

**THE CONSUMER
MAIL MOMENT**

**GATEWAY INTO THE
HOUSEHOLD**



**UNITED STATES
POSTAL SERVICE**

*Zeroing in on a set of
actionable strategies for
improving the value of mail*

Management Presentation

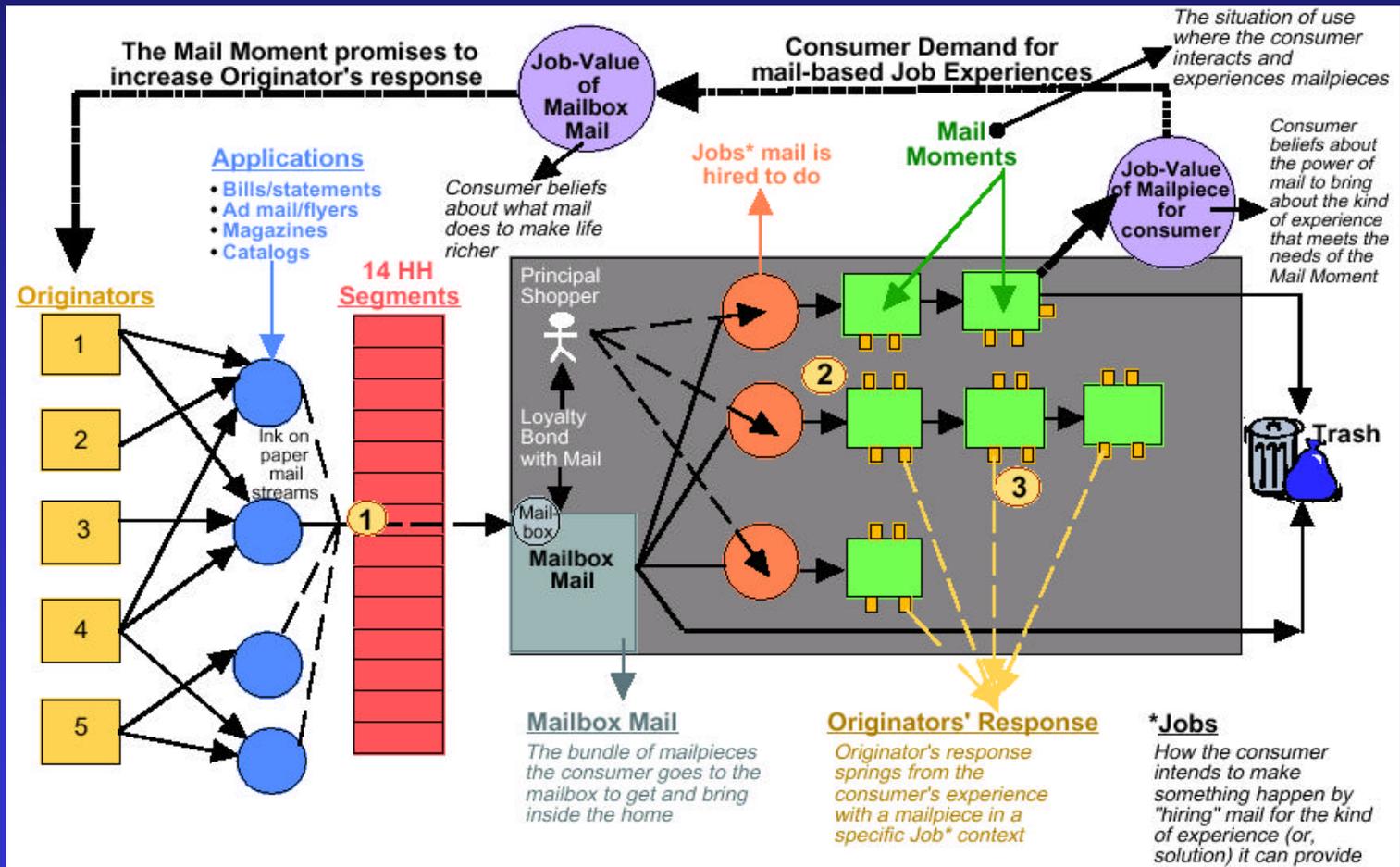
Background and Purpose

Glossary of Terms

- Gateway – A business-to-consumer media / portal* with unique consumer value for connecting high-volume industry segments with U.S. households. A strategy for installing a profitable consumer focus to the Postal Service’s business.
 - ◆ *Why the Gateway is a medium – A medium connects the consumer with the market. Mail is an extension of the consumer’s need to feel grounded, situated and on top of what is happening in the market.
 - ◆ *Why the Gateway is a portal – The Gateway aggregates hardcopy messages flowing into the home.
- Mailbox Mail – The bundle of mailpieces the consumer goes to the mailbox to get and bring inside the home. The Gateway can be targeted to a household segment and through innovation, can make Mailbox Mail even more personal.
- Mail Moment – The situation of use where the consumer interacts and experiences mailpieces. The Mail Moment can occur at different times, for example, when mail is first picked up and sorted, and later on, when the consumer “sits down with her mail.”
- Job mail is hired to do – How the consumer intends to make something happen by “hiring” mail for the kind of experience (or, solution) it can provide. Jobs recur because things that go on repeatedly in everyday life trigger them.
- Job-Value of Mailbox Mail – Consumer beliefs about what mail does to make life richer.
- Job-Value of mailpiece for consumer – Consumer beliefs about the power of mail to bring about or make happen the kind of experience that meets the needs of the Mail Moment.

Seeing the Gateway Strategy

This chart illustrates that the value chain for the Gateway does not end at the mailbox. The Gateway can add value by: 1) getting Mailbox Mail to be a personal business-to-consumer media / portal, 2) adding Job-Value to mailpieces, 3) thereby producing increased response for Originators (numbers are shown on chart below).



Project Background

(Developed at the start of this Project)

- About two years ago, the Postal Service decided to significantly enhance its marketing strategies. Focus was expanded from strategic oversight of National and Premier business accounts to include the customers of these big accounts – U.S. households.
- The household market was segmented as a first step in learning more about how households interact with the Postal Service. This segmentation produced 14 consumer segments defined in terms of three key variables – mail usage, location and family life cycle.
- This project will bring the needs of these household segments to life and provide an operative understanding of the best opportunities for better meeting consumer needs with new value-added mail solutions, which:
 - ◆ Consumers will recognize and give the Postal Service credit for
 - ◆ Will benefit the business model of Originators (i.e., businesses)
 - ◆ Will enhance the equity of the Postal Service in the mindspace of consumers and Originators
- It is expected that the household segments will have different needs that mandate different approaches for Originators and, based on this, have varying degrees of strategic value for the Postal Service.
- Successful innovations require a new view of consumer needs and a fresh starting point for designing strategic decision-making frameworks.
- TQM brings a new model-based logic for understanding consumer behavior and will apply it on this project to reveal new ways for adding value to the mail.

Purpose and Objectives of Project

Purpose

Understand how the Postal Service can increase the value of the mailpieces Originators send and based on this knowledge, outline a strategic approach to improve the value of the mail in the U.S. household market.

Objectives

- Understand consumer mail behavior in the home by key applications:
What drives it (needs) and the value consumers get from it
- Understand consumer needs to enhance the value of the Mail Moment
- Understand response mechanisms for industry segments
- Outline a strategic approach to the U.S. household market
- Define important characteristics of a premier deliverer
- Define important service options and concepts
- Determine important criteria for positioning the Gateway

Project Work Plan

Phase 1: Qualitative Research

Thirty, 90-minute, one-on-one interviews provided an understanding of how consumers use mail and examples of how Originator industries are meeting consumer needs. A full-day work session with client's team was used to get full value of learning and develop perspectives for the qualitative research.

Phase 2: Design and Pre-test Quantitative Research

Three, two-hour groups of 10 consumers were used to test and finetune research materials. Learning from pre-test work was shared with client's team and final research materials were developed.

Phase 3: Quantitative Research

Mail survey of 2,606 consumers was used to develop quantitative, nationally projectable findings about consumer mail behavior in the home by key applications and the value people get from mail.

Who We Interviewed

- Respondents participating in this research completed a 12 page self-administered mail survey. Respondents represent the adult in the household most responsible for deciding what to do with the mail—when to bring it in, how to sort it, what to throw away vs. keep, etc.
- The outgo sample (N = 4,200) was balanced to match exactly the percentage distribution of the 62 PRIZM clusters (defined at the block group level) and, subsequently, the 14 U.S. Postal Service household segments in the U.S. household population.
- The final sample of 2,606 respondents represents the population of U.S. households and the total sample statistics are reliable projections of the national picture. The sample is sufficient to produce cell sizes of 100 or more for every household segment, except one: H2's have a cell size of 96.
- In the survey, respondents self-selected and described a recent Mail Moment involving time spent “using” mail received at home for one of the following activities:
 - ◆ Browsing one or more catalogs
 - ◆ Reading one or more magazines
 - ◆ Skimming advertising mail—assorted flyers, circulars, and other advertising mail
 - ◆ Paying three or more bills

Findings About Mail Behavior



What's this for?

Conclusion #1: Mail is not going away because it helps consumers thrive

- Mail connects the consumer with the market. Mail is an extension of the consumer's need to feel grounded, situated, and top of what is happening in the market. Mail is a media.
- Mail is a robust and vibrant media / portal for business-to-consumer marketing because there is tremendous "consumer-pull" for mail in all household segments.
- The value of mail is rooted in the consumer's need to shop, which is not going away.
- Shopping provides a tremendously rich backdrop for imagining how the Postal Service can partner with industry segments to help consumers and shoppers thrive (e.g., being a trusted source for information that the consumer seeks, informing consumers about sales and deals, keeping the consumer on top of what is going on, strengthening the bond consumers have with businesses).

The mailbox is not a Norman Rockwell painting. Mail is a media / portal for connecting consumers with businesses

- Fifty-seven (57%) percent of households expect no personal correspondence in their next mail delivery. This percentage is much higher for younger consumers than older consumers.
- Nearly nine in ten (87%) households expect bills and statements and 74% expect flyers, circulars, and ad mail in their next mail delivery. Consumers are pulled to the mailbox by the promise of finding useful commercial content.

Perceived Content of Mailbox Mail

The Type Of Mail That Is Expected	Total Sample	Age of Respondent (Percent of Sample)				
		<u>Under 30</u>	<u>30-39</u>	<u>40-49</u>	<u>50-59</u>	<u>60+</u>
No personal correspondence*	57%	70%	69%	66%	57%	41%
Bills and statements	87	89	93	90	85	81
Flyers, circulars, ad mail	74	78	75	76	77	68
Catalogs	59	57	59	61	62	56
Base	2,606	203	458	545	530	870

* Percent of households who expect the mail delivery to contain no personal correspondence or postcards.

The person who manages the household's mail is also the principal shopper for the household

- Mail is so central to different activities that keep the home running—grocery shopping, paying bills—that the person who has primary responsibility for doing these jobs also sorts the mail. Mail is too important to doing these other jobs that the mail-sorting ritual is not delegated.
- Three out of four men who bring in the mail are principal grocery shoppers for their households.
- Even so, in two-thirds of households, women bring in the mail. For simplicity, we will use the pronoun “she” to refer to the consumer in the remainder of this report.

Duties of the Person Bringing in the Mail

The Person With Exclusive Responsibility for Sorting The Mail also Has Primary Responsibility For . . .	Total	Person With <u>Exclusive</u> Responsibility For <u>Sorting Mail</u> (Percent of Sample)	
		<u>Women</u>	<u>Men</u>
		Determining which ad material to keep	92%
Clipping coupons	88	93	96
Acting as the principal grocery shopper	85	90	74
Writing checks	85	86	83
Reviewing bills and determining when they will be paid	85	85	84
Reviewing financial documents	79	78	81
Base	2,046	1,384	662

Mail gets hardcopy commercial information into households where it reaches real life shoppers in the places where consumer plans are made

- Mail Moments take place in rooms where people spend time and where the reader is comfortable so she can devote time and attention to reading the mail.
- When the mail is more work—think bills and some flyers—then the Mail Moment shifts out of the living room to workplaces like the kitchen, study, or dining room.

Where People Spend Time with the Mail

Where the Mail Moment Takes Place	Total	Mail Used (Percent of Sample)			
		<u>Magazines</u>	<u>Catalogs</u>	<u>Flyers</u>	<u>Bills</u>
In the living room	37%	41%	44%	35%	17%
In the kitchen	21	19	11	32	29
In the den/study/home office	14	12	13	11	22
In the dining room	9	9	6	10	17
In a bedroom	8	8	13	5	6
Other/not specified	11	11	13	7	9
Total	100%	100%	100%	100%	100%
Base	2,241	676	673	547	345

Mail smoothes life out

- Consumers bring the mail inside because they use it to steady themselves. Mail provides essential “hardcopy anchors” that help the consumer to get her bearings.
- Mail is an extension of homelife. It is a media that connects the consumer to the commercial world. Mail keeps homelife running smoothly.
- Life is inherently destabilizing and without the mail, the consumer does not keep in touch, stay up-to-date and stay on top of things.
- Daily life activities can wear a person down or wind them up. Bringing in the mail is a trusted time out—a detour consumers take to break away for a moment, to relax, unwind, and come back a little more refreshed.

Top 10 Reasons for Bringing in the Mail

I Brought In The Mail Because I Wanted To...*	Total Sample (Percent Mentioning Statement)
Keep in touch/informed about what's going on around me	57%
Bring myself up-to-date	46
Stick to a routine	36
Relax, unwind	35
Feel on top of things	33
Take a time out	30
Be efficient with how I used my time	27
Save money	26
Make good use of my time	21
Connect to what life has to offer	21
Base	2,606

* Respondents self-selected from a list of 38 statements.

Mail is central to homelife routines

- Reading may be going out of style, but reading what the mail brings is a part of homelife in nearly every U.S. household.

Activities Done at Home in a Typical Week	How Mail Penetrates Homelife	
	Frequency of Activity (Percent of Sample)	
	<u>Weekly</u>	<u>Monthly</u>
Reading advertising mail*	74%	86%
Reading catalogs received in the mail	59	82
Reading magazines received in the mail	56	82
Reading newspapers received in the mail	47	56
Paying bills	42	90
Writing cards or letters	17	50
Attending to family business	9	24

* In this question the term “advertising mail” was used without further amplification. In an earlier question, advertising mail was defined as assorted flyers, circulars, and other advertising mail.

Mail Moments are personal and private affairs

- Ninety-three (93%) percent of Mail Moments feature a lone consumer spending time with a mailpiece.
- Even when the consumer is in a room with others, she is typically split off from the group and giving her time to the mail. The mail can be a way to carve out personal space.

People Present in the Mail Moment

Who With When Doing Mail-Based Activity	Total	Where the Mail Moment Takes Place (Percent of Sample)		
		<i>In the living room</i>	<i>In the kitchen</i>	<i>In the den/study home office</i>
Completely alone	58%	59%	65%	59%
Others present, but I was doing my own thing and not part of the group	35	33	29	37
Others present and I was part of the group	7	8	6	4
Base	2,241	478	305	211

Consumers use mail for shopping

- Shopping from home occurs in three-quarters of households.
- Over twice as many households order products and services from catalogs versus information retrieved over the Internet (66% vs. 28%).
- Fifty-two (52%) percent of households say they order products and services they see in advertising mail received at home.
- Separately (data from another part of the questionnaire), 57% of consumers expect their next mail delivery to shape their grocery shopping plans.

Prevalence of Home Shopping

Order Products and Services by Telephone from information...	Total Sample (Percent Sometimes* Ordering from Home)
Seen in catalogs	66%
Seen in advertising mail	52
Retrieved from the Internet	28
Seen on home shopping on TV (HSN, QVC, Infomercials)	20
Base	2,606

* Sometimes = Less often than once a month.

Mail is so important that consumers jump on it at the first opportunity

- People have worked out set patterns of behavior to make sure that mail does not pile up:
 - ◆ Almost all (97%) households sort the mail the day it arrives
 - ◆ Nearly nine out of ten (89%) households sort the mail the moment they bring it inside
- But, it is not accurate to think of people being pushed to bring in the mail. The lure of the mailbox is that consumers see hardcopy mail helping them get their bearings by providing essential and personal anchors that smooth life out and reduce the anxieties everyday life builds up. Examples:
 - ◆ Bills tell you what you owe
 - ◆ Bank statements tell you how much you have got
 - ◆ Magazines connect you to what is happening
 - ◆ Catalogs bring you up-to-date
 - ◆ Advertising mail opens up new possibilities

Findings About the “Consumer-Pull” for Mail

**What is the state of the
relationship consumers have
with mail?**

Conclusion #2: The consumer-pull for mail is at risk because “junk mail” ruins it for everybody

- Mail is pulled into daily life because it is rich, essential, and personal for the consumer and is at risk if the mailstream is treated like a “passive pipe,” which delivers anything that Originators choose to send.
- The value that consumers see in mail is eroded by the “junk” and clutter in the mailbox.
- The need for an excellent delivery service is not a strong enough pull to keep hardcopy mail relevant in an increasingly electronic age. Continually improving service, although important, is not sufficient for nurturing the consumer-pull for mail.

“Junk mail” reduces the consumer-pull for mail

Characterization of Mail Behavior for Two Groups of Consumers: Those that See Mail as Mainly Junk vs. Those who Find it Interesting	Total Sample	Perceptions of Mailbox Mail (Percent Top Two Box*)	
		Mainly junk and useless information	Interesting
Attitudes reflecting the consumer-pull for mail			
I sort the mail when I receive it, I don't let it pile up	71%	69%	76%
I like to go through the mail the moment it arrives	68	60	76
I love to hunt for bargains	67	62	71
I like to clip coupons	64	60	69
I never put off bringing in the mail and sorting it right away	60	59	68
I enjoy taking the time to browse through catalogs, flyers and other material I receive in the mail	59	47	71
I like to keep magazines for an extended period because I'll browse through them repeatedly	49	41	56
I like to keep catalogs for an extended period because I'll browse through them repeatedly	46	38	56
I go out of my way to put mail away in the special places I've set aside for it	46	40	53
I make it a point to look at advertising and promotional material I receive and not just throw it out	46	36	56
I find the advertising mail I receive useful	30	20	40
Base	2,606	710	1,177

- Originator response mechanisms hinge on a mailbox that is seen to have interesting, not useless information.
- Mail that promises to be interesting fires up consumer mail behavior so that it has more potential payoff for Originators.
- Forty-five (45%) percent of consumers find the contents of their mailbox “interesting” (see bases: 1,177/2,606). Twenty-seven (27%) percent see it as “mainly junk and useless information” (710/2,606).

*Scale used in questionnaire: Describes Completely = 5 and Does Not Describe at All = 1. Top Box Score = 4 or 5.

Younger consumers are tuning mail out

- Dependency on mail erodes for consumers under the age of 60 and this dynamic threatens the consumer-pull for mail over the long term.
- Older consumers, 60 and over, have the highest dependency on mail—60%. Younger people do not have as strong a bond with the mail. For every three people 60 and over who say they depend on the mail, there are barely more than two in the younger population coming up to take their place. Unless hardcopy mail strengthens the bond it has with younger consumers, the consumer-pull for mail will steadily and significantly erode over time.

Attitude Expressing the Consumer's Bond with Mail:
"I really depend on mail and would be lost without it"

Age of Consumer	Total Sample (Percent Top Two Box*)
60 years and over	60%
50-59 years	46
40-49 years	43
Under 40 years	41
Base	2,606

* Scale used in questionnaire: Describes Completely = 5 and Does Not Describe at All = 1. Top Box Score = 4 or 5.

Service delivery only turns on consumers at the very highest level

- Twenty-eight (28%) percent of consumers think the Postal Service has provided “excellent” service in the past 30 days (see bases 717/2,606). These people “pull” mail into their lives significantly more than other groups.
- But, the consumer-pull for mail drops away dramatically for service that is anything less than “excellent.”

Characterization of Mail Behavior for Different Levels of Service Delivery

Attitudes to Mail	Total Sample	Satisfaction with U.S. Postal Service (Percent Top Two Box*)			
		<u>Excellent</u>	<u>Very Good</u>	<u>Good</u>	<u>Fair</u>
I never put off bringing in the mail and sorting it right away	60%	71%	59%	54%	53%
I enjoy taking the time to browse through catalogs, flyers and other material I receive in the mail	59	66	57	54	57
I get a lot of satisfaction from receiving the mail	52	66	50	45	41
I really depend on mail and would be lost without it	49	60	49	40	43
I make it a point to look at advertising and promotional material I receive and not just throw it out	46	53	46	42	41
Base	2,606	717	909	585	228

* Scale used in questionnaire: Describes Completely = 5 and Does Not Describe at All = 1. Top Two Box Score = 4 or 5.

Findings About how to Increase the “Consumer-Pull” for Mail

What turns on consumers to
mail?

Conclusion #3: Mail that has real Job-Value makes Mail Moments more enriching and increases the consumer-pull for mail

- The research uncovered a new source of value lying in three consumer Jobs:
 - ◆ Bettering self and homelife
 - ◆ Unwinding life's pressures
 - ◆ Managing household business
- Job-Value can be layered on top of "Quality of Service" value to dramatically increase the consumer-pull for mail in a way that Originators will recognize.

The quantitative survey brought into focus 3 Jobs that consumers use mail for

- A Job is...
 - ◆ An ongoing relationship between the consumer and mail
 - ◆ A space that gets mail into the consumer's life
 - ◆ A situation where the consumer and mail get together
 - ◆ A type of experience that the consumer wants to make happen by using mail
- The three Jobs are summarized here and described more fully on the following pages:

Job	Experience mail provides	Relative size*
Bettering self and homelife	Happy images of what life could be	27%
Unwinding life's pressures	Something to take a timeout with	41
Managing household business	A structure to commercial relationships	32

* Percent of Mail Moment situations, based on rough estimates of the breakdown of magazines, catalogs, flyers, and bills in the U.S. mailstream.

Note: Other tables in this report are based on data that has not been weighted to reflect this rough breakdown of applications. The weighting had the effect of correcting what is perhaps an over-representation of the "Managing" Job in the survey data.

The Consumer Jobs Paradigm provides a fresh viewpoint on how well the Postal Service is addressing the needs of consumers

- The quantitative survey produced these key metrics of how consumers see mail:
 - ◆ Fifty-one (51%) percent of the mailpieces consumers use have little or no Job-Value
 - ◆ Thirty-nine (39%) percent of consumers think their next mail bundle will have little or no Job-Value

Consumers use mail for 3 Jobs: *Bettering* homelife and self, *Unwinding* life's pressures and *Managing* household business

The Kind of Experiences Mail Is Used to Make Happen

Mail Moments Are Taken to Make Different Things Happen – I wanted the mail to help me...*	Total Sample	Jobs Consumers Do Mail With (Percent Mentioning Statement)		
		For <i>Bettering</i>	For <i>Unwinding</i>	For <i>Managing</i>
Relax, unwind	45%	63%	75%	25%
Save money	38	40	26	49
Bring myself up-to-date	36	48	34	50
Keep in touch/informed about what's going on around me	34	56	31	41
Take a time out	28	40	68	13
Make good use of my time	27	39	13	53
Indulge myself (or treat myself)	27	48	47	13
Accomplish something for the time spent	25	33	11	48
Be efficient with how I used my time	21	27	5	67
Enrich my life	20	63	25	14
Feel on top of things	19	34	4	69
Avoid wasting time	18	21	8	42
Be in control	13	20	1	60
Be happy	11	71	0	0
Average number of mentions*	5.6	10.4	4.8	9.0
Base	2,241	329	659	273

- Consumers were asked what the experience of interacting with particular kinds of mail does for them. Similar responses were grouped together using an analytic method known as cluster analysis. This produced the three Job segments.
- On average, consumers gave 5.6 reasons for using commercial mailpieces. But, in some situations, the average number of reasons given jumped to 10.4 and 9.0 reflecting a vital and involving experience.

* Respondents self-selected statements from a list of 38.

Note: Because the data in this table differs significantly by Job, the top 3-5 consequences for each Job are shaded.

Consumers “hire” different applications for different Jobs

- Roughly half of mail-use situations involve mailpieces that have little or no Job-Value—consumers are not getting much from the experience of the Mail Moment.
- Magazines and catalogs compete for the same Jobs.
- Flyers, like bills, can help consumers manage household business. But, flyers have least Job-Value of all the applications studied.

Analysis of How Four Types of Mail Are Used

Jobs Consumers Do With Mail	Total	Mail Used (Percent of Sample)			
		<u>Magazines</u>	<u>Catalogs</u>	<u>Flyers</u>	<u>Bills</u>
Bettering homelife and self	11%	16%	10%	8%	5%
Unwinding life's pressures	24	34	38	9	2
Managing household business	12	6	5	15	36
<i>No particular Value</i>	53	44	47	68	57
Total	100%	100%	100%	100%	100%
Base	2,241	676	673	547	345

Note: Data is not weighted to reflect actual mix of applications.

Originator response mechanisms hinge on a Mailbox that is seen to have Job-Value

Characterization of Mail Behavior for Two Groups of Consumers Based on the Job-Value They Expect Mail to Have	Total	Job-Value Seen in Mailbox Mail (Percent Top Two Box*)		Difference
		<i>Little/No Job Value</i>	<i>Distinct Job Value</i>	
Attitudes Reflecting Mail Behavior	Total	<i>Little/No Job Value</i>	<i>Distinct Job Value</i>	Difference
I sort the mail when I receive it, I don't let it pile up	71%	65%	76%	+11
I love to hunt for bargains	67	63	70	+7
I look forward to discovering the mail I receive each day; getting my mail is an important part of my day	66	59	72	+13
The arrival of the mail is something I can count on, something that never fails	64	57	70	+13
I enjoy taking the time to browse through catalogs, flyers and other material I receive in the mail	59	54	63	+9
I find receiving important documents by mail helps me organize my household	56	49	62	+13
Receiving mail is a real pleasure	56	47	64	+17
I like to keep magazines for an extended period because I'll browse through them repeatedly	49	44	53	+9
I really depend on mail and would be lost without it	49	40	56	+16
I like to keep catalogs for an extended period because I'll browse through them repeatedly	46	42	49	+7
I go out of my way to put mail away in the special places I've set aside for it	46	36	53	+17
I make it a point to look at advertising and promotional material I receive and not just throw it out	46	40	51	+11
Base	2,522	993	1,529	

- Mail with real Job-Value fires up consumer mail behavior so that it has more potential payoff for Originators.

* Scale used in questionnaire: Describes Completely = 5 and Does Not Describe at All = 1.
Top Two Box Score = 4 or 5.

Mailbox Mail that is seen to have Job-Value produces more home shopping

- The increased response from consumers who see Job-Value in their Mailbox Mail is significant.

Impact of Job-Value on Home Shopping

	Total	Job-Value Seen In Mailbox Mail (Percent of Sample)	
		<i>Little/No Job Value</i>	<i>Distinct Job Value</i>
Percent of households doing home shopping <u>more often than once a month</u> from catalogs and other advertising mail	25%	22%	27%
Base	2,522	993	1,529

The active Jobs of *Bettering* and *Managing* are more important drivers of consumer mail behavior

- Bettering homelife and self produces the strongest pull for mail. In this Job, consumers rely on mail to help them “lead” their lives.

Characterization of Mail Behavior For Three Groups of Consumers Based On the Kind of Job-Value They Expect Mail to Have	Job-Value Seen in Mailbox Mail (Percent Top Two Box*)			
	Total	For <i>Bettering</i>	For <i>Unwinding</i>	For <i>Managing</i>
Attitudes Reflecting Mail Behavior				
I sort the mail when I receive it, I don't let it pile up	71%	80%	72%	78%
I love to hunt for bargains	67	68	68	72
I look forward to discovering the mail I receive each day; getting my mail is an important part of my day	66	81	69	70
The arrival of the mail is something I can count on, something that never fails	64	76	67	70
I enjoy taking the time to browse through catalogs, flyers and other material I receive in the mail	59	68	63	61
I find receiving important documents by mail helps me organize my household	56	67	54	64
Receiving mail is a real pleasure	56	74	62	61
I like to keep magazines for an extended period because I'll browse through them repeatedly	49	51	53	53
I really depend on mail and would be lost without it	49	65	48	57
I like to keep catalogs for an extended period because I'll browse through them repeatedly	46	47	49	49
I go out of my way to put mail away in the special places I've set aside for it	46	56	41	59
I make it a point to look at advertising and promotional material I receive and not just throw it out	46	57	48	51
Base	1,529	327	451	751

* Scale used in questionnaire: Describes Completely = 5 and Does Not Describe at All = 1.
Top Two Box Score = 4 or 5.

Adding Job-Value to a service that is “very good” or “good” produces mail behavior equivalent to what “excellent” service produces alone

Characterization of Mail Behavior Depending on Level of Service and Value of Mailbox Mail	Satisfaction with U.S. Postal Service (Percent Top Two Box*)						
	Total	Excellent		Very Good		Good	
		Mail has Little/No Job Value	Mail has Distinct Job Value	Mail has Little/No Job Value	Mail has Distinct Job Value	Mail has Little/No Job Value	Mail has Distinct Job Value
Attitudes Reflecting Mail Behavior							
I sort the mail when I receive it, I don't let it pile up	71%	72%	80%	66%	76%	62%	75%
I love to hunt for bargains	67	69	71	59	69	59	70
I look forward to discovering the mail I receive each day; getting my mail is an important part of my day	66	68	80	57	71	58	67
The arrival of the mail is something I can count on, something that never fails	64	73	85	62	75	45	57
I enjoy taking the time to browse through catalogs, flyers and other material I receive in the mail	59	60	70	53	60	48	59
I find receiving important documents by mail helps me organize my household	56	54	69	49	63	47	57
Receiving mail is a real pleasure	56	59	74	47	64	39	56
I like to keep magazines for an extended period because I'll browse through them repeatedly	49	47	55	44	52	41	51
I really depend on mail and would be lost without it	49	51	65	39	57	32	48
I like to keep catalogs for an extended period because I'll browse through them repeatedly	46	47	53	43	48	34	46
I go out of my way to put mail away in the special places I've set aside for it	46	42	60	36	49	33	50
I make it a point to look at advertising and promotional material I receive and not just throw it out	46	46	56	38	52	39	46
Base	2,522	243	474	367	542	237	348

* Scale used in questionnaire: Describes Completely = 5 and Does Not Describe at All = 1. Top Two Box Score = 4 or 5.

A valued mailbox and mail service lead to valued Mail Moments

- Adding Job-Value to a service that is “very good” or “good” produces more valuable Mail Moments. The percentage of Mail Moments which have “No particular value” goes down in every case.
- The percentage of Mail Moments where the Mail Moment has “No particular value” drops to the low “thirties” when Mailbox Mail is seen to have Job-Value, no matter whether satisfaction with the Postal Service is “very good” or just “good.”

Analysis of Consumer Mail Behavior for Different Levels of Mailbox Experience

Type of Job Value derived from Mail Moment	Total	Satisfaction with U.S. Postal Service (Percent of Sample)					
		Excellent		Very Good		Good	
		Mail has Little/No Job Value	Mail has Distinct Job Value	Mail has Little/No Job Value	Mail has Distinct Job Value	Mail has Little/No Job Value	Mail has Distinct Job Value
Bettering homelife and self	15%	10%	21%	8%	20%	7%	17%
Unwinding life's pressures	30	35	27	33	34	21	31
Managing household business	13	8	16	8	16	6	17
No particular Value	42	48	36	51	31	67	35
Total	100%	100%	100%	100%	100%	100%	100%
Base	2,191	200	420	309	477	194	295

Note: Data is not weighted to better reflect actual mix of applications in U.S. mailstream. This would not affect column to column comparisons.

**Findings About how
the Internet Affects
the “Consumer-Pull”
for Mail**

**Is the virtual world of the
Internet an opportunity for the
Postal Service to add unique
shopper-value?**

Conclusion #4: The Internet can make the Gateway more Powerful

- The research showed opportunity to use the Internet to improve the mail service.
- The research also points to the opportunity for the Postal Service to go after the three consumer Jobs with a next generation of online services that would be appealing for industry segments because these new services leverage the advantages of the Postal Service's trusted relationship with consumers.
- The Internet is a new technology that is still trying to find its feet with consumers and might have promise for opening entirely new Jobs that could be additional opportunities for the Gateway and the Postal Service.

The Internet is now in over 50% of U.S. households and consumer proficiency with it is growing every day

- The under 30 age group is significantly ahead in terms of using the Internet for household duties like bill-paying and home shopping.

Use Made of the Internet by Different Age Groups

Household Characteristics	Total Sample	Age of Consumer (Percent of Sample)				
		<u>Under 30</u>	<u>30-39</u>	<u>40-49</u>	<u>50-59</u>	<u>60+</u>
Internet using households	52%	56%	66%	59%	58%	37%
Accomplished users of Internet	37	57	53	46	36	18
Excited about the possibilities offered by the Internet	36	60	49	42	35	20
Use Internet as info source for home shopping (More than rarely or never)	31	46	41	38	30	19
Pay bills online	6	14	8	7	6	2

The 3 Jobs consumers use mail for are not being taken over by the Internet

- The mail behavior in both kinds of households is remarkably similar.

Jobs Consumers Do With Mail*	Value Seen in Mailbox Mail	
	Type of Household (Percent of Sample)	
	<u>Has Internet</u>	<u>No Internet</u>
Has Job Value	58%	57%
Has No Job Value	42	43
Total	100%	100%

Jobs Consumers Do with Mail		
Bettering homelife and self	13%	17%
Unwinding life's pressures	32	28
Managing household business	13	12
Total	100%	100%
Base	1,366	1,240

* Data is not weighted to reflect actual mix of applications.

The Internet is raising the bar on consumer expectations of what the Postal Service needs to do for them

Interest in Service Options and Concepts, with Breakout for Internet Households			
Service Concepts	Total Sample*	Has Internet*	Difference
A service that would limit direct mail advertising to your home and only forward info on products and services you are interested in	55%	63%	+8
A service that would allow you to receive parcel deliveries according to a pre-determined schedule	52	60	+8
A service that would give you the ability to track packages through the postal system to know when they will be delivered	47	53	+6
A service that would notify you by email about a bill or package that required a signature	45	62	+17
A service that would give you the ability to legally certify electronic messages and contracts have been received	41	52	+11
A service that would provide confirmation of certified mail by calling an 800 number or over the Internet	41	48	+7
A service that would allow you to receive your mail at a specific time	40	43	+3
A service that would enable you to send email messages to people without a computer	39	46	+7
A service that protects your online identity in ebusiness transactions	39	50	+11
A service that would allow customers to receive their ad mail and flyers on a specific day each week	35	40	+5
A service that would provide expert online searches of the Internet for specific information	31	37	+6
A service that would allow you to receive magazines on a specific day of the week	31	33	+2
A service that would make postal money orders available for purchase at several locations	29	33	+4
A service that would allow you to send emails to a post office to be printed and delivered first class	27	35	+8
A service that would provide selected mail to be converted and sent as email	24	33	+9
A service that would allow you to pay bills online through the USPS's Web site	22	29	+7

* Percent Very or Somewhat interested in new service

Use of the Internet for shopping is being held back by a lack of trust—precisely the kind of promise the Postal Service has consistently delivered on

- The Internet is believed to put the consumer at risk, even by its users. Whereas, mail is a medium that protects the consumer’s privacy.
- The Internet is believed to be a good source for commercial information by nearly two-thirds of its users.

Attitudes to Mail and the Internet for Households With and Without the Internet	Total Sample	Type of Household (Percent Top Two Box*)	
		Has Internet	No Internet
Attitudes to Mail vs. Internet Privacy			
I really value the privacy of mail	79%	76%	82%
I worry a lot about the security of financial transactions conducted over the Internet	70	69	71
I think sending important documents over the Internet is a risk	69	66	72
I worry about the security of online commerce conducted over the Internet	67	66	69
I really value the reliability of mail	66	60	72
Mail is much more personal than the Internet	63	56	71
Electronic information obtained on the Internet is no substitute for the mail delivered to my mailbox	58	53	62
The Internet is an ideal way to get information about products and services	50	64	35
Base	2,606	1,366	1,240

* Scale used in questionnaire: Describes Completely = 5 and Does Not Describe at All = 1.
Top Two Box Score = 4 or 5.

Summary of Research Learning (1 of 2)

What we wanted to discover and understand	Summary of what we learned
How can the Postal Service increase the value of mail?	<ul style="list-style-type: none"> ▪ Mailbox Mail that has Job-Value has more value for consumers and Originators. ▪ The Job-Value of Mailbox Mail adds significant value on top of satisfaction with the delivery service.
What value do consumers get from mail?	<ul style="list-style-type: none"> ▪ Mail has the potential to do important Jobs that, if left undone, cause anxiety (person is at a loss, “without anchors”) and when done well the Jobs produce significant emotional satisfaction (real pleasure).
What drives consumer mail behavior (needs)?	<ul style="list-style-type: none"> ▪ Consumers pull mail into their homes to do three Jobs, which help steady consumers by giving them their bearings, so they can smooth out life.
What opportunities are there to tap new sources of value lying in consumer mail behavior?	<ul style="list-style-type: none"> ▪ Mail Moments are used to do important Jobs. ▪ Job-Value, when layered on top of the Consumer Satisfaction with the delivery service, is the Postal Service’s most potent program for changing consumers’ attitudes to mail and Originator’s response.
Do consumers need to enhance the value of the Mail Moment?	<ul style="list-style-type: none"> ▪ Twenty-seven (27%) percent of the time consumers go to the mailbox expecting junk and useless information, which leads to Mail Moments that have little or no Job-Value (51% have no Job Value), which leads in turn to mail behavior that dampens or tunes out Originator’s response mechanisms. ▪ Job-Value makes for a more life-enriching and satisfying Mail Moment experience.
How to increase the consumer’s need for mail?	<ul style="list-style-type: none"> ▪ Increase consumers' need for mail by increasing the Job-Value they see in the Mailbox Mail they receive.

Summary of Research Learning (2 of 2)

What we wanted to discover and understand	Summary of what we learned
Can we see response mechanisms for industry segments?	<ul style="list-style-type: none"> ▪ Consumers get more value from catalogs and magazines than flyers and bills. But, all applications can improve the Job-Value they promise consumers. ▪ Mailbox Mail with Job-Value leads to increased response for Originators.
What are important characteristics of a premier deliverer?	<ul style="list-style-type: none"> ▪ A service that manages the Job-Value of its product (i.e., Mailbox Mail) so that the consumer doesn't get turned off by "junk and useless information" has higher customer satisfaction.
Can the Postal Service play an even bigger part in consumers' lives?	<ul style="list-style-type: none"> ▪ The three Mail Moment Jobs have lots of headroom. ▪ The Internet could propel the Postal Service into new Jobs and a new consumer market space.
What does consumer-pull for mail look like?	<ul style="list-style-type: none"> ▪ Consumers who never put off bringing in the mail the moment it arrives and who depend on mail for the three Jobs the research identified.
Are Mail Moments vulnerable to the Internet?	<ul style="list-style-type: none"> ▪ The three Jobs do not appear to be vulnerable to the Internet.

Summary of how the Gateway can install a new consumer focus to the Postal Service's business by adding new value to the mail

- This research has led us to four conclusions.
- Each conclusion leads to a Value Lever for the Gateway Strategy. Value Levers are fundamental reasons beneath the value that consumers see in mail.
- Value Levers are strategic courses of action for the Gateway because they reflect a data-driven understanding of how to increase the value of mail.

Conclusion	Levers for the Gateway Strategy
#1: Mail is not going away because it helps consumers thrive. The value of mail is rooted in the consumer's need to shop	Support the shopper
#2: The consumer-pull for mail is at risk because "junk mail" ruins it for everybody	Take charge of mailstream's content
#3: Mail that has real Job-Value makes Mail Moments more enriching and increases the consumer-pull for mail	Add Job-Value to Mail Moments
#4: The Internet can make the Gateway more powerful	Turn on the power of the Internet