

**MTAC Focus Group Meetings
February 15, 2012**

**Periodicals
Key Comments and Questions**

John Stark, MTAC Industry Leader for Periodicals

USPS Industry Engagement & Outreach Facilitator: Ernie Harris

FG 10: Visibility / Service Performance 12:20 pm – 1:15 pm

Jim Cochrane, VP, Product Information, USPS

Lisa Bowes, MTAC Industry Leader for Service Performance

USPS Industry Engagement & Outreach Facilitator: Paula McCollum and Neena Dhuria

Discussion Notes:

1. Demonstration of the IMb Service Performance Diagnostics report – an internal USPS tool that provides value to ensure those facilities performing below standard are identified for corrective action. Heavy usage by plant managers, AVPs and management. Mail history tracking system provides not only *what* is happening, but *how* and *why*. System was built for sampling but needs to go to real time and provide incentives tiered for full service vs. basic; floor supervisors need to use it as a daily tool. It has business value for both USPS and Periodicals mailers. Tool is not available for mailers' use; USPS will share relevant information.
2. Discussion around how to get more people on full service through increased incentives. By 2013, only full service chart will be left.
3. Update on poor service measurement scores and Tiger Team results –
 - a. Huge issue for time sensitive publications
 - b. More critical when considering eliminating Saturday delivery
 - c. Problems with processing work flow/staging causing long service delays
4. Increased industry interest in Alternate Delivery to get better service
5. IMb Data
 - a. Update on USPS using data to identify problems and improve service
 - b. Interest from industry to use IMb Tracking – how best to use.
6. Hard Copy ACS

- a. How to get USPS to scan IMb or use ACS participant code for electronic returns
 - b. Publishers do not want to process manually and pay for cost
7. USPS noted the coming change for ACS threshold (on April 1 going from 70% to 75 % to qualify for 100% discount allowance), the reconciliation report, and that enhancements have made eMIR more solid than before.

Action Items:

1. **Industry asked to be able to use the IMb Service Performance Diagnostics report .**
 2. **A mailer asked if any 6-digit mailer IDs are left (need to get into full service).**
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FG 13: Preparation & Entry (Operations) 1:25 pm – 2:20 pm

Dave Williams, VP, Network Operations, USPS

Todd Black, MTAC Industry Leader for Entry and Preparation

USPS Industry Engagement & Outreach Facilitator for Preparation & Entry: Margaret Pepe

Discussion overview:

- Introductions
- Overview on Focus Area (Dave)
- Industry Concerns (Industry Members)
- Network Rationalization Update (Dave)
- Wrap Up

Discussion notes:

1. Industry reiterated concerns about service for daily and weekly Periodicals and impact of earlier CETs on time-sensitive publications. Specific industry concerns were around the daily, weekly periodicals margin to meet CET which may cause publications to either close editorial on Thursday vs. Friday, thus making the product less valuable. It was indicated that non-FSS CET needs to be earlier – how much earlier, not sure as yet, but it must be a solution approach. Discussion around the bundle sort and mixed pallet and window of opportunity. Concerns around 5-day delivery and noon Sunday CET and how it would impact competitive edge in the industry.
2. Network Optimization industry concerns - cost and Service impact from moving 10 FSS machines; ability to meet service standards with larger geographic responsibilities; impact on FAST appointments.

An update on network rationalization was provided including the PMG's commitment to no facility closures/consolidations until after May 15, 2012; nationwide stakeholder meetings have been and will continue to be held; AMP packages are being readied, public announcements will soon be made, evaluation of Federal Register input is ongoing; there will continue to be overnight service standards for Periodicals in some cases; FSS entry times will not change, non-FSS site entry times will need to be earlier, nothing is finalized as of now.

3. Discussion around the area hub concept, which is designed to drive efficient transportation. Currently USPS dispatches scheduled trips ½ full – need to drive down the number of miles and aim for full loads. Hubs are not yet in place – periodicals will be able to drop directly into the hub. Collection hubs will have consolidated loads from retail units and blue collection boxes. It will be full-load containers that are cross dock operation. Mail is not worked at the hub.
4. 89 FSS machines deployed in 2011 led to service challenges – there was a learning curve for technicians – updated training has improved that – getting better at keeping machines running. FSS diagnostic maintenance, repair time, engineering, performance are all improving.
5. Origin Mixed ADC Pallet Update/Discussion

Action Items:

- Suggestion: this MTAC focus area should generate new workgroups to benefit Periodicals and USPS.
- Suggestion: this focus area replace POAC.
- Request consideration of adding a 250-lb 5-digit pallet at cost effective rate.
- Request that FSS pricing also be discussed.
- Would USPS consider adjusting high customers' CET?
- Bundle processing – APBS feedback on bundle damage/tumbling problem; update on automated bundle handling investments (BFP/AFP)

FG 8: Product Development 2:30 pm – 3:25 pm

Gary Reblin, VP, Domestic Products, USPS

Rose Flanagan, MTAC Industry Leader for Mail Pce Design/Prod Develop.

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

Discussion overview:

- Introductions
- Meeting Structure

- “Pulse of the Industry”
- USPS Update

Discussion notes:

1. Much discussion around success of the new QR codes as an “action code” helping to lead a digital trend - USPS recognizes the value of print and knows mobile commerce will help USPS and Periodicals over time.
2. Importance of understanding the value of the periodical subscriber, as well as the periodical itself, as the “anchor in the mail” in order to really understand the value proposition. Need to change consumer behavior.
3. Industry asked why USPS doesn’t spend its ad budget on Periodicals. Gary said USPS does and provided examples. Industry member clarified she wants USPS ad dollars going to community newspapers.
4. Positive feedback on recent Periodical product sample and supplement to regulations

Action Items:

- Why does QR promotion exclude Periodicals?
- Industry mentioned the value of PAG and would like it to continue – POAC will come under the new MTAC structure but PAG should continue separate from MTAC. Ensure feedback gets back to Consumer and Industry Affairs.
- Past test efforts to generate new magazine subscriptions in postal lobbies has been tried but unsuccessfully due to the postal clerk not being able to take money on site. Industry would like to redo the test with the clerk being able to take money. Could allow anyone to pay via smartphone with QR codes, so the test should be conducted again because payment may no longer be a problem. Need further discussions on expense, test facilities and with the retail group.
- Industry had asked VP, Sales & Marketing about mailing to nonsubscribers to get them to subscribe; no response so far. Problems include expense of magazine samples, circulation issues, etc.
- The desire to sell magazines on the USPS website was discussed – everyone agreed all that is needed is willing publishers and a willing Postal Service. Invite VP Channel Access to next meeting to further discuss.
- Pricing and cost coverage should be part of this discussion. Cost coverage concerns include update on Cost Systems Assessment project; Cost Data Analysis results; potential presort rule and rate changes to incent proper mailer behavior.
- Industry asked for more periodicals sessions at the NPF (used to be a “Periodicals Day” at NPF). An industry representative said many new periodicals go to the Forum; should offer more sessions to justify their attendance.

- PAG update: ideas such as product sampling via the mail have been very successful, industry has more new ideas to offer. PAG gets into details that are important; it would be worthwhile for PAG to report out at future MTAC product development focus meetings.
 - How do we change the Periodicals discussion from cost to value?
 - How can we create handling efficiency for the USPS and the industry?
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FG 7: Payment / Acceptance 3:35 pm – 4:30 pm

Pritha Mehra, VP, Mail Entry and Payment Technology, USPS

Dale Miller, MTAC Industry Leader for Acceptance

Angelo Anagnostopoulos, MTAC Industry Leader for Payment

USPS Industry Engagement & Outreach Facilitator for Payment/Acceptance: Anthony Frost and Tonya Dodson

Discussion notes:

1. Value of moving verification from DMUs to destination entries – industry had concerns about this delaying the mail and inconsistencies in how retail clerks are handling at local level – eVS has centralized the process, analytics will drive this, the system will collect the data and should allow a little time for the new systems to work.
2. Regarding BRM, want mailers to exhaust supplies with FS with the aggressive timeline approaching (Jan 2013) – Postal Service announcements will allow enough time for mailers to exhaust their supplies – Federal Register Notice is going out.
3. CRID assignment will go into January release.
4. Not sure if FS piece discount is going away in 2013 but mailers will continue to receive automation discount.

Action Items:

- Currently no way to automate mail piece to capture piece weight at induction; concern in delaying the container. Need a process to watch mail trend/solicit testers/data sampling at induction, determine what happens if mail is over pound.
- Discuss with VP, Pricing, and her team: issue of air boxes used to satisfy TSA requirements on flights – USPS doesn't recognize them (industry rep pays sack charges with the sacks being in the boxes, each holding 150 – 200 lbs.). Wants Pricing to establish a price. Mail.dat has air boxes as an available container type. Situation with newspapers and flat tubs should also

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be discussed with pricing. Possible solution: sack charge. Payment Acceptance team to discuss with Pricing and report back.

- Timeline requiring FS IMb for 2014 implementation for small mailers is too aggressive; Industry says it won't be ready. Small publisher willing to "test" this – industry will follow up on this.
- PostalOne! payment issue concerning downloadable detailed postage statements – look into this and report back.
- Seamless Acceptance – Periodicals mail owner impact update
- Single Permit Enterprise Payment for Periodicals update
- Update on USPS plan to retire Postnet and transition to Full Service IMb – changes to discounts/requirements for Automation Discounts.