

**MTAC Focus Group Action Items**  
**Wednesday, November 18, 2015**

**PRODUCT DEVELOPMENT**

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

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

Pulse of Industry-Sharon Harrison

Industry wants USPS to roll back Exigent Case and not keep. Also wants USPS to confirm there will not be a Market Dominant rate case. Steve Monteith confirmed because latest CPI is only .079%. May do a revenue neutral adjustment in July in which there would be winners and losers. Right now it appears the rollback would take place in early April 2016. USPS will file at least 45 days before roll back.

Sharon feels communication from this group is good. Stressed again that industry wants promotion rules to come out the same time as the promotion announcement. USPS indicated that the goal for 2017 promotion is to file with PRC and make announcement with rule details in July 2016. New promotion ideas for 2017 were encouraged (template handed out) with MTAC User Group # 8 for promotions playing a key role. USPS will need to finalize rules by May/June 2016 timeframe.

Volume Trends:

First-Class Mail up in commercial with 2.3%, Single piece continues downward trend at -9.5%

2015 Promotions Recap:

Earned Value Credit:

	<u>Volume</u>	<u>Credits</u>
BRM	37.1M	\$ 859.9K
CRM	<u>451.4M</u>	<u>10.4M</u>
Total	488.5M	\$11.3M in credits

Over 300 companies participated.

USPS believes this promotion helps get single piece mail back and helps lessen the downward trend. Want to get Alternate Postage product into 2017 Earned Value Credit.

Updated: \_\_11/25/15\_\_

Color Transpromo

1B mailpieces \$395.6M in revenue

Over \$8M in discounts were received by participating customers. Volumes are up significantly from prior year. USPS thinks companies are using it more effectively/

Emerging and Advanced Technology

3.7B mailpieces \$800.5M in revenue

Over 16.2M in discounts

Mail Drives Mobile

3.8B mailpieces \$990.5M in revenue

Over \$20.1M in discounts received by participating customers.

Industry again brought up the possibility of a MSP incentive. Gary indicated USPS didn't have time this time to ascertain how best to do this type of program. USPS will look at it again for 2017.

**2016 Promotions:**

USPS filed proposed 2016 promotions calendar with PRC on November 16, 2015.

PRC has 45 days to respond.

Earned Value Credit:

Registration: 2/15-March31; promo runs April 1 through June 30

Color Transpromo:

Registration: May 15-Dec 31

Runs: July 1-Dec 31

Emerging and Advance Technology:

Registration: Jan 15-Aug 31

Runs: March 1-August 31

Tactile, Sensory & Interactive Mailpiece Engagement:

Registration: Jan 15-Aug 31

Runs: March 1-August 31

Mail Shopping:

Registration: May 15-Dec 31

Runs: July 1-Dec 31

Updated: \_\_11/25/15\_\_

### **Re-launch/Re-brand Alternate Postage: Simplification**

In the past may have over engineered the program. Want to streamline the rules.

Need name: **Share Mail** is being considered.

Business sends alternate postage to customer

Customer sends alternate postage to friends and family (postage paid by mail owner)

Friends and family love referrals

Mail piece being forwarded requires a FIM, Permit Imprint indicia or Picture Permit Imprint Indicia, and IMb (to be used to collect postage).

#### Plan going forward:

New name (applied for Trade Mark with Social Mail as an alternative)

Easy On boarding

Fewer Requirements/Testing-USPS will be providing a template for industry to use to put all required elements on the mail piece to ensure USPS can read piece. This will eliminate need for more stringent testing.

Proposed Price Structure-eliminate tiers (2017)

#### How does business pay for this?

Similar to BRM mail in that business pays fee if card is forwarded to a friend. Mailpiece has special barcode USPS reads when new piece is forwarded and then business is charged. USPS also will provide the 11 digit zip code that is sprayed on the mailpiece. USPS does not plan to provide name.

Review possibility of tying this product to Informed Delivery APP (Real Mail Notification) product and send entire image of mail piece back to mail owner.

Industry wants USPS to confirm this barcode will not be included in Mailers Scorecard.

USPS is considering providing a template and some requirements such as light background to help ensure barcode can be read.

Informed Delivery APP (Real Mail Notification)

Updated: \_\_11/25/15\_\_\_\_\_

New York Metro Area Expansion Plan:

- Zip Codes: 066,069, 100-119
- Rolling launch began November 2-all plants live on November 17
- Systems ready (Starting with Western Nassau)
- Test with Employees week of 11/16
- Test with consumer-marketing starting November 13
  - Project goal of more than 100K customers
- Over 40 Mailers interested in participating
  - Direct Mail (letter)
  - Catalogers

North Virginia also going to expand (Dulles and Merrifield plants) - also considering doing Capital Area however USPS needs to look at cost.

Click to Pay Discussion:

Click to Pay option with mail piece-this is not something the USPS wants to promote as it may lead to the erosion of mail.

USPS to consider a test with industry to conduct test to see if click to pay would lead to erosion of mail. This is something the industry could test.

Eventual Home is MY USPS

Informed Delivery Key Success Metrics:

**Consumers:**

- Response Rate to Marketing
  - Users Acquired
- User Behavior
  - Frequency checking alerts
  - When in the day
  - Qualitative feedback (survey)
  - Retention Rate of users
  - Frequency for checking Mailbox

**Mailers**

- Direct Mail Response
  - Users vs. Non-Users
- Click Through
- Mailer Testing
  - Mailer Feedback

Updated: \_\_11/25/15\_\_

- Industry Use Cases

### Pricing:

Steve Monteith

Price change in April will be to roll back Exigent.  
Looking for ways to simplify pricing and preparation.

USPS to continue to review the feasibility of doing 3<sup>rd</sup> ounce rides free.

Sharon Harrison asked what USPS is going to do with single piece residual mail. Need to include that in the 3<sup>rd</sup> ounce review.

Jessica Dauer Lowrance asked if USPS will consider drop ship discounts for First-Class mail. USPS will need to evaluate.

COM Issue: Dave Marinelli provided an update on MTAC Work Group # 170 Certificate of Mailing and said the group is working to resolute the last couple of issues. The next meeting has been scheduled.

## **ACTION ITEMS**

- Industry asking that for future Transpomo Promotion in addition to color perhaps other innovative things (watermarks, QR codes, etc) be considered as a way to qualify for the promotion.
- Share Mail doesn't end up on scorecard as an undocumented error
- Tie-in to "Real Mail" – maybe take image of piece and send to mailers (Legal input needed)
- Market test to see if "click to pay" will increase erosion of customers to e-pay
- Third ounce free – evaluation
- Add business rules along with promotion requirements going forward

## **Session 2: PERIODICALS**

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

Pulse Report-John Stark

Updated: \_\_11/25/15\_\_\_\_\_

Condé Nast: Made some changes at top-President now CEO. Some cost cutting measures to make budgets. Doing cuts more by titles rather than across board. Cuts include some layoffs and circulation cuts. Added to digital program, New Yorker has radio show.

Time earnings used to buy back shares of stock. Closed out You magazine and launched Wallpaper magazine (265k control circulation, 4 issues for 2016). Spent \$ 115 M in digital acquisitions. Time is doing a lot in UK. Wallpaper magazine mailing as bound printed matter first time using that class - piece weights over 1 pound.

Meredith: earnings down. General Media is looking to purchase Meredith. General Media interested in Meredith broadcast business. Meredith started 'Sweat TV' a workout channel. Meredith also had some layoffs-45 people.

Red Tag weeklies are doing okay but have their struggles.

Ad pages are down for most publications.

#### Periodical Volumes:

Volumes are down about 3.5% over SPLY. Volumes have been trending down since Q1 FY10.

#### 2015 Promotion Recap-see recap First Class notes

USPS to break out Periodical on Earned Value Credit for future meetings.

While PRC by statute has 45 days to approve new Promotions they generally do it in 34 days to allow for comment period.

Gary explained that periodicals are not allowed in Emerging Technology promotion because doing so does not increase periodical mail. Peter Moore response-Jim Cochrane had indicted he is worried about periodical losing pages and weight. Peter indicated that promotions could help get more companies to advertise thus increasing the thickness of periodical. Discount would apply only to the advertising portion within periodical.

Periodical group is concerned that if they provide promotion ideas they will be denied because class is underwater.

USPS to look into lifting the 10% limit over the periodical circulation address limit to encourage prospecting for new customers. (Even if only for a period of time)

Industry to submit some of the ideas (samples, let periodical participate in promo even if discount is given to advertiser) by year end so ideas can be discussed in PAG meeting January 11, 2016.

Updated: \_\_11/25/15\_\_\_\_\_

Industry wants USPS to consider promotion/discount on any standard mail used for prospecting to increase the volume of mail. Periodicals could use to increase their circulation.

**Proposals for 2017 promotions:**

Mailing innovations@usps.gov

Share Mail-see notes First Class

Informed Visibility (Real Mail) see notes First Class

**Pricing:**

Goal is Simplification for mail:

Some ideas being considered include:

- Look at some pricing issues-FSS pricing
- FSS scheme pallets-look for ways to create more efficient pallet
- How does USPS encourage more Carrier Route pallets that are non FSS pallets
- Merging non machine flats and parcels since all are processed the same way

See First-Class Mail Notes for additional details also discussed in that meeting.

Steve Monteith confirmed there are no discussions to roll back prices on products underwater. The roll back would be across the board.

John Stark indicated pricing needs to provide incentives for DDU entry of pallets

**ACTION ITEMS**

- Future meetings include Periodicals breakdown of Earned Value
- Look into possibility of discount on Standard Mail sent for prospecting
- Look into lifting Periodical advertising limit and the 10% non subscriber rule on mailings as a possible promotion.
- Industry to come up with possible incentive ideas and be ready to discuss at the upcoming January PAG meeting.
- Since periodicals are underwater, PRC approval may be difficult to obtain so the industry should also consider incentives other than monetary ones. One example would be to allow periodicals to contain devices to allow video recording and perhaps instead of a 2% discount the ride along fee would be waived

**Session 3: STANDARD MAIL (Wanda Senne, MTAC Industry Leader)**

Updated: \_\_11/25/15\_\_\_\_\_

Pulse Report-given by Chris Lien for Wanda Senne

Industry likes the incentive programs and wants dates to be set earlier and not delayed. CPI just out was only .079%. No rate increase 2016. Want to decouple incentive PRC filing from Price Increase filing. This has been done. Looking for update on alternate delivery-will be discussed later. Also look at status of Real Mail (Informed Visibility)

Volume: FY 2015-basically broke even. Q1 up 4% whereas Q3 and Q4 dropped 2% each.

2015 Promotion Recap:

See First-Class Mail notes:

2016 Promotions:

See First-Class Mail notes

Rose Flanagan wants USPS to share details of future promotions in MTAC User Group # 8 as rules developing and well in advance of PRC filing. Industry will provide feedback to USPS on promotions as they are still being developed rather than afterwards. Gary agreed this can be done.

Re-launch/Re-brand Alternate Postage:

See First-Class Mail notes

Question was raised about any concerns about "fault"-that is someone using barcode that contains someone else's information so charges going to another person. Gary at least for now is willing to relax rules and take the risk for now as they encourage participation in the program.

Industry and USPS can work together to create relaxed rules

Also discussed was creation of a "fake" stamp for use on mail pieces being passed on to friends and family instead of indicia.

Informed Delivery (Real Mail)

See First -Class Mail notes

Pricing:

See First- Class notes

Updated: \_\_11/25/15\_\_

USPS agreed to review industry request to increase FirstClass post card to 6 x 9. This could lead to a migration from Standard Class to a First Class postcard rate.

Discussion included consideration of lifting requirements for letter mail between 3.3 – 3.5 ounces to be allowed to mail without being in an envelope.

Consideration of zone pricing for standard mail was also discussed.

Discussion included looking at eliminating piece /pound rates to evaluate possible new pricing by creating levels - say 1-4 ounce at one price and 4-5 ounces at another price – with an objective of trying to understand customer behavior if this type of pricing took place.

## ACTION ITEMS

- Share the details of promotions earlier with workgroup
- Work with industry to create policy on relaxed requirements for Share Mail
- Use a sticker rather than indicia on Share Mail
- Industry wants status on changing size limits on First Class postcard to larger size (6 x 9). When first proposed by industry USPS promotions indicated they would not do as a promotion because it was a permanent change was forthcoming. Nothing has happened since then as the issue seems to be stuck between promotions and pricing. Industry would like to see the USPS move forward on changing the minimum size. They feel this could lead to a good migration of single sheet Standard Selfmailer mailings to First Class post cards.
- Industry would like USPS to consider lifting the requirement that 'Heavy Mail letter size mail between 3.3-3.5 ounces be allowed to mail without being in an envelope and still qualify as a letter.
- Some in industry asking USPS to look at zone pricing model for Standard Mail.

## **Session 4: PACKAGE SERVICES (John Medeiros, MTAC Industry Leader)**

Pulse was provided by John Medeiros : Industry would like status on USPS instituting the product manager concept. Industry is concerned about 2016 price increase as some tiers seeing significant price increase. Industry also interested in allowing package services participation in promotions. Gary indicated they are open to suggestions. Jody Berenblatt suggested perhaps sending package with video, similar to what Australian post did as possible incentive.

Click-N-Ship:

- USPS is restructuring Click-N-Ship to offer only retail prices.
- Click-N-Ship will no longer be an authorized payment method for Priority Mail Express and Priority Mail Commercial Base Pricing.

Updated: \_\_11/25/15\_\_\_\_\_

Question asked if now is time to seek NSA on lightweight packages which receive significant increase. Jim Cochrane noted that product line cost/profit is still very thin and probably too early to make decision. Want to get prices implemented and then review costs.

Extra Service Code

Introduce new pharmaceutical and medical visibility for NSA only.

#### First-Class Package Service (FCPS) CPP and CBP

Create new commercial Base price tiers for FCPS weight breaks 14 oz to 15.999 ounces-will not be sealed against inspection. This weight becomes part of the price charts.

#### **Product Name Changes**

Parcel Select Ground (formally parcel select non-presort)

Retail Ground (formally Standard Post)

Retail Ground Return Services (formally Retail ROYO Ground)

Two new labels for design displayed. Awaiting approval on Registered Trademarks.

Karen Key: Reviewed price list 123 format.

#### Elimination Parcel Return Service - Return Network Distribution Center (RNDC)

Service eliminated to simplify the offering and due to decline in volume.

Parcel Return Service prices are based on weight whether items are machinable or non-machinable and have the choice of two customer pickup locations: Returns Destination Unit, Returns Sectional Center Facility.

Eliminating Critical Mail Service: If used after January 17 will be charged Priority Mail Flat Rate Envelope rates.

Extra Services:

#### COM #170 Workgroup update:

- Revise mailing standards to approve the COM facsimile from the HQ level to standardize the form.
- USPS will allow up to 3 business days to consider correcting missing round dated and stamped COM form pages.

Updated: \_\_11/25/15\_\_

- Page numbering on PS Form 3655, domestic Certificate of Mailing Form
- COM Tool still being considered.

Close out of the MTAC Workgroup # 170 Certificate of Mailing scheduled for 12/3/15.

#### Collect of Delivery:

Electronic Funds Transfer available for commercial and on line customer. USPS wants EFT instead of check or money order.

#### Miscellaneous Discussion:

Industry to supply USPS package misdirect information for USPS to research. Cliff Rucker will lead effort.

Industry asking USPS to review DMM language regarding returns, UAA and refused and to clarify as one interpretation presently is that there is no charge for first year; however this is not new.

#### Pricing:

Market Dominant prices after rollback will revert to May 2015 filing-Part A CPI rates.

Industry to submit pain points to USPS so they can review. Elimination of the indicia now that electronic files are used was one example of the possible types of changes that can be discussed. The hope would be to have rules mimic those for flats and letters.

### **ACTION ITEMS**

- Industry has been getting a lot of package mis-shipped information. Cliff Rucker asked that the industry share the data and he will follow up on the issue and report back.
- Clarify the language in the DMM related to returns (UAA, Refused). The example given was on returns. The DMM indicates return service is free but really isn't. When MSP bills for the cost the mail owner pushes back because of the DMM language. DMM needs to reflect today's reality.
- Look at simplification of STC codes. Example: there is one STC for Parcel Select Lightweight and another for Parcel Select. Sometimes the initial package label is prepared as lightweight but then has to be relabeled. If the old barcode is not completely covered the old barcode can be read leading to a variety of issues. Creating only one STC would eliminate the need to over label the package. The industry would like to see STC and rules mimic those of Standard Flats and Letters