
USPS Updates

AIMED

Association for Independent Mailing Equipment



Steve Monteith

Vice President, Marketing

December 5, 2018

THANK YOU!

For your
Partnership
and
Your Business



BIND THE NATION TOGETHER



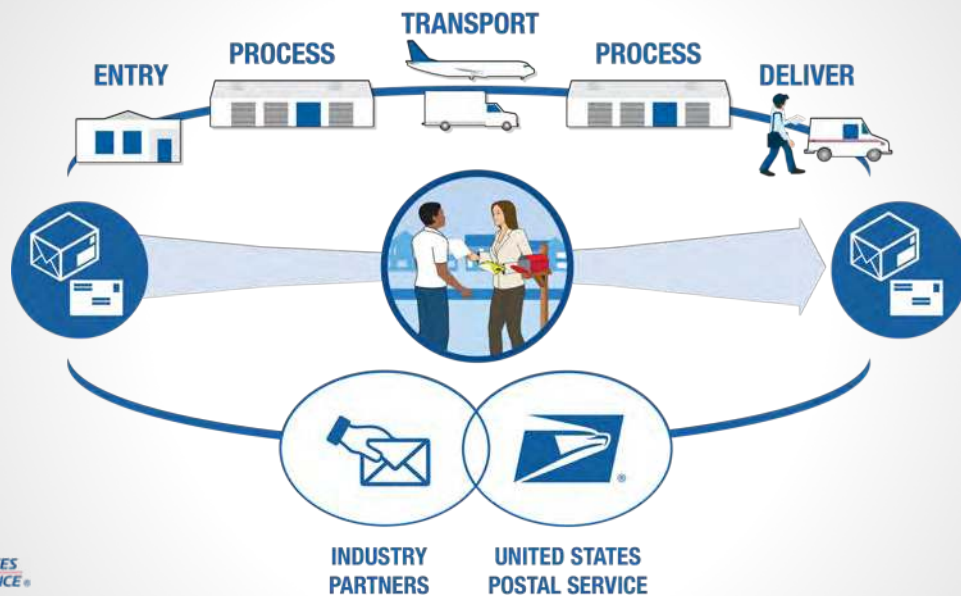
NATIONWIDE PRESENCE



1.2 Billion scan events daily!!!

3

UNPARALLELED NETWORK: ENHANCING THE CUSTOMER EXPERIENCE ACROSS TOUCHPOINTS



4

ADAPTING TO A CHANGING MARKETPLACE



**THE EAGLE ALWAYS
FACES FORWARD**



5

COMPETING FOR YOUR TIME AND ATTENTION



2,617 TIMES

**US SMARTPHONE USERS
TOUCH THEIR PHONES
EVERY DAY**

82%

**CONSULT PHONE
WHILE IN STORE**

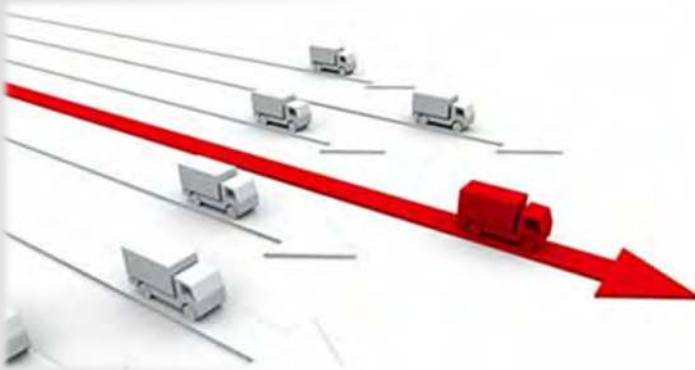
80%

**PREFER PERSONALIZED
CUSTOMER EXPERIENCES**



6

COMPETING FOR BUSINESS EVERY DAY



- Digital Marketing
- Online Payments
- Digital Magazines and catalogs
- Same Day Services
- “Free” Shipping

Competition every day for every product from first mile to last mile



7

GROWTH IN PACKAGE MARKET



USPS Shipping Volume

2007-2017: **+73% ↑**

USPS Recent Trend

Qtr 3 - 2018: **7.5% Growth Rate ↑**

“We deliver more packages to homes than anyone else.”

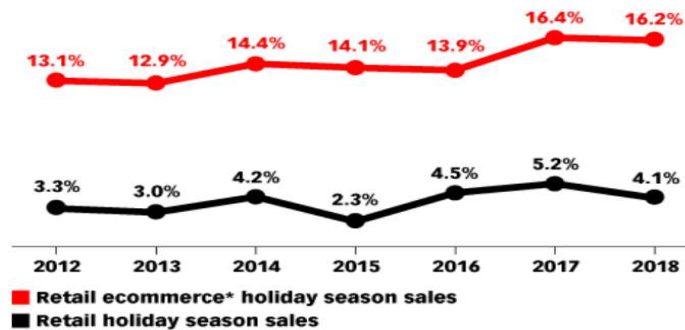


8

US Retail and Retail Ecommerce Trends Holiday Season Sales Growth

US Retail and Retail Ecommerce* Holiday Season Sales Growth, 2012-2018

% change



Robust consumer spending throughout the year suggests that the 2018 holiday season is poised for strong retail ecommerce spending and is projected to rise 16.2%; **creating new household destined last mile shipments by large customers** and marking one of the best growth rates in recent years.



<https://content.na1.ama.com/holiday-shopping-2018-10>

Major Retailers Free Shipping for the Holiday Season



- Amazon is dropping its minimum purchase price requirement in order to better compete with Walmart and Target.



Free 2 Day Shipping | No minimum purchase

- "Drive Up" service — shoppers can place their orders online & have them brought directly to their cars — will be at nearly 1,000 stores
- Same-day delivery option via Shipt will be available nationwide.



- Expanded two-day shipping and in store returns to many products sold by third-party retailers

eCommerce customers are demanding free shipping; therefore ecommerce retailers are trying to find the most cost effective method to ship their orders.



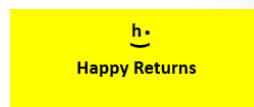
Returns

The Evolution of the Customer Expectation

- 60%** Of customers review a return policy before buying
- 49%** Were deterred from making the purchase by an e-retailer's return policy
- 28%** Are satisfied with retailer's return policies
- 82%** Of customers consider the return policy to be important when making an online purchase



Amazon Prime Wardrobe allows customers to order 8 items to try for 7 days before being charged



Happy Returns buy online, return to store concierge service operates 237 return bars in 44 metro areas

Returns are the new norm. Customers want a quick and easy returns process now more than ever. In eCommerce, merchant return policies are often viewed before being placed in the shopping cart.



Source: eMarketer, PostNetVision2020, Office of Inspector General PostNetVision2020, Happy Returns-PostNetVision2020

New Equipment for Fall 2018

- 15 Automated Package Bundle Sorters (APBS) expanded - 752 additional separations
- 6 Automated Package Processing Systems (APPS) expanded - 426 additional separations
- 22 Automatic NDC Parcel Sorter Machine (PSM) Return to Keyer upgrades
- 2 APBS Feed Systems
- 15 ADUS
- 1 EPPS
- 2 Universal Sorters (USS)
- 4 NDC Flats Culling Systems
- 22 Automatic Tray Unsleevors



14

MAIL IS RELEVANT TO CONSUMERS...

BREAKING THROUGH THE NOISE



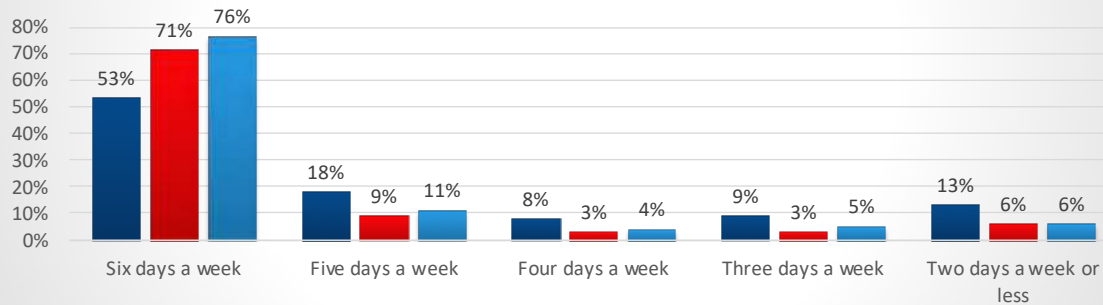
15

MAIL REMAINS RELEVANT

Over two-thirds of customers collect their mail every delivery day. Even a majority (53%) of Millennials check their mail every day

Frequency of Collecting Mail from Mailbox

6 Days a Week	5 Days a Week	4 Days a Week	3 Days a Week	2 Days a Week	1 Day a Week	<1 Day a Week
68%	12%	6%	6%	3%	3%	2%



USPS Mail Moments Fall 2018

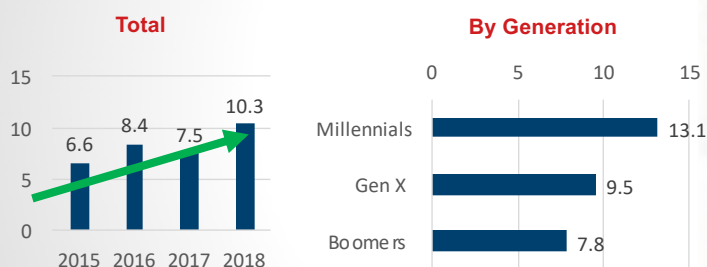
■ Millennials ■ Gen X ■ Boomers

16

CONSUMERS SPEND TIME WITH THEIR MAIL

The average time spent sorting mail is increasing. Millennials spend the most time sorting mail, while boomers spend the least.

Average Time Spent Sorting Mail (in minutes)



USPS Mail Moments Spring 2018: A12. About how many minutes did you spend bringing in, sorting, and organizing your mail the last time you sorted the mail? Think of the total minutes you spent doing these activities. Base size: 1309 total, Millennials=428, Gen X=429, Boomers=394

9

OVERALL MAIL ATTITUDE: MAIL PERCEPTIONS

Over 90% of consumers, across generations, review their mail to make sure they are not discarding useful information. Millennials are more likely to read through advertising mail instead of discarding without reading and show an increased preference for shopping at stores that advertise through the mail

Mail Perceptions (% Agree Completely + Agree Somewhat)



USPS Mail Moments Fall 2018

18

MAIL TYPES RECEIVED

Bills/statements, letters, greeting cards, and magazines are the most engaging mail types

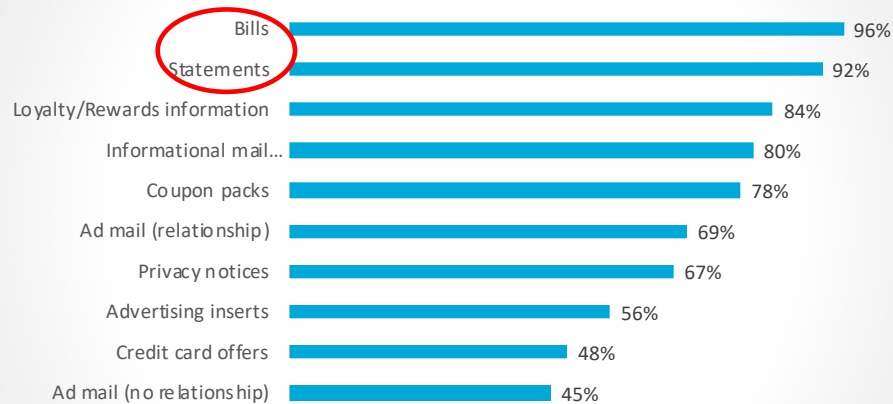


USPS Mail Moments Fall 2018

19

OPEN/READ RATES BY TYPE OF MAIL

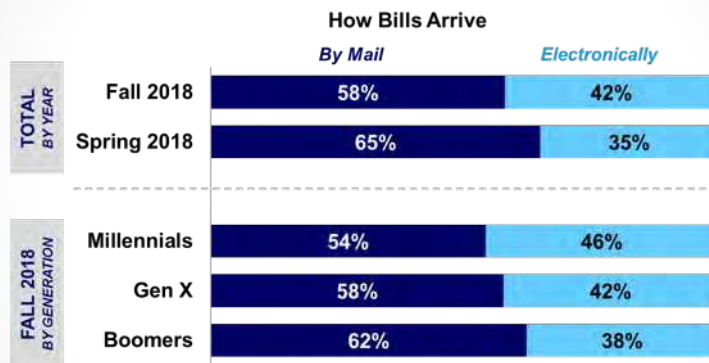
Transactional mail is the most opened and read of any type of mail in the mailbox.



Annual State of the Transactional Communications Market Survey, InfoTrends, 2015

HOW BILLS ARRIVE: BY GENERATION

Electronic billing usage has increased in the past year. Even Millennials are still more likely to receive bills through the mail than electronically



THE VALUE OF HARD COPY

Over 89% of total respondents are still receiving some paper versions of the transactional communications that access online.

The most common reasons for holding on to paper communications include:

- Record Keeping
- A Reminder to Pay
- Security Precaution

INCREASING ATTENTION - RETENTION



GRAB A CUSTOMERS' ATTENTION FOR 3-5 MINUTES

Color can reinforce the value these documents represent.

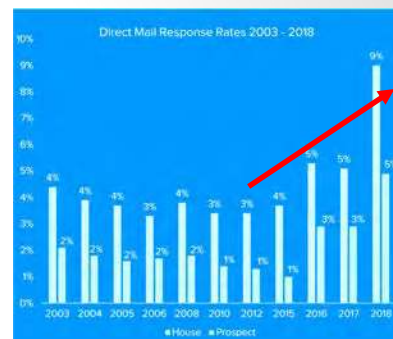


23

DIRECT MAIL RESPONSE

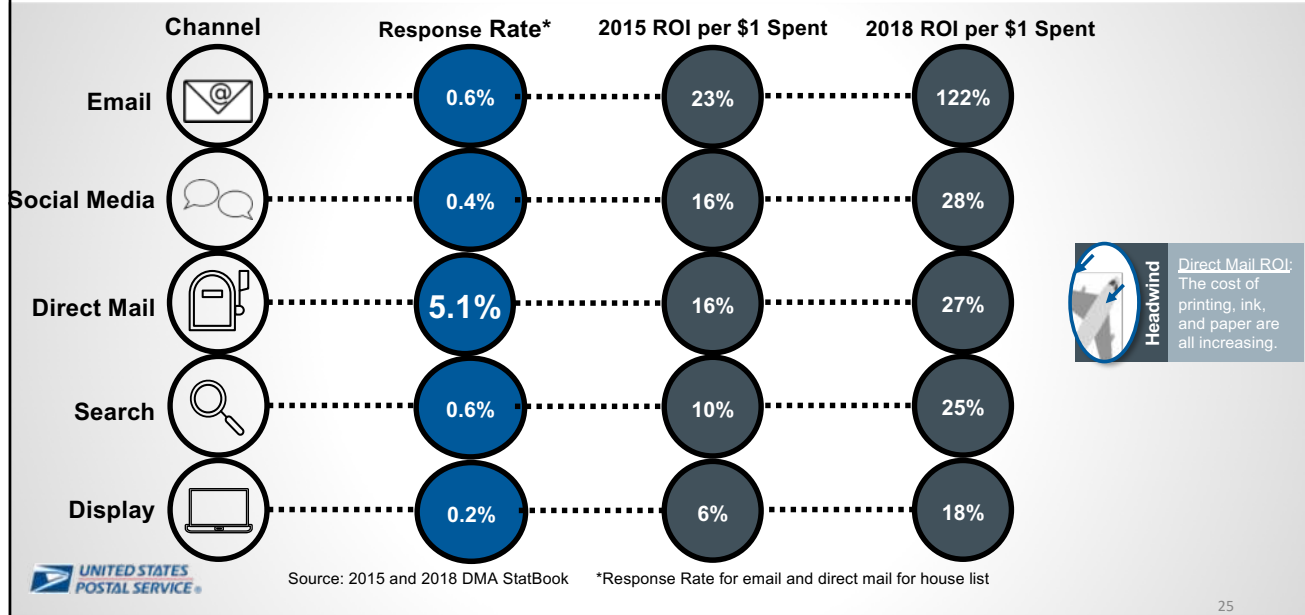
According to the 2018 ANA/DMA Response Rate Report, **Direct Mail** produces the best response rate of any medium

Due to improvements in target messaging, responses to Direct Mail sent to both house lists and prospect lists have steadily increased over the past five years.



Annual State of Transactional Communications Consumer Survey, Keypoint Intelligence – InfoTrends 2018

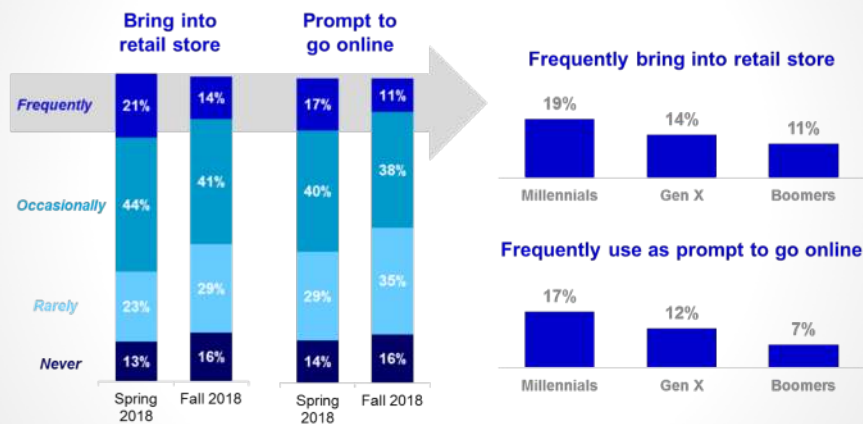
DIRECT MAIL RESPONSE RATE EXCELS



AD MAIL ACTIONS

Consumers frequently or occasionally bring ad mail into a retail store (55%) or use as a prompt to shop online (49%) with fluctuations by season. Millennials are most likely to take both of these actions

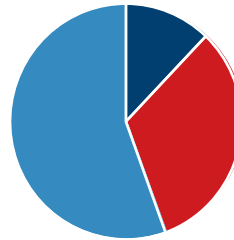
Frequency of Actions



AD MAIL RESULTS

Consumers have frequently (55%) purchased products or services in the past 12 months as a result of interacting with Direct Mail. Additionally, consumers who received direct mail offers were able to recall the brand 75% of the time as compared to digital-only versions with recall only 44% of the time.

Purchase Due to DM



■ DON'T KNOW ■ NO ■ YES ■

Digital Only
44% Recall

Direct Mail Only
75% Recall



Annual State of Transactional Communications Consumer Survey, Keypoint Intelligence – InfoTrends 2017
Canada Post and True Impact Marketing Neuroscience Study A Bias For Action 2015

27

INTEGRATION OF DIGITAL AND DIRECT MAIL

Combining direct mail and digital yields greater returns than using just one approach.

28% Higher conversion rate when direct mail combined with digital ads⁴

25% Increase in consumer spending when businesses use both direct and email marketing³



40% Higher recall/recognition of brands when email marketing is followed by direct mail²

45% Increase in response rate when direct mail paired with digital communications¹



1. "Direct mail: A powerful B2C marketing channel," PricewaterhouseCoopers, 2015. <https://www.pwc.com/us/issues/direct-mail/direct-mail-is-a-powerful-channel-for-b2c-marketing.html>
2. "Correlating for Action," Canada Post, September 2015. https://www.canadapost.ca/content/canadapost/feature/feature_correlating_for_action_en.php
3. "Direct Mail ROI," United Mail, 2014. <http://www.unitedmail.com/direct-mail-resources/direct-mail-roi.php>
4. "30 Direct Mail Statistics for 2017," Campaign Monitor, 2017. <https://campaignmonitor.com/blog/2017/01/18/30-direct-mail-statistics-for-2017/#direct-mail>




x2 the possibilities

— INFORMED DELIVERY® —


**MAKE A
LASTING
IMPRESSION**

WITH INFORMED DELIVERY®

INFORMED DELIVERY GROWTH



13.9M
REGISTERED USERS



9.0M
EMAIL-ENABLED USERS




162K+
WEEKLY USER REGISTRATIONS





5,300
CAMPAIGNS COMPLETED




1000+
BRANDS REPRESENTED



65.7%
AVERAGE EMAIL OPEN RATE

Registered users and email-enabled users as of November 16, 2018.
Weekly user registrations as of November 16, 2018.
Campaigns completed and brands represented as of November 16, 2018.
Average email open rate 6 month average.

 UNITED STATES POSTAL SERVICE®

WHAT VALUE DO CAMPAIGNS ADD?



GENERATE HIGHER
EMAIL OPEN RATES



CREATE MULTIPLE
IMPRESSIONS



DRIVE CONSUMER
RESPONSE



BUILD CONSUMER TRUST
WITH THE BRAND



EASILY REACH
CONSUMERS DIGITALLY



POTENTIALLY
INCREASE ROI



PROVIDE ADDITIONAL
DATA INSIGHTS

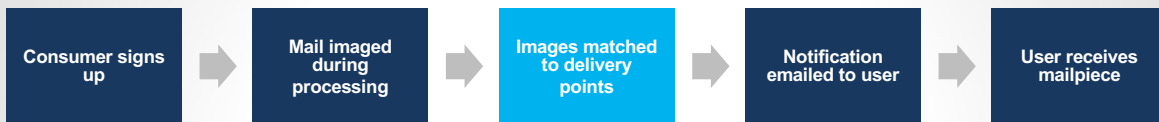


ELEVATE THE
CONSUMER JOURNEY



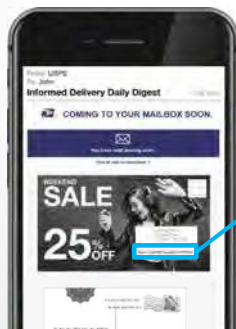
HOW DOES IT WORK FOR MAILERS?

For mailers that choose to conduct interactive campaigns, the **Intelligent Mail® Barcode (IMb®)** facilitates the entire process.



No Interactive Campaign

Interactive Campaign Applied

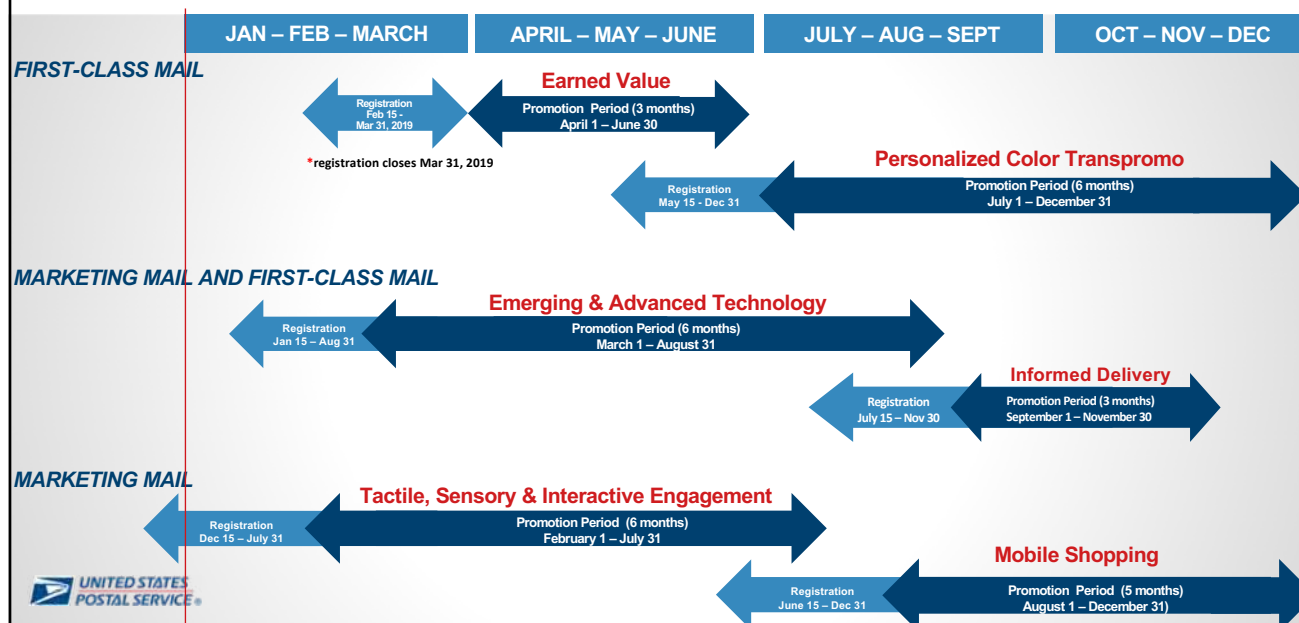


Interactive
campaign data is
applied at this step
based on the
IMb Serial Number.

Note: the IMb Serial Range is
provided by the mailer.



2019 MAILING PROMOTIONS CALENDAR



NEW/CHANGES 2019 MAILING PROMOTIONS

EARNED VALUE

- Now 3 months (Apr-June)
- Re-established threshold, based on 95% of 2018 volumes
- New participants and those who meet threshold receive 3 cents credit per counted piece; otherwise no credit.

EMERGING TECHNOLOGY

Adding new eligible technologies:

- Mixed Reality/Extended Reality
- Addressable TV/OTT/multi-channel with mail
- Shoppable Video
- Integration of digital assistants with mail
- Native AR has been added in under our approved AR solutions



INFORMED DELIVERY

- No longer limited to mobile shopping requirements
- Open to FCM and Marketing Mail campaigns
- Requires replacement image (Flats only), ride-along image (all campaigns) and URL

MOBILE SHOPPING

- No longer includes Informed Delivery as a qualifying technology
- Incorporates new Payment QR code capabilities
- Also includes other new mobile barcode formats

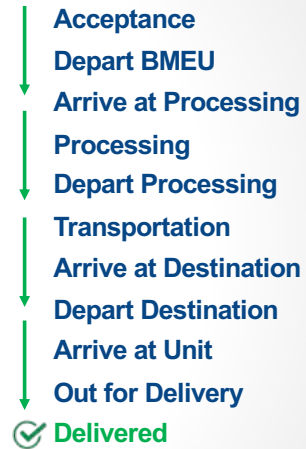




INFORMED VISIBILITY®



END TO END VISIBILITY



18



INFORMED VISIBILITY®



Real-Time Insights

**Next-Generation
Digital Analytics**

**Your Data - What You Want
When You Want It**

**Mobile API
Toolkit**



19

Tyson's Corner Self-Service Only Retail Unit



Self-Service Only Post Office

Aimed at providing convenience and accessibility to on-the-go consumers, the Self-Service Only Post Office includes some of the Postal Service's most progressive retail technologies.

Self Service Kiosks make it easy to purchase postage. Package supplies are available. The Automated Package Drop provides proof of USPS acceptance.



What value does it create?

- Low cost alternative to provide Postal access, especially for those savvy consumers
- 24/7 for convenience to customers needing to ship packages, pick up PO boxes, or receive an acceptance scan

Where is the SOPO located?

- The initial SOPO pilot office is located in **Tyson's Corner, VA** in a strip mall setting.

Open
24
Hours!



2019 STRATEGIES

We have 6 strategies to focus on to achieve our vision



Change growth curve
of First-Class Mail



Grow Marketing
Mail volume



Gain Shipping Share



Expand Informed
Delivery® platform



Improve CX in existing
and future products and
services and touch points



Continue the momentum
and growth of CCMO
organization



Thank You

