

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

MAIL PROCESSING NETWORK RATIONALIZATION
SERVICE CHANGES, 2011

Docket No. N2012-1

**NOTICE OF THE UNITED STATES POSTAL SERVICE OF FILING
ADDENDUM TO LIBRARY REFERENCE USPS-LR-N2012-1/26**

The United States Postal Service hereby gives notice of filing an addendum to library reference USPS-LR-N2012-1/26, *Market Research Materials (Public)*. While there had been some hope that it would be ready for filing together with the Postal Service case-in-chief, it was not ready in time. Its existence was signaled by the following paragraph from the Preface of USPS-LR-N2012-26:

The second form of information in this library reference consists of a single document, the final report on the research (a deliverable under the contract). If that report is not available at the time of the filing of the formal Request for an advisory opinion (which is possible), it will be filed shortly thereafter.

This report, titled internally as *Network Rationalization and First-Class Mail Service Standards, Qualitative Research*, provides a summary of the qualitative research described in the testimonies of witnesses Elmore-Yalch (USPS-T-11) and Whiteman (USPS-T-12); those testimonies focus upon the quantitative market research that was preceded by—and relied upon—the qualitative research. For convenience, a copy of the qualitative report is also attached hereto.

A copy of the report on media is also being supplied separately for inclusion in library reference USPS-LR-N2012-1/26 itself.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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**Network Rationalization and First-Class Mail Service
Standards**
Qualitative Research

Prepared Exclusively for the U.S. Postal Service



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Project Overview

Qualitative research using focus groups and one-on-one phone interviews was conducted to provide in-depth insights on the potential impacts on mail volume and how mail and other items are sent if changes to First-Class Mail service standards are implemented. Qualitative research is effective in drawing out participants' attitudes, feelings, beliefs, experiences, and reactions in a way which is not feasible using other methods.

Five segments were targeted as follows:

Segment	Methodology
Consumers (continental United States)	Focus groups
Small Businesses (continental United States)	Focus groups
Consumers (Alaska and Hawaii)	In-depth phone interviews
Small Businesses (Alaska and Hawaii)	In-depth phone interviews
Large Commercial Accounts	In-depth phone interviews

A total of 207 interviews were completed. Key findings from each segment are discussed separately.

Summary of Major Findings

The Postal Service is important to and valued by its customers. Customers want to see the Postal Service survive and adapt to the future. They are generally willing to do what is necessary to ensure the future success of the Postal Service.

I think it's a very dependable system, and I think that we've become very dependent on it. So it's easy to give your opinions on it, but none of us have ever lived without it. So to try and do that, I think that we would find a lot of things that we depend on with the United States Postal Service that we don't realize that we do, just because we've always had access to it.

[Consumer]

As much as we complain about the specific problems, it would be horrible to lose the post office, so we still want that to be there even though it has a lot of problems. It still needs to be there.

[Business]

Customers--both consumers and businesses—have relatively low expectations for delivery of First-Class Mail. Most believe that delivery of mail takes longer than the current standards. With the exception of occasional negative experiences with delivery, most customers are satisfied with current delivery standards.

My [expectations] are pretty low. It gets there when it gets there. Locally, you should send it one day and it should arrive the next day, but roll the dice, maybe that'll happen, maybe it won't.

[Business]

I'm shocked when I get it the next day or something. When I send a letter, and somebody gets it the next day, it's like, "Whoa, that was quick." It's usually, I expect, two days around here.

[Consumer]

Customers—both consumers and businesses—are generally willing to accept the proposed changes to First-Class Mail service standards. Most businesses indicated that they would be able to easily adapt to these changes. Customers see that these changes are necessary in light of the changing environment in which the Postal Service operates. The only concern was the decrease in delivery standards for local mail; this was primarily a concern for small businesses whose primary market was local.

The change in the [number of] day's delivery is within the noise of our perceptions of what a delivery time is. It's within that [ETA], so I think that [change in service standards] is a non-event. [Consumer]

Their standards were better than what I thought they were, then what I expected. What they're proposing is what I would—I'd be satisfied with that. [Business]

At the same time, customers feel that the Postal Service must take a long-range view of things and begin to “operate more like a business.” Participants presented many suggestions for new services as well as discussing the importance of an improved customer experience.

Rather than reduce service to "eliminate" this erroneous projected deficit, why not look for ways to improve service, including better training, management and supervision of personnel, and finding ways to bring some of the revenues earned by private services like UPS or FedEx in-house. [Business]

Consumers (Continental United States)

Objectives

The focus of the consumer focus groups was to:

- Improve understanding of the various ways consumers would respond to changes to First-Class Mail (e.g., changes in mailing patterns, switching to competitors or other Postal Service products, increased use of online billing / payment, etc.) and local newspapers.
- Understand why consumers would respond as they do.
- Assess how consumers would adjust their routines to accommodate changes to First-Class Mail service standards.
- Assess perceptions of Postal Service reasons for changes to First-Class Mail service standards.

Methodology

Ten focus groups were conducted with consumers. Five locations were selected to provide coverage across the United States. Two groups were conducted with consumers in each of the five locations. Consumer groups were segmented based on their household income and whether they lived in the center city, the suburbs, or a rural community as follows:

Metro Market	Location Type	Income
Atlanta	Center City	Low Income (household income \$30,000 or less)
	Suburban	High Income (household income greater than \$100,000)
Chicago	Center City	Low Income (household income \$30,000 or less)
	Suburban	Moderate Income (household income \$30,000 to \$100,000)
New York	Center City	High Income (household income greater than \$100,000)
	Suburban	Moderate Income (household income \$30,000 to \$100,000)
Seattle	Center City	Moderate Income (household income \$30,000 to \$100,000)
	Suburban	High Income (household income greater than \$100,000)
Pocatello	Rural	Low and moderate income (household income up to \$100,000)
	Rural	Moderate and high income (household income more than \$30,000)

Each group consisted of eight to twelve participants. Potential participants were screened to ensure that each was the person in the household considered to be the “CEO of the mail”—that is, the person primarily responsible for handling the receipt, sorting, and other tasks related to the household’s mail. All participants needed to send at least three pieces of First-Class Mail per week. Participants sent or received a variety of different types of mail including bills, payments, general communications, advertising mail, magazines or newspapers, and greeting or holiday cards. In addition, participants represented a mix of those who predominantly use First-Class Mail for making payments versus those who use both First-Class Mail and online payment systems.

Within each group, a demographic mix of participants (by age, gender, and employment status) was represented. Individuals who worked in or who had a member of their household working in several specific industries were excluded: advertising and public relations; market research; and mailing or shipping (USPS, UPS, FedEx, and mail or small package delivery services).

Key Findings—Importance of Mail to the Household

Participants were first asked how important mail is to the household. Most participants agreed that mail was important to their household and that they look forward to receiving mail, as long as it wasn’t “junk mail.”

It’s a part of everyday life. Every day I look forward to receiving my mail. You never know what’s in it. It could be a surprise. It could be a check from somewhere, a class action lawsuit you filed 10 years ago. To me, it’s something I look forward to getting the mail... [New York, High Income]

I think it’s a very dependable system, and I think that we’ve become very dependent on it. So it’s easy to give your opinions on it, but none of us have ever lived without it. So to try and do that, I think that we would find a lot of things that we depend on with the United States Postal Service that we don’t realize that we do, just because we’ve always had access to it. [Pocatello, Moderate / High Income]

They anticipate the arrival of things they have ordered, presents for special occasions, expected payments, medications and their Netflix discs if they are subscribers. They also like to find the unexpected card or letter in their mailbox.

I like to write letters to my grandchildren to keep promoting that—something about having that letter as opposed to e-mail. [I want them] to see the value of getting the mail. [Seattle, Moderate Income]

At the same time, many participants suggested that their use of the Postal Service has been decreasing.

I find it [use of mail] is diminishing. More and more bills are getting paid online and fewer checks are going out in the mail. Most of my family has email and electronic communication, so there are still a few people that don't have computers yet, so there's still a little bit of mail that goes out, but not nearly as much as I used to. [Atlanta, High Income]

It [use of mail] has decreased in the last couple of years because I receive a lot of my bills via e-mail now, so I pay them right online through either my Visa or my bank account. [Chicago, Moderate Income]

I think, in my opinion, it's [mail] a necessity for certain things, but a lot of things, I think, have kind of gone to more the new future of email, and everything is paid—a lot of people—I pay at least, for convenience, I pay and do a lot of stuff online, it just takes a second. You don't have to worry about a stamp and that kind of stuff. For me, I do get certain things, like magazine subscriptions and stuff like that, but the majority of my stuff I do online. [Pocatello, Moderate / High Income]

Key Findings—Current Use of Mail and Other Methods for Sending / Receiving Different Items

Participants were asked to provide examples of the types of items they typically send and receive via the mail or through other means. They were then asked to indicate how they typically send these items.

Financial Transactions

Mail is still important to most consumers. Many like receiving a paper copy of their bills or statements and many of them maintain files of their bills for peace of mind, safety and security issues. They also made comments that a paper record is important for preparing taxes.

I deal with a piece of paper. I have the bill. I make a note on the bill, that I paid it. It goes in my pile. It's got the little system. I'm worried that if I do something online, I'll forget to know it. There's some kind of disconnect in my head. Maybe it's stupid, but I haven't quite gotten through that yet, to be comfortable doing everything online. [Seattle, Moderate Income]

I never pay anything electronically. Everything is paid by check. Even if I buy from Amazon it goes into American Express and then I pay that bill. I like to see the bills. I like to see the itemization. I like the record. I'm not really interested in having anyone—giving anyone access to my bank account. [New York, High Income]

Focus group participants were split in terms of their use of a computer for financial matters. Some participants expressed concern with security and identity theft when it comes to financial transactions and banking online. Very few have actually been a victim of this sort of crime but the concern about it happening was clearly evident and of consequence to them. Some participants readily admit that their banking information could be stolen from the mail, but they simply do not worry about it happening. Even though they know it's a possibility, they do not believe it will occur because it never has.

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Payments, cards, mostly that. I don't pay anything online. I'm active in the Des Plaines Senior Police Academy. The chief gave a talk and he himself said I have all my bills mailed to me, I write my own checks, and I bring to the post office. He doesn't put it in his mailbox. [Chicago, Moderate Income]

I was going to tell you the reason that I don't do anything over the Internet is we actually had a credit card number stolen from that ring from Florida. They used our—they had no idea who we were. They used just our number. Had no idea whose card they had stolen from this area, or even where they were from, where we were from. At that point I said, "Absolutely no more," because it was my—it would have been my fault because I had to have used that credit card to do something, so if I pay all my bills by mail I know that nobody's going to hack into the post office and open them all up just to see my (inaudible) mail, so that's why. I never had stuff stolen like that and the problems it causes. It is really scary using the Internet. [Pocatello, Low / Moderate Income]

I pay all of mine through first class postal service because the one automatic payment that I did set up was my health insurance. I didn't look at it anymore. A year and a half later I discovered that I was being billed for my health insurance and someone else's. It was a mistake that was thousands of dollars, and it was just accidental that I caught it. I want to have the control where I'm forced to look at the bill every month, and see that it's valid. That's why I don't do automatic payment. [New York, High Income]

Consumers' behavior when it comes to receiving and paying bills is based on tradition, habit and ritual. They are used to the process of receiving, sorting, piling up, paying and then filing paper bills or statements. They also get satisfaction from writing the check and putting a stamp on the envelope to pay a bill. Some participants said they get a feeling from writing the check that they do not experience when they hit the "enter" or "send" button.

I think it's [more] comfortable for me to just put it [payments] in the mailbox. I try to pay bill online. There's too many numbers that I have to remember for each account and a code name. So my safest way is going to the Post Office. If I want to know that it is going to be mailed then I take it directly to the main Post Office instead of putting it in the mailbox. [Chicago, Low Income]

Controlling that money, and being able to write a check, and sign that check it feels a lot more legitimate than a click of the button. [New York, Moderate Income]

I'm from the old school. I do everything at one time and they're lucky to get it 15 days ahead of time, so I'm a good customer. I don't wait until that bill is due and go write that check. I try to—when I have a bill I try to talk to the representative to make my bill payment round about the same month that my other bills are, so when I start writing my bills I write all of them at the same time. The 30th of the month, that's it. They're gone whether they're early or late so they're like in between. [Chicago, Low Income]

I like writing the check because I feel good that I'm paying the bill. Our daughter is the same way. There's a satisfaction of she's paying off her loans. She's paying off—she supports a child in a third world country and things like that. She really likes to write it and I do, too. It feels good to write it, and send it, and it's something—you don't just push a button. I appreciate that. I do all kinds—I'm very computer savvy, and we've just chosen not to go that particular route. [Seattle, High Income]

The decision to pay online versus by mail is also a function of the type of payment and what the payee will accept.

A lot of doctor's offices will only accept a check—I mean, you can do a credit card, but they don't have—or you can do it online, but you have to pay them, either over the phone or in the mail. [Seattle, High Income]

A one-time payment, like I had a tree cut down in the yard. It's just every month, the water bill comes, it's online. It's every month. It's the same account; just checking the dollar amount and just go. But if you've got to do a one-shot deal to somebody that's not a regular person that comes and provides services or a one-shot deal, I write a check. [Atlanta, High Income]

If it's a monthly recurring bill, then I generally tend to set that up on my online banking. If it's something that's sporadic, maybe I'll get a bill from my insurance company, and it's for a copay to my doctor's office, then I'm going to write a check and pop that in the mail. I'm not going to bother setting them up on my online bill pay because it's not something that's going to happen every month. [Seattle, High Income]

I guess the utilities have something to do with my home, where I live, and just we just never have done it online. We just always send it out. Then movies return obviously, but just the Internet, the only bill I pay is my phone bill online, because it's so much easier. [Atlanta, Low Income]

One specific dislike of receiving bills online in e-mail form is the chance of the bill getting lost and forgotten as it is “pushed down” in the list of incoming emails, spam and the like.

At the same time, use of alternative methods to pay bills—e.g., online bill payment, automatic debit or credit card payments—is clearly increasing and is somewhat a function of age but also degree of comfort with using a computer. The extent to which participants used these alternatives ranged from as low as 0 percent—that is, everything done by mail—to more than 90 percent by non-mail alternatives.

We have kind of a combination of the two. I think we've got maybe ten or 12 bills that get paid by mailing back a check, and my wife pays like half a dozen things electronically. A couple of things are just transfers, monthly transfers, where we don't even have to deal with, but there are still. [Seattle, High Income]

I would say it's pretty much like 30 online and 70 by mail. You do more online or email with it then you do sending because it's more quicker, it's instant compared to the three day or five day or however long it takes for the mail to get to from one place to the next place. Depending on what you're mailing or who you're mailing to and what type of letter. In certain instances I mail a letter at least twice a week every week. [Chicago, Low Income]

Correspondence

Correspondence typically goes by First-Class Mail although many describe this as “regular mail.”

Some participants indicated that they send less correspondence than in the past, substituting e-mail. However, many indicated that e-mail is a poor substitute for actually sending or receiving a letter and continue to like the “personal touch.” Some suggested

that the use of e-mail versus the Postal Service for correspondence is a generational thing.

[I like] to be able to get something in the mail, a personal note. So I've gone back to doing that. Weekly, I send out notes. I think it's generational. Our kids are going to not know what a stamp is. I don't even think my kids do. [Seattle, Moderate Income]

I just want to say what she said because nowadays we get so many e-cards. To me, they're just meaningless. They just take up time for me to read them online, and on Facebook—we didn't specifically say Facebook, but we did do social media. All the birthdays you get on Facebook. It's like I really don't even care. If you really give a crap about me, mail me a card. That's how I think. If I care about you I'm going to mail you a card. [New York, High Income]

Documents

While documents do not represent a significant amount of the items consumers send, participants indicated they use a variety of methods for sending documents depending on the nature of the document.

While most documents sent by mail are sent by First-Class Mail, in many instances participants use registered mail or some other means to ensure that the document is actually received or received on-time.

Well, I like the post office because you can get registered mail return receipts. So you know it got there, you get that, so nobody has a question. Whereas if you do it online, all they've got to say is, "Oh, we never received it." You can't prove they did or not. But through the mail, you've got that little receipt. [Pocatello, Moderate / High Income]

I always do the taxes certified because I'm sure that the first year I don't do that, they'll lose it. I file electronically, but I always owe them money, so I get to mail the check. [Seattle, High Income]

Many participants indicated that they now send many documents electronically.

Five years ago I would have been using overnight mail constantly, whereas now most things go by e-mail, including documents, unless it's a signature copy, and then I'll have a hard copy to send signature. Even so, people scan things. They e-mail them to you. That has certainly changed a lot of things. The whole electronic aspect is what's changed. Messages have switched where we used to use endless tape, and I haven't used message for years. Now, we put it in e-mail. [New York, High Income]

Responses to Direct Marketing or Advertising Materials

Participants did not generally think of these items as something they typically send. When prompted, most indicated they were returned using First-Class Mail.

Newspapers

Relatively few participants receive newspapers via the mail. The few that did get newspapers by mail were in the Pocatello and Chicago groups.

Other Items

Participants also indicated that they frequently send **packages**. These are sent in a number of different ways—USPS, UPS, or FedEx.

There is high awareness of Priority Mail, with one or more participants in every group mentioning the tagline, “if it fits, it ships.”

In the case of returns, participants indicated they use whatever method is required by the merchant or retailer.

At least one participant in every group used Netflix. All of these are received and returned using First-Class Mail. Many had a specific routine.

Finally some participants receive medications through the mail.

Key Findings—Factors Determining How to Send Items

The most important factor is when it has to arrive. When there is no urgency, consumers use First-Class Mail. For example, if a check has 30 days to get there before a late fee is incurred, First-Class Mail is fine.

You don't call letters snail mail for no reason. If you want it done quickly you do it through email. [Pocatello, Low / Moderate Income]

I do not send something of an urgent nature by regular, First-Class Mail. It wouldn't be—there's nothing that would be that urgent. If it was urgent, I would deliver it myself or I would take it to Fed Ex or something. It wouldn't really change it for me, a day or two. [Chicago, Moderate Income]

Mine [decision what to use] sometimes depends on the due date—how close I am to it. I may go online. I may call it in. I may overnight it. I might send it through regular mail. It just depends on how close I am to the due date. [Atlanta, Low Income]

Related to time, is the ability to know that the item is delivered on-time. When participants needed this assurance, they often use an alternative to First-Class Mail. This could still be a Postal Service product such as Registered or Certified Mail or Priority Mail. If the item needs to be tracked, participants generally rely on a competitive service.

One of my big things is the guarantee of the day that it's going to arrive, because I'm kind of weird. I think it's awesome to go to your mailbox on your birthday and actually have something in your mailbox on your birthday versus the day before or the day after, so I like to send things so they will specifically arrive on that day. Most of the time UPS will guarantee it on the day whereas the Postal Service is like, it might be there in three weeks or whatever. I like the guarantee. [Pocatello, Moderate / High Income]

I get irritated if my magazines are late. I know they're late, because they're on the newsstand. I'm supposed to get it before it's on the newsstand. I get a little irritable. [Seattle, Moderate Income]

If time (when it has to arrive) isn't an issue then the next most important factor is cost. For each of these applications, the way it is sent is determined by when it needs to get there and then by how much the person is willing to spend. For example, if it is a bill and it has to get there quickly to avoid a late charge, participants find a way to pay it

online. If it is a present and the occasion is coming up quickly, they will pay for expedited delivery.

Participants did not predict that they will make major changes to their current mail-use behaviors any time soon. But they did admit that the rest of the world (and particularly their children) have moved or are moving towards electronic communications and electronic bill paying. They did see this as the way the world is moving. However, some didn't see themselves moving in that direction.

Key Findings—First-Class Mail

People do not routinely use the term First-Class Mail to describe the act of sticking a stamp on an envelope and mailing it. Focus group participants refer to that as “regular mail.”

First-Class Mail is when you put a stamp on it and put it in the box. [Pocatello, Low / Moderate Income]

Regular mail is First-Class Mail. It always has in my world. [Atlanta, Low Income]

Postal customers expect a piece of First-Class Mail to get there in a specific amount of time, to get there intact, and to be delivered safely and securely.

[I expect] that it will get there faster. Two days, I know if I put it in first class, it's going to be there in two days, two to three days, depending on where it's going. [Atlanta, High Income]

I expect the same thing, get it there—I don't expect a day or two, but maybe three days it gets there in good condition. If I'm sending a card, I want it to get there and look nice, not damaged. [Chicago, Moderate Income]

I don't have any expectation. I feel like it's whatever they do with it, it will get there when it gets there. I don't expect it to get there any sooner, any later, any better. It's just mail. I just think it's mail. You send it out. [Pocatello, Moderate / High Income]

Participants completed a written exercise asking them to provide their estimates of the number of days in transit under several different scenarios:

1. Current standards
2. Outstanding service standards
3. Long but would continue using
4. Too long and would find alternatives

The following table provides the average number of days the 100 plus participants put for each category of service. As the chart illustrates, participants generally believe that current service standards are longer than actual. Moreover, outstanding service is consistent with current service standards.

	Current Standard	Outstanding Service	Long But Would Continue Using	Too Long / Would Find Alternatives
Local Area	1.7	1.1	2.7	4.0
Up to 200 Miles	2.4	1.4	3.5	5.4
200 to 1000 Miles	3.5	2.1	4.8	6.7
More than 1000 Miles	4.8	2.8	6.2	8.5

Discussion then focused on the first three scenarios.

Current Standards

Participants tended to overestimate (by one to three days) the current service standards.

I can expect that my stepson will get his mail within about three day, in Houston, if I go to the main post office. And I usually go to the main post office for that reason, and then I can expect my little sister's mail might take four to five days in Mountain Home, Arkansas. [Pocatello, Moderate / High Income]

I'm shocked when I get it the next day or something. When I send a letter, and somebody gets it the next day, it's like, "Whoa, that was quick." It's usually, I expect, two days around here. [Seattle, High Income]

I put down two [days for local mail], but I'm always surprised when things get there faster than I think they will. When I'm thinking of standards, I don't know what [they say], so I'm thinking two. [Chicago, Moderate Income]

You give it [First-Class Mail] a seven to ten day period because you—I mean you never know when it's coming. You don't know exactly what day. You're not given a specific time frame; it just shows up when it shows up. [Chicago, Low Income]

I think I thought it was longer because I always try—especially when it's bills, I always try to think worst case scenario, because I don't want to think it's going to take three days or two days to get to New York. If I know it has to be paid on a certain day, I'm going to always assume it's going to take more. [Seattle, Moderate Income]

Moreover, they did not feel that the Postal Service reliably and consistently meets these standards. Virtually everyone had a horror story about a letter that took weeks to arrive and they tell these stories with much vehemence. But in reality, events like these are rare and often exaggerated with memory and recall.

The reason I say 12 for over 1,000, my daughter lives in Atlanta. Basically every time I send her First-Class Mail it takes about eight to ten days, and I was wondering maybe because their Post Office is smaller than Chicago Post Office. You know that they do certain times for the city that they send their mail you know send their mail out. Her mail is always about two weeks. I'm constantly calling her, "Did you get your letter? Did you get the mail?" "No, they haven't come yet." That's why I said 12. [Chicago, Low Income]

Outstanding Service

Focus group participants reported numbers for service standards that they consider outstanding that were quite close to or even one to three days longer than the current standards.

I'd love to see four days anywhere. I mean that would be totally reasonable. [Pocatello, Low / Moderate Income]

Too Long

Participants tended to put down numbers for service standards that they would consider long as three to four days (and in some cases more) longer than the current standards.

I've got seven [days] for 1,000 miles and ten for more than 1,000 [miles]. After that I'm going to have to start searching for other ways to do this because you're really setting me back almost ten days, that's two business weeks so you're setting me back half a month. For any task that I am trying to be efficient in so I would really start considering trying debit, I mean autopay. I would have to start considering things like that. It would not even be an option at that point. [Chicago, Low Income]

You have an assumption down here that I don't think describes my behavior. Your assumption was if they do worse than a certain expectation, my percentage [of use] is going to drop, and that isn't necessarily what everybody would do. If it [service] doesn't meet my expectation, maybe I'll just grumble, or maybe I'll plan ahead better. [Seattle, High Income]

It would have to be really long for me not to use it. That's how I'm thinking. [Atlanta, Low Income]

Longer service standards made some participants begin to question the dependability of the service.

If they were to start getting these time frames more than the expectations, suddenly I'd start to forget and I'd say, "Did it get there? Did it not get there?" If it takes more than a couple of days, then I've had doubts that it got there. I just don't know. Why is it taking three-four days? That means too inefficient. All I'm saying is the time frame doesn't bother me, but it bothers me in that context in terms of did it get there or didn't it. [Atlanta, High Income]

Response to Proposed Changes to First-Class Mail Service Standards

The majority of participants had very neutral reactions to the proposed changes to First-Class Mail service standards. None could come up with examples of how this change would impact the way they receive or pay their bills. Similarly they could see no impact on the way they send or receive correspondence.

If I send it out I have a reasonable expectation when I'm sending it, that that's going to be enough time. If it's a bill then I'm not waiting the day before it's due to send it out. I'm sending it out right when I get it, so I don't have to hold my breath on when it gets there. It's kind of just always been you get it, you send it back out, and it gets there. [Pocatello, Low / Moderate Income]

The change in the [number of] day's delivery is within the noise of our perceptions of what a delivery time is. It's within that [ETA], so I think that [change in service standards] is a non-event. [Seattle, High Income]

I mean, there's nothing real, real drastic they're talking about in any of these changes except maybe closing some of the local offices where people can't get to that live in small towns and would have to go farther to get to a post office. [Atlanta, High Income]

It's rare to get something that says you've got to send it out or mail it the next day or the same day. It usually gives you about seven days or ten days to mail it back. I don't think it'd make too much of a difference. [Chicago, Moderate Income]

It looks like the changes aren't too bad. The weekly service is still going to do the best they can to accommodate customers and they're going to try do the best they can, but I think it's pretty much inevitable that there's going to be changes. They don't seem to be too drastic of changes. [Chicago, Low Income]

I don't really care if it takes two days or three days. I just get it when I get it. I enjoy it when I get it. [Seattle, Moderate Income]

No, I don't think it would really [matter]. . . What they're saying it [ETA] would be is about what we expect now. The difference would be is if what we expect doesn't happen, and it takes much longer than what they're saying, then we have a problem. Anything that's time related we're going to send overnight or something like that anyway. It [changes to First-Class Mail service standards] really doesn't matter. [New York, High Income]

Some participants were aware of the problems facing the Postal Service and many indicated that they had seen recent stories on the news. In addition, some indicated that they were not surprised because of the trend toward using the Internet coupled with the overall economy.

This is not new. This has been an issue for a while. This has come up periodically for a while. It's just hit the forefront of the news because everything is about the deficit. I wasn't surprised because I know this has been an issue with them running in the red for a while. [Atlanta, High Income]

It just shows you that hey, it's the economy. They're in debt too just like everybody else. They're on an equal playing field with everybody else. It doesn't change anything. Just hopefully we don't [lose the mail entirely]—you would think that okay, if it's 8 billion now but if it is larger then the Postal Service is cut out. [Chicago, Low Income]

Most participants indicated that they would not make any changes to their current use of the Postal Service or mailing behaviors. The exception would be if this change didn't have an impact and the Postal Service continued to make further changes that would degrade service.

It impresses on me that they've got problems, but realistically, I don't think it makes me less likely to use the service because it's still, for me, it's a valid choice. It's a valued service, and my willingness to put up with (talk over). I'm probably the last person who's going to turn to alternatives. [Seattle, High Income]

It wouldn't affect me because I do the same thing. I get my bills and usually within a couple of days I sit down. I probably do any bills that come in twice a week. I [sit and] mail it out. I don't wait until the last day. [Chicago, Moderate Income]

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[It's no problem] if you know that they are really going to get rid of the deficit, in that case, if you're really accomplishing something; that you're not going to come back next year or the year after and say, "Oh, well. That didn't work and now we've got to extend it further," then that's really going to cause me to change what I do. [Seattle, High Income]

For time-critical mailings, most suggested they would simply adapt and mail things a day earlier. Some admitted that if a payment was so late that it had to get there the next day, they would pay for an overnight delivery service. Adding a day to the service standards would not lead consumers to make major changes in their use of First-Class Mail nor lead them to increase significantly their use of the Internet. However, some would begin to use the internet more than they do now. They further suggested that businesses would also have to adapt correspondingly and send things earlier. Others suggested that more businesses might accept electronic payments.

I found with my mail-in ballot, they send it to me early enough, that I've got three weeks before the actual voting date, usually. A day or so different in that timeframe isn't going to make much of a difference. [Seattle, High Income]

[I assume] my MasterCard or my VISA card is going to adjust the payment due date and give us an extra day if the post office now has a longer delivery? If they adjust—sometimes I get a credit card bill, and by the time I get [done] opening, I'm like, "Oh, my God. I have to put this in the mail tomorrow." If they can adjust it a day, I'm good with that. [Seattle, Moderate Income]

Instead of waiting until the last minute to mail it out, you'll have to mail it out a day sooner or a little bit sooner. [Atlanta, High Income]

I think you'll see changes from businesses. Businesses if they're not accepting electronic payments, and it takes way longer for their revenue, odds are they will now accept electronic payments more. [New York, High Income]

Some were unclear how the proposed changes would save the Postal Service money and whether it would really make a difference.

Let's think about that. How do they actually get dollars out of that extra day [of delivery time]? : In other words, to save money, you've got to do something different. I can understand that you shut down an office, a post office. People used to work there. You save money. I get that, but if you say, "Okay, I'm going to get this letter there in three days instead of two," what things are happening that might save money? [Seattle, High Income]

I guess I don't understand how delaying this standard is going to save them money. It still has to be handled the same amount. So doing it quicker, to me, I don't see how that saves them money. [Atlanta, High Income]

In addition, participants pointed out that the proposed standards are better than what many felt were current standards. There was some skepticism as to whether the Postal Service would meet these new standards. Many agreed that if the Postal Service meets these standards, they would have a positive impression.

I can understand some of the changes, but I think you need to meet your current standards. Before you change your standard you better meet your standard first. They [Postal Service], in my experience, do not meet any of these first standards other than local mail. [Pocatello, Low / Moderate Income]

I think even though it's stating that there's only going to be slight changes, I would worry that my item might not get to where it was going. It might not get there within the time frame that it was specified. I just think I would. If you're looking at cutbacks, a lot of times, you're just thinking service is going to be diminished, as well. That might make me be a little more concerned about how it would get there; what condition it would get there; if it would get there. [Atlanta, High Income]

I still think that it's not going to change really the delivery times, because I've gotten stuff mailed from Tacoma and gotten it three days later, and I've mailed something to my friend in Oregon, and it's gotten there in two days, or it's taken a week, or I get it the next day from Tacoma. It's really varied, so I really don't care. To me, it's the same. [Seattle, Moderate Income]

I would feel positive if these things were actually the way that it's going to be delivered, in a two day for this one, three day and four day for that one. That would give me a bit of a—a more of a good insight on the postal service leaving out of here now knowing that there may be a possibility that mail is going to come in two days instead of four and three days instead of five. [Chicago, Low Income]

The most negative comments centered around the increase in local delivery times. Some felt that it was unreasonable for it to take two days for local service. Some suggested that they would hand deliver items such as payments in their local area.

I put a sad face next to the Saturday mail because I enjoy just something on my Saturdays still coming and I put [a sad face next to] the delivery in your local area not delivered the next day, will be delivered the second day; I don't see a reason for that. If I send something out locally, I expect it to get there the next day. If it's not going to, I'll just wait to deliver it when I'm over in that area or depending on what it is. I don't think it would be a huge change, but there would be a slight impact on certain things. [Atlanta, High Income]

I been looking forward to my mail the next day, especially coming from the place that it's coming from you know. It's already bad enough that under the circumstances you can't see the person so you expect those letters to come the next day, you know especially if it's from local. [Chicago, Low Income]

If it's local, I want it there the next day. [Atlanta, Low Income]

The other major area of concern was what this change in service coupled with the other changes in the service optimization plan would ultimately mean to customers.

If it's going to take an extra day to get it there and then you're closing the smaller Post Office, it's like a real disadvantage. It really forces you to another method because you don't have a way to get there [to the Post Office]. If you move this one to four corners away then that's four more extra blocks that you have to go. You already don't want to go the one block and now you've got to go four extra blocks. [Chicago, Low, Income]

There are so many factors, depending on the different decisions a person makes. I can say that no, one day, I'm not going to go home and go, "Oh, my God. It's going to take another day. I've [got a bill to pay]. I'm going to stop using First-Class Mail." But different things happen. Something else may happen. They may raise the price of a stamp another penny. You add all those little changes on, and you get to a tipping point. At some point, you're going to say, "Maybe it's easier to go with online." [Seattle, Moderate Income]

Since relatively few participants across all the groups received newspapers in the mail, there was little discussion about the impact of the changes to service standards on newspapers. There was confusion as to which type of newspapers will be affected by these service changes. For the few who receive newspapers by mail, opinions were mixed.

We never read it [newspaper] right away anyway, so it doesn't matter. It's telling me what happened, or what's going to happen next week, or like you said, sometimes it tells you what happened the Monday before. [Chicago, Moderate Income]

[Don't like impact on newspapers], because you look for the Farmer's Market or things that are happening or bingo going on or whatever. If you're finding out that on a Friday or whatever instead of on Wednesday, you might already made plans for the weekend of whatever. I don't like that at all. [Chicago, Low Income]

The one thing that really surprised me was the thing about the periodic mail, the newspapers. Newspapers aren't going to be delivered the same day. I know a lot of people don't read newspapers anymore, but how could you get a newspaper two days later? [New York, High Income]

Participants did focus on other proposals contained in the document beyond the changes to First-Class Mail service standards. Participants immediately noticed the proposed changes in Saturday delivery and tended to focus on that in their discussions. Opinions were evenly split about whether elimination of Saturday delivery is good or bad. Many take "elimination of Saturday delivery" to mean that the post office will be closed on Saturday. Participants do not like the idea of the post offices being closed on Saturday.

What about those who do mail from their home and work during the day and the only time they can get to the Post Office is on Saturday? Like me, I go to the Post Office most early every Saturday because it's open early. I work from 7:00 a.m. to 6:00 p.m. so I don't have no time to go the Post Office after work, it's always a Saturday. [Chicago, Low Income]

Many commented negatively on the “closing of smaller post offices.” Even those living in midtown Manhattan worried that the post office they rely on might be considered small and thus could be on a closure list. In some instances the concerns were the inconvenience of having to travel to another Post Office. In others, the concern was the loss of jobs and the impact on the economy.

Initially, my main concern would be, like, I told everybody I'm from Aberdeen, Idaho, and they say they're going to close the smaller post offices, but it would be obnoxious for people to have to drive 45 miles from Aberdeen to get their mail in Pocatello when we have, what three or four post offices? [Pocatello, Moderate / High Income]

The post offices are still packed with people, and they are going to reduce the number of post offices. I don't know. I cannot imagine the alternative for that because still today the offices are always packed. There are lines and lines of people, so by reducing the post offices I don't know. [New York, High Income]

Participants were generally very confused about the legislative issues surrounding the pension and medical benefits and how that affects Postal Service operations. Some participants were relatively well-informed about these issues because of recent news releases. Others had never heard of the issues. Generally, all agreed that regulatory reform should be considered to resolve these problems to ensure the long-term solvency of the Postal Service.

Key Findings—Impact of Change to First-Class Mail Service Standards on Perceptions of USPS

Some participants perceived the service changes in terms of “getting less” or a diminishment of services. Even then they really didn’t think it would lead to an impact on how they perceive the USPS.

Now, cost cutting is reducing the costs, it's one way to help make you more competitive, but reducing the level of service seems to be counterintuitive. [Seattle, High Income]

I think it demeans it [the brand]. You're getting less service for the same price. [Atlanta, Low Income]

I guess with me being grateful for what we do have, that's fantastic, and changing the days is not going to be a problem. But when you start talking about the branding of it, I feel when I hear [this], I think two different things. I'm disappointed in how it [the Postal Service] is run as a government agency, and so that's disappointing to me; that they have to do this, and to read this where it says \$8 billion deficit, that's really negative.

It [the proposed changes] makes it [Postal Service] look like it's not as efficient. It decreases my brand loyalty. It doesn't seem as strong, because it's deficient now, because it has to be. [Seattle, Moderate Income]

Reducing service is extending time, cutting back days I don't think that's going to generate what they're hoping for. That's basically them resigning the fact that they can't make enough profit, they're going to cut it back. I think if they do that you're looking at the whole thing falling in. [New York, High Income]

Participants did suggest that they want to be assured that these changes will make a real difference and that service would not continue to diminish. The latter would have a more negative impact on the Postal Service brand.

I would have a wait-and-see attitude about dependability to make sure that when you send something, it gets there because that, to me, is the most important aspect of the U.S. Mail. If you lose that dependability, then you're going to lose a lot more customers than if it's a little bit late. [Atlanta, High Income]

Many participants went so far as to say that they Postal Service should do whatever it takes to solve the budget problems once and for all, including raising postage. At the same time, they wanted to see improved customer service and better services (e.g., tracking). Many suggested having the Postal Service operate more like a business. Despite all of the critiques, there were strong sentiments that the Postal Service must survive.

If they continue to make changes and still are having trouble with their deficit and things, then that's going to be a problem. I don't know. I, sometimes, don't use services or places just because I don't agree with practices or whatever. I sure hope this helps, if they're going to do that, but I might choose to use other things. [Seattle, High Income]

It will more or less make you miss the perks, like appreciate the service that they do offer now because for the simple fact according to just what's printed on this one sheet there may come a time and it seems like at 8 billion a year, very soon, that we won't have this service at all... It seems like they're more or less on a downswing now and I don't know if they'll be able to stay afloat with seven day service and things of that nature, so do we lose a part of Americana with that? Our children would never know how to put a stamp on a letter, write a professional letter to send because everything will be in an email. Do we strive to keep this type of services and use these services and encourage other people to use these services or do we just go with what main stream does. [Chicago, Low Income]

I think I would plan to stay with it. The bitter picture behind the cause and effect that we're not using the mail system. People are now being confronted by this. What is being a little bit more mindful in putting in mail like a day earlier? Is it really that much of an inconvenience? Other people are losing their jobs. You're sitting here like, "Oh, my God. I'm going to do it electronically," but at the same time, it's like, people don't have a job. It's like, really, one little thing that you can do as a consumer. [Seattle, Moderate Income]

I'm not sure that the delivery times are going to be that much different. What sounds to be different is that we may find that some of our favorite small post offices will be closed. I don't know. I'm not sure what all the effects of these things are. Now, we'll have fewer post offices, longer lines, longer delivery. That's what it really sounds like to me. I still don't really understand why if we are willing to go to the UPS [Store], and pay them a premium to put our mail into the United States Postal Service, why they can't tap in to that revenue themselves, have a special area where people staffed by fabulous, smiling personnel where for a small premium they will handle your mail at the post office, and then give you some better service. Why not do that? [New York, High Income]

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It seems a pity to take what is actually a great enterprise. We have 50 very diverse states and actually not try to turn it around and manage it properly and efficiently. I can't believe that it cannot be done. I was certain problem with the mantra of privatizing, but I have a lot of problems with some privatization effects. [New York, High Income]

Customers have a love/hate relationship with the USPS. On one hand they admit it is a fantastic value, they use it and they rely on it. On the other hand they have complaints about long lines, unpleasant employees, waste, inefficiency, fantastic benefits for employees, etc. These proposed changes in service standards in regards to delivery will not likely change the way they feel about the USPS.

Final Thoughts Regarding Proposed Changes to First-Class Mail Service Standards

As a final wrap-up, participants were asked to summarize in a letter format to someone of authority their feelings regarding the proposed changes to First-Class Mail service standards. This process allowed participants to put forward their feelings without the influence of a group process.

Consistent with the group discussion, most participants indicated that they would not be impacted by the change and that they were supportive of the Postal Service's needs to make these changes. Some suggested that these changes were likely insufficient to address the scope of the budget issues facing the Postal Service. As in earlier discussions, participants often suggested that the Postal Service needs to do more, and provided specific suggestions.

The proposed changes are probably not going to have much impact on how we use the USPS, but they're not going to help either by improving the poor image the postal service has, particularly regarding those transactions that require visiting a post office. Rather than reduce service to "eliminate" this erroneous projected deficit, why not look for ways to improve service, including better training, management and supervision of personnel, and finding ways to bring some of the revenues earned by private services like UPS or FedEx in-house? [New York, High Income]

In light of the declining mail volume, which primarily is caused by e-communication - using the proposed to revise the standards for First-Class Mail within the continental US is quite reasonable. [New York, Moderate Income]

I hope that the proposed changes in this letter will be correct and not be any longer. If the changes stay at this amount then I will continue to use the postal service. I wish the newspapers could come the way they used to be so I can go to events on time. [Chicago, Low Income]

Changes will not affect my decision in mail letters, payments first-class. Adding one more day to deliveries will not change my method of mailing out payments, letters. Eliminating Saturday mail does not upset me. Post offices need to stay open on Saturday. Extending delivery time for cities 1000+ miles by 1 day does not matter. [Chicago, Moderate Income]

The proposed changes that are most likely going to happen are good. They do not affect my lifestyle. I think eliminating Saturday mail would be a benefit. As far as local mail goes, as long as it is not delivered more than two days then it's fine. If a post office

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*could be relocated to a local Kroger then I would be happier for its convenience.
[Atlanta, Low Income]*

Thank you for notifying me of the impending changes to your service. I understand that times have become harder and harder for us economically. I am glad that this change does not include a rise in price of stamps. I accept and am willing to work with the increase of service time it will take to accomplish and/or deliver parcels. I would have liked to see how these changes would impact the overall \$8 billion deficit. In other words, I would have liked to see how much money was saved (or earned) with each change of service. I wish you the best of luck and will continue to provide you with my support and business. [Atlanta, High Income]

Dear USPS, I do not think your changes to First-Class Mail service will affect me at all. Although, if you shut down my local rural post office I would be forced to no longer use the USPS altogether. So I guess that then it would really not affect me at all either. You would just lose me as a customer. [Pocatello]

Of the more than 100 written comments, only one participant expressed strongly negative opinions.

I am outraged with the proposed change in first-class services. Not only will it affect the time of delivery but also the planning of my mailing. I am deeply concerned about the effect those changes might have on costs and on postal service offices. I will probably try to find another alternative to send out First-Class Mail. [New York, High Income]

Small Businesses (Continental United States)

Objectives

The objectives of the small business focus groups were to:

- Improve understanding of the various ways **small businesses** would respond to changes to First-Class Mail (e.g., changes in mailing patterns, switching to competitors or other Postal Service products, increased use of online billing / payment, etc.) and local newspapers.
- Understand why **small businesses** would respond as they do.
- Assess how **small businesses** would adjust their operations to accommodate changes to First-Class Mail service standards.
- Assess how difficult **small business** adjustments would be; improve understanding of the challenges they would face and how their operations would be affected.
- Assess perceptions of Postal Service reasons for changes to First-Class Mail service standards.

Methodology

Eight focus groups were conducted with small businesses in the same five markets as the consumer groups. The business focus groups represented small businesses, defined as those having fewer than 100 employees. In each group, the number of participants with a single employee was limited to no more than two.

Each individual recruit had to be primarily responsible for the tasks related to that business's mail and shipping requirements. All had to use First-Class Mail and efforts were made to represent businesses sending different volumes of mail as well as those who predominantly use the mail versus those that use a mix of mail and online services or products to send different applications. A mix of small businesses and preferred accounts (defined as paying for postal services by a postage meter, permit imprint, Express Mail corporate account, or PC Postage) were represented.

Within the groups, a mix of different types of industry was represented. As with the consumer groups, businesses in the following business sectors or companies were excluded: advertising or public relations, market research, and mailing or shipping services (specifically USPS, UPS, FedEx, and other mail or small package delivery services). The number of small business groups held in each market is outlined in the table on the following page.

Metro Market	Number of Groups
Atlanta	2
Chicago	2
New York	1
Seattle	2
Pocatello	1
Total	8

Key Findings—Importance of Mail to the Business

Participants felt that mail is a critical business function and the small businesses represented in the focus groups rely on the mail for many different functions.

It's really important because we publish a newspaper twice a month. We use UPS for sending out bundles to remote locations. We send them all by first class so that people get them the next day. Otherwise, we don't have a big enough base to do the lower postal rate. [Seattle]

It is a major part for me, because we do a lot of corporate stuff, and we are pretty much the most expensive shopping place there is, so we do a lot of corporate people, and so we do a lot of invoicing. It is really key to get invoices in and out as soon as possible, so that people can close their books at the end of the month. We also have a junk company that is owned out of Denver too, so we get all of their mail as well, so we have to get invoices out there. It has to be done even quicker than here in Seattle. We probably get 20 to 30 pieces of mail per day that are bills or some invoices or something, so there is always a lot of mail that goes with every single day coming in and going out. [Seattle]

Participants stated that they rely on the mail and its timeliness.

It [mail delivery] truly controls your day. If it comes late in the day, it totally takes you out of sync and what you need to get done. [Pocatello]

At the same time and, like consumers, their use of the Postal Service has changed over the years and continues to change. Some of this change is a function of the current economy. Other changes are more long-term and are related to how much they use the Internet.

My business is using the mail less and less. More of my subs [subcontractors] are sending bids to us electronically. Our correspondence with our customers is almost all electronic. Bills are sent to us more electronic. We send checks out through the mail and we don't have that many checks coming in. A few customers a month are sending checks in. Fifteen years ago, everything was done through the mail. It actually slowed things down. E-mail has really taken a lot of the mail out of our business. [Seattle]

I think mail is becoming less and less important for us. I think it was more important years ago. Everything is moving electronically—all of our invoicing and payments,

maybe except for one client, is electronic. Similarly, there are stretches where we will send out a bunch of materials, and most of that is either UPS or FedEx. [Seattle]

Key Findings—Current Use of Mail and Other Methods for Sending / Receiving Different Items

Small business customers were similar to consumers in their use of the mail for sending items and the factors that determine whether they use the mail or do their business online.

Financial Transactions

Use of the mail versus Internet for financial transactions was mixed. Most agreed that they prefer to do most of their financial transactions via the mail. This was due to their need for a paper trail as well as some concerns regarding security.

You've got to print it out anyway, if you're going to have a good accounting trail. [Seattle]

For us, a check leaves a better audit trail—money going out the door. Money coming in the door, I don't need as much of an audit trail, because the money's coming to me. When we're spending it, I need to have a better audit trail, so the check is a better audit trail. [Chicago]

Somebody has to sign off on that invoice, and then when they get paid, we're paying them, I have to put that invoice tacked on back to them. We have not went to doing checks through the Internet. We won't do it. There's just too much stealing because we just can't do it. (Inaudible) going to get checks in the mail, but invoice when they email it, I still have to print them out. I still need someone to sign off and check off. [Chicago]

However, many also agreed that more and more of their financial transactions are done electronically.

Online banking has changed the way we manage our funds. We don't need to send checks anymore. The bank does it for us, and we receive bills online. [Atlanta]

We were until maybe two years ago, and then there's mass merchandisers of services that some of my customers now subscribe to, so then I bill them. They send me POs online. I bill them through that agency. It's called EDI, electronic data interchange, and then I get a check in the mail with the payment, but I bill them online. There's no paper invoice going out anymore. [Atlanta]

90% of our bills are paid by electronic. We do everything with the banking. I don't think I've written a check in two weeks. Everything is done electronically. We used to send out everything. We used to have to write the checks out and everything. It's all done by the bank now, and there's no charge for it, and they also pay the postage too. [Chicago]

Non-Financial Transactions

Participants reported that they increasingly were sending documents and, to a lesser extent, correspondence electronically.

It's mostly payables and receivables that get mailed. A lot of the things like letters that traditionally used to go out through the mail now are email. We send a lot of electronic documents that basically the sizes of them would require oversized envelopes, so they end up in electronic mail. [Atlanta]

Business-wise we're using it substantially less. We used to use the newsletter. We used to send out flyers. We used to send out everything. Now, I ask people, "Can you put it on a postcard, so it's \$.28 instead of \$.44?" We've tried—we're even getting pushing from people who print our newsletters with (inaudible) hardcopies, "Why can't you go to electronic like everyone else?" They're trying themselves to push. Outside sources are even pushing to do away with paper. [Chicago]

I would say I use it less as well. A lot of the things that we used to do by mail are now done by email, sent over PDF kind of form, and stuff like that instead of sending hard copy. I don't have—I don't really know why, but I don't seem to be having to go to the post office as often as I used to, which is a very good thing, because at least our post office is incredibly inefficient. [Atlanta]

Like consumers, the exceptions were those that benefit from a personal touch or where notification of delivery is required.

Not real frequently, but often, I'll send handwritten thank you cards to customers. I think that's something that you almost have to use the mail. That doesn't look right coming from UPS, FedEx, or email. [Atlanta]

About every six weeks I'll do a little sale flyer, and I do it in hand-addressed envelopes, U.S. mail. My thought pattern, right or wrong, is that they'll open it and look at it because it's hand written rather than just junk it with the trash. [Atlanta]

Some participants indicated that the economy has affected how much and how they send. They were uncertain what they will do when the economy improves.

I'd say the economy also. We're doing less since '08. We have less customers. Some went out of business, and just don't buy as much, so therefore, the end of the month less statements to mail, and then less vendors to pay, and of course, selling less. We're obviously buying less and a lot of it, I think, is the economy. [Chicago]

Key Findings—Factors Determining How to Send Items

Like consumers, the primary factors determining how to send different items were convenience, timeliness, reliability, and cost. Tracking increases the perception of reliability.

It's convenience for me because I go in the post office and they have all the packaging and everything right there. It's handy and it's cheap and it's easy for me to do. [Pocatello]

Speed, but also the cost. Various methods have various costs, depending on what you're doing, what I'm doing. I do have to look at what it costs. [Seattle]

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For me, it's the media that I'm sending. If it's something that lends itself well to the U.S. Postal Service, and then secondly how important is it. If it needs to get there, like I've already said, I'm not going to use the post office. [Atlanta]

Ours depends on the urgency. A lot of it goes first-class mail. Some of it goes priority, priority overnight, but we use the postal service. [Atlanta]

Also reliability. I've had to deal with claims through FedEx, UPS, and U.S. Postal about stuff getting damaged. With my product, if the box gets compromised, it's not that big a deal unless it's really bad, but depending on how that happens, it can damage my product on the inside, just like most all of ours. [Atlanta]

I think the ability to track them is also important on certain circumstances. If there's a time-sensitive thing and a customer says, "Well, you said it was going to be here. Why isn't it here?" [New York]

I know one thing with the post office, if you notice their priority, if you go get an envelope and you say you want it next day, it's not guaranteed next day. It's not guaranteed. It's guaranteed two days, so therefore, you have to make that decision. If my client, he said, "Oh, it's just going to Iowa." Don't chance it because with the post office ad, they always advertise but they actually don't do the next day mail. [Chicago]

For us, it would be more speed, like overnight, and depending on the sensitivity of the material, we also would maybe do that quicker and have a tracking number, or something like that with it. If it gets lost or something, we can identify where it is. [Chicago]

Cost is a big factor for us. We send out 10,000 invoices a month. We want to get as many as we can sent free, rather than putting a stamp on it. On the payment side, there's not as many payments going out, so the cost isn't as big a factor, the audit trail is a little bit more important, as I said, but cost is a big factor for us. [Chicago]

We pay our American Express every month. Just pick up the phone, call it, and you get on the phone with somebody. Give them your check number. You don't send anything out. It doesn't cost anything. [New York]

Customer preference also determines how small businesses send different items.

Some of the clients that I work with are older, retired women. Even though I would prefer to change how they send and receive bills and payments, they're not comfortable with that. [Seattle]

I think it really varies by industry. With us buying from suppliers, the larger suppliers, if you want to send stuff electronically, that works great for us, but we get a lot of lumber yards. They're still writing stuff down by hand. [Seattle]

Customer convenience. If a customer requested it, that's the way they want it, they get it. When they get it by fax—yeah, by fax, or by email, or in a PDF file. We have a couple of customers that say, "We don't want them that way. We want them First-Class Mail," and you have to honor what your customers wants, because customers are right. You don't argue with the customer. [Chicago]

On the other hand, some participants indicated that the only way to send items is electronically.

The feds—you can only make your employment tax payments anyway, except online, and so I have to do that. The state has just required that we have to do our excise taxes now—have to be filed online. [Seattle]

Key Findings—First-Class Mail

Also like consumers, small businesses did not have a clear impression of First-Class Mail. Most simply called it regular mail.

I think of it strictly as putting a stamp on a postcard or an envelope. [Seattle]

It's just mail. Just mail. [Seattle]

I think of it as fantastic bargain. For 44 cents, somebody will take a letter from here and deliver it to somebody in New York in a couple of days. [Seattle]

I consider First-Class Mail just regular mail. Sometimes you go in the post office, "How do you want to send this?" I'll say, "Just regular mail." They'll say, "What is that first class?" "You know, put a stamp on it, stamp it." [New York]

Key Findings—Awareness and Perceptions of First-Class Service Standards

Small business participants completed a similar written exercise describing what they consider different levels of service. Like consumers, the small business participants did not have high expectations for service standards. Outstanding service would be similar or just slightly better than current service standards.

	Current Standard	Outstanding Service	Long But Would Continue Using	Too Long / Would Find Alternatives
Local Area	1.6	1.0	2.5	3.6
Up to 200 Miles	2.5	1.4	3.2	4.5
200 to 1000 Miles	3.7	2.1	4.3	5.7
More than 1000 Miles	4.8	2.6	5.3	6.6

Participants felt there is considerable variability in delivery times and like consumers had similar bad experiences that they could recite.

I think the standard is probably longer, but the reality of how long it takes to get there is shorter. [Seattle]

Mine [expectations] are pretty low. It gets there when it gets there. In Pocatello, you should send it one day and it should arrive the next day, but roll the dice, maybe that'll happen, maybe it won't. [Pocatello]

My expectation is it'll get there a day or two after I would like it to get there, or if they promise it will get there. [Atlanta]

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I think we all assume that it's one day [local], but if you really ask somebody they'd probably tell you, "No, it's not guaranteed in one day. It's two days." [Atlanta]

I expect three-to-five day delivery with my brown envelopes, at least three-day delivery. If you use second class mail it's going to be five to seven days. I want speed, and that's why I think about First-Class Mail is it's going to get there in three to five days. [Chicago]

I have the totally opposite feeling, which is if I'm sending it First-Class Mail I have no expectations unfortunately. We many times do not get the mail and if I put it in the mail it means that I don't care when it gets there. If I have something that needs to get there in a day or two, it's either electronic or delivery. [Chicago]

Participants suggested that the variability in delivery times is a function of where and when it is dropped off as well as whether their regular mail person is working.

It depends on what time you drop it off too. Just because if I drop it off at 9:00 in the morning, it's probably next day, but if I drop it off at 5:00, it's probably not the next day, but the day after. It depends on the person who's dropping it off as well. [Pocatello]

Once it gets anything over a couple of hundred, I tend to think of it in terms of five days anyway. There's only so many steps it takes. It goes to the central distributing. That takes a certain amount of time, and then from there, to the point that it's being [cleared] and I don't think it makes much difference. [Pocatello]

That's like the truck picks up at our post office at 3:00 p.m. It goes to the distribution center down by the Atlanta airport, and it should be on a truck to Athens or wherever at 11:00 that night after it's been sorted, and they're doing their distribution to the outlying post offices. I do expect that it should be in Athens tomorrow. [Atlanta]

I actually find that it depends on when you get to the post office when it actually starts moving in their system. If you get it before 2:00 p.m., it's usually one day. That's why my answer kind of varies, because local and destination up to 200 miles, it's usually one day if I get it to them when they're just getting ready to start moving it. But if I give it to the post carrier, it's going to be two days, because he has to get it back into the system. [Atlanta]

I think a lot of it is the person even on the route. I get—constantly I get the mail delivered that doesn't belong to me, and then it's got to go back. How much of my mail goes to somebody else, especially if the regular guy's not on duty that day? [Chicago]

Not surprisingly, participants in Pocatello talked about the difference in delivery times based on whether it was to a more rural area.

We send to most of the smaller county courthouses here in Southeast Idaho and some of them make them in a day and some of them don't. [Pocatello]

Those living in the large urban areas believe there is little difference in delivery times outside their local areas. Most expected it would be three or more days to anywhere non-local.

As a matter of fact on mine all those numbers are the same on those last two because I made no distinction between anything over 200 miles and under California. It's all the same. [New York]

Many suggested that adding a day to what they put as their perceptions of the current standards would still be reasonable. All agreed that meeting service standards is critical.

To me, I'd have to say an extra day for each of those categories is probably reasonable. In terms of setting service standards, as we were talking earlier, actually doing it faster than what they say the standard is a really positive thing. Setting a standard that they absolutely know they can make and then generally, most of the time, beating that standard. [Seattle]

I could handle one or two days, but three—no way—not for local. [Seattle]

Longer delivery times raised concerns about reliability.

The quicker it gets there, the less I worry about it. If I send a payment to my credit card, which is in California, Industry Village or Industry City, the quicker it gets there, the less I go, "Huh, I hope it's not lost in the mail. I hope there's no mail thief or something." It's important for me to make sure it got there speedy and that it's processed. [Seattle]

When I ship something FedEx, UPS, or any other overnight service, or somebody that I know it needs to get there, I track it and I know when it gets there. 99% of the mail that I send, it's a leap of faith. I have no idea when it gets there. You can tell me it's going to get there, 95%, but I have no way of checking it and that's the case with First-Class Mail. [Atlanta]

Key Findings--Response to Proposed Changes to First-Class Mail Service Standards

Most participants did not react negatively to the proposed changes to the First-Class Mail service standards. They generally agreed that changes were necessary to insure the solvency of the Postal Service.

Money-wise as far as—I don't have a problem. We've got to make cuts somewhere. There's access by paying a little bit more to get your stuff there, which does put a little bit more of a burden I guess on businesses, but I just don't think it's sustainable. We're going to have to do something like that. I just don't think it's sustainable. You can't be that much in debt or is it—somebody is paying for it. We're all paying for it one way or another because it's that \$8 billion is getting paid. [Pocatello]

I would simply say if you want to make the change and you think it's going to save you the billions that you're already in debt, bravo, go ahead and do it; however, if you want any money out of my pocket, show me how the change is going to make some money. [Atlanta]

I see the changes, the proposed changes as acceptable. I mean they're—I don't think that you're not taking anything from adding two days to everything. You're just adding

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an additional day to it. Processing mail and the speed that we've doing it now costs too much money. [Chicago]

If this is guaranteed it'd be acceptable because those numbers would match my numbers on what's acceptable. [New York]

However, some did indicate a certain level of disappointment with the overall situation and the Postal Service's response.

That struck me a little different than everybody else. I feel like being betrayed because you hold a certain level of performance and we hold you to certain standards because you proved that you can do that and now you're going to relax your standards and say that we're not going to perform at this level anymore and that kind of makes me feel like betrayed. We put our trust in it and now you're going to change it to where you're not as trustworthy. [Pocatello]

I see this as this is a failing service or a failing company, and so they're trying to solve their problems that are costing them that \$8 billion. They're going to reduce the quality of their product. It's just something that is—like—which I already view as very fundamental. It's they're going to get worse. For me, for with a company, I would figure out how to keep the same level of expectations that people have, and if it is possible, get rid of deficit, rather than cutting service. [Seattle]

I look at it as the whole thing is just rearranging deck chairs on the Titanic. It's a dying business model. So it's now going to be two days and three days. Then ten years from now they're going to come back and say three or four. As a result of declining volume, the cost is unsustainable, "So we're going to change your service. We're not going to reduce our costs and lay people off. You're going to pay for our lack of being able to sustain a business. [Atlanta]

My initial thing is they've instead of changing their business model, they've been driving away business to save money, which then creates more deficit, which then creates them to drive away more business, which creates more deficit. Instead of redoing their business model, which I think would be a more business savvy approach to their models. [Atlanta]

Moreover, most participants agreed that the changes would have little negative impact on their businesses. This is primarily due to the fact that the proposed standards are generally consistent with current service expectations.

In terms of changing the delivery times, it's not really a big issue for me. If I do need it to be there at a specific time, then I'm going to make sure that I address that. I had no idea what the postal service standards were. It's not like I'm disappointed that they're changing because I never knew what they were in the first place. [Seattle]

I could be totally wrong, but when I look at my payments, I'm used to them coming in and my payments going out with whatever schedule it is, but with the longer delays, once a system makes it route, the payments will still come in. Yes, at first maybe it will be a shock like, "Oh my gosh, this is taking forever and I have to have this many." It's a stress factor at the beginning, but once the system catches up with itself and everybody realizes that everything takes a little bit longer. [Pocatello]

I didn't realize, but the standard for delivery destinations outside up to 1,000 miles, is two days. I always thought it was three or four, so now, that I know that, I will keep that

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in mind. For what it costs to have to FedEx something, two days—that's a better deal. [Seattle]

Their standards were better than what I thought they were, then what I expected. What they're proposing is what I would—I'd be satisfied with that. [Atlanta]

Actually, this is what I thought it was anyways, and I'm surprised that it gets to Hawaii and Alaska in four days. [Atlanta]

The one exception appeared to be the change in delivery times for mail within their local area. This change received the most negative response. Many of those represented only did business within their local area and had specific expectations for service. Some indicated that the delay in local delivery was a double impact when considering both sending and receiving items.

Most of our mail that we do use it for now is local. Moving that to a second day would be a real deterrent for us to do that. It's a real convenience and it's one of the primary reasons why we still use First-Class Mail for the local mail. If that were to go to a second day, that would be bad. [Seattle]

I was thinking about when I said why the local would be a problem for us, it was not only because—mainly it's because you want to send something to a client and then they have to send it back to us. It's not just one way. It's a two-way thing, so then it pushes us out, getting it back. You can send it out the next day, get it back on Wednesday. Now it pushes it back to a four-day period instead of a two-day period, which would be very important for time sensitive things for clients. That would impact us. [Seattle]

There really wasn't anything in the First-Class Mail that I found offensive other than bumping it up to two days for the local area. [Atlanta]

I'm not happy about the second day for First-Class Mail because many times I send letters that I would like to have go immediately. I don't think that email is a proper way to correspond, so that bothers me. The Saturday delivery bothers me as well, but I think that's something that's necessary. Reform is necessary for the post office to survive, and I guess they feel that many businesses aren't open on Saturday. Retail businesses are, and so we would love to get our mail, but if we have to give it up we will. [Atlanta]

Delivery in your local area now is delivered next day, will be delivered second day, so that's longer right? What company do you know in the United States that succeeds says we're going to do things worse? Not many. That's not the way you go. You make it better. [Chicago]

Some did suggest that they would have to modify their behaviors, by sending things sooner. Others suggested they would adopt a wait and see attitude.

If the local delivery was two days now, we'd have to change when we mail the checks because we take them out of cash and that's time sensitive. We would have to either do something differently, or pay the bills sooner. [Chicago]

Those [payments] are very time sensitive. They usually waive the late fee, but then you got to call them. You have to wait on hold. "I've never been late." It would prompt me to process it a good day earlier. [Chicago]

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First impression would stay with what I've got. Leave it the way it is. Not change a thing. Wait for some sort of feedback, negative or otherwise, and then make an adjustment from there because I don't think one day is going to make that big of a difference. [New York]

It would depend. A day's not going to make a big difference, but if it was a client that needed something there on time, you'd do a day early or something. Make the adjustment. [New York]

The other strong negative feedback came from the newspaper publisher. Again the concern was the increase of one day for local delivery. This respondent felt that modifying their schedule to put the paper to print one day earlier would be difficult. Several participants also discussed the delay in newspaper delivery as a recipient.

As a newspaper publisher, the change for newspaper shippers (inaudible) newspapers would really be tough if it takes two days for the newspaper to get to it. Most newspapers have supermarket ads. The newspaper is printed on Tuesday and delivered on the next day, on Wednesday morning. Wednesday is the biggest shopping day. Wednesday and Thursday are big shopping days at the supermarket. If the ads are delayed by a day, then the supermarkets are going to have less interest in advertising in the newspapers.

[Couldn't move schedule] Because they have a schedule for putting the news in. If they're coming in on Tuesday and they're printing it on Monday, that pushes the deadlines back everywhere to get stuff done during the weekend, rather than on Monday and Tuesday. [Seattle]

Like the consumers, some participants did not see how the change to service standards would make a significant difference.

What I don't—the part that confuses me is with local first class. If the standard is one day and you're still open the same number of days, if you change the standard to two, what are you going to do with that mail for that extra day? Just let it lay there in a pile. I don't see where that's going to help them a bit. [Atlanta]

First class is first class. It's a dollar for a first class stamp, but dang it, you're going to get something for that dollar. It's first class and we're going to treat it like it's first class. It's going to get there. [Atlanta]

Some suggested a price increase would be an acceptable alternative.

I'll probably get thrown out of the room for saying this, but I think they could significantly raise their prices on First-Class Mail and improve their reliability. In other words, if they told me that a first class letter was a dollar, and I knew it was going to get there tomorrow in my local area and I was going to put an invoice in it, I wouldn't bat an eye because if I go to FedEx it will cost even more. [Atlanta]

Key Findings—Impact of Change to First-Class Mail Service Standards on Perceptions of USPS

Small business responses to the impact of the proposed changes to First-Class Mail service standards were similar to consumer response. In general, they felt that it would not have a significant impact on their overall impressions of the Postal Service. At the

same time, they would want to see improved reliability. A failure to meet the proposed service standards would have a negative impact on the brand and customer perceptions of service quality.

Regular mail is already perceived as snail mail, so I don't know how much slower the snail you can get. [Pocatello]

They're within the guidelines of what I thought they were anyway, so it wouldn't make a difference. [Atlanta]

Like consumers, some small businesses felt they were getting less service for the same price and that left them with a negative impression.

I think they're retreating. It's just that every other—what have the other companies done who have gone after the postal service and taken business away from the postal service is they try to be better than the postal service. Now, the postal service, instead of trying to be better, or make changes to be better, or diversify, which they have with packages and things like that, they're now taking a step backwards. [Chicago]

It's probably not going to make any impact, but the thing is it might alter our attitudes as one more piece of crap that we have to deal with from anywhere, not necessarily. "So great. Now, this is happening." [New York]

*Yes, when I see this, this negatively affects my attitude towards the Postal Service, not to the point where I'll change my usage, but I'm questioning now, "What else are they planning on taking away? What kind of b***** do we have to deal with this week?" [New York]*

Participants in the small business groups emphasized that the Postal Service needed to take steps and act more like a business to address the long-term issues. But they also emphasized that it needs to survive.

As much as we complain about the specific problems, it would be horrible to lose the post office, so we still want that to be there even though it has a lot of problems. It still needs to be there. [Pocatello]

Final Thoughts Regarding Proposed Changes to First-Class Mail Service Standards

Small business participants completed a written exercise to summarize their feelings toward the proposed changes. In general, most comments supported the proposals.

Proposal: Good - if they inconsistently perform and deliver when they say - ok with me and wouldn't write anymore. Glad to see cost-cutting measures like eliminating Saturday delivery. Question: Is the post office adopting newer technology? Do they keep up? [Chicago]

I think the proposed changes to First-Class Mail with regard to mail delivery is fine, as long as the postal service makes every effort to adhere to their new standards. [Chicago]

I've read your proposed changes and I applaud your efforts to make changes to keep the USPS in business. I don't agree 100% that you are making the first-class deliveries

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as quickly as you project, however I don't think one day will make a difference in a derogatory way. [Atlanta]

I applaud you for recognizing that changes must be made. Change what you provide, increase prices and give us some guarantees. Don't put Band-Aids on cut that is causing you to bleed to death. [Atlanta]

The service changes would not affect our business at all. We would be more affected by a change in attitude of personnel. Our invoices, checks and bills can go out a day earlier if need be - but the importance of this is negligible to our business. [New York]

I have no issues with the proposal. I own a business and know all too well the hardships brought on by a bad economy. Whatever cuts need to be made to stay in business, I would be supportive. Some postal service is better than none. [Pocatello]

I stand behind the proposal, we need to cut cost. [Seattle]

Of the 89 written comments, few were negative. Consistent with the group discussion, the primary concern was the change to local service standards.

I believe 1 day local should stay because I feel it takes no more time or effort to keep it that way. Over 200 can go 3 days because you can limit driving. Employee benefits - the employees can contribute, like every other employer does now. [Chicago]

After reading the notice of the change in the handling of First-Class Mail I was disturbed to see that it will no longer be a 1 day process. I utilize the mail service a great deal in my business and having to wait over 24 hours for mail to be delivered within my local area will cause a hindrance to my business. 20% impact. [Atlanta]

I have some serious issues with the US postal service changes. Please contact me back to discuss. [Atlanta]

I have contacted you on several occasions about issues that I have experienced with poor service from your organization. If you were a private business our ties would already be severed as I would not do business with such an incompetent group. To take away a day of service is unacceptable and to take longer with daily service is a joke and just another shot that isn't even flooring. What will tomorrow bring? [New York]

I think the move from next day to 2 day service for local mail is a big mistake. Can the cost savings be quantified for this change? The discontinuance of Saturday delivery is a reasonable cost saving move. I don't think most people and especially most businesses will miss Saturday delivery. The Postal Service needs more freedom to set rates and less control by congress. Eliminate the franking privilege. [Seattle]

Consumers (Alaska and Hawaii)

Key Findings—Importance of Mail to the Household

Consumer responses in Alaska and Hawaii were similar to mainland consumers. Sending mail remains important to consumers despite the increased use of email and online bill paying. Even if payments were made online, Consumers still liked to receive the bill by mail.

I am [more comfortable with mail vs. electronic]. It gives me a document that I can ultimately retain as long as I want. I don't have to worry about electricity going down or my computer frying, losing the databases I'm with. I'm very comfortable with the printed word.

Key Findings—Current Use of Mail and Other Methods for Sending / Receiving Different Items

Similarly, consumers' use of the mail to send or receive different items is similar to mainland consumers. The exceptions reflected the specifics of their location.

Financial Transactions

Local payments were often made in person, but out of state payments, particularly those to the mainland, were sent by mail. Bills that were not local were generally sent by first class mail.

I don't send a whole lot, mostly receive. Occasionally, a bill or something paid by mail, but that would only be the bills that are out of state sent by mail. Most of my bills are all going to—I can stop [in and give them] locally, so I don't really pay the local bills by mail.

Right now I pay all my local bills—I stop in or pay them in person. It's just one of those things that's just real easy to do here. It's a small place, and I can usually stop in on my way to work or back or whatever. It's not a long ways out of the way. It usually gets blended in with other things like shopping or something along the way. It's not a big deal.

It was critical that bills be received on time so they could be paid on time; timely delivery was of utmost importance. More consumers were starting to pay online for timely delivery.

It's strictly personal, on my own time. For instance, if I'm traveling, it's much more convenient to use computer-based. Then with your retirement, I'm often at another location near my son's house or my daughter's house. I work in different states or on vacation, and so it is becoming increasingly useful to use the computer-based. When I'm home, I much prefer to mail. Recently, I'm starting to use a computer-base, because I can make the payment on the last day it is due and get there in time.

Correspondence

When consumers were asked how they sent their correspondence such as greeting cards, personal letters etc, most used USPS First Class Mail. Again, consumers expected timely delivery.

I didn't know that you could send them any other way. [It's most important] That they get there in time so if I know how long it's going to take and I plan ahead of time to mail it in on time, I would expect that it will get there on time.

The transition to corresponding via electronically was also mentioned, notably for its speed.

Not a whole lot, really [use of mail for correspondence]. These days, between internet and phone and whatever, it's a lot quicker and faster to get a hold of somebody or whatever to use my phone or e-mail.

Documents

Depending on the sensitivity of the materials, these may be sent certified mail or express mail so that there is a better track record of delivery and service can be expedited. Sometimes the return method is dictated by the person/organization sending the materials.

I really don't have the decision. I just go in because we're closing or we're doing something and I sign the documents and it's right there. It's just that when the institution returns a copy to me, they always do it by mail. They don't ask me if I want to come in, they just send it to me by mail.

Other Items

In addition, to the items listed above, consumers identified several other items they send and receive and discussed the extent to which delivery times are critical.

Responses to Direct Marketing or Advertising Material were primarily done via First-Class Mail.

Only one consumer was using Netflix/Gamefly and stated that time was not critical.

In regards to magazines, consumers expected timely delivery. At least one consumer stated that it is irritating to receive a magazine late (up to 2 months) after it has already been available in the stores.

Consumers were anxious to receive packages containing orders from placed online or through catalogs as quickly as possible; this was particularly important in some of the more remote areas where it is their only way to receive certain goods

No one was currently receiving medications through the mail but several thought this could be a real possibility in the future. Equally, no one was receiving newspaper delivery through the mail.

Key Findings—First-Class Mail

Consumers classify First-Class Mail as:

- The kind that costs \$.44
- General or primary mail
- The standard delivery service
- Reliable, consistent delivery
- Mail that is the highest priority

Prior to taking part in the discussion, one consumer thought it was expedited or the “fastest service” of mail.

First-Class Mail was the primary mail method used. On average, about 90% of all consumer mail was sent this way. Convenience was key – you “send it and forget it”. Additionally, cost was a mentioned factor in preference of USPS First-Class Mail over expedited mail services.

The biggest reason I wouldn't use UPS or FedEx, for the most part, is because of the cost. The postal service definitely is the cheaper, easier way to send stuff without it costing an arm and a leg. Being in Alaska, like ordering things out of a catalog and whatever, like LL Bean, for example, it's about five or six days or so, I think, to get an order up here by mail. A lot of other companies send by UPS. I think I ordered some stuff on Sunday and got it on Wednesday through UPS, which is like a day or two quicker, at least, than mail but it's expensive. Like \$25—that's horrendously expensive compared to the mail.

Key Findings—Awareness and Perceptions of First-Class Service Standards

Consumers provided feedback as to what they would consider different levels of service to different destinations. In general, their impressions of the current service standards were either consistent with existing standards or somewhat longer.

Unlike the mainland consumers, those in Alaska and Hawaii believe USPS is meeting the current standards. In general, they did not have the negative stories to tell that were heard in the focus groups.

	Current Standard	Unrealistic	Outstanding Service	Long But Would Continue Using	Too Long / Would Find Alternatives
Local/Inter-Island	1 – 2	Same day	Same day, 1-2	2-4	5 - 7
Up to 200 Miles or Another Island	1-3	Next day, 2-3	Next day	4-7	5-7
200 to 1000 Miles	2-4	2-3	Next day, 2-4	5-7	7-8
More than 1000 Miles or Mainland	3-6	Overnight, 2-4	Next day, 2-6	Week+, 9	7-8

In general, Alaska and Hawaii consumers stated they would not make significant changes to the way they use First-Class Mail based on these any of these different standards, unless the actual standard were the times they considered to “too long.” In

this latter instance, consumers might switch to online payments and/or they would increase their use of expedited service like Express and Priority Mail.

One consumer stated there would be no point in using USPS if the standards were that long. One consumer in Alaska stated that while they might use First-Class Mail less, there are not a lot of good alternatives

Key Findings--Response to Proposed Changes to First-Class Mail Service Standards

Participants were e-mailed the document used in the focus groups that described the proposed changes to First-Class Mail service standards and were given the opportunity to read through the document before offering comments.

Consumers were not too concerned with the proposed time changes.

However, the one concern shared by all in Alaska is the closure of smaller, local post offices. Their concerns were that this could have detrimental effects on the communities given that there are no alternative to USPS mail in many of these remote villages and those in the Bush.

They understand the need for USPS to make modifications to reduce costs and feel the changes are practical. Most felt that the proposal would have very little impact on the way consumer send mail and that:

- One extra day will not make a difference
- If something needed to be delivered in a shorter time period than the new proposal calls for, they would send it priority mail
- One consumer said she might make more local deliveries in person or learn to make payments online

Consumers in Alaska and Hawaii suggested that they may have a small adjustment period to acclimate to the new delivery standards, but overall there will be little to no impact.

Only two consumers in Alaska and Hawaii felt they could offer any significant feedback on this proposal:

Honestly, I'd write something to Congress to tell them to get off their butts and help USPS out, to be honest, because I think it's the right. I think it was Franklin is the one that established it. Right? I mean I think it's something that we've had for so long; to let it slip away into this type of debt problem is wrong. We pay for a lot of things in our lives, but the one thing that's always been there has been our mail. It should be—everyone should be able to send and receive mail because not all—sometimes we don't have computers. Sometimes we don't have electricity. You know what I mean? You need to be able to have that service, so I think honestly that if anything it sounds right. I would send it to Congress. I would say, "You need to support the USPS.

I guess I would need to write to my congressman or my senator and tell them that I am in support of this change. Hopefully it'll reduce the US budget deficit. Does it affect the budget actually by reducing postal costs? If it does reduce the budget that the president is trying to do, then yes I would send a letter to the congress people.

Key Findings—Impact of Change to First-Class Mail Service Standards on Perceptions of USPS

For the most part, Alaska and Hawaii consumers' perception of USPS would not change as a result of this proposal

- They would not anticipate a reduction in quality
- Consumers understand that USPS is in debt and the changes are viewed as being practical
- One Consumer believes the changes in the proposal would actually be an improvement over the current standards

One consumer stated that her perception of USPS may change if reliability of service was reduced via the proposal.

U.S. Postal Service stands on a long history and a proud tradition, and the confidence that leaves the nation having it is outstanding, especially those of us who have traveled in other countries that are now aware that not every country has a postal service like we do. It would be re-evaluated. It would go into a timeout. What we have now is reliable. If it is just slower and more awkward, is it still, at least, reliable? I would think that some of the history would carry over, but I wouldn't know it until I experienced it.

Small Businesses—Alaska and Hawaii

Key Findings—Importance and Role of Mail for Business

All participants agree that mail is extremely important to the running of their business

It's very important. It's still how we deliver our invoices and our statements. It's how we receive, well probably 95% of our invoices from vendors and also often how we—very often how we get our parts from vendors.

The role of mail is relatively unchanged, though email and online communications are more prevalent

We are upgrading our software so that some of our invoicing can be sent via email but the bulk of it is people like to—still like to receive their bills in the mail.

Key Findings—Current Use of Mail and Other Methods for Sending / Receiving Different Items

Financial Transactions

Bills, statements and invoices were generally sent first class mail. Time is less critical; the key determining factor was reliability – simply that they arrive intact and on time.

Correspondence

General client and customer correspondence was handled either by email (ease of use, timely) or sent using first class. The determining factor here appears to be client/customer/vendor preference.

Documents

Time is of the essence so these documents are much less likely to be sent using first class mail.

Cost savings is also a determining factor for at least one company

Most of the time I would say they [time-sensitive business documents] FedEx them overnight. We have a national account with FedEx and so we get special rates.

Privacy was mentioned by at least one company for forgoing First-Class Mail in exchange for fax or in person.

We'll typically fax those because or do it in person face-to-face. We will mail things that the clients requests but they usually have personal information that is usually sensitive.

In the case of at least one business, a title and escrow company, nearly all business documents are sent Express Mail.

Advertising / Marketing Materials / Newsletters

These are sent either by email, Bulk, or First-Class Mail. Cost is the primary factor for these types of materials

Obviously, we're looking to save money, so we don't want to—we try to send it as cheaply as possible, but because we're on an island and all our customers are either on our island or another island, they're going to get it within one or two days anyway. Time is not a factor here, and so we just try to send it out as economically as we can.

Customer packages

These are usually sent either Priority or Express Mail so that they will be sure to arrive in a timely manner. At least two businesses use flat-rate boxes.

Key Finding—First-Class Mail

Participants correctly identify First-Class Mail as:

- “Regular mail”
- Mail costing 44 cents
- Mail that is given priority over book rate or box mail
- Be of a certain size/weight criteria

Participants expressed that First-Class Mail was important because it was a quick, inexpensive and reliable means of delivery for materials that are not time critical.

The vast majority of all mail sent from small business were sent using First-Class Mail (ranging from 75% - 90%). Expectations for First-Class Mail were simple – that it reaches its destination in a “reasonable” or “normal” amount of time. Its popularity of use was greatly influenced by the perception as the most cost effective and time effective.

As with consumers, expectations for delivery are relatively consistent with actual standards. Participants believe USPS is meeting the current standards, although destinations greater than 1,000 miles (to the mainland) are sometimes longer than they would like.

	Current Standard	Unrealistic	Outstanding Service	Long But Would Continue Using	Too Long / Would Find Alternatives
Local/Inter-Island	1-2	Same day	Same/Next day	2-4	2+, 5
Up to 200 Miles or Another Island	1-2	Same/Next day	Same/Next day	2-5	2+, 2-5
200 to 1000 Miles	2-4	Next day, 2	Next day, 2	4-5	4+, Week
More than 1000	3-5	2-3	2-4	5+	5+, Week+

USPS would see some changes to the way the participants use First-Class Mail given each of these different scenarios:

- Usage of First-Class Mail would increase on average, 20%, particularly to areas more than 1,000 miles outside their local service area
- For mail that is sent first class, cost is usually the determining factor, however:
 - If the actual service standards were those described as outstanding, businesses may use First-Class Mail more
 - The increases range from 20% to 90%
 - In some cases, businesses would no longer use express mail
 - If the actual services standards were those describes as too long, businesses would need to consider alternatives
 - They would try for more email
 - Use of priority or express mail would increase
 - One business would decrease use of First-Class Mail as much as 50%

Key Finding—Response to Proposed Changes to First-Class Mail Service Standards

Like other small businesses, most felt the proposal times were not very different from the current standards. However, there is concern about the possible closure of local post offices, particularly in the very rural communities or those located in the Bush where the post office is their life line.

The differences between the current service standards and those in the proposal were not viewed as being very different at all. Again, there would be very little change needed. Businesses may request expedited delivery of those materials that are particularly time-sensitive

At least one person would be sad to see Saturday delivery discontinued, but it would not have any meaningful impact.

In general, participants did not feel the changes in this proposal would have a significant impact on their business, nor would it impact the way in which they use first class mail. The exception to this is the one publisher:

As far as the periodicals we probably would, probably try and find a way to get a discount because I mean usually those have to be out by a certain date, and so sending it from one day to two days especially with our newspaper would be difficult.

In the few scenarios where it may impact the timing of delivery, business would resort to using express mail to ensure a timely delivery. Moreover, the changes detailed on the proposal would not have much impact on the level and value of service offered by USPS. It is still considered the “best value.”

As indicated by participant's responses, the proposed changes would have little impact on the Postal Service brand or small businesses' perceptions of service, mentioning that:

- Most are not surprised by the proposed changes. They were already aware of the financial issues and understand the need for adjustments.
- The changes do not seem unrealistic
- It would not have any negative impact on brand perception

Again, feelings were quite neutral, so there was not much feedback or critique offered. Responses include:

"As a business person I would say I understand that we all need changes. I think in general I would approve of the changes. I don't think they would be a huge deal for us."

"I guess I would address it to the Postmaster General of the United States. I'm not really sure. I would say that if that's what they need to do to be more cost efficient, then that's fine, because we understand in these times, these economic times that we're having right now, that everybody has to cut back on something—every business, and the post office is a business also. I'd say more power to them. Let them do what they need to do."

"To my postmaster, probably; the local postmaster. If I had problems with it, what would I say? That I don't have problems with it."

Large Commercial Accounts—In-Depth Interviews

Methodology

Research was conducted from August 3, 2011 through October 12, 2011. ORC International attempted to contact sources at a total of over 300 individual USPS customers and conducted substantive interviews with 17 individuals.

Throughout this research, ORC International maintained its strict policy of never revealing information about its clients or their interests to sources other than as explicitly stipulated under the terms of the research agreement. All of the research conducted in connection with this project was performed by ORC International in a strictly legal and ethical manner and in accordance with the client’s stated policies regarding research of this type.

The information in this report is based on those sources and techniques ORC International deemed to be the best available during the research period. Although all reported information is guaranteed to be the result of conscientious and resourceful investigation, ORC International cannot guarantee the accuracy of everything reported. Much of what is reported relies on the integrity and knowledge of the individuals interviewed. ORC shall not be held responsible either for the accuracy of the reported information or for any actions that the USPS may take based on this report.

USPS Customers interviewed were distributed by application and account type as follows:

Mailing / Shipping Purpose	National	Premier	Total
Payment	2	3	5
Billing	3	2	5
Direct Marketing	0	4	4
Periodical Delivery	0	3	3
Total	5	12	17

Summary of Research Findings

Interviews with knowledgeable sources across seventeen USPS customers indicate a number of trends in customer sentiment regarding proposed changes to USPS service. Distinct trends in customer concerns and expectations are observed for Billing, Payment, and Direct Marketing applications.

Key Findings - Billing Applications

General Use of USPS Services

The most significant driver of the decision to use USPS rather than an independent carrier is the cost of mailings. Even for billing applications requiring rapid, guaranteed delivery, USPS service is universally viewed as the only economically viable option for billing purposes outside of extremely rare circumstances.

For billing applications, speed of delivery is also a key factor. Timeliness of delivery is considered paramount for billing purposes, and USPS customers would be highly sensitive to significant changes in service standards. The significance of reliably fast delivery is driven by:

- The drive to realize revenue as soon as possible
- A desire to maximize the period of time in which bill recipients are able to remit payment.
- Legal restrictions which mandate that bill recipients be permitted a certain period in which to remit payment.

The most significant trend affecting the use of USPS services for billing applications is an increase in the use of electronic billing as a replacement for conventional hard-copy mailings. This has already had some impact on total volume of mailing and is a trend that is expected to continue for the foreseeable future.

The widespread effort to “go paperless” – to convert to electronic billing to the greatest extent possible is primarily driven by cost considerations (cost of both mailers and postage). The “speed of delivery” (seconds rather than days) is another attractive aspect of electronic billing. However, legal regulations requiring customers to “opt out” of paper bills – and a reluctance to do so, driven by a common “discomfort” with paperless billing has prevented this from having as large an impact as might be expected.

Use of First-Class Mail

Cost is the top concern driving the use of First-Class Mail for applications that require reasonably fast delivery (such as billing).

“Number one is keeping the cost as low as possible. I think number two is consistency around the delivery times – you know, if we’re putting mail into the system, if we expect it’s going to get to its destination in three days, that’s what it’s going to do. So that when we are calculating the dates that we’re sending things and we’re expecting from a customer to respond that we are giving them a reasonable timeframe to do that.” – Company 1, Financial Services

“We have to send out bank statements first class, they’re time-sensitive. If we were going to overnight all our First-Class Mail instead using FedEx it would destroy our margins.” – Company 3, Business Services

Reliability of delivery is another key determinant.

"I expect no delays. It doesn't get to the media mail – I know media mail takes longer and I don't know how it all works, but maybe there is some media mail bin that's not the first priority. So I assume [First Class Mail] to be a first priority." – Company 2, Publishing

First-Class Mail customers feel that First-Class Mail carries a certain "prestige" which has a perceived value with bill recipients.

"We also want the outside of the envelope to look like customers are receiving something important. And so because of that we send almost everything as First Class, because First-Class Mail looks better than standard mail." – Company 14, Financial Services

Lastly, legal requirements mandate the use of First-Class Mail for some billing applications.

Impact of Proposed Changes

Respondent customers are not especially concerned about the impact of proposed changes on billing applications. The proposed changes are widely described as "reasonable" and most express support for making these changes. Additionally, operational disruption resulting from these changes is expected to be generally minimal and there is general consensus that there will be no immediate major impact on volume of mailings.

Because as I said, it looks like basically what they have done is that they shifted the local mail delivery to take a little longer and there's some periodical stuff that doesn't affect us. I realize the Saturday delivery and stuff but three days you know every basically or less is what we're looking for. It works for us. We don't need our local mail to be delivered any faster than our nonlocal mail. [Financial Services]

Some interviewees did suggest that they would have to consider modifying when they send out bills or extend due dates to accommodate the change. However, they spoke of it in abstract as potentially affecting others rather than specifically impacting their operations.

The mail that we send out is produced in a nightly batch cycle from our mainframe computers. And it's all based on due dates and delivery dates. Their expected delivery dates. Because let's say we're sending someone their bill, we give them a certain number of days to have their check back to us. And let's say there was a change in delivery timing, or a delay in delivery timing then we would have to find some way to go into our... All of our systems, and we'd have to see if it was possible to either change the timing of when we sent out those bills... That's to say we'd have to send them sooner, or maybe we'd have to I don't know if it'd even be possible to extend the number of days a person has to pay their bill. Those would be the big changes. [Mail Service Provider]

However, it is noted that these changes are likely to increase the force behind efforts to "go paperless." This increased effort to eliminate paper billing is driven both by the

proposed changes and by the uncertainty about other possible, more problematic future changes (price, etc.).

The most common immediate concern is with regard to worries about specific facility closures. The closure of high-volume facilities could have a significant negative operational impact, however, it is not expected that high-volume facilities will be targeted for closure.

“It’s not going to hurt me. Closing post offices I can understand for some of the small rural ones. I think if they do it fairly, according to how much business is generated, how much mail is brought in, it’s okay. They’re right, how things are now is not sustainable.”
– Company 4, Non-Profit

Key Findings -- Payment Applications

Overall Use of USPS Services

The most significant driver of the decision to use USPS rather than an independent carrier is the cost of mailings. USPS service is universally viewed as the only economically viable option for payment purposes outside of extremely rare circumstances.

For payment applications, speed of delivery is also a key factor.

The most significant trend affecting the use of USPS services for payment applications is an increase in the use of online payment options as a replacement for conventional hard-copy mailings, for reasons previously discussed. There also could be more use of FedEx and UPS for critically important payments, i.e., high value payments.

Use of First-Class Mail:

Cost is the top concern driving the use of First-Class Mail for applications, even those that require fast (but not overnight) delivery.

Reliability of delivery is another key determinant.

“Let’s say we’re sending somebody a letter or a check or a bill or whatever, 1st class mail we know that if it doesn’t get there, that I will come back to us, and then we can make sure that we find some way to get that to the customer.” – Company 14, Financial Services

Impact of Proposed Changes

Interviewees were not especially concerned about the impact of proposed changes on payment applications. The proposed changes were widely described as “reasonable” and most expressed support for making these changes. Additionally, operational disruption resulting from these changes is expected to be generally minimal and there was general consensus that there would be no immediate major impact on volume of mailings.

One interviewee did not express any concerns about the impact of the proposed service changes on their incoming or outgoing payments. The other, however, did express

concern that they would have to consider the impact on when they send out bills to their customers or changing due dates to accommodate the longer delivery times.

It will affect us... Residents won't get their mail as fast and we won't get our revenue coming in quite as fast. We may have to change due dates on the bills before the penalties, because they'll be getting them later or else do them earlier in the month.
[City Government]

However, it was noted that these changes are likely to increase the force behind efforts to “go paperless.” This increased effort to use the Internet for both billings and payments which would eliminate mail volume was driven both by the proposed changes and by the uncertainty about other possible, more problematic future changes (price, etc.).

The most common immediate concern is with regard to worries about specific facility closures.

Key Findings -- Direct Marketing Applications

Overall Use of USPS Services

Mail services are extremely important to the three publishing companies interviewed. All were heavy users of the Postal Service.

Of course it's important. Mail, mail services and USPS are still as important today, as when USPS was the only option for mailing anything. I know a lot of larger newspapers are offering their customers online versions of the paper. Like your Washington Post. The people who subscribe to [Redacted] want a paper they can hold in their hands.
Company 8 – Printing / Publishing

The most significant driver of the decision to use USPS rather than an independent carrier is the cost of mailings. However, the major competitive alternative is Internet marketing. The speed of delivery is generally not seen as a significant factor for direct marketing applications.

“If it took 4 days, 5 days to get less than 100 miles, I guess you would just have to live with it. I mean, as opposed to FedEx ground or something like that being \$3 for a letter. I could live with it pretty much.” – Company 2, Publishing

A trend affecting the use of USPS services for direct marketing applications include the perception that the total volume of “junk mail” being sent has decreased the value of using mailers for direct marketing (as such mailers are “competing” with a smaller volume of mailers).

Additionally, an uptick in the use of electronic marketing is affecting the use of USPS services for direct marketing applications, which competes for marketing budget with paper mailings.

“With people getting hit so bad with e-mail offers, some vendors more than once a day, we found that we have about 45 percent of our customer file no longer wants our e-mails.” – Company 9, Retail

Use of First-Class Mail

Cost makes First-Class Mail an unpopular choice for most direct marketing applications. Because speed of delivery is considered a secondary priority, the speed of First-Class Mail is not seen as offering significant value for these applications. Reliability of delivery is also a secondary concern, as is return service.

The primary value of First-Class Mail for direct marketing applications is the perceived “prestige” of First-Class Mail for specific, targeted marketing.

“First Class is very valuable because of the impression it gives to the recipient, but for the marketer, there’s a choice to be made whether you want to pay more premium for first class or go with another class of service that’s going to get it there the same time. And I think the decision comes down to whether or not you want to pay the premium because there’s a perceived value with seeing ‘first class’ on the envelope.” – Company 12, Telecommunications

Impact of Proposed Changes:

Respondent customers are not especially concerned about the impact of proposed changes on direct marketing applications. The proposed changes are widely described as “reasonable” and most express support for making these changes. Additionally, operational disruption resulting from these changes is expected to be generally minimal. There is general consensus that there will be no immediate impact on volume of mailings.

However, the most common immediate concern shared is with regard to worries about specific facility closures.

Key Findings – Periodicals and Newspapers

Overall Use of USPS Services

For both periodical delivery and general business correspondence, the most significant driver of the decision to use USPS rather than an independent carrier is the cost of mailings. Publishers rely heavily of the Postal Service and the discounted cost for Media Mail. None of the publishers interviewed employ third-party independent carriers for periodical delivery.

Given the volume of their mailing, they are very price sensitive.

We’re sending out – I don’t know, every other month, 700,000 magazines, so 1-2 cents makes a huge difference to us as far as our bottom line, when there is a price increase. And being able to qualify for certain different rates, like sometimes if people ask for them or not ask for the magazines, that’s also a big thing for us, getting the different tiers and trying to figure out what’s the best rate we can get for the amount that we’re sending. Company 2 – Printing / Publishing

Speed of delivery is generally not seen as a significant factor for periodical delivery. At the same time, they do count on on-time delivery.

A key trend affecting the use of the U.S. Postal Service for periodical delivery is an increased demand for online rather than print publications. Some publishers expect that this may result in

an increasing percentage of their customers accessing publications electronically rather than receiving mail delivery.

Use of First-Class Mail

Cost makes First-Class Mail an unrealistic choice for periodical delivery applications. Because speed of delivery is considered a secondary priority, the speed of FCM is not seen as offering significant value for these applications.

Reliability of delivery is also a secondary concern, as is return service.

The primary value of First-Class Mail for publishers is for other business applications, not for publication delivery.

Impact of Proposed Changes

Respondent customers are not concerned about the impact of proposed changes on periodical delivery. The proposed changes were widely described as “reasonable” and “expected.” Most express support for making these changes.

We'd have to really drill down and try to figure out exactly how long every little thing is going to be. If it's just a standard that's going to take one day more across the board then – I understand. Times are tough. That's the way it is. Company 2 – Printing / Publishing

It does not come as a surprise. They have to do what they got to do to keep the post office going. The delivery of periodicals and newspapers with first class may seem to our customers as an improvement in service because first class always feels like you're getting the best delivery service, without going to guaranteed next day delivery, certified mail, or special delivery. For us, I do not see the proposal as a problem that would disrupt our business process for getting the publications to our readers. Company 8 – Printing / Publishing

Operational disruption resulting from these changes was expected to be generally minimal.

I guess we would have to plan more in advance or just set everyone's expectations to what the new thing is. If it's a global change, it's not going to affect just me, so everyone is going to deal with it, so everyone is going to know it's going to take a little longer, so. Company 2 – Printing / Publishing

However, one company was clearly negative and indicated that they would have to change the way they operate. Their negative response largely focused on a general feeling that quality of service from the Postal Service was decreasing and they felt the Postal Service should operate more like a business.

I guess the immediate reaction [to the proposal] is negative. I think somebody needs to run the post office like a business, and maybe... I don't know the inner workings with the Postal Service, but it seems to me I don't know if it's just totally mismanaged or what.

Well especially with - anytime anything takes longer to get from point A to point B, it impacts. It's going to take longer for customers to get their billing; it's going to take longer for us to get our money back, because a lot of customers pay for mail—mailing checks and stuff like that. It could have a cash flow impact. I don't know that it would, you just have to plan for mailing. And I know this is aimed more towards 1st-class not periodical, but being the business that we're in that extra day getting our product to our

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consumers is going to have a very negative impact on our consumers that come to expect this now. We're going to have to change the way we operate. Company 6 – Printing / Publishing

There is general consensus that there would be no impact on volume of mailings beyond the general trend to increased online delivery noted above.