

**MTAC Focus Group Sessions**  
**Wednesday, May 15, 2013**

**PRODUCT DEVELOPMENT**

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

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**Session 1: PERIODICALS**

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

**OPEN DISCUSSION**

**Technology Credit Update:**

Tech Credit explanation will not be called anything but one year discount. USPS is still focusing on which rates within origin are used by the small to midsize mailers, those mailers that are targeted with the Tech Credit. USPS is still analyzing. Industry does appreciate the USPS taking a creative look at discounts and how to incent people to join full service. However, generally there is concern due to the rate burden that is potentially being placed on rate payers that are outside of the target. There was an unexpected benefit of this credit; Pritha's group spent time cleaning multiple CRIDs associated with companies.

**Pulse of the Industry** – report provided by John Stark.

Volume decline is -5% for Q1 and Q2.

**Promotions:** Preliminary results for the Direct Mail Mobile Coupon & Click-to-Call Promotion, the 2013 Promotions Calendar and the Proposed 2014 Promotional Calendar were reviewed.

**Real Mail Notification** – Strategy is to increase direct mail response rates by providing a digital interface; consumers see mail before it arrives; direct mailers get two impressions. Hold mail images are still able to be received. Currently being tested and the USPS is testing what their ROI may be. Right now there are over 300 people from the Northern VA PO Box Holders (these were the only people offered to join). Industry sees a pro and con concerning people that request names to be removed from lists. Since the consumer will have a picture of the piece they can send this to the mail owner

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to show specifically what mailing list to be removed from; however the consumer can also request to be removed from many lists quickly.

**Pricing** – Becky Dobbins, Manager of Product Classification, mentioned that Cynthia Sanchez-Hernandez, USPS VP Pricing, has been taking feedback from all across the industry, operations and all other stakeholders. Realize that everyone wants to minimize their price increase. June 28 is the release overview to the industry on the technical portion of the rate increase. Nagisa Manabe, Chief Marketing Officer & EVP, will provide more specificity in July after she goes to the Board but before the October filing. Full Service incentive is taking a very long look at that continuing. Some groups want it baked in, others say have it continue, others say a little of each. FSS modeling is taking into consideration all costs.

**Exigent rate case** - the Board of Governors has asked the USPS to “look at everything” including unions, pricing, etc. There has been no decision on an actual case.

### **ACTION ITEMS**

Periodicals did not have any Action Items.

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## Session 2: STANDARD MAIL

(Wanda Senne, MTAC Industry Leader)

### OPEN DISCUSSION

#### **Technology Credit Update:**

Tech Credit will be called a one-year tech credit discount. The reason why - two things are apparent: it is a CPI cap so specifically saying it is a one-year discount the USPS may increase the CAP for only 1 year, at the end of that year they must remove the additional rate from the CAP. Much the same as the Full Service discount, if the USPS removed the discount it would amount to a price increase, and this would go against the CPI Cap.

**Mail Service Provider (MSP) concerns** - although the credit is appreciated the concern is it is being implemented at a cost to our mail owners. Gary Reblin notes that the idea behind this credit is to get people into full service as soon as possible, more people in full service equates to lower costs for the USPS. Although full service is required in January 2014, the intent is to use a "carrot" to get people into the system sooner rather than the "stick" in January.

**Catalogue update** from Hamilton Davison, President & Executive Director, ACMA – circulation is up slightly. 40% of the volume want Monday delivery – 20% of the volume wanted Tuesday delivery. However, Hamilton is not sure companies have taken the time to determine which day gets them the best response. Hamilton notes that no one wanted Saturday delivery.

**Promotions** – over 550 people participated in the mobile discount – nearly 20% of Standard Mail received a discount during the promotion period. Majority of the customers used the click to call technology. They are seeing some unique products in the samples provided with the mailing. Will be sending out the survey next week – they are encouraging all customers who participated in the promotion to respond. Mail service providers who enrolled their customers will be getting the survey – they are encouraging the MSPs to send these to their customers for answers. Industry has said the feedback to questions has been very responsive. Tom Foti has been telling his team that if it takes more than two emails then call the customer.

**Earned Value promotion** – 639 customers signed up – 270m pieces through last weekend through the system. About 89% is courtesy reply and 11% is business reply. Encouraged by the range of customers. For the top 10 – 54% is done by those customers. Customers should be checking their data once a week. Worked with about 20 customers that have seen numbers that did not appear to be correct. Main issue they are seeing concerned customers that had non-conforming MIDs or other MID issues. One customer had a CRID change during the promotion period, another customer has an old MID that suddenly started coming through. Issues need to be

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brought forth to the USPS as soon as possible so they can resolve issues. USPS is right on target where they expected to be at this time.

**Color promotion** – printing advertisements directly on the bill (invoice). Trying to bridge marketing and billing. USPS looking at possibly running this promotion over multiple periods due to the cost to industry.

**Premium advertising** – allowing advertising to “buy up” to a First Class indicia rate at a lower rate. They would be looking to use this data to see if a “Business Class” or “First Class light” product would be received well by the industry. It would not include all the current First-Class service, such as Return Service. Would most likely require a different STID. The USPS is still trying to look at the logistics. Not sure if drop shipping would be allowed (since the pieces are being treated similarly to First Class).

Next year promotions will start to target products as opposed to being broadly based across all classes of mail.

**Personalization promotion** – mail piece and the PURL. Got a lot of feedback on the first promotion that it was a good promotion – this one would be more geared toward Standard Mail. USPS wants to be more progressive this time, they want the mailpiece to be personalized and then directed to a personalized or customized site. For instance, the last time sites simply said “Hi Tom” and the rest of the site was generic. However, they found that customers who personalized the site somewhat more got higher response rates. Non-Profit would be included as well. It is on the “radar” A – B testing. Hamilton Davison mentioned that better companies would want to do that, they need to determine whether the promotion is actually covering costs.

**Emerging Technologies** – two articles were shared with the attendees and copies forwarded to the MTAC members and Work Group and Task Team leaders.

**Mobile Apps** – E-tailers have noted that if they can use Direct Mail to send out the download APP they get higher purchase rates. Can the USPS have a promotion to use Direct Mail or the catalogue to promote this further? Joe Shick suggested possibly a “power app” that links to other apps.

USPS wants to try something with smaller businesses, looking to literally supply coupons to smaller businesses that they can redeem when they present a mailing at a BMEU. Branded customized Mobile Technology – using logos as the QR link. Clients said the standard QR code is ugly but if they would like to possibly use their logos.

Gary’s group is looking forward (not 2014) to possibly allow customers to choose their promotional periods.

**Pricing** – Becky Dobbins, Manager of Product Classification, mentioned that Cynthia Sanchez-Hernandez, USPS VP Pricing, has been taking feedback from all across the industry, operations and all other stakeholders. Realize that everyone wants to minimize their price increase. June 28 is the release overview to the industry on the technical portion of the rate increase. Nagisa Manabe, Chief Marketing Officer & EVP, will provide more specificity in July after she goes to the Board but before the October filing. Full Service incentive is taking a very long look at that continuing. Some groups want it baked in, others say have it continue, others say a little of each. FSS modeling is taking into consideration all costs. First-Class residual piece issue looking at seeing how the USPS might “repair” that in the next price change.

**Exigent rate case**, the Board of Governors has asked the USPS to “look at everything” including unions, pricing, etc. There has been no decision on an actual case. FSS pricing has such a huge impact on mailers Hamilton asked to please bring in mail owner experts for some direct response

**Real Mail Notification** - Pilot in Northern Virginia. How can the USPS do trigger marketing from it – can there be a share option – can there be a URL option that allows people to click directly from it? Gary’s mail the other day showed him that Golfsmith was having a sale. When he got home his wife had already put it in recycle but since he knew it was there when he got home he took it out of his recycle bin. USPS has only gone to PO Box holders so far, they are going to extend it to some other clients in the same Northern Virginia area. This is being done out of Gary’s group, not Randy’s group. They are looking to enhance the physical mailpiece. The driver for the image requires the piece to pass through automation equipment. End consumer must opt into the program. The idea is to add a specific STID to a barcode for this piece such that the recipient clicks on the IMB and clicks through to a site. Because several national retailers are concerned that an email notification would disrupt their promotion efforts (i.e., recipient waits to shop for the pending mailpiece/sale offer) it is important to add that the notifications can be controlled by using the appropriate STID.

Pricing – USPS wants this to be an enhancement so the basic service would be creating value for the mailpiece. Currently, the USPS has very old computers on their equipment to take these images. This is why they are able to do this imaging for this test. However, in order to roll this out they would need significant updating of computers which is why this imaging is not available yet for the seamless acceptance.

## **ACTION ITEMS**

Send out to MTAC members (and Work Group / Task Team Leaders) copies of the articles on Emerging Technologies – **COMPLETED on Friday, May 17**

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## Session 3: PACKAGE SERVICES

(John Medeiros, MTAC Industry Leader)

### OPEN DISCUSSION

**Pulse of the Industry** – report provided by John Medeiros.

#### **Technology Credit Update:**

Tech Credit will be called a one-year tech credit discount. USPS is still focusing on which rates within origin are used by the small to midsize mailers, those mailers that are targeted with the Tech Credit. USPS is still analyzing. Industry does appreciate the USPS taking a creative look at discounts and how to incent people to join full service. However, generally there is concern due to the rate burden that is potentially being placed on rate payers that are outside of the target. There was an unexpected benefit of this credit; Pritha's group spent time cleaning multiple CRIDs associated with companies.

#### **Package Simplification**

Developed based on feedback from customers about confusion on day delivery. Labels will now say 1 day, 2 day or 3 day. Packaging specifically says what the product includes. Priority Mail has insurance now included. They have clarified the service standards for Priority Mail. Effective July about 145 miles around every plant will be 1 day, balance will be 2 day. Name change is due to Priority Mail has a better brand name. Matching competitors' day certainty. Expect B to C volume to increase over the next several years. Being implemented July 28. Delivery matrix (sites that are 1 day, 2 day and 3 day) will be available in the next couple weeks. Priority Mail is currently 50% of the package revenue. Name change was approved Monday May 13. Insurance language will be added to POS receipts in the August timeframe.

**Suggestion:** – Change "Label #" to "Tracking #" on the POS receipt. Regular consumers generally don't realize the label number is actually the tracking number they can use online.

**New label designs** – Contact: Peter Klausner (see slide #17 of PowerPoint presentation on RIBBS <https://ribbs.usps.gov/index.cfm?page=modernservice>). Label will include carrier route for internal systems (i.e. Click N Ship and Click N Ship Business). USPS strongly urging partners to add the carrier route information on the label. If/when the USPS would go to 5/6 day delivery the carrier route will be ignored. New labels do not need to be recertified since there are only banner changes.

The USPS will be putting out a Postal Bulletin (June 27) explaining package simplification efforts. USPS is rolling out the new labels July 28 but commercial mailers will have until January 2014 to update labels. USPS is encouraging suppliers to put in their banners Priority Mail 1 Day or 2 Day, etc. Realizing this is an additional look-up for mailers it will not be a requirement initially.

USPS is changing all packaging so they are asking clients to monitor inventory levels, do not over-order. USPS wants to draw down inventory as much as possible.

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**Pricing** – Becky Dobbins, Manager of Product Classification, mentioned that Cynthia Sanchez-Hernandez, USPS VP Pricing, has been taking feedback from all across the industry, operations and all other stakeholders. Realize that everyone wants to minimize their price increase. June 28 is the release overview to the industry on the technical portion of the rate increase. Nagisa Manabe, Chief Marketing Officer & EVP, will provide more specificity in July after she goes to the Board but before the October filing. Full Service incentive is taking a very long look at that continuing. Some groups want it baked in, others say have it continue, others say a little of each. FSS modeling is taking into consideration all costs. First-Class residual piece issue looking at seeing how the USPS might “repair” that in the next price change.

**Exigent rate case**, the Board of Governors has asked the USPS to “look at everything” including unions, pricing, etc. There has been no decision on an actual case.

**Pricing signals for packages** – USPS was really trying to file in July but was unable to accomplish that this year. However, they are again looking at being able to do this for the 2015 rate change (still January increase). This would impact their CPI cap amount for 1 time. Promotions would also be announced in July with the proposed rate increase.

International looking at “flat rates” by country. Hoping this provides customers more options. Still in development.

## **ACTION ITEMS**

- More information on “Regional” International rates.

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First-Class flats seem to have many varying requirements. Industry was hoping that possibly FSS schemes would be part of the next rate change to simply assist incenting better bundling which would net some USPS efficiency.

**Volume:** First-Class Mail is only down 3% year over year which has helped the USPS.

**Promotions:** Mobile Coupon – Reference PowerPoint presentation on RIBBS. 2.6B mailpieces received discount – 100 million First-Class. Surveys to participants to be distributed next week. USPS again asking Mail Service Providers (MSPs) to please forward to their customers. Feedback will drive framework and design of future promotions.

**Suggestion:** Poll customers who did not participate in recent mobile promotion and ask why. Reach out to those who participated in past mobile promotions but not this one as well as customers who started the registration process but did not complete. Reach out to MSPs who were actively trying to engage customers and ask them why they heard customers did not want to participate.

**Earned Value promotion** – USPS is asking customers to go onto the gateway and confirm/monitor their return volumes. Some customers have noticed issues which the USPS has been able to resolve, such as counts of non-conforming MIDs, changes in CRIDS after enrollment was completed were not reflected in the incentive module in program registration; counting pieces for MIDs that customer does not use at this time (this issue still under investigation). At the end of the promotion period the USPS will issue an email to all participants with the details of quantities as well as the permit number to be credited. Emails anticipated to be sent by mid-July and the current plan is to issue credits beginning of August. USPS is working on a report for MSPs that manage MIDs for clients but pay through the MSP's permit.

**Future enhancement suggestion** for next year, have some way to reconcile the information. Suggest a small team to meet with the USPS after this promotion ends for discussion of enhancements.

**Picture Permit Promotion** – new process for approval being rolled out. Additionally, right now First-Class residual mail is excluded from the promotion. Tom Foti and Steve Monteith to go back and look at the rule surrounding the single piece.

In 2014 USPS is looking to possibly run promotions over multiple time periods; however, this appears to be more feasible for 2015.

USPS please re-look at the rules for mailers all the time having to submit a sample of the mailpiece. Some customers are submitting literally the exact same piece mailing after mailing. Could there be some DMU rules which allow for those re-occurring mailings to have different SOP verification rules?

Color promotion currently says “color is defined as a four-color process for eligible pieces.” Industry says this will be potentially cost prohibitive. USPS to re-examine this requirement.

**Real Mail Notification** – Strategy is to increase direct mail response rates by providing a digital interface; consumers see mail before it arrives; direct mailers get two impressions. Hold mail images are still able to be received. Currently being tested and the USPS is testing what their ROI may be. Right now there are over 300 people from the Northern VA PO Box Holders (these were the only people offered to join). Industry sees a pro and con concerning people that request names to be removed from lists. Since the consumer will have a picture of the piece they can send this to the mail owner to show specifically what mailing list to be removed from; however the consumer can also request to be removed from many lists quickly. Sharon Harrison suggests that when the USPS wants to add to the Real Mail Notification concept test they reach out to add CEOs and CMOs for feedback.

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**Exigent rate case**, the Board of Governors has asked the USPS to “look at everything” including unions, pricing, etc. There has been no decision on an actual case.

**Industry suggestion** – package intercept using the IMb for First Class Mail and Standard Mail.

### **ACTION ITEMS**

- Poll customers that did not participate in Mobile Coupon / Click-to-Call and ask why. Suggestions to poll people who participated in previous mobile incentives but not this one and those who started registration but did not complete.
- Communicate to clients opportunity to change permit for Earned Value Credit (similar to Tech Credit)
- Look at Picture Permit promotion – currently single piece excluded – this is causing some First-Class Mailers to completely opt out of the entire promotion.
- Look at the overall single piece residual exclusion from promotions in general.
- Re-examine rules requiring a sample piece to be submitted at the time of mailing on every mailing – some customers submit the exact same product mailing over mailing. Review possible DMU SOP.