USPS Service Performance & Measurement

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Kathleen J. Siviter
President
Postal Consulting Services Inc. (PCSi)
KathyS@postalconsulting.com

A 10-Year Review from the Customer Perspective
Pre-PAEA

1971 (PRA) - 2006

- Only FCM had service standards and performance measurement (EXFC)
- Most mail products offered customers little in the way of service expectations/confidence
- USPS had little actionable service performance data
- USPS and mail customers had no common data to identify and resolve service issues

USPS Service: The Black Box
• Development and implementation of “Modern” service standards for all Market Dominant mail products
  – MTAC Workgroup 114 (concluded Sept 2007)
  – PRC Docket Pl2007-1

• Development and implementation of service performance measurement system & reporting
  – USPS proposed internal hybrid service performance measurement system (PRC docket Pl2008-1, concluded Nov 2008)
2007 Industry Recommendations

Service Standards Recommendations

- Collaborative (USPS/Industry) periodic review and updating of service standards
- **Service standards** published for all product groups
- **First-Class Mail**
  - Measure all FCM, not just collection mail
  - Better “tail of the mail” measurement/reporting
  - Service standards and performance measurement of forward/return mail
- **Periodicals**
  - Timely, reliable, consistent delivery
  - Ensure standards can be met for small density end-to-end mailers
- **Standard Mail**
  - Consistent, predictable delivery (early or late harm businesses and decrease value)
  - USPS to continue to honor Requested In Home Dates (if within service standards)
- **Package Services**
  - Consistent, reliable delivery, reduce “tail of mail” (lost revenue, higher returns, customer complaints)
- **Special Services**
  - Reporting by product type, separate service standards for some products
2007 Industry Recommendations

Service Measurement Recommendations
- Periodic collaborative review of business rules underlying measurement
- USPS should develop official resolution process for customers to resolve service issues
- External audit of measurement systems to ensure data accuracy, completeness
- When IM measurement system more mature, revisit measurement “gaps” and evaluate solutions (14 categories identified in 2007)
- Annual formal review process

Service Performance Reporting Recommendations
- Monthly reporting (by product, shape, geography)
- Near real-time access to service performance data
- Data accessible in aggregate form with drill-down capabilities
- Aggregate data needed by mailers for historic/comparison purposes
Post-PAEA

2006-2016: A Sea Change of Activity

2006
- Service Perf Meas System implemented
- Quarterly SPM reporting starts
- PRC Final Rules on SPM Reporting

2007
- Service Standards implemented
- Intelligent Mail Barcode

2008
- IMb Full Service Discount
- OIG Audit on Service Perf Measurement

2009
- Phase 1 Network Rationalization & Svc Std Changes
- USPS Introduces IMb Planning Tool

2010
- IMb Full-Service rules finalized
- Load Leveling Service Standard Changes
- GAO Report on Delivery, Standards & Perf

2011
- Phase 2 Network Rationalization Service Standard Changes
- USPS OWC Changes
- USPS Proposes New Internal Meas System (PRC PI2015-1)
- GAO Report on Performance Info Improvements

2012
- OIG Audit on FCM Flats Service
- OIG Mgmt Alert on Delayed Mail

2013
- USPS as “data scientist”
- OIG Audit on Jan 2015 OWC & service changes

2014
- PRC PI2016-1 on Perf Info Improvements

2015
- USPS OWC Changes
- USPS Proposes New Internal Meas System (PRC PI2015-1)

2016
## The Results

### USPS Annual Service Performance for Market-Dominant Products

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<td><strong>Package Services</strong> (parcels)</td>
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</table>

NR = Not Reported

*Standard Mail only reported as a combined composite score for FY2009 performance*

**Color Key:** Annual performance scores shown in red were below target, scores shown in green were at or above target
### USPS Annual Service Performance for Market-Dominant Products

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<td>Outside County End-to-End</td>
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<td><strong>Standard Mail</strong></td>
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<td>Combined End-to-End</td>
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</table>

NR = Not Reported

*USPS in FY2011 began filing SPM reports at the PRC by finer categories – some FY2011 annual service performance scores do not include the full fiscal year in measurement.

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First-Class Mail Volume by Service Standard

<table>
<thead>
<tr>
<th></th>
<th>FY2005</th>
<th>FY2011</th>
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<td>3-5 day</td>
<td>26</td>
<td>26</td>
<td>22</td>
<td>23</td>
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<tr>
<td>2-day</td>
<td>42</td>
<td>41</td>
<td>25</td>
<td>15</td>
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<tr>
<td>Overnight</td>
<td>30</td>
<td>31</td>
<td>51</td>
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FY2011: Reported by USPS in 9/21/11 Federal Register notice with proposed service standard changes

2015: Reported by the USPS at MTAC FCM Focus Group meeting
Why is Service Important?

- Businesses have options for their communications
- Mail needs to be competitive to maintain/grow volume
- Businesses need media channels that offer service that is predictable, consistent and affordable
- Inconsistent, unpredictable service undermines the value of direct mail as a communications medium – it hurts the mail brand perception
- For transactional mail, inconsistent service has real monetary cost to the sender and undermines use of mail for customer payment
- Mail users and service providers incur significant costs in managing service performance
- All categories are vulnerable to the impact of service issues (FCM, Pers, Standard Mail, Package Svcs)
Communication Channels and Service

When PAEA was enacted & service standards established...

- Television – guaranteed date/hour-certain delivery
- Radio – guaranteed date/hour-certain delivery
- Newspaper – guaranteed date-certain delivery
- Mail (FCM) – estimated delivery 1-3 days from sending *
- Mail (Direct Mail) – estimated delivery 2-5 days from sending *
- Mail (Catalog/Magazine) – estimated delivery 2-5 days from sending *

* Within the contiguous United States
Communication Channels and Service

Since PAEA...the options (and competition) have grown

- Social Media
- Email
- Web Site
- Video
- Mobile Apps
- Digital (Google, FB, etc.)
- And more!

And the service expectations are changing, with the ability to have communications instantly appear based on consumer behaviors
Service Challenges with Mail Today

Businesses report the following **service** challenges today in using mail:

- Inconsistent service (geography, date, time to delivery, shape)
- Difficult to achieve desired in-home dates (multiple campaign separation, desired day of the week, multi-channel/omni-channel activities, sale dates, etc.)
- Low performance scores for some product categories bring low expectations, put mail below alternative media
- One-size-fits-all service standards but not one-size-fits-all users
- No effective way to communicate desired delivery dates to USPS
- Risk vs ROI
- Sub-par service hurts the brand
- Users bear the financial impacts of service failures
So Where Do We Go From Here?
Looking Ahead…

• Make it “Customer-Centric” to grow mail products
• Revisit service standards for products where user needs are not being met
• Truly “actionable” data for all (senders & USPS)
• Make delivery quality part of service
• Service standards/reporting on COA mail
• Balance the cost of measurement with service and efficiency gains; volume growth
• Reporting that drives service improvement and better sets customer expectations