



NORTHEAST



Gary Reblin
Vice President, Product Innovation
United States Postal Service

March, 2018

ADAPTING TO A CHANGING MARKETPLACE



- On-demand access to everything... and with the touch of a screen
 - ✓ 77.1% of US adults will use a smartphone in 2017

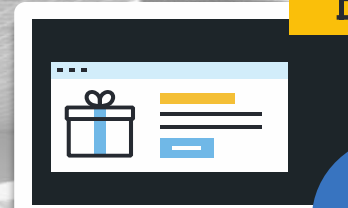


- Culture of immediacy; Consumers shop and purchase 24/7
 - ✓ One-third of US retail ecommerce sales will come from a mobile device in 2017

ECOMMERCE

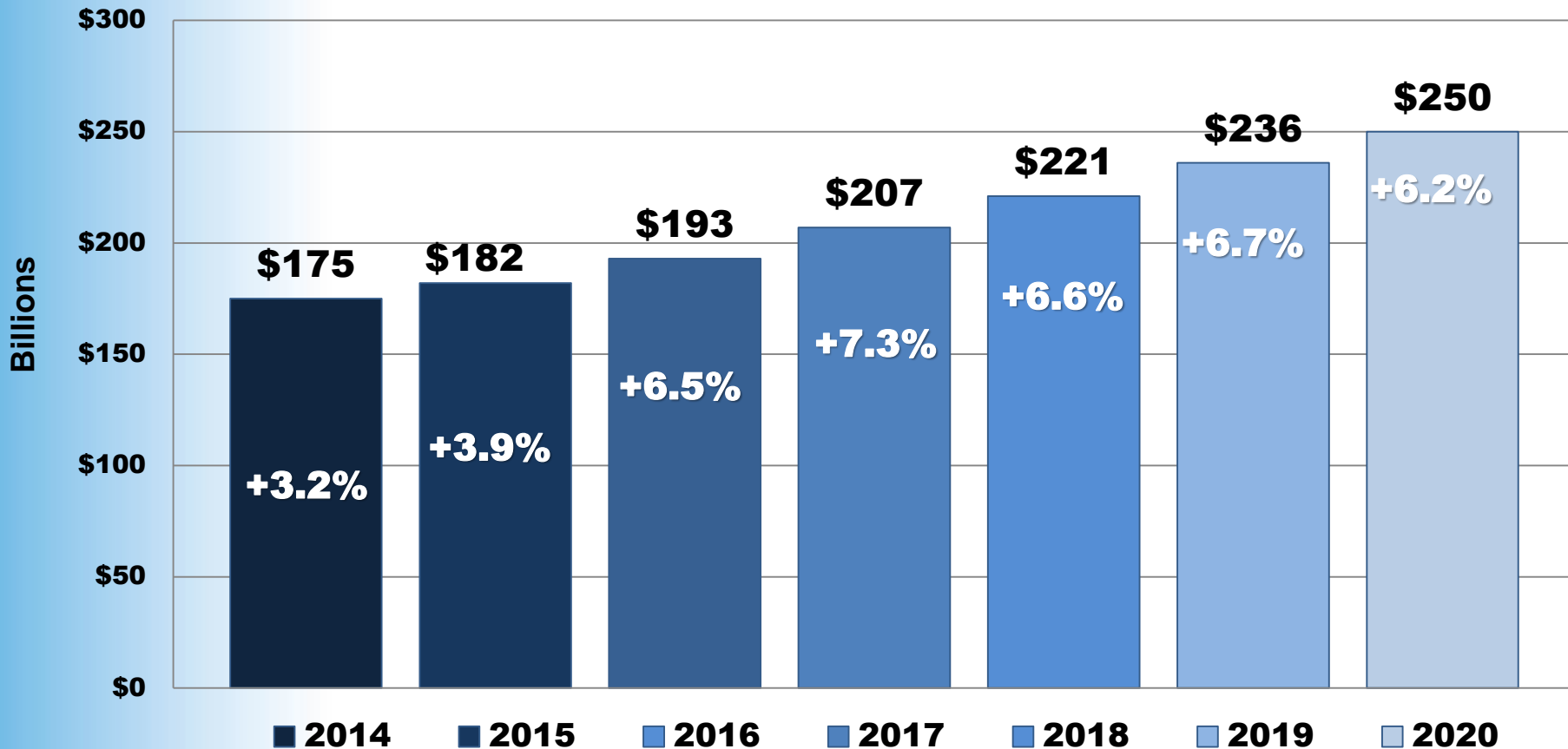
Outpacing

BUY



RETAIL
8600 Stores Closing

TOTAL MEDIA AD SPENDING



Digital Advertising Continues to Grow & Expand To New Platforms



13%

Digital Spending

Forecasted Growth through 2020



24%

Mobile

Ad Spend

Increasing to \$75B in 2018



DIGITAL ADVERTISING HAS “**CRACK IN IT’S ARMOR**”

★ Consumer oversaturation

- ✓ Repetitive retargeting: mobile, browsing news, search, shopping, snapchat...
- ✓ Average consumer sees 3,000 commercial messages per day

★ Ad Blocking and Spam filters limiting reach of messages

★ Viewability

- ✓ Digital Impression = 50% of pixels in view for 1 second

★ Fraud

- ✓ Falsely elevating actual traffic or impressions through bots
 - Association of National Advertisers estimated over \$7B wasted in 2016

★ Brand Safety

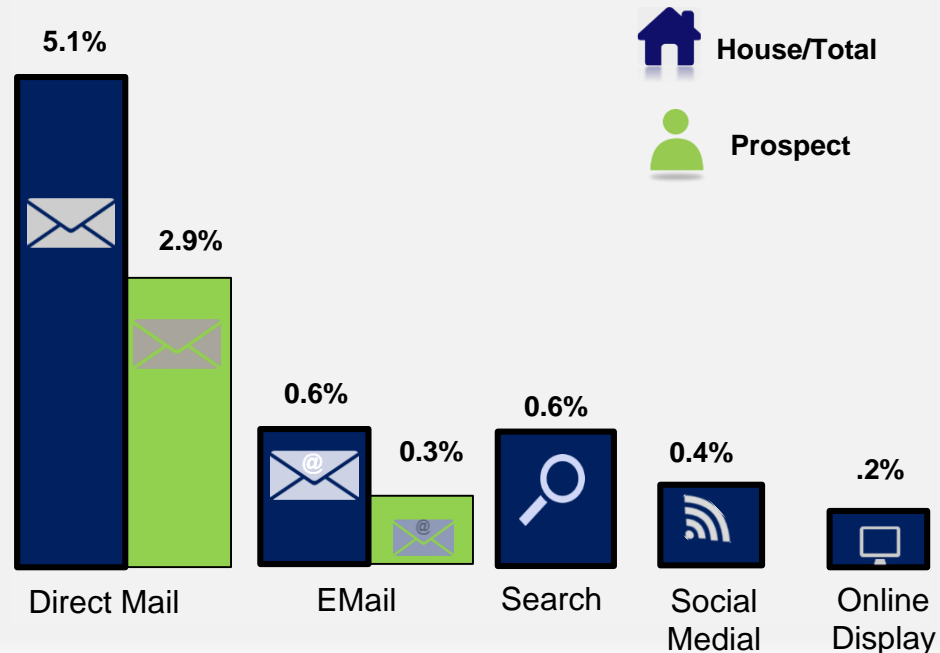
- ✓ Representing brand on inappropriate sites

DIRECT MAIL GETS ATTENTION

RESPONSE RATES SURGED FROM **3.8%** TO **5.1%**

INNOVATION IN DIRECT MAIL

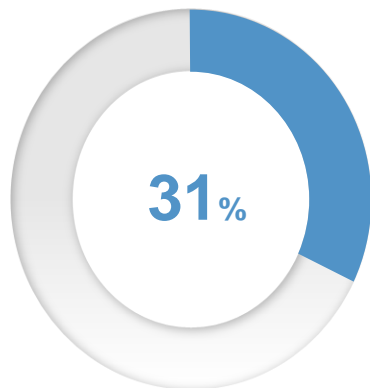
- ★ **Better targeting**
- ★ **Personalized Mailpieces**
- ★ **Printing Techniques**
Inks, Folds, Textures
- ★ **Link to Online**
eCommerce, Account Sign-Ups



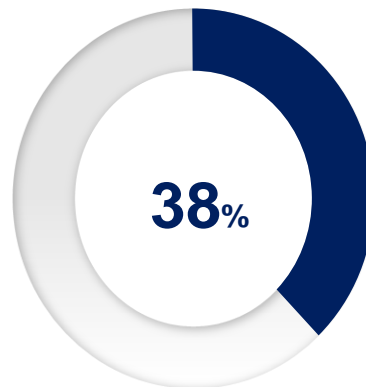
What we know: **Mail Works...**

DIRECT MAIL TOPS

all other media for delivering the highest ROI for B2C marketing



For acquisition



For retention



Mail STRATEGY

in a

DIGITAL WORLD

*Improve and embrace the advantages of
physical mail with **digital enhancements***

Approach

Analyze digital trends and determine if they can be integrated from the mailpiece

Enhance the value with digital image creating a new mail moment

MAIL & TECHNOLOGY TRENDS



- ★ **“Beautiful” visual and dotless QR codes**
 - ✓ Social Media inclusion of QR codes in products and promotions



- ★ **Textures and creative folds makes mail memorable/standout**
 - ✓ Neuroscience research shows physical materials match/outperform digital on every attribute¹



- ★ **Launch experience with a tap**
- ★ **Is the engine for Payment technologies**
 - ✓ Google Wallet, Apple Pay, Samsung Pay, Android Pay...



- ★ **Video and print are being used together to create a bigger impact**
 - ✓ 48% of millennials view video solely on their mobile device.

¹Mobile Marketer May 16, 2017



APPLE UPDATES PROVIDES **SEAMLESS** **INTERACTION** FROM MAILPIECE TO MOBILE EXPERIENCE



Camera Reads QR Codes



Camera Activated Augmented
Reality



NFC Quick Touch
Experience Beyond
Payment

Approach

*Analyze digital trends and determine if they
can be integrated from the mailpiece*

***Enhance the value with digital image
creating a new mail moment***

Informed Delivery®

Direct Mail is still the **best channel** for message delivery



8.4M

Registered Users



72%

Open Rate



100K

Average New Users per Week



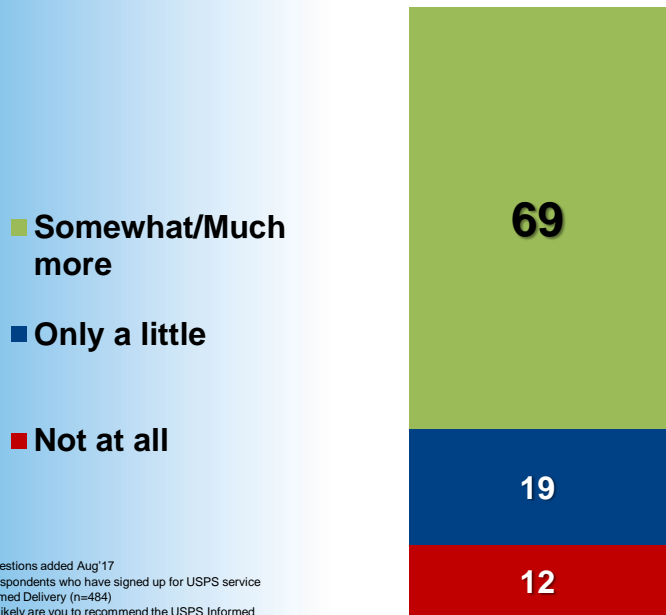
Digitally engage users who may not physically retrieve mail

55% of users typically pick up the mail, while **45%** of users
are not always the first ones to their mailboxes

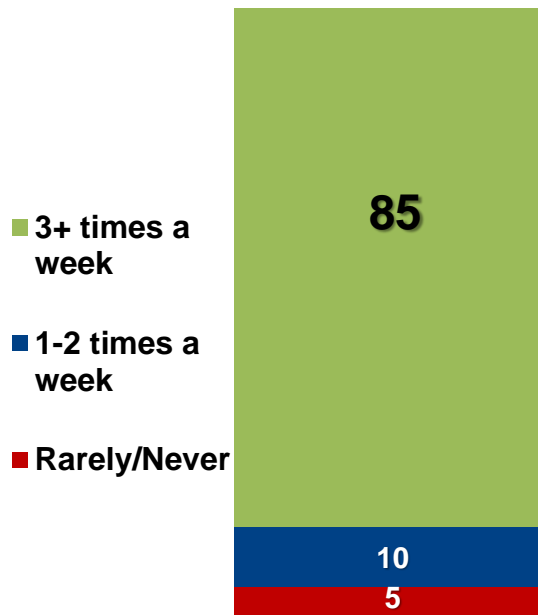
70% REPORT IT HAS MADE MAIL SERVICE MORE CONVENIENT.

ABOUT 85% ARE USING 3+ TIMES / WEEK

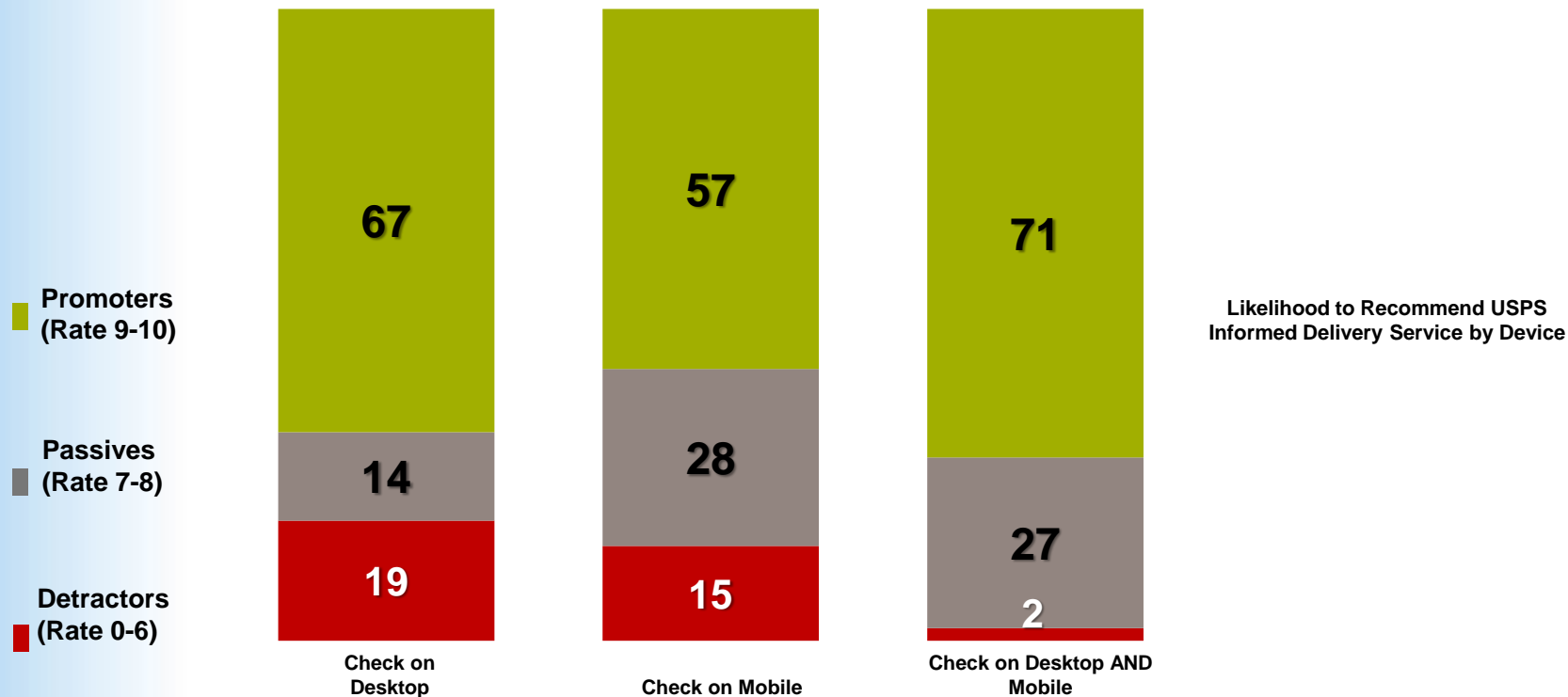
Extent Informed Delivery Service
Made Mail Service More convenient
(in %)



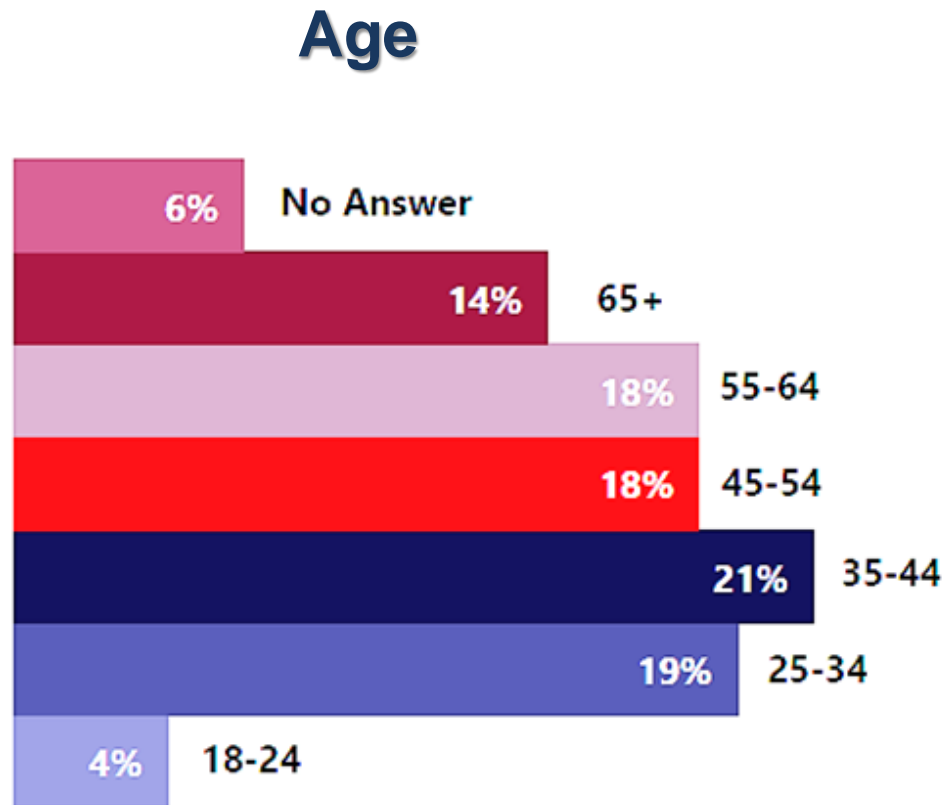
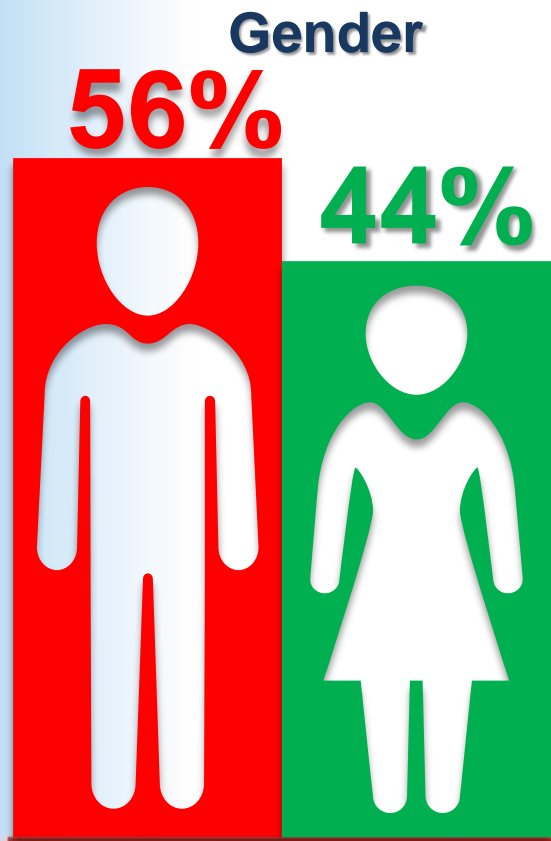
Frequency of Use
(in %)



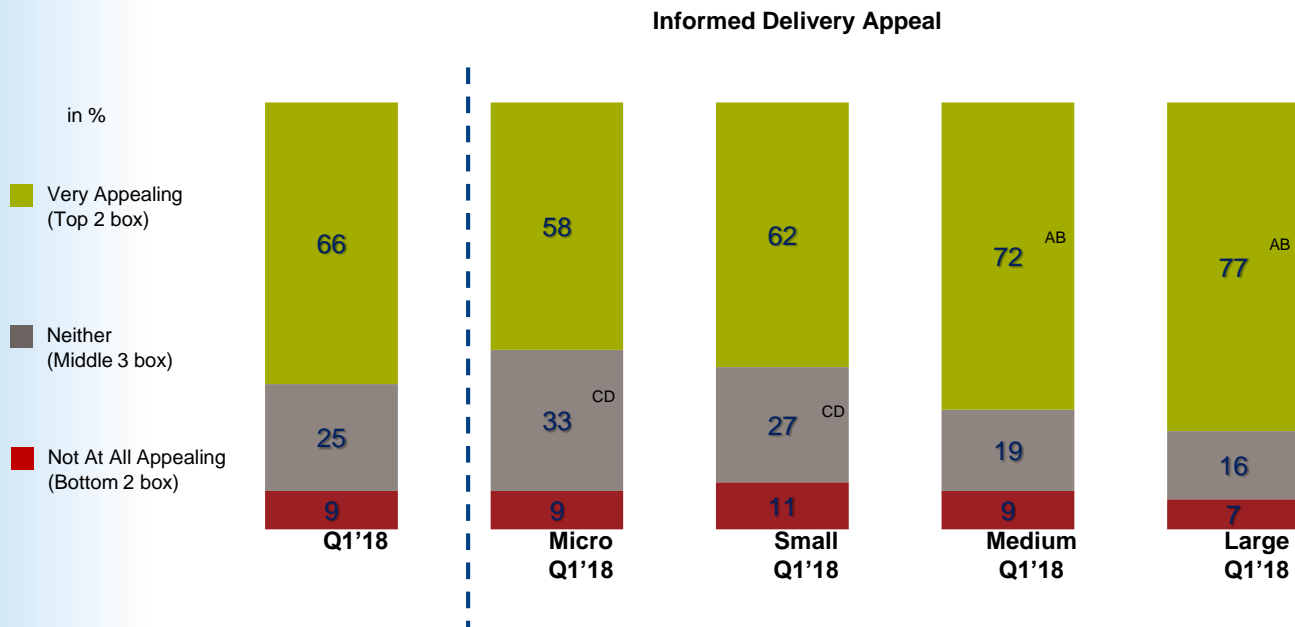
ALMOST **70%** OF CONSUMERS ARE VERY LIKELY TO RECOMMEND THE SERVICE TO OTHERS



Who is the Informed Delivery Consumer?

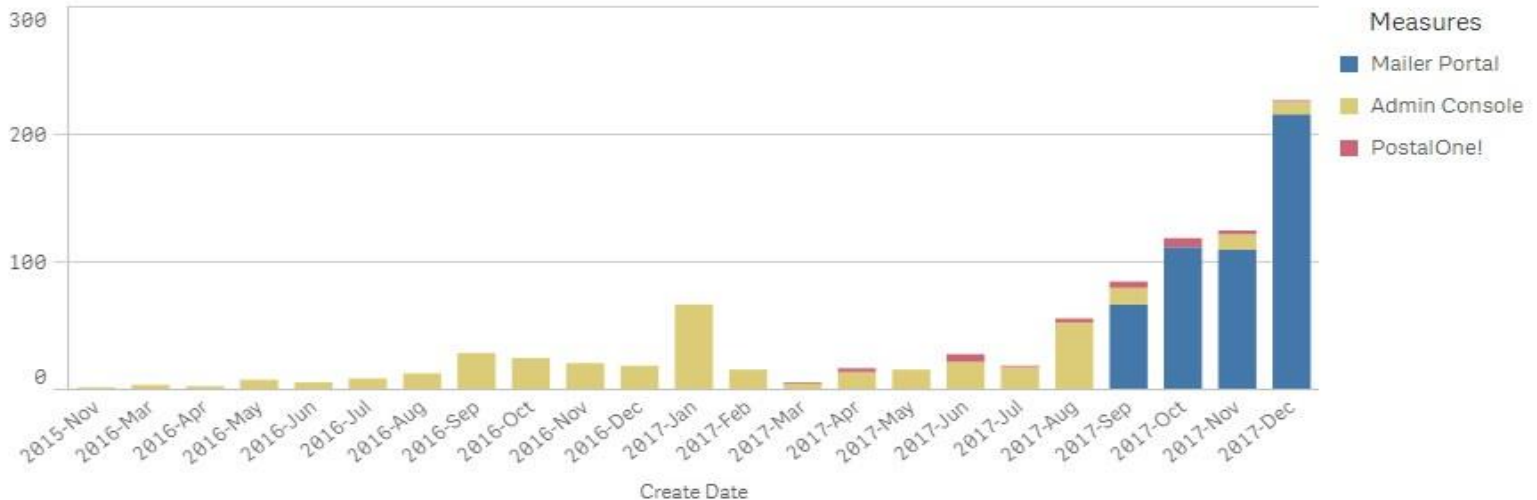


NEARLY **70%** OF **BUSINESSES** SEE INFORMED DELIVERY AS VERY APPEALING, WITH **MEDIUM AND LARGE** BUSINESSES MOST LIKELY TO BE INTERESTED.



KPIs	Total # of Campaigns	Total # of Pieces with ID Campaign Applied	# of Repeat Customers (MID Owners)	
	1000+	12.03M+	110+	
Key Brands Email CTR*	Automobile Company	Retail Jeweler	Major Department Store	Non Profit Organization
	4.85%	2.23%	1.42%	1.06%

Campaign Count by Submission Type



Bundle Scanning

Dec 2017

Digest includes images of letter- and flat-size mailpieces

Package Tracking Digest

Dec 2017/
June 2018

Interactive content allows consumers to **interact with their packages**

Packages launched in Dec; additional features expected in June (e.g. delivery preferences)

Multiple Addresses

June 2018

Users can **add more than one address** to their account (e.g., multiple physical addresses and/or PO Boxes)

Data Via Informed Visibility

June 2018

PO Box Up Time and **Delivery Time**

Save to Wallet

Sept 2018

Save promotions and coupons to **digital wallet**

Video Content

Sept 2018

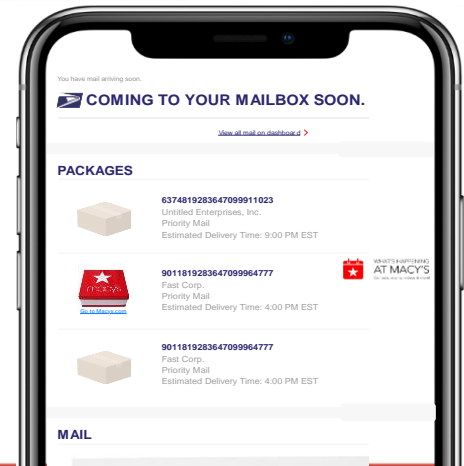
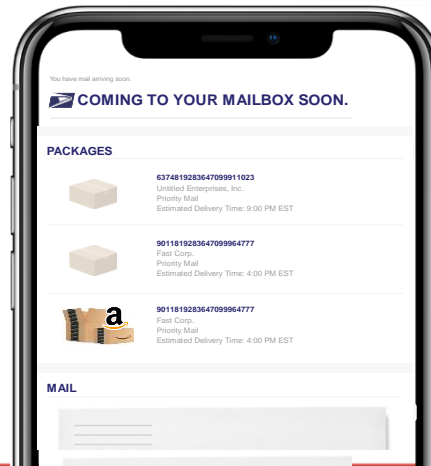
Adding video content to marketing campaigns to **enhance user experience**

Major Cataloger

Saw a **360% increase** in the number of pieces with a campaign applied.

Informed Visibility bundles accounted for 78% of all pieces with a campaign applied.

Package Tracking Digest





Shipping STRATEGY
in a
eCommerce
WORLD

***Adapt to changing consumer expectations
In the eCommerce shipping environment.***

USPS Solutions that Meet the Changing eCommerce Needs

★ Sunday Delivery

- Delivery to households 7 days per week

★ Same Day Delivery

- Breaking barriers to the fastest e-commerce

★ Ship From Store

- Helping offline retailers compete in the
competitive online marketplace



Merchant Return Strategies

Online to Brick –and-
Mortar Returns

All online sales

Buy Online Return In
Store (BORIS)
• 10.7% of all online
sales



eCommerce-only merchants
setting up physical footprint



“Return Bars” in major malls

Competitive Returns Solutions



Parcel Return Service (PRS)

- ★ More locations
- ★ Less logistics costs

End to End

- ★ APIs – printing label through call center or online
- ★ Less labels in boxes
- ★ Low cost return to store



Automated Parcel Drop



Retail Label Broker

- ★ Provide consumer with receipt of acceptance
- ★ Print labels if don't have printer
 - Via QR code on phone

2017 'Masters Of Marketing' Gathering

INNOVATION CAN COME FROM THE MOST UNUSUAL PLACES

*“IN A **gathering of iconic brands** FROM GM'S CADILLAC TO MGM TO YUM BRANDS' KFC TO THE CHICAGO CUBS, YOU FIGURE TO LEARN A LOT OF LESSONS ABOUT INNOVATION. BUT IN A BIT OF A MAN BITES DOG STORY ONE OF THE MORE **innovative re-imaginings** OF AN ORGANIZATION AND A BRAND IS GOING ON AT THE **United States Postal Service**. YES, **THAT POSTAL SERVICE.**”*

HOWARD B. HOMONOFF, SENIOR VICE PRESIDENT, FORBES MAGAZINE OCT 13, 2017

The Forbes logo is displayed in a white serif font within a blue-bordered rectangular box.

Thank you.

