REGULATION OF SERVICE QUALITY FOR U.S. POSTAL SERVICE

Presented by:
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What Is Service Quality?

- Speed of delivery
- Reliability
- Customer Satisfaction
Why Regulate Service Quality?

- Required under the Postal Accountability and Enhancement Act of 2006
- Transparency and Accountability
- Incentive to lower service under a price cap
  - Lower costs
  - Improve retained earnings
Why Regulate Service Quality?

Change in Unit Cost and Inflation 2006-2009

- Trend in Unit Cost
- Trend in CPI

<table>
<thead>
<tr>
<th>Year</th>
<th>Cost per Piece</th>
<th>CPI</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2007</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2008</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2009</td>
<td></td>
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</tbody>
</table>
Measuring Quality of Service

Speed of delivery

- Service Standards
- High performance goals
  - Consistently met
Measuring Quality of Service

Reliability
- Performance measurement
- Mail Security
Measuring Service Quality

Customer Satisfaction

- Retail
  - Wait time in line
  - Complaints
- Current measures
  - Customer Satisfaction Survey
  - Mystery Shopper
Role of PRC in Service Quality

- **Service Standards**
  - PRC consulted with the Postal Service on setting realistic service standards for all classes of mail
    - Reflect current operations
  - Solicited comments from interested parties
## Postal Service Standards and Goals

<table>
<thead>
<tr>
<th>Mail Class</th>
<th>Service Standard</th>
<th>U.S.P.S. Goal</th>
</tr>
</thead>
<tbody>
<tr>
<td>First-Class</td>
<td>1 – 3 days</td>
<td>92% +</td>
</tr>
<tr>
<td>Single-Piece International</td>
<td>1 – 3 days</td>
<td>94%</td>
</tr>
<tr>
<td>Standard Mail</td>
<td>3 – 10 days</td>
<td>90%</td>
</tr>
<tr>
<td>Periodicals</td>
<td>1 – 20 days</td>
<td>91%</td>
</tr>
<tr>
<td>Package Services</td>
<td>2 – 8 days</td>
<td>90%</td>
</tr>
</tbody>
</table>
Role of PRC in Service Quality

- PRC approved the Postal Service’s use of internal and hybrid measurement systems
- Will closely monitor implementation
- PRC has issued proposed rules on reporting requirements for service standards
Measurement Systems for Service Performance

- **First-Class single-piece**
  - External measurement
  - Independent contractor
  - Seeded mail
  - Respondents
Measurement Systems for Service Performance

• Packages
  • Internal measurement
  • Delivery Confirmation scan
    • Clock starts at time of purchase
    • Clock ends when carrier scans delivery confirmation barcode
Measurement Systems for Service Performance

- **Bulk mail**
  - Hybrid measurement
  - Intelligent Mail Barcode (IMB)
    - Uniquely identifies each mailpiece
    - Tracking throughout the system
    - Actual delivery time from respondents
- **Concerns**
  - Mailer adoption rate for IMB
  - Representativeness of IMB mail
Proposed Reporting Rules

- Postal Service must report performance for all products
- Annually
  - National average performance
  - Variance from goal
- Quarterly
  - Regional (area or district) level reporting
  - Average performance by service standard groupings
Role of PRC in Service Quality

- Customer Satisfaction
  - Separate rulemaking for customer satisfaction data reporting requirements will be conducted
  - Results of customer satisfaction survey and mystery shopper program will be monitored
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