



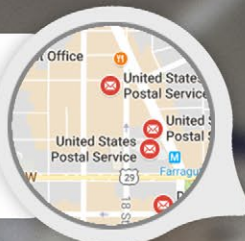
Office of Inspector General | United States Postal Service

Audit Report

Customer Retail Experience

Report Number SAT-AR-18-001 | September 28, 2018


Location




Cleanliness




Wait Time




Customer Service

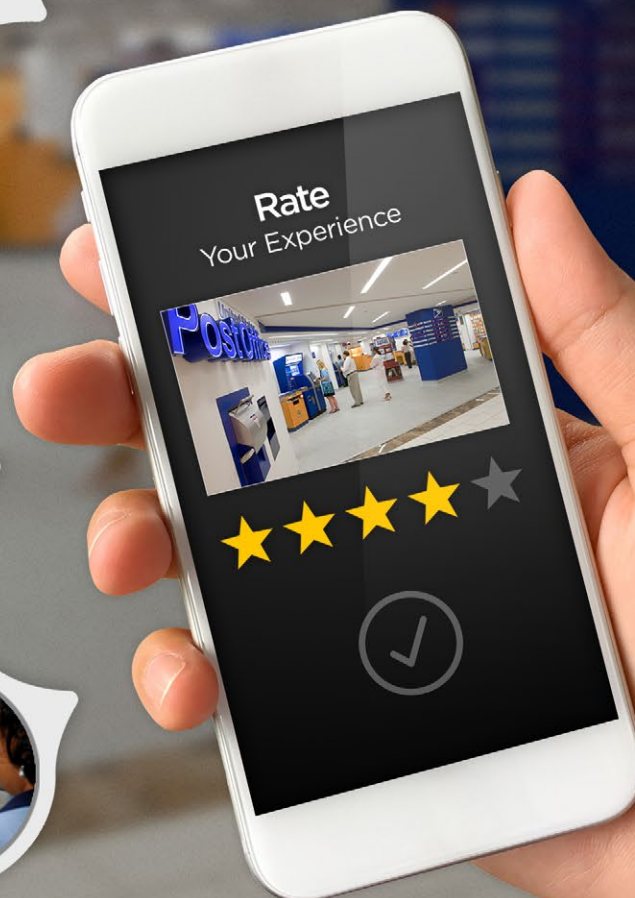


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Highlights

Objective

Our objective was to evaluate key factors affecting the customer experience at U.S. Postal Service retail units and identify opportunities to enhance the overall customer experience.

The Postal Service's vast number of post offices is the largest retail network in the country, spanning more than 30,000 Postal Service-managed retail spaces. These offices drew over 857 million retail customers and generated about \$9.7 billion (14 percent) of the Postal Service's \$69.6 billion operating revenue in fiscal year (FY) 2017. Research consistently shows that focusing on the customer experience is a successful growth strategy, as companies with loyal customers grow more profitably through their existing customer base than do companies focusing primarily on trying to recruit new customers.

A joint study by the Verde Group, Wharton School's Jay H. Baker Retailing Initiative, and the Retail Council of Canada identified five key factors that contribute to a positive retail customer experience:

- **Engagement:** Being polite, genuinely caring, and showing an interest in helping customers by acknowledging and listening.
- **Executional Excellence:** Patiently explaining and advising, checking stock, helping find products, and having product knowledge.
- **Brand Experience:** Maintaining an exciting store design and atmosphere, consistently providing great product quality, and making customers feel they are connected to the products and services offered.
- **Expediting:** Being sensitive to customers' time in long check-out lines and proactive in helping to expedite the shopping process.
- **Problem Recovery:** Helping resolve and compensate for problems, upgrading quality, and ensuring complete satisfaction.

This audit expands on retail customer service data the Postal Service collects through customer surveys and mystery shoppers to identify root causes and corrective actions that could improve postal customers' overall retail experience.

What the OIG Found

The Postal Service has opportunities to enhance customer satisfaction in each of the five factor areas affecting customer experience. Our auditors visited 136 retail units nationwide as customers, based on a statistical sample. We were dissatisfied with our overall experience at 32 of them (or 24 percent). Based on these results, we estimate customers at about one in four retail units across the country would have negative experiences. We also found that customers would be more likely to have positive experiences at retail units in rural areas rather than those in urban areas.

We attributed our overall dissatisfaction at the 32 retail units to the absence of one or more of the five key factors to a positive retail customer experience. The factors most frequently missing were executional excellence, concerns with brand experience, and problems engaging with employees.

The top reasons for our overall positive experiences at 94 of the retail units (69 percent) included friendly and knowledgeable retail associates who could complete our transactions and facility cleanliness. We had neutral experiences at the remaining 10 post offices (7 percent), which were mainly driven by interactions with the retail associate. Specifically, the retail associate was able to salvage a negative experience we had entering the facility, or the associate negatively impacted an otherwise positive experience.

In addition to visiting the 136 retail units, we reviewed results of the Postal Service's Retail Customer Experience (RCE) program. Under the program, mystery shoppers evaluate the customer experience at about a quarter (7,500) of all retail units. The RCE program uses a 100-point scale to evaluate each office. The average overall score for RCE in FY 2017 was 93 out of 100. Unlike the RCE program, the site visits in our audit represented *all* retail units. Instead of using points like the RCE program, we evaluated units using the five key customer service factors, weighted evenly, under the premise that a negative experience with any of the factors could lead to dissatisfaction.

We also analyzed the results of a FY 2017 OIG customer survey, studied social media reviews for 205 randomly selected post offices, and evaluated

FY 2017 Postal Service point-of-service survey results. The additional analyses revealed issues similar to the ones we experienced during our visits in the key factors affecting retail customer experience:

- **Engagement:** Customers' positive or negative engagement with retail associates was a pivotal factor in their overall customer retail experiences. At 16 of the units we visited (12 percent), the retail associate did not greet us in a friendly manner, maintain a positive demeanor, or use a polite tone of voice.
- **Executorial Excellence:** Retail associates at 24 of the units we visited (18 percent) did not provide useful information about our transactions or inquiries. On social media, issues related to executorial excellence was the primary driver of negative reviews.
- **Brand Experience:** We observed facility maintenance concerns at 35 of the units we visited (26 percent). Positive customer comments from point-of-service surveys indicated that the cleanliness of the post office influenced their overall satisfaction.
- **Expediting:** We waited in line over five minutes at eight of the sites we visited (6 percent) and more than 10 minutes at three of the units we visited. Customers on social media also reported excessive wait times.
- **Problem Recovery:** We were unable to contact seven of the units we visited (5 percent) via telephone using the numbers posted on usps.com. We also experienced an ongoing issue trying to redeem a money order after a retail associate misprinted the date. Resolving the problem took several weeks and many communications, which created frustration and negative sentiment toward the post office.

Customers had negative experiences at post offices because management has not established a culture heavily focused on customer service at all retail units. For example, retail associates are awarded their positions based on seniority, rather than their interpersonal or customer service skills, and most are not required to take annual customer service training. In addition, because the National Performance Assessment does not emphasize customer experience-

related metrics, customer survey results account for a small portion (up to 3.5 percent) of the retail unit's total score.

“Providing a negative customer experience affects the likelihood of an individual returning to a retail unit, as well as their decision to use the Postal Service for higher-revenue, business needs.”

Providing a negative customer experience affects the likelihood of an individual returning to a retail unit, as well as their decision to use the Postal Service for higher-revenue, business needs. A lack of organization-wide focus on retail customer experience could negatively impact the Postal Service's brand, customer retention, and revenue.

What the OIG Recommended

We recommended Postal Service management re-evaluate the proportion of a unit's National Performance Assessment score directly attributable to retail customer service, take steps to cultivate a stronger retail customer service culture by integrating customer-focused practices into daily operations, develop and provide annual customer service training for all retail associates, and benchmark with organizations known for their retail customer experience and determine the feasibility of the Postal Service customizing these practices.

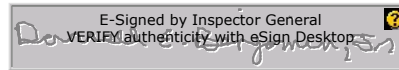
Transmittal Letter



OFFICE OF INSPECTOR GENERAL
UNITED STATES POSTAL SERVICE

September 28, 2018

MEMORANDUM FOR: KELLY M. SIGMON
VICE PRESIDENT, RETAIL AND CUSTOMER
SERVICE OPERATIONS



FROM: Darrell E. Benjamin, Jr.
Deputy Assistant Inspector General
for Mission Operations

SUBJECT: Audit Report – U.S. Postal Service Customer Retail
Experience (Report Number SAT-AR-18-001)

This report presents the results of our audit of the U.S. Postal Service's Customer Retail Experience (Project Number 18POG001SAT000).

We appreciate the cooperation and courtesies provided by your staff. If you have any questions or need additional information, please contact Lisa Nieman, Director, Strategic Assessment, or me at 703-248-2100.

Attachment

cc: Postmaster General
Corporate Audit Response Management

Results

Introduction/Objective

This report presents the results of our self-initiated audit of the U.S. Postal Service's customer retail experience (Project Number 18POG001SAT000). Our objective was to evaluate key factors affecting the customer experience at retail units¹ and identify opportunities to enhance the overall customer experience. This audit expands on retail customer service data the Postal Service collects through customer surveys and mystery shoppers to identify root causes and corrective actions that could improve postal customers' overall retail experience.

Background

The Postal Service's vast number of post offices is the largest retail network in the country, spanning more than 30,000 Postal Service-managed retail spaces. These offices generated about \$9.7 billion (14 percent) of the Postal Service's \$69.6 billion operating revenue in fiscal year (FY) 2017. Creating a positive experience at retail units is crucial to revenue generation, as well as revenue protection, since individuals' experiences can impact their likelihood of continuing to do higher-revenue business with the Postal Service, both for their personal and company needs. For example, a 2017 U.S. Postal Service Office of Inspector General (OIG) report² found that marketers reported during focus groups and in surveys that negative personal experiences with the Postal Service influenced their views of direct mail and their decision to use it for their businesses. In one instance, a focus group participant described his arduous experience with the Postal Service when he attempted to renew his passport. After going through the process for more than an hour, he was sent to another location to have a picture taken before having to return to the original post office to start the passport renewal process all over again. Focus group participants stated these types of negative personal experiences, including at retail units, affect their decisions as professional marketers to send larger volume mailings, such as marketing mail and transactional mail.

The Postal Service reported that it had over 857.1 million retail customer visits in FY 2017.³ Further, about 84 percent of all U.S. adults said they have visited a post office at least once in the past year and about 47 percent reported visiting a post office within the last month, according to the OIG FY 2017 Postal Omnibus Survey.⁴

“Creating a positive experience at retail units is crucial to revenue generation, as well as revenue protection.”

Research consistently shows that focusing on the customer experience is a successful growth strategy, as companies with loyal customers grow more profitably through their existing customer base than do companies focusing primarily on trying to recruit new customers. For example, consulting company Bain found that increasing customer loyalty by 5 percent leads to a profitability growth of 25 to 95 percent.⁵

In a new era of integrating physical and digital touchpoints, “customer obsession” has become the new standard for retail spaces. Customers have heightened their expectations for brands and are more readily abandoning those brands for alternatives if their expectations are not met or exceeded. Companies that deliver a better customer experience tend to keep more of their customers, increase incremental purchases from existing customers, and attract new customers.

¹ In this document, we refer to post offices, stations, and branches collectively as retail units.

² *Assessing Marketers' Barriers to Direct Mail* (Report Number [MS-MA-17-001](#), dated July 5, 2017).

³ *Postal Facts*. However, this figure may be much higher, as the OIG estimated the Postal Service had about 2.7 billion post office visits in FY 2016, which is about triple the Postal Service's official statistics. See *Billions Served: Foot Traffic at the Post Office* (Report Number [RARC-WP-17-012](#), dated September 11, 2017).

⁴ OIG's Postal Omnibus Survey was fielded between July 28 and August 21, 2017. The online survey included 3,391 participants and employed quota sampling and weighting methods to model a nationally representative sample of 18-75-year-old U.S. residents. For more information about the survey and its methodology, please contact surveyresearch@uspsoig.gov.

⁵ Designing a Word-Class CX approach; Creating Your Customer Experience Approach for Maximum Impact; Intouch Insight & Heart of the Customer, pg. 2, March 29, 2018.

Despite the widely recognized importance of customer experience, each organization approaches it differently; what works for one organization in one industry may not be as effective for another. Organizations must understand their customers and tailor their approaches to individual interests across their various customer segments.

A joint study by the Verde Group, Wharton School's Jay H. Baker Retailing Initiative, and the Retail Council of Canada identified five key factors that contribute to a positive retail customer experience:

- **Engagement:** Being polite to your customers and showing you genuinely care and are interested in helping them. Gallup defines customer engagement as the emotional connection between customers and a company. Its research has shown that customers form strong emotions about a company based on their experiences with employees and those emotions strongly influence their buying decisions.⁶ Engagement is one of the strongest drivers of customer loyalty.
- **Executional Excellence:** Patiently explaining the product line and advising customers on the best options. This includes helping customers find products and having knowledge about each product. According to the Wharton study, having sales people who are knowledgeable about products in the store is an important contributor to a great customer shopping experience.
- **Brand Experience:** Maintaining an exciting store design and atmosphere. Brand experience includes consistently providing customers with a quality product and making customers feel they are special and connected to the products and services offered.
- **Expediting:** Being sensitive to customers' time and proactively expediting the shopping process. In the Wharton study, half of the customers indicated that being sensitive to their time and helping them complete their shopping quickly were very important elements of a great shopping experience.
- **Problem Recovery:** Helping resolve and compensate for customers' problems, upgrading quality, and ensuring complete satisfaction. The Wharton study showed that an employee who can take ownership of and solve a problem can turn a poor customer experience around.

Retail associates play a central role in creating the ideal customer experience and protecting the Postal Service brand. The Postal Service has created the "Perfect Customer Transaction," which includes nine actions retail associates can take to positively influence the customer experience. These actions relate to each of the five key factors identified in Wharton's study. A key component of the "Perfect Customer Transaction" is what the Postal Service refers to as the GIST principle: greet, inquire, suggest, and thank each customer. The full "Perfect Customer Transaction" is depicted in [Figure 1](#).

⁶ [Turning Customers Into True Believers; Customer Engagement](#), accessed June 26, 2018.

Figure 1. The Perfect Customer Transaction



RCE Perfect Transaction, Updated 2/4/16

Source: Postal Service.

The Postal Service measures customer satisfaction using two main programs. First, it requests feedback from customers at retail units nationwide by including a link to an online survey at the bottom of their Point-of-Service (POS) receipts. The survey consists of six questions to determine whether the retail associate was efficient, knowledgeable, courteous, and had a positive attitude. The POS survey is only available to customers who complete a transaction at one of the approximately 17,900 retail units that use POS equipment; customers at non-POS units do not have the opportunity to complete the survey.

Second, under the Retail Customer Experience (RCE) program, the Postal Service uses independently contracted customers – or mystery shoppers – to assess the customer experience at about 7,500 large retail locations nationwide, which represents approximately 25 percent of their total retail locations. The mystery shoppers evaluate elements of the retail experience, including the appearance of the retail location and the nine actions that are part of the “Perfect Customer Transaction.”

Results from both of these programs are provided to unit managers to help identify opportunities for improvement. In addition to obtaining customer feedback, management is in the process of redesigning and piloting a training program retail associates must complete before they are placed in their positions. The new program includes simulating activities in a retail lobby to improve the retail associate’s interpersonal and conflict resolution skills, as well as product knowledge. Management plans to fully implement the new program in September 2018.

Another management initiative includes sending electronic motivational messages to all POS terminals nationwide. Weekly bulletins and other internal mediums are also used to recognize an associate that has provided exceptional customer service. In addition, management provides retail associates with service talks and other briefings related to customer engagement throughout the year. All of these efforts are designed to emphasize the importance of providing exceptional retail customer service.

Finding #1: Opportunities to Enhance Customer Retail Experience

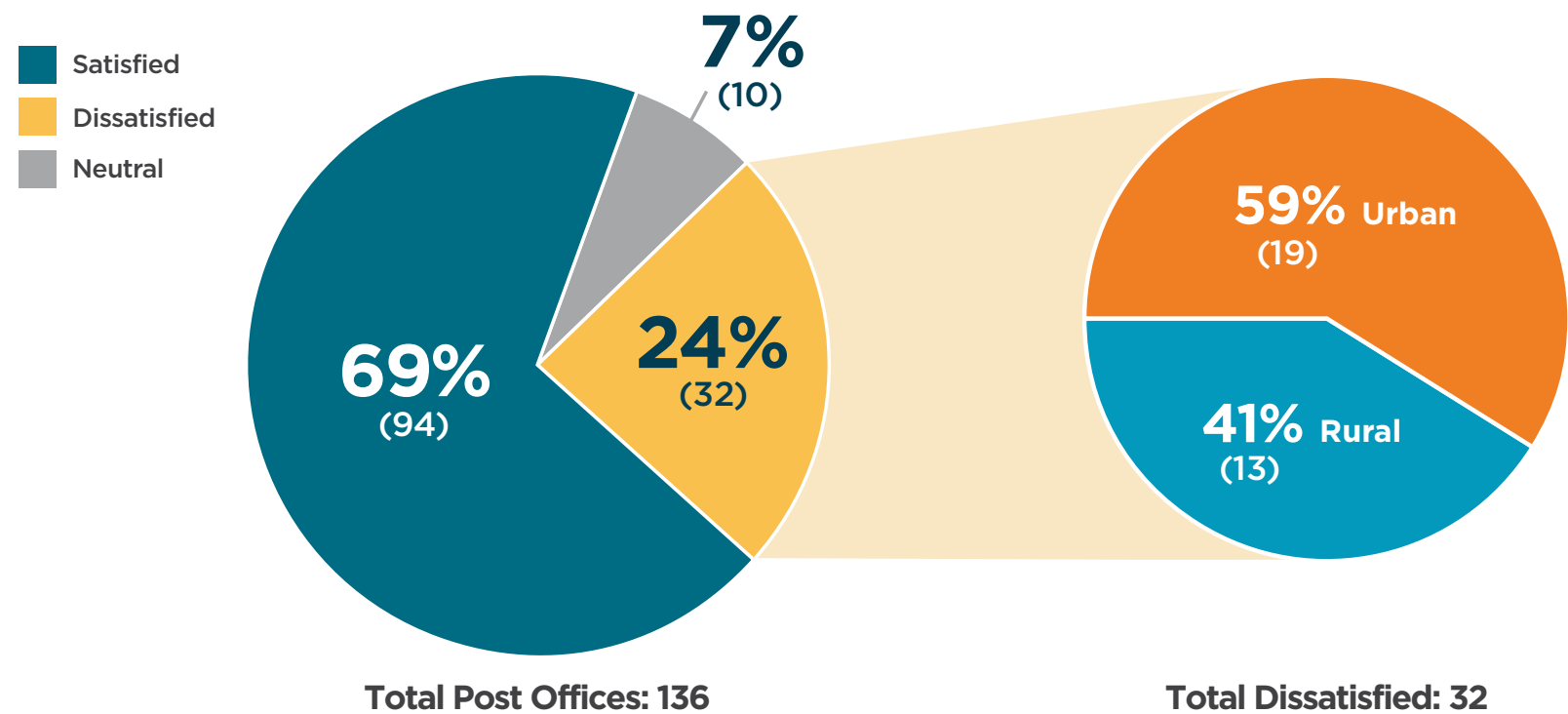
The Postal Service has opportunities to further enhance customers’ overall satisfaction during retail unit visits in each of the five key factors affecting the retail customer experience.

Overall, we were satisfied at the majority – 94 out of 136 (69 percent) – of the statistically selected sample of retail units we visited. The top reasons for our overall satisfaction as customers included encounters with friendly and knowledgeable retail associates who completed our transactions in clean and welcoming facilities, both inside and out. We had neutral customer experiences at 10 (7 percent) of the retail units. In each of these visits, interactions with the retail associate were pivotal to our overall customer satisfaction — the retail associate either ultimately neutralized a negative customer experience we had entering the facility or damaged an otherwise positive experience.

“We estimate that customers at about one in four retail units across the country would have negative experiences.”

However, we estimate that customers at about one in four retail units across the country would have negative experiences. Specifically, during our sample visits, we were dissatisfied with our experience as customers at 32 of the 136 retail units (24 percent). Customers would also be more likely to have a negative experience at retail units in urban areas compared to visits in rural areas, as 19 of the 32 retail units where we were dissatisfied (59 percent) were in urban areas while 13 (41 percent) were in rural areas. [Figure 2](#) summarizes the overall results of our 136 site visits.

Figure 2. Customer Experiences at Statistically Selected Retail Units



Source: OIG analysis.

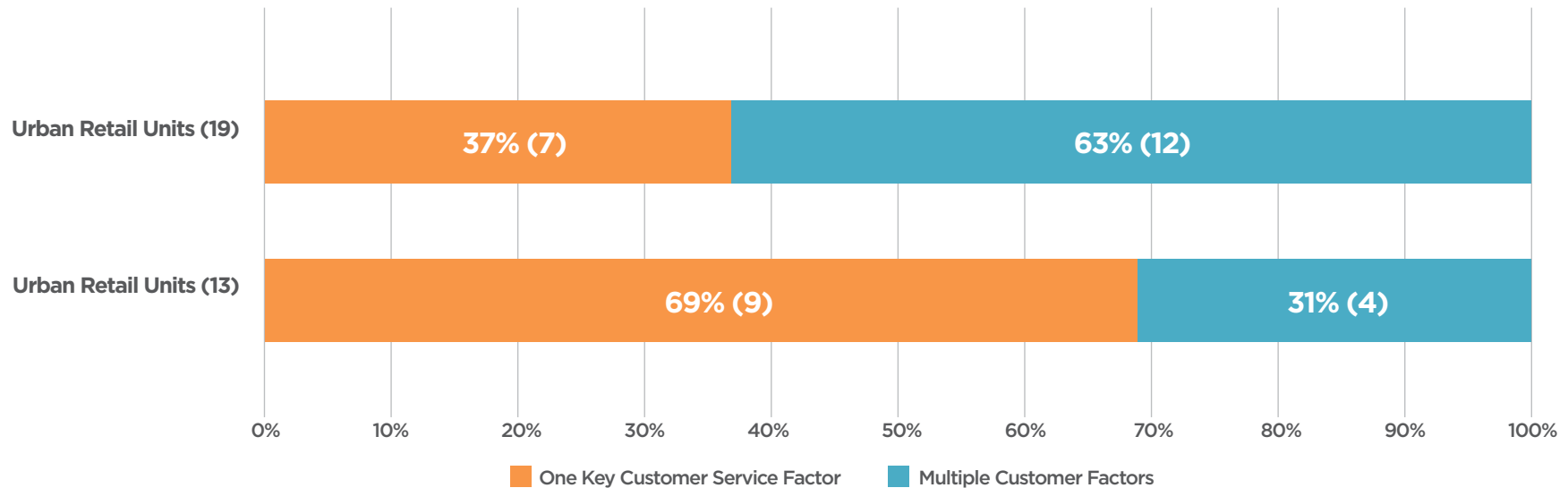
Our overall dissatisfaction at 32 (24 percent) of the retail units was attributable to a negative experience with one or more of the five retail customer experience factors. Table 1 shows our negative experiences by each factor for these 32 units.

Table 1. Negative Experiences by Key Customer Service Factor

Engagement	Executorial Excellence	Brand Experience	Expediting	Problem Recovery
11	22	13	6	5

The number of reasons for our overall dissatisfaction at these retail units varied greatly depending on whether the unit was located in an urban or rural area. Our dissatisfaction at retail units in rural areas tended to be attributable to only one key customer service factor, while our dissatisfaction at retail units in urban areas related to multiple factors. Figure 3 summarizes the number of units where we had a negative experience in a single or multiple key factors.

Figure 3. Volume of Key Customer Service Factors Contributing to Dissatisfied Experience



Source: OIG analysis.

In addition to visiting the 136 retail units, we reviewed results of the Postal Service’s RCE program. Under the program, mystery shoppers evaluate the customer experience at about a quarter (7,500) of all retail units, which account for about 74 percent of the Postal Service’s total retail revenue. The RCE program uses a 100 point scale to evaluate each office, with wait-time-in-line results accounting for 30 percent of the points. In addition, the RCE program assigns more points for the clerk asking whether a package contains hazardous material than the clerk being courteous, offering a pleasant greeting, and thanking the customer, combined. The average overall score for RCE in FY 2017 was 93 out of 100. During our audit, which represented *all* retail units, we did not assess the customer experience based on points. Instead, we evaluated units using the five key customer service factors, weighted evenly, under the premise that a negative experience with any of the factors could lead to dissatisfaction.

We also analyzed the results of the OIG’s FY 2017 Postal Omnibus Survey, 885 customer comments left on Yelp⁷ for 205 randomly selected retail units, and FY 2017 POS survey results. The additional analyses revealed issues similar to those that we experienced during our customer visits, and the issues aligned with the Wharton School-identified key factors affecting retail customer experience.

Engagement

Sales associates personify a brand and can either make or break a transaction. We felt engaged with Postal Service personnel at 119 of 135⁸ (88 percent) of the retail units we visited, mainly due to the politeness of the retail associates and their genuine interest in helping us, as customers, conduct transactions and answer questions. For example, the retail associate at one retail unit was friendly, helpful, and knowledgeable, projecting a very positive



⁷ An online application where customers can leave a review or comment about a business.

⁸ The posted hours on *USPS.com* for one retail unit we visited was 11:30 a.m. - 3:30 p.m. When we arrived at the facility at 2:45 p.m., we found the unit closed for the day; therefore, we were not able to complete a transaction or interact with a retail associate during our visit. The fact that the post office was closed during posted retail hours, coupled with the poor condition of the facility, led the auditor to be dissatisfied with the overall experience, even though the auditor could not assess all key customer service factors.

impression of the Postal Service by going out of her way to provide useful information about the passport application process. In fact, she directed the auditor – who was acting as a customer – to additional resources to ensure she gathered all the required documents to complete the application process so she would not have to make multiple trips to the post office or inadvertently submit the wrong information.

Despite our positive experiences at those locations, we had negative experiences with retail associates at 16 (12 percent) of the units we visited because we encountered unfriendly or discourteous Postal Service employees.

Negative experiences included retail associates not greeting us in a friendly manner, such as giving eye contact, maintaining a positive demeanor, or using a polite tone of voice. Among the most egregious examples were:

- A retail associate at one unit used vulgar language with another associate as we entered the lobby.
- While waiting in line at another unit, we observed a retail associate rudely shaking her head and rolling her eyes several times as she was helping a customer with an international package. Another customer told us this retail associate is often rude.

The Postal Service recognizes the importance of positive customer engagement and trains retail associates in and requires them to follow the GIST⁹ principle in order to complete the “Perfect Customer Transaction.” However, retail associates at only 19 of 135 (14 percent) of the units we visited followed all aspects of

Customer-Centric Practices



MGM Resorts executed a multi-year training and morale initiative focused on employees. All employees, regardless of their position, were empowered to help guests who were unsatisfied with any element of their experience. While management admitted they were nervous to hand so much control to its thousands of staffers, it turned out to be an “incredible initiative” that has “really empowered employees.” These efforts have allowed both leadership and employees to understand how they fit into the larger brand culture.

MGM Chief Marketing Officer Lili Tomovich, Association of National Advertisers, Masters of Marketing Conference, October 6, 2017.

the GIST principle; most retail associates (those at 116 units) did not suggest additional products.

According to the OIG’s FY 2017 Postal Omnibus Survey, about 79 percent of U.S. adults who said they had visited a post office at least once in the past year found the staff to be polite. Engagement with postal employees is a significant element of customers’ experiences in both the POS surveys and Yelp reviews, as positive experiences centered on engagement with postal employees. In fact, FY 2017 POS customer survey results revealed that interactions with the retail associate contributed significantly to customers’ perception of the Postal Service – both positive and negative. Four of the top 10 most common positive topics related to engagement with postal employees, accounting for over 250,000 customer comments in FY 2017. These topics included demeanor, courteousness, friendliness, and knowledge. Engagement also drove negative POS comments. Complaints about associates’ demeanor, courteousness, and rudeness were all included in the top 10 most common topics in the POS surveys, but accounted for far fewer complaints overall, at about 56,000.

“Of the five experience factors, customer engagement was the strongest driver of positive customer reviews on social media.”

Of the five experience factors, customer engagement was the strongest driver of positive customer reviews on social media. Specifically, 111 (39 percent) of the 285 positive customer comments we reviewed on Yelp mentioned words related to customer engagement, such as helpful, friendly, and nice. [Figure 4](#) features the most common words that appeared in the positive Yelp reviews; the larger the word, the more frequently it appeared in comments.

9 Postal Service Handbook PO-209, *Retail Operations Handbook*, Section 2-9, Public Perception states the retail professional must follow the “GIST” (greet, inquire, suggest, and thank) model in every retail transaction.

[illegible]

Positively engaging with customers is a key factor in providing a good customer experience and customers frequently base their impressions of an organization on how the employee makes them feel. The Temkin Group found that people who felt good about their customer experience promoted the brand 76 percent of the time, whereas only 6 percent of those who felt bad about their customer experience promoted the brand. Similarly, 63 percent of those who felt good about their customer experience were willing to forgive that company for mistakes, compared to only 11 percent of those who felt bad about their customer experience. Positive emotional experiences are frequently created when passionate, well-trained staff interact with the customer.

Enabling customers to complete transactions is paramount to the Postal Service's ability to meet its goal of providing excellent customer service. As part of the team's field work, while posing as customers, we attempted to conduct one transaction¹⁰ and inquire about one postal product or service¹¹ at each retail unit the team entered. At 24 (18 percent) of the units we visited, retail associates were either unable to complete the transaction or could not provide useful information about the products or services we wanted to buy or learn more about. Some of the issues we encountered with our attempted customer transactions included:



11 We made inquiries about post office box availability and pricing, requirements for sending international mail, and passport application requirements.

- At three retail units, we were unable to redeem a money order for \$50 or less because the retail associate said they did not have enough cash in the register. At another location, the retail associate suspected our \$20 money order – which we purchased at another retail unit for this audit – was fraudulent and required us to wait 25 minutes while unit personnel made multiple phone inquiries before they would cash it.
- Two retail units we visited during the month of December did not have any holiday stamps available for purchase.
- At two post offices, retail associates provided us with incorrect information as we completed our certified mail transactions. An associate at one post office inaccurately stated that certified mail and registered mail are the same service and cost the same.¹² An associate at another post office incorrectly told us a certified letter could not be tracked on *USPS.com*. Instead, the clerk said we would have to come back to the retail unit to inquire about the status of the certified letter.
- At one retail unit, we were unable to purchase a money order. The retail associate stated the money order printer was not working because it needed a new ink cartridge and suggested we go to another post office for our transaction.

Issues we encountered with our customer inquiries included:

- At three of the units where we asked about obtaining a passport, the retail associate suggested we go to a competitor. The retail associate at one of these offices stated that although the office normally processes passports, we could not apply for one during our visit because it was not offering passport services during peak season.
- Six retail associates did not inform us that a customs form was needed or provide us with one when we inquired about sending an international package. One retail associate incorrectly stated that her office did not accept international mail.

- Two retail associates could not provide post office box pricing information.

According to the OIG's FY 2017 Postal Omnibus Survey, about 90 percent of U.S. adults who stated that they have visited a post office at least once in the past year agreed they are typically able to complete their business in a single visit and about 81 percent agreed the staff is helpful. Our analysis of POS surveys showed that the helpfulness of a unit's employees was one of the main reasons customers reported either a negative or positive retail customer experience; it was the second most common topic among positive reviews and the third most common topic among negative reviews. Additionally, executional excellence was the primary driver of negative Yelp reviews of retail units. Specifically, over one-third (216 of 600) of negative Yelp comments we reviewed related to this customer experience factor.

According to Postal Service policy,¹³ effective offerings and explanations of postal products and services are key to generating revenue and keeping customers coming back. Not only does providing an unsatisfactory customer experience negatively impact the individual's likelihood of returning, but it could also affect the decision of that person to use the Postal Service for their business needs.

Customer-Centric Practices



Eyewear retailer Warby Parker has adopted an innovative customer experience approach throughout its showrooms. They place a greeter at the front of the store to welcome customers as they enter the retail space and help guide them to where they need to go. The greeter is a knowledgeable and fully-trained salesperson and can complete the transaction with customers or answer any questions they may have. Critical to their greeter model is appropriately hiring and carefully training engaging, authentically personable employees.

The Warby Parker Retail Experience: Five Best Practices Every Retailer Needs to Borrow, Forbes, May 23, 2016.

¹² Certified mail provides a mailing receipt and recipient's delivery signature. Registered mail is a more secure service that incorporates a system of internal receipts to monitor movement of the mailpiece from acceptance to delivery.

¹³ Handbook PO-209, Section 8-2, Mystery Shopper.

Brand Experience

One of the first things customers may notice when they visit a retail unit is its exterior and interior condition. A well-maintained facility can set the tone for a positive customer retail experience, while a facility in need of repair can have a negative impact on the company's brand.

The look and feel of a retail unit can convey a brand's image even to people that may never step foot inside a retail location; the geographic location in a community, exterior condition of the facility and ability to access it, and external signage can all contribute to consumers' perception of a brand and its identity. Providing customers with a positive and consistent experience drives connection with an organization's brand. This applies equally to the Postal Service. The perception a customer has as they walk into, or even past, a retail unit impacts a person's decision to use the Postal Service for their future personal or business needs. Throughout our post office visits, we found the lobby experiences to be inconsistent – some post offices were neat, tidy, and welcoming, while others were dark, dirty, and uninviting.



Customer-Centric Practices



Reviewers find that as soon as you step foot in an Apple store, you receive premier customer service right off the bat. Dozens of tech savvy Apple Geniuses on duty guide visitors through questions and device issues as efficiently as possible. Geniuses work side-by-side with customers to solve issues. Fully functional products are displayed across tables with generous amounts of space; designed as much for browsing as it is for trying out the products and buying them.

Apple's Most Innovative Product Isn't A Product At All, Forbes, October 5, 2016.

Fifty-four percent of adult Americans in the OIG's FY 2017 Postal Omnibus Survey reported that they visit a retail unit at least monthly. Whether making a transaction or not, the condition of the exterior and interior of the facility can leave a lasting impact on a customer's impression of the Postal Service brand.

At 101 (74 percent) of the retail units we visited as customers, we found the exterior and interior of the facility to be well-maintained, with a clean and welcoming atmosphere. However, we observed poor external and/or internal facility conditions at 35 (26 percent) of the post offices we visited. Specific

exterior conditions we noted included broken doors, mildew, and peeling paint. See Figure 5 for examples of facilities we observed with poor conditions.

Figure 5. External Facility Conditions

Uninviting Exterior Conditions



Dirt on Ceiling



Peeling Paint



Broken Door Handle



Mildew on Siding

Source: OIG photographs.

Interior conditions we noted as we entered the retail lobbies where we had a negative experience included poorly maintained floors, walls, ceilings, and light fixtures. Lobby cleanliness directly impacts retail revenue. According to a retail consumer study, 14 percent of consumers polled said they would stop visiting a store that was not as clean as they would like, and nearly one-third said they would only visit the store to pick up items unavailable elsewhere.¹⁴ With the Postal Service's plethora of approved shippers and an increasing number of competitors in the package shipping market, finding an alternative shipper is a viable option for customers. Figure 6 shows examples where we observed poor maintenance conditions that negatively impacted our customer experience.

Figure 6. Interior Facility Conditions



Clean, Well-Maintained Lobby

Employees who went above and beyond to make their units more welcoming enhanced our brand experience as customers. For instance, some of the lobbies we visited had seasonal décor such as pumpkins in the fall or postal memorabilia, which made us feel that the employees cared about where they worked and were invested in the customer experience.

While the Postal Service does not include building maintenance in its “Perfect Customer Transaction” model, it does include two other components of brand experience that impacted our satisfaction at the post offices we visited: uniform and courtesy. Retail associates at six (4 percent) of the facilities we visited did not wear professional attire. Specifically, these associates did not wear a badge or any other attire identifying them as a Postal Service employee. Retail employees are required to maintain a neat, clean, and generally credible appearance, and to wear a name tag that is visible to the customer.¹⁵ Some organizations, such as Target, require store employees to wear brand colors so customers can easily identify them and seek them out for assistance.

We also identified unofficial signs posted in the lobbies of two retail units that sent a discourteous message to customers. While these did not relate directly to our experience with the retail associates' politeness, it created a negative atmosphere for customers. Furthermore, displaying unauthorized, handwritten, or homemade signs in the lobby violates Postal Service policy.¹⁶ Figure 7 is an example of one of these signs.



Unwelcoming Lobbies

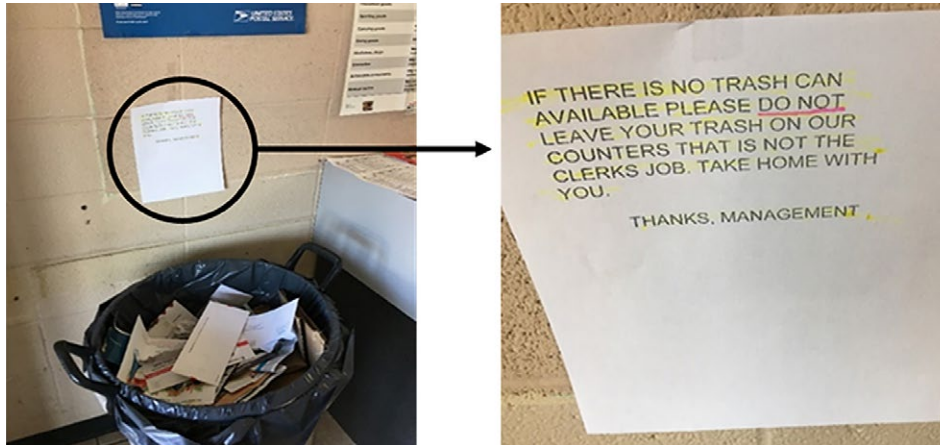
Source: OIG photographs.

¹⁴ M/A/R/C Research, [Store Cleanliness Plays an Important Role on Where Consumers Shop](#), accessed July 13, 2018.

¹⁵ Handbook PO-209, Section 1-4, Basic Retail Responsibilities.

¹⁶ Handbook PO-209, Section 13-6.5, Handwritten and Homemade Signs.

Figure 7: Unofficial Signage in Retail Unit Lobby



Source: OIG photographs.

According to the OIG's FY 2017 Postal Omnibus Survey, about 64 percent of U.S. adults who said they had visited a post office at least once in the past year agreed that the locations are inviting, about 76 percent agreed that signage was useful, and about 83 percent agreed that it was easy to find what they needed.

Customers stated in the POS surveys that the cleanliness of the retail unit, along with the professionalism of the retail associate, were important factors affecting their customer experience, whether positive or negative. Customers that left negative reviews on Yelp indicated that retail associates were rude, which ultimately impacted some customers' decisions to not rent Post Office boxes or conduct passport transactions at the facilities.

Customers select a shipping provider based on many factors, including their impression of the brand based on the retail environment. To establish and maintain its reputation as a trusted brand, the Postal Service must present customers with a safe and functional retail environment, and anything else may degrade that trust. A customer's view of a retail environment can affect more than just their shopping experience that day; it can be a deciding factor in their future purchasing decisions and overall perception of the brand. The issues that we

identified during some of our post office visits and that customers expressed on social media negatively impact the Postal Service brand. This negative branding may also have a detrimental effect on the Postal Service's ability to expand into other revenue-generating services. The OIG recently issued a report¹⁷ documenting facility condition issues at postal facilities across the country like those we identified; therefore, we will not make recommendations related to facility conditions we identified during our visits.

Expediting

The Postal Service emphasizes and dedicates resources to limiting customers' wait-time-in-line to less than five minutes.¹⁸ During our post office visits, we waited in line over five minutes at eight (6 percent) of the units we visited and more than 10 minutes at three of those units we visited.

The most egregious example was a unit where our wait-time-in-line was 11 minutes and 45 seconds. When our wait time at this post office approached the 10-minute mark, a second retail associate came to the counter wearing headphones, placed a tray into a cash register drawer, and left without assisting anyone in line, leaving customers feeling even more frustrated with their experience.



“We waited in line over five minutes at eight (6 percent) of the units we visited and more than 10 minutes at three of those units we visited.”

The Postal Service recognizes that long wait times create customer dissatisfaction. According to the Postal Service's FY 2018, Quarter 2, Brand Health Tracker survey, [REDACTED]

¹⁷ Facility Condition Review - Capping Report (Report Number SM-AR-18-005, dated June 21, 2018).

¹⁸ Handbook PO-209, Section 13.3, Service in Five Minutes or Less.

Customer-Centric Practices



Grocery chain Kroger knew that getting shoppers through the checkout line as quickly as possible is key to building customer loyalty. To better staff cash registers, Kroger implemented technology to count customers as they entered stores and analyzed most popular shopping times. Customers could see the results of this data changing constantly on light boards at the front of stores. Kroger displayed the number of checkout lanes in service at that time, the additional lanes needed, and the number of lanes projected to be needed 30 minutes later. The goal was to ensure customer never had more than one person ahead of them in the checkout line.

Kroger Solves Top Customer Issue: Long Lines, Information Week, April 2, 2014.

at the post office were not assisting customers. Customers were appreciative of employees who paid attention to the lines and tried to help. We also experienced this in our visits to retail units; there were more postal employees visible than those helping customers or retail windows open at nine (7 percent) of the offices visited. Research has demonstrated that “unexplained waits” feel longer to customers than explained waits. For example, airplane passengers accept wait times more readily when the captain announces why the wait is occurring. In situations where customers perceive sales associates are not actually serving customers, they are less likely to be patient with waiting. Furthermore, research shows that waiting in ignorance creates a feeling of powerlessness in customers, which can result in visible irritation and rudeness.¹⁹

POS survey results revealed that failure to expedite a transaction was the main driver of negative reviews. The most common complaint among negative reviews was the need for more staff, followed by wait-time-in-line. Lack of efficiency was the fourth most common complaint among the negative reviews in the POS survey. These three topics accounted for over 200,000 negative POS comments over the course of FY 2017.

Our analysis of Yelp reviews also showed that a customer’s wait time in line was an important factor in assessing whether the customer experience was positive or negative. It revealed that customers were especially frustrated with wait times when some employees

Some government entities have addressed wait time challenges by providing customers with more information. For example, the Virginia Department of Motor Vehicles (DMV) has an application on its website that shows the wait times for a specific transaction at each of the surrounding DMV offices in real time. This allows customers to go into the office with a realistic expectation of how long their transaction will take.

Long lines also have been shown to have a negative effect on a sales associates’ emotions and behavior. Sales associates in one study reported feeling impatient, frustrated, and less likely to be able to focus when a store was crowded.²⁰ The emotions and behavior of employees are critical to positive engagement and executional excellence.

A long wait-time-in-line may make customers feel that the organization is not respecting their time. Similarly, not providing accurate hours could lead to customers taking time to go to the retail unit when it is not open. The most common complaint regarding unit hours on Yelp was that facility hours were not correctly displayed on *USPS.com*. Many other Yelp customers were frustrated when the post office closed earlier or opened later than the posted times.

OIG staff also experienced retail units not being open during advertised hours:

- Two retail units were not open during posted times. One unit posted its closing time as 3:30 p.m. on *USPS.com*. However, when we arrived at 2:45 p.m., it was already closed for the day. Another unit posted that it would reopen after lunch at 12:30 p.m., but it didn’t reopen until 12:41 p.m. While we waited for this office to reopen, another waiting customer left and stated he would go somewhere else to make his transaction.
- After we completed a transaction at one facility, one retail associate instructed another to lock the lobby door and tell any arriving customers that the unit was experiencing computer issues. We could not tell whether the computer system was actually experiencing issues. The other associate proceeded to lock the door to the main lobby after the auditor left, which was about one hour before the posted closing time.

¹⁹ David H. Maister, *The Psychology of Waiting Lines*, Columbia University, 2005.

²⁰ Anita Whiting, *Long Lines of Customers: How Does Customer Crowding Affect Service Employees?*

Showing that a business respects its customers' time is paramount to retaining those customers. By ensuring that lines are reasonable and that the correct operating hours are posted on the web site will enable the Postal Service to provide a better customer experience.

Problem Recovery

Helping customers resolve problems is crucial to ensuring complete customer satisfaction. During the course of the audit, we encountered a significant problem resolving an issue regarding a purchased money order. An auditor, posing as a customer, purchased a money order on March 21, 2018 at a retail unit. She attempted to redeem it at another retail unit that was not part of our statistically selected sample on April 13, 2018. She was frustrated to learn that the money order could not be redeemed because the retail unit that sold her the money order incorrectly dated it a year later – March 21, 2019.

Instead of helping her resolve the problem, she was surprised when unit personnel told her she must either hold the money order until March 21, 2019 (another 11 months) before redeeming it or take it back to the unit where it was sold – 175 miles away. She contacted the unit that sold it, but they offered yet another solution which she found to be equally disappointing. Unit personnel told her to mail the money order back to their office and they would mail her the appropriate forms to complete and return. After this back-and-forth, unit personnel ultimately asked her to mail a copy of her driver's license to the unit, which she was uncomfortable with because of privacy concerns. The problem was not resolved until we brought it to Postal Service management's attention on June 13, 2018. Subsequently, a unit that was not part of our sample worked with the auditor to void the incorrectly dated money order and issue her a new one that she immediately redeemed.

During our conversation with area management, the marketing manager commented that Postal Service staff at the retail units followed corporate policy.



We were not able to resolve the issue until 66 days and 15 communications later, including the meeting with Postal Service management. Given the amount of time and effort it took to resolve this issue, we found this policy created a negative customer experience.

When customers have a problem or need to talk to a local Postal Service employee, they can find the phone number for their closest retail unit on *USPS.com*. We called the phone numbers posted for each of the 136 retail units we visited and were unable to contact seven of the offices (5 percent). We were unable to contact five of these post offices because the phone numbers were incorrect, while calls made to the other two were not answered. It is important that *USPS.com* provides accurate phone numbers and that employees answer phones so customers can contact retail units for information and problem resolution.

Problem recovery is also an element of the Postal Service's "Perfect Customer Transaction." Retail clerks are instructed to circle the POS survey link at the bottom of the POS receipt and verbally invite customers to take the survey following a transaction. We completed 88 transactions that required a receipt, but the retail associate did not circle and draw attention to the survey in 58 (66 percent) of those transactions. When the retail associate does not draw a customer's attention to the POS survey, the customer may miss the opportunity to provide feedback about their experience. This information is important to the unit's ability to recognize strengths and address problems in its customers' experiences. Without customer feedback, issues may go unresolved.

Customer-Centric Practices



Disney's goal is to make sure all employees are "the right person" to talk to when an incident arises. Employees are given the tools and knowledge to solve issues right away. Employees are trained on successful service recovery, so they know the basic guidelines to provide a consistent experience, no matter what level they are.

Customer Service 101: Three Tips for Empowering Speedy Service Recovery, Disney Institute, August 20, 2015.

A report from the *Customer Complaints X-Ray*²¹ series, published by consultancy Beyond Philosophy, concluded that customers who had to expend extra effort to chase their complaint resolution, were:

- Less satisfied with handling of the issue.
- Less likely to recommend the company.
- Less likely to continue as customers or use more services.
- More likely to complain in the future.

Our analysis of Yelp reviews of Postal Service retail units supported this conclusion. In negative reviews, many customers said they had significant issues contacting the retail unit by phone or in person to resolve their issues. In a past report,²² the OIG found the Postal Service did not effectively respond to customer inquiries submitted via social media. Specifically, the Postal Service's social media program did not (1) respond to all actionable inquiries, (2) respond to inquiries timely, and (3) effectively coordinate with the customer care program.

In addition, the Postal Service may not be maximizing its use of the POS survey results to identify and resolve customer problems. In a past OIG paper,²³ we found that a Postal Service contractor scrubbed specific information identifying post offices and clerks from POS survey results before the Postal Service received them. This practice delayed postmasters' ability to respond to customer complaints within a week, making the feedback less actionable. The report suggested the Postal Service consider a process whereby the contractor would provide postal management with raw comments and the Postal Service could limit access to the survey results to protect customer privacy. This could help managers funnel positive feedback to postal clerks and proactively address problems more quickly and accurately.

Retail Customer Service Culture

An organization's culture can both empower and control employee behavior by prioritizing the common understanding, sense of purpose, emotional commitment, and resilience that employees need to deliver exceptional customer experiences.²⁴ To understand the Postal Service's culture, we examined its vision, its employee performance measurement, and its hiring and training practices. The Postal Service's stated priorities place high value on the customer experience, but employee performance measures and hiring practices reflect priorities more focused on operational goals.

“An organization's culture can both empower and control employee behavior.”

The Postal Service's five-year plan places heavy emphasis on the customer experience. Its vision statement is “to provide a viable U.S. Postal Service that delivers customer value and binds the nation together in the digital age.”²⁵ A primary goal to achieving this mission, set out in its five-year plan, is the delivery of a world-class customer experience. The Postal Service recognizes the importance of delivering excellent and consistent customer experience at every customer touchpoint. See [Figure 8](#) for an overview of the five-year plan.

²¹ [The key to customer retention and loyalty via customer complaints handling](#), report accessed on July 13, 2018.

²² *Social Media Customer Inquiries* (Report Number [MS-AR-17-006](#), dated May 8, 2017).

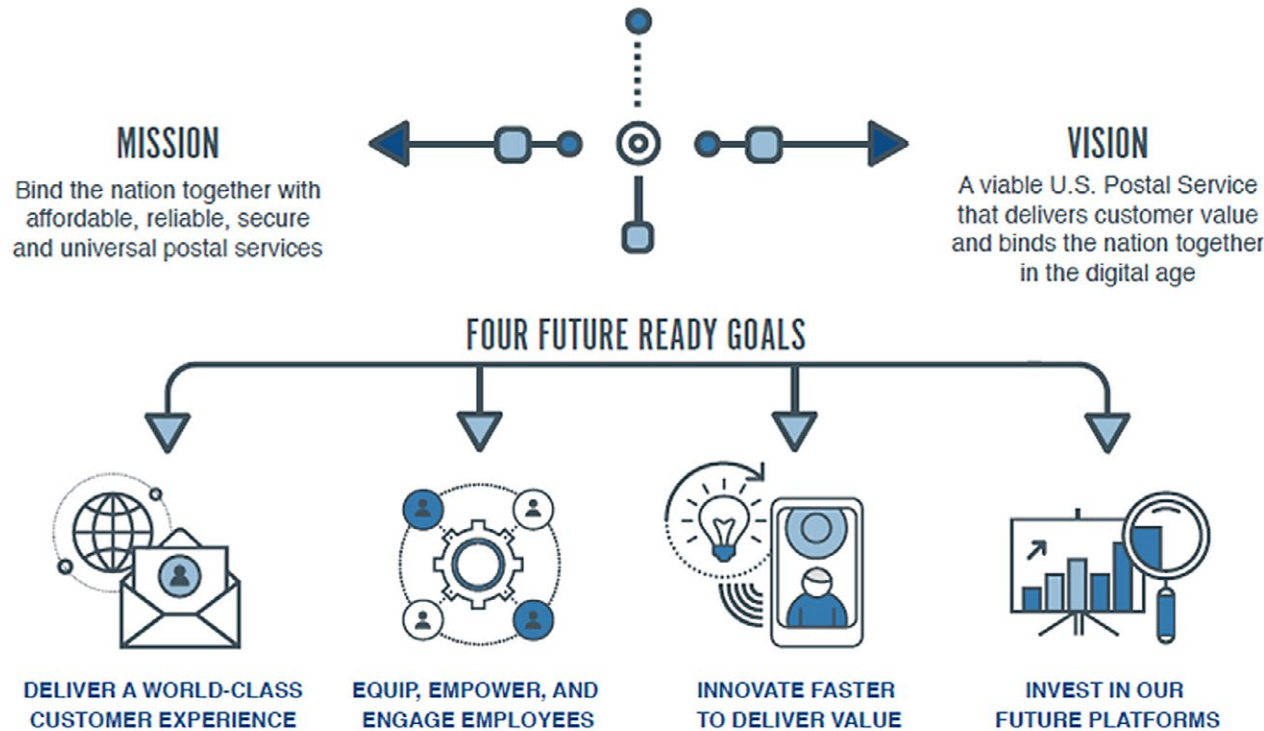
²³ *Postal Customer Satisfaction: A Primer of Four Surveys* (Report No. [RARC-WP-17-010](#), dated August 28, 2017).

²⁴ Hillary Horn, Nathan Sloan and Beth Benjamin; *Deloitte and Medallia*, The Business Case for a Customer-Centric Culture, 2017.

²⁵ Postal Service, *Future Ready: U.S. Postal Service Five-Year Strategic Plan Fiscal Years 2017 to 2021*, pg. 7.

Figure 8. Postal Service Future Ready Framework

This plan describes our current and forecasted challenges, defines how the Postal Service will respond to these challenges, and identifies where we will need support from Congress and the PRC.



Source: Postal Service diagram.

In its five-year plan, the Postal Service established two goals directly related to enhancing the current customer experience at retail units: (1) Deliver A World-Class Customer Experience and (2) Equip, Empower, and Engage Employees. To meet these goals, the Postal Service's strategy is to, respectively, learn about emerging customer needs and listen to customer feedback, and increase employee engagement to hire the most effective employees and invest in employee development. Specific retail initiatives the Postal Service identified in its plan include:

- Expanding deployment of self-service kiosks and lobby assistants with mobile POS units;
- Improving retail office environments and enhancing employee training;
- Fully deploying new retail systems software that will improve POS experiences; and
- Training employees on new products and services and enable customers to use the latest payment methods.

While these initiatives may improve aspects of the customer experience, their implementation would not fully address many of the challenges we identified in our review. For example, the Postal Service has developed a new retail associate training program, but is only providing the training to newly assigned retail associates, not existing associates.

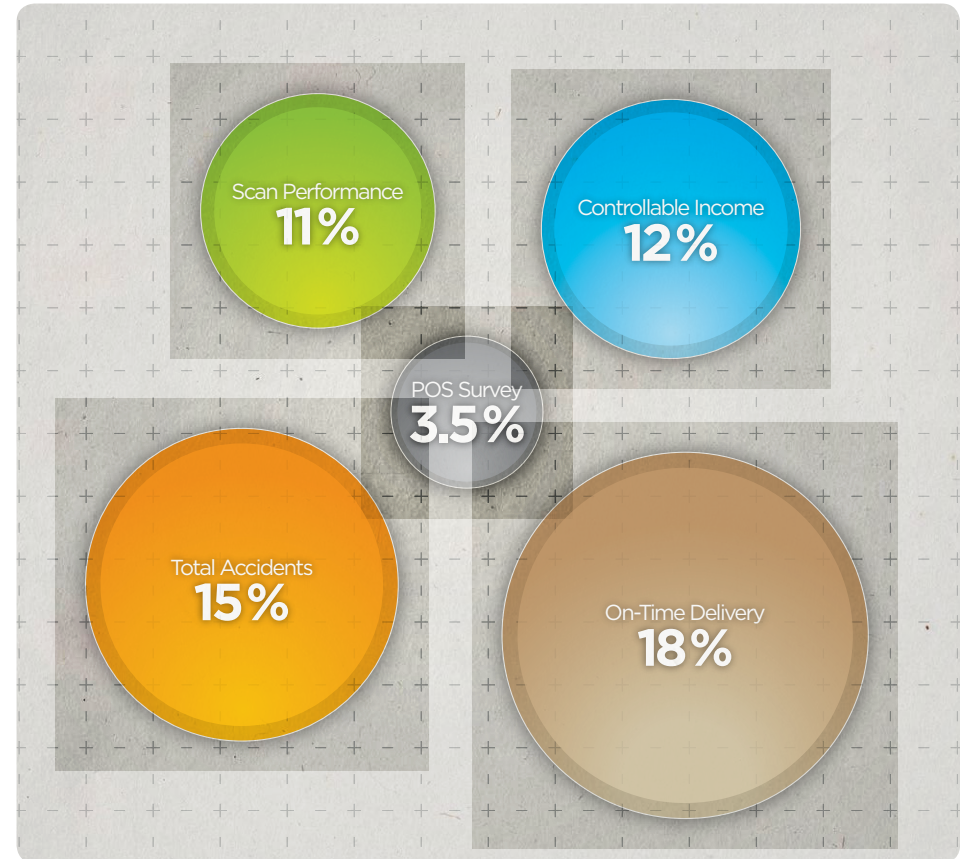
Creating a corporate vision and laying out a path to getting there is crucial to sharing the company's values with employees and customers, but a cultural change must occur to change the way employees think, feel, and act. An organization's culture defines what gets done and what takes a back seat. While it is easy to say that an organization is customer-centric, it is much more difficult to align cross-functional teams and channels around working together for the benefit of the customer and be rewarded for it.

Contributors to the Postal Service's inconsistent retail customer experience may include limited emphasis on customer experience in the performance measurement system, position assignments that place value on seniority rather than ability to effectively engage with customers, and lack of ongoing customer engagement training. A lack of organization-wide focus on retail customer experience could negatively impact the Postal Service's brand, customer retention, and revenue.

Performance Measurement

Despite the Postal Service's stated customer-centric focus, its performance measurement system emphasizes delivery and operations. The Postal Service uses a National Performance Assessment (NPA) to align corporate goals with performance measures and outcomes.²⁶ The NPA score is the primary tool used to measure supervisor and postmaster performance at retail units; however, retail customer survey results only contribute up to 3.5 percent of a unit's total NPA score. Figure 9 shows other areas that contribute more significantly to a unit's total NPA score than retail customer service.

Figure 9. NPA Contributing Factors Based on Composite Weight



Source: OIG analysis.

²⁶ Postal Service, *Future Ready: U.S. Postal Service Five-Year Strategic Plan Fiscal years 2017 to 2021*, pg. 27.

Not all units are eligible to receive POS customer service feedback. There are over 12,000 retail units that do not use the POS system for their transactions and customers doing business at these offices are not given the opportunity to complete a POS survey after their visit. Therefore, over one-third of the retail units across the country do not receive an analysis or assessment of the customer service they provide.

As the adage goes, “what gets measured gets done.” The Postal Service’s current pay for performance system does not emphasize the importance of the customer experience. Without this emphasis, supervisors may be less likely to dedicate needed time and resources at the retail unit to ensure positive customer experiences.

Position Assignments and Training

Currently, retail associates are assigned their positions based on seniority, rather than their interpersonal skills and ability to effectively engage with customers. This practice does not reflect the Postal Service’s goal of hiring the most effective employees and fostering their development. This is counter to the practices of firms across the world with strong customer experience cultures. According to the Harvard Business Review, firms with a strong corporate culture dedicate significant time and resources to recruiting new employees who are not just the most talented, but also the best suited to a particular corporate culture. These employees are less likely to leave and they command lower salaries, on average.²⁷ It is crucial for the Postal Service to place employees in retail associate positions based on their customer engagement abilities rather than their seniority. Assigning people to the jobs for which they are most qualified is important to

ensuring the Postal Service’s ability to provide positive experiences to individual customers and, ultimately, long-term success as an organization.

Regardless of how employees move into retail associate positions, most are not required to take ongoing annual training on engaging with customers. In a 2015 report,²⁸ the OIG recommended that retail associates be provided with continual, formal customer service training. Since that time, Postal Service management has periodically required retail associates to complete customer service-related training. The last nationwide training the Postal Service provided to retail associates that included elements of customer service – called Deliver the Brand – was deployed in FY 2015. The current introductory training primarily focuses on conducting transactions and meeting requirements, rather than providing a positive customer experience. The Postal Service has begun to roll out a new training program that includes expanded customer service elements focused on enhancing customer engagement, but it will only offer the training to new retail associates; it will not be mandatory for *current* associates. Required ongoing training is essential to ensuring that retail associates hone and refresh their customer service skills, especially as customer expectations evolve.

Changes in organizational culture take time, commitment, and buy-in from all levels of the organization. However, in order to change culture, organizations must focus on changing some of the factors, corporate policies, and conditions that affect culture, rather than directly on the culture itself. Some factors that could positively drive a cultural focus on retail customer experience include placing the right people in retail positions, appropriately training and equipping them to serve customers, and measuring their performance in doing so. It is very difficult to drive sustainable customer experience improvements without this kind of focus.

²⁷ John Coleman, “Six Components of a Great Corporate Culture,” May 6, 2013.

²⁸ *Window Retail Customer Service* (Report Number MS-AR-15-001, dated January 29, 2015).

Recommendation #1

The **Vice President, Retail and Customer Service Operations**, work with the Postal Service's Executive Leadership Team to reevaluate the proportion of a unit's National Performance Assessment score that is directly attributable to retail customer service at all units.

Recommendation #2

The **Vice President, Retail and Customer Service Operations**, take steps to cultivate and integrate into daily operations at all retail units a strong retail customer service culture, including assessing individual customer service skills prior to awarding retail associate positions to adequately prepare employees to effectively engage with customers.

Recommendation #3

The **Vice President, Retail and Customer Service Operations**, develop and provide annual customer service training for all retail associates emphasizing their role in the customer experience.

Recommendation #4

The **Vice President, Retail and Customer Service Operations**, benchmark with organizations known for their positive retail customer experience practices and determine the feasibility of the Postal Service customizing these practices in its retail environment.

Management's Comments

Management disagreed with recommendations 1 and 2 and agreed with recommendations 3 and 4. Management did not specifically indicate agreement or disagreement with our findings but stated they use both the POS survey and RCE program to assess the customer experience. Management stated that for FY 2018 year-to-date, the Postal Service has received over 1.8 million POS survey responses with a customer rating of over 87 percent. Management stated that to measure courtesy, they rely on both the POS survey and GIST principle scores from the RCE survey. Management expressed its disappointment that the OIG did not recognize the results of the POS survey and with the OIG description of the RCE survey scoring.

Regarding recommendation 1, management disagreed, stating that the current customer insights measurement with the NPA is designed to drive performance of Postal Service employees across all channels of the business and customer experience. Management stated the NPA is also designed to highlight the importance of quality and effective employee performance and service to Postal Service customers at every touch point across the Postal Service. Management further stated it annually reviews all NPA metrics, including the customer insights measurement, to ensure it has corporate and unit metrics that align with organizational priorities and drive the intended behavior.

Regarding recommendation 2, management disagreed, stating that it is mandated to follow the guidelines established in its labor agreements. Management further stated the selection process for retail associate positions requires employees to complete an 80-hour training program and successfully pass a competency exam based on course material. Management stated that, in October 2018, it will be deploying training for new sales associates, which has been recently redesigned to place a greater focus on the customer by utilizing a hands-on approach to processing transactions.

Regarding recommendation 3, management agreed, stating they are currently developing refresher training for existing sales and service associates that will focus on the customer experience. This refresher training will supplement existing annual training for sales and service associates, which includes formal

training, frequent service talks, messages on the POS system, and a weekly retail newsletter. The target implementation date for the refresher training is March 2019.

Regarding recommendation 4, management agreed, stating they have incorporated successful practices from other organizations into their current processes and will continue to evaluate other opportunities to incorporate changes that will improve customer service. The target implementation date is January 2019.

See [Appendix B](#) for management's comments in their entirety.

Evaluation of Management's Comments

The OIG considers management's comments responsive to recommendations 3 and 4 and planned actions should resolve the issues identified in the report. Also, we consider management's comments partially responsive to recommendation 2; however, we consider management's comments regarding recommendation 1 to be nonresponsive.

Regarding management's disagreement with recommendation 1, we understand the design of the NPA is intended to reflect customer experience at every touch point of the postal experience, but contend it does not sufficiently emphasize the importance of the retail customer experience. Without this emphasis, supervisors may be less likely to dedicate needed time and resources at the retail unit to ensure positive customer experiences. Dedicating resources to enhancing the customer experience at retail units is especially important because it helps drive revenue generation and protection, since individual experiences can impact the likelihood of a customer continuing to use the Postal Service, both for personal and business needs. We believe management should take advantage of the annual review of NPA metrics to reevaluate the proportion of a retail unit's score that is directly attributable to retail customer service at all retail units.

Regarding management's disagreement with recommendation 2, we understand the Postal Service is mandated to follow the guidelines established in its labor agreements. However, the Postal Service could work with its labor unions to change the process for awarding retail associate positions to ensure selection

of the most qualified, not just the most senior, employees for retail associate positions. While we agree that a training program and competency exam are positive aspects of the retail associate selection process, we believe that assessing individuals' customer service skills to select personnel best suited for the positions that engage with customers would further strengthen the process.

Regarding management's disappointment with our presentation of POS survey and RCE program information, we analyzed FY 2017 POS survey results and the analysis revealed issues such as those we experienced during our customer visits. As management noted in their response, the survey is only available at retail units that use POS equipment. The universe from which we selected our statistical sample of visited retail units included all Postal Service retail units, regardless of whether they used POS equipment. This was done so we could evaluate the customer experience across Postal Service retail units of all sizes, locations, and operations.

We explained the RCE survey scoring to contrast it with our approach to evaluating visited retail units. Our approach was not based on a point system. Rather, we evaluated the visited retail units using the five key customer service factors, weighted evenly, under the premise that a negative experience with any of the factors could lead to dissatisfaction.

All recommendations require OIG concurrence before closure. Consequently, the OIG requests written confirmation when corrective actions are completed. Recommendations 3 and 4 should not be closed in the Postal Service's follow-up tracking system until the OIG provides written confirmation that the recommendations can be closed. We view the disagreements on recommendations 1 and 2 as unresolved; therefore, the recommendations will remain open as we coordinate resolution with management.

Appendices

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Appendix A: Additional Information

Scope and Methodology

For this audit, we evaluated customer experiences at Postal Service managed retail units. Our universe included all retail units with walk in revenue for FY 2017 of zero or more and an accurate street address in the Postal Service's Finance Number Control Master Database. To accomplish our objective, we initially visited a probe sample²⁹ of 89 units between November 13 and December 18, 2017. During each site visit, we addressed a series of questions related to the five factors determined to contribute to a positive customer retail experience. For example, we observed the external and internal condition of the facility, assessed our ability to complete a transaction, and determined whether the retail associate assisted us in a helpful and courteous manner. We also completed transactions and asked about Postal Service products.

Based on the data gathered during the initial probe sample, we expanded our review. We stratified the Postal Service's 30,518 retail units by Postal Service area and urban/rural classification,³⁰ and statistically selected 136 retail units. We then substituted 40 units from this sample with retail units from our original probe sample because the units were in the same Postal Service area and district, and had the same urban/rural classification. We visited the 96 remaining retail units between March 19 and April 27, 2018, and addressed the same questions as we did during our probe sample visits.

See Table 2 for the distribution of the 136 sample retail units by Postal Service area and urban/rural classification.

Table 2. Sample Retail Unit Distribution

	Urban	Rural
Postal Service Area	Sample Size	Sample Size
Capital Metro	7	5
Northeast	11	6
Pacific	6	2
Southern	12	12
Western	10	23
Eastern	14	12
Great Lakes	8	8
Total	68	68

Source: The OIG randomly selected retail units based on Postal Service and Census Bureau information.

Throughout the audit we briefed management on the results of our site visits. In addition to our site visits, we:

- Reviewed current Postal Service policies and guidance related to customer service and retail unit operations.
- Interviewed retail operations management to identify ongoing initiatives designed to improve customer service.
- Analyzed results and responses from:
 - 885 Yelp reviews for a sample of 205 retail units.

²⁹ A portion of the population explored to gain insight into the overall population, results of which may be used as inputs to sampling algorithms. It was based on the retail units' FY 2017 transaction volume, customer survey results, and location.

³⁰ The U.S. Census Bureau defines an urban area as a territory that encompasses at least 2,500 people, at least 1,500 of whom reside outside institutional group quarters. Rural areas encompass all population, housing, and territory not included in an urban area.

- FY 2017 Postal Service POS survey scores and comments to determine the most important factors that influence the customer retail experience.
- FY 2017 OIG Omnibus Survey.
- Reviewed union contracts related to filling retail associate vacancies.

We conducted this performance audit from November 2017 through September 2018, in accordance with generally accepted government auditing standards and included such tests of internal controls as we considered necessary under the circumstances. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our

findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective. We discussed our observations and conclusions with management on August 8, 2018, and included their comments where appropriate.

We used the Postal Service's Retail Data Mart to retrieve our universe of retail units and compared the total number with publicly available information provided by the Postal Service, used an electronic survey tool to record observations at our site visits, and manually verified the results. We determined that the data were sufficiently reliable for the purposes of this report.

Prior Audit Coverage

Report Title	Objective	Report Number	Final Report Date	Monetary Impact (in millions)
<i>Facility Condition Review – Capping Report</i>	Identify trends or systemic issues identified in previous OIG facility condition reviews of Postal Service retail facilities and assess the effectiveness of management's corrective actions.	SM-AR-18-005	6/21/2018	N/A
<i>Retail and Customer Service Operations in the Philadelphia Metropolitan District</i>	Assess retail and customer service operations in the Philadelphia Metropolitan District.	MS-AR-17-010	9/25/2017	\$8.1
<i>Postal Customer Satisfaction: A Primer of Four Surveys</i>	Research the four Customer Insights Index surveys to understand what they reveal about customer satisfaction with specific postal interactions and, more broadly, customers' overall perceptions.	RARC-WP-17-010	8/28/2017	N/A
<i>Assessing Marketers' Barriers to Direct Mail</i>	Evaluate marketers' perceptions of direct mail and the obstacles they face using direct mail as an advertising channel.	MS-MA-17-001	7/5/2017	N/A
<i>Social Media Customer Inquiries</i>	Determine how effectively the Postal Service responds to customer inquiries submitted through social media.	MS-AR-17-006	5/8/2017	N/A
<i>Delivery and Customer Service Operations – Bronx, NY</i>	Evaluate mail delivery delays and customer retail service at selected delivery units in the Bronx.	DR-AR-17-004	4/20/2017	N/A
<i>Window Retail Customer Service</i>	Evaluate customer service at retail counters.	MS-AR-15-001	1/29/2015	N/A
<i>Retail Customer Service Management Alert</i>	Alert management of issues with window clerks not always informing customers about the availability and location of POS surveys.	MS-MA-15-002	10/17/2014	N/A

Appendix B: Management's Comments

KELLY M. SIGMON
VICE PRESIDENT, RETAIL AND CUSTOMER SERVICE OPERATIONS



September 17, 2018

MONIQUE COLTER
DIRECTOR, AUDIT OPERATIONS

SUBJECT: Customer Retail Experience
OIG Project Number: 18POG001SAT000

The Postal Service is committed to improving the customer experience at every customer touch point. With over 30,000 post offices, we take pride in serving the American public each day. Postal Service management recognizes the importance of receiving feedback from our customers to improve our processes. The Postal Service also appreciates the feedback it received from the Office of the Inspector General (OIG) in its draft audit report "Customer Retail Experience," SAT-AR-18-DRAFT (Report). In addition to the Retail Customer Experience (RCE) program referenced in the Report, the Postal Service uses a Point of Sale (POS) survey to receive customer feedback on their overall experience. This survey is available at 17,824 locations across United States and includes both urban and rural retail units. These retail units represents 93.7% of our total walk-in revenue. For FY18 year-to-date, the Postal Service has received over 1.8 million responses with a customer rating over 87%. It is disappointing that the OIG chose to completely ignore the relevance of this survey.

As mentioned in the Report, the Postal Service also utilizes the RCE program, which is a contracted mystery shopper program that assesses the customer experience at approximately 7,700 offices. This is an internal measurement used to provide feedback to management on critical parts of the customer experience and operational components of a transaction. It is disappointing that the OIG chose to misrepresent the use of the survey by stating that the Postal Service placed more weight on the clerk asking whether packages contain hazardous material than clerks being courteous and offering a greeting. The safety of our customers, employees and the mail stream is a top priority to the Postal Service and will continue to be so into the future. To measure courtesy, Postal Service management relies on both the POS survey and the GIST scores (Greet, Inquire, Suggest and Thank) from RCE.

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Recommendation #1

Vice President, Retail and Customer Service Operations, work with the Postal Service's Executive Leadership Team to reevaluate the proportion of a unit's National Performance Assessment score that is directly attributable to retail customer service at all units.

Management Response: Disagrees

Management disagrees. The Customer Insights measurement within National Performance Assessment (NPA) is designed to drive performance of postal employees across all channels of the business and customer experience. The NPA is further designed to highlight the importance of quality and effective employee performance and service to postal customers at every touch point across the postal system. And the metrics and the weight of the metrics contained in the current Customer Insights measurement within the NPA are designed to reflect the importance of these factors with all postal employees who interact with our customers across the postal system at all of touch points. Finally, it should be noted, that the Postal Service reviews all NPA metrics, including the Customer Insights measurement, on an annual basis to ensure that it has corporate and unit metrics that align with organizational priorities and drive the intended behavior.

Recommendation #2

Vice President, Retail and Customer Service Operations, take steps to cultivate and integrate into daily operations at all retail units a strong retail customer service culture, including assessing individual customer service skills prior to awarding retail associate positions to adequately prepare employees to effectively engage with customers.

Managements Response: Disagrees

Postal Management is mandated to follow the guidelines established in its Labor agreements. However, the selection process for Retail Associate positions also requires employees to complete a rigorous 80 hours training program and successfully pass a competency exam based on course material. In October 2018, the Postal Management will be deploying training for new Sales Associates, which has been recently redesigned to place a greater focus on the customer by utilizing a hands-on approach to processing transactions.

Recommendation #3

Vice President, Retail and Customer Service Operations, develop and provide annual customer service training for all retail associates emphasizing their role in the customer experience.

Management Response: Agrees

Postal Management already has annual training for existing Sales and Service Associates, which includes formal training, frequent service talks, messages on the Point of Sales system, and a weekly Retail newsletter. Retail operations is currently developing refresher training for existing sales and service associates that will focus on the customer experience.

Target Implementation Date: March 2019

Responsible Official: Carmen Woodson, Manager, Retail Operations

Recommendation #4

Vice President, Retail and Customer Service Operations, benchmark with organizations known for their positive retail customer experience practices and determine the feasibility of the Postal Service customizing these practices in its retail environment.

Management Response: Agrees

Postal Management has incorporated successful practices from other organizations into its current processes. Management will continue to evaluate other opportunities to incorporate changes that will improve the customer experience.

Target Implementation Date: January 2019

Responsible Official: Carmen Woodson, Manager, Retail Operations



Kelly M. Sigmon

cc: COO
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