

**MTAC Focus Group Sessions  
May 16, 2012**

**Package Services**

Focus Group Session Notes

**John Medeiros, MTAC Industry Leader for Package Services**

*USPS Industry Engagement & Outreach Facilitator: Neena Dhuria*

**FG 4: Product Development 9:00 am – 10:30 am**

**Gary Reblin, VP, Domestic Products, USPS**

**Rose Flanagan, MTAC Industry Leader for Mail Pce Design/Prod Develop.**

*USPS Industry Engagement & Outreach Facilitator for Product Development: Jamie McHenry*

Discussion notes:

**1. Signature Confirmation on Parcel Select Lightweight**

(Marc McCrery, Mgr Specialized Shipping)

- Could signature confirmation (SC) be added on Parcel Select Lightweight? Not having this option could be a barrier to getting customers.
- Customers must now buy up to First-Class or Priority to use SC. The USPS must understand if this option would result in cannibalization of First-Class and Priority volume, and to what extent. Still studying this to determine if it will add new revenue or just move existing revenue.
- Is there a potential for new growth in Parcel Select Lightweight that could more than offset the diversion from First-Class to Parcel Select Lightweight.
- USPS still working through this. May do an experiment/contract with a consolidator to see what actually occurs. Will need to identify customers who may want to participate in test.
- Can a customer survey be used to get feedback on the level of interest in this product? Have gotten feedback through conversations but may do something more structured.

**2. June Product Changes**

(Karen Key, Mgr Shipping Products)

**Day Certain Delivery** for seasonal mailings, pharmaceutical

- USPS offering with Negotiated Service Agreement (NSA)
- Available beginning June 24<sup>th</sup> for Priority Mail and First-Class Mail
- Can the label be black & white instead of color? B&W is more cost effective for pharmaceutical companies, for example – USPS willing to look into this
- Industry has some other opportunities in mind for this value-added service – their sales teams will have lots of ideas for this application
- BMEU acceptance – verify and validate
- Dropped according to service standards - can be dropped one day early – extract file to office so they know it is coming
- Industry unhappy they did not know about the product. Although USPS designed it for large mailers, Industry says that there are other applications.

**3. Package Intercept** for commercial letters, flats or packages

- Introducing Package Intercept for commercial letters, flats or packages -- to match competitors' offerings
- Good alternative -- otherwise have to go to BSN or retail. Email updates will be sent as soon as package is tracked

#### 4. Pickup Services Enhancements

- Pickup window: 4-hour window for when package will be picked up.
- Managed merchant pickup – time to validate pickup address reduced to 24-48 hours.
- Recurring pickups – can schedule recurring pickup for up to a year (September 2012)
- Customer notification letter – discontinued. Notification text and email replace letter.
- Automate pickup on demand/schedule – new weekly rate
- Text notification to confirm pickup

#### Extra Services

- Electronic Bulk Proof of Delivery – Pub 80 will go into Pub 199 (June 24)
- Signature and Delivery Confirmation Services insurance up to \$5,000

#### 5. International Return Service

(Franca Davis, Exec Dir Intrntl Strategy & Busn Dvlpmnt; Dan Barrett, Mgr New Busn Opportunities)

##### Domestically:

- Retailers are making returns easier as a strategy for customer retention in an e-commerce setting
- US companies are estimated to spend \$45B annually on reverse logistics – mostly in areas other than shipping.
- Goal is to own the consumer, make ROYO (Return On Your Own) more attractive to the merchant with value-added services.
- For the first time, Automated Postal Centers (APCs) feature a Returns option on the initial screen.
- In September 2011, launched new cloud-hosted tool for label printing and distribution to round out capabilities.
- Returns being used as a gateway into expanding USPS e-commerce growth.

##### Internationally:

- Trying to push returns from an international perspective – not as far along as domestically, but extensive research shows that following pillars need to be fulfilled:
  - Targets high potential e-commerce markets
  - Scalable for worldwide implementation
  - Cost-effective solutions
  - Easy to use for consumers and businesses
- Not looking at incremental revenue per se, but how to grow outbound volume by offering a returns service.
- Determined particular markets. To target them effectively, USPS outlined an ambitious three-year plan to implement 8 new international return services.
  - Global “Return On Your Own” (ROYO) – Educational outreach for return and custom declarations (Fall 2012)
  - Canada eParcel Returns -- An intuitive online interface for consumers to generate merchant-funded return labels initiated from the company’s website. For example: Canadian customer goes to Macy’s website and gets the label to send from Canada back to US. (Winter 2012)
  - KPG/Easy Returns Solution – USPS, Kahala Post Group and European Parcel Group to use standardized return solution that enables both consumer and merchants to initiate purchase and transfer goods. (Summer 2013)

## 6. QR Code Discount for Packages

(Gary Reblin)

- Looking to produce a promotional calendar. Want customers to try new things and invest in the mail.
- Increasing promotion of mobile shipping. Calling it mobile commerce.
- Use QR Codes to get a discount on mailing, and then receive additional discounts for using USPS to ship products ordered using the QR codes.
- Create linkage between QR codes and volume derived from specific QR codes and the catalog or direct mail piece.
- If USPS had a promotional calendar, would it open up new business?
- Can the source code be put in the QR Code so that volume can be tracked from the source?
- Can the Intelligent Mail barcode (IMb) be used like the QR Code?
- Can the industry track a package from a catalog and code it so USPS would know the shipment came from that specific catalog? Discount for the QR Code, additional discount on the shipping.
- Potential for a specific mail day – “Mail Monday” or “Mail Wednesday.” What does Industry think? Maybe make it a “National Mail Day.”
- Mobile shopping promotion: two weeks in November 2012.
- Consumer priorities for shipping are speed and price. USPS viewed more favorably with price than speed. Was true until 2008.
- Maybe “Mail Week” instead of “Mail Day”?
- How about a promotional campaign around the APCs?

### Action Items:

1. Conduct test on Signature Confirmation on Parcel Select light weight using a contractor to see what actually occurs – identify customers who may want to participate in this test (**Marc McCrery**)
2. Do some type of customer survey to get feedback on interest in this product? Consider more formal feedback mechanism (**Marc McCrery** and **John Medeiros/Industry**).
3. Can the label be black & white instead of color? Will look into this (**Karen Keys**)
4. Industry has other opportunities in mind for this value-added service; their sales teams have lots of ideas for this application (**Karen Keys** and **Industry**).
5. Ideas to promote package volume – send **Gary Reblin** ideas for increasing shipping through new technology; discuss ideas at next Focus Group meeting (**Industry**).
6. Issue with printing the label for Day Certain Deliver. Design needs to be looked at (**Karen Key**)
7. Post today’s slide presentations (**USPS**)

## **FG 7: Payment / Acceptance 10:45 am – 12:15 pm**

**Pritha Mehra, VP, Mail Entry and Payment Technology, USPS**

**Dale Miller, MTAC Industry Leader for Acceptance**

**Angelo Anagnostopoulos, MTAC Industry Leader for Payment**

*USPS Industry Engagement & Outreach Facilitator for Payment/Acceptance: Anthony Frost*

### Agenda / Discussion:

1. **Electronic Verification System (eVS):** Vicki Bosch (USPS) discussed the industry proposal to use eVS as a payment method for Flats, and provided an overview of recent and ongoing eVS activities. (Slides 27 – 30)

2. **eVS Sampling Process:** Vicki Bosch fielded questions related to industry concerns that current eVS sampling process does not accurately mirror the mailing mix of all mailers.
3. **eVS Feedback:** Industry cited overall satisfaction with current progress, noting improvements in tracking events and providing timely feedback, and commending Vicki Bosch and her team for their support.

**Action items:**

1. **eVS as a Payment Method for Flats:** Consideration for eVS as a payment method for Flats will be discussed in WG #143.
2. **Packages Sampling Process:** Industry to bring questions about how the sampling process works, and how to incorporate the manifest into the sampling process, to the eVS User Group for discussion and follow-up.
3. **External eVS Views:** Jennifer Howard (USPS) to confirm external eVS view and the possibility of providing a visual system cue to help identify manually keyed data. Information and follow-up will be provided to the eVS User Group.

**FG 10: Visibility/Service Performance Measurement 1:30–3:00pm**

**Jim Cochrane, VP, Product Information, USPS**

**Lisa Bowes, MTAC Industry Leader for Service Performance**

*USPS Industry Engagement & Outreach Facilitator, Visibility/Service Performance: Paula McCollum*

**Discussion Notes:**

1. Tracking/Visibility – pretty good; nesting/logic – continue on machines; 5 key events that map the flow– 94%; people notice increase in scans and see better visibility.
2. IMpb – many are ready to transition. January deadline seems good. There is some concern with regard to 3-digit service type codes.
3. Service performance – what is latest on getting the reports online - working on an internal report for MID level data. Informed visibility – bring info into portal where can go to one site and get whatever needed in package reporting. Currently reach out to sales folks – they can generate those for industry.
4. Looking to get 99Ms on packages like mail. 82-83% of all packages have barcodes on them. Want 100%. Use barcode to drive carrier route.
5. Rebuilding PTS – a little behind schedule. Processing millions of events. Shooting for below a minute in open pipe scenario. Sunset PTS1 – Aug 19, 2012. Won't turn on new system until new system does everything old system did. Won't see any difference until USPS starts pushing data. August – true parallel mode and if find it is ok – will shut down PTS1.
6. Testing real-time scanning - haven't delivered yet in marketplace but testing in Northern VA and results are good.
7. Service diagnostics - using 99Ms and seeing when on a package sorter. Should be less than 8 hours. 1500 is the time, should get by 2300. Measure transportation lanes, help operations understand what is going on. Look at cycle time, lane assignments, weight tendering, etc. Put big spotlights on these things to react in better way.
8. ACS - in January, planning on bringing out new services for packages using IMb. Return service ACS. Collecting return postage through ACS Accounts. Forwarding and returns – simpler. Shipper paid forwarding options.
9. Picked up 15 million packages in 2011

**Action Items:**

1. Logistics issue in colleges – e.g. tracking system said it was delivered but not distributed – packages delivered to campus but then not distributed further. We have something called Firm Workbooks that could help us – maybe flag colleges akin to process used for military – look at a solution for this (**Juliann Hess**, USPS)
  2. *Issue* – Prohibition against mailing international packages containing lithium batteries; APO and FPO addresses are included, meaning US military can't order smart phones or computers. Talk with **Giselle Valera** (VP Global Business) or **Brent Raney** (USPS).
  3. Information on RIBBS, handbooks, and publications need to be regularly updated (**Steve Dearing**, USPS)
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**FG 13: Preparation & Entry (Operations) 3:15 pm – 4:45 pm****Dave Williams, VP, Network Operations, USPS****Todd Black, MTAC Industry Leader for Entry and Preparation***USPS Industry Engagement & Outreach Facilitator for Preparation & Entry: Margaret Pepe***Update on action items from last meeting**

- Structured release schedule webinars were held on March 13 and May 2, 2012. Presentation is posted on RIBBS.
- Posted web-based service standards maps on RIBBS on March 30, 2012.
- Mail Transport Equipment (MTE) informational webinar conducted on May 14, 2012. Presentation is posted on RIBBS.
- Joint USPS/Industry Steering Committee is being established to explore efficiencies, costs, and value-added opportunities for mail preparation and entry. Representatives for all classes of mail will be included.

**Service performance update**

- Overview of service performance indicators trends. Package service performance at 92.97% overall; Parcel Select at 99.29% overall.
  - Use available data to ascertain where there may be potential service failures and opportunities throughout the supply chain.
  - Diagnostic data is effective tool in ensuring service performance achieved.
  - Given small margin, need to dissect the “outliers” to drive overall performance.
  - Industry perspective is that service performance is excellent.

**Status of network rationalization**

- Received 101 written comments in response to the Proposed Rule on Revised Service Standards for Market-Dominant Products published on December 15, 2011, in the *Federal Register*.
- PMG expected to make a Network Rationalization announcement on May 17, 2012; an *Industry Alert* will be sent as follow-up.
- Final business rules will include Critical Entry Times (CET) and point-to-point Service Standard directory. *Federal Register* is expected to publish the Final Rule on Revised Service Standards for Market-Dominant Products during the week of May 21, 2012.
- DDU consolidation: evaluates opportunities for consolidating buildings by determining best net present value; Delivery Unit Optimization (DUO) will continue to consolidate carriers in facilities.
- Industry suggested gathering feedback in a formal manner as network rationalization changes are implemented; USPS putting together a strawman concept.
- Hubs will be established where economically and operationally feasible to help drive out transportation costs and improve efficiencies.

**Additional discussion**

- Current construct of FAST and Label List systems is by 3-digit; more opportunity and greater flexibility would exist at 5-digit level, need to assess system and software impacts.
  - FSS separation and entry based on 5-digit would require software changes; evaluating short-term and long-term options.
- Industry has capacity concerns with consolidations – competition for cycle time on equipment, especially in peak mail periods. USPS evaluates volume capacity and load-balancing alternatives.
- MTE survey for mailers: volume projections to determine equipment needs

**ACTION ITEMS:**

1. With delivery unit optimization in progress, Industry is interested in plans and specific consolidation numbers. **Dave Williams** (USPS) will invite **Dean Granholm** (VP Delivery and Post Office Operations) to participate in the August 15, 2012, Package Services focus session.
2. **Frank Neri** (USPS) will develop a strawman for customers to provide feedback on service issues and anticipated concerns as USPS moves forward with network rationalization implementation.
3. Current construct of FAST and Label List systems is by 3-digit; **Frank Neri, Krista Finazzo** and **Shibani Gambhir** (USPS) are evaluating short- and long-term options; will gather industry input.
4. Industry still interested in combining Bound Printed Matter flats, similar with FSS prep; Pricing and PRC have rejected idea, need to better understand cost allocation and pricing issues. **John Medeiros** (Industry) will provide proposal on concept to **Krista Finazzo** (USPS) for continued discussion with key stakeholders.