Updated: ___12/12/17_____

MTAC Focus Group Session Notes
Wednesday, December 6, 2017

PRODUCT INNOVATION & EMERGING TECHNOLOGY
Gary Reblin, USPS VP-New Products and Innovation
Steve Colella, MTAC Industry Leader, Emerging Technology & Product Innovation

Session 1: MARKETING MAIL   (FLANAGAN, MTAC Industry Leader)

Gary Reblin welcomed all.

Standard Mail Volume Trends

2017 QTR 3 down -7% from SPLY

The USPS believes they are up a bit so far FY 2018-QTR1 and therefore will end up above plan.

Question: Can USPS do analysis by industry segment to determine what industries growing or declining? Answer: yes can do by company. USPS will share with industry.

Action Item discussed: USPS to share with industry segment specific data showing volume changes. Also provide data on movement from one category of mail to another. Example mail moves from letters to flats and back.

% of Change SPLY

High density (HD) and saturation (S) letters (6.5)
HD and S flats and parcels (2.8)
Carrier Route (CR) 8.5
Flats (33.6)

Product initiatives:
- Introduced Elke Reuning-Elliott and Dale Kennedy, new Director Product Management Mailing Services and new Manager Product Manager Special Services respectively
- Product Performance Analysis
- Evaluate CR letters of optimization opportunities (WG #188)
- Evaluate flats for optimization opportunities
    - Product usage
    - Requirements & Structure
        - Indicia
        - Piece Pound Analysis

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- Opportunity for threshold based incentives (catalogers)
- Evaluate Simple samples product performance and market potential
- Simplify the pricing structure and on boarding process for Picture Permit.

New Team Members:

- Steve Mills-working on Saturation Mail CR and catalog incentive
- Lyn Seidler working on flats
- Dan Bentley works on election and political mail; FCM
- Lauren Williams-catalogs working on business case together with Steve Mills
- Nonprofits-Dale Kennedy is outreach and Elke-Running Elliott is product.
- Paul Pruitt-
- Tonya Dodson - Periodicals, Simple Samples

Special Services Initiatives:
- Assembling new team members:
    - Currently have three of four positions filled and assigning products/roles to new members
    - Last position should be filled by end of December
- Concentration around current product effectiveness
- Partnering with Product Innovation to support new product development/roll out and prepare for transition to Product Management when new products have matured
- Reviewing product contribution for each special service product or service.

Concentration around Current Product Effectiveness
- Working to address issues for Certified, Premier forwarding, hold for pickup , Business Reply Mail, and PO Boxes
    - Refresh training in the field
    - Address system issues
    - Working with various customers who are using these products
    - Establish new baseline for product effectiveness

- Looking to identify opportunities to simplify special services product offerings.

Stamps: Steve Monteith provided slide of inventory. All stamps on list are available through Kansas City.

Action Item discussed: USPS to post the stamp list for all mailers to view.

Promotions Update:

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Need BOG to do promotions in 2018. USPS is moving promotions internally to ELT (Executive Leadership Team) and once this happens USPS will share drafts with industry. Gary hopes to have drafts by after the New Year.

Action Item discussed: Gary/Promotions Group to share 2018 business rule drafts as soon as possible once promotions are approved by ELT.

2018 promotions would be similar to those in 2017 with exception of direct mail starter. May move Informed Delivery out of mobile shopping and run alone in place of starter promotion. USPS plans to run all promotions in whatever time is available after BOG approval.

Jeff Tackes replacing Coakley Workman
Krista Becker taking over MTAC User Group 8 for promotions

Promotions Recap:

Mail Volumes:
- Total Volume to date 14.2 B mailpieces
- Surpasses 2016: 96% of 2016 volumes with time still left.

Mail Revenue
Total Revenue:$ 3.6B
Exceeds 2016
Participants: 1927
Exceeds 2016 by 20%

2017 Earned Value:
- Participants: 729
- Final Volume: 1.3 B pieces (250% increase)
- Credit acceptance ended 9/15
- Credits expire 12/31/17

Tactile Sensory
- Participants: 158
- Volume: 1.2B
- Rev: $268M

Starter Incentive
Participants: 1

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2017 Emerging and Advance Technology:
- Registered: 301   Participants: 265
- Volume 5.1B
- Rev 1.1B

Color Transpromo (as of 11/27) still open
- Registered: 74   Participants: 64
- Volume: 1.2B
- Revenue: $430 M

Mobile Shopping as of 11/27-still open
- Registered: 913 Participants: 713
- Volume 5.6B

Surveys

Mobile Shopping Participation
Promotion response rates at record high. Following shift in survey process
- 45% of all mailers responded to the enrollment survey
- 38% of all mailers responded to the mid promotions survey

Presently getting 50% response rate which is still low it but is much better than prior surveys.

For all mailers, those who measure the response rate on their mailpieces mail more than counterparts.

On average repeat Mobile Shopping mailers who measure click through rates mail three times as many mailpieces in promotion as those who do not measure the response rate.

Sharon Harrison: Why is First-Class not allowed to participate in mobile shopping? Answer: timing - since color Transpromo was running at same time so since you can only participate in one promotion at a time thought was First-Class will use Transpromo. Promotions will look at perhaps running mobile and color at different times next year perhaps allowing First-Class to participate in both. .

QR codes are back:

Apple now has built in QR code scanners.

Social Media inclusion of QR codes in products and promotions
- Snapchat has integrated QR code reader into the hands of 161 million

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- Facebook testing rewards with personalized QR codes of offline purchases
- Pinterest new version of QR codes for retailer and brands
- Interactive games that can lead to purchases (Pokémon Go)

QR does are incredibly measurable
- Personalized QR codes shopping
  - Links ad to an in store transaction
- Renting bikes on the go and other services
- Measuring digital and mobile conversions

Barrier to entry has been lowered
- QR code functionality is now integrated into major mobile platforms (iPhone)
- Snapchat made QR codes cool by turning themselves into a QR Code
- Standardizations of codes and scanners issue has improved

Brand usage
- One App in Starbucks links to a mobile web based version - had 27% of customers trying app
- Pepsi featured snapcodes (QR) that unlocked; exclusive lenses, Geo-filters and games.

QR Evolution: Payments
- EMVCo (developed EMV Standards) issued guidelines in September 2017 for use of QR Codes in payments
- Enables two modes:
  - Consumer presented
  - Merchant presented
- Eliminate "Card not present" fraud issues and transmissions without

Google Lens makes responding to DM Even Easier

- Open Camera
- Tap
- Take Action

Uses:
Identify items (like flower)
Go to URLS-eliminate typing address
Can Barcodes and QR Codes

Feature rolled out in December 2017

Irresistible Mail Contest 2018

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- New name (Next Generation Campaign) and new rules
- All entries must use Informed Delivery
- Entries due January 15, 2018
- Finalists compete to become Grand Champion at NPF
- Finalist will be included in Irresistible Mail book
- Wining client, agency and printer will be recognized

www.irresistiblemail.com/award

Informed Delivery
Over 35% of customers are getting emails
90% of new customers signing up for email option

- 75 participating MID owners
- 6.34MM registered households
- 520+ campaigns completed
- 73.6% average email open rate
- 3.7MM unique dashboard views
- 7.05 MM registered users
- 2.3M emails

Recent Campaign Results:

See Excel spreadsheet in slide presentation

Action Item discussed: USPS to share results from their planned Informed Mail campaigns conducted.

Mailers Campaign Portal
Mailer participation continues upward trend in usage.

Action Item discussed: Evaluate how surveys are sent out and the ability for the MSP to forward. Additionally most likely the response scores are under estimated because the MSP might not be the person to answer so they do not.

Action Item discussed: Update of First-Class (6 x 9) idea.

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- USPS to share industry segment specific data showing volume changes. Also provide data on movement from one category of mail to another. Example: mail moves from letters to flats and back.

- USPS to post the stamp list for all mailers to view.

- Gary Reblin's Promotions Group to share 2018 business rule drafts as soon as possible once promotions are approved by ELT.

- USPS to share results from their planned Informed Delivery mail campaigns conducted.

- Evaluate how surveys are sent out and the ability for the MSP to forward. Additionally most likely the response scores are under estimated because the MSP contact might not be the person to answer – so they do not do so.

- Update of First-Class (6 x 9) idea.

Session 2: PERIODICALS   (STUMBO, MTAC Industry Leader)

Gary Reblin welcomed all.

Pulse of the Industry - none

Volume Trend continues downward. FY2018 down 6%

Product Management Update:

See Marketing Mail notes

Periodicals did have brainstorming session recently with USPS to try to generate new ideas to slow Periodicals decline

- Evaluate recommendations from PAG for potential implementation:
- Authorize special interest publications (SIPS) at the group level as Periodicals
- Use postal delivery of periodicals to newsstands-eligible for Periodicals prices?
- Have a Periodicals price for single copies
- Allow more prospecting at the Periodicals rates
- Increase weight limit for inserted product samples
- Allow mailing to a subset of subscribers at Periodicals rate for greater flexibility
- Reduce number of minimum pages for requester pubs to 16
- Use "wantedness" to help new pubs acquire Periodicals status.
- Use a click on feature in Informed Delivery to track recipients' interest in a publication

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- Allow SIPSs to be offered as subscription premiums and pay Periodicals rates when poly-wrapped with a Periodicals title

Action Item discussed: PAG to create a subgroup to flush out the brainstorming ideas and any others that may be suggested. Tom Foti will follow up with Randy Stumbo the week of December 11 to develop plan for following up on these ideas.

Action Item discussed: Periodicals industry needs to show 'mail multiplier' effect – that getting a new subscriber brings to the USPS new revenue with other classes of mail (i.e. First class invoices, Standard Mail renewal notices, mailing of the publication itself, etc.).

Peter Moore and others suggest USPS look at creating threshold base line and if Periodicals mailer can increase volume over threshold USPS then might be able to justify providing a discount.

Simplification:

QR Code Trends-See Marketing Mail Notes

Informed Delivery Update:
Have 5 Periodicals mailers using Informed Delivery-ESPN providing live copy image.
ESPN has link to provide 2 for 1 offer. ESPN has only 300,000 subscribers that go through FSS.
USPS to start bundle scans in December so Informed Delivery eventually will be used to trigger the email.

Action Item discussed: USPS to start tracking how many of Informed Delivery subscribers mail goes through FSS and how many were manually processed.

Action Item discussed: 75 participating MID Owners-question is how many business entities are involved with Informed Delivery. USPS to look for new way to define 'MID Owners versus Business Entries."

Weekly Growth of users on Campaign Portal from 9 in week of 9/10/17 to 813 week of 11/26/17.

DDU Entry in non FSS areas-if USPS offers a discount to incent industry to move to lower entry level. Industry would like USPS to provide a ball park figure of how much discount might be available to determine if Periodicals industry can make it work. Industry doesn't want to do research if don't know how much discount is available.

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Action Item discussed: Steve Monteith to work through Randy Stumbo and Pricing to look into DDU entry in non FSS areas incentive.

ACTION ITEMS

- PAG to create a subgroup to flush out the initial brainstorming ideas already generated for adding value to Periodicals and add others that may be suggested. Tom Foti will follow up with Randy Stumbo the week of December 11 to develop plan for following up on these ideas.

- Periodicals industry needs to show 'mail multiplier' effect that getting a new subscriber brings to the USPS by generating revenue in other classes of mail (i.e. First-Class Mail invoices, Standard Mail renewal notices, the mailing of the publication itself, etc.).

- USPS to start tracking how much of Informed Delivery subscribers mail goes through FSS and how many were manually processed.

- Of 75 participating MID Owners shown - question is how many business entities are involved with Informed Delivery. USPS to look for new way to define "MID Owners versus Business Entities."

- Steve Monteith to work with Randy Stumbo and USPS Pricing to look into DDU entry incentive for non FSS areas.

Session 3: FIRST-CLASS   (TATE, MTAC Industry Leader)

Gary Reblin welcomed all.

Pulse of the Industry: Mike Tate brought up issue that Industry wants to get promotion business rules distributed to the industry as soon as possible to allow industry to prepare for the promotions.
Gary Reblin said he does not have authority to publish rules when there was no Board of Governors (BOG) and therefore no chance for the promotions to be approved. Now that there are three BOG nominees the USPS can seek approval through the ELT to at least see if the draft promotion rules can be distributed.

First-Class promotions planned include: color promotion with new twist - to allow a portion of the discount (half) for static color on invoices and other First-Class documents; if the client is unable to do dynamic color. Earned Value is also on table.

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Starter promotion is out due to only 1 participant in 2017. This promotion would be replaced by Informed Delivery promotion.

The MSP promotion will not be submitted to the PRC in 2018 because the USPS feels it is too controversial.   USPS will look to do same as previous years to get through PRC quicker.
USPS will share information on promotions in next User Group 8 meeting and then hope to have business rules ready for industry distribution in January 2018.

An idea for promotions is to not tie them into calendar years-perhaps can run during fiscal year or not tied to any calendar-if the time period runs over two calendar years why not?

Volume QTR 4 2017 - single piece down 4.4% and presort down 1%

2017 promotion recap-see Marketing Mail notes

QR Code discussion-see Marketing Mail notes

Irresistible Mail-see Marketing Mail notes

Informed Delivery-Bob Dixon

Stats-see Marketing Mail notes.

Email subscribers are increasing.

Bob shared timeline through 2019 and will start sharing this timeline on website.

Industry wants images of mail pieces and Bob Dixon asked for volunteers to help write specifications.

Action Item discussed: Establish User Group to flush out all Informed Delivery ideas including identifying subscribers, sharing images, providing data to mailers and all other challenges and informed delivery enhancements.

Bob to look at revising current language on Informed Delivery which reads:

"Mailpieces may arrive several days after you receive the notification. Please allow up to a week for delivery before reporting missing mail."

The missing mail report is not the same as notifying the Informed Delivery Department the piece on the email did not arrive. Bob has not seen an increase in missing mail reports.

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Assumed Change of Address (ACOA)

Use Informed Delivery data to determine if someone has moved.

Action Item discussed: USPS to provide information on how to access the Informed Delivery Mail Portal-access through the Customer Gateway under "Other Services"

New Product Management Organization was discussed.

Action Item discussed: Tom Foti group to look into UAA mail being returned by the USPS when mail piece does not have return endorsements.

ACTION ITEMS

- Establish MTAC User Group to flush out all Informed Delivery ideas including identifying subscribers, sharing images, providing data to mailers and all other challenges and Informed Delivery enhancements.

- USPS to provide information on how to access the Informed Delivery Mail Portal-access through the Customer Gateway under "Other Services."

- Tom Foti group to look into cases where UAA mail is being returned by the USPS when mail piece does not have return endorsements.

- Consider FCM for mobile shopping promotion

Session 4: PACKAGES	**(MEDEIROS, MTAC Industry Leader)**

Steve Monteith welcomed all.

Pulse of the Industry: John Medeiros said he would cover this as we go through agenda.

Product Management Update:

Tom Foti-department is up and running. Jay Smith is covering shipping. Total staff is 23.

Shipping Products: Jay Smith Director Product Management:

- Product Management Team Composition:

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          o   Five of seven positions filled

          o   Product assignments under review

- Focus on optimization of current product performance
- Partnering across functions to support new product initiatives and strategies
- Identify customer challenges with shipping products
- Build a product information repository for internal and external stakeholders
- Look for opportunities to maximize the effectiveness of our shipping product offerings
- Partner with MEPT (Pritha) and others to develop strategies for Package Platform
- Work closely with Operations and Pricing for new market opportunities

Dale Kennedy Manager Product Management – Special Services

Has 3 of 4 positions filled.
See notes Marketing Mail.

MTAC Update-Shipping Products and Services Product Innovation: Karen Key

Redesign of PS Form 3849 We Redeliver for You!
Went live in NE and Pacific area October 2017. National implementation is scheduled for January 21, 2018.

Total of 282,953 call center requests is down to 49,000+ and goal is to continue to reduce reliance on call center and use electronic and other media.

Scan QR code - six options appear for client to redirect delivery.

Forms redesigned include:

PS Form 3849G-Go Post
34849SD - Sunday Delivery

Online Refunds for Priority Mai Express went live September 30, 2017

Coming Soon:

Click N Ship and Consumers
- Ability to request multiple labels refunds in a single file

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- Enhance Search Functionality
- Refund via original form of Payment
- Enhanced Customer experience on USPS .com

Commercial Customers
- Updated activity history
- New event codes
- Mail Entry Payment Integration
- Enhanced customer experience on Business Customer Gateway

Had 1100 approved requests and 631 denied to date. USPS has Improved turnaround time for refunds response.

Redelivery Platform Strategy:

110,341,106 attempts in FY17 down -2% from 112,883,065 for prior year.
Chart provided break down attempts by Product-including Priority Mail Express, First Class Package Service, Package Service (retail/commercial) Priority Mail, Parcel Select, N/A and Other.

Establish Team of internal Stakeholders to:
Review proposed initiatives
Receive Buy in from internal and external stakeholders
Prioritze
Develop

Initiatives:

- Launch of Redesigned PS Form 3849
- Activate PS form 3849 Barcode on the back for SSAs
- Automated MyPO second notice/Final Notice
- USPS Customer Pickup Locations
- Locker: Keyless Parcel Lockers and GoPost-option for redelivery
- Mobile Order Ahead for Notice Left-to go to PO to pick up
- Overhaul Redelivery APP
- eSignature on File
- Informed Delivery
- Scan government issue photo ID 2 D barcode

Expedite Packaging Supplies
- Informed Delivery Sticker

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- o Sticker created - Brand Management to improve awareness of service and encourage to register
  - o Quantity of labels 1M
  - o Applied by: Expedited Packaging Supplies EPS fulfillment partner
  - o Placement on shipping containers - USPS.com

- QR Code on 30 Expedited Packaging Supplies
  - o OR codes being placed on 30 USPS supplied standard packaging
  - o Standard packaging available at Retail
  - o QR Code when scanned will allow customer to schedule package pickup
  - o Available early 2018

- Priority Mail Express Label

Underline USPS plan to introduce Cold Packaging for NSA customers in 2018
- Packaging will provide 72 hours of maintaining 36 to 45 degrees
- Package will be the only 100% recycled cold chain in the market
- 100% environmentally friendly
- There will be 3 box sizes
- Patent by USPS
- Cost for box plus postage

Coakley Workman heading up the program, is point of contact, for companies wanting to test.

COD Hold for Pick-Up-Retail Expansion

- Eliminates need for 5 ply PS form
- Printed at Retail System Software (RSS) sites
- New hardcopy labels for manual sites
- Roll out January 21, 2018

Pilot Test Elimination of Two Extra Service Forms at the Retail Systems Software (RSS) sites
Test Feb 4 through March 2018

Hold Mail Service Overview
- Min 3 day hold max 30 day
- Form not updated since 2002
- New form has options including QR code which if scanned will bring customer to website to select option.

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14MM requests for hold mail. 11MM come through USPS.com and 50,000 through call center. USPS wants to reduce number of requests through call centers.
Another 2MM requests comes through Mobile and another 78M through IVR (integrated voice response).

<u>Informed Delivery-Bob Dixon</u>

Package status will be included with email notifications starts December 8, 2018

ACTION ITEMS

- Engage with package mailers in the process for Informed Delivery for packages.