bundle scan. Bundle scans are being taken after cut off time for Informed Delivery email.

So to get scan mail had to run over FSS.

USPS is now using visibility data further upstream to predict daily flat delivery. The downside is as they add events there is also an increase in the amount of dedupe that has to be done With letters get lots of duplication since they capture both the 918 and 919 data.

Product Management Update – Provided by Tom Foti:

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Working List of Initiatives:

- Authorize special interest publication at the group level as periodicals
- Use postal delivery of periodicals to newsstands-eligible for periodicals prices?
- Have a periodicals price for single copies
- Allow more prospecting at the periodicals rates
- Increase weight limit for inserted product samples
- Allow mailing to a subset of subscribers at periodicals rates for greater flexibility
- Reduce number of minimum pages for requester pubs to 16
- Use “wantedness” to help new pubs acquire periodical status
- Use a click on feature in Informed Delivery to track recipients’ interest in a publication
- Allow SIP to be offered as subscription premiums an pay periodicals rates when poly wrapped with a periodical title

Get two legislative changes

Give USPS more sampling authority

Add multiplier effect as one of criteria in making rate case.

Periodical Multiplier Analysis

Identified all products mailed by top periodical mailers

Determined USPS profitability based o average cost and contribution

Findings:

- Profitability for other non periodical postage products offsets about 62% of the contribution losses from periodicals
- Some tittles/Publishers are profitability due to mailing large amounts of Standard Mail

Simplification Activities

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BRM/QBRM Improvements-Dale Kennedy

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