

REPORT OF THE CONSUMER ADVOCATE
ON QUALITY OF SERVICES PROVIDED BY
THE POSTAL SERVICE
TO THE PUBLIC

Oral Presentation
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INTRODUCTION

Shelley Dreifuss

TOPICS ADDRESSED

- Priority Mail
- Certified Mail, Return Receipt and Insurance
- Complaints Voiced Most Often by the Public and Solutions
- Customer Perceptions — Existing Surveys

Priority Mail

Shelley Dreifuss

In Prior Cases, the PRC Has Voiced Concerns About Priority Mail Service

- In Docket Nos. R94-1 and R97-1, Dr. John Haldi demonstrated that Priority Mail failed to meet its service standards more often than First Class.
- Again, in Docket No. R2000-1, Priority Mail trailed First Class by 5% or more for each of overnight, 2- and 3-day areas.
- The PRC reflected inadequate Priority Mail performance in the rates it recommended.

First-Class versus Priority Mail On-time Performance

	First Class (EXFC)	Priority Mail (ODIS)	Priority Mail (PETE)
FY 2001			
Overnight Area	94%	82%	89%
2-day Area	85%	68%	75%
3-day Area	81%	67%	Not reported
FY 2000			
Overnight Area	94%	84%	90%
2-day Area	86%	72%	80%
3-day Area	84%	70%	Not reported
FY 1999			
Overnight Area	93%	85%	90%
2-day Area	87%	74%	79%
3-day Area	86%	76%	Not reported

First Class versus Priority Mail, Average Days to Deliver FY 2001

Service Area	First Class, Single Piece (EXFC)	First Class, Single Piece (ODIS)	Priority Mail (PETE)	Priority Mail (ODIS)
Overnight	1.12 days	1.1 days	1.16 days	1.3 days
Two-day	2.07 days	2 days	2.26 days	2.5 days
Three-day	3.03 days	3 days	Not reported	3.4 days

In FY 2001, weighted average days to deliver:

First Class — 1.74 days.

Priority Mail — 2.27 days, quality deficit of 30%

OCA Calls to USPS Call Center

- When OCA staff members telephones the 1-800-ASK-USPS Call Center, they were informed that “Priority Mail is transported via the Express Mail network.”
- However, USPS witness Spatola testified that Express Mail is placed on night flights the day the mail is entered into the system. All other classes of mail go on day-turn flights, the following day.

Benchmarks from Consumer Reports' Test

- Fedex achieved a 97% level of success in its delivery of overnight and 2-day pieces
- UPS achieved 94% and 90% levels of success for overnight and 2-day services, respectively

Benchmark Range for Priority Mail

- Benchmark range 90 - 97%
- By the end of 5 days,
 - 97.3% of all Priority Mail has been delivered
 - 97% of 2-day Priority Mail has been delivered
 - 92% of 3-day Priority Mail has been delivered

OCA Recommendations for Priority Mail

- Give the public specific delivery times for First Class
- Advertise Priority Mail as a 2-5-day service
- It is reasonable to add the parenthetical phrase that Priority Mail is delivered to most locations in 2-3 days
- Make sure that all Call Center agents and Window Clerks use the 2-5-day statement
- Stop telling the public that Priority Mail is transported via the Express Mail network

Certified Mail, Return Receipts and Insurance

Pam Thompson

Certified Mail and Return Receipts

- **May 1999, Postal Inspection Service Report Found:**
 - During peak tax filing season, Post Office staffing levels were insufficient
 - Certified Mail (CM) delivery signatures were not obtained
 - Return Receipts (RR) were haphazardly filled out
 - Processing of duplicate RR requests were delayed
 - Customer complaints about RR increased

- **March 2001, Office of Inspector General Audit Report**
- **Audit Purpose: Identify Causes of CM delays, determine extent of the delays - 5 locations**
- **Findings:**
 - Similar to the USPS Inspection Report
 - CM delivery delayed up to 38 days
 - No standardization of CM processing, measuring and reporting
 - Acceptance of prior tax seasons lower CM delivery standards set a precedent
 - Tax authorities lost substantial interest income due to CM delivery delays - 1 of 4 revenue departments documented loss of \$280,000
 - USPS budget considerations factored into overtime decisions

USPS REMEDIES

- Educated carriers
- USPS facilities maintained daily contact with tax authorities
- Hardware and software updated to recognize CM “hot” fluorescent label
- USPS employees modified a facer canceller
- Incorporated remedies into FY 2002 action plans

USPS Objective Versus Goal

- For RR, the USPS treats compliance with the elements of the DMCS as a goal
- USPS refuses to commit to a specific level: of achievement, time frame and measurement

OCA Recommendation

- Until there is a firm commitment to comply with the DMCS regarding the level of achievement and time period to provide the service, customer may need to choose another carrier

Insurance

- It is stated USPS policy that 30 days to process insurance claims is reasonable
- Actual processing takes 62 days
- Customers do not understand what USPS insurance covers

OCA Recommendation

- Process claims in a timely manner
- Provide retail customers with clear and easily understandable insurance regulation information

Complaints Voiced Most Often By Public and Solutions

Kathie Klass

Ben Franklin Post Office at Noon

Customer Experiences -- A Major Issue



MANY POST OFFICES CHALLENGE CONSUMERS

- Long Time-Consuming Lines
- Few Service Windows Open
- When Clerks Leave, Windows are Closed
- Worst Service Times - Lunch and End-of-day

FOCUS GROUP INPUT

- Common Complaints
 - Parking issues
 - Confusion about USPS services
 - Unclear difference between classes of mail
 - Does the Postal Service provide an overnight service?
 - Confused about different types of collection boxes in front of Post Offices (Express Mail collection box vs. regular collection box)
 - Customers don't understand when to use what form
 - Unclear on whether clerk or consumer fills out forms
 - Post Offices hours often don't meet community needs

CUSTOMER SERVICE SOLUTIONS

- Parking
 - Lease facilities with adequate parking
 - Post Offices with limited parking, should offer 15 minutes street parking
- USPS Services
 - Develop a campaign about mail classes' expected delivery times
 - First Class Priority Mail Express Mail
 - Educational lobby posters about USPS forms
 - Educate consumers on completing forms

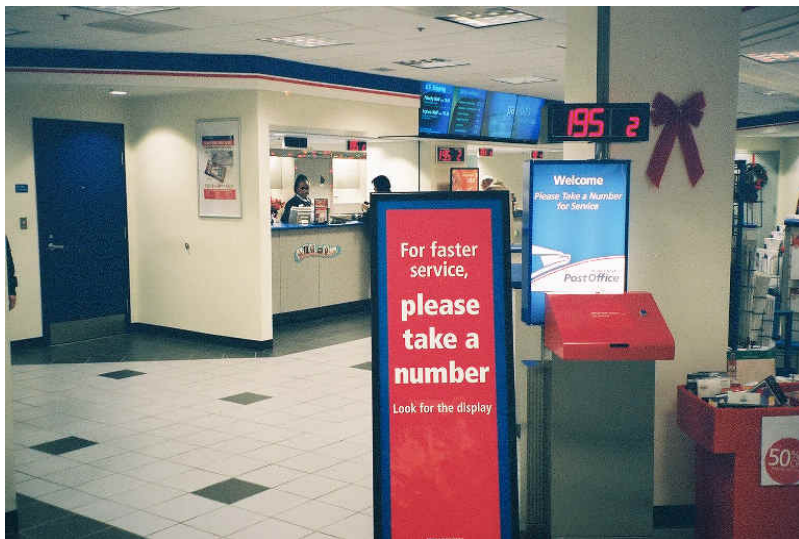
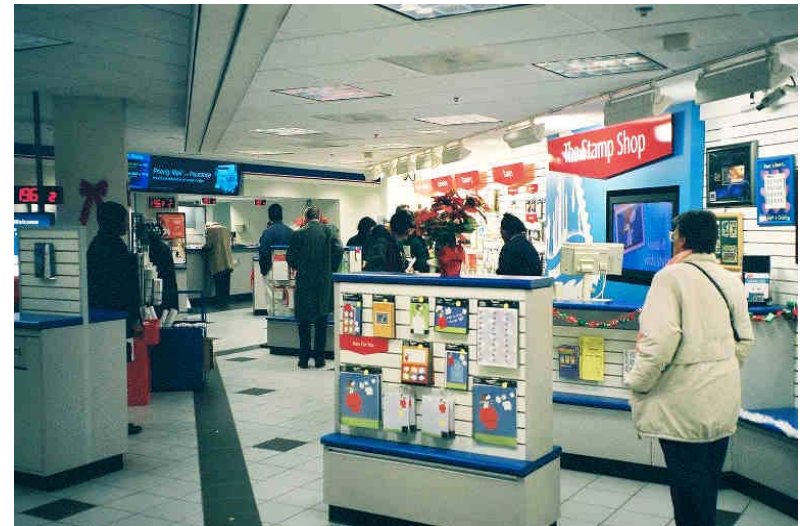
CUSTOMER SERVICE SOLUTIONS

- Collection Boxes in Front of Post Offices
 - Explain Express Mail on the box
 - Include information that First-Class mail will be delayed if placed in an Express box
- Customer Service Clerks Assist Consumers in Line with Package Pick-ups and Stamps
- Post Office that Fits Community Needs
 - Campus post offices open late morning
 - Bedroom community offices should offer evening hours

USPS HAS SOLUTIONS

- Stamp Only Lines
- Vending Machines
 - Add credit card friendly machines
 - Add coils of stamps in vending machines
- Easy-to-Use Self Service Centers
- Take A Number
- Easy to Understand Signs About Required Forms
- Long Counters That Parallel Service Lines

L'ENFANT POST OFFICE at NOON



CONCLUSIONS

- The Postal Service has solutions to long lines
- Consumers want efficient and fast service
- Consumers want to understand the benefits/costs of the services provided by USPS
- If consumers needs are not met, they will seek alternatives to USPS

Consumer Perceptions Identified and Measured by Surveys

Jed Smith

Consumer Perceptions—Existing Surveys

- Associated Press Poll, 1999: Shows satisfaction, but not strong satisfaction.
- American Customer Satisfaction Index
 - Customer satisfaction--financial success.
 - Postal Service score of 70 comparable to other government agencies but below UPS (78) and Federal Express(82).
- Consumer Federation of America: A “very favorable” rating from 65% of customers in terms of service--suggesting that there is a lack of customer equity for 35%.

Major Conclusions

- Postal Service gets overall favorable ratings for quality of service and performance.
 - Rated against competitors the ratings are lower, and the ratings by consumers are generally not “top box” when consumers are given a choice.
 - Implications for a utility-style market are favorable, but unfavorable for a competitive market.
 - Substantial room for improvement identified: Service improvements should be inexpensive.

Brand and Customer Equity

- Brand Equity: Discounted value of the future sales of the product.
- Customer Equity, the value of future business brought by the customer. Based on
 - Brand Equity (consumer acceptance of the product)
 - Customer relationships (Retention Equity)
 - Customer perceptions of value (Value Equity).
- Postal Service Brand Equity is clearly high.
- Concern over an “AT&T” situation--high brand equity, low customer equity, revenue erosion.

Purdue—Center for Customer Driven Quality

- One-Minute Internet Survey: Sent via Internet to 500 members of a panel of consumer managers; 87 respondents--good for this type of survey.
 - Majority of customers--satisfaction--but not “top box”.
 - 88% of consumers are satisfied or very satisfied with mail delivery.
 - 86% of consumers are satisfied or very satisfied with service received at postal facilities.
 - 70% of consumers believed a three-cent increase in the cost of a stamp is reasonable.
 - 74% of consumers believe that the cost of a First-Class stamp is right or a bargain.

Purdue—Center for Customer Driven Quality

- Second phase, Internet survey. Responses from 378 consumer affairs professionals of 2036 polled.
 - Consumers believe their mail service to be excellent or good, but the top box score was relatively low: only 24% of respondents believed service to be excellent.
 - Only 13% of consumers were “top box” satisfied with their experience in visiting a post office facility. Thirty-five percent were dissatisfied to some degree.
 - 27% of those who had used Priority Mail were “top box” satisfied.
 - Only 10% of consumers who have complained believe that the Post Office is always responsive to their complaints.

Purdue—Open Ended Questions

- Open Ended Questions--Problems Identified.
 - Long lines, poor service, inconvenient business hours, inconsistent delivery times.
- Items identified as favorable
 - Customer service, dependability/reliability, delivery services, price.
- Recommendations--increased focus on customer satisfaction, increased availability of credit payments at vending machines, availability of coils of stamps at vending machines, more staff/shorter lines, extended hours.

Phase Three: Telephone Survey

- Sample of adults in Lafayette/West Lafayette, Indiana: 197 replies/200 contacts.
 - Mail service--excellent or good (89%), but “top box” score of 36% is relatively low. 36% rated service “Excellent” and 53% rated service “Good”.
 - 58% believe that the cost of a First-Class stamp is about right; reasonable rate increase at 1.6 cents.
 - 23% of consumers top box satisfied in visiting a post office. 69% were dissatisfied to some degree.
 - 37% of consumers understood Priority Mail service. 18% of the 37% of users top box satisfied.
 - 51 percent of respondents believed that a 3-cent rate increase was too expensive.

University of Southern California Survey: “Business Decisions under Uncertainty” Class Project

- Student Surveys--Approximately 460 responses, generally in sub-samples of approximately 40 responses each.
 - Products: Percent of customers placing customer satisfaction in Top Two Categories.

– Express mail:	53%
– First-Class:	64%
– Priority Mail:	60%
– Certified Mail:	49%
– Delivery Confirmation:	41%
- Leads to conclusion that between 30% and 60% of Postal Service business is somewhat at risk to competitors.

Service: Percent of Customers Placing Customer Satisfaction in Top Two Categories

- Timeliness: 48%
 - Responsiveness: 22%
 - Insurance Claims: 27%
 - Buying Stamps: 58%
 - Mailing a Package: 44%
 - Picking up a Package: 36%
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- Negative implications for Retention Equity: mediocre degree of consumer satisfaction with the Postal Service.

Major Conclusions

- The Postal Service has a substantial reputation for integrity and delivery.
- Customers receive “Utility--Style” service.
- Top Box ratings are Relatively Low.
- Potential Future Problems.

