

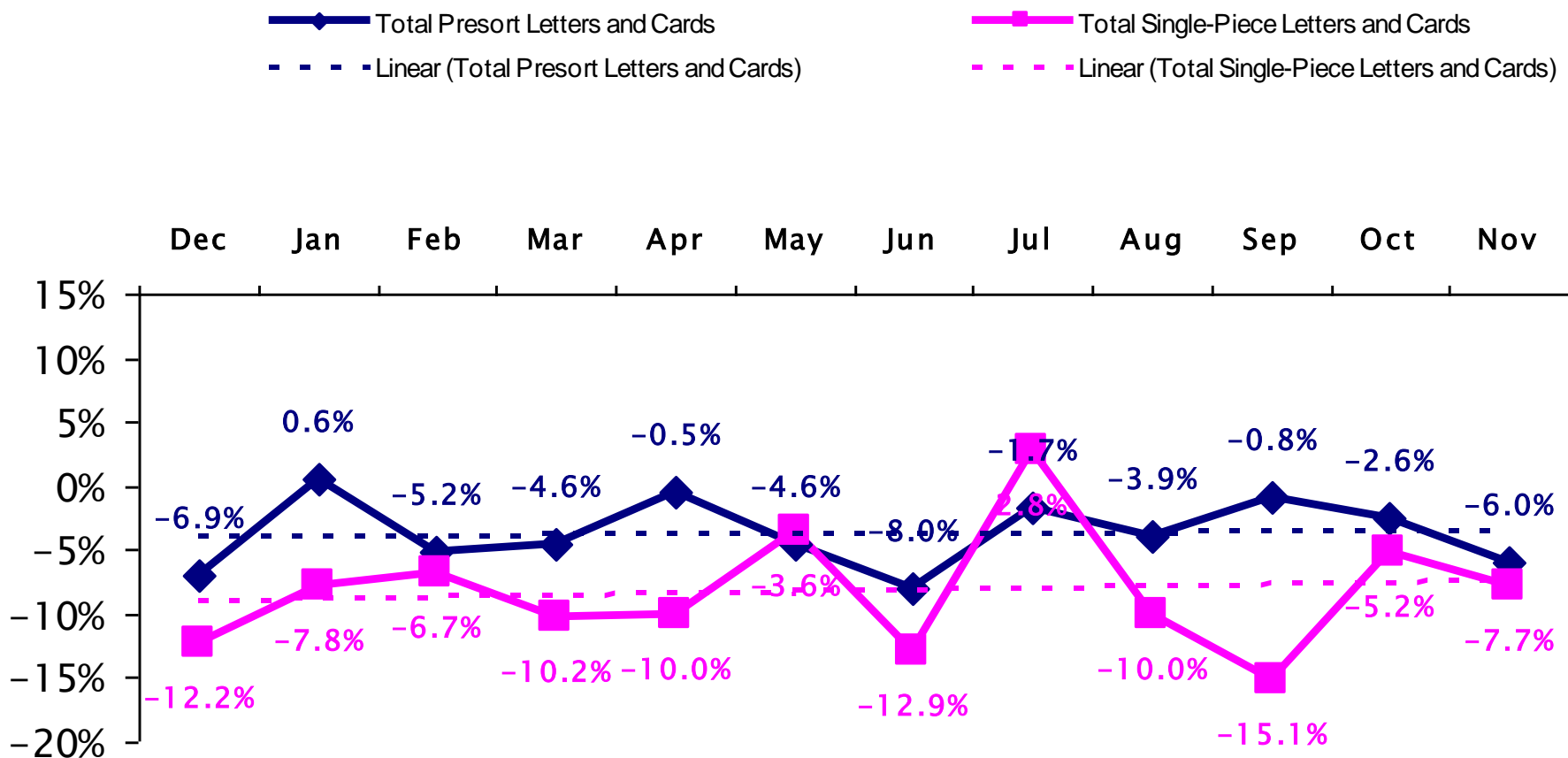
First-Class Mail Focus Group – Product Development

MTAC

January 15, 2014

- **Pulse of Industry**
- **Alternate Postage Update**
- **Promotions Update**
 - **2013 Promotion Results**
 - **2014 Promotion Updates**
 - **2015 Promotion Ideas**
- **Open Discussion**

First-Class Mail Volume (% Change over SPLY)



Nutur-Energi A/S

- Danish energy company tested whether switching to **paper invoices** with a new population of customers would improve speed of payment.
- Determine the total operational costs of using digital invoices versus paper invoices.

Study Parameters

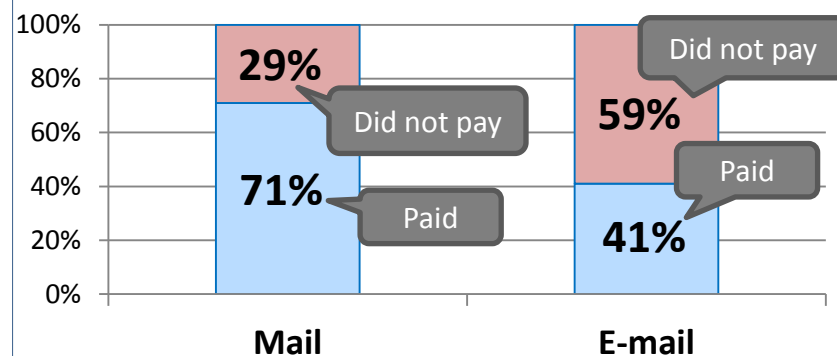
- Test population was 2,879 new customers.
- Payment behavior through a 2-month billing and payment cycle carefully monitored.
- Tracked: Form of reminder, calls to Customer Service Center and date of payment.

Study Results

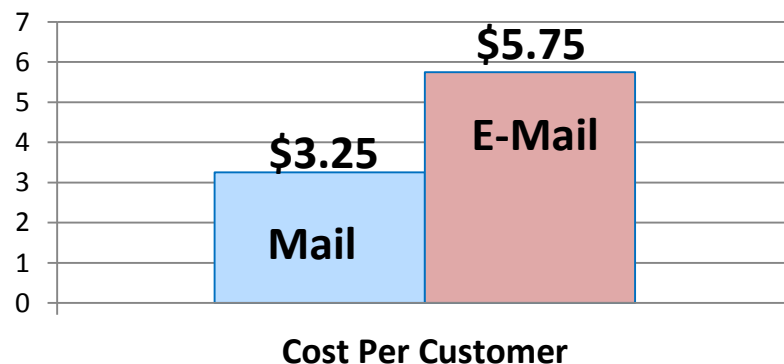
- Company Costs: \$3.25/customer to get paid by paper invoice and \$5.75/customer billed by e-mail; a difference of 42.8%.
- Speed of payment proved **faster with paper invoices** versus e-mail invoices.

Case Study Statistics

Customers that paid with *first* reminder



Cost Per Customer: Mail vs. Email



Alternate Postage Update

Creating a New Opportunity for the Mail

Alternate Postage Payment: An easy, convenient way to send single-piece First-Class Mail® – letters and postcards – without a stamp or postage affixed

Highlights:

- Using IMb technology to collect postage
- Picture Permit Indicia included free of charge
- Postage maybe partially prefunded or paid in full at time of mailing

Prefunding Levels	Letter
Up to 20%	\$0.56
21-50%	\$0.55
51-100%	\$0.54

For more information, please contact us at AlternatePostage@usps.gov

2013 Promotions

JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER
---------	----------	-------	-------	-----	------	------	--------	-----------	---------	----------	----------

DIRECT MAIL MOBILE COUPON & CLICK-TO-CALL



Include direct mail mobile coupons and/or click-to-call functionality to get an **upfront 2% postage discount.***

PRODUCT SAMPLES



Get a **5% upfront postage discount** when you run a qualifying product sample direct mail campaign.*

MOBILE BUY-IT-NOW



Integrate mobile shopping technology into your mail campaigns and get an **upfront 2% postage discount.***

PICTURE PERMIT™



Increase the visibility and impact of your mailings—and **save up to 2 cents per piece**—when you use a Picture Permit™ imprint indicia on your outgoing mail.*

EARNED VALUE REPLY MAIL



Increase your response rates and get **2 cents back** on every reply when you include First-Class™ CRM/BRM envelopes in your outgoing mail.*

EMERGING TECHNOLOGIES



Use innovative technologies—like near-field communication, augmented reality, and authentication—in your mailings and get a **2% discount.***

*Restrictions apply. Promotion details are subject to change.

Emerging Technologies Promotion

Good Response to Survey

- 64% response rate
- Promotion encouraged technology adoption
 - For 40% of respondents, ET was a part of a *new* campaign at their respective companies.
 - 100% of respondents had not used AR on mail pieces prior to the promotion.
- Augmented reality was technology of choice
 - 90% of respondents exclusively considered the AR component (i.e., did not consider NFC or Authentication)
 - 90% of respondents purchased an app from a third party
- Positive comments about registration: “registration is quite easy,” “don’t change anything,” and “it was not an issue.”

JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER
---------	----------	-------	-------	-----	------	------	--------	-----------	---------	----------	----------

DIRECT MAIL MOBILE COUPON & CLICK-TO-CALL



Include direct mail mobile coupons and/or click-to-call functionality to get an **upfront 2% postage discount.***

PRODUCT SAMPLES



Get a **5% upfront postage discount** when you run a qualifying product sample direct mail campaign.*

MOBILE BUY-IT-NOW



Integrate mobile shopping technology into your mail campaigns and get an **upfront 2% postage discount.***

PICTURE PERMIT™



Increase the visibility and impact of your mailings—and **save up to 2 cents per piece**—when you use a Picture Permit™ imprint indicia on your outgoing mail.*

EARNED VALUE REPLY MAIL



Increase your response rates and get **2 cents back** on every reply when you include First-Class™ CRM/BRM envelopes in your outgoing mail.*

EMERGING TECHNOLOGIES

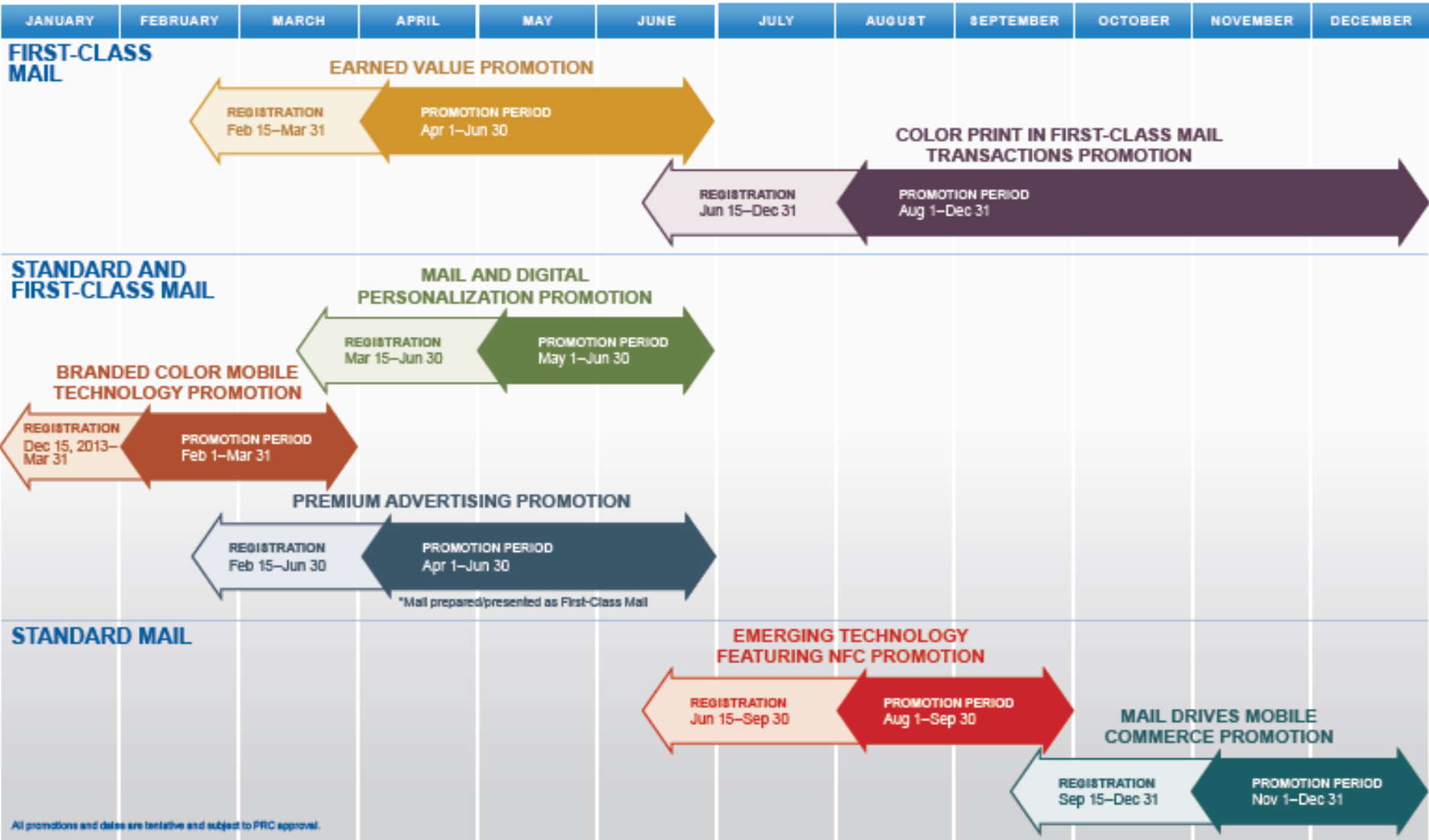


Use innovative technologies—like near-field communication, augmented reality, and authentication—in your mailings and get a **2% discount.***

*Restrictions apply. Promotion details are subject to change.

- Strong Participation
 - Over 350 Mailers
 - Over 2.5 billion mailpieces
 - 18% of Standard Mail
 - 3% of First-Class Mail
 - Total discount nearly \$12 million
- Surveys to be sent in next two weeks

2014 Promotions



All promotions and dates are tentative and subject to PRC approval.

Branded Color Mobile Technology

- Promotion Period: February – March, 2014
- Eligible Mail:
 - Standard and Nonprofit Mail letters and flats
 - First-Class Mail presort and automation letters, cards and flats
- Discount: 2 percent per eligible mailpiece.
- Qualifying mailings must include either:
 1. A creative mobile barcode that incorporates **one** of the following:
 - a) two or more colors set against a background *(other than black or white)*
 - b) a trademark or graphic and at least one color *(other than black or white)*
 2. color digital image recognition technology
- Pending resolution on incentive code issues
 - Mail.XML versions 13.0A and 13.0B – use CCR value MT
 - Mail.dat version 13.1 – use CCR value MT
 - All other versions – use CCR value CP



Scan here with your mobile device for more information.

Branded Color Mobile Technology Promotion

- No Full-Service requirements

Premium Advertising Promotion and Color in First-Class Mail Transactions Promotion

- Must be in a Full-Service mailing
- 90% of mailpieces in statement must be Full-Service compliant

Mail and Digital Personalization Promotion, Emerging Technology Promotion, and Mail Drives Mobile Commerce Promotion

- Automation portions must be 90% Full-Service compliant

Updates

▪ **Earned Value Promotion**

- **Requirements posted on RIBBS**
- **Registration opens February 15**

▪ **Premium Advertising Promotion**

- **Requirements posted on RIBBS**
- **Letters sent to identified, eligible customers in late December**
- **Registration opens February 15**
- **Questions can be sent to: PremiumAdMail@usps.gov**

▪ **Color in First-Class Mail Transactions Promotion**

- **Draft requirements sent to MTAC UG#8 on 1/13**
- **Requirements will be posted to RIBBS end of next week**

Color Print in First-Class Mail Transactions Promotion

New

- Program requirements will be posted on RIBBS
- If you have questions whether your piece qualifies you can contact the program office;

➤ **Email:** FCMColorPromotion@usps.gov

➤ **Facsimile:** 202-268-0238

➤ **Mail:** US Postal Service

Attn: Color Print Promotion

PO Box 23282

Washington, DC 20026-3282



Updates

▪ **Mail and Digital Personalization Promotion**

- **Requirements posted on RIBBS**
- **Registration opens March 15**

▪ **Emerging Technology Promotion**

- **Requirements posted by end of January**
- **NFC and other “non-app” driven technology focus**
- **Potentially expanding promotion to include “Enhanced” Augmented Reality**
 - **Continuing to define these parameters/requirements**

▪ **Mail Drives Mobile Commerce Promotion**

- **Requirements posted early February**
- **Further definitions of “enhanced mobile purchasing” requirement (# of clicks/time to complete purchase)¹⁸**

Proposed Industry Ideas for 2015 Promotions

MTAC User Group #8

- Last meeting – December 17, 2013
 - Discussed Industry ideas for CY 2015 Promotions
 - Meeting notes posted on RIBBS
- Next meeting - Tuesday, January 21, 2014 (12PM)
 - Discuss any new industry ideas
 - Discuss implementation issues surrounding current promotion

- Ideas submitted to USPS and discussed at MTAC UG #8 meeting
- Themes centered around:
 - Extend and Build on Prior Promotions
 - Build upon previous promotions and continue strategy to encourage mailers to integrate direct mail with mobile technology
 - Promotions on Extra Services and Best Practices
 - Promote and expand use of extra services and promote best practices for mail preparation and induction
 - New Ideas
 - Include promotion both technology driven and traditional mail techniques that improve ROI

- Extend and Build on Prior Promotions
 - Color / Transpromo
 - Build on 2014 Promotion to next evolution in this process: a promotion related to color personalization (transpromo).
 - Augmented Reality
 - Continue to explore other solutions/offerings for this technology type.
 - Click to Chat (Mobile Barcode)
 - Offer a click to chat option using a mobile barcode as launching point.
 - NFC
 - Since technology use still has not become widespread try again in 2015
 - Earned Value/Reply Mail
 - Continue the Earned Value promotion, previously offered in 2013 and 2014.
 - Mobile Barcode Technology
 - encourage marriage of digital & print environments with another QR code promotion. encourage best practices (call to action, mobile-optimized, etc).

- Promotions on Extra Services and Best Practices
 - Extra Steps > Beyond the requirements
 - USPS has requirements for mail qualifying at the lowest postage rates (address quality, mail preparation, mail induction etc.). Promotion would reward mailers that go beyond the requirements in preparing and providing mail to the postal service for delivery.
 - UAA Secured Destruction
 - The USPS currently has UAA Secure Destruction in trial – and is hoping to move to implementation in 2014. In 2015, offer an incentive to get customers using this service.
 - AEC 1 & 2
 - Offer a promotion for mailers to try this service for free.

- New technology and other ideas
 - Engagement Devices Promotion
 - Promotion for mailpieces with 2 or more interactive engagement devices on the outside of the mailpiece, such as: zipper perfs, tear strips, embedded peel-off notes, unique window shapes, peel-off labels, and repositionable notes.
 - Digital Coordination
 - Using new technologies to gather recipient feedback. The Postal Service could digitally enable hard copy mail by building a digital feedback loop. Mailers would place a code or symbol on advertising mail pieces. Recipients would be rewarded for scanning the code with their smart phone and providing feedback
 - Big Data Use
 - Evaluate how to enable use of USPS Big data and reverse engineer a product/service where the USPS can offer to mailers a notification/update to a bad address that many others also have in the system that is wrong.
 - ISIS
 - Promotion centered around payment on a mobile device
 - Communication through the mail
 - Promote annual mail campaigns through all of our schools to educate a new generation on how to communicate through mail.
 - Periodicals Advertisers Promotion
 - Promotion to encourage advertisers in periodicals to use Direct Mail. Provide credit for Standard Mail postage to eligible periodicals advertisers.

- **Patent concerns**
- **Mail Intercept discussion**

Open Discussion