

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

STATION AND BRANCH OPTIMIZATION AND
CONSOLIDATION INITIATIVE, 2009

Docket No. N2009-1

INSTITUTIONAL RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO QUESTION POSED DURING SEPTEMBER 30, 2009 HEARINGS
(PAGE 575, LINE 7)
(October 8, 2009)

The United States Postal Service hereby provides an institutional response to one of the questions posed by the Commission during oral cross-examination of Postal Service witnesses on September 30, 2009.

Responses to seven such hearing room questions were filed yesterday. The question at page 575, line 7 is faithfully paraphrased and followed by the response. Responses to two more hearing room questions are forthcoming.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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**RESPONSE TO QUESTION POSED DURING ORAL CROSS-EXAMINATION
ON SEPTEMBER 30, 2009**

TRANSCRIPT VOLUME 2 QUESTION – Page 575, line 7:

The Postal Service is to give information regarding the mystery shopper program and Customer Satisfaction Measurement as they feel comfortable with providing it and we will see if that meets our concerns.

RESPONSE

See the attached overviews of each program.

Mystery Shop Program

April 2008

Mystery Shop Overview Outline

- Overview
 - Purpose
- Reasons for Measuring
- Mystery Shop Evaluation
- Reporting

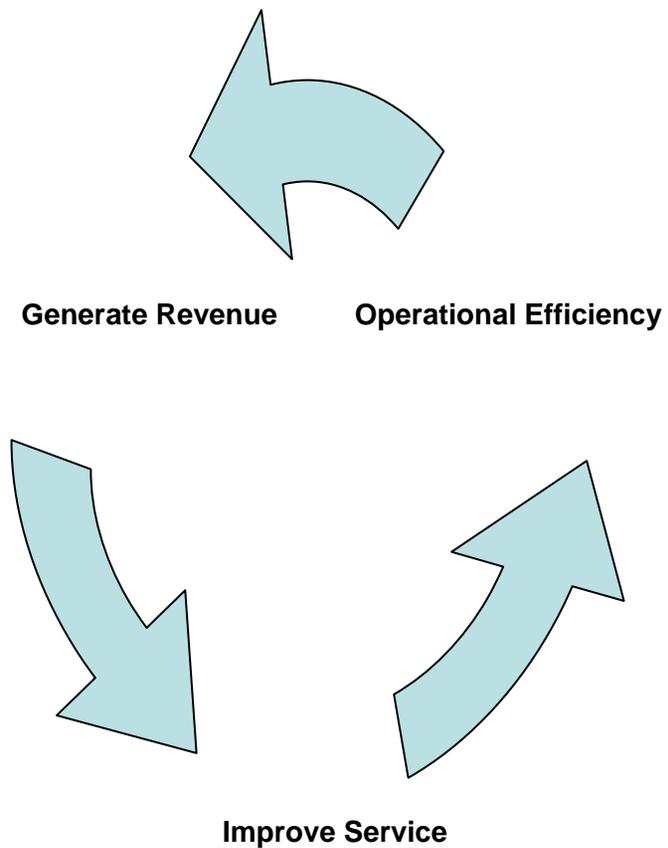
Mystery Shop Overview

Purpose

- Serves as “snapshot” of real-time customer service
- Identify training needs and sales opportunities
- Promotes positive customer relationships on the front line
- Provides diagnostic data that impacts customer satisfaction
- Augments Customer Service Measurement

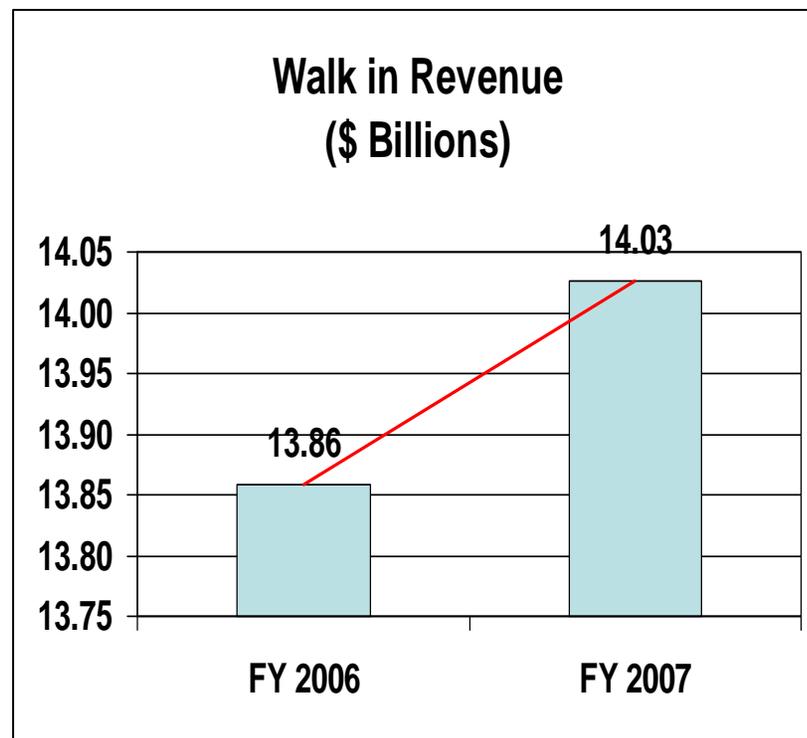
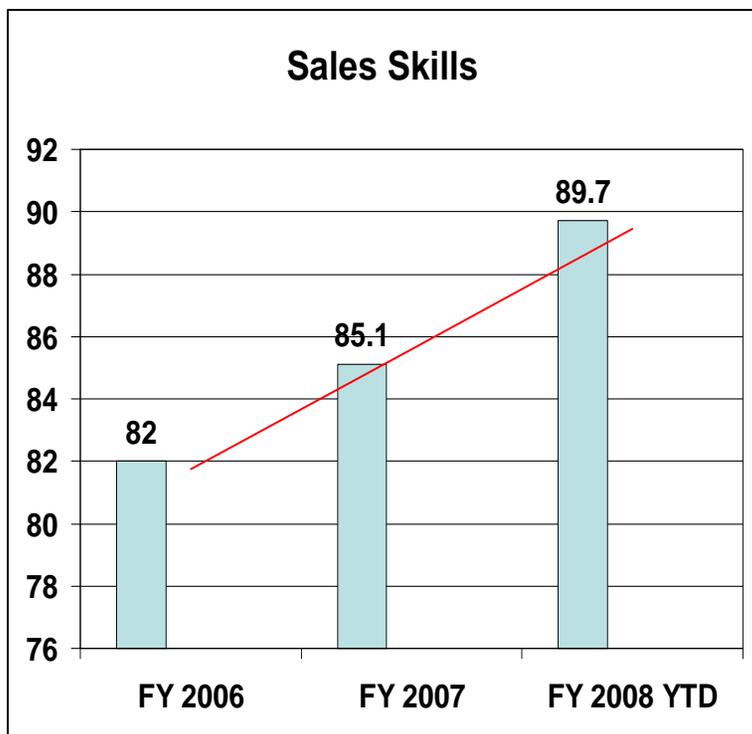
Reasons for Measuring

Reasons for Measuring



Reasons for Measuring Generate Revenue

- Relationship to Revenue Generation and Higher Sales Skills Scores



Reasons for Measuring Improve Service

- Service is key to success or failure
- Drivers of Customer Satisfaction*:
 - Short Wait Time in Line (5-10 minutes)
 - Knowledgeable Employee
 - Courteous and Professional Employee
- “What gets measured, gets done”

Reasons for Measuring Service Performance

- Mystery Shop Program an “objective” measurement of compliance for:
 - Wait Time in Line
 - Retail Standard Transaction
 - Retail Standardization
 - Hazmat Compliance

Mystery Evaluation

April 2008

Mystery Shopper Evaluation What is Measured?

Wait Time in Line:
(WTIL target of 5:00 or less)

Hazmat
(Aviation Security Procedures)

Sales Skills*
(Standard Retail Transaction)

Product Knowledge
(Product Features and Benefits)

Promotion and Merchandising*
(Retail Standardization)

Overall
(Overall Score)

*Image aspect in many questions

Mystery Shopper Evaluation

How is the information used?

- Service Improvement Initiatives
 - Retail Training
 - Extended Hours
 - Automated Postal Center Re-deployment
- Identify Areas for Coaching and Training
- Staffing and Scheduling Adjustments
- Measure effectiveness of training and internal processes.
- Sharing Best Practices of High Performing Units.

Mystery Shopper Evaluation What Offices are Evaluated?

- More than 8,800 retail units
 - POS ONE Locations
 - \$500,000+ Walk in Revenue
- Minimum of eight evaluations per retail unit per Fiscal Year
 - 70,000 Shops a Year
- Shop Types
 - Regular Shops
 - Random Shops
 - Dimensional Weight
- Evaluation Changed on Business Needs

Mystery Shopper Evaluation

What are the shop rules?

- A regular shop is assigned at least 21 days apart from another regular shop at the same office
- A random shop is assigned at least 5 days apart from a regular shop at the same office
- A shopper is not assigned more than 10 shops in a given postal week
- Shoppers cannot shop the same office consecutively
- Day of Week and time of day spread is tracked at the National Level

Reporting

Reporting

What is the confidence level of data?

- Confidence Level of Mystery Shop Data: 95% \pm *less than* 1% for Overall* Compliance
- Reporting: National Level

*FY 2007 Overall Score - Mystery Shopper

Reporting

How is data reported?

Recipients of data:

- Unit Manager/Retail Support
- National Performance Assessment
- Customer Service Measurement
- Retail Mapping Tools (ROAM)

Customer Satisfaction Measurement Overview of System

**Consumer Advocate
Customer Knowledge Management**

April 2008

CSM Overview

Background

- **Residential Measurement started 1991**
- **Business Measurement added 1994**
- **Changed from CSI/BCSI to CSM-R/B in 1996**
- **Survey and Analytics conducted by The Gallup Organization and IBM Global Business Services, respectively**

CSM Overview

Purpose

- **To provide ongoing assessment of customer experience with Postal products and services**
- **To provide rating and diagnostic results for important customer issues**
- **To identify opportunities for improvement**
- **To promote positive change by linking management actions with customer satisfaction**
- **To provide process-related information**

Reasons for Measuring To Improve Service

- **Strategic Transformation Plan Strategy**
 - **Improve quality of service at all customer contact points**
 - **Provide a level of service that exceeds customer expectations**
 - **Be responsive, consistent, and easy to use**
- **Satisfaction levels linked to customer spending**
 - **Repurchase**
 - **Recommend to others**
- **Delivery, Post Office, and Contact experiences are key drivers of overall customer satisfaction**

Reasons for Measuring To link to Business Success

- **High Level of Customer Satisfaction is vital to long-term business**
- **Consider:**
 - **Only 4% of all customers with problems complain and they will tell 9 other people**
 - **Satisfied customers will tell 5 people**
 - **Cost of acquiring a new customer is 5-7 times greater than retaining current ones.**
- **Customer loyalty**
 - **Customer retention and repurchase**
 - **Recommend to others**
- **Excellent customer satisfaction is one way to sustain a competitive advantage (differentiate)**

Reasons for Measuring How is the Information Used

- **Provides Overall Performance Trends**
- **Provides Customer-Focused Results Indicators**
- **Supports National Performance Assessment (NPA)**
 - **Retail CSM**
 - **BSN**
 - **BMEU Proficiency**
- **Supports Service Improvement Efforts**
 - **5 Star Customer Service Program**
 - **7 Step Retail CSM NPA Profile**
 - **Accuracy of Delivery**

Who Do We Survey?

Four Groups of Customers Interviewed

- **National Accounts** – 256 largest businesses with a representative/client relationship
- **Premier Accounts** – large business customers with a representative/client relationship
- **Preferred Accounts** – small/medium sized business customers
- **Residential Households** – mail delivery at home or post office box.

How Many Customers are Interviewed? Completed Customer Surveys in a Year

National Accounts	=	4,000 telephone or web-based interviews
Premier Accounts	=	12,000 telephone or web-based interviews
Preferred Accounts	=	350,000 mail or web-based surveys
BSN Customers	=	2,400 web-based interviews
BMEU Customers	=	36,000 mail surveys
Residential HHs	=	1,200,000 mail or web-based surveys

Where does the Sample Come From?

- **Sales**
- **Business Service Network (BSN)**
- **BMEU (Customer First)**
- **Dun & Bradstreet (Preferred Accounts)**
- **Experian (Residential Households)**

CSM Overview

Customers Talk to Us - Response Rates *

- **National = 25%**
- **Premier = 40%**
- **Preferred = 13%**
- **Residential = 22%**

What do we ask? Survey Design

National/Premier

Overall Ratings	Priority Mail	Bus. Reply Mail
Mail You Receive	Parcel Post	Internet
First Class Mail	International. Mail	Competitive Position
Standard Mail	Bulk Mail	Share of Wallet
Periodicals Mail	NAM Acct Rep	Problem
Express Mail	BSN Performance	

What do we ask? Survey Design

Residential

Mail You
Receive

Mail You
Send

Recent P.O.
Experience

Postal
Services

Overall
Performance

General Information

Preferred

Mail Business
Receive

Mail Business
Sends

Recent Postal.
Experience

Recent P.O.
Experience

Postal
Services

Overall
Performance

General
Information

How Data Are Reported Requirements

- **Precision Level: +/- 3%**
- **Level of Confidence in the Data: 95% for overall satisfaction**
- **Frequency: Quarterly**
- **Reporting: National Level**

How Data Are Reported

- **Quarterly Briefings to:**
 - **Board of Governors: Open Session**
 - **USPS Headquarters Managers**
 - **Consumer Affairs Managers in the Field**
- **USPS internal website**
- **Recipients of direct data feeds for:**
 - **National Performance Assessment**
 - **Marketing Summary Reports**

Key Uses of CSM Data

- **Field Projects**
 - **Implement service improvement initiatives; evaluate success before and after (e.g., Extended Hours, APC, PARS)**
 - **Combine with data on customer concerns from our complaint tracking system; identify where changes need to be made (e.g., Change of Address, Misdelivery)**
 - **Trend performance over time to measure effects of service improvement changes**
 - **Identify top performers to be models for poorer performers; sharing Best Practices**