

Service Standards – MTAC Subgroup #114
Proposed Standard Mail Standards Recommendation
DRAFT 7/19/07

Standard Mail Description

Standard Mail represents over 45% of the mail delivered by the US Postal Service (USPS), and is an economical way for business mailers and non-profit organizations to communicate to a targeted market in a local, regional or national area. Standard Mail is typically used for advertisements, flyers, newsletters, and catalogs. Specific examples of its uses are: customer acquisition, product or company awareness and promotion, customer loyalty, product sales/orders and non-profit fund raising.

Standard Mail is a product that can be deferred to meet the standards established for First-Class Mail, Periodicals and Expedited Services. Standard Mail is almost exclusively transported via ground transportation. The length of time to process and deliver Standard Mail is a critical differentiator from what is expected for Expedited Services, First-Class Mail, and Periodicals.

A key aspect of Standard Mail is the ability to allow for “work-sharing” with mailing customers. Today, destination entry worksharing for mail represents approximately 75 percent of all Standard Mail. This mail is entered further into the USPS network (Destination Bulk Mail Facility (DBMC), Destination Sectional Center Facility (DSCF), and the Destination Delivery Unit (DDU)) and avoids USPS originating processing and transportation. The savings accrued from the elimination of all originating processing and the reduction of USPS transportation costs has enabled the USPS to offer postage discounts. This program also better accommodates a service standard within a shorter range of delivery days and provides tighter control to mailers who pay for the transportation. Transportation companies are accountable for their delivery as their continued viability depends on “on time” delivery to the BMC, SCF or DDU.

Standard Mail User Needs from Service Standards

Consistent delivery from the US Postal Service is one of the most important aspects for mailers who use Standard Mail. When the mailing industry speaks of service standards, the mail should be delivered according to requested in-home dates and service standards that are published, known and consistently achieved. The mailing industry views consistency and predictability in delivery of standard mail as the greatest possible benefit of established service standards.

Mail that is delivered prior to or extended beyond an expected service standard date harms a marketing/communication event and diminishes all of a businesses’ surrounding supply chain and consumer end user activities. Mailers work thru the USPS Business Service Network and request notifications is sent to USPS Plant Managers about upcoming mailings that are time-sensitive in nature. They can use a Postal Bulletin Mail Alert notification system. Some mailers also

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prepare special facing slips, pallet placards and flags placed on bundles, and pallets indicating the mail owner and the requested in-home delivery date range (generally a three day window). This additional effort is vital to assure that the mail is recognized once in the USPS processing and distribution system to help meet the mail owners marketing and sales efforts that at times must dovetail with merchandise availability, staffing, and other media advertising.

Carrier Route Flat size mail also can use the USPS ADVANCE program that sends an image of the mailpiece, along with piece quantities by ZIP Codes to appropriate DDUs to make them aware of the incoming mail to facilitate delivery windows.

If a mailer does not see any tracking information thru the USPS Confirm program scans, ADVANCE notification, or internal seeding responses, they will also make thousands of phone calls annually to the Delivery Supervisors at Destination Delivery Units to gage the receipt and potential delivery of the marketing message/mail to help assure on time delivery.

The necessity of communicating a requested in home delivery date would dramatically subside should the USPS processing network maintain consistency in delivery. Standard Mail must be delivered in a timely and consistent manner to the end customer according to published guidelines.

Destination Entry, (Drop Ship) Service Standard Matrix

Drop ship entry of mailings closest to the postal destination processing facilities offers an opportunity for far greater control over the time required by the USPS to affect delivery. This is accomplished via by-passing all “originating” and often higher level destinating processing facilities.

The current Standard Mail service standards are “originating” 3-Digit to “destinating” 3-Digit pairs and range in days to deliver from two to over ten days. The tables of 3-digit (originating) to 3-digit (destinating) pairs is far too cumbersome to employ and does not lend itself to easy understanding or use. Thus, the following proposed matrix for the 48 contiguous states is proposed for all drop-shipped entered Standard Mail.

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Standard Mail Service Standards Matrix (Contiguous 48 States)

Presort Type	DBMC/ASF	DSCF	DDU	Origin Entered*
Non-Carrier Route	3-5 Days	2-4 Days	NA	Refer to 3D O/D Pairs Matrix*
Carrier Route	3-4 Days	2-3 Days	0-2 Days	Refer to 3D O/D Pairs Matrix*
<p>*Use the USPS' Service Standards software to calculate standards by 3-digit O/D pairs for origin-entered Standard Mail. For mail traveling 4 or less zones the range of days is minus 1 day plus 1 day for the standard in the matrix. For mail traveling 5 or more zones the range of days is minus 2 days plus 2 days for the standard in the matrix.</p> <p>Other Footnotes: Use Destination Entry rate Category for USPS re-directed Mail. For mail originating or destinating in non-contiguous US see detailed 3-digit pairs service standards in the Service Standard CD</p>				

This proposed matrix is similar in design to the Fall Mailing Season matrix that has been used for several years indicating a range of days to expect delivery from the destination point of entry. This Standard Mail Service Matrix is proposed to be employed by the mailing industry to serve as a general service time guideline in planning when to enter mail at the three facility levels and by presort level. It was agreed that no distinction was needed for shape (letters and flats) and that the only necessary mail makeup distinction was identifying Carrier Route mail from mail which is not Carrier Route (basic, 3-digit, 5-digit, etc.).

Drop Ship entry for fairly dense mailings normally can expect delivery of three days from the DBMC level and two days from the DSCF. This represents mailings that are heavily Carrier Route qualified. For non-ECR mailings the time to delivery is usually one day longer. The distinction is due to the fact that carrier routed mail is moved to the delivery unit for the carrier to case and then deliver. Non-ECR mail must go through additional handlings and sortation process prior to the mail being transported to the delivery units. This is particularly true for flat shape mail. Even when the carrier must case the mail, they manage their workload, and potentially curtail volume, to accommodate the daily volume they are able to carry and deliver for a specific day.

The USPS wants all letter mail processed on delivery point sequencing equipment which resides primarily at the SCF level. Mail placed on the equipment is sorted for the carrier and merged with all other letter mail for the route. The management of the release of the mail to the intended recipients occurs at the SCF level and not by the carrier. The variances in depth of sort and process locations create the difference processing and delivery days from the level of drop ship entry facility.

Origin-Entered Mail Service Standards

Origin entered Standard Mail is mail which utilizes the entire USPS network. Mail entered at a Bulk Mail Center, or the origin point, in one area of the country will have to be separated to be transported to a destinating Bulk Mail Center. Once at the destinating BMC, the mail is then separated into the destinating Sectional Center Facilities and transported to them. Once at the Sectional Center Facilities, the mail is further separated to the Destination Delivery Units and transported to them. If all the origin entered mail is destined within the same area, the delivery time is much less than when the mail will need to travel across the United States. The nation's wide variation in geography and population density challenges the USPS delivery standards. The results of this challenge have been especially apparent in the slow and inconsistent delivery experienced by some mailers of origin entered Standard mail.

Fully understanding the challenge, the Standard Mail community still believes that predictability and consistency of delivery are key objectives that need to be addressed by the USPS for origin entered mail.

It is the recommendation of this group that:

- Existing USPS Service Standards need to be evaluated to determine if USPS performance meets existing standards and adjustments should be made as necessary. However, the group does not recommend significant downgrades in Service Standards as a result of this review.
- To provide more specific information to customers, the 3-digit origin by 3-digit destinating matrix will be necessary to enable customers with origin entered mail effectively target delivery windows.
- This 3-digit by 3-digit matrix should represent, based on USPS network and operational capability, the number of days to expect delivery from one origin 3-digit area to one destinating 3-digit area. However, to ensure consistency and reliability, the Service Standard to be used by customers should be a range of days as opposed to a single day. Therefore, when referring to the 3-digit by 3-digit matrix for origin entered mail, the expected Service Standard (or delivery window) should be determined based on the distance the mailpiece must travel for delivery. For mailpieces traveling 4 zones or less, the range of days for delivery is the expected day displayed in the matrix minus 1 day, plus 1 day. For mailpieces traveling 5 zones or more, the range of days for delivery is the

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expected day displayed in the matrix minus 2 days, plus 2 days¹. For example²:

- With a mailing entered in Boston to be delivered to Los Angeles. Customers referencing the 3-digit by 3-digit matrix may see an expected time for delivery to be 10 days to Los Angeles. Because the mailing is traveling more than 5 zones from origin to delivery, the actual Service Standard range will be 8-12 days.
- With a mailing entered in Boston to be delivered to Washington DC. Customers referencing the 3-digit by 3-digit matrix may see an expected time for delivery to be 6 days to Washington. Because the mailing is traveling less than 5 zones from origin to delivery, the actual Service Standard range will be 5-7 days.

Origin Entry	<u>4 or less Zones</u> X – 1, X + 1	<u>5 or more Zones</u> X – 2, X + 2
X = 3	2-4	1-5
X = 4	3-5	2-6
X = 5	4-6	3-7
X = 6	5-7	4-8
X = 7	6-8	5-9
X = 8	7-9	6-10
X = 9	8-10	7-11
X = 10	9-11	8-12
X = 11	10-12	9-13
X = 12	11-13	10-14
X = Number of days (displayed in the matrix) to expect delivery from one origin 3-digit area to one destinating 3-digit area		
Examples:	Boston to DC X = 6 Delivery Standard is 5 to 7 days	Boston to LA X = 10 Delivery Standard is 8 to 12 days

¹ Please note because Standard Mail does not have a Zone rate structure, it is recommended for Service Standard determination that the Zone structure in Package Services be used to determine the range of the service standards.

² It is expected that USPS is able to display this information electronically, in an ease-to-use format so as to not confuse the customer. (i.e., the customer is not expected to know the zone chart of the USPS to determine the delivery service standards.)

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Seasonality Adjustment – The Fall Mailing Season

Traditionally, the heaviest period of use for Standard Mail, the Fall Mailing Season, begins sometime in late August and continues through December. Due to the large volume of mail going through the postal system, which causes USPS processing capacity to be exceeded during this timeframe, it is very difficult to meet existing delivery standards. In an effort to maintain reasonable predictability of delivery and without incurring large cost increases, Standard Mail customers are willing to allow the standard to be expanded by one more day to deliver at both the DBMC and DSCF levels while DDU is kept the same. Because DDUs have no room to warehouse mail an additional day is not warranted for the DDU level. To simplify the discussion and implementation, the proposed seasonal adjustment in service standards will occur from September 1st and end on December 31st - one additional processing day is being added to the service standards only for this 4 month period.

**Fall Mailing Season – Standard Mail Service Standards Matrix (Contiguous 48 States) – Added +1 day to end of the range.
September 1 to December 31**

Presort Type	DBMC/ASF	DSCF	DDU	Origin Entered*
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Carrier Route	3-5 Days	2-4 Days	0-2 Days	Refer to 3D O/D Pairs Matrix*

*Use the USPS' Service Standards software to calculate standards by 3-digit O/D pairs for origin-entered Standard Mail. For Zones 1-4 range of days is minus 1 day plus 1 day for the standard in the matrix. For Zones 5-8 range of days is minus 2 days plus 2 days for the standard in the matrix. Use Destination Entry rate Category for USPS re-directed Mail.

Considerations – Delivery to the Non Contiguous Areas of the United States

Mail targeted to recipients domiciled in US States or Territories that are not contiguous with the 48 continental States require more delivery time due to the extended distance and transportation limitations for Standard mail. However, these Service Standards need to be realistic and attainable by both the USPS and the mail owner while not driving the cost of postage up. It is just as important to the mailer to have the same reliable, consistent delivery of their mailings to residents of non-contiguous areas.

Mailers need to know what can be expected for each of these areas where delivery requirements have unique geography, habitation, and available resources. Alaska features several populated cities with a highly dispersed sparse population that gathers their mail when the need arises to restock with

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necessary supplies. In Hawaii the mail must travel by boat transportation that is provided only two to three times per week to the several islands from the main island. Puerto Rico is just one island, but there is a language barrier and different address methodology and requirements. For Guam, Mid-way, and beyond there is great distance to be covered.

The lead-time available in most mailings do not allow for planned delivery to accommodate the challenges of reaching non-contiguous areas. In addition, mailers would not be willing to pay the required extra postage necessary for the USPS to perfectly emulate “state-side” delivery.

It is recommended that the 3-D Origin/Destinating Service Standards matrix software be updated to accurately reflect delivery times to and from locations outside the 48-contiguous United States and customers use this matrix to plan their mailings for delivery.

How to Calculate Delivery Days

- If mail is accepted before its Critical Entry Time, then the next day would be Day 1 in the service standards, except for Sundays and Holidays if calculating the delivery day.
 - Sundays do count as processing days in terms of the service standards, but not as delivery days.
- Weekends & Holidays:
 - When the last delivery day of a commitment falls on a Sunday or Holiday, the commitment is extended to the next delivery day. For example: Sunday is not a USPS delivery day so the standard would be the next delivery day.
- In determining the days to delivery, the entry day is considered day zero.

Bound Printed Matter (BPM) Flats

The members of the workgroup and the workgroup co-chairs reached out to mailers of BPM Flats. The feedback provided was not as plentiful as that of Standard mail; however, those that did respond agree that BPM Flats should have the same service standards as standard flats.

Service Standards Review and Communications Process

There is a need for formal processes to review service standards in the future, as well as the need for better communication processes when service standards are changed due to the USPS Network Optimization and Processing progress.