Emerging Technology & Product Innovation

Periodicals
<table>
<thead>
<tr>
<th>Topic</th>
<th>Lead</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pulse of the Industry Summary</td>
<td>Industry, USPS</td>
</tr>
<tr>
<td>Periodical Update</td>
<td>Gary Reblin</td>
</tr>
<tr>
<td>Informed Address Update</td>
<td>Gary Reblin</td>
</tr>
<tr>
<td>Product Management Update</td>
<td>Tom Foti</td>
</tr>
<tr>
<td>Open Discussion</td>
<td>Industry, USPS</td>
</tr>
</tbody>
</table>
Pulse of the Industry
Periodicals Volume

Notes:
1/ Sources include RPW Quarterly Reports
**2019 MAILING PROMOTIONS CALENDAR**

**FIRST-CLASS MAIL**

**MARKETING MAIL AND FIRST-CLASS MAIL**

**MARKETING MAIL**

**JAN – FEB – MARCH**
- **Registration**
- **Promotion Period (3 months)**
- **May 15 – Dec 31, 2019**

**APRIL – MAY – JUNE**
- **Earned Value**
- **Promotion Period (3 months)**
- **April 1 – June 30**

**JULY – AUG – SEPT**
- **Personalized Color Transpromo**
- **Promotion Period (6 months)**
- **July 1 – December 31**

**OCT – NOV – DEC**
- **Emerging & Advanced Technology**
- **Promotion Period (6 months)**
- **March 1 – August 31**

**Tactile, Sensory & Interactive Engagement**
- **Promotion Period (6 months)**
- **February 1 – July 31**

**Mobile Shopping**
- **Promotion Period (5 months)**
- **August 1 – December 31**

**Informed Delivery**
- **Promotion Period (3 months)**
- **September 1 – November 30**

*registration closes Mar 31, 2019
Tactile, Sensory and Interactive Mailpiece Engagement Promotion: February 1, 2019 – July 31, 2019

As of February 22, 2019:

- Enrollment – 198
- Volume – 194M
- Revenue – $42M

70% volume increase, 34% increase in participants vs. the same time in 2017!

Inquiries may be sent to tactile sensorypromo@usps.gov

Reminder: TED-C submissions must include a copy of the PCSC approval letter for the mailpiece OE design.
Emerging and Advanced Technology Promotion:
March 1, 2019 – August 31, 2019

Registration is open, currently pre-approving mailpieces

As of February 22, 2019:
- Enrollment – 184
- Pre-approvals – 90+

Inquiries and pre-approval requests may be sent to EmergingTechPromo@usps.gov
Upcoming Promotions

Earned Value Promotion:
- Registration open from February 15, 2019 – March 31, 2019
- Enrollment as of 2/22 - 118
- Inquiries may be sent to Earnedvalue@usps.gov

- Baseline volumes/Threshold for 2017 participants currently available in Program Registration
  - Thresholds are calculated at the CRID level

To review your 2018 Threshold for the Earned Value Promotion:
- Go to the Incentive Programs module link
- Report is found in the 2018 Threshold for 2019 Earned Value Program
- Click View Activity Report to view your thresholds
The “Total by CRID” and “95% Threshold” columns at the end will have the sum total of the MIDs associated with that CRID -- the same total and threshold amount will appear on each CRID line. In the case above, the mailer has 2 MIDs that are attached to the same CRID (0408572). Note how the Total By CRID and 95% Threshold appear on both lines. These figures are the total of both MIDs that are associated with that CRID.
Personalized Color Transpromo Promotion:
Promotion Dates: July 1, 2019 – December 31, 2019
Eligible: First-Class Mail® (excludes all FCM single-piece-price mail)
   As in 2017
   • First-time participants have color only option(s)
   • Repeat participants must apply dynamic color & personalization

Inquiries may be sent to FCMColorPromotion@usps.gov

Mobile Shopping Promotion
Promotion Dates: August 1, 2019 – December 31, 2019
Eligible mail: USPS Marketing Mail™ letters and flats
   Nonprofit USPS Marketing Mail™ letters and flats

• Minimum Barcode Size increased: Mobile barcodes need to be a minimum of ¾ inch by ¾ inch
• New Barcode Options: Mailers can qualify with an App-enabled QR Code payment which can be either the mailer’s branded app or payment provided app as long as the directional copy is clear

Inquiries may be sent to mailingpromotions@usps.gov
Informed Delivery Promotion (September 1st – November 30th 2019)

Postage statement modification & validation

- We do not foresee code changes for postage statements
- Validation will occur to confirm the following
  1. There is an active Informed Delivery campaign for each MID claiming the promotional discount
  2. There is sufficient volume in the campaign serial range(s) to support the discount(s) claimed

System readiness, timelines, testing, and security

- Currently being readied to support this promotion
- Mailers will have an opportunity to test over the next couple months

Final promotion requirements, specific campaign types and mail categories included/excluded

- We expect to have the promotion requirements final by summer
- MID and Serial Based campaign types are included in the promotion; mail categories included are all automation letters and flats, excluding saturation
Informed Delivery Offers

Pilot Overview
Informed Address technology will provide the groundwork for many new USPS applications.

The Informed Address (IA) technology will...

...substitute a consumer’s physical address with a unique code, providing greater value to mailers through several IA-powered applications while maintaining consumer privacy

Current State

Jane Doe
701 Main St, Apt. 34
Arlington, VA 22005

Future State

Preferred Postal Customer
99*01 CJNXZMPKYY 34
Arlington, VA 22005

Illustrative

This technology will enable USPS to...

...implement a number of new applications, including Targeted Offers Powered by IA
Consumers in pilot region will learn about the new feature via their Daily Digest and will express preferences, indicate interest in receiving targeted mail at home, and interact with offers on a new USPS webpage.

1. Consumer shares preferences
   - Consumers will receive a link to access Targeted Offers via their Informed Delivery® Daily Digest

2. Consumer receives targeted mail
   - Consumers will complete a preference survey and opt-in for physical mail

3. Targeted Offers Homepage
   - Consumers will gain access to a webpage featuring various mail-based offers that they can save or click

4. IA-Enabled Mailing
   - Consumers will receive mail that matches their preferences at home via Informed Address technology

*All images are for illustrative purposes only*
The Targeted Offers pilot will enable Informed Delivery® users to express their preferences for various mail categories in order to receive offers (digitally and at home) tailored to their interests.

**What are “Targeted Offers”?**

“Targeted Offers” refers to deals or discounts in the mail that match a consumer’s preferences.

Consumers who wish to receive more relevant mail will have the ability to:

- Learn about new offers that other consumers are receiving at home
- Indicate interest in receiving mail aligned with their preferences in the future
- Interact with mail offers online

**Pilot Overview**

In Spring 2019, USPS will conduct a small-scale concept test in Merrifield, VA to test the value and feasibility of the concept, gather customer insights, and lay the groundwork for potential scalability.

**Pilot Objectives**

1. Test consumer engagement with Targeted Offers concept
2. Gauge mailer interest in Targeted Offers concept
3. Determine technical and operational feasibility of all capabilities necessary to deliver concept at scale
Mailers can participate by creating and submitting Interactive Campaigns in the Mailer Campaign Portal during the pilot period (slated for Spring 2019).

Steps for Participation:

1. Indicate your (or your client's) interest in participating via email or a short interest poll

2. Upload your Informed Delivery® Interactive Campaign content through the Mailer Campaign Portal

3. Ensure Interactive Campaigns will be active during the pilot window

Why Participate?

Participating mailers will...

- Extend the reach of your campaigns through additional digital impressions
- Discover new customers who are interested in your products and services
- Help test and provide valuable feedback on a new USPS product
To be eligible for inclusion in the pilot, Interactive Campaigns must:

- Be active in the Mailer Campaign Portal during the pilot window
- Correspond to a physical mailing campaign that exists (or will exist) in the mail stream
- Include both a replacement and ride-along image
- Be geographically-relevant to consumers in Northern Virginia

Successful campaigns should:

1. Display eye-catching images
2. Provide an offer or discount
3. Focus on consumer acquisition

Want to learn more about the Informed Delivery®? Visit: [www.usps.com/business/informed-delivery.htm](http://www.usps.com/business/informed-delivery.htm)
The pilot will also include early testing for a new coupon feature that will enable consumers to immediately save a mailing offer to their mobile wallet.

**Coupon Creation**

USPS will activate the mobile coupon (using a campaign’s ride-along image and target URL) on behalf of mailers who wish to test this new feature.

**Consumer View**

Consumers can quickly download coupons to their mobile wallet for quick access to the offer or discount in their future purchases.

*All images are for illustrative purposes only*
Throughout the pilot, USPS will work closely with mailers to ensure their Interactive Campaigns are transferred from MCP into the pilot system, correctly categorized, and displayed to customers in the pilot region.

**Dec 2018 - Jan 2019**
- Attend information session or webinar

**Jan 2019**
- Indicate willingness to participate in pilot to USPS
- **MSPs** – Engage mailer clients to solicit campaign ideas
- **Mail Owner** – Engage creative teams to solicit campaign ideas

**Feb 2019**
- Develop campaign content
- Begin uploading Interactive Campaign content through Mailer Campaign Portal

**Spring 2019**
- Ensure eligible campaigns are active during pilot period

**Late Spring 2019**
- Offer feedback on experience
- Consider participation in future pilots!
Product Management Update
Periodicals Mail Volume Trends

Periodicals Volumes by Frequency FY11 – FY18

<table>
<thead>
<tr>
<th>Tier</th>
<th>CAGR</th>
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<tbody>
<tr>
<td>Quarterly(1-7)</td>
<td>-4.8%</td>
</tr>
<tr>
<td>Monthly(8-18)</td>
<td>-4.2%</td>
</tr>
<tr>
<td>Semi-Monthly(19-36)</td>
<td>-8.0%</td>
</tr>
<tr>
<td>Weekly(37-60)</td>
<td>-4.5%</td>
</tr>
<tr>
<td>Semi-Weekly(61-120)</td>
<td>-5.2%</td>
</tr>
<tr>
<td>Daily(&gt;120)</td>
<td>-5.3%</td>
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</table>
## Periodicals Mail Volume Trends

### Publications Births by Frequency Tier

<table>
<thead>
<tr>
<th></th>
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<th></th>
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<tbody>
<tr>
<td>Quarterly(1-7)</td>
<td>143</td>
<td>101</td>
<td>110</td>
<td>70</td>
<td>55</td>
<td>41</td>
<td>51</td>
<td>-15.8%</td>
</tr>
<tr>
<td>Monthly(8-18)</td>
<td>104</td>
<td>75</td>
<td>79</td>
<td>40</td>
<td>33</td>
<td>31</td>
<td>21</td>
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<tr>
<td>Semi-Monthly(19-36)</td>
<td>18</td>
<td>4</td>
<td>20</td>
<td>5</td>
<td>5</td>
<td>8</td>
<td>1</td>
<td>-38.2%</td>
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<tr>
<td>Weekly(37-60)</td>
<td>129</td>
<td>54</td>
<td>336</td>
<td>37</td>
<td>30</td>
<td>38</td>
<td>47</td>
<td>-15.5%</td>
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<tr>
<td>Semi-Weekly(61-120)</td>
<td>2</td>
<td>2</td>
<td>1</td>
<td>1</td>
<td>2</td>
<td>0.0%</td>
<td>2</td>
<td>-40.0%</td>
</tr>
<tr>
<td>Daily(&gt;120)</td>
<td>43</td>
<td>2</td>
<td>4</td>
<td>1</td>
<td>4</td>
<td>2</td>
<td>2</td>
<td>-40.0%</td>
</tr>
<tr>
<td><strong>Grand Total</strong></td>
<td>439</td>
<td>236</td>
<td>551</td>
<td>154</td>
<td>127</td>
<td>121</td>
<td>124</td>
<td>-19.0%</td>
</tr>
</tbody>
</table>

### Publications Death by Frequency Tier

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Quarterly(1-7)</td>
<td>837</td>
<td>456</td>
<td>369</td>
<td>397</td>
<td>364</td>
<td>341</td>
<td>298</td>
<td>-16.4%</td>
</tr>
<tr>
<td>Monthly(8-18)</td>
<td>844</td>
<td>403</td>
<td>336</td>
<td>297</td>
<td>273</td>
<td>233</td>
<td>195</td>
<td>-18.8%</td>
</tr>
<tr>
<td>Semi-Monthly(19-36)</td>
<td>157</td>
<td>72</td>
<td>190</td>
<td>44</td>
<td>48</td>
<td>33</td>
<td>195</td>
<td>-26.8%</td>
</tr>
<tr>
<td>Weekly(37-60)</td>
<td>242</td>
<td>194</td>
<td>167</td>
<td>265</td>
<td>200</td>
<td>145</td>
<td>233</td>
<td>-4.2%</td>
</tr>
<tr>
<td>Semi-Weekly(61-120)</td>
<td>6</td>
<td>8</td>
<td>6</td>
<td>6</td>
<td>14</td>
<td>9</td>
<td>8</td>
<td>8.4%</td>
</tr>
<tr>
<td>Daily(&gt;120)</td>
<td>57</td>
<td>25</td>
<td>29</td>
<td>24</td>
<td>22</td>
<td>23</td>
<td>23</td>
<td>-16.6%</td>
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<tr>
<td><strong>Grand Total</strong></td>
<td>2,143</td>
<td>1,158</td>
<td>1,097</td>
<td>1,033</td>
<td>921</td>
<td>899</td>
<td>999</td>
<td>-15.9%</td>
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Task Team 27

Advance Federal Registry Notice of Potential Changes to USPS Marketing Mail

MTAC Focus Groups
February 27, 2019
• Seek customer and industry feedback from a broad constituent base to better understand the impact of potential changes to Marketing Mail

• Proposal to limit USPS Marketing Mail® to paper-based/printed matter
  • Regular and nonprofit letter-size and flat-size pieces regardless of level of sortation
  • No merchandise or goods will be allowed of any type regardless of value
  • All items not eligible to be sent as USPS Marketing Mail letter-size or flat-size would shift to another product (e.g., Priority Mail®, Parcel Select®)
• Goals
  • Facilitate levels of service expected for the processing and delivery of merchandise that include end-to-end tracking and visibility
  • Move fulfillment of merchandise and goods out of USPS Marketing Mail consistent with Marketing Mail Parcels
  • Reduce operational inefficiencies when machines are unable to process letter-size or flat-size shaped inflexible items
Mission Statement

• The mission of Task Team 27 - USPS Marketing Mail Advance Notice of Rule Making is to collect and review information that will provide clarity to the Advanced Notice of Rule Making Federal Register Notice, Vol. 83, No. 164 / Thursday, August 23, 2018.

Desired Results

• Provide a more targeted focus of potentially impacted mailpieces, including clarification with more specific information, identifying which mail pieces may be impacted and/or are creating processing issues.

• After the completion of the Task Team efforts, an MTAC approved Workgroup(s) and/or task team will be created seeking wider industry participation to focus areas including reviewing specific Marketing Mail design characteristics highlighted in the comments.
Team Members

**Industry**
- Steve Colella
- Rose Flanagan
- Carol Kliewer
- Jeff Kortz
- John Medeiros
- Trista Niswander
- Kurt Ruppel
- Kathy Siviter
- Steve Smith
- Randy Stumbo
- Mike Tate

**USPS**
- Lisa Adams
- Tom Foti
- Verdonna Hudson
- Carrie Nagla
- Elke Reuning-Elliott
- Todd Schimmel
- Jay Smith
- Chuck Tricamo
Comments

• Nearly 4,700 comments
  • Mailing associations
  • Printers & Mail Service Providers
  • Non-Profit organizations
  • Marketing Services
  • Magazine publishers
  • Elected officials
Comments

- Over 4,300 comments originated from the American Legion (Local organizations & Individual Members)
  - Oppose any such new rule as this would have a catastrophic impact on our ability to carry out our mission on behalf of our nation’s veterans, service members and their families.
  - As a nonprofit mailer, our organization uses front-end and back-end premiums both at the national and state levels to help raise the necessary funds to support our many programs.
  - These premiums, such as calendars, coins and greeting cards, and items like pieces of cloth, flowers and candles have been developed to maximize the response from our members and supporters to yield the best possible outcome for our many veteran, Americanism and youth programs around the country.
  - If proposed rule would eliminate the use of premiums in nonprofit fundraising mail, the increase in postage cost – up to 200% - would overwhelm the relatively slim margins that are now sufficient to encourage our use of premiums in Marketing Mail fundraising. A switch to First Class is simply not an option. The sudden elimination of premiums would cripple our mailing program.
  - The American Legion would suffer substantial lost revenue and consequential lost resources for our programs and those we serve. It is not a foregone conclusion that alternative approaches in the mail would replace our use of premiums in Marketing Mail. To the contrary, the use of premiums in our mail packages is one of the reasons hard-copy USPS mail outperforms many digital options. Ruling out premiums would greatly devalue our postal mail and inevitably lead to a further migration from mail to alternative means of fundraising and membership development.
  - The mail works for us now. But, this change would force us to reinvent the fundraising wheel. A process that would lead to lost funds and critically impact our programs dedicated to advocating for veterans, mentoring our nation’s youth, assisting transitioning service members, providing scholarships for students, and comforting the afflicted throughout every community in our great nation.
Comments

- Over 300 comments on concerns on the mailability of:
  - Non-paper products
    - Plastic card (i.e., gift cards, loyalty cards, memberships cards)
    - CDs / DVDs
    - Coins
    - Keychains
    - Pens
    - Fabric
  - Premiums
    - Non-Profit – encourage or thank for giving
    - Magazine – encourage or thank for subscribing
  - Will drastically impact the use of mail
    - Alternative mail product offerings not financially feasible
Comments

- 17 comments supported the intent of the AFRN
  - Individuals
    - Mail box clutter
    - Didn’t ask for it
Task Team 27

• **Clarification of Existing Requirements**: The Postal Service will provide clarification within the Domestic Mail Manual (DMM) of existing eligibility requirements of Marketing Mail Letters and Flats as it relates to what are the characteristics that make a mail piece a letter, flat, parcel, and the qualifications to be machinable and/or qualify for automation eligibility.

• **Machinability of Letters & Flats**: The Postal Service will focus efforts on identifying and addressing inefficient mailings. Using data analysis and physical verification of mailings and mail characteristics, the Postal Service will identify customers providing inefficient and/or non-machinable volumes and address them directly.

  • Non-fulfillment mailpieces that meet the existing mailability, machinability, and automation requirements will continue to be allowed to be mailed regardless of content.

  • This includes traditional Marketing Mail letters & flats (direct mail envelopes, cards, flyers, catalogs, newsletters) as well as, mailpieces with content that include non-paper items such as (not inclusive):
    • Plastic cards (i.e., gift cards, loyalty cards, memberships cards)
    • Coins/tokens
    • Fabric
    • Keychains
    • Pens
    • Labels
    • Bookmarks
    • Pins
    • Other promotional items
• **Fulfillment:**

  • Fulfillment is defined as the sending of items specifically purchased or requested by the customer of a mailer.

  • The Postal Service currently does not allow fulfillment within its commercial Marketing Mail Parcel product offering (see DMM 243.3.2.2).

• **Proposed New Regulation**
  • Expand the Limitation of Fulfillment to Marketing Mail Letters & Flats
    • Marketing Mail Letters and Flats cannot be used for fulfillment purposes (i.e. the sending of items specifically purchased or requested by the customer of a mailer) with the **exception of:**
    
    • Fulfillment items used for promotional purposes
    • Fulfillment items which are primarily paper-based.
Proposed Fulfillment Exceptions - *Fulfillment items used for promotional purposes*

- Promotional fulfillment items are defined as items fulfilled for promotional purposes and are often used to strengthen relationships with existing or prospective customers, donors, or clients.

- Although the items may be requested these promotional fulfillment activities are secondary to a primary non-fulfillment transaction or engagement (i.e., the donation of gift/money, a paid subscription to periodical, etc.) between an organization and customer.

- Examples of promotional fulfillment include:
  - A charity or non-profit organization sending a gift or promotional item to a supporter as a thank-you for a donation. These gifts or items are often called “premums”.
  - A publisher sending a requested gift to a person who has recently started or renewed a subscription to their magazine.
  - The sending of a product sample to prospective customers of that product

- Regardless of content, these promotional fulfillment items must meet the appropriate Marketing Mail requirements for processing and rate category eligibility.
Proposed Fulfillment Exceptions - Fulfillment of primarily Paper-based items

• Fulfillment of primarily paper-based items will be allowed to be mailed as a Marketing Mail letter or flat.

• These include items which have been requested or purchased that are primarily paper-based.

• The items being fulfilled may include (not inclusive):
  • Publications
  • Magazines
  • Catalogs
  • Directories
  • Prospectuses
  • Checks
  • Mailing labels
  • Note/greeting cards
  • Note pads
  • Calendars
  • Membership cards
  • Other paper-based items

• Regardless of content, these paper-based fulfillment items must meet the appropriate Marketing Mail requirements for processing and rate category eligibility.
Task Team 27 Recommendations

1. Clarification of Existing Requirements: Provide clarification within the Domestic Mail Manual (DMM) of existing eligibility requirements of Marketing Mail Letters and Flats as it relates to what are the characteristics that make a mail piece a letter, flat, parcel, and the qualifications to be machinable and/or qualify for and automation eligibility.

2. Machinability of Letters & Flats: Focus efforts on identifying and addressing inefficient mailings. Using data analysis and physical verification of mailings and mail characteristics, the Postal Service will identify customers providing inefficient and/or non-machinable volumes and address them directly.

3. Definition of Fulfillment: Recommend to the Postal Service to obtain additional industry input, prior to implementing any changes regarding the limitation of the use of fulfillment in Marketing Mail. It is encouraged that another MTAC task team be established to help the Postal Service evaluate the full impact of the implementing the newly defined proposed fulfillment limitation to Marketing Mail letters and flats.

4. Communication to Industry - Recommend that the Postal Service provide clarity to the mailing industry on the status of the AFRN. This includes developing a communication message to be shared with the mailing industry that refines (and narrows) the scope and impact of any potential changes to be made within Marketing Mail.
IMbA and QBRM Update
Intelligent Mail Barcode Automation (IMbA)

- Front-end technology scan/sort automates handling
- Back-end accounting leverages data and hierarchy
  - ZIP+4® assigned to QBRM™ permit, product
    - Customer, account, location, postcard, 1 oz., 2 oz.
- System uses ZIP+4® to aggregate scan records and create count
  - Collects all scan records for an enrolled mailer
  - Generates a count for each product by type of mailer
  - Determines the correct postage rate to be applied
  - Generates an invoice for the mailer
Qualified Business Reply Mail (QBRM™)

Using IMbA:

- Information pulled into a database of scan records
- Existing Scanning Equipment pulls information off IMb®
- Central Repository of scans catalogues information from machines
- IMbA integrates scan database with a system for scanning and a system for invoice generation
Open Discussion