



Office of Inspector General | United States Postal Service

Audit Report

U.S. Postal Service Sales and Marketing Key Performance Indicators

Report Number 19RG003MS000-R20 | October 17, 2019



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Highlights

Objective

The objective of our audit was to identify and evaluate key performance indicators the U.S. Postal Service uses to evaluate and measure the effectiveness of its sales and marketing strategies.

The Postal Service collected \$70.6 billion in revenue in fiscal year (FY) 2018 — \$56.5 billion from commercial customers and \$12.6 billion from its retail operations. Over the past five years revenue has been relatively stable with an overall increase of about 4 percent from FY 2014 to FY 2018. However, the Postal Service continues to operate at a loss each year, with operational costs of \$74.5 billion in FY 2018, resulting in a net loss of \$3.9 billion.

Between FY 2014 and FY 2018, revenue from mail products changed significantly. Revenue from packages increased 59 percent, while revenue from First-Class Mail decreased by 12 percent. This is a direct result of changing customer demands, with digital communication replacing physical

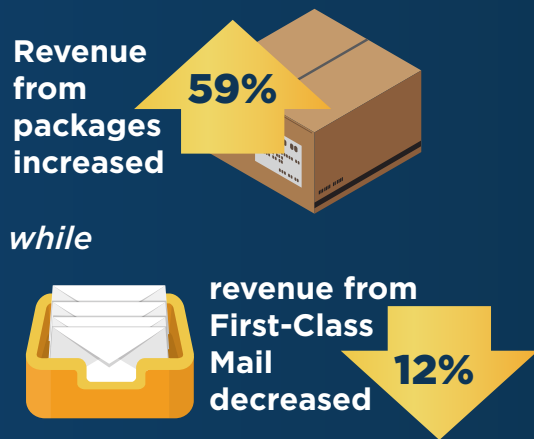
correspondence, while at the same time a rapid growth in ecommerce fueled a sharp increase in package volume.

Postal Service Sales and Marketing organizations are responsible for driving new revenue and retaining existing revenue streams. Revenue is generated across multiple product and service categories and from new and established customers.

The Sales organization is managed by the acting Vice President, Sales, and has over [REDACTED] Sales staff nationwide. They use several metrics that support overall revenue generation, with numerous metrics that measure key performance areas. The three most significant metrics that align to the overall objective of sustaining and growing revenue include:

- **Revenue:** Includes total revenue, revenue by product, and other categories such as customer size. Over the last four years the top [REDACTED]

Between FY 2014 and FY 2018



This is a direct result of changing customer demands, with digital communication replacing physical correspondence, while at the same time a rapid growth in ecommerce has fueled a sharp increase in package volume.



- **New Sales:** Represents new sales from small, medium, and large customers. Sales staff estimate and record the new sales amounts and management approves them. The Postal Service estimated [REDACTED] in revenue from new customers or new revenue streams from existing customers in FY 2018.
- **Retained Revenue:** Represents the amount of revenue that the Postal Service estimates its revenue retention efforts preserved or recaptured. In FY 2018, customers reduced their spending by [REDACTED] billion.

The Marketing organization, managed by the Vice President, Marketing, focuses on promoting Postal Service products, services, and its brand to help optimize sales and revenue. There are over [REDACTED] Marketing staff members nationwide spread across multiple groups, including Brand Marketing and Market Research & Insights. The Marketing organization develops and executes advertising campaigns, captures and analyzes customer sentiment, and assesses brand health. Key performance indicators for the Marketing organization include:

- **Return on Advertising Spend:** A measurement of the short-term value received for advertising dollars spent.
- **Brand Health Trackers:** Numerical scores that reflect consumer perception of both the Postal Service and its competitors, advertising effectiveness, and overall brand health based on surveys.

What the OIG Found

The Postal Service has meaningful performance indicators and useful supporting systems related to its Sales and Marketing strategies. However, we determined the Postal Service should enhance sales and marketing metrics through stronger more aggressive goals that are clearly aligned with revenue generation and retention objectives. Additionally, Marketing should independently validate contractor-generated Return on Advertising Spend and better align customer experience data sources. Specifically:

- **The Postal Service should have a revenue retention metric for large customers:** Over the last five years customer churn [REDACTED]. While the Postal Service has revenue goals

for its largest accounts, it does not have an overall metric for revenue retention for their largest customers. The Postal Service planned to expand its revenue retention metric to include the top customers but had not finalized this effort.

- **New sales and Revenue Retention goals should be more aggressive:** The Postal Service exceeded its new sales goals and revenue retention goals over the past five years. In FY 2018, the Postal Service exceeded its new sales goal by [REDACTED] and its revenue retention goal by [REDACTED]. Given the Postal Service's financial position, more aggressive goals could result in an overall increase in revenue.
- **Return on Advertising Spend should be validated:** The Postal Service lacks a process for validating its Return on Advertising Spend. Return on Advertising Spend is generated by the same contractor responsible for placing the advertisements and should be independently verified. Without independent validation, there is reduced assurance that advertising efforts are accurately and effectively measured.
- **Brand Health Trackers could be better aligned with other available Postal Service customer experience data:** The Postal Service could align its Brand Health Trackers with its other systems that capture customer experience, such as customer experience data from surveys and complaint data. This would allow the Postal Service to see where it can resolve issues that will have the greatest impact on customer sentiment.

What the OIG Recommended

We recommended the Acting Vice President, Sales, expand the revenue retention metric to include the top revenue generating customers and establish more aggressive new sales and revenue retention targets and develop strategies to meet those targets.

We also recommended the Vice President, Marketing, establish a process to validate contractor-generated Return on Advertising Spend and develop a process for aligning Brand Health Trackers with other available Postal Service customer experience data to increase customer satisfaction and improve overall opinion of the Postal Service brand.

Transmittal Letter




OFFICE OF INSPECTOR GENERAL
UNITED STATES POSTAL SERVICE

October 17, 2019

MEMORANDUM FOR: SHARON OWENS
ACTING VICE PRESIDENT, SALES

STEVEN MONTEITH
VICE PRESIDENT, MARKETING

Janet Sorensen 

FROM: Janet M. Sorensen
Deputy Assistant Inspector General
for Retail, Delivery & Marketing

SUBJECT: Audit Report – U.S. Postal Service Sales and
Marketing Key Performance Indicators
(Report Number 19RG003MS000-R20)

This report presents the results of our audit of U.S. Postal Service Sales and Marketing Key Performance Indicators (Project Number 19RG003MS000).

We appreciate the cooperation and courtesies provided by your staff. If you have any questions or need additional information, please contact Joe Wolski, Director, Sales, Marketing & International, or me at 703-248-2100.

Attachment

cc: Corporate Audit Response Management

Results

Introduction/Objective

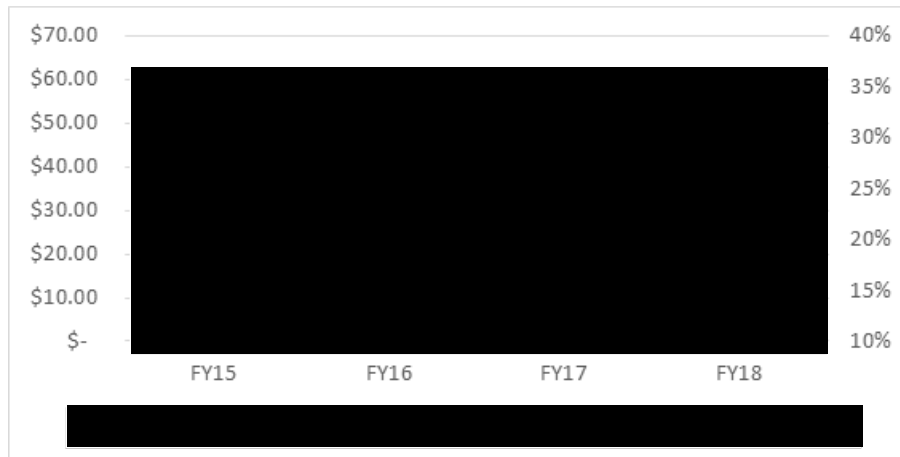
This report presents the results of our self-initiated audit of the U.S. Postal Service’s Sales and Marketing key performance indicators (Project Number 19RG003MS000). Our objective was to identify and evaluate key performance indicators the Postal Service uses to evaluate and measure the effectiveness of its sales and marketing strategies. See [Appendix A](#) for additional information about this audit.

Background

The Postal Service collected \$70.6 billion in revenue in fiscal year (FY) 2018 — \$56.5 billion from commercial customers and \$12.6 billion from its retail operations. However, the Postal Service continues to operate at a loss each year, with operational costs of \$74.5 billion in FY 2018, resulting in a net loss of \$3.9 billion.

The Sales organization tracks total revenue, revenue by product, and other categories such as customer size. For example, over the last four years the top [REDACTED] (see Figure 1).

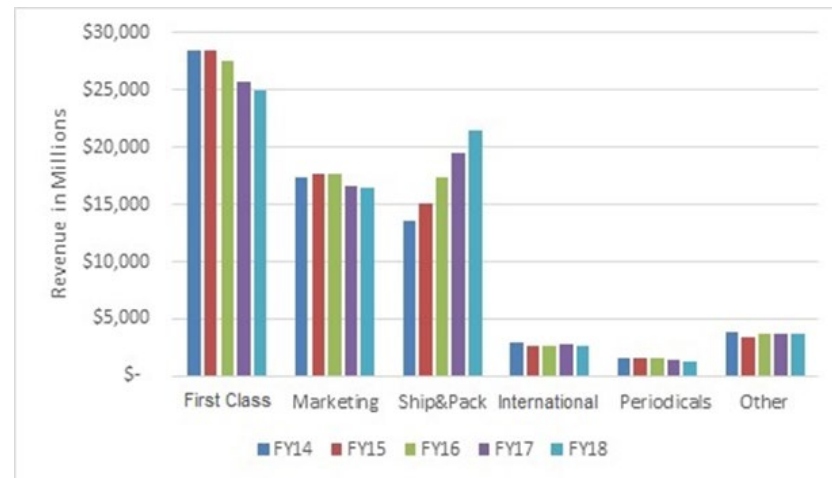
Figure 1. FY 2015 – FY 2018, Top 100 Commercial Revenue



Source: Postal Service Top 100 Reports.

Over the past five years, revenue has been relatively stable, with an overall increase of about 4 percent from FY 2014 to FY 2018. This revenue was generated across multiple product and service categories and from new and established customers. Shipping and packages is the only product that consistently increased annually over the past five years. Total yearly revenue for First-Class Mail (FCM), Marketing, International, Periodicals and other products trended down over the past five years (see Figure 2).

Figure 2. Postal Service Revenue by Product, FY 2014 – FY 2018



Source: Postal Service 10K and Annual Reports.

The Postal Accountability and Enhancement Act of 2006 was enacted at a time when mail was a primary vehicle for advertising, correspondence, and business transactions. Since then consumer behavior and the marketing industry have significantly changed. Digital advertising, electronic bill pay, and email correspondence have impacted sales. Between FY 2014 and FY 2018, revenue from mail products changed significantly. Revenue from packages increased 59 percent, while revenue from FCM has decreased by 12 percent. This is a direct result of changing customer demands, with digital communication replacing physical correspondence and a rapid growth in ecommerce fueling a significant increase in package volume.

The Postal Service's Sales and Marketing organizations are responsible for driving new revenue and retaining existing revenue streams. Revenue is generated across multiple product and service categories and from new and established customers. Revenue is of paramount importance to the Postal Service. Strategic Business Reviews (SBR), which inform senior management of sales and marketing developments, are conducted monthly for members of the Executive Leadership Team (ELT) including the Chief Financial Officer, Chief Customer and Marketing Officer, and other executives. In these briefings, [REDACTED]

“The Postal Service’s Sales and Marketing organizations are responsible for driving new revenue and retaining existing revenue streams.”

The Sales organization is managed by the Vice President of Sales and has over [REDACTED] sales staff nationwide. Sales staff members are spread across multiple groups including National Sales, Strategic Accounts, Customer Retention, and Business Alliances. The core of its sales efforts is conducted through its National Sales group, which consists of [REDACTED] field sales representatives and [REDACTED] customer account managers under Strategic accounts, responsible for large customer accounts.

Revenue retention activities for small and mid-sized customers are primarily conducted through its Revenue Retention team, which consists of [REDACTED] customer agents focused on reducing revenue loss from existing customers and winning back customers who have left the Postal Service.

Other groups are tasked with enhancing the customer experience or providing services that assist in generating sales. For example, the Field Sales and Contracts group has [REDACTED] employees who help draft and oversee the development and execution of Negotiated Service Agreements (NSA)¹ and its National

Business Alliance group has [REDACTED] employees who work closely with top-tier business partners. The Strategic and Enterprise Accounts group provides personalized service to the Postal Service's largest customers.

All Sales groups use metrics that support overall revenue generation, with numerous metrics measuring key performance areas. The three most significant metrics that align to the overall objective of sustaining and growing revenue include:

- Revenue: Includes total revenue, revenue by product, and other categories including customer size.
- New sales: Consists of sales from small, medium, and large customers that are estimated and recorded by individual sales representatives and vetted through sales managers.
- Retained revenue: An estimate of revenue prevented from loss or recovered revenue from customer churn, a decline in customer spend within a defined period.

The Marketing organization, managed by the Vice President of Marketing, focuses on promoting Postal Service products, services, and its brand to help optimize sales and revenue. There are over [REDACTED] Marketing staff members spread across multiple groups, including Brand Marketing and Market Research and Insights. The Marketing organization develops and executes advertising campaigns, captures and analyzes customer sentiment, and assesses brand health.

The Marketing group's core functions are developing strategies to increase awareness and brand value and aligning processes and marketing systems to maximize revenue return. The Postal Service has specialized groups to carry out these strategies, such as Brand Marketing, whose overarching goal is promoting the Postal Service brand as reliable and trustworthy. They manage the marketing efforts of the Postal Service, which focus on short-term revenue goals and the image of the Postal Service brand. The Postal Service uses a multi-channel

¹ A customized contractual agreement between the Postal Service and a specific mailer. It provides for customized pricing, prices, and classifications under the terms and conditions established in the NSA and may include modifications to current mailing standards and other postal requirements.

approach for media investment. Because of the extensive specialized expertise required across various disciplines, the Postal Service uses a major media agency for creative services and planning and purchasing media advertising. The agency uses models to assist in determining optimal advertising, including media channels (including television and radio), timing, target audience, and other considerations. The agency uses industry and Postal Service data, surveys, and other tools to develop, test, and adjust models.

Another significant group is Market Research and Insights. This team’s mission is to generate and present relevant and actionable customer insights used to inform strategic business decisions that enable revenue growth and drive improvements to the customer experience. A contractor conducts monthly surveys of individuals who meet specific criteria on behalf of Market Research and Insights. Information gathered by the contractor is presented quarterly to stakeholders, including Postal Service Headquarters and field management and represents the latest information about consumer perception, competitors, advertising effectiveness, and overall brand health for the Postal Service. Key performance metrics for the Marketing organization include:

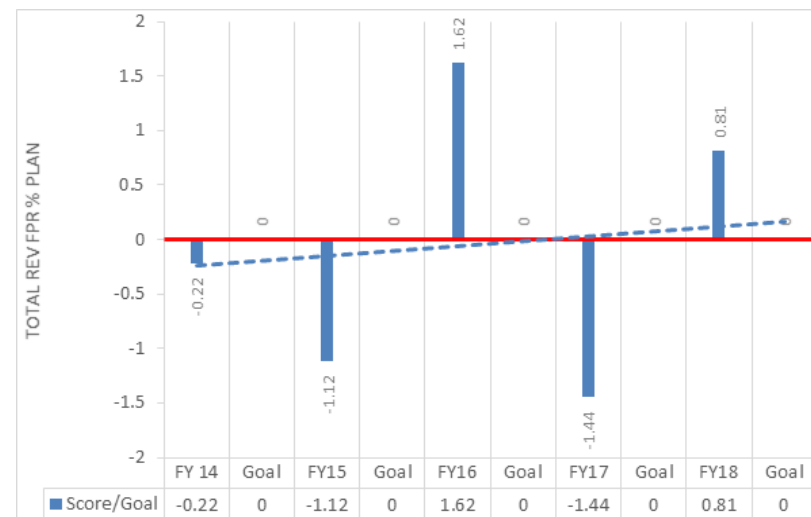
- Return on Advertising Spend (ROAS): A measurement of the short-term value received, typically in terms of increased revenue, for advertising dollars spent.
- Brand Health Trackers: Numerical scores that reflect consumer perception of both the Postal Service and its competitors, advertising effectiveness, overall satisfaction and satisfaction with individual attributes². In addition to overall brand health, there are brand health trackers that measure customer satisfaction with Digital Services, Retail Services, Mail Services, and Shipping Services.

“Brand Health Trackers: Numerical scores that reflect consumer perception of both the Postal Service and its competitors...”

The Postal Service has many other metrics besides the ones we discuss in this report. For example, the National Performance Assessment (NPA)³ contains many metrics that measure overall Postal Service performance at the national, area, district, and unit levels and is also used in determining pay-for-performance. One of the NPA metrics compares actual revenue to planned revenue and other metrics measure other areas critical to service performance.

The NPA total revenue indicator is based on revenue projected in the Postal Service’s FY 2019 Integrated Financial Plan (IFP). The IFP considers factors such as multi-year trends in product sales, expected market growth, competitive market dynamics, and other factors. The Postal Service met its NPA total revenue indicator in only two of those five fiscal years (see Figure 3).

Figure 3. NPA Revenue Performance Indicator



Source: Postal Service NPA web page.

² Aspects related to customer satisfaction for each tracker such as (for Digital) “Is easy to navigate/find the information I need.”

³ A web-based system that collects performance-related metrics from source systems across the organization. These metrics are translated into balanced scorecards.

Finding #1: The Postal Service Should Expand its Revenue Retention Metric to Include a Measure for Large Customers

While the Postal Service has revenue goals for each of its largest accounts, it does not have an overall metric for revenue retention for their largest customers. The current metric for customer retention only includes small and mid-size customers. The largest customers are assigned account managers who are responsible for growing and retaining customer revenue. The individual customers' goals and performance results for large customers roll into an overall metric for new sales, but not for revenue retention.

For all business customers combined, the Postal Service estimates that over the last five years it [REDACTED] [REDACTED] [REDACTED] it is important that top customers obtain a high-level visibility of revenue retention efforts. The Postal Service planned to expand their revenue retention metric to include a measure for the top customers but has not finalized this effort.

“...it is important that top customers obtain a high-level visibility of revenue retention efforts.”

Recommendation #1

We recommend the **Acting Vice President, Sales**, expand the revenue retention metric to include the top revenue generating customers.

Finding #2: New Sales and Revenue Retention Targets Should Be More Aggressive

Sales staff have meaningful performance indicators and useful supporting systems related to new sales and revenue retention, but the goals could be more aggressive. These indicators are not intended for external financial reporting, but to provide management internal feedback on the effectiveness of its sales

and revenue retention efforts. Given the Postal Service's financial position, more aggressive goals could result in an overall increase in revenue.

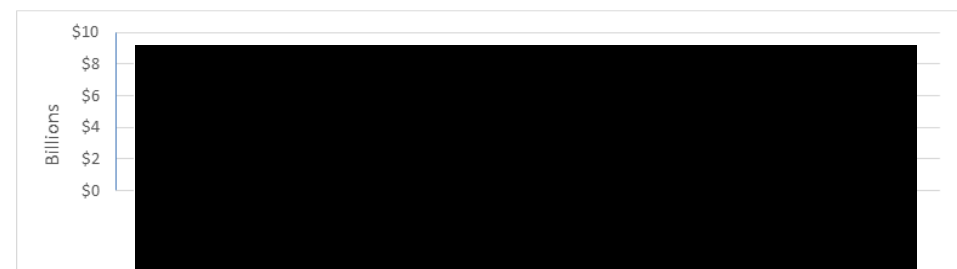
“Given the Postal Service's financial position, more aggressive goals could result in an overall increase in revenue.”

New Sales

The Postal Service's Sales staff exceeded its new sales goals in each of the last five fiscal years. Revenue from new customer sales are estimated and recorded by individual Sales representatives and vetted through Sales and/or Finance officials. The Postal Service estimated [REDACTED] in revenue from new customers or new revenue streams from existing customers in FY 2018. The Postal Service exceeded its new sales target of [REDACTED] in FY 2018 and, on average, by [REDACTED] FY 2014 though FY 2018 (see Figure 4).

We believe the Postal Service's new sales should be more aggressive, with strategies developed to correspond to higher sales targets. More aggressive targets may better offset the decrease in revenue resulting from digital diversion and other causes outside the control of the Postal Service resulting in an operating loss of \$3.9 billion in FY 2018.

Figure 4. Postal Service New Sales/Goals for FY 2014 – FY 2018



Source: Postal Service analysis.

Revenue Retention

The Postal Service's Revenue Retention team [REDACTED]

[REDACTED]

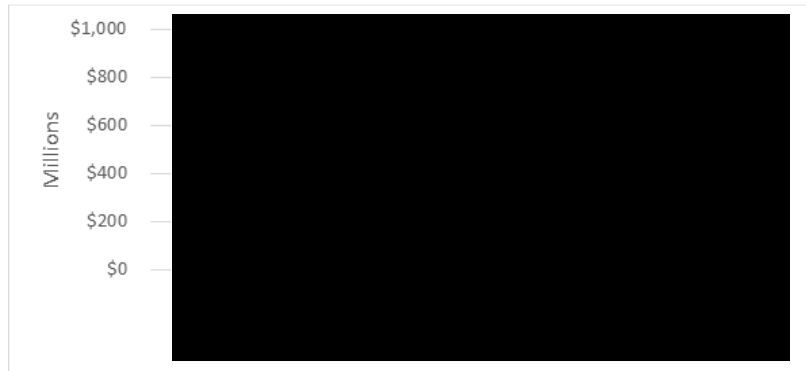
[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] The results are validated by the Capital Investment and Business Analysis group.

Figure 5. FY 2014 – FY 2018 Customer Retention Team Results



Source: Postal Service analysis.

Considering the success of past retention efforts, we believe the Postal Service's future retained revenue targets should be more aggressive, with strategies developed to correspond to the higher targets. More aggressive targets would help offset revenue losses of [REDACTED].

Recommendation #2

We recommend **the Acting Vice President, Sales**, establish more aggressive new sales and revenue retention targets and develop strategies to meet those targets.

Finding #3: Return on Advertisement Spend Should be Validated

While the Postal Service uses a meaningful performance indicator and supporting systems to gauge the effectiveness of its advertising efforts, it lacks a process to substantiate the results. The Postal Service has contracted with a large advertising firm to assist with its advertising efforts because it lacks the advertising and media expertise to plan, execute, and measure campaigns. The advertising firm uses a proprietary data analysis tool to conduct modeling to determine the ROAS. The model also runs and compares thousands of scenarios to reveal the optimal media venues for a campaign. The advertising firm uses statistical tests to validate the results; however, the Postal Service does not independently validate the ROAS calculation because it lacks a process for doing so.

ROAS varies by industry and larger, well-known brands tend to yield a higher ROAS. The advertising firm estimated that the Postal Service's combined ROAS in FY 2018 was about [REDACTED] meaning that for every dollar invested in advertising, the revenue return was about [REDACTED]. The Postal Service estimated that in 2019 it will spend [REDACTED] million in advertising campaigns that will generate [REDACTED] billion in revenue, an average ROAS of [REDACTED]. This number has [REDACTED] — it was estimated at [REDACTED] in FY 2015.

Several factors can affect ROAS, such as the length and timing of advertising campaigns. The long-term impact of advertising also complicates the ROAS calculation because full results may not be evident for several years. While some advertising that focuses on building the brand image may not have an immediate impact on revenue growth, it can have long-term impact on sales growth and retention. In addition, lack of advertising may have an impact on brand equity and revenue retention as competitors move in to take market share with their own advertising. However, there is also a point of diminishing returns

for advertising investments, where the average ROAS will decrease as advertising spending increases. As such, independent validation of the return on this spending is important to assess the accuracy and effectiveness of the advertising efforts.

“...independent validation of the return on this spending is important to assess the accuracy and effectiveness of the advertising efforts.”

Recommendation #3

We recommend **the Vice President, Marketing**, establish a process to validate contractor-generated Return on Advertising Spend.

Finding #4: Brand Health Trackers Should be Better Aligned With Other Customer Experience Data

The Postal Service has meaningful performance indicators and useful supporting systems to measure customer satisfaction but aligning customer experience data sources will permit it to improve customer sentiment. The Brand Health Trackers (BHT) reports, which measure commercial customer and consumer satisfaction with Postal Service products and services, could be better aligned with other Postal Service systems that capture customer experience, including the system used to track customer contacts, known as Customer 360,⁴ and the customer survey data, captured through Customer Insights⁵ surveys. This would allow the Postal Service to see where it can resolve issues that will have the greatest impact on customer sentiment and be useful in identifying where the Postal Service might strengthen its weaknesses. By focusing on attributes that are most important to customers and those with the largest gaps with competitors, the Postal Service can identify improvements to become more competitive and improve its brand.

If all other factors are equal, customers' opinion about a brand can be a driving factor in the decision to use one company's services over another. A customer's opinion about a brand might influence a buyer to use a preferred brand even when other factors, such as price, are not equal. Since the current contractor began tracking BHTs, overall satisfaction has [REDACTED] in Quarter (Q) 2, FY 2018, to [REDACTED] based on consumer respondents. However, it remained [REDACTED] based on commercial respondents. But commercial satisfaction continued to [REDACTED]. [REDACTED] The Brand Health Trackers are useful in determining what is most important to customers, while these other systems are useful in identifying specific areas where improvements can be made. For example, the Shipping Health Tracker indicated mail tracking is a key driver in customer satisfaction, while customer experience data identified specific problems and locations with tracking. Aligning BHT with other Postal Service systems that capture customer experience would allow the Postal Service to better correct customer issues that will have the greatest impact on customer sentiment.

“The Brand Health Trackers are useful in determining what is most important to customers...”

Recommendation #4

We recommend **the Vice President, Marketing**, develop a process for aligning Brand Health Trackers with other available Postal Service customer experience data to increase customer satisfaction and improve the overall opinion of the Postal Service brand.

⁴ C360 serves as the primary application for creation, routing and recording historical actions taken relating to service issues submitted by our customers on email.usps.com or through an interaction with the Enterprise Customer Care Center agents or other internal users.

⁵ Customer Insights measures customer experience based on customer surveys in eight components related to delivery experience, business customer experience, and consumer experience. A CI Index score is generated based on proportionately weighted component scores.

Management's Comments

Management agreed with the findings and recommendations.

Regarding recommendation 1, management stated the retention program has historically excluded top revenue generating customers and agreed to set revenue and retention targets to maximize revenue. Management stated they have [REDACTED]. The target implementation date is January 6, 2020.

Regarding recommendation 2, management stated they will consider [REDACTED]. The target implementation date is January 6, 2020.

Regarding recommendation 3, management stated marketing strategies have maintained or improved ROAS despite flat budgets, inflation and increased competition. Management is pursuing cost-effective solutions to independently quantify and qualify media spend, and procured a media auditing vendor to

ensure advantageous and accurate scope, positioning, and pricing requirements are met. The target implementation is January 13, 2020.

Regarding recommendation 4, management stated that Marketing is collaborating with Customer Experience and Delivery Operations stakeholders to align Brand Health Tracker data with the Point-of-Sale and Large Business Surveys. Management will also review other Customer Experience data to identify further opportunities for alignment. The target implementation is January 6, 2020.

See [Appendix B](#) for management's comments in their entirety.

Evaluation of Management's Comments

The OIG considers management's comments responsive to all of the recommendations in the report.

All recommendations require OIG concurrence before closure. Consequently, the OIG requests written confirmation when corrective actions are completed. All recommendations should not be closed in the Postal Service's follow-up tracking system until the OIG provides written confirmation that the recommendations can be closed.

Appendices

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Appendix A: Additional Information

Scope and Methodology

Our objective was to identify and evaluate key performance indicators the Postal Service uses to evaluate and measure the effectiveness of its sales and marketing strategies. To accomplish our objective, we:

- Identified key performance indicators the Postal Service uses to evaluate and measure the effectiveness of its Sales and Marketing organizations and initiatives, including metrics used by contracted entities within Sales and/or Marketing groups.
- Identified systems the Postal Service uses to collect data to evaluate and measure the effectiveness of its sales and marketing strategies.
- Identified and reviewed documentation and applicable policies and procedures related to data collection and measurement of key metrics used by the Postal Service for sales and marketing strategies.
- Identified and evaluated the processes the Postal Service uses to validate key performance indicators for the Sales and Marketing groups.

- Interviewed Postal Service Headquarters representatives and program managers in the Sales and Marketing groups to identify planned and ongoing initiatives to improve the use of metrics to achieve its sales and marketing strategies.

We conducted this performance audit from October 2018 through October 2019, in accordance with generally accepted government auditing standards and included such tests of internal controls as we considered necessary under the circumstances. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective. We discussed our observations and conclusions with management on August 28 and September 3, 2019, and included their comments where appropriate.

We assessed the reliability of Postal Service performance indicator data by obtaining information directly from relevant source systems where possible and through interviews with the responsible Postal Services managers when we could not obtain data ourselves. We determined that the data were sufficiently reliable for the purposes of this report.

Prior Audit Coverage

Report Title	Objective	Report Number	Final Report Date	Monetary Impact (in millions)
<i>Utilization of Marketing and Sales Data for Executives</i>	Determine whether the chief Marketing and Sales officer and executive vice president effectively uses internal and external business data to manage business activities and mitigate risk.	MS-AR-15-002	3/4/2015	■
<i>Business Customer Retention Strategies</i>	Assess effectiveness of the Postal Service's customer retention strategies.	MS-AR-18-003	5/17/2018	■

Appendix B: Management's Comments

STEVEN W. MONTEITH
VICE PRESIDENT, MARKETING



October 7, 2019

LAZERICK C. POLAND
DIRECTOR, AUDIT OPERATIONS

SUBJECT: U.S. Postal (USPS) Service Sales and Marketing Key Performance Indicators (Report Number MS-AR-19-DRAFT- September 19, 2019)

To evaluate and measure the effectiveness of USPS sales and marketing strategies, the Office of Inspector General (OIG) conducted an audit to identify and evaluate key performance indicators.

The USPS Sales and Marketing Organizations closely reviewed your study and will continually implement strategies and measures to drive new revenue, retain existing revenue streams, increase customer satisfaction, and improve the overall opinion of the USPS brand.

The OIG findings resulted in the following four recommendations:

OIG RECOMMENDATION #1 - USPS A/SENIOR VICE PRESIDENT, SALES

It is recommended that USPS expands the revenue retention metric to include the top revenue generating customers.

USPS Management agrees with the recommendation. The Retention Program has

[REDACTED]

The VP of Sales has already started an effort

[REDACTED]

The targeted implementation date is January 6, 2020, and the responsible official is Richard Sherrill, Director Business Customer Intelligence.

475 L'ENFANT PLAZA SW
WASHINGTON, DC 20260-4016
WWW.USPS.COM

OIG RECOMMENDATION #2 - USPS A/SENIOR VICE PRESIDENT, SALES

It is recommended that USPS establishes more aggressive new sales and revenue retention targets and develop strategies to meet those targets.

USPS Management agrees with the recommendation. We believe our retention targets can be accelerated with the addition of individual retention targets as outlined in Recommendation #1.

Our Field Sales team is driven to succeed and meet their new business performance targets. In accordance with the implementation, the targets to drive new business will be updated and adjusted annually to account for market trends, individual performance, territory opportunity, and other factors.

The targeted implementation date is January 6, 2020, and the responsible official is Richard Sherrill, Director Business Customer Intelligence.

OIG RECOMMENDATION #3 - USPS VICE PRESIDENT, MARKETING

It is recommended that USPS establish a process to validate contractor-generated Return-on-Advertising Spend.

The USPS Vice President of Marketing agrees with the recommendation. Through strategic optimizations, such as refining our media mix and implementing innovative tactics such as addressable programmatic advertising, impressive efforts have been made to maintain and even improve ROAS despite flat budgets, significant media inflation rates, and increased competition.

Marketing is currently pursuing more cost-effective solutions to independently quantify and qualify media spend. As of September 30, 2019, Marketing procured a media auditing vendor to ensure that advantageous and accurate scope, positioning, and pricing requirements are being met.

The targeted implementation date for our validation process is January 13, 2020, and the responsible official is Christopher Karpenko, Executive Director Brand Marketing.

OIG RECOMMENDATION #4 - USPS VICE PRESIDENT, MARKETING

It is recommended that the USPS develop a process for aligning Brand Health Trackers with other available Postal Service customer experience data to

increase customer satisfaction and improve the overall opinion of the Postal Service brand.

USPS Management agrees with the recommendation. To further increase customer satisfaction and improve the overall opinion of the USPS brand, Marketing is collaborating with USPS Customer Experience stakeholders to potentially align Brand Health Tracker (BHT) data with the Point-of-Sale (POS) Survey. As well, Marketing is collaborating with USPS Delivery Operations stakeholders to potentially align BHT data with the Large Business Survey. Additionally, we will continue to review other available USPS customer experience data to determine further opportunities.

The process will be implemented on January 6, 2020. The responsible official is Douglas Wiggins, Acting Manager Market Research & Insights.

The USPS Sales and Marketing Organizations found value in your study and will implement the outlined recommendations.

Thanks,



Sharon Owens
A/Senior Vice President, Sales



Steven W. Monteith
Vice President, Marketing

cc: Sally Haring, Manager, Corporate Audit Response Management
[REDACTED] RARC, USPS OIG
Amanda Stafford, Director, Customer Segmentation, RARC, USPS OIG
E-FOIA, USPS OIG



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