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The Role of a Regulator in Fostering Trust and Promoting Technology

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Summary of Contents

- Fostering trust
 - Essential to the posts

- Promoting technology
 - Commission's role

- The future
 - Let's make it great



Fostering trust

- The Ponemon Institute (US) named United States Postal Service the Most Trusted Government Agency six consecutive years and the sixth Most Trusted Business in the U.S.
- Oxford Strategic Consulting (UK): USPS best-performing post among 19 major industrial countries; 6th best in package services (2011)



Fostering trust

- Postal Accountability and Enhancement Act (2006) Favors Transparency and Accountability
 - Modern System of Ratemaking – *Price cap for market dominant products*
 - Service Standards
 - Annual Compliance Determination
- Safeguarding the Universal Service Obligation (USO)
- Other measures to ensure a responsible, responsive postal operator



Fostering trust

Postal Accountability and Enhancement Act (PAEA) (2006) New “Modern Service Standards”

- Preserve regular and effective access to postal services in all communities
- Assure Postal Service customers delivery reliability, speed and frequency
- Establish an objective, external system of performance measurements for each market-dominant product



Fostering trust

Annual Compliance Determination (ACD)

- Each spring, the Commission assesses the Postal Service's financial and service performance for the prior fiscal year
- The ACD is the primary tool established by law to ensure that the Postal Service is accountable for, and transparent in, its operations and service to the public.



Fostering trust

- PRC is “watchdog agency” protecting USPS’s Universal Service Obligation to Nation
- The PAEA directed the Commission to identify the scope and standards of universal service and the postal monopoly
 - [T]here are geographic areas underserved by new technologies. These areas are often sparsely populated, or are home to a greater number of people who have lower-than-average technology use because of their socio-economic status.
 - This highlights the need for universal postal service throughout the Nation to ensure that all communities are served. -- *Report on Universal Postal Service and the Postal Monopoly* (2008) at 171



Promoting Technology

- ❑ Permitting Intelligent Mail Barcode (IMb) use for Service Measurement Performance
- ❑ Market Tests
- ❑ Allowing more efficient Direct Mail campaigns
- ❑ Creating a postal environment that suits the needs of individuals. Special services keyed to mailers' preferences, "scanning events" providing more specific data on mailings



Promoting Technology

- ❑ Intelligent Mail barcode (IMb)
- ❑ Provides mailers with more digits for their use, allowing for unique identification of up to a billion mailpieces per mailing.
- ❑ Provides more accurate and detailed information about mailings which can enable better decision making.
- ❑ Allows for participation in multiple USPS service programs with a single barcode.
- ❑ Commission accepted IMb as internal measurement of service performance for some market dominant products.



Promoting Technology

□ Market Tests

U.S. law requires:

- The product is significantly different from all products offered by the Postal Service within the 2-year period preceding the start of the test
- The product will not result in undue market disruption, especially for small business concerns and
- The product is correctly characterized as either market dominant or competitive [39 USC 3641(b)(1-3)]



Promoting Technology

- ❑ Market Tests the Commission has approved:
 - ❑ Greeting card envelopes with pre-paid postage permits
 - ❑ Allowing alternative postage payment methods for negotiated service agreements -- NSA customers may pay on terms
 - ❑ The Quick Response “QR” Code marketing incentive -- a 60-day incentive program to reduce prices by three percent for qualifying mailpieces that contained a barcode readable by a smartphone
 - ❑ The 2011 Incentive Program was designed to “increase awareness of how integrating technology increases the value of the mail”
 - ❑ Every Door Direct Mail Market Test allows postal customers to target specific delivery areas and demographics for promotional mailings through interactive software



Promoting Technology

- Market Tests: Commission approved (cont'd):
 - Every Door Direct Mail Market Test allows postal customers to target specific delivery areas and demographics for promotional mailings through interactive software

Enabling the Postal Operator to experiment: seasonal discounts, volume thresholds for negotiated service agreements, and new uses for current technology – exploring benefits to mailers and the world mailing community



The Future

Leveraging these two strengths – trust and technology – to build the power of the posts as a viable, powerful and attractive medium for communications, the Commission supports and encourages the Postal Service to continue innovating and perform as a channel for business, personal and government messages

Ensure transparency and accountability of the United States Postal Service and foster a vital and efficient universal mail system.

--U S Postal Regulatory Mission Statement



Fostering Trust and Promoting Technology

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