

STATEMENT OF WORK **5-DAY MAIL DELIVERY**

BACKGROUND

The Postal Service has proposed reducing the delivery of mail from the current 6 days a week to 5 days a week as a way of reducing costs and improving its financial outlook. Market research is required to determine how this change would impact consumers and businesses. The information uncovered will reach the highest levels of the Postal Service organization and will be used in the preparation of materials provided to the Postal Regulatory Commission (PRC).

RESEARCH PLAN

The project will have two parts, qualitative and quantitative. The qualitative research will be used to understand the impact 5-day delivery will have on the customers, their likely actions.

BASIC OPERATIONAL CONCEPT

The Postal Service will eliminate the delivery of mail, except Express Mail, to street addresses on Saturdays. Express Mail will continue to be delivered 7 days a week. Delivery of all other mail will be 5 days a week, Monday – Friday. Collection boxes will be picked up Monday – Friday. Bulk mail will not be accepted on Saturday. Post Offices will remain open on Saturday. Delivery of mail will be made to Post Office Boxes on Saturday. Large remittance processors with Post Office Boxes will continue to pickup mail at Postal Service facilities on Saturday. There would be no processing or transportation of mail on Saturday.

QUALITATIVE RESEARCH

Objectives

- To understand the impact of 5-day delivery on consumers and business.
- Assess perceptions of the reasons for the change.
- Determine how customers will respond to the change i.e. adjust their mailing programs, switch to competitors, move to online bill payment, etc.

Qualitative Requirements

The supplier shall recruit, moderate and report on a total of 14 focus group discussions and 20 in-depth telephone interviews.

The focus group plan shall include:

Ten consumer focus groups, 2 with low income/center city respondents (household incomes of less than \$30,000), 4 with middle income respondents (between \$30,000 and \$100,000, and 4 with higher income respondents (household incomes of \$100,000 or more). For the middle income groups we want a mix of groups in suburban and rural areas while for the higher income groups we want a mix of city and suburban areas.

Eight focus groups with small to medium businesses defined as those with fewer than 100 employees (to include both Preferred Accounts and smaller businesses). Among these groups, 2 shall be with exclusive users of the Postal Service's shipping products (Express Mail, Priority Mail, Parcel Select, Parcel Post, Media Mail), 2 with users of UPS and/or FedEx shipping products as well as Postal Service shipping products, 2 with users of Standard Mail, and 2 with users of transactional First-Class Mail, that is, for billing, payment, advertising and general

communications purposes. These focus group discussions shall be distributed across the New York City, Chicago, Atlanta and Seattle markets.

20 in-depth telephone interviews with executives of major accounts, i.e. National and Premier Accounts. Among these, 5 shall be responsible for direct marketing activities of their firm, 5 shall be responsible for billing activities or other large volume transactional First-Class Mail applications, 5 shall be responsible for payment activities, and 5 shall be responsible for shipping and/or distribution activities. These shall be spread across the following key industries: manufacturing/wholesalers, printing/publishing, retail,etailers, mail order, utilities, financial/banking, telecommunications, services, government, and mail service providers.

The supplier shall be responsible for recruitment including use of purchased databases, discussion guide development, moderation, facility rental, monetary incentives, analysis, written report and participation in a kick off telecon. A light meal shall be served to attendees and observers when the groups are conducted at a normal meal time. The supplier shall provide audio tapes (video not required) of each group, a written transcript of each group session, a written transcript of each in-depth interview, a draft report incorporating findings from all of the group sessions and the in-depth interviews and a final report following Postal Service comments on the draft report. The report shall include an Executive Summary section highlighting the key findings and a Detailed Findings section. The report is not to contain any implications or recommendations.

Supplier Deliverables

- Meeting via telecon to discuss goals and issues
- Recruitment for focus groups and in-depth interviews
- Moderation of focus groups
- Conducting in-depth interviews
- All monetary incentives
- Refreshments for focus groups
- Audio tapes of focus groups
- Transcripts of focus group sessions and in-depth interviews
- Draft written report
- Final written report
- Project management
- Weekly progress report via email to COR

QUANTITATIVE RESEARCH

Objectives

Develop the volume forecast during the first two years after the implementation of 5-day delivery and identify what changes (divert to an alternative or reduce volumes) customers will make.

Quantitative Requirements

The supplier shall develop a telephone or web based survey or a combination of the two at its discretion to meet this objective most efficiently and at the lowest cost. The supplier shall be responsible for questionnaire development, data collection, data analysis and written report of the findings including a draft report and a final report following Postal Service comments on the draft report. The report shall include an Executive Summary section highlighting the key findings and recommendations and a Detailed Findings section. The supplier shall also participate in a telecon with the Postal Service prior to development of the quantitative research.

One population of interest is all commercial mailers, which includes the Postal Service's National, Premier, and Preferred customer segments. In addition, we would like to include small business customers, generally those with fewer than 20 employees that are below the Preferred customer segment. These businesses are not included in the Postal Service's managed accounts. The approximate distribution of managed accounts is as follows:

Tier	First Class Mail # of Mailers	Standard Mail # of Mailers
National	235	231
Premier	22,537	24,023
Preferred	311,773	667,240
Total	334,545	691,494

Therefore, the survey shall be conducted among a sample of National Accounts, Premier Accounts, Preferred Accounts and non-managed small businesses in the following plan:

National	61
Premier	313
Preferred	313
Small	313
Total	1000

Adjustments may be made to this sample frame in consultation with the Postal Service after contract award.

The interviews shall be distributed across both the key industries and the key applications, so that each application is represented for each industry with enough replicates to make the findings meaningful. The key industries are: manufacturing/wholesalers, printing/publishing, retail,etailers, mail order, utilities, financial/banking, telecommunications, services, and government. The key applications are billing, payment, shipping, advertising, periodicals and general communications.

We will need to ensure that the estimates reflect both the volume which the customers control and the volume which mail service providers control.

Another target of interest is the household consumer. Therefore a nationally projectable sample of 1,000 households shall also be included in the research and included in the development of the volume and revenue forecast.

Additional Supplier Requirements

The supplier shall be required to support a filing with the PRC which involves the following two activities.

The supplier shall provide a draft library reference and a final version incorporating comments by the Postal Service. These are to contain only a detailed explanation of the methodologies, and their rationales, for both the qualitative and the quantitative phases.

The supplier may be required to provide a witness to answer interrogatories and testify before the PRC. Therefore, the supplier must demonstrate that a lead person on the assignment has experience in presenting testimony before a regulatory or judicial or other comparable

organization. If this is required, we will modify the delivery order to cover the work hours required to handle these requirements. To be able to accomplish this, please include the hourly wage rate for the lead person who will handle these requirements.

Supplier Deliverables

- Meeting via telecon to discuss goals and issues
- Sampling plan adjustments if necessary
- Sample selection from lists provided and other sources
- Questionnaire development
- Recruitment of respondents
- Any incentives if needed
- Completion of interviews
- Tabulation of data
- Draft report
- Final report
- Electronic tabulations
- Library reference
- Project management
- Weekly progress reports via email to COR
- Testimony witness

Postal Service Deliverables For Both the Qualitative and Quantitative Research

Lists of all National, Premier and Preferred customers, including contact information, in encrypted or secure form. These lists generally contain only one individual, usually at a high management level, at each firm including address and telephone number. Email addresses are not available. The supplier will have to screen at these firms for the most appropriate respondent for the focus group or survey. Because the small businesses are not managed accounts of the Postal Service, the supplier will need to purchase the appropriate sample to include them in both the focus groups and quantitative interviews.

Period Of Performance

The key factor in the scheduling of this project is that the due date for the report of the quantitative phase is no later than September 1. Therefore, we will start both the qualitative and quantitative research at the same time.

Key timing after contract award is:

	<u>Work days</u>
Telcon to initiate project	2
Completion of qualitative phase	25
Completion of quantitative phase	NLT September 1

Biding Information

This project is to be awarded to the supplier demonstrating best value.