

# USPS Service Performance & Measurement

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A 10-Year Review  
from the Customer  
Perspective

## Pre-PAEA

1971 (PRA) - 2006



USPS Service: The Black Box

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



2006

- Development and implementation of “Modern” service standards for all Market Dominant mail products
  - MTAC Workgroup 114 (concluded Sept 2007)
  - PRC Docket PI2007-1



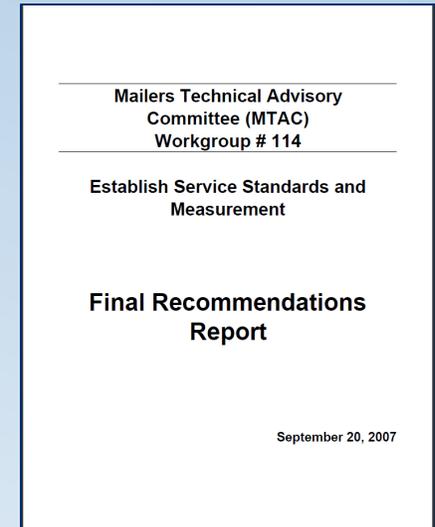
2008

- Development and implementation of service performance measurement system & reporting
  - USPS proposed internal hybrid service performance measurement system (PRC docket PI2008-1 , concluded Nov 2008)

# 2007 Industry Recommendations

## Service Standards Recommendations

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



# 2007 Industry Recommendations

## **Service *Measurement* Recommendations**

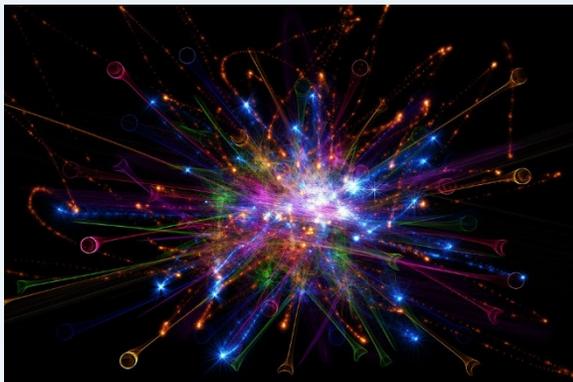
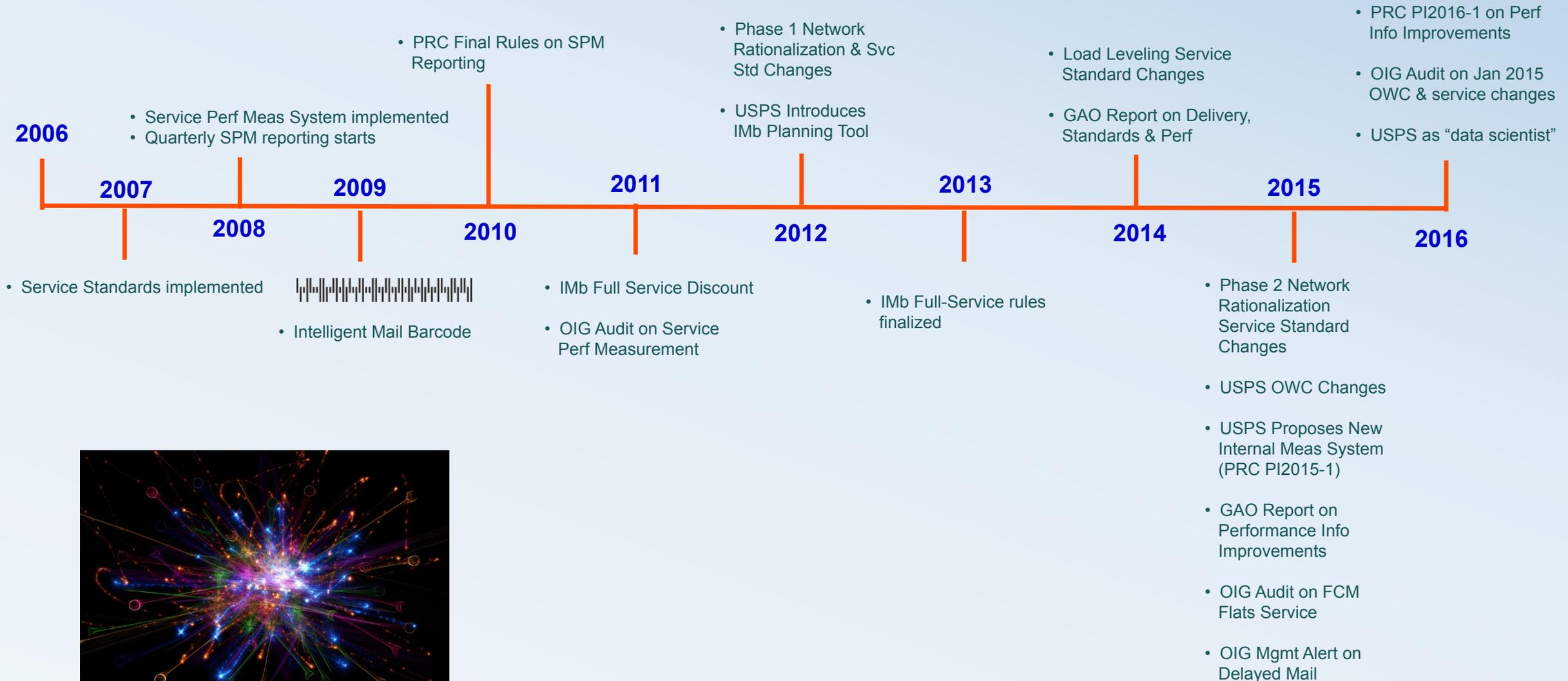
- Periodic collaborative review of business rules underlying measurement
- USPS should develop official resolution process for customers to resolve service issues
- External audit of measurement systems to ensure data accuracy, completeness
- When IM measurement system more mature, revisit measurement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

## **Service Performance *Reporting* Recommendations**

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

# Post-PAEA

## 2006-2016: A Sea Change of Activity



# The Results

## USPS Annual Service Performance for Market-Dominant Products

Category	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
<b>First-Class Mail</b>							
Single-Piece Overnight	96.3	96.3	96.2	96.5	96.1	96.0	95.6
Single-Piece Two-Day	94.8	93.6	93.4	94.8	95.3	94.9	93.2
Single-Piece Three-Day +	93.7	91.6	91.2	92.3	91.6	87.7	76.5
Presort Overnight	95.6	93.4	90.8	96.8	97.2	97.0	95.7
Presort Two-Day	93.9	92.7	89.1	95.7	97.0	96.4	93.6
Presort Three-Day +	82.5	88.2	90.6	95.1	95.1	92.2	87.8
<b>Periodicals</b>	75.9	76.7	75.5	68.7	82.0	80.9	77.7
<b>Standard Mail</b>							
Origin Entry	NR	59.0	38.4	56.5	63.3	63.5	59.6
Destination Entry	82.88*	83.4	70.8	82.0	88.8	89.9	89.1
<b>Package Services (parcels)</b>	82.17	79.4	76.7	87.2	87.5	86.3	84.0

NR = Not Reported

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

**Color Key:** Annual performance scores shown in red were below target, scores shown in green were at or above target

# The Results...

## USPS Annual Service Performance for Market-Dominant Products

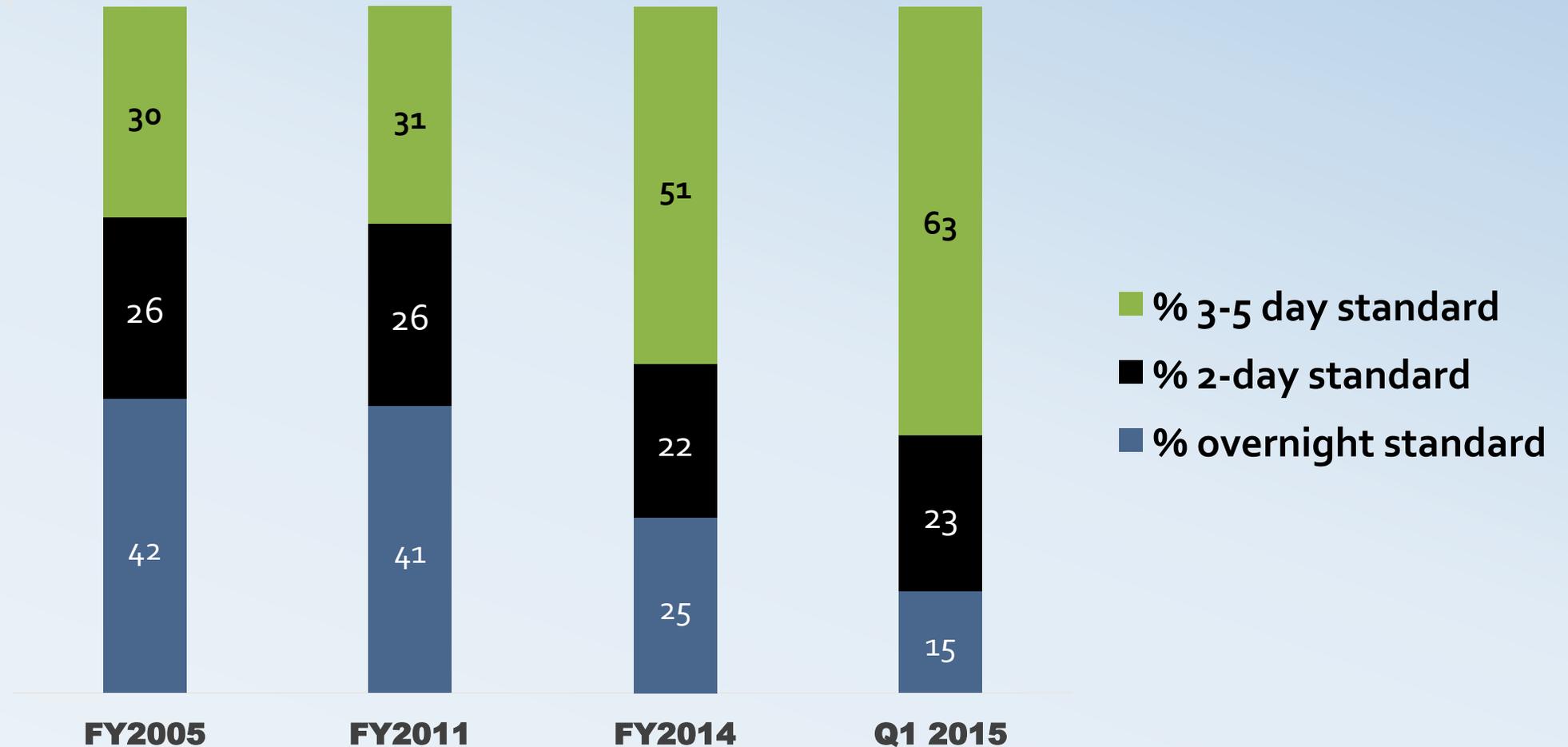
Category	FY 2009	FY 2010	FY 2011*	FY 2012	FY 2013	FY 2014	FY 2015
<b>First-Class Mail</b>							
Flats overnight			90.3	89.8	86.6	84.9	83.2
Flats 2-day			84.0	85.0	84.4	82.5	79.8
Flats 3-5 day			80.0	80.0	77.6	72.6	65.3
Parcels Overnight			90.3	89.8	89.8	88.4	84.8
Parcels 2-day			83.2	85.8	89.1	86.8	84.2
Parcels 3-5 day			86.6	88.4	88.8	83.8	73.7
<b>Periodicals</b>							
Outside County End-to-End			69.9	69.8	67.3	65.7	61.4
<b>Standard Mail</b>							
Combined End-to-End			38.4	56.5	63.3	63.5	59.6
<b>Package Services</b>							
BPM <u>Dest</u> Entry Flats			43.1	55.2	64.0	61.9	46.6
BPM End-to-End Flats			30.8	24.1	40.1	46.5	31.3

NR = Not Reported

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

**Color Key:** Annual performance scores shown in red were below target, scores shown in green were at or above target

# First-Class Mail Volume by Service Standard



FY2005 & FY2014: Reported by the USPS on Fact Sheet published in 2014 (<https://about.usps.com/news/electronic-press-kits/our-future-network/assets/pdf/ofn-usps-dss-fact-sheet.pdf>)

FY2011: Reported by USPS in 9/21/11 *Federal Register* notice with proposed service standard changes

2015: Reported by the USPS at MTAC FCM Focus Group meeting



## Why is Service Important?

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

# Communication Channels and Service

## When PAEA was enacted & service standards established...

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

\* Within the contiguous United States





# Service Challenges with Mail Today

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

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

# So Where Do We Go From Here?



# Looking Ahead...

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

