



# USPS Customer Insights

## The Future of Mail

### Current State, Outlook, and Trends

January 12, 2016





# Trends Impacting the Mail

The landscape of mail is changing due to an increasingly digital-centric world. The USPS has the opportunity to align their services to take advantage of these trends.

## RISE OF MOBILE



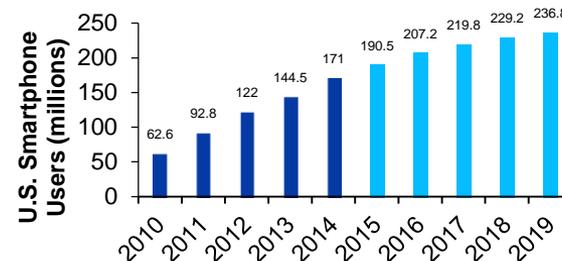
### Key Implications for USPS

- USPS will **need to adapt to mobile-first/mobile-only users** now in order to continue to capture the millennial generation
- Making full capabilities accessible to mobile users** will be increasingly important for any online platform
- Mobile payments** will play an increasingly important role for consumers



### Key Stats and Trends

Growth in US Smartphone Users



## MULTI-CHANNEL ENGAGEMENT



- Consolidating customer data** and **creating a consistent customer experience** regardless of channel will be key
- USPS has the ability to **position mail as a means to better engage customers** and become more **integrated across multiple channels** and media to maximize impact
- Competitive companies will become expert in **personalization, content marketing and targeting** across multiple mediums



Surveys have indicated that multi-channel engagement has led to...



**15%**

in impressions



**15%**

in customer satisfaction

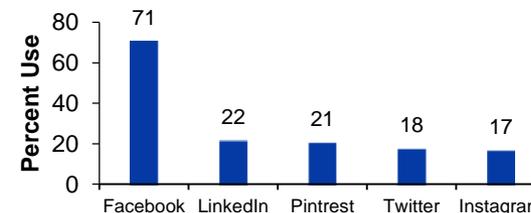
## SOCIAL MEDIA 2.0



- Social media can **address operational "pain points"** and significantly enhance business performance
- Direct contact** between customers and developers, executives and front-line workers, and salespeople and suppliers can **improve efficiency and effectiveness**
- USPS can leverage **inside-to-inside, inside-to-outside, and outside-to-outside communications**



Social Media Platforms Used by US Adults (2013)



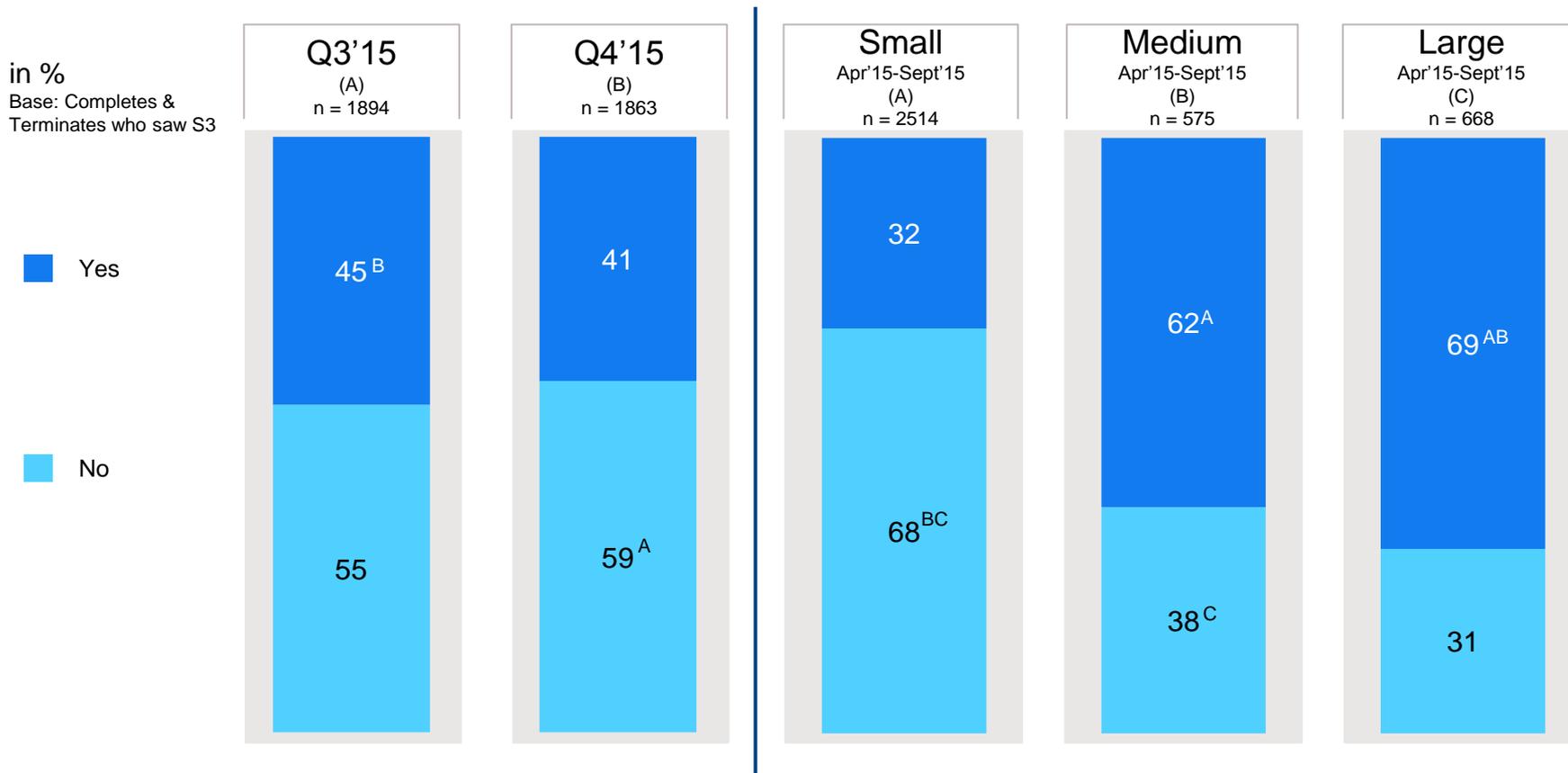
Sources: Deloitte: "Tech Trends: Inspiring Disruption" (2014); Deloitte: "Tech Trends: The Fusion of Business and IT" (2015)



# Businesses that use Direct Mail

Roughly two-thirds of medium and large businesses use mail for advertising while only one third of small businesses are direct mail users.

### Proportion of Businesses That Use Direct Mail



S3. On average, how many of each of these types of shipped or mailed items do you send or process each week?

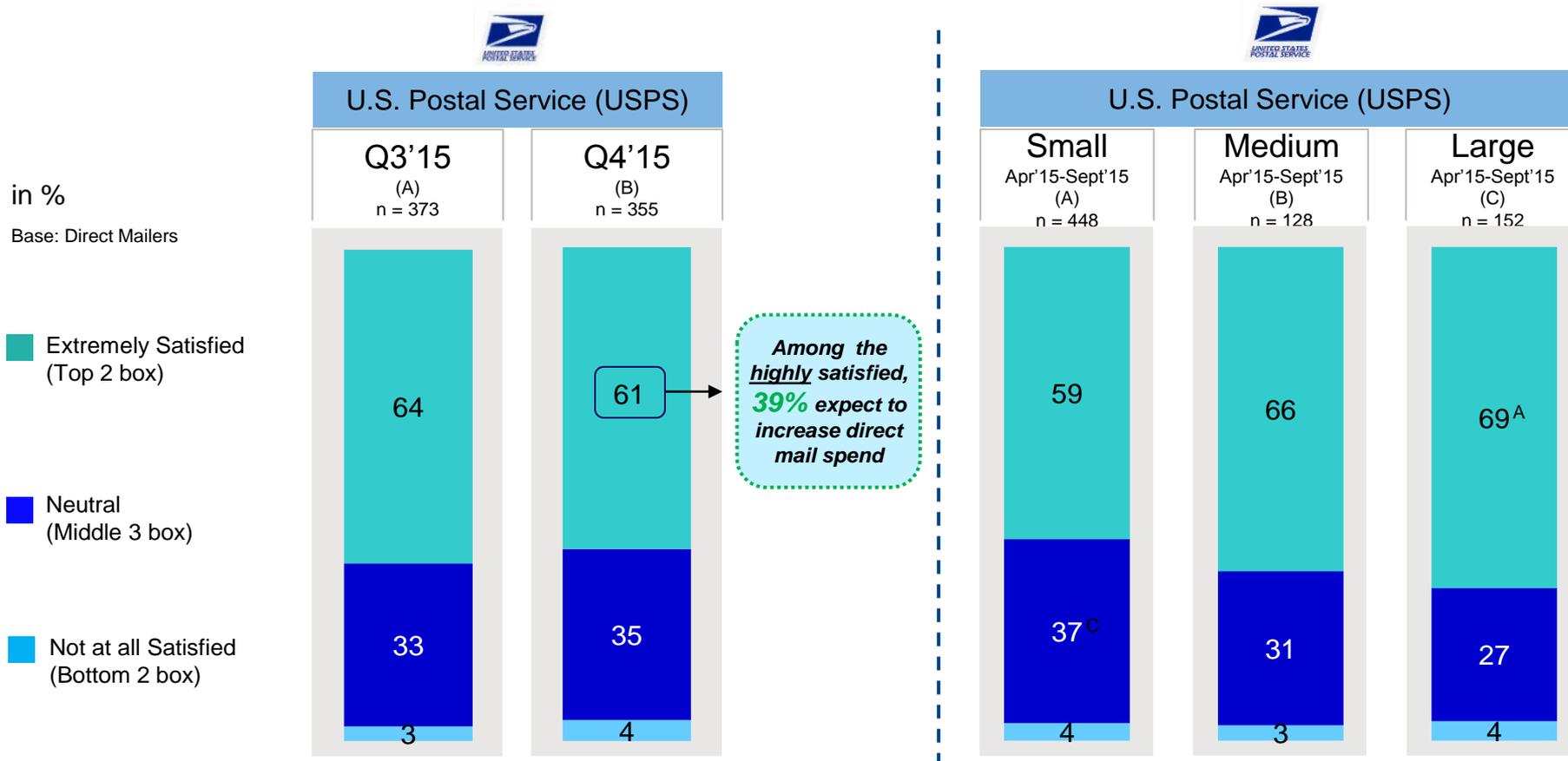
S4. Over which of these do you have sole or shared decision-making authority (for either budget/strategy or provider selection) within your organization or location?

Uppercase letters denote significant differences at the 95% confidence level



# Satisfaction with USPS Mail Service for Advertising

The majority of businesses (61%) are highly satisfied with USPS Direct Mail. This is important because highly satisfied businesses are twice as likely to anticipate an increase in their future direct mail spend compared to businesses that are less satisfied with direct mail. Large businesses report the highest level of satisfaction.



Note: Small Business (1-49 employees); Medium Business (50-499 employees); Large Business (500+ employees)

D5. Based on your overall experience with the United States Post Office mail service for advertising through the mail, how satisfied are you with the United States Postal Service?

Please rate using a scale from 1 to 7, where '1' means "Not at all Satisfied" and '7' means "Extremely Satisfied." 10

Uppercase letters denote significant differences at the 95% confidence level





# Future Spending on Direct Mail

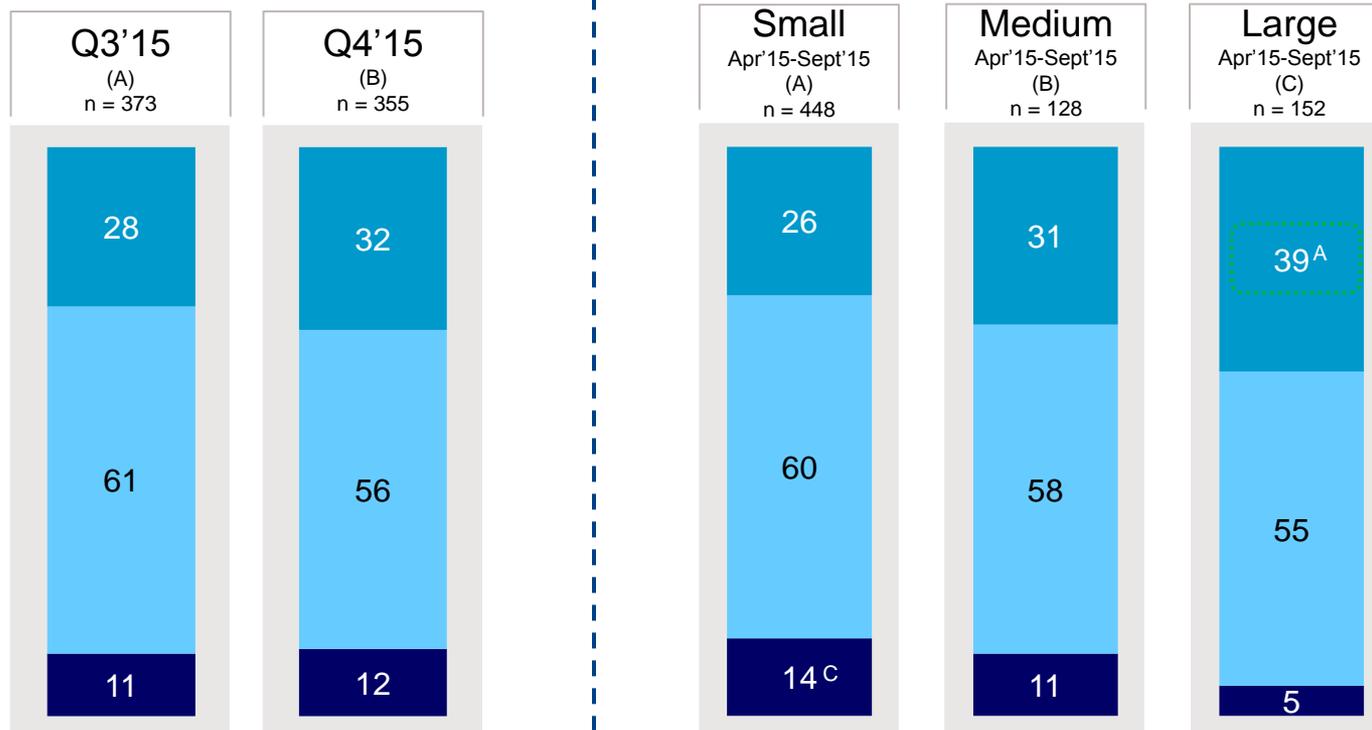
Three in ten businesses indicate they expect to spend more on direct mail in the future, and even higher among the large businesses.

## Business Expectations in Direct Mail Usage

in %

Base: Direct Mailers

- Likely to use more direct mail advertising
- No change
- Likely to use less direct mail advertising



Note: Small Business (1-49 employees); Medium Business (50-499 employees); Large Business (500+ employees)

D8. In the next 2 years, do you plan to use more or less direct mail for the following marketing objectives? 11

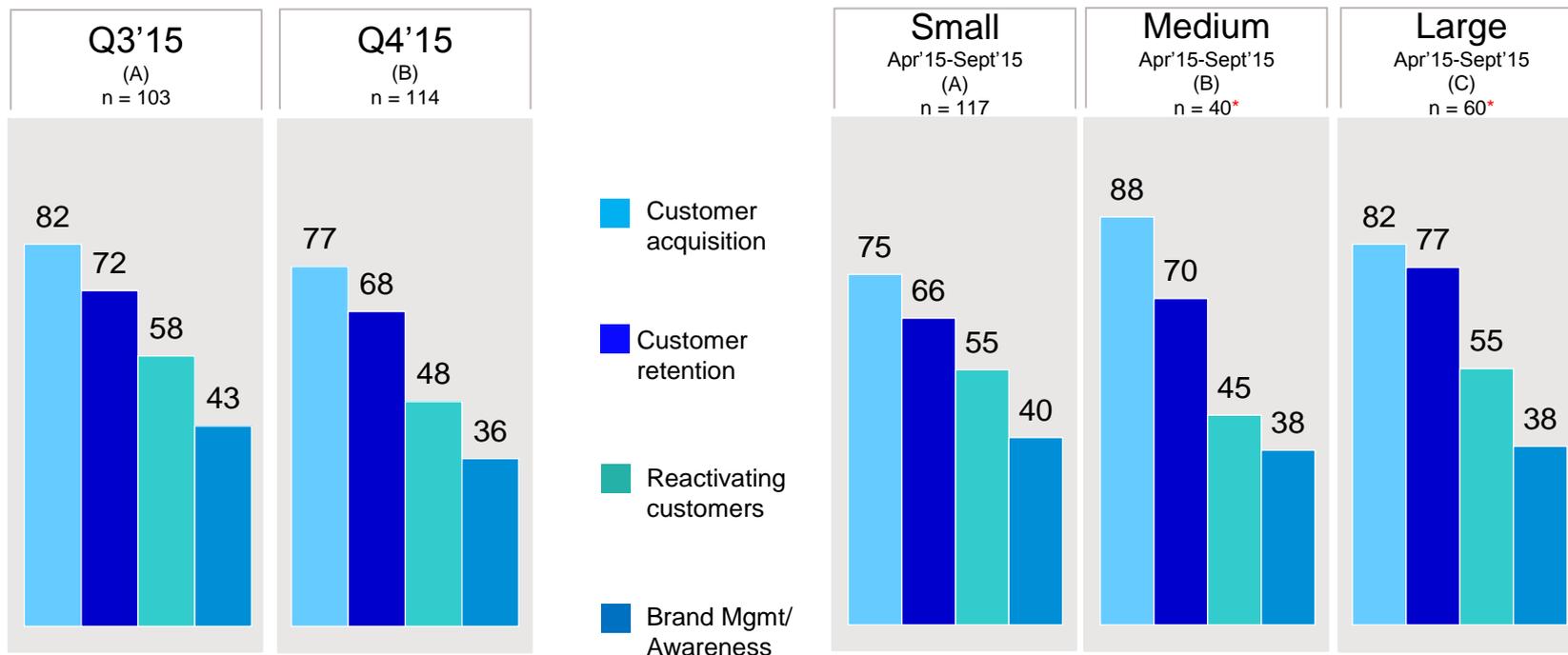
Uppercase letters denote significant differences at the 95% confidence level



# Objective for Increase in Direct Mail

Across businesses of all sizes, the primary objectives for business' increase in direct mail is to acquire and/or retain customers.

## Objectives for using Direct Mail



in %

Base: Direct Mailers likely to use more direct mail advertising

\*Caution: low base (n<75)

Note: Small Business (1-49 employees); Medium Business (50-499 employees); Large Business (500+ employees)

D8a. You indicated you are likely to use more direct mail advertising in the next two years. For which of the following marketing objectives are you likely to use direct mail?

Uppercase letters denote significant differences at the 95% confidence level



# Reasons for Anticipated Direct Mail Increase

Increases in Direct Mail spend will come from less spending on email, print and billboards, as well as increases in overall budget. Those who anticipate spending less will allocate more budget toward internet, social media and email.

	Anticipate Spending <u>More</u> on Direct Advertising in the next 2 years because less will be spent on... <sup>1</sup>		Anticipate Spending <u>Less</u> on Direct Advertising in the next 2 years because more will be spent on... <sup>2</sup>	
	Q3'15 (A) n = 103	Q4'15 (B) n = 114	Q3'15 (A) n = 41*	Q4'15 (B) n = 42*
Internet/web advertising	15	16	61	50
Email ads	17	23	37	43
Social media	12	14	49	48
Magazine or newspaper ads	19	24	2	5
Trade shows, conferences, promotions	6	8	17	14
Billboard/Outdoor ads	17	22	5	5
Event-based advertising	8	9	15	12
Providing samples	14	11	10	5
Radio ads	10	11	5	5
Mobile advertising	8	9	15	12
Television ads	8	7	2	0
Transpromo	6	4	7	5
Other	2	0	2	2
I am not spending less/more anywhere	27	26	2	12
None of the above	3	4	2	0

# Questions