



Insights for the Mailing, Shipping and Retail Industries



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Our achievements of the last 3 years have built the foundation for future success.

Key USPS Accomplishments (FY11-14)



Consolidated 143 Mail Processing Facilities



Adjusted hours for 9,700+ Post Offices via POSTPlan



Enhanced product visibility and scanning



Enhanced Every Door Direct Mail (EDDM) product



New agreements with Unions & suppliers



Increased Intelligent Mail Barcode adoption



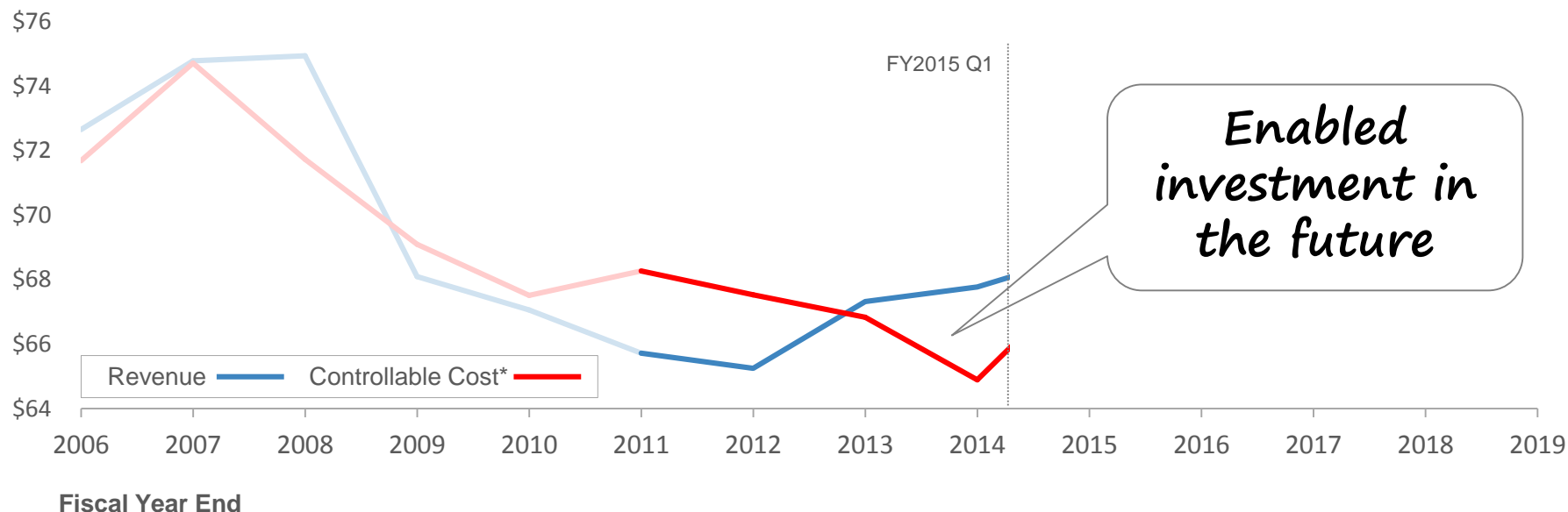
Improved customer access outside retail locations



Piloted innovative products & services

(\$) Billions

USPS Financial Situation: FY2011 - Present



*Before RHB pre-funding and non-cash adjustments to workers' compensation liabilities



PMG Focus Areas



Invest in the Future

creating opportunities for long-term growth and profitability in all areas – training and development, infrastructure, products and services, technology systems and data



Speed the Pace of Innovation

piloting new programs to drive growth and meet and exceed the needs of the customers we serve, as well as grow as a company



Engage and Empower Employees

provide employees the training and tools necessary to deliver the greatest value and experience to our customers



Focus on the Customer

provide excellent customer experiences across key touch points



4 Platforms Key to Future Success



Retail Platform

- Boost the demand for mail and packages
- Expand access and simplify induction points
- Create new ancillary government, financial, and retail services



Network Platform

- Leverage market-leading physical assets
- Incorporate evolving logistics solutions
- Develop a structure that fosters agility and innovation



Delivery Platform

- Expand delivery solutions
- Capitalize on the expansion of eCommerce and technology
- Optimize route flexibility and productivity



Digital Platform

- Leverage USPS's brand, trust, and reputation to drive profit
- Provide digitally-enabled security, authentication, tools, and insights to a broad range of customers



Mailing Industry

The U.S. mailing industry contributes to the economy with **\$1.4 T** in sales revenue and represents **4.6%** of U.S. Total Output



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The U.S. mailing industry consists of **7.5 million** mailing industry jobs.

The U.S. mailing industry provides **6%** of the nation's jobs.

73% of mail industry jobs depend on the USPS delivery infrastructure.



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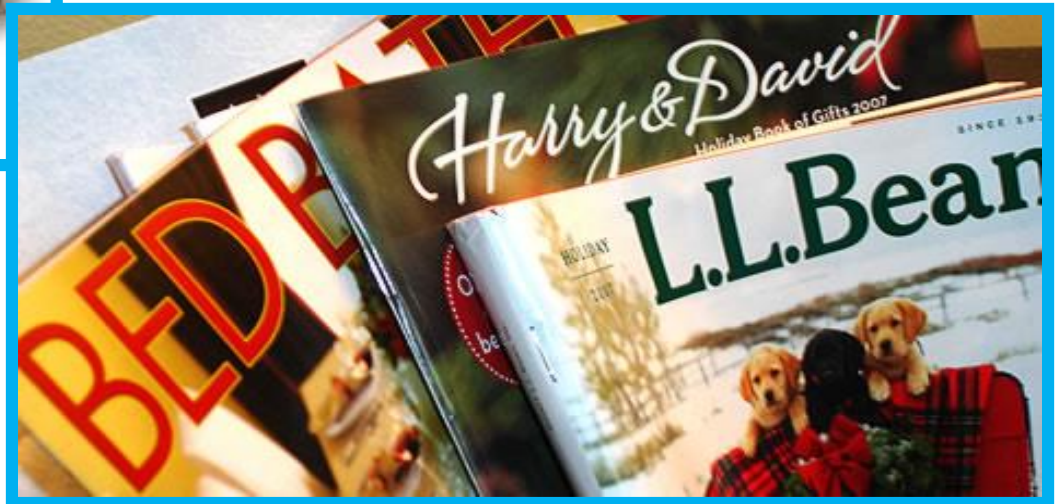


Sales of Mail Advertised and Delivered Goods and Services had an overall sales revenue increase of **9.9%** totaling **\$102.6** billion.

Direct mail at **7.4%**

Catalogs at **8.4%**

Internet shopping and mail-order grew 30% and generated **\$66 B** revenue.





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Behind every physical thing lies a **digital layer** waiting to be discovered



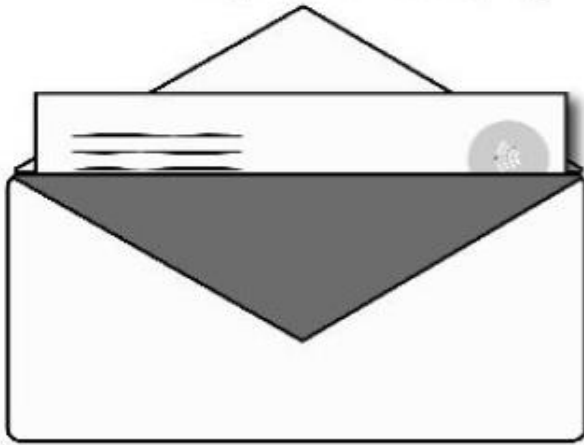


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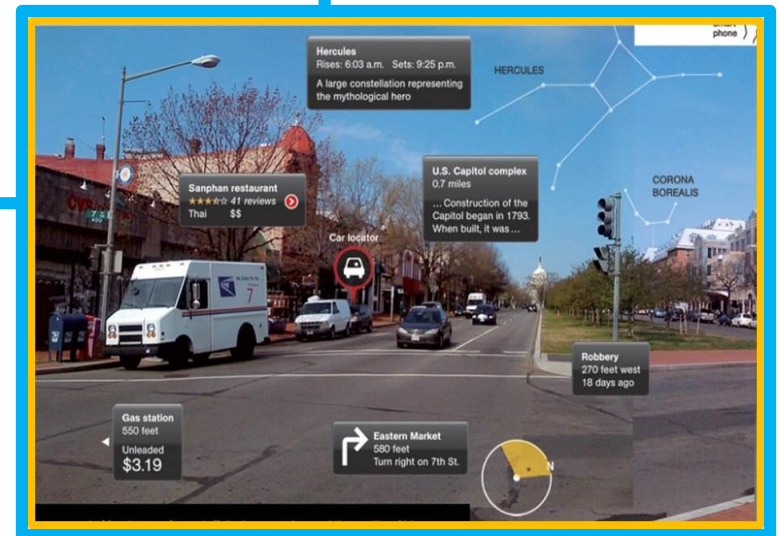
NFC in Direct Mail

Should you use near field communications in your next campaign?



Everyday life
can be
enhanced...

By adding a **digital layer**.

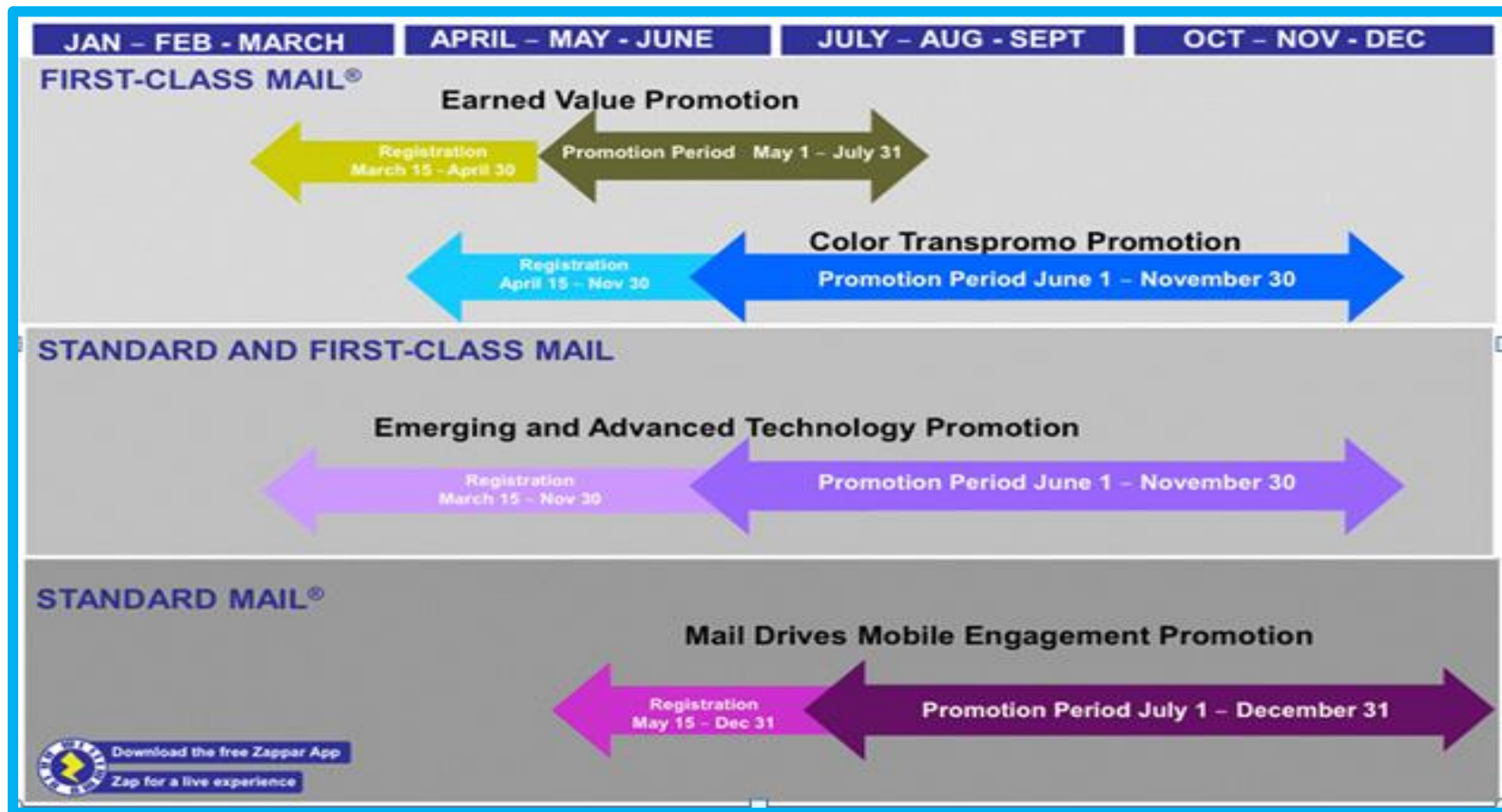




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Mailers could earn an upfront **2%** postage discount on mailpieces that incorporated an advanced print technology, included the use of **NFC**, or included an "advanced/enhanced" **Augmented Reality** experience.





Shipping Industry

Ground shipping has been and will continue to be the fastest growing product in the market.

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Industry analysts project the domestic package market will grow to 17.2 billion packages and generating \$100-120 billion in revenue by 2020.



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Ship-from-store" - brick-&-mortar retailers fulfill online orders from nearby stores

Retailer benefits of ship-from-store are faster/cheaper shipping, fewer mark-downs and better asset utilization



Best Buy Wins With Ship-from-Store

"It's not just that they've implemented ship-from-store — they're doing it better than everyone else... Other big-box retailers have rolled out ship-from-store, but Best Buy seems to have created a blueprint that is having a tremendous impact on its business."

— Kayon Hill, VP of Research, Delta Research



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Develop **alternative delivery** models



Capture the **growing urban consumer** market



Adapt approaches



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The Lyft logo, featuring the word "lyft" in a bold, rounded, magenta font.

Emerging competitors are ubiquitous and growing...



POSTMATES

The Instacart logo, featuring the word "Instacart" in a green, cursive font.

The LaserShip logo, featuring the word "LASERSHIP" in a bold, red, sans-serif font, with "LAST MILE DELIVERY" in a smaller, black, sans-serif font below it.





Retail Industry

51% of marketers expect the IoT to **revolutionize** marketing by 2020.



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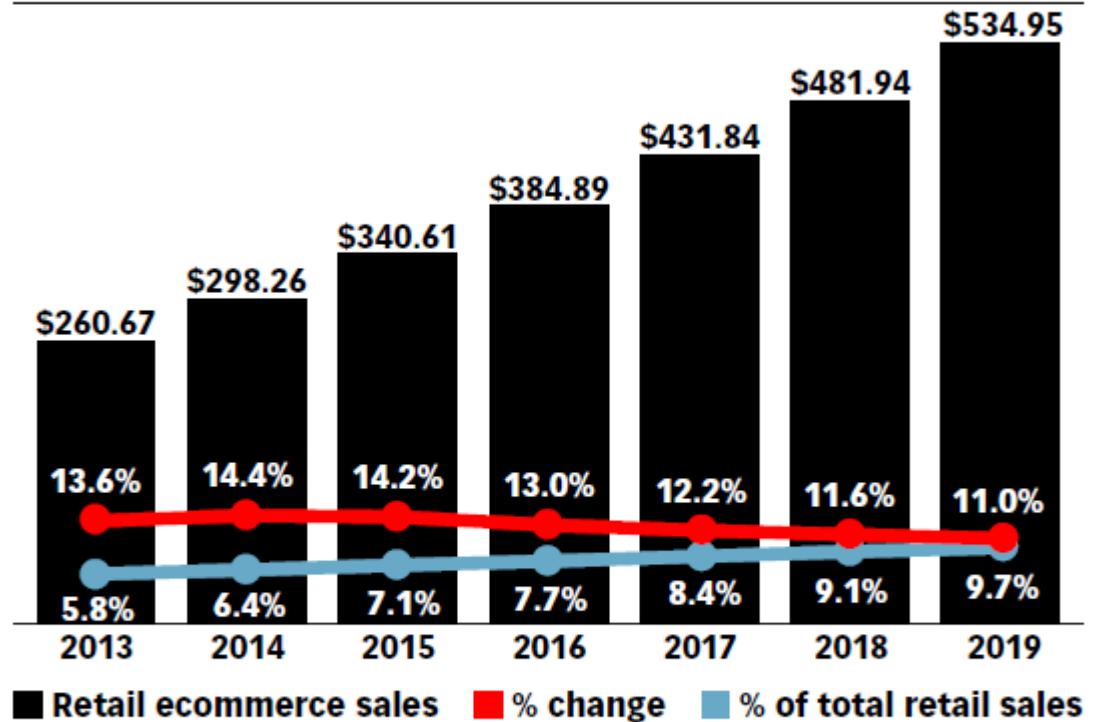
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eCommerce is
projected to **grow by**
almost **\$200B** over the
next 4 years

US Retail Ecommerce Sales, 2013-2019

billions, % change and % of total retail sales



Note: includes products or services ordered using the internet, regardless of the method of payment or fulfillment; excludes travel and event tickets
Source: eMarketer, June 2015

www.eMarketer.com



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Beacon technology has the potential to bring innovative solutions to marketing and shopping

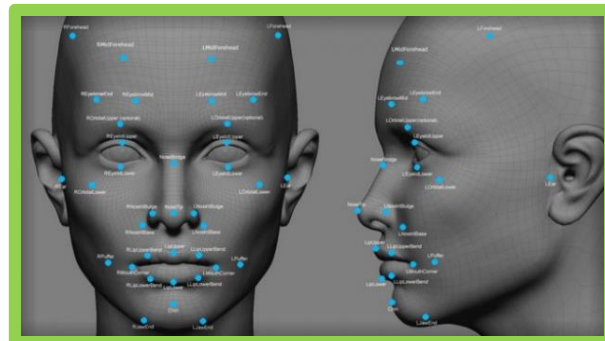
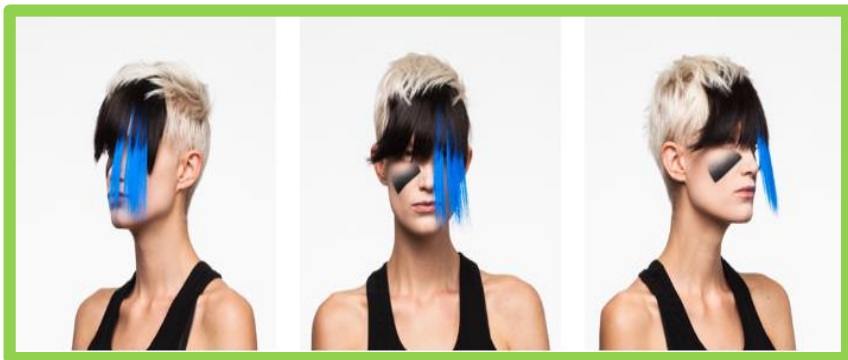


Works with **NFC**, smartphones and smart wearables to track consumer's movements





30% of retailers use **facial recognition** technology to track customers in-store, 28% of consumers believe it **contributes** to a positive shopping experience



Defeat facial recognition by obscuring: distance between the **eyes**, width of the **nose**, depth of the **eye sockets**, shape of the **cheekbones**, & length of the **jaw line**.

75% of consumers said they **would not shop** in a store that used **facial recognition** technology





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A **wave of change** is coming, what will we **do next to be successful?**

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