

Greater Portland PCC & Western Area AIM



USPS Innovation Initiatives

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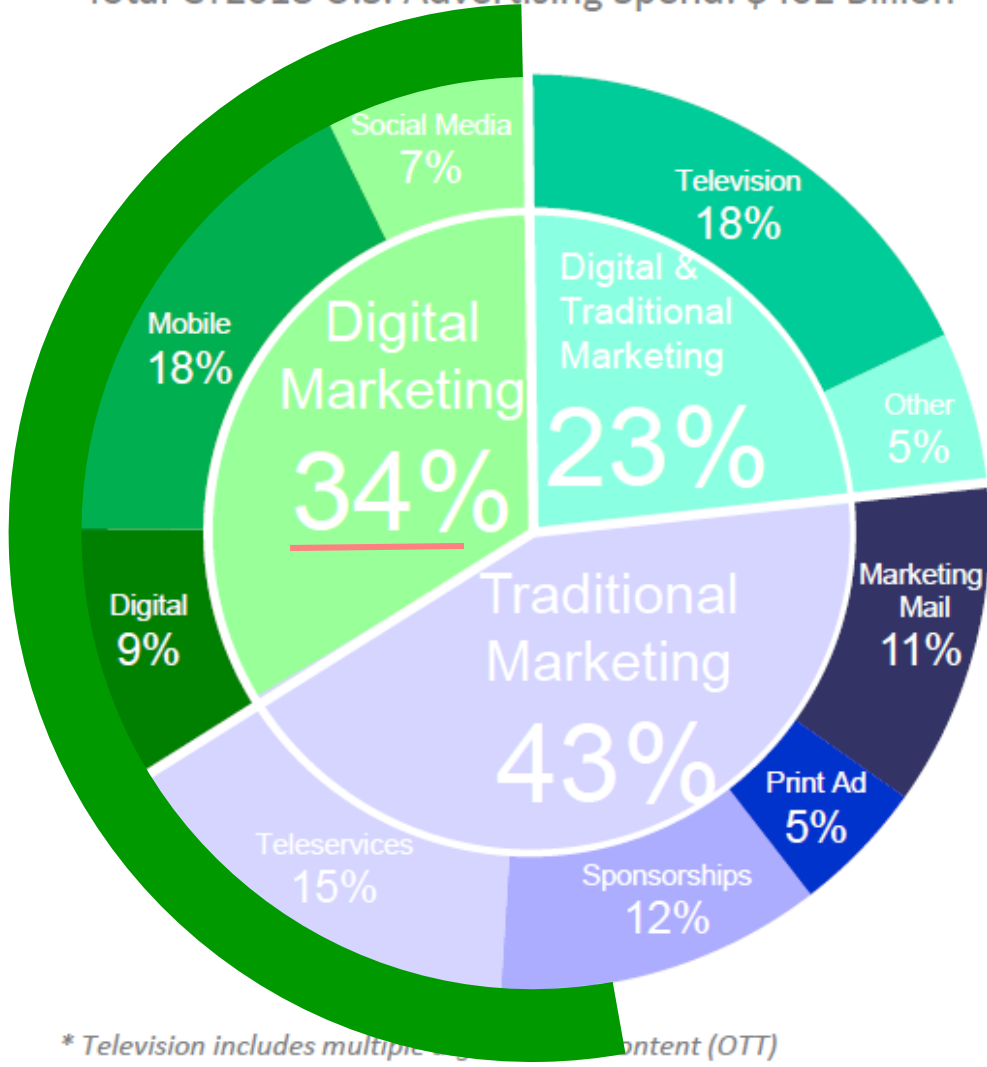
March 21, 2019

Overview

- Grounding: Competitive Space Analysis
- Creating Opportunities
- New tech/mail applications
- New solutions “on the cusp”

Marketing Competitive Landscape

Total CY2018 U.S. Advertising Spend: \$402 Billion⁶



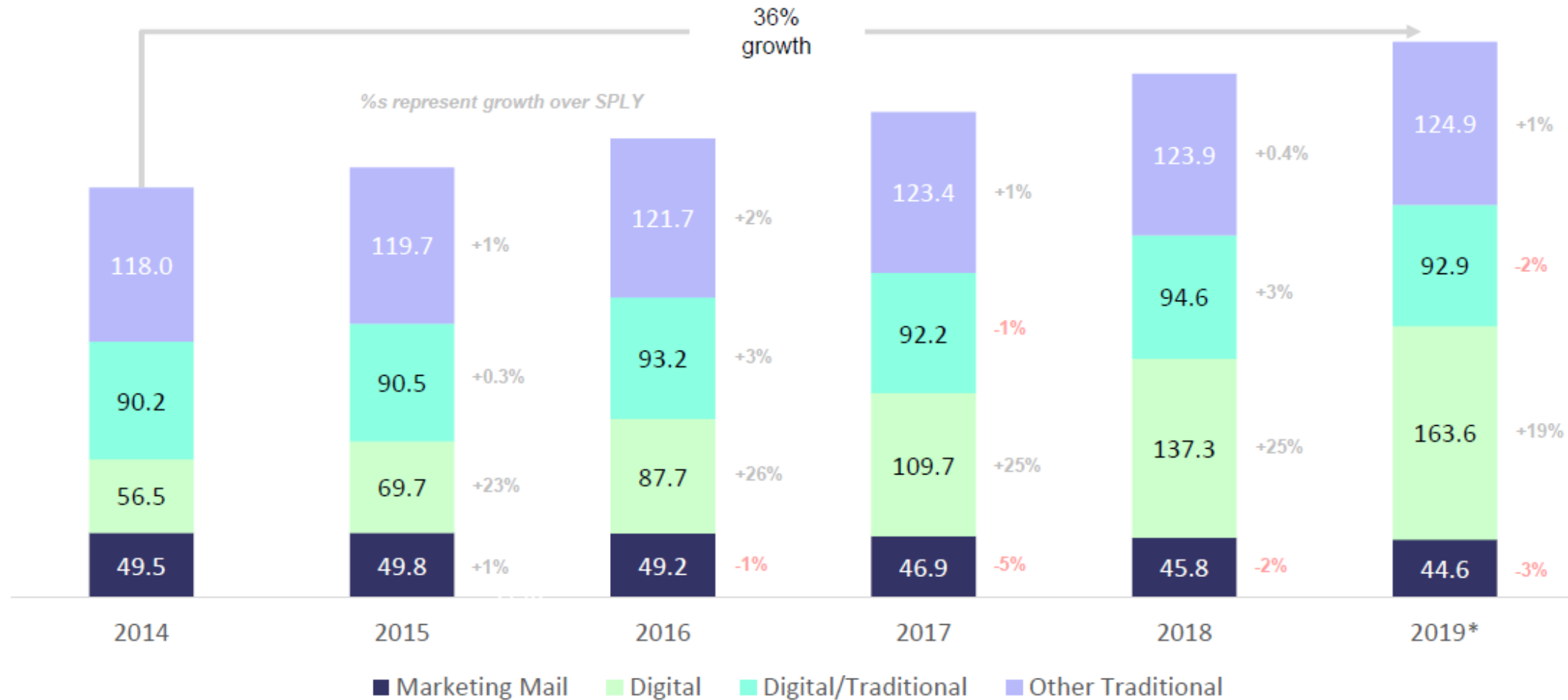
* Television includes multiple screen content (OTT)

** Marketing Mail includes all facets that go into marketing mail spend (design, publishing, postage, etc.)

Marketing Channel	Total U.S. Spending (B)	% of Total Marketing Spend	Δ from Last Year
Digital Marketing	Digital	9.2%	17.7% ▲
	Mobile	\$71	17.7% ▲
	Social Media	\$29	7.2% <i>Projected 2019:</i> 32.2% ▲
	Digital Subtotal:	\$137	34.1% 54%
Digital & Traditional	Television*	\$72	17.9% ▲
	Other	\$22	5.5% ▲
Digital/Traditional Subtotal:	\$94	23.4%	2.6% ▲
Traditional Marketing	Marketing Mail**	\$46	11.4% ▼
	Postage	\$17	4.2% ▲
	Design, publish, etc.	\$29	7.2% ▼
	Print – Newspapers & Magazines	\$19	4.7% ▼
	Sponsorships	\$46	11.4% ▲
	Teleservices	\$60	14.9% ▲
	Traditional Subtotal	\$171	42.5%
Total	\$402	100.0%	7.8% ▲

Marketing Channel Spend (\$Billions)

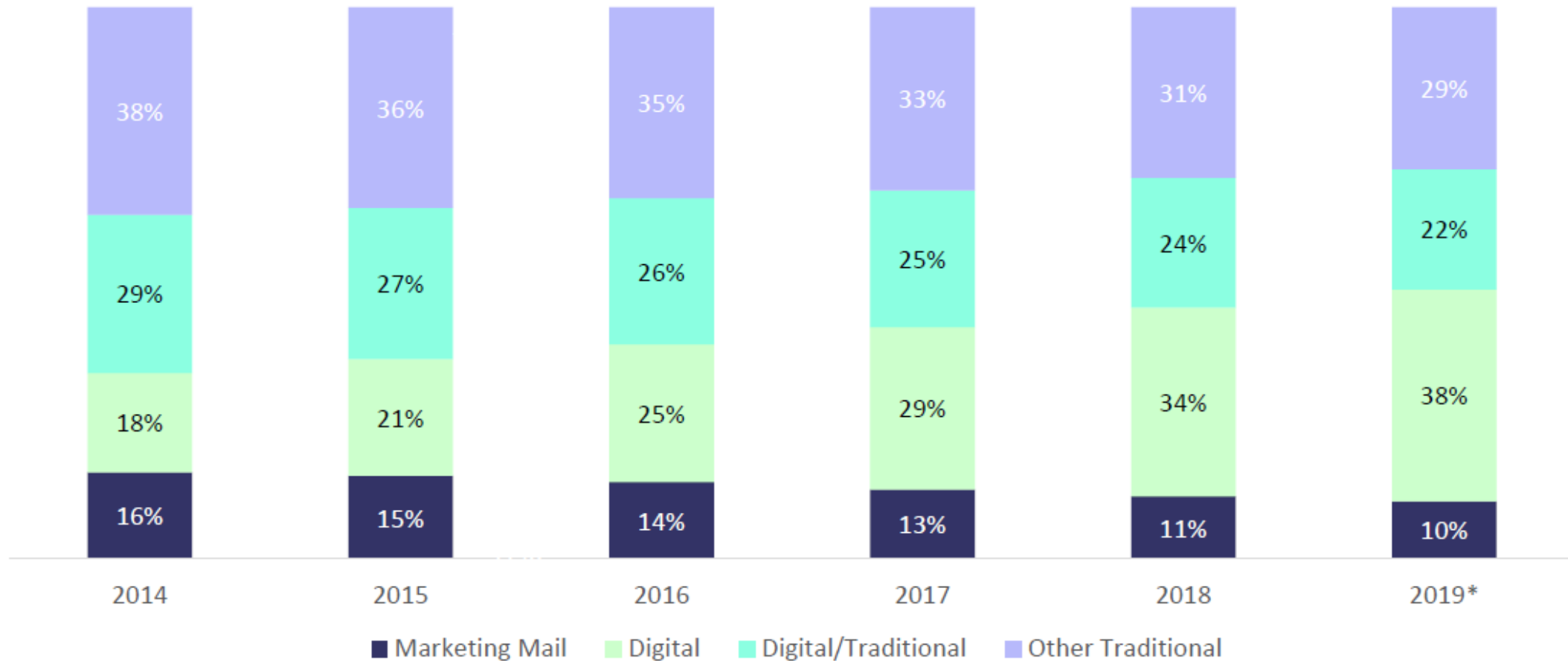
Overall advertising spend is projected to grow by 36% between 2014 and 2019. In contrast, Marketing mail spend is projected to decline by 10% between 2014 and 2019.



* Note: Forecasted Values as of February 2019 and sourced from eMarketer

Marketing Channel Spend (% Share)

Marketing Mail share of overall Advertising Spend is expected to decrease from 16% in 2014 to 10% by the end of CY 2019.



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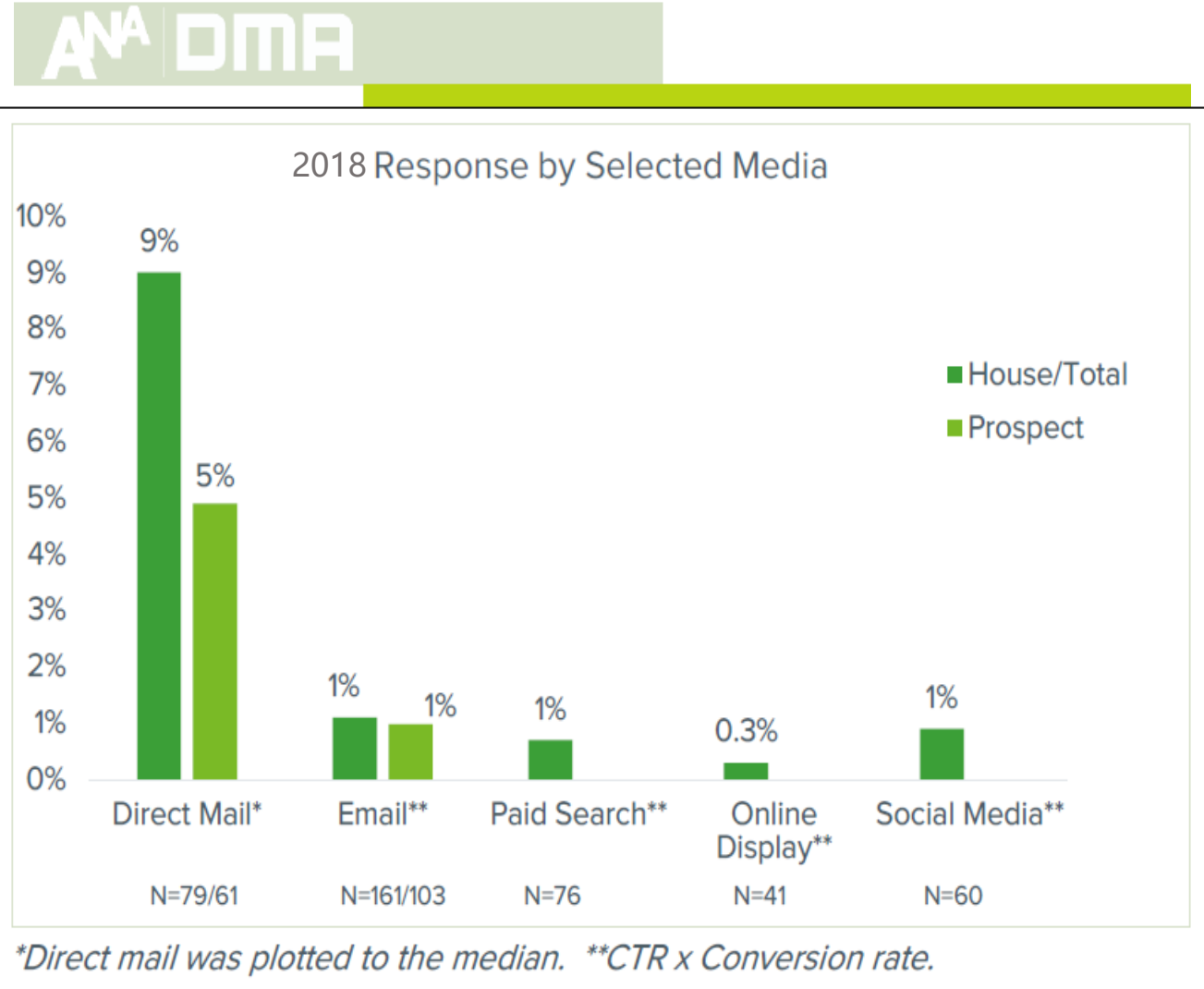
Digital Space “headwinds”

Challenges abound on many fronts

- New regulations, privacy, bots, fraud, “bad actors”...
- GDPR and CCPA. This week alone:
 - EU fined Google \$1.7B for preventing competition (3rd fine)
 - Facebook settling several multi-million discrimination lawsuits for ad targeting practices
 - Instagram introducing feature for in-app product purchases
- Challenges with ad effectiveness, brand safety

Response Rates

- Direct Mail Response Rate up **2.3x** in last three years!
 - Digital fatigue, print innovations
 - All channels improved vs 2017
- Direct Mail out-performs all media *combined* by **>270%**!
- DM ***with*** other media, not instead.



“New” math...

- $1 + 1 = 3$
- Impact of layering multiple channels is not just additive
- Mail is a powerhouse for driving up campaign results
- Studies show:
 - Mail + email + web = 37% lift over individual channels¹
 - Digital + Mail = 40% greater customer engagement²
 - Mail + digital+ TV = 17% higher purchase intent³

¹ InfoTrends, 2015

² Canada Post, Bias for Action 2016 ³ Millward Brown, Sept 2015

Evolving the connection

“New” digital creates new ways to launch, connect and engage with customers

- Digital innovations also create new opportunities to connect the physical and “new” digital
- USPS Promotions: opportunities to test and learn
- 2019 Calendar includes a host of new tech!
 - Tactile/Sensory/Interactive: 6 weeks in, >30% above 2017
 - Emerging&Advanced Tech: 2 weeks in, >7% above 2017, with 30% increase in participants. Lots of new tech!

A couple examples...

New tech: integration opportunities with mail

Smart Speakers

- Now 64M users in the US¹
- Use of Alexa for shopping more than tripled in the last year²
- The number of Alexa skills doubled in 2018³ to over 50,000⁴
- Google Assistant supports over 1M actions⁵

Opportunity: leverage mail to “train” users on voice prompts!



PCMagazine, “The Best Smart Speakers of 2018”
Images: PC Magazine study, Feb 2018

¹ eMarketer, Nov 2018

³ TechCrunch.com Jan 2019 and Voicebot.ai ⁵ Thurott.com, Jan 2018

² Amazon 2018 holiday press release ⁴ voicebot.ai, Sept 2018

Another example...

New tech integration

Shoppable Video

- 67% will interact¹
- Spend 2x longer with interactive videos¹
- “Industry-smashing”
16% CTR¹

Opportunity: print to interactive video

¹ Wirewax.com



Ted Baker Christmas

No need for frantic shopping sprees – watch @ted_baker 's fantastical film, filled with shoppable gifts. www.wirewax.com/8019770



Informed Delivery

Informed Delivery Offers

Bob Dixon
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March 2019



Informed Delivery Growth



15.3M

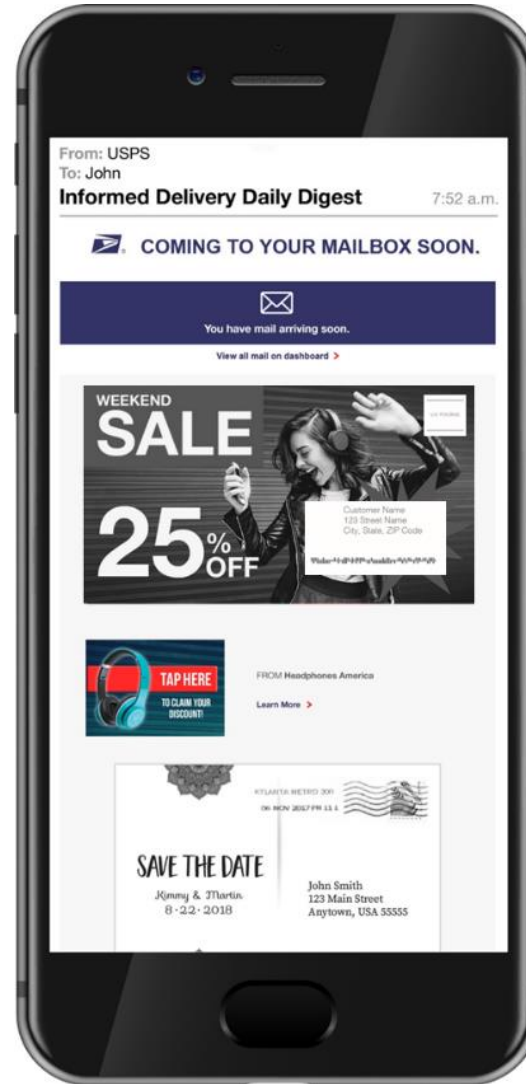
Registered Users

10.5M

Email-enabled Users

186K+

Weekly User Registrations



8,258

Campaigns Completed

1,562

Brands Represented

64.4%

Average Email Open Rate

Registered users and email-enabled users as of February 18, 2019.

Weekly user registrations as of February 18, 2019.

Campaigns completed and brands represented as of February 18, 2019.

Average email open rate for the period of January 1, 2019 to January 31, 2019.

Informed Delivery Growth

Dashboard Visits

18.8M
Total
Dashboard Visits

1m 36s
Average
Duration of Visit

62%
Visits
between 6am
and 3pm

Dashboard Visits by Device Type



60% Mobile

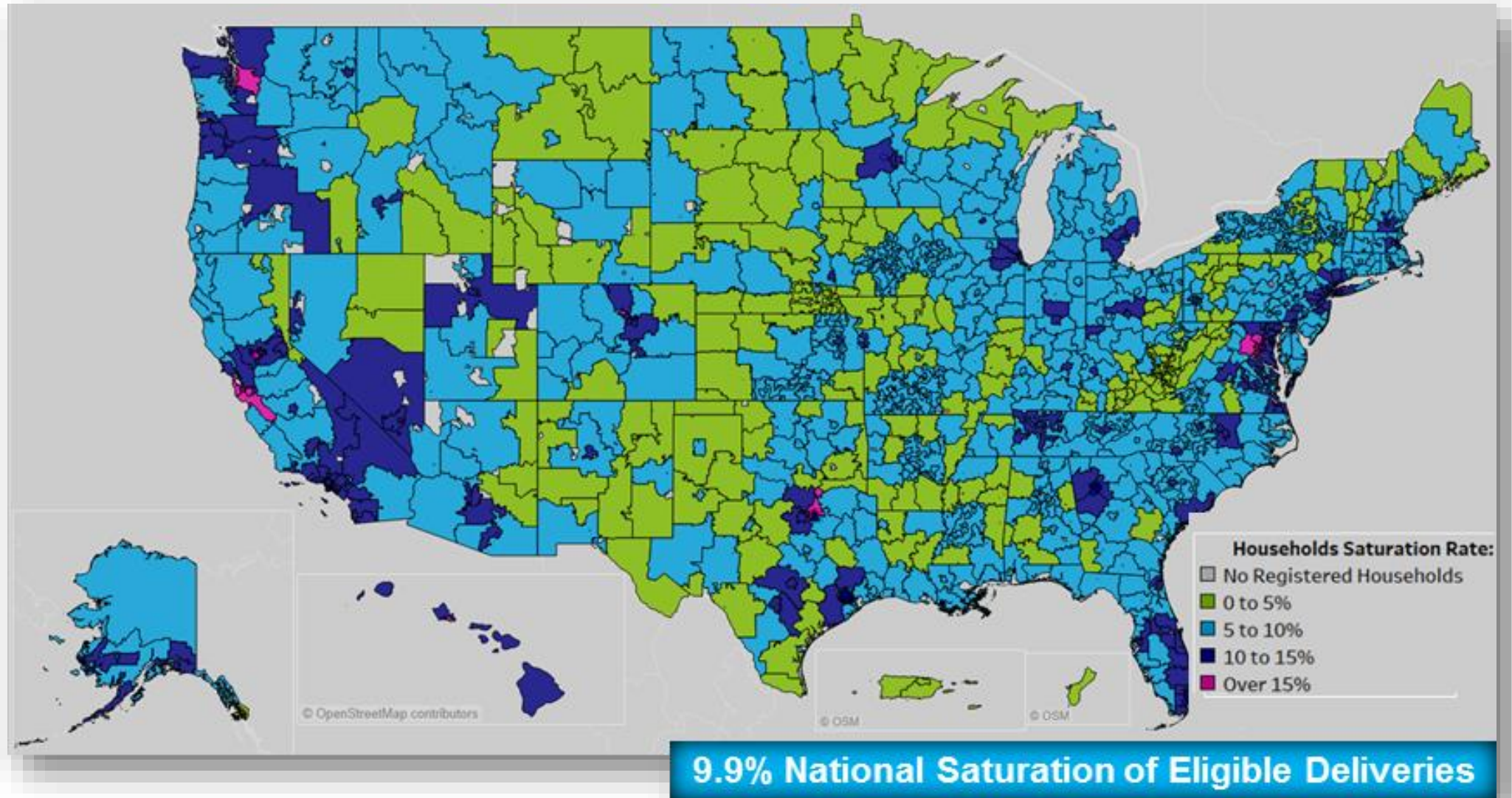


33% Desktop



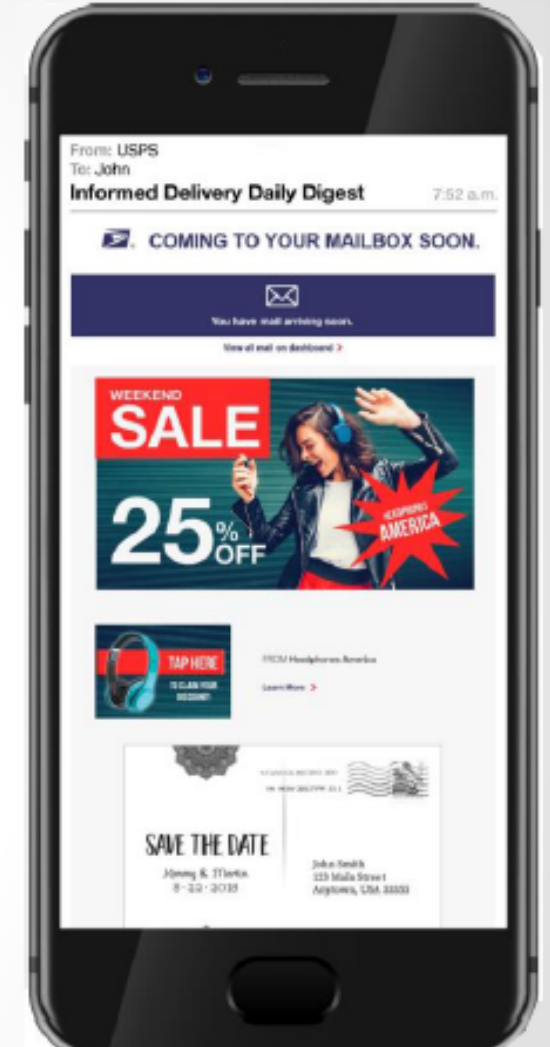
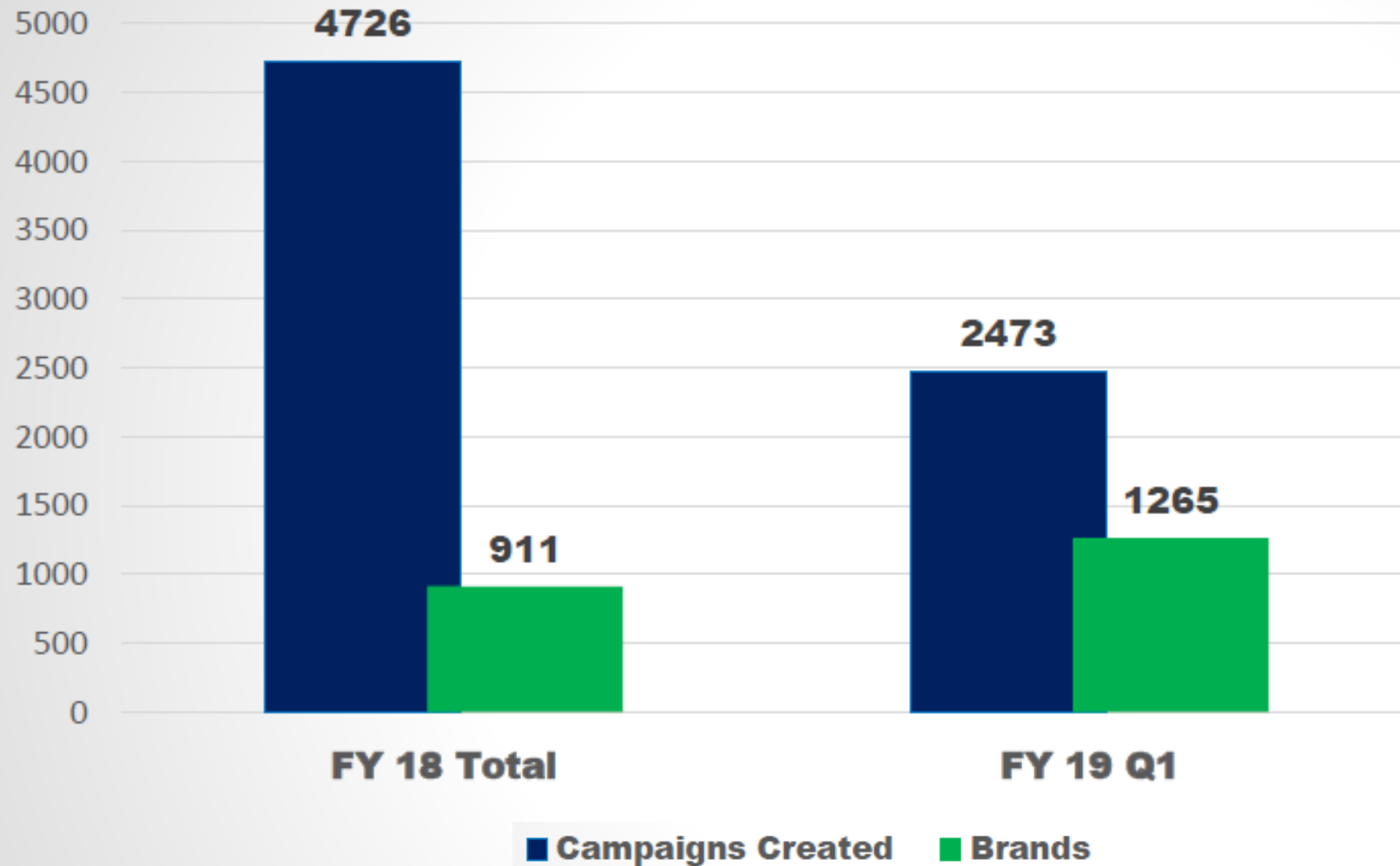
7% Tablet

Informed Delivery Household Saturation



As of February 19, 2019

Q1 CAMPAIGN GROWTH 3 TIMES INFORMED DELIVERY GOAL



Informed Delivery Offers

Pilot Overview

Informed Address (IA) Technology

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

Illustrative
- - - - ->

Future State

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

This technology will enable USPS to...

...implement a number of new applications, including **Targeted Offers Powered by IA**

Consumer Experience

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.



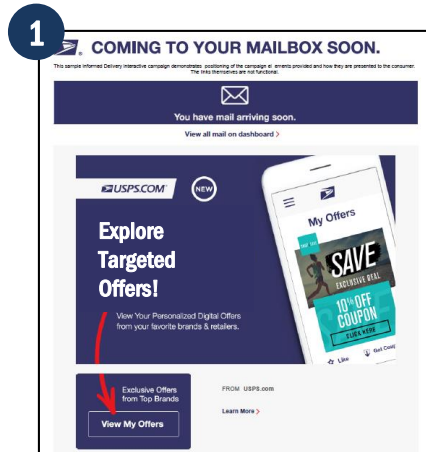
1. Consumer shares preferences

2. Consumer receives targeted mail

Digital

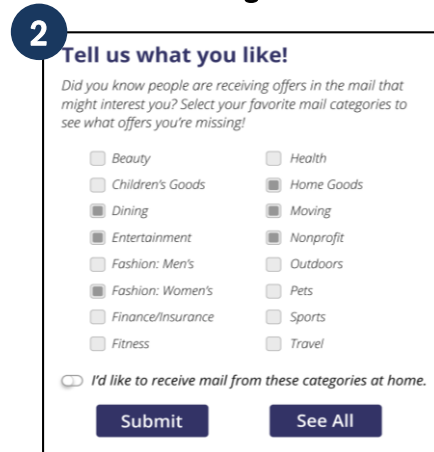
Physical

Informed Delivery® Daily Digest



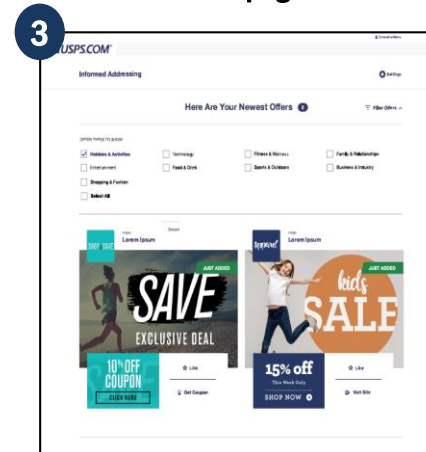
Consumers will receive a link to access Targeted Offers via their Informed Delivery® Daily Digest

Preference Survey & Opt-in Page



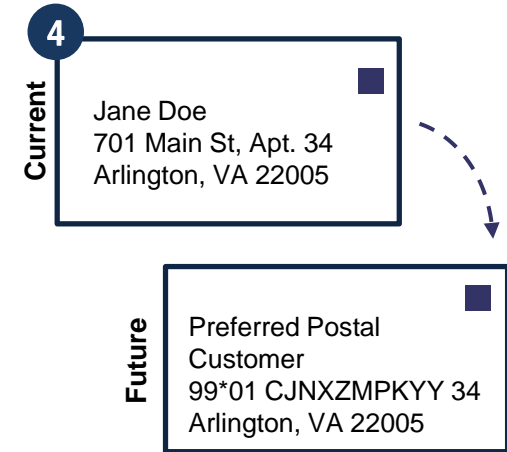
Consumers will complete a preference survey and opt-in for physical mail

Targeted Offers Homepage



Consumers will gain access to a webpage featuring various mail-based offers that they can save or click

IA-Enabled Mailing



Consumers will receive mail that matches their preferences at home via Informed Address technology

*All images are for illustrative purposes only

Pilot Concept Overview

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

Mailer Participation

Mailers can participate by creating and submitting Interactive Campaigns in the Mailer Campaign Portal during the pilot period (slated for Spring 2019).

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

Steps for Participation:

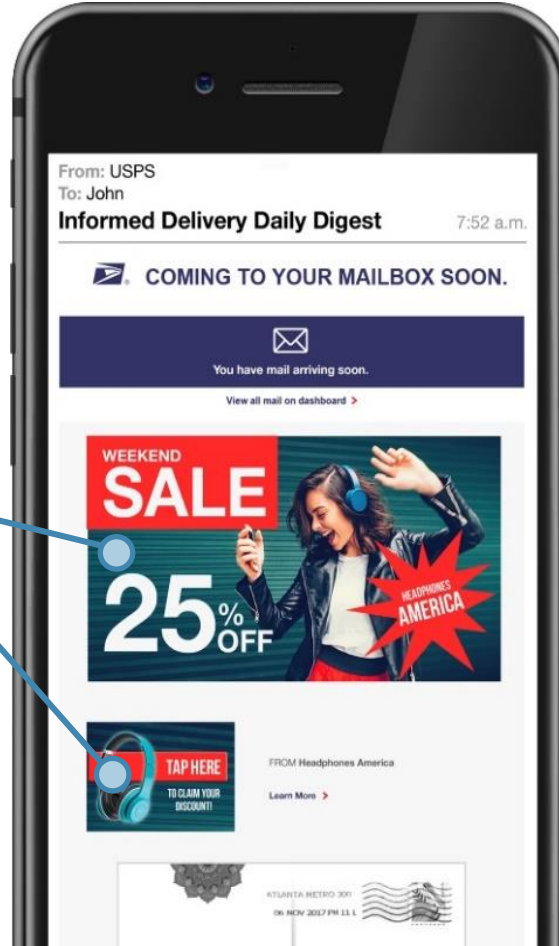
- 1** Indicate your (or your client's) interest in participating via email or a short interest poll
- 2** Upload your Informed Delivery® Interactive Campaign content through the Mailer Campaign Portal
- 3** Ensure Interactive Campaigns will be active during the pilot window

Eligibility Requirements and Design Tips

Mailers must meet specific eligibility requirements to participate and should incorporate Targeted Offers best practices.

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

Coupon Feature

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

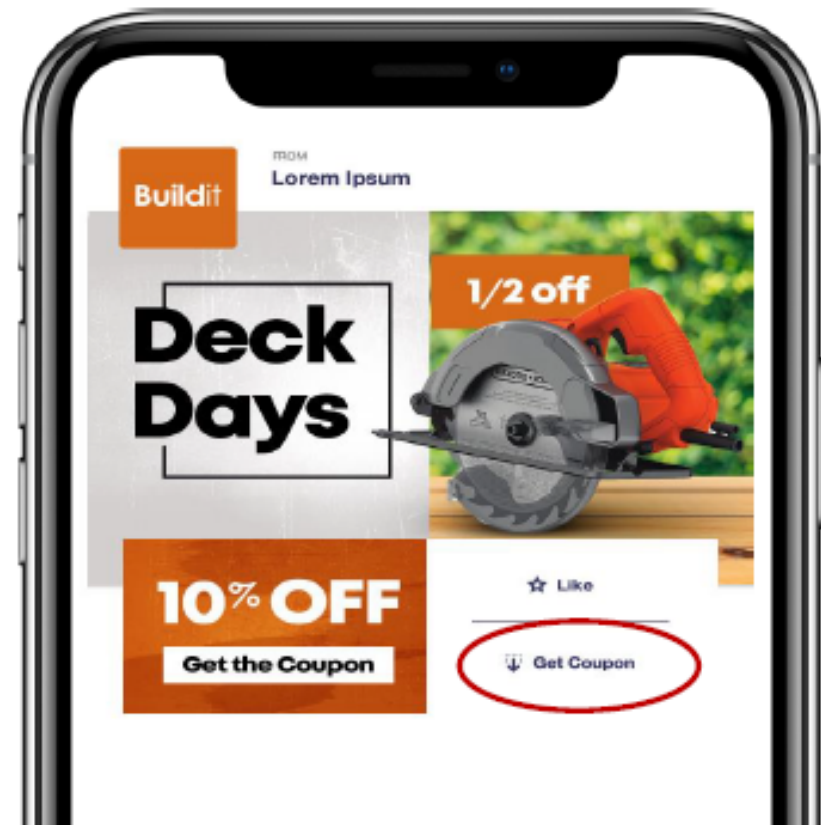
Coupon Creation

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

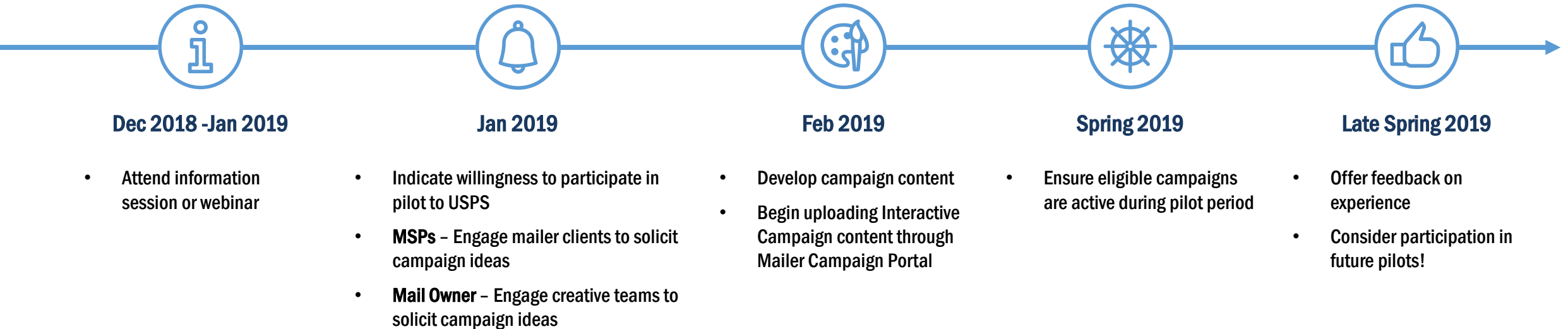
Consumers can quickly download coupons to their mobile wallet for quick access to the offer or discount in their future purchases

*All images are for illustrative purposes only



Timeline

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.



Recap

- Competitive landscape review – reveals opportunity
 - Enabling industry application of tech
 - Creating new integrated mail/tech products
- Find inspiration – “grow the pie”, build new connections

Thank you!

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