



Product Innovation

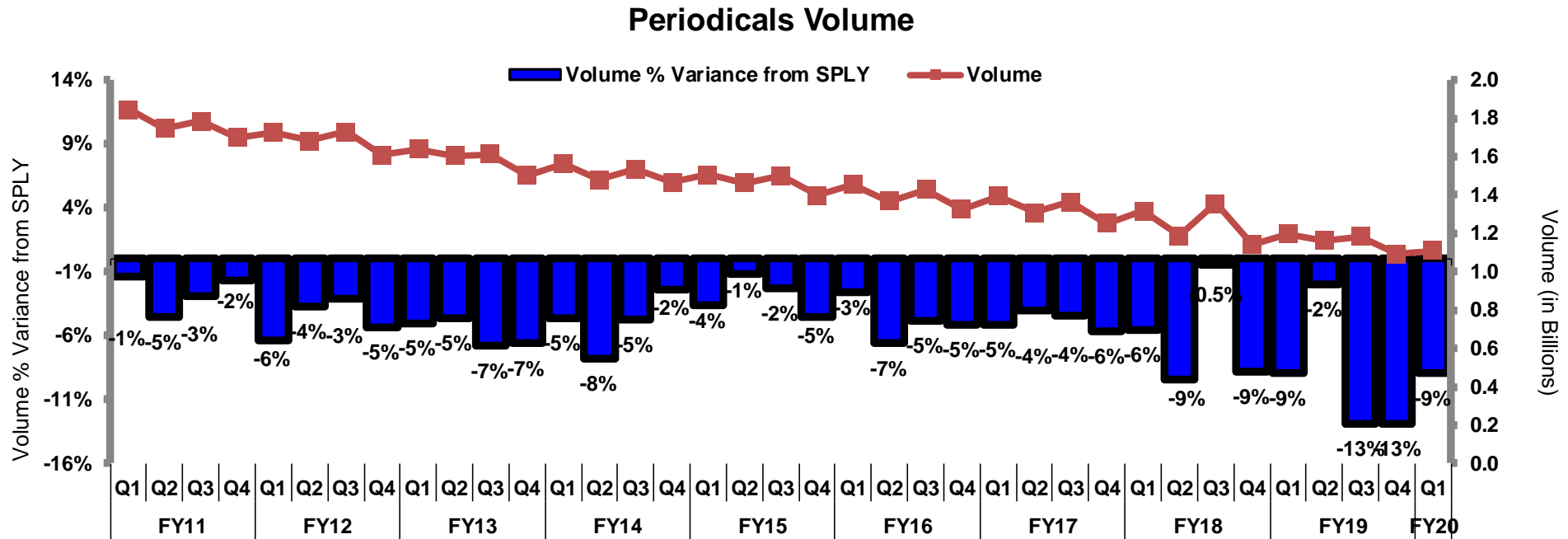
MTAC – Flats
January 29, 2020





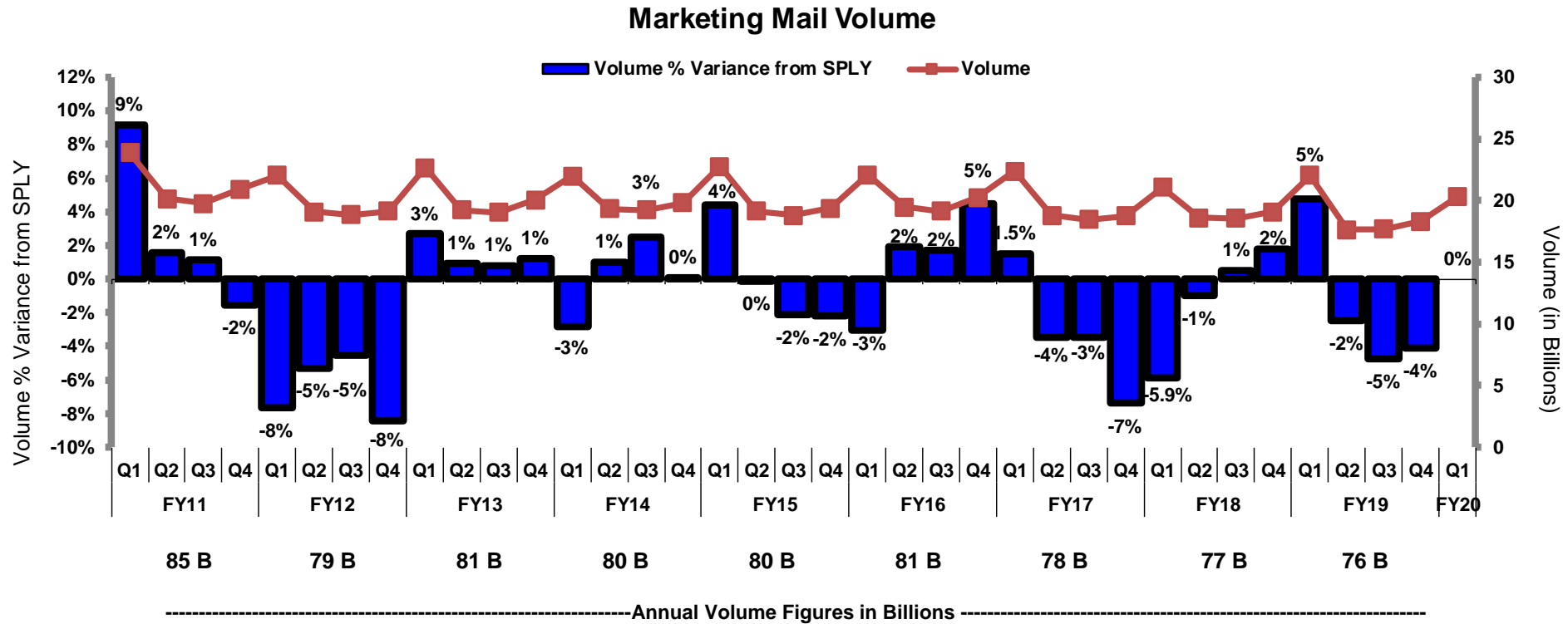
Mailing Services

Periodicals Volume



Notes:
1/ Sources include RPW Quarterly Reports

Marketing Mail Volume



Notes:

1/ Sources include RPW Quarterly Reports; Excludes Parcels and International Mail volumes

Volume Changes



Marketing Mail: Annual FY Volume

	FY10	FY15	FY16	FY17	FY18	FY19	FY20 YTD
Annual Volume (% Growth Over SPLY)	80,098,273	81,159,933	78,369,843	77,303,357	75,686,407	15,260,702	
		-0.3%	1.3%	-3.4%	-1.4%	-2.1%	

Marketing Mail: % Change SPLY

	FY17Q1	FY17Q2	FY17Q3	FY17Q4	FY18Q1	FY18Q2	FY18Q3	FY18Q4	FY19Q1	FY19Q2	FY19Q3	FY19Q4	FY20Q1
High Density and Saturation Letters	8.6	4.6	(0.7)	(6.5)	2.3	(0.6)	2.7	5.7	0.7	(0.1)	0.2	(0.6)	(6.2)
High Density and Saturation Flats and Parcels*	5.7	1.9	0.9	(2.8)	(4.4)	5.2	7.2	5.8	12.9	5.0	(5.8)	(3.2)	(9.4)
Carrier Route	2.3	8.0	12.9	8.5	4.5	(3.6)	(4.3)	(3.8)	7.4	(2.6)	(18.5)	(17.8)	(22.5)
Flats	(0.8)	(25.8)	(31.8)	(33.6)	(38.1)	(12.1)	(0.6)	(1.6)	2.4	(2.4)	(11.7)	(9.8)	(11.8)
Letters	(0.4)	(4.5)	(3.5)	(7.4)	(4.6)	(0.5)	(0.1)	2.0	3.9	0.0	(2.7)	(2.3)	(4.7)
Total Marketing Mail (Excludes Parcels & Intl)	1.5	(3.5)	(3.5)	(7.4)	(5.9)	(1.0)	0.5	1.8	4.8	(2.4)	(4.7)	(4.1)	(7.9)

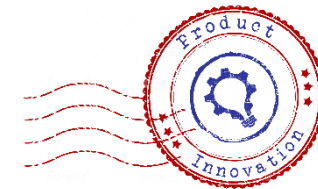
Notes:

*Includes EDDM Retail

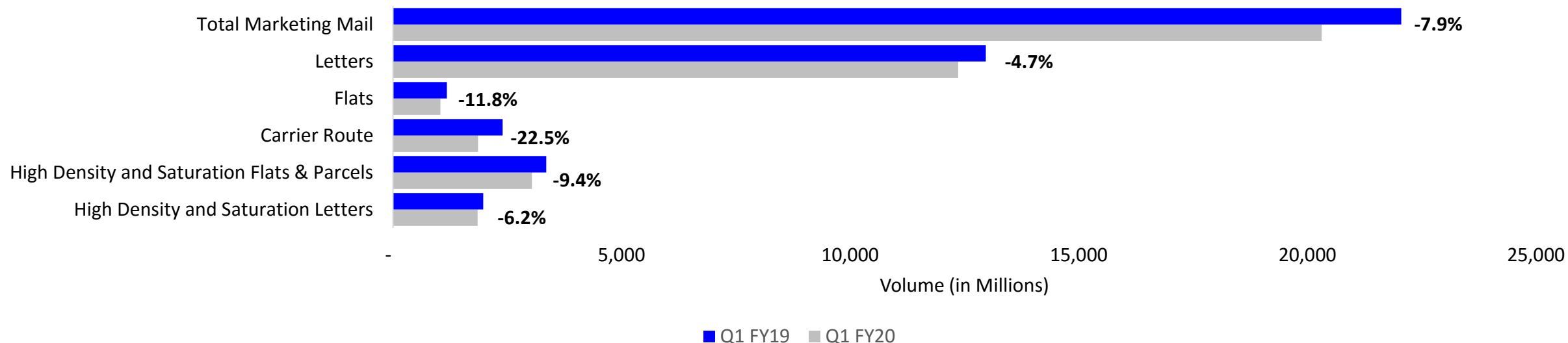
Source:

*RPW Quarterly Files

Volume Changes



Marketing Mail Volume FY20Q1 & FY19Q1



Marketing Mail: % Change SPLY

	FY16Q1	FY16Q2	FY16Q3	FY16Q4	FY17Q1	FY17Q2	FY17Q3	FY17Q4	FY18Q1	FY18Q2	FY18Q3	FY18Q4	FY19Q1	FY19Q2	FY19Q3	FY19Q4	FY20Q1
High Density and Saturation Letters	6.6	8.6	7.1	9.4	8.6	4.6	(0.7)	(6.5)	2.2	(0.6)	2.6	5.7	0.7	(0.1)	0.2	(0.6)	(6.2)
High Density and Saturation Flats and Parcels*	(7.0)	(3.1)	0.1	4.1	5.7	1.9	0.9	(2.8)	(4.5)	5.5	7.2	5.8	12.9	5.0	(5.8)	(3.2)	(9.4)
Carrier Route	(30.1)	(22.0)	(19.1)	2.5	2.3	8.0	12.9	8.5	4.6	(3.8)	(4.2)	(3.8)	7.4	(2.6)	(18.5)	(17.8)	(22.5)
Flats	35.9	31.8	21.4	(2.4)	(0.8)	(25.8)	(31.8)	(33.6)	(38.1)	(12.1)	(0.6)	(1.6)	2.4	(2.4)	(11.7)	(9.8)	(11.8)
Letters	(1.1)	3.4	2.6	5.2	(0.4)	(4.5)	(3.5)	(7.4)	(4.6)	(0.5)	(0.1)	2.0	3.9	0.0	(2.7)	(2.3)	(4.7)
Total Marketing Mail (Excludes Parcels & Intl)	(3.0)	1.9	1.7	4.5	1.5	(3.5)	(3.5)	(7.4)	(5.9)	(1.0)	0.5	1.8	4.8	(2.4)	(4.7)	(4.1)	(7.9)

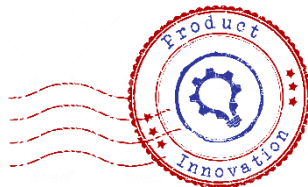
Notes:

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Source:

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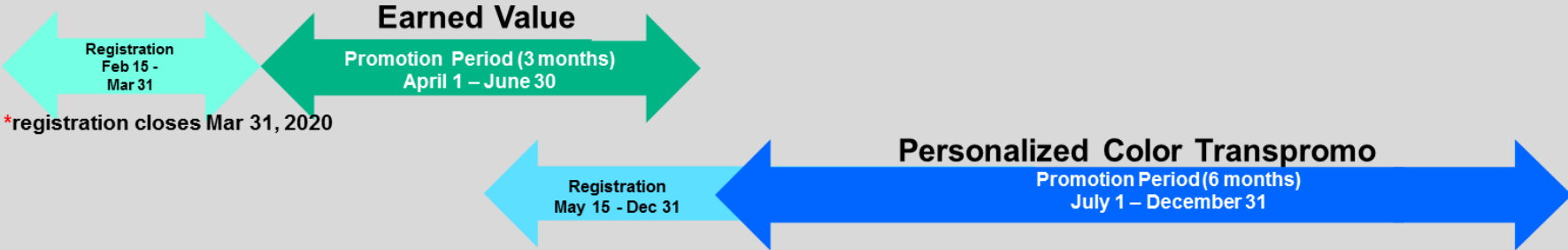
2020 Mailing Promotions Calendar



APPROVED 12/6/2019

JAN – FEB – MARCH APRIL – MAY – JUNE JULY – AUG – SEPT OCT – NOV – DEC

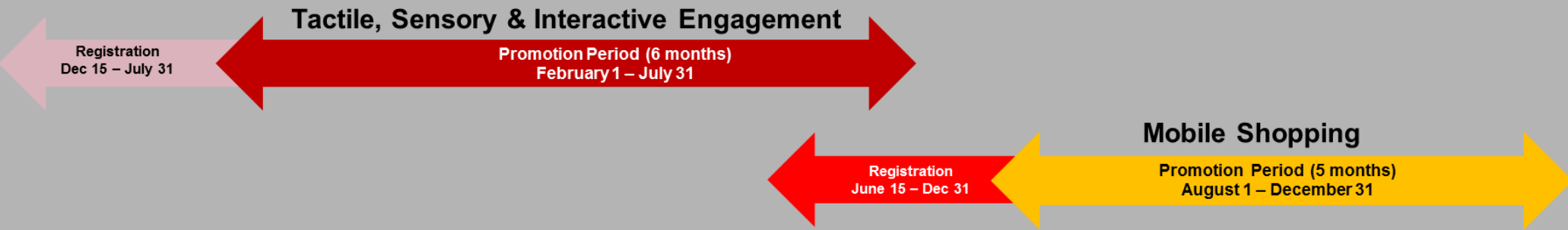
FIRST-CLASS MAIL®



MARKETING MAIL® AND FIRST-CLASS MAIL



MARKETING MAIL



What Changed?



Changes of Note:

Emerging/Advanced:

- Minor changes to list of technologies and requirements

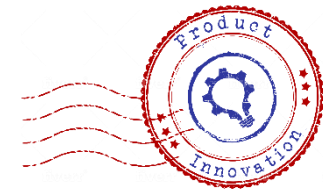
Earned Value:

- 2 cents per counted piece for repeat participants who exceed 93% of 2019 volumes
- 4 cents per counted piece for repeat participants who exceed 100% of 2019 volumes

Few Changes:

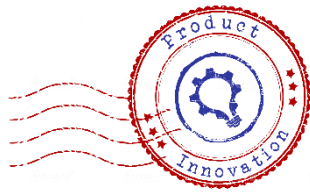
- Tactile Sensory & Interactive
- Personalized Color Transpromo
- Mobile Shopping
- Informed Delivery

2020 Promotions Resources and Upcoming Dates



- **Currently Available on PostalPro at:**
<https://postalpro.usps.com/promotions/2020promotions>
 - Tactile Sensory Interactive Promotion Requirements
 - Emerging Technology Promotion Requirements
 - Tactile Sensory Interactive Promotion Webinar Presentation
 - Earned Value Promotion Overview
- **January 23:** Emerging Technology Promotion Webinar
- **Early Feb:** Earned Value Requirements posted on PostalPro
- **February 5:** Earned Value Webinar
- **February 14:** Mobile Shopping and Color Transpromo Promotion Requirements posted on Postal Pro
- **June 26:** Informed Delivery Promotion Requirements posted on PostalPro

Promotion Comparison* vs. 2017



Tactile, Sensory and Interactive Promotion

	July 2017	July 2019	Change
Volume	1,219M	1,440M	18%
Participants	158	167	6%

Informed Delivery Promotion

	November 2017	November 2019	Change
Volume	n/a	2,628M	n/a
Participants	n/a	478	n/a

Emerging and Advanced Technology Promotion

	August 2017	August 2019	Change
Volume	5,123M	4,722M	-8%
Participants	265	286	8%

Mobile Shopping Promotion

	December 2017	December 2019	Change
Volume	6,968M	5,482M	-21%
Participants	730	600	-18%

Personalized Color Transpromo Promotion

	December 2017	December 2019	Change
Volume	1,528M	1,409M	-8%
Participants	66	60	-9%

Combined Promotions

	December 2017	December 2019	Change
Volume	14,838M	15,681M	6%
Participants	1,219	1,591	3%

*Preliminary final 2019 numbers.

Note that the data for the TSI promotion ends on 7/31 each year and the ET promotion ends on 8/31 each year

Next Generation Campaign Award



- 2020 Contest is well underway
- Entry Deadline is **February 14th**
- This year's categories:
 - Grand Champion – for campaigns that feature Informed Delivery®
 - Innovative B2B Campaign Award
- Enter at **usps.com/nextgenaward**



Product Technology Innovation

Program Update

Current and Upcoming Pilots



We are building on the success of Informed Delivery and piloting two new products in the Product Innovation portfolio



Informed Address (IA)

Enables mailers to prospect to new and interested customers without knowing their physical address

Planning in Progress



Informed Offers (IO)

Enables mailers to target customers with online offers and physical mail that match their interests

Limited Pilot Completed



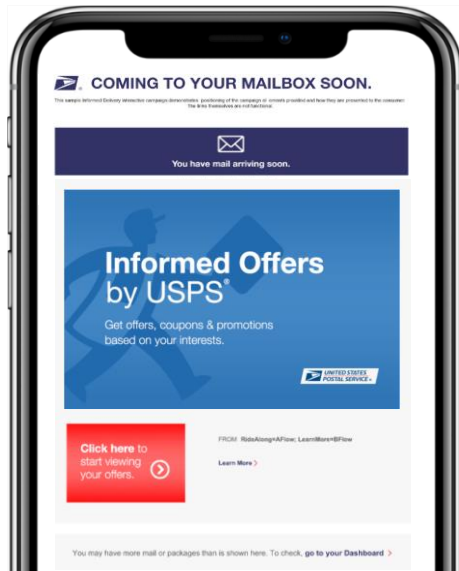
Informed Offers



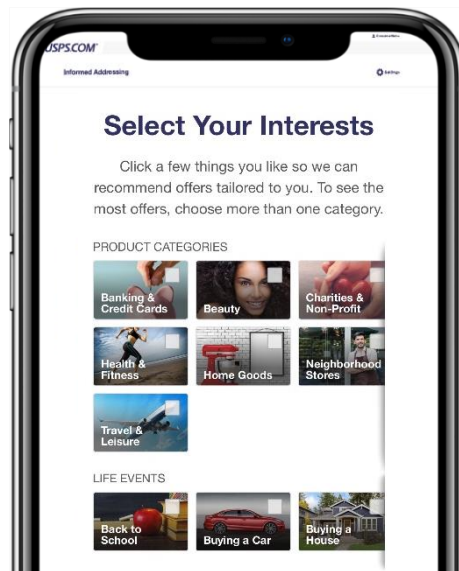
Informed Offers (IO) Concept

Informed Offers aims to increase mail volumes by enabling consumers to select their favorite categories of mail, virtually browse offers in the mailstream, and receive more relevant mail at home

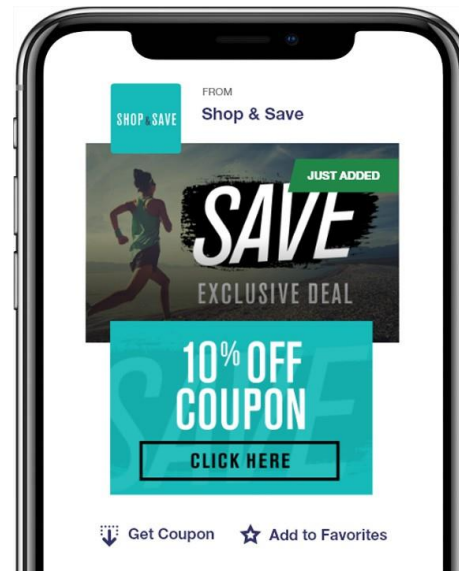
- 1** Consumers will access Informed Offers by clicking an invitation in their Daily Digest



- 2** Consumers will select their favorite mail categories and opt-in to receive mail at home

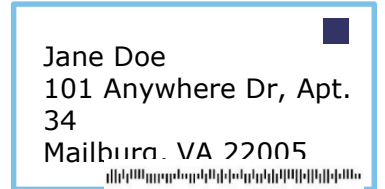


- 3** Consumers can browse current offers in the mail and take advantage of relevant deals

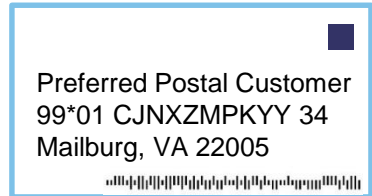


- 4** In the future, users will receive mail aligned to their preferences via Informed Address technology

Current State



Future State



Informed Offers (IO) Pilot Analysis Summary



The IO pilot used a Minimum Viable Product to test consumer and mailer interest in the IO concept.

Pilot Overview



Measurement Period:
8/22/19 – 10/3/19



Location: 29 ZIP codes served by the Merrifield, VA Processing and Distribution Center



Participants: 22,151 Informed Delivery (ID) email users

Summary Metrics

Consumer

3,896

Unique visitors who were interested in IO (**18%** of pilot participants)¹

13%

of visitors returned at least once²

Mailer

119

Offers provided by mailers

50,534

Impressions³

0.8%

Average offer click-through rate

1. Percent of pilot population who clicked on the IO virtual campaign at least once
2. Based on data for users who were required to log in
3. Individual offer loads on the IO site

A/B Test Measured Login Wall's Effect on Engagement



The pilot tested two versions of the IO experience — with and without a required login — to measure impact on user engagement.



Flow A
Login Required to Access Platform

1

Log-into Offers Page

2

Select Preferences & Opt-into IA

3

Explore Customized Offers Page

4

Interact with Offers

5%
Viewed Offers

3%
Submitted Preferences

Flow B
Instant Access and Optional Login

Explore Offers Page

Interact with Offers

Log-into Account

Select Preferences & Opt-into IA

18%
Viewed Offers

1%
Submitted Preferences

USPS found that users that were not required to login were 4x more likely to see offers.



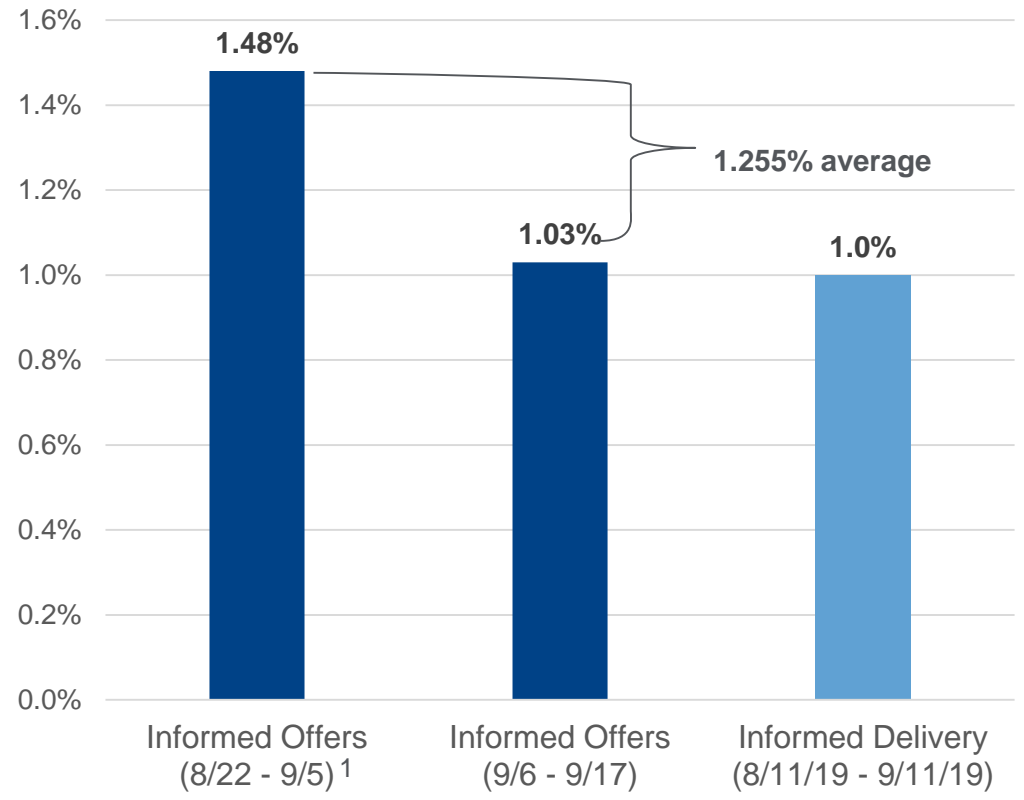
Mailer Relevant Findings

Initial Offer Performance Compared to Informed Delivery



900+ unique users accessed the Informed Offers site and nearly 800 submitted their mail preferences. The pilot can also boast of an impressive click through rate for offers

IO vs. ID Click Through Rate Comparison



By enabling consumers to share their preferences and interact with offers most relevant to them, IO provides a more **personalized experience** for users. As a result, IO campaigns have a click through rate that is nearly **2x higher on average than that of Informed Delivery** interactive campaigns.

Offer Performance Based on Category Relevance



Offers that were tailored to users' expressed category preferences performed 7x better (Fig. 6), which indicates a significant opportunity to improve click-through rates by strategically sourcing offers (Fig. 7).

Fig. 6: Offer Click-Through Rates

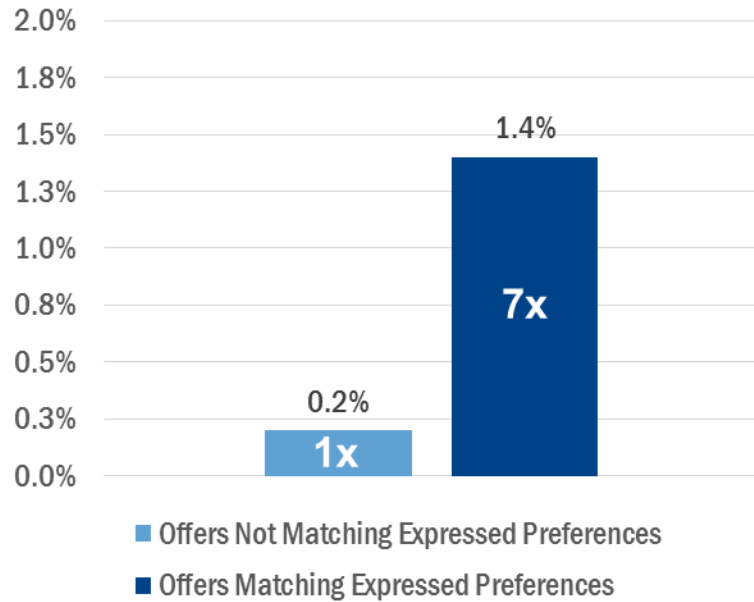
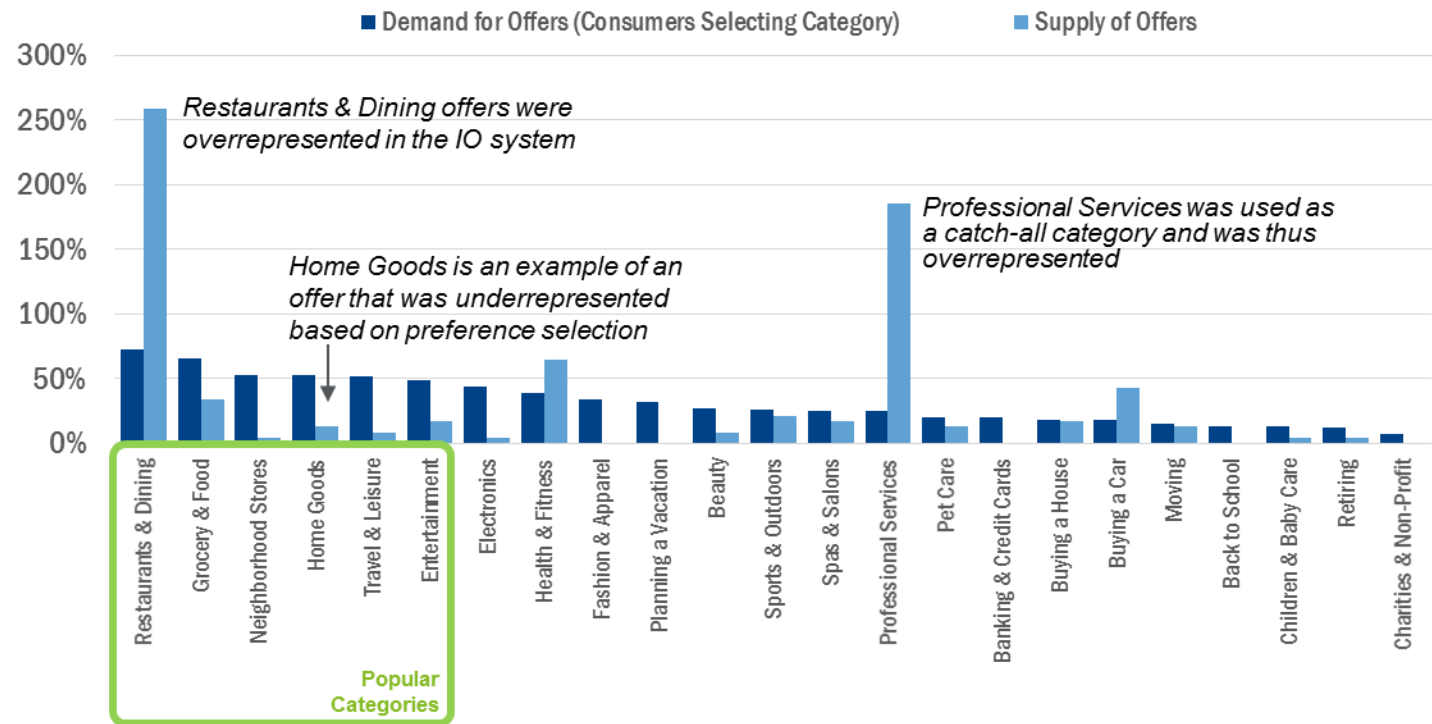
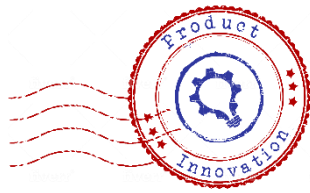


Fig. 7: Alignment Between Offers and User Preferences



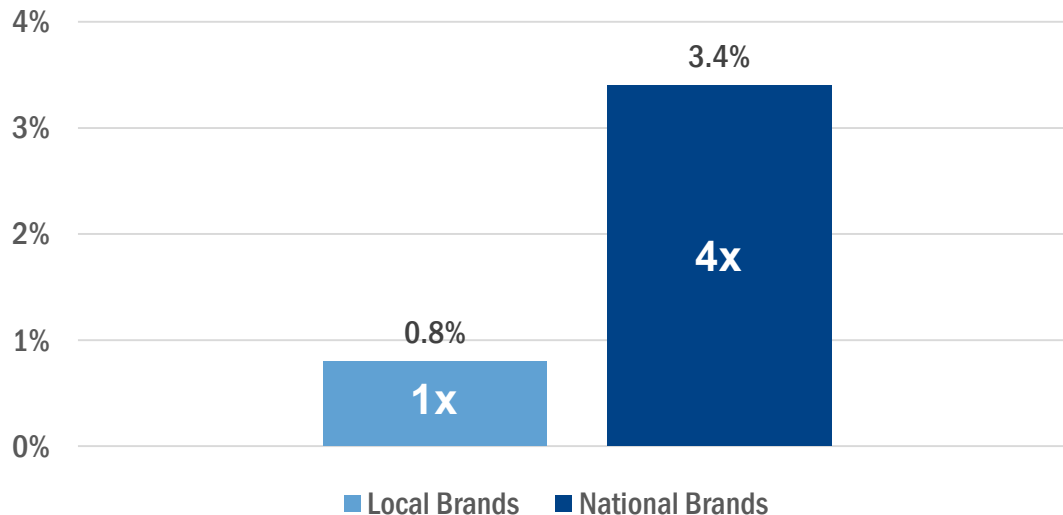
USPS should consider sourcing more offers within frequently requested categories to further improve click-through rates.

Offer Performance Based on Retailer or Brand Location



Offers from national retailers or brands performed 4x better than local offers (Fig. 9), suggesting an opportunity for improvement in matching offers based on geographic location of users.

Fig. 9: Offer Click-Through Rates by Geography



“Most coupons were too far away and therefore somewhat irrelevant for me as a consumer.”

Consumers in the pilot may have found local offers to be less geographically relevant because the platform was not capable of filtering offers by specific location within Northern Virginia. In some instances, local restaurants were displayed to users who were more than an hours' drive away. In contrast, national brands were relevant to all consumers, regardless of location.

USPS should consider sourcing offers from national brands as well as developing the platform's geotargeting capabilities.



Informed Address

Overview of Informed Address

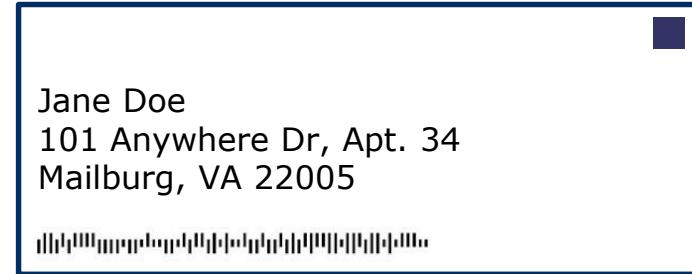


Informed Address technology will provide the groundwork for many new USPS applications

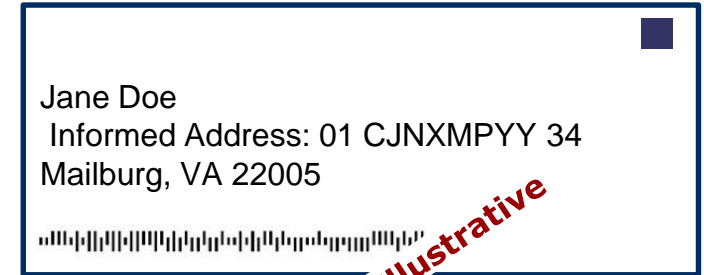
Informed Address **replaces a consumer's physical address with an alphanumeric code.**

With this technology, **mailers can reach prospective customers** without the need for physical address information.

Current State

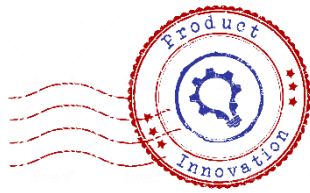


Future State

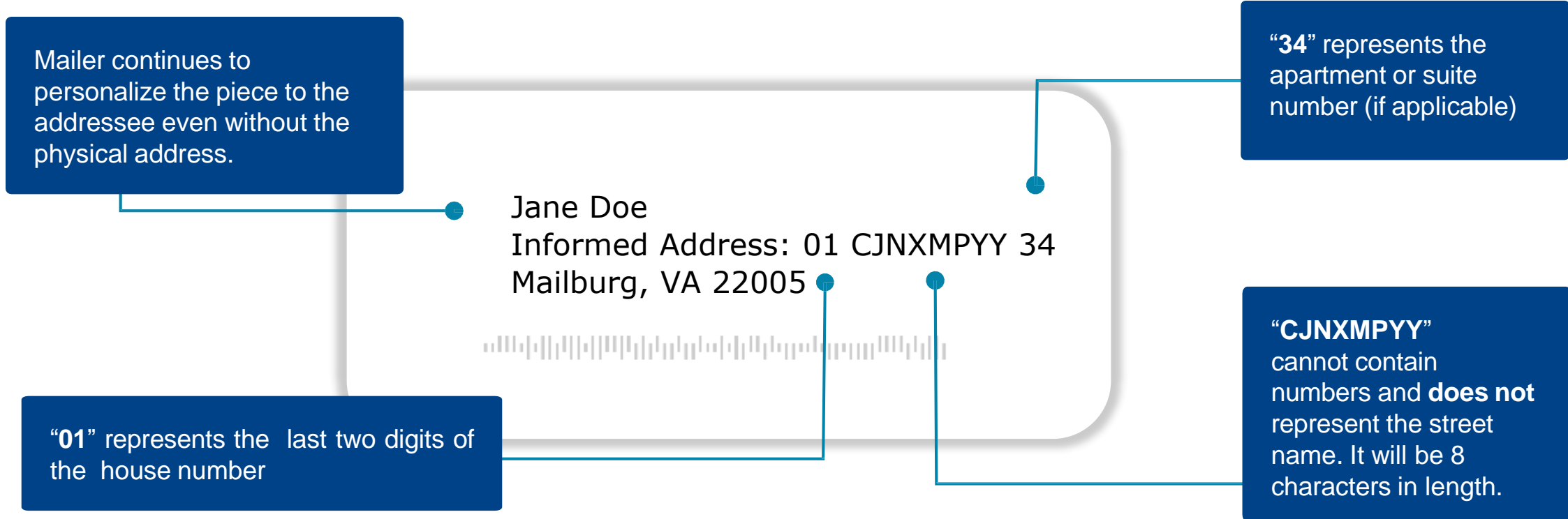


Illustrative

Processing and Delivering IA Coded Mail



IA coded mail will be in DPS sequence, allowing the carrier to easily identify the delivery point based on visual cues in a human-readable format



In the future, if an IA-coded mailpiece falls out of sequence, it can be scanned by the MDD to determine the delivery point.

IA Goals



USPS seeks to create a platform with offerings that increase the value of mail for both mailers and consumers



Value to USPS

Informed Address **creates a new channel** for USPS to connect mailers to consumers without sharing private information.



Value to Consumers

Informed Address **increases the relevancy of mail** by giving consumers the ability to maintain their privacy, and retain the same address no matter where they are at anytime.



Value to Mailers

Informed Address **increases the reach of mail** by enabling mailers to connect with consumers who are not on their original mailing lists.

By reaching consumers where they are while respecting their privacy, Informed Address will **increase consumer engagement with the mail.**



Thank You!