

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

**INQUIRY CONCERNING SERVICE PERFORMANCE
MEASUREMENT DATA**

DOCKET NO. PI2016-1

**COMMENTS OF THE ASSOCIATION FOR POSTAL COMMERCE
AND MAJOR MAILERS ASSOCIATION**

The Association for Postal Commerce (“PostCom”) and the Major Mailers Association (“MMA”) (collectively, “Joint Commenters”), appreciate this opportunity to provide comments in response to Order No 2791, issued by the Postal Regulatory Commission (“Commission” or “PRC”) in Docket No. PI2016-1, Inquiry Concerning Service Performance Measurement Data, on October 29, 2015.

In the Joint Commenters’ view, the main purposes of the USPS’ service performance measurement and reporting system should be to drive service improvement and ensure that Market Dominant mail categories receive the level of service paid for in the price of the mail.¹ Further, consistent, reliable, and predictable delivery service is imperative in order for mail to be an integral part of multi-channel activities. When mail is not delivered within its service standard, its value is significantly diminished, with the costs of poor service to the sender

¹ See Docket No. PI2015-1, Comments of the Association for Postal Commerce, Idealliance, and National Association of Presort Mailers at 1 (April 8, 2015).

increasing as customer complaint calls rise, subscriptions become at risk of cancellation, and advertisers consider alternative media.

The Joint Commenters greatly appreciate the attention and consideration being given to the need for complete, correct, and timely service performance measurement of USPS Market Dominant products, including the recent efforts by the Government Accountability Office (GAO) as well as proceedings before the Postal Regulatory Commission.

In Order 2791, the PRC identified specific aspects of information it would like commenters to address. The Joint Commenters respond to each area set out by the PRC in our comments below.

I. Potential Deficiencies Impacting the Accuracy, Reliability or Representativeness of the Current Service Performance Measurement Data

Currently, there is no way to definitively determine the accuracy of service performance measurement data. The last report by the OIG was in 2012, and in Docket No. PI2015-1, the USPS referred to an audit plan it would be submitting to the PRC. To date, the USPS has not submitted this report, but the Joint Commenters look forward to reviewing it and submitting comments when the report is submitted.

In the meantime, to ensure ongoing accuracy, we recommend the PRC explore ways to periodically compare service performance measurement compiled by individual mailers or service providers with USPS service performance measurement of like time period, mail, and geography to ensure that the results are consistent.

Even with this lack of certainty, Joint Commenters have been able to identify certain areas where data limitations or other issues are likely resulting in service performance data that is not as accurate as it could be. In particular, the limitations created by the existing business rules around how Start-the-Clock and, to some extent, Stop-the-Clock, are determined could result in inaccurate service performance data. Here are just a few examples of issues/gaps we see in the existing business rules and practices for determining critical components of measurement (this is a subset of a longer list):

- The Start-the-Clock for USPS-transported mail from Detached Mail Units (DMUs) at mailer facilities should be the point when the postal transportation leaves the mailer DMU, yet the USPS does not start the clock for service performance measurement until the truck arrives at the postal facility, which leaves a gap of time where mail is in the USPS' custody but not being measured.
- The Start-the-Clock for mail drop-shipped to DSCFs should be the time the truck arrives for unload at the postal facility, but there currently is no accurate collection of the truck arrival time at DSCFs or DDUs. There often are disputes between the USPS and industry over actual arrival time versus the time the postal facility unloads the mail.
- A multi-stop drop-ship mailing, which gets held up at the first USPS facility of the drop ship, should have the Critical Entry Time (CET) of the original appointment at the subsequent stops, but this does not happen today.

To improve the accuracy of the service performance data, we strongly recommend the Postal Service and industry review the existing business rules, many of which were established in

2008, with an eye toward how technology, system, and mail preparation/entry have changed, then conform the Start-the-Clock and Stop-the-Clock used in reporting service performance data to current practices.

Joint Commenters have also identified aspects of the current service performance measurement process which may result in data that is not representative of the products or experience of particular mailers or groups of mailers. Because the reported data is aggregated at a high level (both operationally and geographically), it may not be representative of either mail in a specific geographic area or mail entered in specific ways.

As to geographic representativeness, limited data is available, and analysis of whether there is sufficient mail volume in measurement at a geographic level for each measured product category must first be performed. Then, further analysis by the PRC would determine whether the existing mail volume included in service performance measurement is sufficient or whether additional data is needed. We also recommend additional analysis be done for those geographical areas and facilities that are consistently low-performing. A deep dive may be needed for continued low performance. These additional reports would be given the PRC and the mailing industry to help better understand the data and what it means for on-time delivery moving forward.

In addition to geographic area, there are areas of mail whose characteristics cause their service performance experience to differ from the rest of the measured mailstream. When only aggregated data is reported (such as data only on end-to-end and destination-entered mail), mailers and the PRC cannot evaluate whether these subsets of mail are meeting service

performance standards. That is, their performance is rolled into the performance of the general mailstream, and the aggregated data obscures differences among the performance levels of particular areas of mail.

One example is that of mail that is forwarded/returned. Although the USPS recently announced that its R-IMb (Redirected IMb) program went live in August, we have seen no plans to incorporate separate reporting for these pieces in service performance measurement, or how such pieces will be handled by the USPS in terms of the Start-the-Clock or Stop-the-Clock for measurement, or whether these pieces will be excluded from measurement.

There are other mail areas not adequately addressed in the existing measurement system which we would like to see the USPS explore in collaboration with industry, including:

- Undeliverable-As-Addressed (UAA) mail needs better visibility to both mailers and the USPS since UAA adds significant costs to both. Forwarded/Returned UAA mail could be viewed separately from regular mail in service performance measurement, and in doing so, provide greater visibility to both the USPS and mailers. In addition, it would be of value to industry and the USPS to bring visibility to the volume of UAA Standard Mail that ultimately is treated as waste (disposed of by the USPS).
- FSS-processed volume versus non-FSS flats volume
- Mail processing method and workshare category within IMb Full-Service (in eDoc, such data is available)

- Destination-entered SCF mail should be broken out to track and report on compliance with 3- and 4-day Load Leveling service standards. With the growing emphasis on multi-channel, the USPS would do well to provide greater detail that would allow mailers to better plan entry and delivery of their mail. Marketers want predictable and consistent service so they can reliably plan and staff for customer service in their back-end call center operations triggered by responses to direct mail campaigns. Predictable and consistent mail service performance could help grow direct mail volumes significantly, which would benefit all users of the mail. Without data at this level, though, mailers cannot evaluate the performance of this mail and cannot plan accordingly.
- Mail flows matter in terms of both costs and service. Due to fewer touches of the mail, one should expect to see more consistency in the service performance data of a highly automated, low touch mail flow versus a more complex, high touch flow with more USPS handling operations.
- Mail flow comparisons involving USPS-managed transportation between acceptance and delivery versus more mailer-based drop ship transportation may eventually lead to future discussions of less generic service standards by class and more product specific standards, each with its own realistic service standard that marketers can actually rely upon.
- Last Mile impact on non-auto streams is being addressed with planned Bundle Tracking in 2016, and how this mail is reported in terms of service performance will be an important component in exploring measurement of other non-auto mailstreams.

The question of how much mail is needed in measurement to be statistically representative is an important one. Although we understand the challenges the USPS faces to ensure sufficient volume that is statistically representative is collected before reporting at a finer level, we nevertheless believe a finer level of reporting is needed. While the current level of reporting might be generally representative of the performance of the mailstream as a whole, it does not necessarily reflect the performance of all areas of mail.

II. Systematic Differences Between Mail in Measurement and Mail not in Measurement That May Impact Service Performance

The PRC asks commenters to, “[a]ccounting for product and service standard, discuss any systematic differences between mail in measurement and mail not in measurement that are likely to impact service performance.”

The Joint Commenters believe that there can be differences in the service performance between mail in measurement and not in measurement, based on the mail preparation, entry, and physical characteristics of the mail. While there are documented cases of drastically difference service performance for categories of mail in measurement (*e.g.*, Standard Mail letters vs. flats and destination-entered vs. end-to-end mail), the differences in service performance between the categories included in service performance measurement and some types of mail not included in measurement at all are less transparent. A prime example would be barcoded/machinable mail versus non-barcoded/nonmachinable mail, where the former is represented in measurement but the latter is not. The fact that the latter is not mail the USPS can process on automated

equipment means that it has a significantly different mail flow than mail in measurement and, accordingly, may have a very different service performance experience.

One way to determine whether the service performance measurement results of one type of mail are representative of pieces not being measured would be to establish procedures to periodically measure the service performance of the currently non-measured mailstream. Such measurement would be appropriate for some types of mail currently not in measurement where their characteristics or mail entry/preparation result in a significantly different mail flow than mail in measurement.

III. Actions the Postal Service Could Take to Increase IMb Full-Service Participation and Decrease Mail Exclusion from Measurement

The PRC in Order No. 2791 notes that the GAO report “suggests that ‘[t]he main causes for incomplete measurement of bulk mail can be broadly grouped into two different reasons: (1) mailers not applying a unique Intelligent Mail barcode [IMb] to each mail piece to enable tracking (trackable barcodes) or (2) lack of needed information.’” Order 2791 at 3 (quoting GAO Report GAO-15-756 at 14-15). The PRC asks commenters to “[d]iscuss specific actions the Postal Service should take to increase participation in the full-service IMb program.” *Id.* The PRC further asks commenters to “[d]iscuss specific actions the Postal Service needs to take to decrease the amount of mail excluded from measurement.” *Id.*

To appropriately respond to this question, it is important to look at each of the types of mail not currently included in service performance measurement separately, since the root causes

and potential USPS actions are different. Mail excluded from measurement largely falls into one of the below three categories:

- Pieces *eligible* to be mailed as IMb Full-Service, but *not* mailed as IMb Full-Service;
- Pieces *mailed* as IMb Full-Service but *excluded* from measurement for a variety of reasons;
- Pieces *not eligible* to be mailed as IMb Full-Service (or other trackable product category, e.g., retail parcels, etc.)

Pieces eligible to be mailed as IMb Full-Service, but not mailed as IMb Full-Service.

The USPS recently reported that about 88% of commercial mail *eligible* to be mailed as IMb Full-Service *is* being mailed as IMb Full-Service. This percentage, while it has grown over the past few years and is a strong percentage, should nonetheless be taken in context, as well as more clearly presented. In order to determine how to increase this percentage further, we need to:

- understand the size of the total universe of mail that is *eligible* to be mailed as IMb Full-Service,
- know the volume represented by the 12% of eligible pieces not being mailed as IMb Full-Service, and
- look at IMb Full-Service adoption levels at a finer product category level, in order to understand the types of mail not using IMb Full-Service.

We recommend that the Postal Service, for each mail category reported in measurement, include the percentage of IMb Full-Service adoption for that category (*e.g.*, for each separate category report filed at the PRC, include in the Narrative portion information on the IMb Full-Service adoption rate for that mail category for the quarter). We recommend the Postal Service provide this information to the PRC and the mailing industry so we have a better understanding of the types of mail not in full service so we can better understand the reason(s) and potential actions to increase adoption for that category. A finer break-out of adoption rates at the product category level would provide additional insight as to where adoption levels are weak, and help the USPS and the mailing industry devise a strategy to increase adoption.

Additionally, providing pricing incentives (*i.e.*, discounts) is always an effective method of encouraging mailer behavior. An enhanced discount based on cost and service performance differentials between Full Service-compliant and non-automation mail would likely encourage more mailers to send eligible mail as Full Service.

Pieces mailed as IMb Full-Service but excluded from measurement for a variety of reasons. A significant percentage of IMb Full-Service pieces are *excluded* from the service performance measurement system, as reported by the USPS and noted in the recent GAO report. Similar to the need to look at IMb Full-Service adoption at a finer product category level, we need to look at pieces excluded from measurement at a finer product category level to answer the question of whether there is sufficient data for statistically representative service performance measurement.

To identify the product categories where mail exclusion percentages could result in insufficient data to support statistically representative service performance measurement, analysis must be done at the finer product category level. Using publicly available USPS data (see footnotes in attachment), we have prepared the attached chart, “USPS FY 2015 Volume in Service Performance Measurement.” This chart compares total mail volumes in the categories broken out by the USPS for purposes of service performance reporting to the PRC, and the percent of that total volume (which includes all mail, not just mail eligible for IMb Full-Service) included in measurement. As shown, despite the 88% IMb Full-Service adoption rate reported by the USPS for Standard Mail, only 49.49% of *total* Standard Mail volume was included in service performance measurement for FY2015 (Note: these numbers may differ from what the USPS has reported in terms of exclusion percentages since we are looking at the total volume in each category, not just mail eligible for IMb Full-Service).

In addition, the percentage of mail included in measurement varied significantly between product categories within the same mail class, ranging from a high of 58.78% for High Density/Saturation Letters in measurement, for example, to a low of 17.98% for High Density/Saturation Flats & Parcels in measurement. While there may be justifiable reasons behind such low percentages of mail being in measurement for some product categories, there needs to be more transparency around the adequacy of measurement at the product category level, as well as an assessment of whether the percentage is statistically representative for that category. And we believe this analysis needs to be performed at an even more finite level of product category to be able to gauge the representativeness of measurement data.

In an effort to make the representativeness of measurement and data exclusion more transparent, as well as to be able to understand trends toward improvement and where additional focus is needed, we would like to see the USPS report several additional metrics in its quarterly service performance reporting:

- The USPS should publicly report, on at least a quarterly basis, a Service Performance Measurement Mail Exclusion Report. Such a report should break out the percentage of mail volume excluded from measurement by mail class, by product category, and by top 5-10 reasons for data exclusion. For the top 5-10 reasons for data exclusion, the USPS should include a brief narrative describing the reason and any actions being taken to decrease the amount of volume excluded for each reason.
- The USPS also should report the percentage of excluded mail volume from service performance measurement by mail class, by product category, by District, and by service standard grouping. An additional column for this purpose could easily be added to the current USPS quarterly Excel spreadsheet service performance measurement reports filed with the PRC. (see hypothetical example below, produced by adding one column to existing USPS quarterly report filed at PRC)

District	Origin / Destination											
	Two-Day (DDU)			Three-To-Five-Day (SCT)				Five-Day-And-Above (BDC)				
	Percent On Time	Weights	Volume	Percent On Time	Weights	Volume	% Pcs Excluded	Percent On Time	Weights	Volume	% Pcs Excluded	
Capital Metro Area	N/A	N/A	N/A	95.2	1,276,693,749	1,276,693,749	56%	92.9	253,305,783	253,305,783	43%	
Atlanta	N/A	N/A	N/A	95.9	245,684,710	245,684,710	82%	90.2	61,817,119	61,817,119	55%	
Baltimore	N/A	N/A	N/A	96.9	147,803,036	147,803,036	23%	90.0	14,773,524	14,773,524	86%	
Capital	N/A	N/A	N/A	96.1	114,539,568	114,539,568		92.2	65,995,540	65,995,540		
Greater South Carolina	N/A	N/A	N/A	93.1	161,027,476	161,027,476		95.3	13,297,611	13,297,611		
Greensboro	N/A	N/A	N/A	95.0	179,455,142	179,455,142		95.2	67,046,387	67,046,387		

Hypothetical mock-up, adding one column to existing USPS service performance quarterly report

Additionally, USPS for some time has been regularly reporting to the Mailers Technical Advisory Committee (“MTAC”) the top 10 reasons for data exclusion for IMb Full-Service pieces not included in measurement at the mail class level. In January 2015, the USPS approved formation of an MTAC Workgroup (#167) to identify solutions for pieces excluded from service performance measurement. The effort concluded in April 2015, and the USPS subsequently reported a general improvement in reduction of data exclusion in measurement. Unfortunately, some key recommendations from the Workgroup have not yet been implemented by the USPS, and we believe doing so could result in continued decrease in data exclusion. We recommend that the USPS take the following actions based on the MTAC Workgroup’s recommendations:

- The USPS has implemented functionality in the Mailer Scorecard that IMb Full-Service mailers and mail service providers (MSPs) can access which provides them with their specific percentages of mail excluded from measurement. The USPS plans to add improved functionality, including ability to drill down into the data to obtain more information on pieces excluded from measurement, but that change has been delayed. We strongly recommend that this improved functionality be added as soon as possible so that mailers and their service providers can understand what pieces are excluded from measurement and why, and can take actions to address the issues.

- A simple “Service Measurement Exclusions” handout was developed by MTAC Workgroup 167 for this purpose which has been posted on the USPS’ web site (https://ribbs.usps.gov/intelligentmail_latestnews/documents/tech_guides/SPMExclusionsFactSheet.pdf). While we commend the USPS for posting the information, it is not easy to find and no industry-wide messaging has been performed to alert mailers and service providers to its availability. We encourage the USPS to perform such communication in timing with the enhanced Mailer Scorecard functionality noted above.
- The USPS should continue to report data exclusion from measurement by mail class and primary reasons, and work with industry through MTAC to continue reductions in exclusion. The USPS has not reported detailed measurement exclusion trends since MTAC Workgroup 167 was sunset in April 2015. In addition, the USPS gave only high level reports of decreases in measurement exclusion which it attributed to the Workgroup’s efforts. It is unclear whether the changes were the result of recommendations that were implemented, other actions taken, or simply an incidental result of increases in IMb Full-Service adoption percentage. More detailed information on changes in exclusion percentages should be presented by the USPS on a regular basis.

As recommended by MTAC Workgroup 167, the USPS should conduct regular customer webinars on what volume exclusion from service performance measurement means, how to determine what percent of your mail is being excluded, how to understand the reasons driving that exclusion and actions to take to reduce exclusion percentages.

Finally, less mail might be excluded from measurement if expectations regarding data accuracy. That is, while it is essential that data reported to mailers and the PRC is accurate, there are costs of pursuing 100% accuracy when 98% accuracy may be sufficient. Much of the mail excluded from measurement is excluded because its Start-the-Clock time or other features cannot be measured with 100% accuracy. Lowering expectations regarding the accuracy of some data might allow more data to be included, resulting in more meaningful information that is only slightly less than 100% accurate.

As an example, the Start-the-Clock time could be measured with an allowed degree of accuracy based on calendar day start. If the start the clock day is correct, then the exact hour, minute, and second of the Start-the-Clock timestamps only matters in borderline cases. It may be that more data could be included if 98% accuracy were allowed vs 100% accuracy only. Additionally, requiring 100% accuracy means that USPS is never required to explain data or address any “gray areas,”; instead, it simply excludes problematic data from measurement.

Pieces not eligible to be mailed as IMb Full-Service. This category includes nonautomation/nonmachinable letters/flats (First-Class Mail, Standard Mail) pieces, non-barcoded pieces (found in all Market Dominant mail classes), Standard Mail flats mailed at Saturation ECR prices (simplified address), Bound Printed Matter (BPM) flats (simplified address), and other categories where physical characteristics prevent machinability, or lack of a readable barcode prevent automated processing.

When the existing IMb Full-Service methodology for service performance measurement was designed and implemented, discussions around measurement of this category of mail were

tabled for future consideration in order to focus on measurement of the larger universe of IMb Full-Service mail. It was understood by industry, however, that at some point discussions between the USPS and industry would resume to see if there are inexpensive measurement solutions available for pieces not mailed with IMb or trackable barcodes.

With the technology and system advances in place today at the USPS and in the industry, potential measurement solutions for some mail in this category may now be attainable. Many other posts utilize the IPC's UNEX Mail Measurement System (UMMS), which uses RFID tags on mailpieces to track them between countries and produce service performance reports. While such methods may not be appropriate or cost-effective for all mail types currently not being measured, it may be for some. At minimum, sampling methods could be developed, or periodic measurement studies could be employed with the goal of first determining whether the characteristics of these pieces result in a significantly different service performance experience and, if so, how that performance could be measured. The USPS could perform a mail flow analysis of these mailstreams to compare against that of automation-compatible pieces in the same category being measured with the existing service performance measurement system to identify differences in processes, transportation, or other components that impact performance.

There also should be an effort by the USPS to quantify the volumes in this category, at least broken out by mail class, so that the USPS, PRC and industry can know the amount of volume not being measured in each mail class. Whether these are low-volume mail categories should not factor into *whether* their service performance is measured, perhaps simply *how* it is measured. As with currently measured low-volume categories, there may be practical

measurement tools, periodic studies, sampling methodologies or proxies that could be used to develop service performance measurement. All users of the postal system, regardless of the volume in their mail category, are entitled to receive the service they have paid for and to know whether service standards are being met by the USPS for its monopoly products.

IV. CONCLUSION

We recognize and appreciate the efforts from the Postal Regulatory Commission, the GAO, and the Postal Service in our continued joint effort towards development of a service performance measurement system that provides timely, actionable, and quality data that drive improvements and ensure that the value and relevance of mail are maintained by providing consistent, reliable and predictable delivery service. Nevertheless, there are still gaps in the data being measured and recorded that impact the accuracy, reliability, and representativeness of service performance data. We believe that the recommendations in these comments will help fill these gaps and provide a clearer picture to the PRC and mailers of the Postal Service's actual service performance.

Respectfully submitted,

Mury Salls
President

Major Mailers Association
11448 Chateaubriand Ave
Orlando, FL 32836
(407) 413-8535

/s/ Matthew D. Field

Matthew D. Field
VENABLE LLP
575 7th Street NW
Washington DC 20004
(202) 344-8281
mfield@venable.com
Counsel for Association for Postal Commerce

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