Standard Mail
Product Development

MTAC
August 2015
Agenda

- Pulse of the Industry
  - Standard Mail Volumes and Trends
- Neuroscience Research on Value of Mail
- 2015 Promotions Reminders
- 2016 Proposed Promotions-Update
- Real Mail
- Open Discussion
Pulse of the Industry
Standard Mail Volume Change

Source: RPW Quarterly Reports; Excludes Parcels and International Mail volumes
## Standard Mail: % Change SPLY

<table>
<thead>
<tr>
<th></th>
<th>FY13 Q2</th>
<th>FY13 Q3</th>
<th>FY13 Q4</th>
<th>FY14 Q1</th>
<th>FY14 Q2</th>
<th>FY14 Q3</th>
<th>FY14 Q4</th>
<th>FY15 Q1</th>
<th>FY15 Q2</th>
<th>FY15 Q3</th>
</tr>
</thead>
<tbody>
<tr>
<td>High Density and Saturation Letters</td>
<td>(1.1)</td>
<td>(2.4)</td>
<td>6.4</td>
<td>6.0</td>
<td>4.9</td>
<td>4.7</td>
<td>2.6</td>
<td>6.3</td>
<td>8.7</td>
<td>10.9</td>
</tr>
<tr>
<td>High Density and Saturation Flats and Parcels*</td>
<td>3.3</td>
<td>3.8</td>
<td>1.3</td>
<td>(2.9)</td>
<td>1.2</td>
<td>0.5</td>
<td>(0.4)</td>
<td>2.5</td>
<td>1.0</td>
<td>(2.3)</td>
</tr>
<tr>
<td>Carrier Route</td>
<td>2.2</td>
<td>(3.2)</td>
<td>(4.9)</td>
<td>(15.7)</td>
<td>1.5</td>
<td>3.4</td>
<td>(4.7)</td>
<td>7.5</td>
<td>(5.7)</td>
<td>(11.3)</td>
</tr>
<tr>
<td>Flats</td>
<td>(5.7)</td>
<td>(7.5)</td>
<td>(8.2)</td>
<td>(10.8)</td>
<td>(8.8)</td>
<td>(8.3)</td>
<td>(8.5)</td>
<td>(5.7)</td>
<td>(7.0)</td>
<td>0.0</td>
</tr>
<tr>
<td>Letters</td>
<td>1.2</td>
<td>1.2</td>
<td>3.0</td>
<td>0.6</td>
<td>0.9</td>
<td>3.8</td>
<td>1.8</td>
<td>5.1</td>
<td>0.3</td>
<td>(2.3)</td>
</tr>
<tr>
<td>Total Standard Mail (Excludes Parcels &amp; Intl)</td>
<td>0.9</td>
<td>0.8</td>
<td>1.2</td>
<td>(2.8)</td>
<td>1.0</td>
<td>2.5</td>
<td>0.1</td>
<td>4.4</td>
<td>(0.1)</td>
<td>(2.1)</td>
</tr>
</tbody>
</table>

*Includes EDDM Retail
Neuroscience Research on the Value of Mail
Background and Methodology

Background
• The OIG (Office of Inspector General) conducted a neuromarketing study to evaluate how consumers respond differently to physical and digital media.

Methodology
• Use of questionnaires, eye tracking, core biometrics, and neuroimaging to measure physiological and neural activity of participants viewing physical and digital ads.

### Neuromarketing tools and their uses

<table>
<thead>
<tr>
<th>Neuromarketing Tool</th>
<th>Research Method</th>
<th>Outcome Revealed</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Eye Tracking</strong></td>
<td>A camera and infrared technology monitor eye movements, in terms of speed and duration of attention</td>
<td>Tracks visual attention in reaction to predetermined areas of interest</td>
</tr>
<tr>
<td><strong>Core Biometrics</strong></td>
<td>Sensors placed on fingertips measure heart rate, skin conductance (sweat), motion, and respiration</td>
<td>Gauges the depth of emotional engagement</td>
</tr>
<tr>
<td><strong>Functional Magnetic Resonance Imaging (fMRI)</strong></td>
<td>Brain scanner measures change in oxygenated blood flow to reveal regional activation during a task or experience</td>
<td>Pinpoints specific deep brain activity beyond surface cognitive function (e.g., empathy and reward)</td>
</tr>
</tbody>
</table>

Source: Temple and OIG analysis.
Phase I:

- Participants were exposed to and interacted with 40 physical and digital advertisements
- Methods used: Eye tracking, skin conductance and heart rate

Phase I: Research environment
Phase II:

- Tested participants’ memory of ad content contents by medium (physical or digital)
- Stated and subconscious preferences for and value of advertised products
- Methods used: Functional MRI

Phase II: Functional MRI equipment
Participants

- processed digital ad content quicker
- had stronger emotional response to physical ads and remembered them better
- spent more time with physical ads

<table>
<thead>
<tr>
<th>Attribute</th>
<th>Definition</th>
<th>Physical</th>
<th>Digital</th>
</tr>
</thead>
<tbody>
<tr>
<td>Attention</td>
<td>A customer’s focused attention for a sustained period of time on key components of the ad</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Review Time</td>
<td>The amount of time a customer spends with an ad</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Engagement</td>
<td>The amount of information the customer processes or absorbs from an ad</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Stimulation</td>
<td>An emotional reaction to an ad</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Memory Retrieval Accuracy</td>
<td>Accurately remembering the advertising source and content</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Memory Speed &amp; Confidence</td>
<td>Quickly and confidently remember advertising source and content</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Purchase &amp; Willingness to Pay</td>
<td>Whether and how much the customer is willing to pay for a product</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Desirability</td>
<td>A subconscious desire for the product or service</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Valuation</td>
<td>The subconscious value a participant places on the product or service</td>
<td></td>
<td>X</td>
</tr>
</tbody>
</table>

Source: OIG analysis of study results.
Next Steps:
• Awaiting results from Canada Post and Royal Mail
• Other topics of interest:
  • Age and demographic impacts on response to media type
  • Response to embedded technology in Print
  • Optimal use of digital and physical media

2015 Promotions Update
2015 Promotion Calendar

**FIRST-CLASS MAIL®**

- **Earned Value Promotion**
  - Registration: March 15 – April 30
  - Promotion Period: May 1 – July 31

- **Color Transpromo Promotion**
  - Registration: April 15 – Nov 30
  - Promotion Period: June 1 – November 30

**STANDARD AND FIRST-CLASS MAIL**

- **Emerging and Advanced Technology Promotion**
  - Registration: March 15 – Nov 30
  - Promotion Period: June 1 – November 30

**STANDARD MAIL®**

- **Mail Drives Mobile Engagement Promotion**
  - Registration: May 15 – Dec 31
  - Promotion Period: July 1 – December 31

*As of: 5/7/15*
2015 Promotions Update

Earned Value

- **BRM**: Total pieces: 36.6M, Total Credits: $844k
- **CRM**: Total pieces: 445.5, Total Credits: $10.2M
  
  482.1M $11.04M

- Mailers need to “agree” in Program Registration for credit to be released
- 86 companies agreed to their credits; released $2.2M in credits

Color Transpromo

- 348.7M mailpieces; $136.2M in revenue
- Over $2.8M in discounts received by participating customers

Emerging & Advanced Technology

- 1.2B mailpieces; $256M in revenue
- Over $5.2M in discounts received by participating customers

Mail Drives Mobile Engagement

- 628M mailpieces; $158.6M in revenue
- Over $3.2M in discounts received by participating customers
Claiming Multiple Discounts

- Although some of the promotion dates overlap, customers cannot claim more than one discount per mailing. The exception is Earned Value—it can be claimed along with any of the other three.

Post Promotion Surveys

- Must be completed as a requirement of participation in the promotions.

Business Customer Gateway user guide

- An updated version is posted on RIBBS

Emerging & Advanced Technology

- 48 hour turnaround on pre-approval requests sent to the emailbox
- Continue to send in hardcopy mailpieces to qualify for the paper, ink and interactive categories
  
  - **NOTE:** Program Office address for physical samples is a PO Box. Please ensure that your mailing/shipping service can deliver to a PO Box.

Mail Drives Mobile Engagement

- Guest check out requirement
- Directional copy explanation
Encourage FCM mailers to use Business Reply Mail (BRM) and Courtesy Reply Mail (CRM).

- **Registration Period:** March 15 – April 30

- **Program Period:** May 1 – July 31

- **Eligible Mail:** Business Reply Mail and Courtesy Reply Mail

- **Earned Value Credits:** $0.02 per BRM or CRM pcs counted for first-time participants; $0.03 per BRM or CRM pcs if above SPLY volumes

  - Pieces must contain an Intelligent Mail barcode with the Mailer ID encoded, and following barcoding requirements
  - Once released, credits may be applied to any subsequent mailing until the posted expiration date of the credits.

**Results to date:**
- 482.1M total pieces
- $11.04M total credits
- 86 companies have agreed to their credits
- Released over $2.1M in credits
Encourage FCM mailers to use color messaging on bills and statements

- **Registration Period:** April 15 – November 30
- **Program Period:** June 1 – November 30
- **Eligible Mail:** First-Class Mail commercial letters (sent in IMb full-service mailings)
- **Discount:** Upfront 2% postage discount
- Mailpiece must have **dynamic** color printing on the bill or statement
- Color messaging must be marketing or consumer information
  - Color inserts and pre-printed color paper stock, do not qualify
  - Color in remittance section will not qualify

**Results to date:**
- 348.7M mailpieces
- $136.2M in revenue
- Over $2.8M in discounts received by participating customers
Emerging and Advanced Technology

Encourage Direct Mailers to incorporate interactive technology to drive interest in mail as a marketing channel

- **Eligible Mail:** Standard Mail, Nonprofit Standard Mail and First Class Mail letters, flats and cards.
- Mailpiece must integrate specified technologies
  - Advanced Augmented Reality
  - NFC
  - Inks
  - Papers
  - Interactive Mailpieces

Results to date:
- 1.2B mailpieces
- $256M in revenue
- Over $5.2M in discounts received by participating customers
The Emerging and Advanced Technology promotion has contributed about half of this year’s volume thus far:

- 50% increase in registered participants from last year
- 200 samples have been submitted and reviewed thus far
  - 40% of samples incorporate Augmented Reality
  - 57% include advances in paper, inks and interactive mailpiece features.

Creative implementations include pop-ups, textured surfaces, embossing, lenticular designs, scented pieces, foils and metallic inks, chalkboard and dry-erase treatments.

The mailing community is embracing the incorporation of digital technology as well as advances in printing materials and processes.
Encourage marketers and retailers to utilize state of the art mobile purchasing technology with direct mail to facilitate purchases.

- **Registration Period:** May 15 – December 31
- **Promotion Period:** July 1 – December 31
- **Eligible Mail:** Standard Mail, Nonprofit Standard Mail letters and flats. IMb full-service mailings for applicable products
- **Discount:** 2% per eligible mailpiece
  - No Priority Mail rebate
  - Directional copy text must be prominently displayed
  - In some instances, services / charitable donations may qualify if a financial transaction occurs at time of scanning the mail piece

Results to date:
- 628M mailpieces
- $158.6M in revenue
- Over $3.2M in discounts received by participating customers
Currently under review

Plan to file for approval early Fall

2016 Promotions will build on past successful promotions with some new applications and updates

2016 Promotions will continue to support the integration of mail with technology
REAL MAIL
Mailpiece received in your home’s mailbox today

Real Mail scan received on your mobile device
Real Mail scan received on your mobile device

Real Mail scanned on a mobile device has a hyperlink that allows direct access to webpages

Your USPS® Mail. Today’s delivery includes:

Send a magical, meaningful Letter From Santa for a child in your life—right from where you’re sitting. Visit... Click2Santa.com/wish

Click FOR OPTIONS

Save 25% on eligible items (use coupon code SANTA25)

Beautifully illustrated
Postmarked from the North Pole
Hand-writtensignature, P.S., & envelope

Click2Santa is powered by Amazon

United States Postal Service

Click FOR OPTIONS
# Real Mail Notification - Click2Mail / Click2Santa Lift Test Update

## 1. Control Group

**USPS Cust Reg Random Sample (NoVA Consumers)**

<table>
<thead>
<tr>
<th></th>
<th>Gross Response</th>
<th>Net1 Response</th>
<th>Net2 Response: Less Undeliverables</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gross Count (Clickmeter)</td>
<td>toggle 40</td>
<td>38</td>
<td>38</td>
</tr>
<tr>
<td>Adjusted Count Assumed Tests &amp; Errors</td>
<td>15% 34</td>
<td>32</td>
<td>32</td>
</tr>
<tr>
<td>Gross Response Rate</td>
<td>0.80%</td>
<td>0.76%</td>
<td>0.84%</td>
</tr>
<tr>
<td>Adjusted Response Rate</td>
<td>0.68%</td>
<td>0.66%</td>
<td>0.72%</td>
</tr>
</tbody>
</table>

**Prospects: DM Only Recipients**

- 5000

## 2. Test Group

**Real Mail Users (NoVA Consumers, 74% source Cust Reg)**

<table>
<thead>
<tr>
<th></th>
<th>Gross Response</th>
<th>Net Response</th>
<th>Net Response</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gross Count (Clickmeter)</td>
<td>toggle 38</td>
<td>35</td>
<td>35</td>
</tr>
<tr>
<td>Adjusted Count Assumed Tests &amp; Errors</td>
<td>15% 32</td>
<td>30</td>
<td>30</td>
</tr>
<tr>
<td>Gross Response Rate</td>
<td>1.01%</td>
<td>0.93%</td>
<td>0.95%</td>
</tr>
<tr>
<td>Adjusted Response Rate</td>
<td>0.85%</td>
<td>0.79%</td>
<td>0.80%</td>
</tr>
</tbody>
</table>

**Prospects: DM Only Recipients**

- 4500

## Channel 1 - Direct Mail - Hand-entered URL

<table>
<thead>
<tr>
<th></th>
<th>Gross Response</th>
<th>Net Response</th>
<th>Net Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Count (Clickmeter)</td>
<td>toggle 240</td>
<td>220</td>
<td>220</td>
</tr>
<tr>
<td>Adjusted Count Assumed Tests &amp; Errors</td>
<td>15% 204</td>
<td>187</td>
<td>187</td>
</tr>
<tr>
<td>Gross Response Rate</td>
<td>6.35%</td>
<td>5.82%</td>
<td>5.94%</td>
</tr>
<tr>
<td>Adjusted Response Rate</td>
<td>5.40%</td>
<td>4.96%</td>
<td>5.05%</td>
</tr>
</tbody>
</table>

## Channel 2 - RMN Message (RMM) - Click-Throughs

<table>
<thead>
<tr>
<th></th>
<th>Gross Response</th>
<th>Net Response</th>
<th>Net Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Count (Clickmeter)</td>
<td>toggle 278</td>
<td>255</td>
<td>255</td>
</tr>
<tr>
<td>Adjusted Count Assumed Tests &amp; Errors</td>
<td>15% 236</td>
<td>217</td>
<td>217</td>
</tr>
<tr>
<td>Gross Response Rate</td>
<td>7.36%</td>
<td>6.75%</td>
<td>6.99%</td>
</tr>
<tr>
<td>Adjusted Response Rate</td>
<td>6.25%</td>
<td>5.74%</td>
<td>5.85%</td>
</tr>
</tbody>
</table>

**Prospects: DM + RMM Recipients**

- 3778

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Proven Prospect 10% UAA

Proven 98% Deliverable to RMN Users
- MSP additional credit
- Pre-Approval/Mail Acceptance samples
- USPS Innovations Lab--tour sign up
Program Office contact:

Email: mailingpromotions@usps.gov
Facsimile: 202-268-0238
Mail: US Postal Service
Post Office Box 23282
Washington, DC 20026-3282

Program Requirements & Documents

https://ribbs.usps.gov/index.cfm?page=mailingpromotions

Registration

https://gateway.usps.com

PostalOne Help Desk:
(800) 522-9085 or postalone@email.usps.gov