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**MTAC Focus Group Session Notes**  
**Wednesday, February 18, 2014**

**PRODUCT DEVELOPMENT**

**Gary Reblin, USPS VP-New Products and Innovation**  
**Steve Colella, MTAC Industry Leader, Mailpiece Design/Product Development**

**Session 1: STANDARD MAIL**

**(Wanda Senne, MTAC Industry Leader)**

**Gary welcomed all and invited introductions.**

**Pulse of the Industry** - Wanda Senne pointed out that on page 7 of the Pulse Report there are industry concerns over some pricing signals within new rates that may change mailer behavior.

- Concerns within Nonprofit 5 digit SCF rate increases over 5%. Why such a hit for such a fine level of sort?
- Need to understand why destination entry discounts are no longer consistent across board. There is cost to move pallet from point A to point B regardless of whether 5 digit or 3 digit trays on pallet
- Concern over FSS pallet make up-creating smaller carrier route pallets-Gary Reblin thought this issue best brought up in Linda Malone's session.
- Suggest mailer feedback prior to price change on promotions or any major change

Action idea: Gary's group to pass above concerns on to USPS Pricing Department

Hamilton Davison (concerned about implications for catalogs) and Wanda Senne both recommended that USPS talk more with mailers prior to price increases to discuss changes.

**Standard Class Volume Trends**

QTR volume down over .9%. CR down 4.7%, Flats up 1.8% with letters down 8.5%

Update on Action Items from last meeting:

- Alternate Postage information at [alternatepostage@usps.gov](mailto:alternatepostage@usps.gov)
- Working to provide 2015 Promotion Program Requirements to User Group (UG #8) for review. Will also use to get 2016 ideas.

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- The USPS received internal and external guidance (UG#8) and will not put in place a mandatory automated pre-verification requirement for the CY15 promotions
- Some promotions require a sample to be submitted to the Program Office for pre-approval prior to mailing for the promotion discount. Consult the Program Requirements for additional information

Stephen Brocker-asked if the USPS will provide feedback on ideas submitted to USPS. This will be an agenda item for UG #8.

### **New 2016 Promotion Suggestion Template:**

- Gary said Coakley Workman has a template for new promotion suggestions for 2016. This will be posted on RIBBs with the MTAC Product Development Focus Group presentations from February 18, 2015 and Industry is encouraged to use it.

### **2015 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 (FMC)
  - Promotion intended to slow the declining volume trends in transaction mail and ensure reply mail and FCM advertising remain a relevant part of the FCM mix.

### **Proposed Promotion Calendar**

- |                                    |                  |
|------------------------------------|------------------|
| • Earned Value Credit              | May 1 to July 1  |
| • Color Transpromo                 | June 1 to Nov 30 |
| • Emerging and Advanced Technology | May 1 to Oct 31  |
| • Mail Drives Mobile               | July 1 to Dec 31 |

Questions brought up about surveying clients for new ideas. The suggestion was made to use PCCs to get feedback on past promotions and also for new ideas.

Action Items discussed:

- Provide summaries of feedback USPS received about past promotions
- Consider how USPS can get additional feedback and ideas for new promotions

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- Need to provide protection for mailers who are willing to share business-sensitive information that can be used to estimate an ROI for participating in promotions

The question was asked if surveys presently going out ask about ROI and information about any long lasting behavior changes. Issue exists that survey may not be going to right person to answer the question (needs to go to marketing decision makers).

Action Item to be considered:

- Suggestion that to help drive future participation in post promotion surveys, a tiered discount approach might be taken. Offer an additional discount for participating companies providing specific metrics regarding their experience with the promotion. This information would be shared with industry to help drive future participation.
- Need an "allowance" for untagged pieces within a mailing to allow for an A/B testing

#### **2015 Promotion Enhancements:**

- Earned Value Credit:
  - To remedy the delayed release of credits in 2014, systems enhancements have been made to automate the credit calculation and adjustments for those mailers who exceeded their threshold and are eligible for a higher per piece credit.
- Color Transpromo Promotion:
  - Change from last year: if color is ONLY on remittance form, the piece will not qualify for the promotion.
- Mail Drives Mobile:
  - Changes: In some instances, services and charitable donations may qualify as long as a financial transaction occurs at the time of scanning the mail piece.
- Emerging/Advanced Technology Promotions:
  - not limited to devices, circuits or software
  - Expanding this category to include innovative advances in papers, ink and other interactive elements. Inks include:
    - Conductive-create a circuit
    - Leuco
    - Dyes: change color with variations in temperature
    - Hydrochroisc:,change color when contact with liquid

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Photochromics: Optically variable inks-contains metallic materials

- Piezochromic Ink: change appearance under pressure
- Interactive mail pieces-3 dimensional, pop ups, infinite folding

Action Item: USPS to create YouTube demonstrations of the various mail piece ideas that qualify for Emerging/Advanced Promotions.

Open Discussion:

Charlie Howard suggested increase size of First-Class Mail postcard to go to 6x9 for a year and assuming there is increase in volumes make permanent with classification change.

Discount for Customized Market Mail

Alternate Postage options

### **ACTION ITEMS**

- **Gary Reblin will pass concerns to USPS Pricing as follows:**
  - **Concerns within Nonprofit 5 digit SCF rate increases over 5%. Why such a "hit" for such a fine level of sort**
  - **Need to understand why destination entry discounts are no longer consistent across board. Cost to move pallet from point A to point B regardless of whether 5 digit or 3 digit trays on pallet**
  - **Concern over FSS pallet make up-creating smaller carrier route pallets (issue best to discuss in Linda Malone session)**
- **Gary Reblin and Vicki Stephen agreed to provide summaries of feedback the USPS received about past promotions, to explore how the USPS can get additional feedback and how to generate new ideas for new promotions. It was agreed there is a need for a resource for clients to share information regarding using promotion case studies and to be able to show ROI for other marketers to participate in future promotions**
- **Gary Reblin and Vicki Stephen agreed with the suggestion how to drive more future participation in post promotion surveys; a tier discount approach was proposed. The concept is to offer an additional discount for participating companies to provide specific metrics regarding their experience with the promotion. This information would be shared with industry to help drive more future participation**

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- **Need an “allowance” for untagged pieces within a mailing to allow for an A/B testing**
- **Gary Reblin and Vicki Stephen agreed to consider the creation of YouTube demonstrations of the various mail piece ideas that qualify for Emerging/Advanced Promotions. They also agreed to check why RPN was removed from the current filing. Using it was free so not sure why it was removed from the filing- this may have been an unintentional action**

## **Session 2: PACKAGE SERVICES**

**(John Medeiros, MTAC Industry Leader)**

Gary Reblin welcomed all and invited introductions.

In response to an industry request Gary said we will provide an edited deck of the slides for posting on RIBBS.

**Pulse of the Industry** - John Medeiros provided highlights.

Two Federal Register Notices:

- One on lithium battery rule changes,
- Changes in content eligibility for marketing packages

John said he is not sure that industry is totally aware of the changes. John felt the Federal Register Notice (FRN) was not announced through normal industry channels (e.g. Industry Alert, DMM Advisory, etc.)

Action Item: Gary agreed to look into this to ensure that when any Federal Register Notice goes out it is communicated through all industry channels.

**Karen Key provided the following:**

### **Price Changes for Package Services**

Product Simplification: Returns

- **Return Services**

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- ROYO
- Parcel Return Service
- Merchandise Return Service

First-Class Package Return Flat Rate Service up to 1 lb. - targets merchants that ship high value light weight products - consumer electronics, etc.

Changes:

- Not sealed against inspection
- New rate indicator
- NSA only
- Packaging will not be provided by USPS
- Implemented January 26, 2015

Click and Ship Business Pro  
Print and Deliver Label Services  
Return Service Permit-one permit instead of 3  
Merchandise Return Service

Action Item:

John Medeiros will look for volunteers and provide list to Karen Key for those interested in working on proposed Hazmat fee.

Action Item:

In response to United Healthcare's (Chris Thompson) concerns Karen Key agreed to look into reducing time frame used for USPS to return packages that couldn't be delivered, left notice of delivery attempt and didn't pick up package. Presently 15 days for all shipments except Priority Mail Express, which is five days - Karen to look into reducing to 10 days

#### **ACTION ITEMS**

- **Gary Reblin agreed to look into the Federal Register Notice (FRN) process to ensure they are communicated through all industry channels. John Medeiros felt the FRNs for lithium battery rule changes and the changes in content eligibility for marketing parcels did not go through the normal industry channels -Industry Alert, DMM Advisory, etc.**

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- **John Medeiros will look for volunteers and provide list to Karen Key for those interested in working on proposed Hazmat fee.**
- **Karen Key agreed to look into reducing the time frame used for USPS to return packages that they couldn't deliver, left notice of delivery attempt and didn't pick up package. Karen will look into reducing the current 15 days to 10 days**

### **Session 3: FIRST-CLASS MAIL**

**(Sharon Harrison, MTAC Industry Leader)**

Gary Reblin opened the meeting and invited introductions. Gary asked Karen Key to discuss the proposed changes for Certificate of Mailing that was published in a Federal Register Notice on February 5, 2015. This was requested for this session by Sharon Harrison.

**Federal Register Notice** – Karen Key covered the following:

FRN-proposed rule - New Mailing Standards for Domestic Mailing Services Products was published on 2/5/15 and the comment period ends 3/9/15.

Reviewed price increases for various services

Certificate of Bulk Mailing-Form 3606-changes:

If you have more than 50 pieces it cannot go to retail office (must mail at BME or approved detached mail unit).

Form will have barcode and there is a need to upload file of addresses:

Effective date: July 26, 2015-but can make change any time after April 26 (Price Increase) (assuming approved by PRC).

According to the industry, these changes will be costly for some segments of the industry - in particular insurance and finance companies - that by law must send pieces with a certificate of mailing as proof the piece was mailed.

The USPS position is that while they round date and sign for say 500 pieces they do not know the name and addresses of the pieces they accepted. The proposed changes will provide this information.

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It was agreed to propose forming an MTAC Task Team to look into requirements around certificate of mailing as First-Class mailers are just learning of these requirements and do not feel they can comply by July 26. Industry is stating adopting changes to certificate of mailing will take 18-24 months to do so. This requirement may also increase costs to the mail owner. This is issue for commingle.

Gary Reblin said we will need to review the comments from the Federal Register Notice first and then suggest a solution for the specific customers who have indicated today they need additional information and time.

Sharon Harrison and Gary Reblin agreed to sponsor the task team for this (MTAC Executive Committee will need to approve) and Dave Marinelli of Progressive Insurance agreed to lead the group for the Industry. Karen Key will do so for the USPS. All interested parties (Dave Gorham of CSG Systems International, Steve Krejcik of Pitney Bowes Presort Services, Cynthia Muldoon of DST, etc.) should contact Dave Marinelli.

Some companies will need to get exceptions to the rule which Gary indicated should not be an issue but companies would need to request through the PCSC.

Sharon: Reviewed recommendations for group she brought together on this issue (Insurance, banks, etc.) and she asked the USPS to consider changing the time line and changing from mandatory to optional. Also she recommended changing the FRN to an Advance Notice FRN instead of a proposed.

#### **November Meeting Action Item Update**

- Protecting business sensitive information to be used for testimonials and promotion success stories.
  - Working with legal department to modify Non Disclosure Agreements
  - UG#8 to look at possibility to provide incentive for case study volunteers
- Working with UG #8 to consider pre-verification requirements as part of enrollment in 2015 promotions

#### **First-Class Mail Billing Study** – Elke Reuning-Elliott provided an update

OIG performed study of hardcopy and electronic transactional mail to better understand customer preferences for receiving and paying bills for a US utility company

- Costs of sending and processing bills electronically less expensive: However they did not consider late payment penalties, defaults and costs of setting up and maintaining electronic systems
- Call center cost lowest for customer receiving and paying their bills by mail

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- 91% of utility company's customers chose to receive their bills by mail, but only 25% paid bills by mail
- Customers choose hardcopy delivery for filing purposes, as a reminder to pay, distrust in electronic delivery, or lack of access to a computer.

Industry believes that this may not be representative of the whole industry since study was for only one company.

**2015 Incentive Objectives and Promotions** (see details in Standard Mail section of notes)

**New 2016 Promotion Suggestion Template:**

- Gary said Coakley Workman has a template for new promotion suggestions for 2016. This will be posted on RIBBs with the MTAC Product Development Focus Group presentations from February 18, 2015 and Industry is encouraged to use it.

Gary Reblin covered promotion objectives and comments regarding the 2015 calendar. Sharon Harrison asked that we not have any surprises. Gary showed the 2015 proposed promotion calendar which has longer term promotions:

- Earned Value proposed 2015 promotion enhancements
- Color Transpromo Promotion
  - By using color a utility for instance can draw attention to information which may head off calls to their call centers – providing significant cost savings
- Emerging and Advanced Technology Promotion
  - Vicki Stephen showed examples of new entrants
    - ☐ Advances in paper characteristics
    - ☐ Interactive mailpieces
    - ☐ Advances in Inks
- Gary said proposed 2015 promotion requirements will be going this week to UG # 8 and then we will get them posted on RIBBS.

**ACTION ITEMS**

- **Gary Reblin and Sharon Harrison agreed to propose forming an MTAC Task Team to look into certificate of mailing proposed rule - as First-Class mailers are just learning of these requirements and do not feel they can comply by July 26. Industry is stating change to certificate of mailing will take 18-24 months to do so. This**

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**requirement may also increase costs to the mail owner. David Marinelli of Progressive Insurance will provide a list of industry participants**

- **Gary Reblin agreed to a follow up on the Secure Destruction program at the next MTAC**

## **Session 4: PERIODICALS**

**(John Stark, MTAC Industry Leader)**

Gary welcomed all and provided a volume update for Periodicals (Periodical volume continues to drop 4-5% annually). He also provided an update on action items.

### **New 2016 Promotion Suggestion Template:**

- Gary said Coakley Workman has a template for the PAG group for new promotion suggestions for 2016. This will be posted on RIBBs with the MTAC Product Development Focus Group presentations from February 18, 2015 and Industry is encouraged to use it.

### **Discussion**

- Joe Schick asked about what Gary will do to help enhance creativity in the mail in light of the push at MTAC to further push machinability of mail. Joe is concerned this process may hinder creativity. Gary said he will stay close to this and will want to support the creative process. Peter Moore stressed that BRM / CRM come back through the mail from Periodicals and this should be used as a factor when considering discounts for promotions. Jack Widener asked Gary for help for Periodicals as they feel the current FSS situation is not helping Periodicals and this should not be the case. Howard Schwartz also said the FS 1000s have now been retired and this is an issue for Periodicals. Dennis Farley said the FSS tour just held showed that the FSS has a problem with ARRP Magazine which has a large 23 million circulation. He asked why didn't the design of the equipment allow for processing of such a high volume flat?

Joe Schick asked what role new product development team will have in discussions revolving around the USPS desire to review all product specifications. Gary indicated they will have seat at the table and wants industry to come forward with any issues they would impact volumes (this is a possible action item)

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Randy Stumbo suggested that Publishers be allowed to put a barcode within the mail piece allowing individuals to buy their renewal subscription or purchase another publication put out by the publisher. Vicky thought good idea-

### **Promotion Objectives and 2015 Promotion Calendar**

Vicki Stephen provided an update and reviewed the proposed 2015 promotion calendar.

Coakley Workman said from our promotion experience we see that longer promotions (five or six months) are better than shorter ones as run in the past so for Periodicals this may have implications.

- Earned Value Program
  - o Vicki said this is unchanged from prior year. One enhancement is to speed up the credit release.
- Color Transpromo Promotion
- Mail Drives Mobile Engagement
  - o Coakley Workman said he thinks this promotion may have applications for Periodicals and John Stark asked how this would work for Periodicals. Peter Moore feels Periodicals may generate new mail from this promotion and then may be able to get a proposal through the PRC.
  - o John Whittington said this was suggested last year and it got lost when it got to the details of how do we track this.
  - o Vicki said yes we would want enough data from the participants to provide the USPS with evidence of performance.
  - o Periodicals has already innovated ahead of others in adopting new technologies in Periodicals publications.
  - o Randy Stumbo asked if Periodicals could run an ad featuring the sale of their Periodicals and get an incentive for this and this would provide new mail (i.e. results would get new mail though the promotion meeting one of the criteria for justifying a promotion.
- Emerging and Advanced Technology
- Vicki showed examples of using technology to enhance the value of print:
  - o Vicki wants to build case studies which show new ways to explore together and learn new opportunities
- Vicki showed new entrants

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- o Advances in Paper characteristics
- o Interactive mailpieces
- o Advances in Inks
- John Stark said because these innovations will cost Periodicals to do (and only get a small incentive if allowed to participate in the promotions) then he said Periodicals should be included in these current promotions and Vicki agreed.

**Pulse of the industry** – John Stark provided a brief presentation on this.

- New Yorker has new video show
- Hearst bought 25% stake in Dream Works
- Hearst stated that new magazines launched digital are now accounting for 32% of revenue and 15-20% of Ad revenue now comes from digit.

Action Item discussed: Randy and Vicky to co-ordinate a meeting during MPA meeting March 18 to brain storm 2016 ideas. PAG meeting with Gary and Vicki in NYC.

#### **ACTION ITEMS**

- **Vicki Stephen agreed to follow up on the Mail Piece characteristics study at the request of Joe Schick who wants to ensure the industry will be able to work with new product development on new creative opportunities for mail**
- **Randy Stumbo and Vicki Stephen agreed to co-ordinate a meeting during the MPA meeting in NYC on March 18 to brain storm 2016 promotion ideas for Periodicals. This will be with PAG members and both Gary Reblin and Vicki Stephen will participate**