

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

**Product Development  
Key Comments and Questions**

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

**Rose Flanagan, MTAC Industry Leader for Mail Piece Design/Prod Development**

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

**FG 4: Package Services 9:00 am -10:30 am**

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

*USPS Industry Engagement & Outreach Facilitator: Neena Dhuria*

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**).
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 8: First-Class Mail 10:45 am – 12:15 pm**

#### **Sharon Harrison, MTAC Industry Leader for First-Class Mail**

*USPS Industry Engagement & Outreach Facilitator for First-Class Mail: Lewis Johnson*

#### **Discussion notes:**

1. **PO Box Alternative Street Address (PBSA)**  
(Kelly Sigmon, VP Channel Access; Nan McKenzie, Mgr Retail Services)
  - Five technical solutions identified.
  - Election perspective: election boards must have a physical address to assign voting precincts. Without physical address, voter and candidate registrations could be delayed.
  - Codes have been in CASS for five years. How does the system “know” that the address is an official PO Box?
  - During the Major Mailers’ Association (MMA) conference, members recommended that the Postal Service stop adding new users of PBSA and evaluate what needs to be done with the five technical solutions.
  - Survey time has been extended. Industry thanked USPS for the extended deadline.
  - Kelly Sigmon doesn’t want the hold on the survey.

- Survey needs to be completed. Was sent to over 30 associations, subsequently to a total of 54 associations. Can common factors be identified and results reported back to Focus Groups/MTAC?
- Mailers said the timing of USPS initiatives is not good for the industry. Can USPS socialize issues with the industry sooner (earlier in the process)?
- Industry was told that PO boxes are not supposed to be used as a physical address, only a mailing address. All disclosures are documented.
- PBSA service will not be put on hold. MTAC Leadership Team will discuss on May 17, 2012. Responses to PBSA survey are due May 22, 2012.

## 2. First-Class Update

(Gary Reblin; Steve Monteith, Mgr Transactions & Correspondence)

- Good trend – net positive for commercial First-Class mail. First time since 2008 not below SPLY (same period last year).
- Started addressing First-Class mail as a competitive product. Must make product look better – a lot of competition for this mail.
- Need a unique value proposition for First-Class mail piece.
- Slow diversion by differentiating hard copy from digital.
- Embrace new opportunities involving digital and social media.

## 3. 2nd Ounce Free

(Gary Reblin, Steve Monteith)

- 2<sup>nd</sup> ounce free is a permanent change, not a promotion.
- Establish rate for commercial single-piece non-automation letters up to 2 ounces.
- Share case studies on new ideas/initiatives to grow revenue with Gary Reblin or Sharon Harrison (2<sup>nd</sup> ounce especially).

## 4. Picture Permit Indicia

(Gary Reblin, Steve Monteith)

- Live on June 24, 2012 – Picture Permit is a product, not a promotion.
- Can anything be done on the pricing? Volume pricing for mass users and Negotiated Service Agreements (NSAs) are potential solutions; they are decided on a case by case basis.
- Survey shows Picture Permit adds value to the mail. Was designed for use with special mailings, not “routine,” everyday mailings.

## 5. 2012-2013 Promotional Calendar

(Gary Reblin, Steve Monteith)

- Mobile Commerce and Personalization (July - August 2012)
- Mobile Shopping – under consideration (November 2012, fall mailing season)
- Coupons – Social Platform/Mobile Redemption (February - March 2013)
- Earned Value CRM/BRM (May - July 2013)
- Samples, Emerging Technology (NFC, Augmented Reality), Authentication, Picture Permit (August – September 2013)
- Buy-it-Now (November – December 2013)

## 6. Promotion Strategy

- Use short-duration promotion, encourage innovation and increase awareness.
- Highlight and share best practices with USPS.
- Customers not ready for mobile promotion with QR Code; may have issues with the promotion due to their own systems. Use this promotion to update systems.
- USPS should talk to catalogers to gauge their ability to participate in mobile promotions. [This has been done.]
- Industry needs sufficient lead time for all new products and promotions to allow mailers to provide feedback and determine how to take advantage of new products and promotions
- Possibly degradation of BRM and CRM service with the mobile and QR Code promotion? USPS acknowledged possibility, but this is how mail is evolving.
- USPS is studying various ways of tracking growth.

- USPS will develop a 2013 (calendar year) promotional calendar and send to the PRC for implementation in January 2013.
- Establish rate for non-automation letters up to 2 oz (in response to F-C Mail customers on 2<sup>nd</sup> Ounce Free)
- Are there other ideas USPS should have on the promotion list in 2013 and 2014?

#### 7. Secured UAA Destruction

(Gary Reblin, Steve Monteith)

- Re-evaluated and completed business case – USPS conducting internal review now.
- Decided to keep shredding process inside USPS.
- Target 2013 pilot in 5-6 sites. If successful, will fully implement.
- Working to gain funding.

#### Action Items:

1. To demonstrate the success of 2<sup>nd</sup> Ounce Free, share case studies with industry. Industry to provide to USPS, then USPS will share. **(Reblin)**
2. Give industry longer lead times for input prior to announcing new promotions/products. **(Monteith/Tom Foti)**
3. Provide more details for UAA destruction sites; coordinate through **Sharon Harrison** and **Steve Monteith**.
4. Establish work group to address PBSA issues and concerns. **(Reblin and Sigmon to determine)**
5. There is no “commingle” option – USPS working to have a solution by January 2013. Will share solution within two weeks. No need for task team because USPS already working on this issue.
6. Industry: send in new topics to Sharon Harrison and **Gary Reblin**.
7. GoPost was not socialized; causing mailer issues. USPS needs to hear from Industry what the specific problems are.

### **FG 12: Periodicals 1:30 pm – 3:00 pm**

**John Stark, MTAC Industry Leader for Periodicals**

*USPS Industry Engagement & Outreach Facilitator: Ernie Harris*

#### Discussion

1. **“Periodicals Make the Mail Moments” (presented by Dennis Farley, MTAC rep)**
  - Saturday is the mail moment – for 5-10 minutes the world stops.
  - Kids say, “If I get something in the mail, it’s important.” E-mail marketing is less and less effective. Kids/teens are addicted to periodicals.
  - We are in the process of updating the mail moment. The research is promising.
  - Technology is evolving. What can be generated from the magazine? NFC advertising in Wire magazine.
  - Digital and hardcopy becoming more valuable. Deliver Magazine is loaded with great ideas.
  - Teen readership is off the charts. “Lean back attitude” when you are reading a magazine.
  - Sustainable use of the hard copy platform. Either evolve, or go out of business.
2. **Pulse of Industry (slide)**
  - Migration to digital continues
  - Advertising News – declines 5.9% in May
  - Newsstand down 10%
  - 5% decline in pieces YTD Q2 2012

- Subscriber rates increase because advertisers are reducing their spend
  - Not as many start ups – down 50-60%
  - Covers on news magazine can sell a magazine
  - SIP – Special Interest Publication are a growth area
  - The Week – 10 years in business and still growing
  - The Economist – growing in circulation and advertising
  - Business Week – growing in circulation and advertising
- 3. Industry Adoption Update – Product Supplements & Mixed-Class Mailings (slides)**
- How is it working with the industry?
    - Ride along has increased. Cost of making the ride along is also less expense to make.
    - Mixed class commingle of periodicals and standard benefits:
      - \* increased the opportunity for discounts
      - \* generated fewer packages and sacks
      - \* improved drop ship penetration.
    - Industry wants the sortation reduced.
  - Issue: PostalOne does not handle commingle mailings
  - Issue: Bundle charges – when are they going to change percentage? (Tom Foti)
  - Industry says that when pricing starts changing and determining prices for commingle they should be careful not to make it unattractive.
  - Comail in FSS facility – industry not sure how this is handled at FSS facility.
- 4. Revenue Initiatives**
- Enable access to potential new subscribers through USPS retail stores and usps.com
  - Promotion participation opportunities for 2013 – reply mail promotion – earned discount promotion for the use and return of a Reply Mail piece.
  - Issue: Is the IMb being optional for the reply mailpiece. Need to look at the standards being produced with customers and clarify.
- 5. Ideas from Industry for Revenue Initiatives**
- Display with magazine covers and scan cover or QR Code to subscribe. Initial meetings have been held in the building. Use CenApps but with usps.com not at retail..
  - USPS needs to see if this would be a valuable to the customers in Retail
  - Can we do a test?? Maybe some local magazines. Two industry representatives will work with Kelly Sigmon and Tom Foti will work on how best to proceed regarding selling magazine subscriptions in post office lobbies and on usps.com and report back at the next meeting on August 15, 2012. (Best Buy is selling subscriptions at check out)
- 6. PAG Update**
- Last PAG meeting March 14, 2012
  - Changes to electronic and hard copy publication, sealed envelopes, eliminating the Supplement to endorsement requirement and the OR Code ruling were discussed.

### **Action Items**

1. Using unsealed envelopes to mail periodical: envelopes are not sealed against inspection. What is the ruling on this?
2. What is the QR Codes ruling?
3. Next PAG meeting is June 14, 2012.
4. PS 078 envelopes for Periodicals (**what is the action?**)
5. Packets in Periodicals letters and flats (**what is the action?**)
6. Ideas for Periodicals sessions at National Postal Forum (NPF): send to John Stark (MTAC Periodicals leader) or Ernie Harris (USPS)
7. Tom Foti and Kelly Sigmon to discuss with MTAC representatives from MPA Schwartz how best to proceed regarding selling magazine subscriptions in Post Office lobbies and on USPS.com; will report back at the next MTAC Focus Group session on August 15, 2012.

### **New Topics**

- Ideas for sessions at National Postal Forum (March 17-20, 2013 – San Francisco)
- Sunday morning Red Tag opened to all areas

- Spread the sessions throughout the Forum
  - Topic idea: How to market using the mail
  - Digital session from Orlando NPF should be repeated
  - Sessions on service standards and the importance of service
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## **FG 16: Standard Mail 3:35 pm – 4:30 pm**

### **Wanda Senne, MTAC Industry Leader for Standard Mail**

*USPS Industry Engagement & Outreach Facilitator: Tonya Dodson*

#### **Discussion Notes:**

##### **1. Mail Works Guaranteed**

(Cliff Rucker, VP Sales)

- Project started over a year ago - How to get people in the mail at no risk?
- Current spend could not be more than 3.6% of total advertising spend in mail – looking for large mailers. Program is not about *existing* customers in the mail.
- List of 20 companies – received letter from PMG. Two companies decided to work with USPS, which is assist with mailpiece development.
- Agreed on metrics and if that if companies did not meet the agreed ROI, USPS would refund up to \$250,000 of their cost.
- Changes to the program: 5 different tiers, partner with printers, need to present to USPS Executive Leadership Team then to Board of Governors.

##### **2. Full Service IMb Implementation (Postnet Retirement)**

(Gary Reblin, Tom Foti)

- Postnet in 2013: problem for mailers. Why are they still struggling to get to basic IMb?
- Industry: sunseting this in phases is fine.
- Large number of smaller mailers may not know about this. Going to basic IMb by January doesn't appear to be an issue.

##### **3. Picture Permit Update**

(Gary Reblin, Tom Foti)

- Will be implemented on June 24, 2012. A lot of market research was conducted. Value created by uniqueness. Not for small mailings.
- NSAs can be discussed with mailers who have new uses and grow the business.
- Will be working on different pricing – 20% of mailers surveyed said that they would be willing to spend 1 - 2 cents for Picture Permit.
- Might be an opportunity to negotiate the price on repositionable notes.
- Issue with approval process: needs to be streamlined. Printing requirement (500 pieces) is a problem.

##### **4. 2012 / 2013 Promotional Calendar**

(Reblin)

- Move forward with promotions; they are designed to encourage innovation
- Increase awareness, share best practices, acquire new customers
- Want to drive long term value – relevant, effective/responsive, engaged

- July – August 2012: Mobile commerce and Personalization promotion
- November 2012: Mobile shopping promotion
- Several promotions will be sent in the CY 2013 calendar to the PRC (Jan 2013)

#### **2013 Promotions Calendar**

- Announce with Fall 2012 price change
- Potential 2013 Promotional Calendar
  - Feb-Mar 2013 – coupons (Social Platform/Mobile redemption)
  - May-July 2013 – earned value CRM/BRM Promotion
  - Aug-Sept 2013 – samples, NFC, augmented reality, authentication, Picture Permit
  - Nov-Dec 2013 – Buy It Now (purchase directly from the phone)

#### **5. Industry Feedback Needed**

- Build more flexibility in pricing (both process and infrastructure)
- Need ability to respond to market by altering pricing by: a. time of year (seasonal pricing), day, week, time of day; b) geographic location, and c) industry, customer, and products.
- Lowering the price for the summer promotion is not popular – customers are not buying during in the May-July period

#### **Action Items:**

1. Feedback and agenda item for next time (Wanda Senne, Rose Flanagan, Gary Reblin)
2. Need pricing feedback from industry