



USPS Mail Innovations

Mailing Services

Baltimore PCC

April 10, 2015

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The information contained in this presentation is as of April 10, 2015

- Set the Stage: media and market
- Mail: Facts and Stats
- Mobile and Technology
- USPS Promotions
- A look at new technologies and what's ahead...

Digital is....

- Cheap, fast, targeted, interesting, engaging....
- A great way to reach young demographic groups and future long-term customers
- the easiest way to connect with social platforms

and yet.....

Shifts from Digital back to Direct Mail:

Advertising Growth by Medium

(Percent Growth from Prior Year)

| Media Type | 2011 | 2012 | 2013 | 2014 est. |
|------------------|-------|--------------|-------------|-----------|
| Direct Mail | -0.9% | <u>-4.3%</u> | <u>2.3%</u> | 2.5% |
| Internet/digital | 21.9% | 15.2% | 14.0% | 13.9% |
| Total | 1.5% | 3.0% | 0.6% | 3.4% |

Source: Pivotal Research Group - estimates

In 2013, we saw a large swing back into Direct Mail, even as advertising and digital spending continued to grow.

Despite proliferation of great digital tools,

Direct Mail:

- Remains one of the most popular advertising choices
- Is highly efficient and versatile
- Can be targeted for customer acquisition or retention, consideration, or purchase
- Allows broad variety of advertising mediums:
 - Letters, Flats, Postcards, Catalogs, Samples
- Allows for choice of rate and service:
 - First Class, Standard, level of prep / point of entry
- Campaign effectiveness is readily *measurable*

Direct Mail has maintained strong ad share (11-12%) for >20 years

The 2013 Household Diary Study reflects:

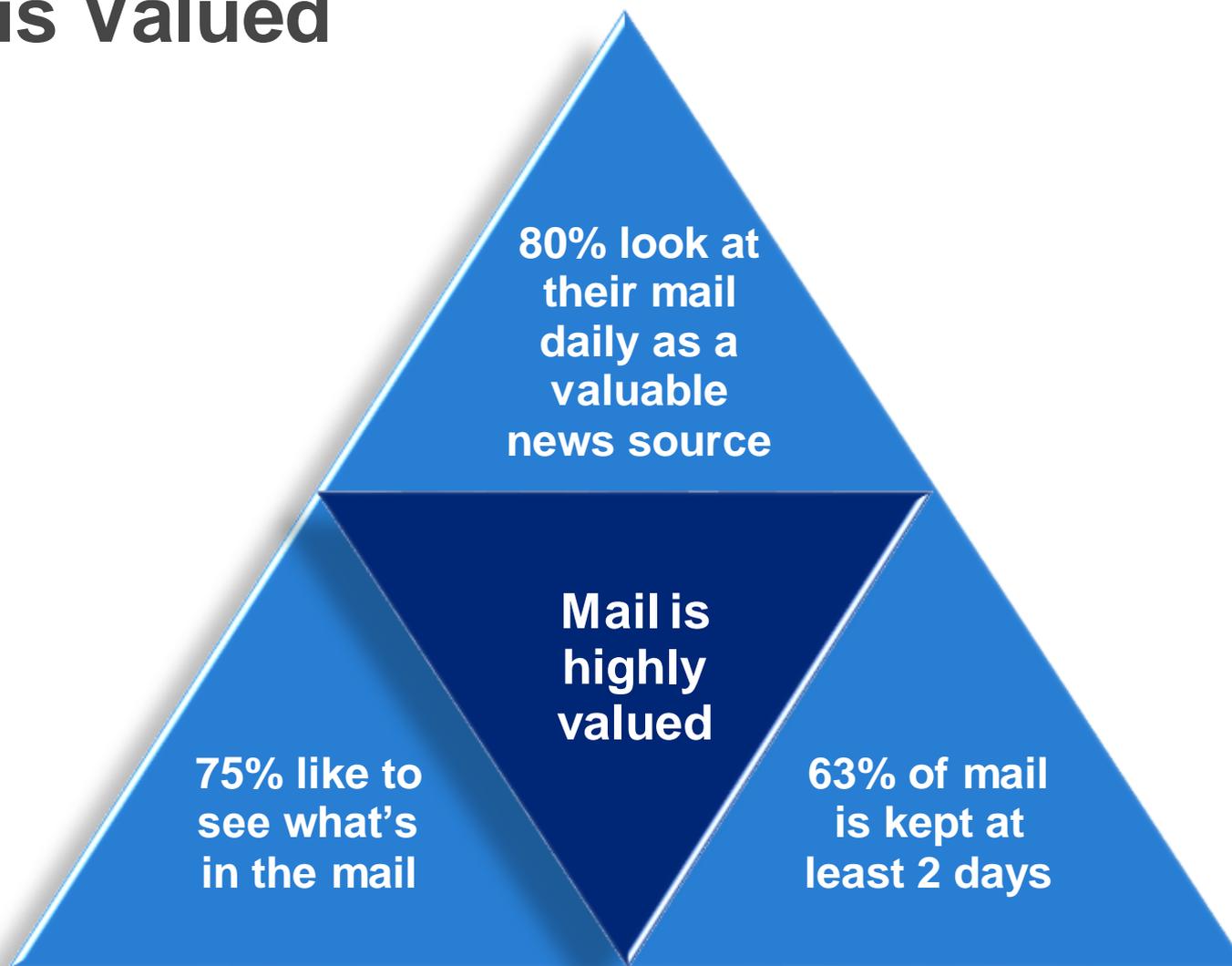
- Advertising mail is 61% of household mail
- ~80 Billion pieces
- Strong correlations between income, education, age, household size, internet access *AND* mail
- Customer response rates to advertising mail also correlate with income
- Ad Mail Read Rates are analogous to digital Click-Through Rates (CTR):
 - ***Average digital media CTRs: 5%***
 - ***Average Ad Mail Read Rate: 50%***
- ***As the number of pieces increase, so does read rate!***

Epsilon's Channel Preference Study shows:

- 73% of US consumers prefer direct mail for brand communications because they can read information at their convenience
- 62% enjoy checking the mailbox for postal mail, and getting mail from brands about new products



Mail is Valued



Mail is Relevant

___ Youth Attitudes ___

- 79% sort the mail at the first opportunity
- 72% would like to receive more personal mail
- 67% scan the mail looking for important/interesting mail



OIG Research on “Digital Natives”

- Now the largest segment of the US population
- See value in the mail when content is relevant and tailored to their needs
- Respond favorably to well-designed mail pieces and interactive features

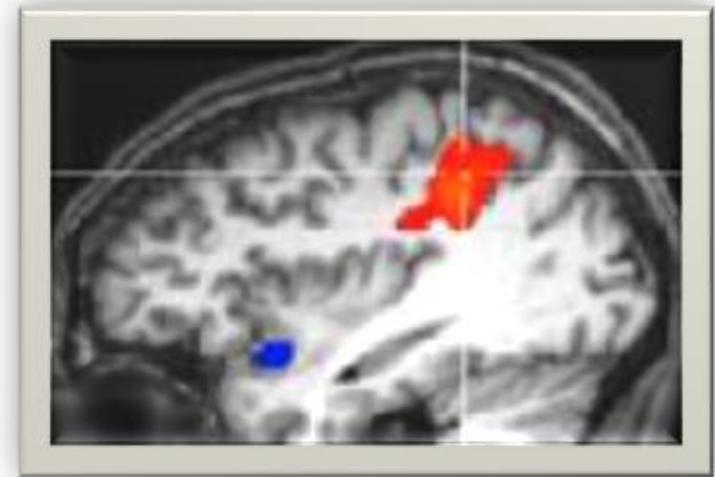
Royal Mail-commissioned study

- Investigate how the brain processes physical marketing materials vs. virtual/digital
- MRI scanning to study cerebral processing for each
- Findings:
 - Tangible materials leave a deeper footprint in the brain – visual, spacial memory networks
 - Physical material involves more emotional processing – important for memory and brand associations
 - Physical materials produce more brain responses – greater “internalization” of the ads

This is your brain.... On Mail!

Millward Brown Case Study:

Neuroscience on digital image vs. mail



Little blue dot: brain processing *digital*

- Surface level visual images

Big red space: brain processing *mail*

- Deeper emotions and richer feelings are stored

Targeted directed mail boasts a 4.4% response rate, compared to email's rate of 0.12%.

PRWeb.com, November 2013



56% of consumers think printed marketing is the most trustworthy of all communication channels.

Direct Marketing Association survey, November 2013

75% of consumers are saying that they are examining their mail more closely in the recent months to search for coupons and discounts.

Journal of Marketing, January 2013

Direct mail has the highest rate of success in new customer acquisition at 34% compared with other marketing channels. *Target Marketing magazine, February 2013*

40% of consumers say that they have tried a new business after receiving direct mail, and 70% have renewed relationships with businesses that they had previously ceased using.

Journal of Marketing, January 2013

Mobile adoption rates are staggering....

- eMarketer estimates that in 2014, there were 4.55B smartphone users worldwide
- Mobile ad spending worldwide in 2014 was expected to increase 84.7% in 2014 to reach \$32.71 billion (25% of digital ad spend)
- By 2017, there will be as many smart phones as literate adults, and nearly 70% penetration of global population. 77% will make purchases via mobile
- By 2018, tablet users will engage 64% of US internet users
- Mobile ad spend will account for an estimated 70% of digital
- By 2020, there will be 75 *BILLION* connected devices





MOBILE TECHNOLOGY ADOPTION

69%

ACCESS INTERNET
ON MOBILE DEVICES

BY 2017

77%

WILL PURCHASE
VIA MOBILE
DEVICE

Forrester forecasts that companies will spend about 2.7 billion on mobile process reinvention in 2015



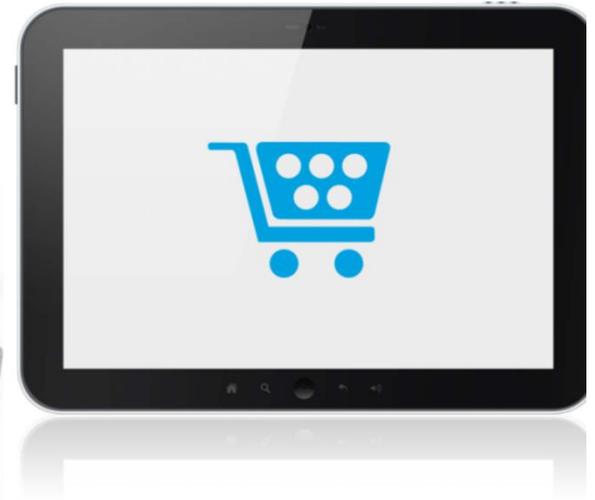
More is more....

- A study by Exchange Wire Research revealed an average 300% improvement in advertising ROI when leveraging multiple channels to reinforce messaging and content.
- Customers exposed to multiple channels also convert at a 24% higher rate than those exposed to single channels
- ***Mail plays a critical role:***
 - *Effective, targeted*
 - *“Jumping off” point to digital / multi-channel campaigns that drive greater ROI and conversion*

Mail as a Platform for Mobile Purchases

Mail and Mobile: An Optimum Connection

- Provides a 'jumping off point'
- Ideally, customer lands on:
 - Mobile coupon or offer
 - Mobile-optimized website
 - Responsive Web Site
 - dynamically adapt both its content and layout to fit a multi-screen world.
 - Tailor content to device type



USPS Strategy

Embrace technology and other print engagement strategies to encourage mail integration in multi/omni channel marketing strategies.

Mobile Barcode



Image Recognition



Augmented Reality



NFC



Strategy

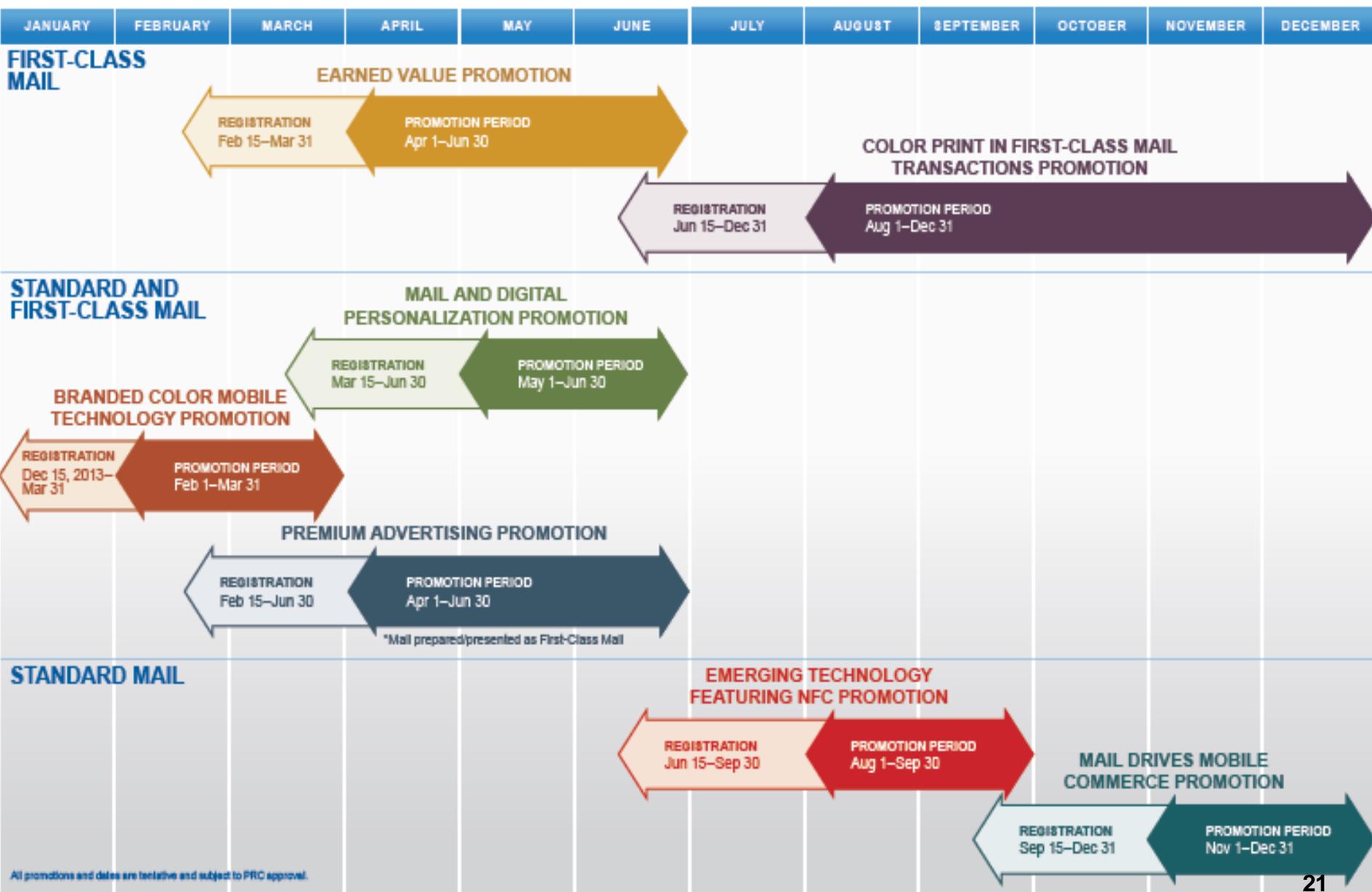
Targets

- Drive long-term product value
 - Relevance
 - Effectiveness
 - Responsiveness
 - Engagement

- Lead innovation
- Accelerate best practices
- Promote awareness and engagement

- Marketers and business customers
- Consumers

2014 Promotions



All promotions and dates are tentative and subject to PRC approval.

2015 Promotions

- **Great News: filed with the PRC on 1/15/2015**
- Incorporated feedback from mailing community:
 - Run promotions for longer time frames
 - Support specific promotions for multiple years to help recoup any tech investments for participation
- Develop promotions that:
 - Pair mail & technology to help mailers achieve best results/ROI
 - Help encourage mailers to try new things
 - Help encourage investments and use of best practices
 - Provide incentive to innovate use of mail

***All promotions and dates are tentative and subject to PRC decision.**

As of: 4/1/15

JAN – FEB - MARCH

APRIL – MAY - JUNE

JULY – AUG - SEPT

OCT – NOV - DEC

FIRST-CLASS MAIL®

Earned Value Promotion

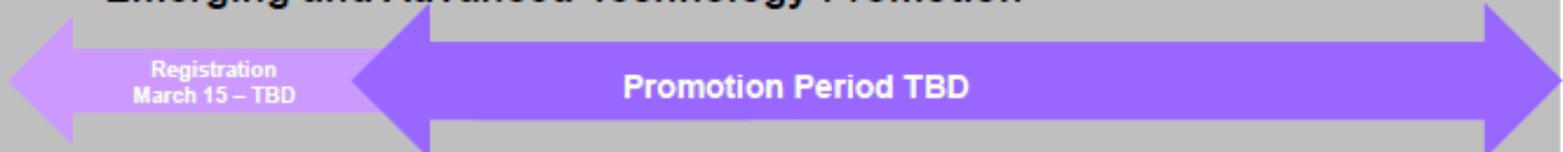


Color Transpromo Promotion



STANDARD AND FIRST-CLASS MAIL

Emerging and Advanced Technology Promotion



STANDARD MAIL®

Mail Drives Mobile Engagement Promotion



Earned Value

Encourage FCM mailers to use Business Reply Mail (BRM) and Courtesy Reply Mail (CRM)

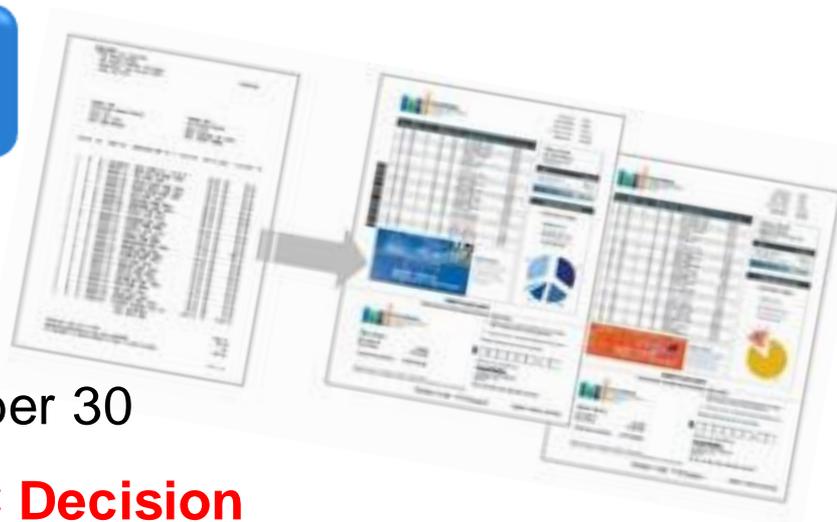


- **Registration Period:** March 15 – April 30
- **Program Period:** **TBD – Pending PRC Decision**
- **Eligible Mail:** Business Reply Mail and Courtesy Reply Mail
- **Earned Value Credits:** \$0.02 per BRM or CRM pcs counted for first-time participants; \$0.03 per BRM or CRM pcs if above SPLY volumes
- Pieces must contain an Intelligent Mail barcode with the Mailer ID encoded, and following barcoding requirements
- Once released, credits may be applied to any subsequent mailing until the posted expiration date of the credits.

Color Print in First-Class Mail Transactions Promotion

Encourage FCM mailers to use color messaging on bills and statements

- **Registration Period:** April 15 – November 30
- **Program Period:** **TBD – Pending PRC Decision**
- **Eligible Mail:** First-Class Mail commercial letters (sent in IMb full-service mailings)
- **Discount:** Upfront 2% postage discount
- Mailpiece must have dynamic color printing on the bill or statement
- Color messaging must be marketing or consumer information
 - Color inserts and pre-printed color paper stock, do not qualify
 - Color in transactional fields will not qualify



Color Print in First-Class Mail Transactions Promotion

1. Pre printed color paper stock does not qualify

2. Color content is marketing or consumer information

3. Color messaging is dynamically printed

NewWorld Company
PIONEER VALLEY REGION

Service Address
131 LOOP ROAD BLDG 91042
HURLBURT FL 32544

| Total of last account | Processed since last account | Balance brought forward | New charges |
|-----------------------|------------------------------|-------------------------|-------------|
| | + | = | |

3035(MV-7)

16TH STREET MEDICAL GROUP : FIELDBT1
131 LOOP ROAD BLDG 91042
HURLBURT FL 32544

STATEMENT

☎ 999 9999 - ACCOUNT ENQUIRIES 8:30AM TO 4:30PM
☎ 999 8888 - SERVICE ENQUIRIES 8:00AM TO 5:00PM

Next statement date: -JAN-05 Account number: 544SI

Total amount due: **\$43.95**

| PART NUMBER | DESCRIPTION/DETAIL | REFERENCE |
|-------------|---------------------------------------|-----------|
| IS0012663 | 19-MAY-04 Invoice 18-MAY-04 ICABR2926 | HURLBURT |



| Current | 1-30 Days | 31-60 Days | 61-90 Days | Over 90 Days |
|---------|-----------|------------|------------|--------------|
| \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$43.95 |

NOTE: This is not a bill, just a recap of your account. If you wish to make a payment, please use the payment slip below.

PAYMENT SLIP
Automatic Account Payment:
to apply contact 999 9999 or any New World Store.

Paying by Mail: Detach this payment slip.
Make checks out to: **NewWorld Medical Association.**
Please do not pin or staple check to payment slip.
Mail both to: **GPO BOX 100, Globecity 1000.**

In Person: Present this account intact at your local NewWorld Store

DATE: _____



Acct. No. **544SI**

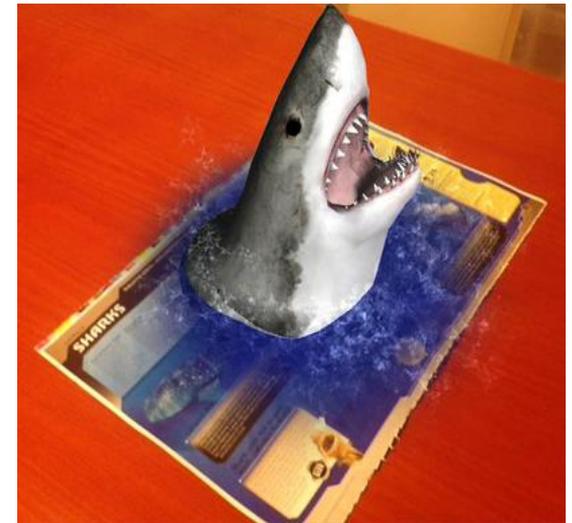
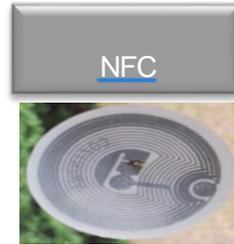
\$

544SI

Emerging and Advanced Technology

Encourage Direct Mailers to incorporate interactive technology to drive interest in mail as a marketing channel

- **Registration Period:** March 15 – October 31
- **Program Period:** **TBD – Pending PRC Decision**
- **Eligible Mail:** Standard Mail, Nonprofit Standard Mail and First Class Mail letters, flats and cards.
- **Discount:** Upfront 2% postage discount
- Mailpiece must integrate at least one of the three specified technologies from the 2014 program... OR,

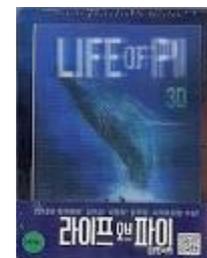


Emerging and Advanced Technology

- **OR.... NEW Options Proposed for 2015: “No Chip Required”**
- Emerging/Advanced Tech is not limited to devices, circuits or software
- Expanding this category to include innovative advances in papers & ink
- Case studies show significantly higher customer engagement, response rates, and even *delight* when mail pieces incorporate materials with advanced properties
- Inks may include:
 - Conductive inks*: become part of a circuit and activate a device
 - Leuco Dyes*: change color with variations in temperature
 - Hydrochromics*: change color upon contact with liquid
 - Photochromics*: change color with UV light exposure

Emerging and Advanced Technology

- Paper characteristics – provide new levels of sensory engagement to help drive increased customer response
 - *Textural*: paper surfaces may be coated, laminated, or made of unique materials (ex: “turf” paper, sandpaper, velvet finish, etc)
 - Scented: paper infused with scent (ex: catnip, fresh bread)
 - Sound: paper that incorporates sound chip/speakers (ex: motorcycle)
 - Visual: special effects with filters, holographics, lenticular
- Interactive mailpieces
 - 3-Dimensional, pop-ups, infinite folding, etc.



Mail Drives Mobile Engagement

Encourage marketers and retailers to utilize state of the art mobile purchasing technology with direct mail to facilitate purchases.

Registration Period: May15 – December 31

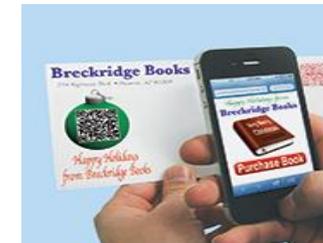
Promotion Period: **TBD – Pending PRC Decision**

Eligible Mail: Standard Mail, Nonprofit Standard Mail letters and flats. IMb full-service mailings for applicable products

Discount: 2% per eligible mailpiece (Mailers who fulfill packages via Priority Mail may qualify for an additional 1% discount)

Priority Mail Fulfillment Rebate: Additional 1% Standard Mail postage rebate

- Eligible mailpieces must include print/mobile technology that can be read or scanned by a mobile device and leads the recipient to a mobile-optimized website with the ability to complete a purchase transaction.



Reach Consumers

- Consumers are 47% more likely to scan a recognizably branded QR Code

Standard QR code



VS.

Designer QR code



Increased Brand Awareness

- Placing a logo or graphic into the QR code increases the visibility and the recognition for the brand, product or service being offered.



Discount

- Visual QR codes allow the QR code to be placed front and center making it part of the ad rather than just a footnote to it.



①

**Color/
Trademark/
Graphic**

**Acceptable examples
include:**



②

**Mobile
Optimization**

**Non Mobile
Optimized**



**Mobile
Optimized**



③

**Directional
Copy**

**Acceptable examples
include:**

*“Scan here to shop our
mobile site.”*

*“Scan to download our
app.”*

*“Scan this page for
special offers.”*

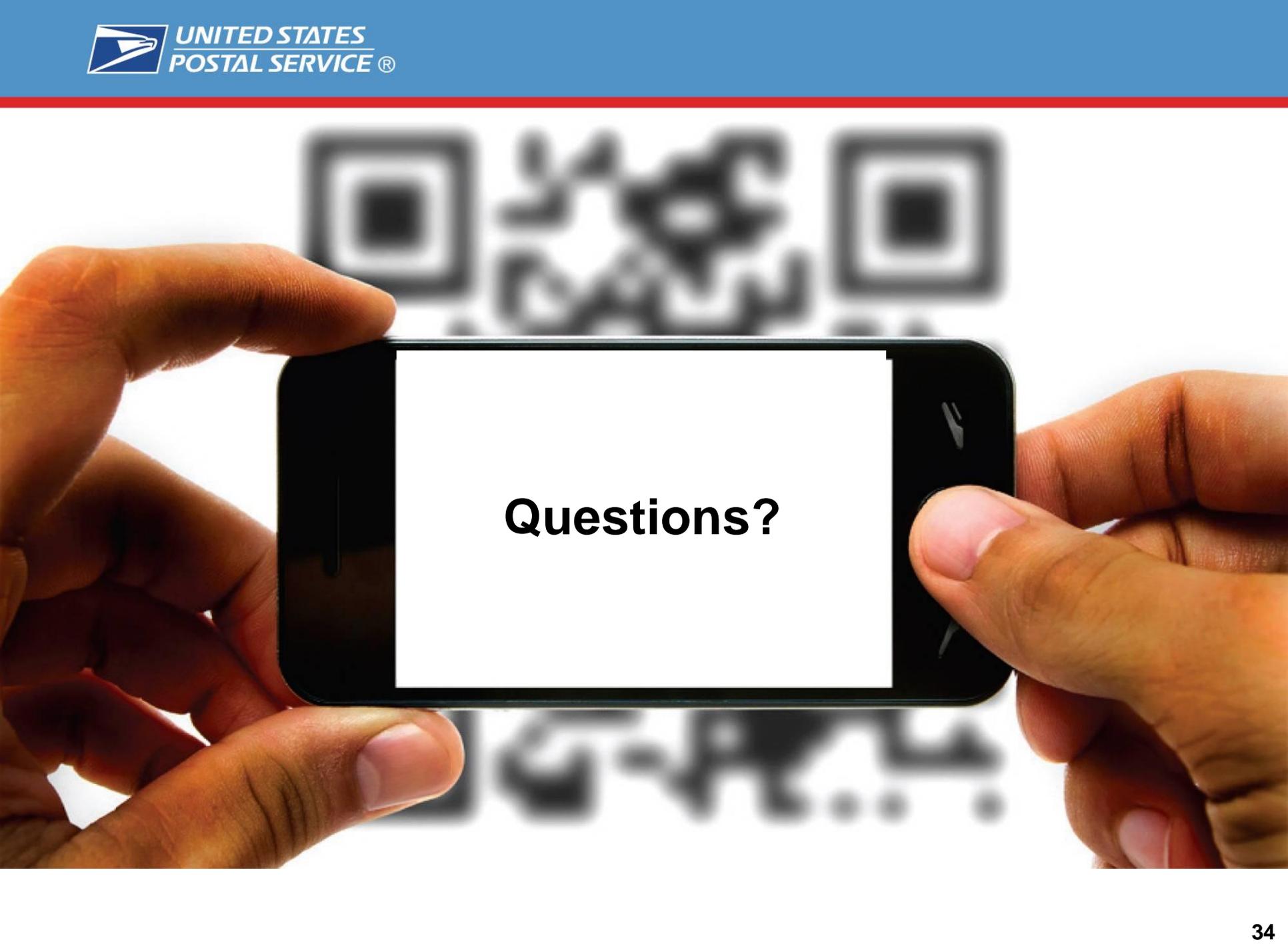
Program Contact Information

For further information:

Email: mailingpromotions@usps.gov
earnedvalue@usps.gov (Earned Value Promotion)

Mail: US Postal Service
Attn: Promotions and Incentives
Post Office Box 23282
Washington, DC 20026-3282

Web: <https://ribbs.usps.gov/index.cfm?page=mobilebarcode>
<https://www.usps.com/business/promotions-and-incentives.htm>



Questions?

