

**MTAC Focus Group Sessions**  
Wednesday, February 20, 2013

**PRODUCT DEVELOPMENT**

Gary Reblin, USPS VP-New Products and Innovation  
Rose Flanagan, MTAC Industry Leader, Mailpiece Design/Product Development

**Notes for each Focus Group Session for Product Development:**

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**Session 1: PACKAGE SERVICES (John Medeiros, MTAC Industry Leader, Package Services)**

**DISCUSSION**

**Questions/comments on 5-day mail delivery**

- Packages will continue to be delivered on Saturdays for a variety of reasons, including overall profitability, delivery of medicines, continuing eCommerce growth
- Express Mail, Priority Mail, Parcel Select, Parcel Select Lightweight, First Class Package Service and Standard Post will be delivered on Saturdays; BPM, Library Rate, and Media Mail will not be included for Saturday deliveries, but may be delivered in certain situations
- Dynamic routing and passive scanning systems will support proper separations
- Potential impacts to attributable and institutional costs were discussed
- Concern over available staffing for DDU acceptance on Saturdays; industry requested more information

**Parcel Select Lightweight w /Signature Confirmation Test**

- Provided overview of proposed test (May 1 – Sept 1, 2013); payment type is eVS
- Target audience: pharmaceuticals
- Label size: 4 x 6
- Reviewed action items; identify customer and USPS requirements
- Will be offered as NSA only

**Shipping Products proposal for July 2013 (reviewed list of initiatives)**

List was created prior to 5-day announcement; will need to be reviewed for possible changes, i.e., exploration of some initiatives could be delayed until 2014 if lower priority, since 5-day is critical initiative:

- **Early Bird Guaranteed** packages can be dropped at designated Destination Delivery Units (DDU) Monday through Saturday. NSA required. The service is postage plus a fee. Requirements to use the service:
  - Facility Access and Shipment (FAST) to establish Destination Delivery Unit (DDU) appointment through bulk file upload. System defines earliest / latest drop times to receive same-day guaranteed service
  - PTS File include rate indicator and delivery option indicator
  - Intelligent Mail Container Barcode (IMpb) on Pallet
  - Intelligent Mail Package Barcode (IMpb) on individual shipments
- Exploring **new refund process for eVS mailers** that will simplify the process for extra services and value added services.
  - Question – does an entire drop have to be part of the early bird? Something that may be able to be negated in the NSA. Certainly if packages are on separate skids not an issue but if they are combined further discussion would have to take place.
  - USPS would like to have the carrier route on each label (but if not USPS is working with clients). Developed because mailers expressed interest in ability to tell their customers xx days for deliver, but USPS previously has not offered this guaranteed delivery. Normally, packages delivered by the cut off time were delivered same day but without a guarantee. This service would provide guarantee. NSA customers will be able to download from FAST the List of Early Bird sites.
- **Sunday Delivery Guaranteed** packages can be dropped on Saturday or Sunday. NSA required. The service is postage plus a fee. USPS will use dynamic routing. Parcel Select initially offered; in future, hope to expand to other products. Requirements to use the service:
  - **Facility Access and Shipment (FAST)** to establish Destination Delivery Unit (DDU) appointment through bulk file upload. System defines earliest / latest drop times to receive same-day guaranteed service.
  - PTS File will include new service type code, rate indicator, delivery option indicator
  - Intelligent Mail Container Barcode (IMcb) on Pallet or Pallet boxes
  - Intelligent Mail Package Barcode (IMpb) on individual shipments
  - Encourage customers to use Carrier Release Endorsement on shipments
- **Priority Mail Drop Ship**: deferred to January 2014. Will allow mail owners to drop ship Priority Mail closer to destination.
- **Parcel Select Extended Coverage**
  - Package group wishes to discuss this further
  - Process: mail owners would be allowed to combine some DDU's and drop at a single location

- **Collect on Delivery** – Automate the system and allow faster electronic processing of funds to the shipper.
- **Federal Register Notices – Proposed Rules**
  1. Special Handling (Live animals)
  2. Restricted delivery
  3. Reship
  4. Certificate of Mailing
  5. Package Intercept API
- **Package Pickup Enhancements** – Recurring pickups will be accepted for up to 1 year in advance, as opposed to current 6 months.

USPS is trying to balance service and price to provide new added value for customers.

- **Review of improved visibility progress**
  - Return to sender delivered scan event
  - Extra services refund reason codes
- **Time in Transit Tools and Automated Pricing Files**
  - Peter Klausner, Manager Technology Solutions , Shipping Services (part of Margaret Choiniere’s Technical Solutions team -- helps build tools that make USPS integration easier)
  - Covered current time in transit offerings
  - USPS’ current Time in Transit offerings
- **APIs ( Rate Calculator, Web tools)**
  - Both tools support EM (guaranteed) and PM, First-Class Mail Package Services & Package Services
  - Express Mail data includes multiple entry points
  - Data is uploaded quarterly
- **Data Files ( Non-Express Mail)**
  - Planning an automated distribution method
  - Possible solutions: API call to retrieve data; an FTP site preloaded w/ update naming convention
- **Data Files (Express Mail)**
  - Question: Is an offline, data-only solution needed?
  - Current data support all origins to all destinations; a proposed alternative is a download from a specific origin to multiple destinations.
- **Automated Shipping Files (APF) Patent Pending**
  - Computer consumable data files
  - Supports NSA rates & published rates
  - Patterned after Notice 123
  - Data driven (one query to look-up prices)
  - Effective start dates & contractual expiration
  - Implemented according to customers’ programming standards
  - Can be used as-is or loaded into a proprietary data base
  - Can be combined w/other carrier data for a one-search pricing comparison

- **Pulse of Industry for Parcels – John Medeiros**
  - Happy to hear Krista Finazzo joined Consumer & Industry Affairs group.
  - Review and description of MTAC Task Team # 119’s progress.
  - Covered issues with the sample promotion; asked that it be allowed as part of a co-mail; expressed concern about mail.dat requirement when 90% of parcel shippers do not use mail.dat
  - Industry would like to see organization chart for new USPS marketing organization
    - Reblin described new marketing organization; his group is now geared to new developments, and the new Brand Marketing group handles established products; introduced Marc McCrery, Lisa Bobb-Semple and Jane Dyer.
  - Questions re: the MetroPost pilot; Reblin provided update of the San Francisco pilot
  - Industry would like a Parcel Select cost coverage sheet

**ACTION ITEMS**

- Need clarification on the DDU changes for package acceptance for 5-Day delivery
- Investigate payment options for Product Sampling and the ability to allow co-mingling for promotion participation
- Have Tom Day come to a future session to discuss carbon calculator
- Investigate possibility of developing a more centralized section on RIBBS for Parcels/Shipping

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## **Session 2: FIRST-CLASS MAIL (Sharon Harrison, MTAC Industry Leader, First-Class Mail)**

### **DISCUSSION**

#### **Questions/comments on 5-day mail delivery**

- Industry wants to know more about USPS direction and potential industry impacts
- Industry expressed concern about going from 6- to 5-day delivery; could negatively impact First-Class Mail
- USPS considers First-Class Mail a critically important product
- Industry noted USPS COO's comments at the USPS Leadership Forum for Stakeholders on Feb 19 regarding priorities for delivering mail going forward in view of 5-day delivery

#### **Issue regarding meter date for First-Class Mail at acceptance**

- Dating of First-Class Mail for Saturday mail will be critical for the industry
- Use the precedent set today for mail that is metered and accepted after 4 pm; although it contains today's date, the "start the clock" for service measurement actually begins the following day

#### **Update on MTAC Task Team #21 "Single Piece Residual"**

- Steve Monteith, Manager, First-Class Mail Product Development, introduced Lance Bell from USPS Business Mailer Support to provide the update
- TT #21 has been working on the 48-cent issue (issue of single piece pricing for residual mail):
  - If you have residual mail up to 2 ounces your cost is 48 cents. PRC ruling was made this past Friday (February 15), but implementation was actually January 27, 2013. PRC has provided this as a final answer.
  - Sharon Harrison asked if work group needs to reconvene; it was decided not to.
  - Becky Dobbins and Lance Bell will work with Chris Simone to come up with an Industry Alert to provide for communication.
  - Industry also requested a DMM Advisory; USPS agreed to do this.
  - Industry reported continuing confusion on this issue.
  - USPS suggested posting the results of TT #21.

#### **Miscellaneous**

- Reblin described the new marketing organization. Industry expressed concern that First-Class Mail now needs to deal with three USPS groups. Reblin identified Betty Su as his counterpart in Marketing, and introduced Jane Dyer.
- Sharon Harrison provided the Pulse of the Industry for First-Class Mail.
- Reblin covered First-Class Mail revenue for 2012; one-third of the total First-Class Mail volumes depicted are for single piece.

#### **Update on 2013 Promotions**

- CRM/BRM Earned Value Trial results/status
- CRM/BRM MSP resolution
- Update on registrations for **Direct Mail Mobile Coupon** and **Click to Call**, and the **Earned Value Reply Mail** promotions

- USPS Goal is to get credits into participants' accounts by July 31, 2013
- Described process used to do counts; industry will be able to check these counts – it is important for the USPS to hear about issues **throughout the period** (do not wait until the last date)
- Industry asked if USPS could supply the MID owner name in addition to the MID on the MSP report; USPS will look at that
- When will the promotion registration guide be updated? USPS will review this and follow up.
- Industry also asked about the one-to-one MID (and CRID) link to Permit process; USPS will provide further review and clarification of process
- Industry thanked Steve Monteith and his team on the excellent progress being made on these promotions
- An MTAC User Group focusing on promotions for First-Class Mail will have its first meeting at National Postal Forum (9:30 am on Wednesday March 20)
- USPS provided updates on the Earned Value promotion and reiterated that **Mail Service Providers can now participate**

#### **2014 Promotions/Incentives Update**

- USPS interested in working through the details of the promotions with industry
- Working list of potential 2014 promotions
  - Colorization of bills and statements
    - On-serts, not inserts
    - Produces greater connection and response for consumers
    - Offered only to First-Class mailers
    - Question to USPS – What is color?
    - Industry suggestion: does this have to be a hard start and stop? Some customers may take longer to convert than others, so would prefer a “rolling” 60-day window, company-dependent. Once mailers invest in color they may remain in color
- Reblin: allowing payment via click-to-pay had been somewhat controversial in the past but may now be better accepted. He would like industry feedback; if positive, he will take it forward. Industry in the session said they would support it. NFC in general for First-Class Mail is another opportunity area.
- Reblin reviewed a *working list* of potential 2014 promotions:
  - Personalization promotion
  - Social networking promotion
  - Video in print and/or audio technology
  - Emerging technology
  - Mobile App promotion
  - Mail drives mobile commerce promotion
  - Green advertising promotion

#### **ACTION ITEMS**

- Confusion on PRC ruling: what does it mean for mailings that were previously submitted, specifically those that paid 66 cents? Should they receive a refund? Will need to look at this for next year, also.
- Communication plan for 5-day mail delivery.
- Meter date for First-Class Mail for acceptance day
  - Regulatory issues? Since it is accepted on Saturday, mailing date could be different.
  - Currently meter date is not necessarily the same as start the clock. Example: Monday metered mail may enter after 4 pm (next day = day 0), but is still entered with Monday's date. Apply same logic to Saturday.

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## DISCUSSION

### Questions/comments on 5-day mail delivery

- Industry concern that making Periodicals go to 5-day delivery could signal “beginning of the end.”
- USPS responded that with technology, going forward there will be new opportunities to keep postal rates low and provide good service. The USPS is still a \$65 Billion enterprise – very large business – and needs Congressional action to change its business model.
- Industry noted that fall-off in circulation numbers for a specific periodical during the past few years has leveled off – good news, although newsstand sales continue to fall off significantly.
- USPS noted the combination of new digital opportunities with print offer new growth opportunities for Periodicals and the mail.
- Industry: digital means may be used to get magazines to those who cannot get their periodicals delivered on Saturday. Concern exists about the need for Monday delivery if Saturday delivery goes away. Concerned that FSS issues may delay delivery of periodicals.
- Reblin said it is important for mailers to keep USPS informed about their concerns so that USPS can properly execute 5-day so that high service levels are maintained.
- Saturday delivery for packages will help USPS grow package business.
- USPS looking to industry to think creatively and share ideas, such as offering a caller pickup service on Saturdays.
- Industry asked if a package is a parcel, or if there is such a thing as Periodical parcel.

### Suggestions

- USPS: Is there a way to create interactive ads which may link to the TV? Is there a way to link the mail to an interactive experience.
- Industry: Consumers are pulling back from too many interactive devices in print now as opposed to when this first started.
- Industry: With samples coming back, maybe an ad on television suggesting a sample in a future month of specific magazine.
- Industry: USPS might want to consider opening up the mail box on Saturdays for private delivery.

### Pulse of the Industry for Periodicals (John Stark)

- Many publishers looking beyond the hardcopy publication; many new digital applications are being brought online for advertising. Digital for circulation is also growing.
- Publishers are trying to use combination of digital and hardcopy to grow business. Trying new initiatives to grow the business; getting new advertising dollars is still a key objective.
- Digital experts becoming key executives in the periodicals industry.



- Certain kinds of periodicals are better read in hardcopy; others are excellent via digital device such as an iPad.
- Key is to give consumers the content they want, when and how they want it. Losing Saturday delivery for hardcopy magazines could tip the balance toward digital.
- Line extensions are popular now. Newstand sales dropped 9% this year; consistent fall-off for the past three years. Industry reports that newsstand newspapers are being robbed for the coupons. Layoffs are taking place at periodicals companies.
- Revenues for some are up for both hardcopy and digital. Positive trends for ad pages in March issues of fashion magazines; healthy signal. Luxury automobile ads running in magazines and using digital options continue to create buzz in the industry.

### **2012 Holiday Mobile Shopping Promotion**

- Ran Nov 7 – Nov 27, 2012 after the elections and during Thanksgiving.
- Over 330 customers participated.
- One billion mailpieces received the discount; over \$4.6 million was provided in discounts.
- Select customers earned an additional 1% discount for Priority Mail.
- Most successful promotion for USPS.
- People were purchasing from the mobile platform within the mail.

### **Promotion grid for 2013 is on RIBBS**

### **Proposed 2014 Promotional Calendar**

- Objectives
- Framework
- Working List of Potential 2014 Promotions
  - Personalization promotion
  - Social Networking Promotion
  - Video in print and/or audio technology
  - Emerging technologies
  - Mobile app promotions
  - Mail drives mobile commerce promotion
  - Green advertising promotion
- A BRM / CRM rerun for 2014 could possibly include Periodicals.
- Periodicals invited to suggest additional ideas for other new promotions going forward.
- Industry idea: USPS could raise the cap for ad percentages and this could include Periodicals.

### **PAG Update**

- USPS coming up with possible regulations to allow new options for Periodicals mailers to grow their business.
- While this is being worked on, USPS still needs to better understand the potential impact.
- Industry: the loose supplement rule is being reviewed to determine how regulations could be modified to encourage growth here as well.

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## **ACTION ITEMS**

- Suggested 2014 Promotion: increase ad % for a specific period of time to increase mail volume.

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## Session 4: STANDARD MAIL (Wanda Senne, MTAC Industry Leader, Standard Mail)

### DISCUSSION

- Gary Reblin introduced Betty Su, Executive Director, Brand Marketing. She will lead the new Brand Marketing group responsible for the brand management of shipping, mail, small business, digital and retail services, as well as market research and marketing services.
- USPS creating a communication plan for 5-day mail delivery. USPS is a \$65 Billion business so it is not going away. Mail has great opportunities with digital, and will continue to demonstrate ROI.
- Industry: What will 5-day do to cost coverage for Standard Mail flats?
- Standard mailers planning to use the new Patriotic Star business stamp (First-Class 46-cent in coils of 3,000 or 10,000) should contact Industry Engagement & Outreach group (Sharon Owens) – stamp is being dedicated at National Postal Forum on March 19 and USPS would like to include some users in the dedication.

### Pulse of the Industry for Standard Mail (Wanda Senne)

- Standard mailers are concerned about deferability with 5-day, especially around the Monday holidays. Concerned that Standard mail not delivered on Saturday, or Monday (holiday), will be deferred to Wednesday or Thursday.
- Standard mailers concerned that they are not receiving mail piece design answers on a timely basis; this is hurting marketing efforts.
- Catalogue mailers need a prospecting discount; current catalog pricing is squeezing the catalog industry. Without relief, cataloguers say they will only be mailing to current customers (only 20% of their mail volume now). Prospecting by mail is important, but can't afford keep doing this with current pricing (i.e., without a prospecting discount).
- USPS is trying to address this.

### Volume data for Standard Mail

- Reblin reviewed Standard Mail volume data for Q1/2013 vs. SPLY; the trend is positive.
- The election helped, as did promotions.

### 2012 Holiday Mobile Shopping Promotion results

- Ran from Nov 7 – 21 2012.
- Survey results and observations:
  - 62% of participants heard about the promotion through mail service providers (MSPs).
  - The discount was the strongest driver of the promotion.
  - 32% of participants will use the 2% savings to do more mailings.
  - 14% of participants increased volumes for the promotion.
  - One-fourth of participants made changes to their websites due to the promotion and this is positive.
  - 1% of promotion participants had a plan for measuring the performance of the mobile barcode.
  - Over one third of respondents view the USPS as more innovative as a result of the promotion.

- More interest in the USPS to continue promoting technologies.
- 2013 promotion grid is on RIBBS.
- There were some issues with PostalOne! regarding the promotions.
- Pritha Mehra and Pricing are working on this.

### **2014 Promotional Calendar**

- Objectives
  - Increase long term
  - Communicate early specific promotions
  - Personalization Promotions provide the ability to create more effective pieces
- Working List of Potential Promotions
  - Branded/Customized Mobile Technology
  - Personalization Promotion
  - Social Networking Promotion
  - Video In Print and/or Audio Technology
  - Emerging Technology
  - Mobile App Promotion
  - Mail Drives Commerce Promotion
  - Green Advertising Promotion
  - Colorization of bills and statements
  - Premium Advertising Product Promotion
  - Earned Value Reply Mail Promotion
- USPS looking for feedback on promotional ideas presented
- 2014 Promotion suggestion from industry: allow a discount for drop shipping First-Class Mail

### **Closing Discussion**

- Model of offering four promotion periods per year with two ideas during each period has been successful; will probably be the preferred model going forward.
- Question about selling magazines in postal lobbies. USPS: challenges include getting a magazine to participate in a pilot.

### **ACTION ITEMS**

- Suggestion for promotion Re: Drop Shipping First-Class Mail

**-END-**