



United States of America Postal Regulatory Commission
Washington DC 20268-0001
U.S.A.

14th January 2008

Dear Sirs

Docket No. PI2008-1: Service performance measurement systems for market dominant products

I represent Research International, a global market research company, and part of the WPP group. A specialism of ours is the measurement of Service performance, a service we have undertaken for many postal authorities around the world since 1987.

We write in response to Docket No. PI2008-1 in which you invite public comment on USPS's proposal for service performance measurement systems for market dominant products.

The proposal is based on the supposition that Intelligent Mail Barcodes would be used to capture service performance metrics for bulk mail and be representative and accurate enough to reflect the actual mailing and delivery performance.

We proffer that if service performance measurement is based on natural IMB adoption the selection of included mailings on which the bulk mail metrics would be based would be narrow, and would affect the representativeness of the measurement. Adoption would be likely to be skewed by geography, size of mailer, type of mailing or other factors. Moreover, we believe targeted measurement using seed mailings and including transponders would give more complete end to end measurement diagnostics that could record handover points between mailers, USPS, other suppliers and actual delivery at customer's address. We believe that these views should be explored further before defining a service performance measurement system for market dominant products.

1. International evidence

Pre sort bulk mail can be measured cost effectively using seed items as is shown in a number of countries around the world:

- ***United Kingdom** – Royal Mail measures standard bulk mail and periodicals all at various sortation levels. Results are accepted and audited by the regulator (Postcom), mailers and Royal Mail. The results are used to calculate compensation to mailers for poor performance.

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- ***France** - The project covers the major clients for La Poste and includes 5,500 receiver panelists.
- **Canada** - Admail is measured using a seeding methodology.
- ***Australia** - Australia Post measures first class standard bulk mail. Again, the seeding methodology and results are accepted by the major mail users of Australia and audited by the National Audit Office.
- **Denmark** – Magazine mail is measured from mailing house to delivery.
- **Germany** – Many mailers monitored throughout the country.

*These countries are monitored by Research International; others are measured by alternative suppliers.

2. Common ways for seeding bulk mail

Seed test mail items are included in the mailing either through seeding into the mailing database or preparing the items in advance and adding them to the appropriate tray/bag post production.

Whilst the principles are simple, the execution of seeding live mailings and gaining accurate “start the clock” information does provide a challenge. In our experience, there is not a universal “one size fits all” approach that fits all mailers. Mailers and mailings differ vastly in operations, size and complexity. We have developed two broad approaches to seeding from which we select and then mould to the operational capabilities of each prospective mailer.

Having a flexible approach to seeding, helps to gain cooperation from mailers to participate in the survey. Additionally, an ongoing good understanding, by the measurement contractor of the mailing industry is essential. These assets have led us to maintain, within the UK alone, over 400 distinct contributors (mailers, publishers etc) in the measurement process. In summary, the cooperation of mailers (whilst initially difficult to obtain) is possible, providing each situation is considered as unique and the seeding process is designed to dovetail into their mailing process.

Geographic distribution of seed items mirrors the actual mailing distribution to reflect mail flows. Mailers are provided with data in respect of their own seed items which, along with aggregated data for their particular network access point, provides identification of "fall to earth patterns", and thus the particular network problems which impact their operation.

3. Benefits of this approach

A. Radio Frequency Identification (RFID) transponders can be included within the prepared seed items. This enables key time events to be measured accurately without human error including initial handover to USPS and final delivery to the receiver through the use of "intelligent mail boxes" that electronically identify when a transponder is delivered. This approach allows the accurate measurement of the situation where multiple carriers are involved in the delivery process, each handover being recorded electronically through the RFID readers. USPS makes no mention of the possibility of using this technology in their submission and we believe it should be explored further.

B. Much wider representivity of actual mail profile can be achieved. There are no limitations due to size/shape or machineability and therefore there is no need to exclude these types of mail from the measurement process and results. In fact the overall measurement produced, much more closely represents actuality as there is clear evidence that mail items which require manual handling experience a lower quality of service.

C. There is no requirement for mailers to move to IMB's to be included in the measurement process. However, the inclusion of IMB data where present will clearly enhance the measurement process.

D. A true independent end to end measurement (hand over to delivery) can be achieved that does not rely on IMB reads.

Without the necessity of IMB's, and using seeding lists and representative mailers of the market in its entirety, an overall performance figure that is truly reflective of reality can be gained. With a precise measurement methodology (including RFID transponders) there can be no doubt or question on what the overall performance figures are. The results can be aggregated to give mailers information not only of their own mailings but information for other regions, classes and types of mailing. This allows mailers to plan and select a mailing tax and type that best meets their delivery requirements. It could also provide for a single representative figure of performance that could be accepted by all, irrespective of whether a mailer uses IMB's or not.

4. Summary

We believe that world-wide practice suggests that measuring quality performance with seed items can be applied within the bulk segment. Moreover, such an approach would give a more representative and independent view of the true quality of service of various mail types that an approach based on natural adoption of IMB's could not hope to do. In adopting the approach outlined above we also believe that a greater depth and texture of information can be obtained and improve service imperfections that IMB's may not highlight.

Yours faithfully,

Nick Brice
Director – Service Measurement
Research International

Background Information

Research International is the world leader in custom market research services. Our experience in running transit time measurements in the postal and logistics sector is second to none. We played a key role in designing and developing appropriate methodologies in the late 80s, which have formed the basis for such measurement around the world today. We have continued to develop these in line with advances in technology and changes in focus for the measurements.

We run a number of surveys around the world. In fact since 1987, Research International have generated and analyzed over 30 million test mail items on behalf of our postal sector clients.

Our wealth of experience has taught us to understand fully:

- How to measure and validate the Date of Posting;
- How to measure and validate the Date of Delivery;
- How to calculate transit time and hence Quality of Service;

We have considerable experience, both domestically and internationally, in terms of:

- Setting up surveys including statistical design and sampling, and in compliance with internationally accepted principles and standards;
- Sampling, recruiting, maintaining and monitoring the performance of panels of nearly 20,000 senders and receivers, private and business, across the world;
- Generating, preparing and distributing test items, with strict quality control over weights, sizes and addressing according to the survey design;
- Processing and entering large quantities of data accurately and efficiently through a variety of methods – scanning, manual data entry, Internet data entry;
- Managing large numbers of transponders (RFID-technology) and ensuring loss rates remain at a minimum. The use of transponders enables our clients to identify operational deficiencies in the pipeline;
- Delivering tailor-made, interactive client output via a variety of media;
- Creating state-of-the-art customized systems to help us with many aspects of the surveys via our in-house programming department.

Our specific survey experience is discussed below.

International end to end Measurement – UNEX

Research International won the International Post Corporation UNEX survey of priority mail in 1997. The study incorporated the use of transponders embedded in a sample of one million test items mailed each year between 23 countries including the USA, where we coordinated a continuous panel of over 300 individuals. Working closely with our clients and our sister Research International agencies, we were responsible for developing and managing all aspects of the survey including initial design, panel recruitment and management, building of customized systems, Internet data entry and transponder tracking and management systems. We have recently been re-awarded the survey for a further 5 years from July 2006, and it has been extended to 36 countries, again including the USA. Specifically in the USA, we now operate an innovative professional sender approach, giving an excellent random spread of seeding across the country.

Service Performance measurement experience world-wide

Various Research International units around the world also carry out a number of other domestic and international end to end surveys including:

–Canada

We have been awarded the main domestic end to end survey from 2008 onwards for mail measurement in Canada for Canada Post. The project involves approximately 450 panellists and 95,000 mail items annually.

–Austria

Domestic mail measurement in Austria for Österreichische Post AG. The project involves approximately 150 panelists and 45,000 mail items annually.

– France

Domestic measurement of bulk mailing in France for La Poste. The project covers the major clients for La Poste and includes 5,500 receiver panelists.

– Greece

Domestic mail measurement in Greece for the Postal Regulator – EETT. The project is aimed to replicate the domestic survey for the Greek Postal Office and involves 32,000 items of mail sent & received by over 100 panelists.

–Australia

Research International undertake the main domestic end to end survey for Australia Post covering stamped, metered, PP, Express and bulk standard mail.

International mail monitor for Australia Post involving the dispatch of standard sized business envelopes to 18 overseas cities from five Australian cities.

– New Zealand

Domestic fastpost, standard and business mail monitor for New Zealand Post involving 40 sending points and 142 receivers.

Domestic end to end Measurement in the UK

Research International has carried out service performance measurement for Royal Mail since 1987, firstly on their stamped and meter franked mail (both 1st and 2nd class), and later on other products. We are the contract holders for the following end to end measurement surveys:

- 1st and 2nd class stamped mail
- 1st and 2nd class meter franked mail
- 1st and 2nd class unsorted PPI mail
- 1st, 2nd, and 3rd class Bulk Mail products
- 1st and 2nd class Bulk Mail with editorial content, i.e. magazines
- 1st and 2nd class Reply paid services
- Parcels mail

All current contract surveys for licensed products have been successfully audited by KPMG, the auditors commissioned by the UK consumer organization.

Research International has carried out a variety of other Service performance measurement exercises, including:

- Mis-delivery of mail
- Courier Challenge, covering Q of S and customer care of Express services
- Survey of a customized high profile subscription magazine delivery service

- Election monitoring for Welsh Assembly and Scottish Parliament elections and European elections
- UNEX Add on study to measure Q of S for international items to Melbourne, Sydney, Dubai, Buenos Aires, Sao Paulo, Hong Kong, Tel Aviv, Delhi, Kuala Lumpur, Auckland, Singapore and Johannesburg.