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MTAC Focus Group Sessions

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PRODUCT DEVELOPMENT

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Detailed Notes

Session 1: FIRST-CLASS MAIL - Sharon Harrison, MTAC Industry Leader

Open Discussion

- Sharon Harrison provided a list of industry pulse items and asked that we use this going forward. Sharon asked about rates. Gary Reblin said we would discuss those we are able to discuss.

FIRST-CLASS MAIL

- First Class mail volume remaining somewhat stable in 2013. Trending upward. Less erosion than previous years.

- Single-Piece Commercial Rates & Residual Rates

  - First-Class Mail letters residual mail changes for January 2014:

        - Blended rate (currently $0.48) for combining 1 ounce and 2 ounce pieces.
        - Option to separate pieces by weight and pay prevailing Single-Piece prices (currently $0.46 for 1 ounce, $0.66 for 2 oz. etc).

- New workgroup to be formed to clarify and work though the new First Class residual proposal and complexities involved for all types of 1 and 2 ounce mailings.

    - Currently in a blended mailing for 1 ounce pieces to obtain the $0.46 they must be separated into an individual mailing. The current rule as written states that in any combined mailing all pieces must pay the $0.48 per piece.

- New Proposed "METER" rate
    - Proposed Meter Rate is available for all single piece mail, whether mailed at retail or as a residual in a commercial mailing.
    - Available for meter, permit imprint, precancelled stamps, PC Postage.
    - Exiting requirements for single-piece mail remain unchanged.
    - For permit imprint mailings, the minimum piece requirement of at least 200 pieces remains.

Will there be a VAR allowed for the new Meter Single Piece rate?

The name of "Meter Rate" is expected to be the name. Industry and PO will simply need to communicate all explanations.

- Intelligent Mail barcode Accounting (IMbA)
    - An accounting platform that leverages the Intelligent Mail barcode on a mailpiece to automate the current manual counting and invoicing processes for select USPS products.
    - The IMbA system will collect all scan records for an enrolled mailer, sort the scan records by product type, and generate a count for each product type by mailer.
    - After a piece count has been generated, IMbA will determine the correct postage rate to be applied and generate an invoice for the mailer.
    - Target rollout is July 2014.
    - Benefit to remittance industry.
    - Sets up the infrastructure for real time counting and accounting of pieces and payment. Sets up BRM for now, but also sets the stage for future endeavors. The product was proven in the recent DRM/BRM promotion.
    - Driven off the MID and STID currently. Designed to be fairly flexible.

2013 PROMOTIONS

- Update on 2013 Promotions Calendar
    - Mobile Coupon and Click to Call Promotion
        - Promotion Period: March 1- April 30
            - 35% Response Rate

- 80% used the Click To Call component
- 13% had never used mobile barcodes
- 50% of respondents measured barcode responses
- 48% had improved image of Postal Service
- Very small % of participants were First Class mailers.

- Comment made that it has been difficult to get the smaller mailers engaged in the incentives simply due to the number of initiatives happening simultaneously.
- Suggestion from Gary Reblin – if there are additional collateral materials the USPS can provide, please let him know.
- Suggested Sell Sheet – USPS trying to work with marketing team for this. Suggestion of adding testimonials of successes; USPS is very cautious and conscious of proprietary information.
- Sharon Harrison has offered to speak with any other First-Class mailers to explain how she is helping her marketing teams participate in the incentive programs.
- IKEA Augmented Reality video was shown – available on YouTube.

- Earned Value 2013 – Results
  - 639 customers enrolled – 345 customers had agreed to credits; 14 disagreed (of which 8 have been resolved) – still have approximately 100 customers who have not answered the credit email from the USPS.
  - CRM represented 89% of pieces counted, BRM was 11%.
  - Sharon Harrison thanked the USPS for this promotion, and noted that credit levels in the $0.07 - $0.10 range would encourage more participation. Industry feedback is that the entire program went very well. Congratulations were offered to Elke Reuning-Elliott and her team.

POTENTIAL 2014 PROMOTIONS

OBJECTIVES

Mobile Technology Integration – build upon previous promotions and continue strategy to encourage mailers to integrate direct mail with mobile technology.

Technology Drives Relevance - leverage the value of innovative direct mail techniques that are effective but less widely used.

Leverage Value of First Class Mail – promotion intended to slow the declining volume trends and ensure reply mail and FCM advertising remain a relevant part of the FCM mix.

New Customer Acquisition – program to provide incentive for new small business customers to try direct mail.

Promotions 2014 broken into Mail Class - proposed 2014:

- **First Class Mail**
  - Earned Value Promotion April – June.
  - Color Print in First-Class Mail Transactions Promotion August – December (5 months).

- **Promotions Standard and First-Class Mail**
  - Branded Color Mobile Technology Jan – March.
  - Mail and Digital Personalization Promotion May – June.
  - Premium Advertising Promotion April – June (new Business Class category – working with Pritha Mehra's group on details of how USPS handles these pieces).

- **Standard Mail Promotion**
  - Near Field Communication (NFC) Promotion: July – September.
  - Mail Drives Mobile Commerce Promotion: November – December.

- **EDDM Mail**
  - EDDM Coupon Program: running all of 2014.

DETAILS

Earned Value Reply Mail

- $0.02 credit in 2013 promotion - but participants in the 2013 earned value promotion whose CRM and BRM counts increase in 2014 will receive $0.03 per eligible mailpiece.
- Credit still applied to mailer's Permit Imprint account.

The industry asked if customers can use multiple permits as opposed to a single one. USPS will be exploring this option – special programming is required.

Color Print in First-Class Mail Promotion: Aug - Dec

- Encourage FCM mailers to utilize color ink on onserts with bills and statements which can produce greater connection and response from consumers, adding value to the actual billing statement. Full service required. Variable color printing only, pre-print color does not qualify. 2015 will have additional color incentives – very important for the USPS to mention this will not be a onetime product.

Branded Color Mobile Technology Promotion: Feb - Mar

- Encourage marketers to move beyond basic QR codes and develop mailpieces that add marketing and creative value and encourage mobile engagement.
- A creative QR code must be functional and incorporate at least one of the following:
    - 2 or more colors set against a background.
    - Incorporate a trademark or graphic with at least one color.

Mail & Digital Personalization Promotion: May - June

- Encourage mailers to utilize customer information and variable data printing.
- Mail campaign should utilize customization through URLs, websites or mobile experiences; both the mailpiece and the PURL/website must be customized/ personalized to qualify for this promotion.

Premium Advertising Product Promotion

- Encourage top Standard Mail marketers and advertisers to use First-Class Mail by offering a discount on First-Class Mail presort postage to mailers who send advertising content via First-Class Mail. The promotion offers an upfront discount on First-Class Mail postage on mailpieces composed entirely of marketing or advertising content.
- Currently examining criteria for participation; minimum mailing size, Standard mail letter revenue threshold.
- Postage payment: Permit imprint only.
- Intention: Data from this mailing to assist USPS in developing a new Business Class category.
- Price point possibly around 15% "discount" of First-Class Mail halfway between 5 digit First and Standard.

Emerging Technology Promotion

- Mailpiece must incorporate the use of standard NFC technology or other emerging technology to engage the mobile device in providing an interactive experience for the user.
- Currently on Standard & Nonprofit mail letters and flats (not including First-Class Mail; however industry recommends including First-Class Mail).

Thanks from the industry – believe Gary Reblin and team are doing a good job with promotions.

FIRST-CLASS MAIL ACTION ITEMS

- **Exigency – the threat is driving conversations in mail owner businesses about how to get out of the mail stream.**
- USPS.

- **2015 – The sooner the roadmap is created for promotions the better opportunity for First-Class mailers participation – assigned to Gary Reblin and team.**

- **Open up as many promotions to First-Class Mail instead of exclusion – allows mailers who may not be able to participate in a First-Class Mail promotion (such as Color Print) to participate in another – assigned to Gary Reblin and team as well as discussion in proposed workgroup.**

- **Create a sample "Promotion Sell Sheet" – to assign to proposed user group.**

- **Incentive Promotions User Group – Rose Flanagan to create – Sharon Harrison will present at leadership meeting on August 29, 2013.**

Session 2: PERIODICALS - John Stark, MTAC Industry Leader

Review Pulse of the Industry

Some magazine types are seeing increases in advertising – good sign.

Advertising content – how to increase the value of the printed product. Sometimes when you add items such as links going to websites the concern is whether this increases the advertising content. Gary Reblin stated that the USPS does not want digital enhancement in editorials to stand in the way of mailing volume. Discussion to be directed to PAG but also needs to include Nagisa Manabe, Gary Reblin and Tom Foti.

Periodicals volume slightly down in 2013 from 2012 – trending still moderate volume decline.

- 2013 Promotions:
  - Update on 2013 Promotions Calendar
  - Mobile Coupon and Click to Call Promotion
    - Promotion Period: March 1- April 30
      - 35% Response Rate
      - 80% used the Click To Call component
      - 13% had never used mobile barcodes
      - 50% of respondents measured barcode responses
      - 48% had improved image of Postal Service

  - Earned Value Reply Mail – USPS did see participation from Periodicals.
    - Is there any data on how much mail was generated from the returns? At this time the system only indicates that a piece was returned - however Gary Reblin and team would like to be able to determine the amount of newly generated mail. Tom will look at surveys to see if this question is asked in order to gather that additional data.

  - Earned Value 2013 – Results
    - 639 customers enrolled – 345 customers had agreed to credits; 14 disagreed (of which 8 have been resolved) – still have approximately 100 customers who have not answered the credit email from the USPS.
    - CRM represented 89% of pieces counted, BRM was 11%.

- 2014 Promotions:

Updated: 09/04/2013

Mail & Digital Personalization Promotion – encourage mailers to utilize customer information and variable data printing technology.

- PAG Update
    - Discussed increasing the weight in co-mail to 24 ounces but USPS must do additional testing on machines to see if there is an opportunity in FSS as well as non-FSS zones.
    - Possible opportunity merging Standard and Periodical mail in a co-mail environment. Discussion must continue – rules, rates, presorts all must be considered.
    - Discussed currently loose supplement rule – USPS is taking this under further review.
    - Discussed current Classroom Publications – further discussion required and small group has been developed from PAG.
    - Mailing Periodical in an opaque wrapper however HIPPA regulations have legal requirements. PAG and PCSC working on a process to include the opaque when required or desired, possibly by adding the USPS # to the front. Could also benefit gun industry publications such as well as other industries where subscriber privacy is a concern.

- Open Discussion

Periodicals concerned about increase due to 'under water' rate increase. Weaker titles may go away if rates increase significantly. There is a mode that the BOG does not speak with the industry so they truly do not understand the impact.

Smaller and medium size publishes are calling and asking what is the size of the increase for budgets. Some of these are already budgeting a cut back because they don't have any specific information from the USPS yet there are multiple articles in news about exigency.

Rate case filing time this year will be status quo. Possibly next year it may be earlier to allow more time for planning. Also allows industry to completely any internal programming for software systems to be ready.

PERIODICALS ACTION ITEMS

- **Earned Value Promotion 2014 – is International mail included?**

Tom Foti. to double check with Steve Monteith and will get back to group.

- **Suggestion from industry, if USPS can give a promotional credit to the advertiser for content of a Periodical it may boost advertising. Gary Reblin, Tom Foti and team to follow up with Periodical group**.

– possible addition to new User Group

Session 3: STANDARD MAIL - Wanda Senne, MTAC Industry Leader

Updated: 09/04/2013

OPEN DISCUSSION

Pulse of the Industry – please speak to pricing concerns including the FS – will it remain separate

Standard Mail volumes up slightly Q1, Q2 and Q3

- 2013 Promotions Review

2013 PROMOTIONS

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- IKEA Augmented Reality video was shown – available on YouTube.

- Earned Value 2013 – Results
    - 639 customers enrolled – 345 customers had agreed to credits; 14 disagreed (of which 8 have been resolved) – still have approximately 100 customers who have not answered the credit email from the USPS.
    - CRM represented 89% of pieces counted, BRM was 11%.
    - Product Samples – 36 enrolled
    - Emerging Technology Promotion – 159 enrolled
    - Picture Permit Promotion – 10 enrolled

- 2014 Promotions

- Earned Value Reply Mail – one item IWCO ran into was permits that were CAPS linked applied a few layers of complication. USPS is trying to create more flexibility for the next promotion, they have heard the feedback concerning permit application.
- Mail & Digital Personalization Promotion
- Premium Advertising Product Promotion The promotion offers an upfront discount on First-Class Mail postage on mailpieces composed entirely of marketing or advertising content.
    - Eligible Mail: First-Class Mail presort and automation letters and cards sent in IMb full-service mailings
    - Examining criteria for participation: Minimum mailing size, Standard Mail letter revenue threshold, subject to inspection, follow Standard Mail rules

- Estimated 15% off First Class rate – sets basis for possible future Business Mail Class

- Emerging Technology Promotion - To participate in the promotion the mailpiece must incorporate the use of standard NFC technology or other emerging technology to engage the mobile device in providing an interactive experience for the user
- Mail Drives Mobile Commerce Promotion – Promote holiday shopping by encouraging marketers and retailers to utilize state of the art mobile purchasing technology with direct mail and catalogs to facilitate purchases.
- Small Business Direct Mail Coupon – Encourage small businesses to leverage direct mail as a way to build a more robust relationship with customers by enabling the use of a coupon for them to try direct mail.
- The EDDM Coupon program will enable USPS to credit postage as an incentive for new customers. Internal USPS personnel such as SALES, BSN, or Postmasters would have the ability to issue a coupon to a customer to use as a promo code at time of postage payment to receive a postage credit on their mailing

  - Eligible Mail: EDDM letters and flats (Retail & MEU)
    - Discount: Coupon vouchers amounts from $50 - $100. Can be redeemed at Retail, BMEU, or online credit card payment
    - MSP's can contact their BSN or USPS sales person should they have a potential new client.
    - EDDM rules for letters seem to be confusing. Tom Foti has agreed of the confusion and the USPS is trying to work through and make the DMM language clearer.

A Year-long Saturation and High Density Incentive program will take place during calendar year 2014

Incentive Eligibility Requirements:

Eligible products: Saturation, High Density Plus, and high Density letters and flats paid for with a postage permit. This will include EDDM BMEU, not EDDM retail

Eligible mailers must have mailed at least 6 times in FY013 (Oct 2012 – Sept 2013)

Establish volume threshold based on CY 2013 performance

The postage credit on incremental volume above each mailer threshold will be by product
Regular Saturation letters and flats = 20%
Regular high density/high density plus letters and flats 15%
All non-profit saturation high density and high density plus = 5%

Credit applied to permit imprint account of Q2 FY 2015

OPEN DISCUSSION:

Updated: 09/04/2013

Flats Strategy - Kathy Siviter mentioned that Flats Strategy focuses more on operational efficiency – the USPS needs to solicit industry input on innovation and growth.

Promotional calendar – choose your time period. USPS is still working on how to implement this type of product. The current hope is this can be done in 2015 – current USPS software cannot support this type of program.

Kathy Siviter brought up the concern of mailers leaving the mail come January simply because mail is just too difficult. The IMb full service requirement may be too cumbersome for people and their decision may be to either not go full service automation and then leave the mail stream. Charles Thompson (World Marketing) added the concern about potential changes to drop entry day changes is making it more difficult for mailers to manage clients' in-home requirements. USPS is making it more difficult to mail.

Still open items and concerns; FSS pricing; Full service pricing structure – Gary Reblin did confirm the USPS has heard industry concerns about folding the rate into automation. Bob Rosser reminded Gary Reblin that once the rate is no longer blended a electronic documentation failure would seem to indicate loss of automation discounts – thus the failure does not fit the crime.

STANDARD MAIL ACTION ITEMS

- **EDDM Coupon requirements – need clarity**
- **Meter Rate – need clarity on how it effects the postage statement and need clarity on Single Piece.**
- **FSS Pricing – Need clarity**

Session 4: PACKAGE SERVICES - John Medeiros, MTAC Industry Leader

Open Discussion

- John Medeiros said the Federal Register notice for the IMPb is more onerous and of concern to the Industry (thresholds, by/for requirements for letters and flats, competitive intelligence issue, etc.) than ever before and not what MTAC Task Team # 19 had envisioned. Gary Reblin responded that the USPS wants to grow volume and is not trying to obtain inappropriate information. John Medeiros feels the USPS will be able to get sensitive information which is inappropriate from a competitive standpoint. Gary Reblin said this is not the intent – we don't want to go after customers we already have. Gavin Tierney felt there are antitrust considerations in this. Gary Reblin said our intent is not to get customer information to know who to target. John Medeiros is saying this is sensitive and the industry is concerned. Gary Reblin will take this message back to the people who are requiring it. HazMat is another issue as far as timing.

- Gary Reblin said we are looking for an end to end product. For a drop ship product we probably have more flexibility. Gary Reblin said we can go back and see how to make it easier with a drop ship product.

- Richard Porras brought up the issue of needing a package champion in talking with Pricing. Gary Reblin offered to make Pricing part of these MTAC Focus Group Product Development meetings.

- John Medeiros brought up the HUB concept might be useful for parcels. There could be pricing opportunities regarding this. Jessica Laurence said the HUB concept was discussed in Dave Williams Mail Prep and Entry Focus Area. Gary Reblin said as we close a plant we don't want customers who had set up close to the facility now need to travel large distances to the new plant for the SCF rate. The HUB is a convenience so you don't need to travel. Gary Reblin said we will work with Operations on this. John said please ask the question of Operations.

- Richard Porras asked if RFDs - currently part of promotions for letters and flats - could be applied to packages.

- Gary Reblin left meeting at 4:10 pm and turned meeting over to Karen Key.
- January 2014 Proposed Initiatives
    - Package Simplification Phase II
        - Priority Mail Express 10:30 a.m. delivery
        - Upcharge for 10:30 a.m.
        - New 10:30 a.m. delivery sticker for identification
        - Eliminate 12 Noon delivery
        - Default is 3:00 p.m. delivery
        - Update Labels 11B and 11-HFPU
        - Remove all references to:
            - Priority Mail Express Post Office to Addressee
            - Custom Design
        - Provide delivery date on shipping labels
        - Change references to "label #" on USPS Retail customer receipts to:
            - 1. USPS Tracking #
            - 2. USPS COD Tracking #
            - 3. USPS Signature Tracking #
            - 4. USPS Certified Mail #

        - 5. USPS Registered Mail #
- Shipping Products
    - Parcel Select Next Day 3-Digit (NSA)
        - Includes Parcel Select Lightweight
        - FAST appointments at DSCF for approved designated late drop off locations
    - First Class Package Services under 5 lbs. (NSA)
        - FAST Appointments at SCFs
    - Priority Mail Letters and Flats
        - Option to use IMb
        - Free Insurance not included
    - Parcel Select (Published Pricing)
        - Includes Parcel Select Lightweight
        - FAST appointments at SCFs and NDCs
    - Standard Post
        - Retail only product
        - Eliminate Zones 1-4 up to 70 lbs.
        - Introduce Hazmat product up to Zone 8 / up to 70 lbs.
- Enhancements for Shipping Products
    - Change minimum criteria to 50 pieces or 50 lbs.
        - Parcel Select Nonpresort
        - All other Parcels
        - Combine International Shipments (future)
    - Lower minimum annual volume criteria to 50k for:
        - Priority Mail Commercial Plus Pricing (currently 75K)
        - Priority Mail Priority Mail Cubic Pricing (current 150K)
        - No change to annual volume criteria for:
            - Critical Mail remains the same at 5K
            - Open and Distribute remains the same at 600
            - Priority Mail Express remains at 5K
    - Commercial base or commercial plus indicator in shipping services file.
        - Priority Mail Express, Priority Mail and First-Class Package Service
        - Priority Mail Express International, Priority Mail International and First-Class International Package
    - COD – Phase 2
        - Hold For Pickup Online for Priority Mail, First Class Package Service and Parcel Select Nonpresort

        - Application Programming Interface (API)
        - Eliminate COD Fees
            - 1. Notice of Nondelivery
            - 2. Alteration of COD charges
            - 3. Designation of New Addressee
        - Link Label 500 to Remittance
        - Store email and SMS address
        - Call Center calls to customer for Priority Mail Express Hold For Pickup COD
    - Registered Mail
        - Introduce Label 200N
        - Available for customers that generate a Privately Printed Label PS Form – Registered Mail with an IMPb
- Value Added Services
    - Package intercept
        - New Commercial Payment Option – CAPS
        - Retail request will move to usps.com
        - Eliminate PS Form 1509, Sender's Request for USPS Package Intercept Service.
    - Automate reship
        - Sign-up for service thru Business Customer Gateway
        - Payment by Credit Card and USPS Corporate Account (future CAPS)
        - Email or SMS Text Reship status update
    - Cremated remains
        - Indicator in Shipping Services File
        - Available for Priority Mail Express and Registered Mail
    - Live animals
        - Indicator in Shipping Services File
        - Available for Priority Mail Express, Priority Mail, First Class Mail Parcels, First Class Package Service and Standard Post
        - Transportation Fee (20 cents per lb. for all weights and zones)
        - Ship all Adult Birds up to 25 lbs. per Bird via Priority Mail Express (Sept 13)
- Pickup/Delivery Enhancements
    - Automate pickup on demand
        - Online at usps.com

- Electronic authorize shipment release
    - Electronically authorize USPS to leave the shipments that do not require a signature and is insured for less than $200
    - Customer may request:
        - Redelivery
        - Delivery to Neighbor
        - Hold at Post Office
        - Can provide specific instructions to where the package should be left

PACKAGE SERVICES ACTION ITEMS

- **Gary Reblin agreed to include USPS Pricing as a regular participant in these MTAC Product Development meetings at the request of Richard Porras and John Medeiros.**
- **Gary Reblin agreed to take back to those USPS folks requiring it (Fed Register notice) the By / For industry concerns regarding USPS requiring sensitive competitive information.**