OFFICE OF INSPECTOR GENERAL
UNITED STATES POSTAL SERVICE

Mobile Opportunities: Smart Services for Connected Consumers

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Executive Summary

Mobile devices, including smartphones and tablets, have revolutionized the way consumers and companies do business. With just a few taps, consumers can research competing businesses and products, compare prices, and buy goods and services. Effectively using mobile to communicate with consumers gives companies a chance to create a positive first impression from afar. Because of this new reality, companies are beginning to employ a “mobile first” strategy, in which mobile is not merely an extension of the web experience, but rather the focal point of developing ways to engage with consumers. Successfully engaging consumers through mobile becomes increasingly important as the cost of mobile devices continues to decline and ownership becomes even more widespread. In fact, Pew Research reported that in April 2015, 64 percent of adults in the United States had at least one smartphone.

The U.S. Postal Service has maintained a mobile presence since 2009, when it first introduced a mobile-optimized website and an iPhone application (app), called USPS Mobile. The app allows consumers to find the nearest post office, schedule a pickup, hold their mail, and track packages. Although the functions USPS Mobile offers are comparable to those of its major competitors, the Postal Service has an opportunity to excel in its mobile engagement with customers. By enhancing its existing mobile app and offering new apps, the Postal Service could boost its ability to attract customers, generate revenue, and improve the customer service experience.

To identify ways the Postal Service could strengthen its existing mobile presence, the U.S. Postal Service Office of Inspector General (OIG) collaborated with a mobile and digital strategy expert. The expert guided thinking on the mobile marketplace and the feasibility of potential new apps. Additionally, the OIG worked with a market intelligence firm to conduct social media sentiment analysis aimed at gauging customer opinions.

Suggested Additions to the Postal Service’s Mobile Offerings	
Enhancements to Existing USPS Mobile App	Account Management
	Payments
	Packages
	Post Office Wait Times
	Customer Service Contact
New Apps	Scan and Send
	Passport Control
	Mobile Bill Pay
	Domestic and International Mobile Money Orders
	Coupon Collection

This type of analysis carries an inherent self-selection bias, but it was useful in understanding customer pain points and inspiring ways to address them with a mobile solution.

Through this research, the OIG identified five features the Postal Service could incorporate into the USPS Mobile app, which could help meet some of these customer needs. The OIG also suggests five new app ideas, which could allow the Postal Service to provide a better customer experience and potentially generate additional revenue. Through innovative mobile offerings, the Postal Service has an opportunity to stay ahead of the curve and provide customers with the best possible service anywhere, anytime.

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Observations

Introduction

Increasing access to mobile technology, including tablets, smartphones, and wearables, creates heightened consumer expectations for anytime, anywhere access to products, services, and information. Many businesses are responding to this shift in demand by adopting a "mobile first" strategy. A "mobile first" strategy means an organization prioritizes development of its mobile applications (commonly known as apps) or a mobile website, knowing that consumers may visit the mobile destination first.[1] Mobile apps are computer programs designed to run on mobile devices, while mobile websites are simply websites optimized for a small touchscreen over a desktop presence.

Development of mobile apps and websites is increasingly critical not only to consumers, but also to organizations, as they provide a way to make a strong first impression, allow customers to access the business anytime, and collect valuable intelligence about customer preferences and needs. In fact, a number of industry-disrupting companies have successfully embraced a business model centered on the ease and convenience afforded by mobile devices.

For the U.S. Postal Service, this mobile phase of the Digital Age represents another opportunity to meet consumers' existing or emerging needs. Starting with its first mobile website in 2009 to its current host of mobile offerings, the Postal Service continues to adapt to changing consumer behavior. However, mobile technology is always evolving and innovating, so it is imperative for all organizations, including the Postal Service, to continually be aware of and responsive to emerging trends in mobile.

To explore ways for the Postal Service to continue to harness new mobile opportunities, as well as step into emerging digital services, the U.S. Postal Service Office of Inspector General (OIG) researched consumer mobile needs by conducting a social media analysis and collaborating with an expert in digital technology and mobile development. Through this research, the OIG identified five features the Postal Service could incorporate into its existing mobile app, which could help meet some of these customer needs. The OIG also suggests five new app ideas, which could allow the Postal Service to provide a better customer experience and potentially generate additional revenue.

The Digital Age: The Rise of Mobile

Mobile broadband is now available to 95 percent of Americans.[2] According to Pew Research, 64 percent of American adults owned at least one smartphone in April 2015, nearly double the share in 2011.[3] Ownership rates will grow as smartphones continue to replace landlines. Cisco forecasts that the number of smartphones in North America could reach 324 million by 2019, compared to the 227 million in 2014.[4] In fact, the number of mobile devices now outnumbers the world population.[5]

A growing number of individuals use the Internet exclusively through mobile devices, particularly those who are under 30 or have incomes under $30,000 a year.[6] In the United States, most digital usage occurs on mobile devices, with only 39 percent of time spent on desktops.[7] Millennials, defined as those born between 1980 and 2000, are the generation that uses smartphones the

1 "5 Ways a Mobile-First Strategy Can Integrate Online and Offline Marketing," *Social Times*, May 6, 2015, http://www.adweek.com/socialtimes/5-ways-a-mobile-first-strategy-can-integrate-online-and-offline-marketing/619803.
2 Mobile broadband is defined as 3G and 4G or faster coverage. McKinsey & Company, *Offline and falling behind: Barriers to Internet adoption*, August 2014, p. 15.
3 Pew Research, *U.S. Smartphone Use in 2015*, April 1, 2015, http://www.pewinternet.org/files/2015/03/PI_Smartphones_0401151.pdf, p. 2.
4 "227 Million Smartphones in North America at the end of 2014," *CTIA*, June 4, 2015, http://www.ctia.org/resource-library/facts-and-infographics/archive/227-million-smartphones-2014.
5 Eric Mack, "There are now more gadgets on Earth than people," *CNET*, October 6, 2014, http://www.cnet.com/news/there-are-now-more-gadgets-on-earth-than-people/.
6 Pew Research, *U.S. Smartphone Use in 2015*, April 1, 2015, http://www.pewinternet.org/files/2015/03/PI_Smartphones_0401151.pdf, p. 3.
7 comScore, *The Global Mobile Report*, July 2015, http://www.comscore.com/Insights/Presentations-and-Whitepapers/2015/The-Global-Mobile-Report?ns_campaign=GLOB_REG_JUL2015_WP_GLOBAL%20MOBILE&ns_mchannel=email&ns_source=comscore_elq_GLOB_REG_JUL2015_WP_GLOBAL%20MOBILE_US&ns_linkname=text_general&ns_fee=0 and Dan Schawbel, "10 New Findings About the Millennial Shopper," *Forbes*, January 20, 2015, http://www.forbes.com/sites/danschawbel/2015/01/20/10-new-findings-about-the-millennial-consumer/.

most; they have the highest penetration rate among all generations, at 90 percent.[8] With a buying power of $200 billion, their preferences for communicating and transacting business are particularly important. As Millennials supplant the purchasing power of older demographics, adopting and integrating mobile technology will be crucial because mobile apps and websites will be their primary brand experience.[9] Therefore, an effective mobile presence will be essential for businesses to reach younger consumers that will soon enter their prime purchasing power.

Mobile as an Integral Shopping Tool

With just a few taps on their smartphones, consumers can choose from competing businesses and products, check reviews, and compare prices of goods and services before buying them. Mobile shopping has had profound effects on consumer expectations. Currently, nearly nine out of 10 consumers use smartphones or tablets for shopping-related activities.[10] In fact, roughly half of consumers believe mobile is the "most important resource" in their purchase decision-making, with more than a third saying they used mobile exclusively.[11]

In addition to relying on their mobile devices to help inform purchase decisions, consumers are also increasingly buying products and services through their smartphones. Currently, mobile purchases, known as mobile commerce or m-commerce, are still evolving. In 2014, m-commerce accounted for 60 percent of digital retail engagement, but contributed just 13 percent of revenue.[12] Mobile purchases are expected to exceed $293 billion by 2018 and account for over half of all e-commerce sales in the United States.[13] However, to capitalize on this opportunity, companies must address consumer frustrations including slow load times, inconsistent user experience, and a lack of available information from retailers.[14]

The Current Postal Service Mobile Experience

The Postal Service launched its first mobile offerings in 2009 — the USPS Mobile app and a mobile website.[15] This was about 2 years after the iPhone's debut, and relatively early in the development and use of apps. In fact, at the time, only about 100,000 apps were in Apple's App Store — compared with the more than 1.4 million available in 2015.[16] In 2014, the USPS Mobile app was downloaded 1.7 million times across all platforms, and the mobile website was visited 63.4 million times.[17] Overall, the app has a total of about 7.2 million downloads as of July 2015. That number may seem small compared to top apps like Facebook Messenger, which has over 1 billion app downloads from Google's app store, Google Play, alone.[18] However, the number of

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8 comScore, *The Global Mobile Report*.
9 Nathalie Tadena, "For Millennials, Use of Technology Just as Important as Brand Name, Study Finds," *The Wall Street Journal*, January 27, 2015, http://blogs.wsj.com/cmo/2015/01/27/for-millennials-use-of-technology-just-as-important-as-brand-name-study-finds/.
10 Nielsen, *Shopping Lists: How Mobile Helps Consumers Tick all the Boxes*, February 20, 2014, http://www.nielsen.com/us/en/insights/news/2014/shopping-lists-how-mobile-helps-consumers-tick-all-the-boxes.html.
11 Greg Sterling, "Study: More Than 30 Percent of Consumers 'Mobile Only,'" *Marketing Land*, June 3, 2014, http://marketingland.com/study-30-percent-consumers-mobile-85968.
12 "Retail's Digitally Shifting Landscape," *PYMNTS*, March 30, 2015, http://www.pymnts.com/exclusive-series/2015/retails-digitally-shifting-landscape/#.VZLl4JdVhBc and comScore, *2015 U.S. Digital Future in Focus*, March 26, 2015, p. 18.
13 "US Mobile and Tablet Commerce to Top $293B by 2018; Total eCommerce to Hit $414B," *Forrester*, May 12, 2014, http://www.forrester.com/US+Mobile+And+Tablet+Commerce+To+Top+293B+by+2018+Total+eCommerce+To+Hit+414B/-/E-PRE7004.
14 Mobiquity, *The Frustrated Shopper: Mobile/Technology Satisfaction Report*, December 2014, http://resources.mobiquityinc.com/rs/mobiquity/images/FrustratedShopperReport.pdf, pp. 4-5.
15 Accessible at http://m.usps.com.
16 "Apple Announces Over 100,000 Apps Now Available on the App Store," Apple Info, November 4, 2009, http://www.apple.com/pr/library/2009/11/04Apple-Announces-Over-100-000-Apps-Now-Available-on-the-App-Store.html and Steve Ranger, "Apple's App Store developer revenue hits $25bn as Apple touts job creation," *ZD Net*, January 8, 2015, http://www.zdnet.com/article/apples-app-store-developer-revenue-hits-25bn-as-apple-touts-job-creation/.
17 "This Post Office is always open — USPS.COM and USPS Mobile," U.S. Postal Service, http://about.usps.com/who-we-are/postal-facts/always-open.htm.
18 Kerry Flynn, "Facebook Messenger Hits 1 Billion Downloads on Android, Joins Club of Only Facebook and Google Apps," *International Business Times*, June 9, 2015, http://www.ibtimes.com/facebook-messenger-hits-1-billion-downloads-android-joins-club-only-facebook-google-1959166.

USPS Mobile app downloads is significant, as only 0.1 percent of apps are able to amass more than 50,000 users.[19] In fact, USPS Mobile is ranked well within the top 50 business apps on the Apple App Store.

With the goal to equip people with a post office on their phone, the Postal Service provided expanded access to key online features and products. The app and mobile website include the most popular functions from the Postal Service's website, such as Track & Confirm, a post office locator, and, the most popular application, ZIP Code lookup. Six years after the launch of its first mobile services, the Postal Service has considerably expanded its mobile offerings. The Postal Service has updated its mobile website to provide many of the same features as the app, as well as the ability to purchase stamps and flat rate shipping labels. Figure 1 shows the display page on the USPS Mobile app in 2009, as compared to 2015.

Figure 1: USPS Mobile

Source: OIG

The Postal Service has also experimented with additional mobile offerings. Notably, the Postal Service has extensively promoted mobile technology as a way to enhance physical mail by offering discounts on mailpieces that incorporate digital elements, such as augmented reality and QR codes.[20] Other efforts have included equipping postal clerks with mobile point-of-sale devices to assist consumers in post offices; new mobile delivery devices, which may eventually include the ability to order supplies; and the Real Mail Notification pilot, which sends users digital images of their hardcopy mail. To market its own products and services, the Postal Service has also offered an app that allows customers to view its marketing material through augmented reality.

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19 Jillian D'Onfro, "Only a Tiny Percentage of Apps Ever Reach 50,000 Users," *Business Insider*, May 17, 2014, http://www.businessinsider.com/app-usage-numbers-quantcast-2014-5.

20 Augmented Reality is a technology that enables mobile devices to superimpose related, digital content on top of a real-world view. A QR (Quick Response) code typically appears as a black-and-white image that users can scan using a smartphone or tablet, which then automatically opens a specific online source.

Meeting Mobile Needs: Improving the Consumer Mobile Experience

Consumers want their mobile experience to make life easier by providing them simple access to information and new services and to streamline their communications and transactions. When trying to meet the consumers' needs optimally, businesses must consider the format of their mobile presence. Mobile users typically favor apps over mobile browsers when choosing a way to access the Internet. Of all digital media exposure, including desktop devices, American consumers spent 43 percent of their digital time on smartphone apps.[21]

Successful organizations cater their digital offering to meet their consumers' specific needs. Some organizations choose to offer only mobile versions of the most popular features from their websites, while other organizations create multiple applications that provide different features tailored for different user groups. Both established businesses, like Starbucks and Home Depot, as well as startups, like Yummly, Airbnb, and Uber, have found success in using a mobile first model to meet consumer mobile expectations.

Consumer Mobile Needs

To assess key attributes in developing a successful mobile presence, as well as identify opportunities for the Postal Service to continue to improve its mobile offerings, the OIG collaborated with an expert in the field of digital technology, Aaron Gerdes.[22] The OIG also worked with the market intelligence firm Ebiquity to conduct a social media analysis, which provided insights on consumer concerns and preferences when dealing with the Postal Service.

To complete the social media analysis, Ebiquity captured more than 1 million Twitter and Facebook posts between October 2014 and March 2015. At least 80 percent of Twitter and Facebook users are mobile-only or mobile-majority users. These posts were categorized into numerous topics and sub-topics in order to determine the value of social media activity related to each area of the Postal Service customer experience. Of the 1 million posts captured, a smaller, more manageable subset of about 450,000 were randomly selected for Ebiquity's team of analysts to read through and assess for tone and classification. Specifically, Ebiquity's team analyzed and categorized postal consumers' attitudes and thoughts about visiting post offices, contacting customer service, and sending packages, as well as other topics. The analysts also used customer social media posts to gain further insight on challenges facing customers and potential opportunities for improving service.

This analysis revealed that Postal Service customers want a mobile experience that provides them with accurate and relevant information, enables convenient self-service, and helps them avoid a trip to the post office. From these sentiments, the OIG identified three specific characteristics that would help create a valuable and user-friendly mobile experience: personalized and relevant content; leveraged mobile technology for an intuitive, easy experience; and innovative services.

Personalized and Relevant Content

Consumers only want to view content that is personalized and relevant to their needs and interests. This includes the ability to track previous transactions, easily access frequented products and services, and receive offers, discounts, benefits, and recommendations based on their interests. For example, a popular recipe app, Yummly, has found success in its ability to offer content tailored to a user's needs and interests. The app selects recipes that meet the user's needs, based on stored information about the user's tastes, nutritional needs, allergies, and diet restrictions or preferences. The app also suggests recipes based on a user's past preferences and saves their favorites for easy access. The personalized selections provided by Yummly makes it the highest ranked free food and drink app for iPads and the most popular free iPhone app for recipes in the App Store. Yummly surpassed 3.5 million iPhone downloads in 2014, spurring an Android app launch.[23]

21 If a mobile website is accessed through an app, rather than a web browser, it is still considered time spent on an app. comScore, "the Global Mobile Report," July 2015, http://www.comscore.com/Insights/Presentations-and-Whitepapers/2015/The-Global-Mobile-Report?ns_campaign=GLOB_REG_JUL2015_WP_GLOBAL%20MOBILE&ns_mchannel=email&ns_source=comscore_elq_GLOB_REG_JUL2015_WP_GLOBAL%20MOBILE_US&ns_linkname=text_general&ns_fee=0.
22 Aaron Gerdes has nearly 20 years of experience in developing websites and consulting on digital strategy for clients ranging from startups to Fortune 500 companies.
23 Harrison Weber, "Recipe app Yummly launches on Android after passing 3.5M downloads on iOS," *VB,* November 6, 2014,

The Postal Service has already started to offer personalized mobile content based on the user's location. Through USPS Mobile, users can find the nearest post office or retail location that sells postal products. Several of the suggested mobile offerings outlined in this paper include features that would allow an app to share data with other parts of a user's smartphone. For example, instead of writing out an often mailed-to address, users could import their frequently used contacts from the address book on their smartphone into the Postal Service app. The Postal Service could also allow its apps to auto-fill with recently used information, creating optional shortcuts for users.

Leveraged Mobile Technology for an Intuitive, Easy Experience

Consumers expect applications to be intuitive and that their device will present them with the correct format and selections. Mobile apps have a limited amount of time to leave a lasting impression. If consumers do not find an app to be useful or functional, they will quickly abandon it. In fact, most users will not return to an app after one or two problematic attempts.[24]

Mobile apps are often most successful when they rely on mobile-specific capabilities, such as the camera and GPS, to provide innovative features that can increase customer convenience and interaction. For example, Starbucks is often cited as a top mobile retailer whose loyal consumers have embraced mobile apps as a way to pay.[25] Indeed, more than 13 million people use the company's mobile app to conduct 7 million transactions per week — about 16 percent of all Starbucks transactions.[26] This simple app is easy to use and leverages mobile technology by allowing consumers to scan a barcode on their phones to pay for items, while also tracking loyalty points.

It is equally critical for the Postal Service to ensure its apps are easy to use and integrate well with the smartphone's features. In the winter of 2014, the Postal Service released an app that used smartphone cameras to present augmented reality in the form of animated mailboxes. While the Postal Service was applauded by many tech writers for using new technology in a campaign, users were not as pleased.[27] Many reported that the app was "buggy" and was slow to load.[28] In the App Store, it received a user rating of 2.5 stars out of 5 possible stars.[29] The USPS Mobile app has received similar feedback. While the app's overall user rating — across all of its past versions — is 3.5 out of 5 stars, the most recent version of the USPS Mobile app is much lower, with only 1.5 out of 5 stars.[30] By listening to user reviews and reading complaints on the website, the Postal Service could update its app to help it integrate into smartphones more naturally, creating a better user experience.

Innovative Services

Consumers want features that eliminate inconveniences, such as going to the store or waiting in line, and decrease the amount of time needed to accomplish a task. For example, Uber is a company that built itself around a mobile app that allows users to request drivers to pick them up where they are by using the GPS in the rider's smartphone to detect their location and drop them off at their destination. The app has found success because of its ability to create a mobile experience that includes new services that improve efficiency and help make the consumer's life easier. While crowdsourcing its drivers is essential to the company's

http://venturebeat.com/2014/11/06/cooking-app-yummly-launches-on-android-after-passing-3-5m-downloads-on-ios/.

24 Dynatrace, *Mobile Apps: What Consumers Really Need and Want*, February 2, 2014, http://info.dynatrace.com/rs/compuware/images/Mobile_App_Survey_Report.pdf.

25 Brian Roemmele, "Why is the Starbucks Mobile Payments App so Successful?" *Forbes*, June 13, 2014, http://www.forbes.com/sites/quora/2014/06/13/why-is-the-starbucks-mobile-payments-app-so-successful/.

26 Luke Dormehl, "Starbuck's Mobile App Payments Now Represent 16% of All Starbucks Transactions," *Fast Company*, January 23, 2015, http://www.fastcompany.com/3041353/fast-feed/starbucks-mobile-app-payments-now-represent-16-of-all-starbucks-transactions.

27 Josh Hicks, "Postal Service Holiday App Features 'Augmented Reality' Technology. Here's How it Works." *The Washington Post*, December 1, 2014, http://www.washingtonpost.com/blogs/federal-eye/wp/2014/12/01/postal-service-features-augmented-reality-in-holiday-app-heres-how-it-works/.

28 Apple App Store, "USPS AR," http://itunes.apple.com/us/app/usps-ar/id854046810?mt=8.

29 Ibid.

30 Apple App Store, "USPS Mobile," http://itunes.apple.com/us/app/usps-mobile/id339597578?mt=8.

business model, so too is its mobile app, which offers people a convenient alternative to calling or hailing a cab.[31] Specifically, the app automatically locates the user's position, shows available cars and their user ratings, provides a map showing the location of their car, and allows payment through a stored credit card (tip included). Organizations that are able to make consumers' lives easier, as Uber has done in the taxi marketplace, are more likely to find success.

Mobile innovation is one way the Postal Service could help catapult itself from having a functional app to a fantastic app. Anticipating user needs could allow the Postal Service to understand customer pain points and work to correct them through a mobile solution.

The Postal Service's Current Approach to Meeting Customer Needs

Over the past few years, the Postal Service has deployed several features to try to meet consumers' changing mobile needs. Although improvements can always be made, the Postal Service's first efforts are a positive step forward because they utilize new mobile technology to attract more customers by providing relevant content and easy-to-use features.

The USPS Mobile app and mobile website use a smartphone's data to serve the customer. The app uses the phone's GPS to locate the nearest post office or drop box, as well as provide directions. These features leverage mobile technology in order to provide users with information specific to them. For added convenience, the USPS Mobile app allows customers to access addresses stored on their smartphones to schedule a package pickup location. It also gives the user immediate and easy access to the most popular functions on the Postal Service's website, including relevant postal information such as local post office hours and postage prices.[32]

In January 2012, the Postal Service expanded its array of features for mobile users on its app.[33] Consumers are now able to use their device's camera to scan barcodes on shipping labels for easy tracking of their packages and other mail. The ability to scan and store the label information allows customers to check the status of their shipments efficiently and easily without having to input the tracking number again. Services on the USPS Mobile app also allow users to schedule free next-day carrier pickup of their packages and request that the Postal Service hold their mail. Customers can have their mail held from 3 to 30 days and then indicate through their mobile phone whether they would like their mail delivered or prefer to pick it up. The introduction of these additional features gave consumers access to mobile-specific services that made accomplishing physical world tasks more convenient and efficient.

The Postal Service has also expanded its mobile offerings into marketing. During 2014, the Postal Service leveraged new mobile technology to launch an integrated mobile experience. Through a Postal Service augmented reality app — released in April 2014 — users could scan blue mail collection boxes to see an animated display on their phones.[34] After the animations, the app then prompted customers to order stamps or supplies.

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31 Crowdsourcing is the process of obtaining needed services, ideas, or content by soliciting contributions from a large group of people, and especially from an online community, rather than from traditional employees or suppliers.
32 U.S. Postal Service, "Your Post Office Anywhere," http://www.usps.com/yourpostoffice/.
33 U.S. Postal Service, "New U.S. Postal Service App for iPhone Scans Shipping Labels for Package Tracking on the Go," January 12, 2012, http://about.usps.com/news/national-releases/2012/pr12_003.htm.
34 U.S. Postal Service, "Postal Service Launches 'Magical' Mailbox Holiday Experience," December 1, 2014, http://about.usps.com/news/national-releases/2014/pr14_065.htm.

The Delivery Market Is Expanding, in Part through Mobile

Mobile devices give consumers nearly instant access to businesses, but they also give businesses access to consumers. Recognizing the importance of mobile to understand specific customer behavior, preferences, and information, many businesses now leverage intelligence gathered though apps and mobile websites to improve their offering to consumers through real-time feedback loops. Many players in the delivery space utilize consumer feedback to ensure that they create a mobile experience that attracts business and retains loyalty.

Private Carriers

Like the Postal Service, UPS and FedEx use a combination of mobile apps and websites to provide consumers with many of the same features offered on their respective full websites, with FedEx and UPS focusing on parcel shipping services. All three apps are rated similarly in both Google's Play Store and Apple's App Store. Table 1 compares features across the mobile apps and websites.

Table 1: USPS Mobile Experience Compared to Its Major Competitors

	UNITED STATES POSTAL SERVICE		FedEx		UPS	
	MOBILE APP	WEB	MOBILE APP	WEB	MOBILE APP	WEB
Locator	✓	✓	✓	✓	✓	✓
Zip Lookup	✓	✓				
Tracking	✓	✓	✓	✓	✓	✓
Track Alerts	✓		✓	✓	✓	✓
Scan Labels		✓				✓
Shipping Labels	*		✓		✓	✓
Payment	✓		✓		✓	✓
Calculate Pricing	✓	✓	✓		✓	✓
Order Supplies	*(Stamps)*	**				
Schedule Pickup		✓	✓			
Account Management			✓	✓	✓	✓

* Flat rate only
** Ability to order supplies has been removed from the USPS app temporarily
NOTE: FedEx has additional features not on this chart, including options to deliver to another address, provide delivery instructions, sign for a package, and hold packages (both app and web).
Source: OIG Analysis.

While at first glance the table indicates a fair degree of parity, there are some notable differences. The Postal Service, for example, does not currently offer account management, but it does provide convenient access to transaction history, delivery preferences, saved addresses, payment information, and other features. On the other hand, FedEx's mobile app requires users to leave the app and go to the mobile website for some functions, which interrupts the user experience.

Beyond traditional Postal Service competitors, new entrants are shaking up the competitive landscape. For example, mobile-based delivery startup Shyp's app allows users to take a picture of an item, then have the item picked up, packaged, and processed for delivery, all for a $5 fee, plus the retail price of shipping. Shyp sends the package to be delivered through the lowest cost provider network, including UPS, FedEx, or the Postal Service. Shyp's relatively modest user base, in the tens of thousands as of April 2015, has grown more than 20 percent month over month, and its shipments have increased by nearly 500 percent between 2014 and 2015.[35] Uber is another mobile-based company experimenting with delivery services. As mentioned previously, the company disrupted the taxi industry by capitalizing on the mobile platform to provide driver services. Uber could use the same principles of providing a consumer-friendly mobile platform when it comes to package delivery. With the growing importance of package delivery to the Postal Service's bottom line, it would be prudent to keep pace.

Innovative Services from Foreign Posts

Just like the Postal Service, a number foreign posts offer mobile apps that often include many of the same core functions and information that the Postal Service offers. For example, a branch locator and shipment tracker are two of the services most commonly provided, as well as postage calculators and information on specific postal services.

However, some foreign posts are now offering apps that provide innovative new features specifically for mobile users. For example, some posts' mobile apps allow users to customize their delivery preferences from their mobile device, such as redirecting package delivery mid-transit, giving specific delivery instructions, and dictating delivery time and location. Others also offer digital postage, in the form of an SMS message, by allowing the customer to purchase a code to write on a letter or package that serves as its postage. Foreign posts also offer exclusive promotions for postal products and host promotions for participating stores through their apps.

Foreign posts increasingly offer digital mailboxes, which allow consumers to view and store their mail and secure documents. Some posts also offer bill payment systems, as well as banking services including account management, money transfers, e-trading, and a mobile wallet.[36] Three examples of foreign posts that quickly evolved to offer mobile innovations include Swiss Post, Singapore Post, and Poste Italiane. Table 2 highlights several mobile services these posts offer that the Postal Service does not yet provide.

35 Leena Rao, "Shyp, a mobile shipping app, raises $50 million," *Fortune*, April 21, 2015, http://fortune.com/2015/04/21/shyp-raises-50-million/.
36 Chase Paymentech, "Mobile Wallet Technology," http://www.chasepaymentech.com/mobile_wallet_technology.html.

Table 2: Innovative Services Not Offered by USPS Mobile

	SWISS POST	Singapore POST	Posteitaliane
Delivery Preferences		✓	
Digital Mailbox	✓	✓	
Digital Postage	✓		
Shopping Portals		✓	
Promotions	✓	✓	✓
Bill Payments	✓	✓	✓
Other e-Banking	✓		✓

Source: OIG Analysis.

Meeting Mobile Needs: Next Steps for the Postal Service

The Postal Service has effectively implemented several mobile offerings. However, as with all organizations, it should continually look for ways to strengthen its mobile presence. The Postal Service could do this by addressing many of the gaps in customer service identified in the OIG's social media analysis. For example, customers expect the fast and easy service that is increasingly available in the Digital Age and are frustrated by delays, misinformation, and the hassles associated with completing a task in person. Mobile affords the Postal Service the opportunity to capitalize on technology that allows people more control over their interactions with the Postal Service by choosing the time and location of business. Mobile technology offers solutions to meet customer expectations and avoid frustrations.

The following sections address the OIG's suggestions for five new features that could enhance the customer experience on the Postal Service's existing mobile app. In addition, the OIG identifies five new app ideas worth consideration that could expand the Postal Service's existing customer base and generate additional revenue. Of course, this is not intended to be a final or exhaustive list of potential opportunities, as mobile development is continuously evolving.

USPS Mobile Enhancements

The Postal Service's flagship app, USPS Mobile, provides customers with a postal dashboard of important services for mail senders and recipients. However, key features available through the desktop website are not yet part of the app. For example, the app does not include a connection to My USPS, which is a tool customers can use to set up an account to manage their mail. Adding the following five features could enhance customers' experiences with the USPS Mobile app. By creating a more functional and accessible app, the Postal Service could attract more business.

Potential Enhancements

Account Management

An account management tool connecting customers to their My USPS account could allow for a personalized mobile experience. With account management, customers could store information such as frequently used addresses and post offices, delivery preferences, and payment details. The account could then store the services, products, and information the user frequents for increased customer convenience. Both the FedEx and UPS apps provide customers with an account management function.

Payments

Mobile payments, like Apple Pay and Google Wallet, are a rapidly expanding segment of the mobile ecosystem. As the United States sees significant growth in mobile payment popularity, customers will expect convenient payment options from USPS Mobile, particularly as customer services trend toward mobile-enabled self-service. The Postal Service already allows users to buy stamps and pay for package shipping through its mobile website; transferring this functionality to the app would add utility. Both in-store and in-app, the Postal Service could allow customers to provide payments via their mobile devices for shipping or any future services.

Packages

The OIG's social media analysis demonstrated that customers are looking for greater functionality from the Postal Service's current package tracking feature. Such functionality could include allowing package recipients to receive alerts automatically when a package is sent to them, giving options to arrange a pickup time at a post office, offering expedited delivery service for an additional fee, or changing the delivery destination. According to comScore, "only 44 percent of online shoppers said they were satisfied with the flexibility of changing delivery days or rerouting packages."[37]

Post Office Wait Times

Wait time is a key measure of customer experience. On social media, customers cited wait time as the top negative experience with the Postal Service. Through the Retail Customer Experience (RCE) program, the Postal Service employs private "mystery" shoppers to conduct mailing transactions at various retail outlets. The RCE data and customer surveys revealed that the average post office wait time in fiscal year (FY) 2014 was close to two and a half minutes.[38] That average, however, includes post offices nationwide and at all times of day, so does not necessarily reflect the experience of all customers, especially in urban areas and during peak business hours, when wait times tend to be longer. Providing customers insights into real-time queue information could enhance their experience with the Postal Service. For example, some state motor vehicle administrations use a ticketing system at high-volume offices to automatically track wait times and provide this information to customers through their websites. Offering a feature like this via mobile app could allow customers to avoid long lines and find alternate locations, if necessary.

Customer Service Contact

Social media analysis revealed that the Postal Service's customer service is viewed negatively. In fact, only 1.6 percent of social media posts analyzed about this topic indicated a positive customer experience; the lack of positive feedback was particularly due to long wait times. Rather than asking customers to dial the customer service contact phone number and wait on hold for service, the Postal Service could provide a call-back feature on its app. A call-back feature would allow customers to be contacted by a Postal Service representative at a time convenient to them. The Postal Service could also add a mobile chat feature, allowing the user to communicate with customer service using instant messaging.

Footnotes are located on page 20.

Scan and Send

With the Scan and Send app, users could avoid a trip to the post office by using their mobile phone to scan an item, order a correctly sized box to be delivered to their home, schedule a home pickup, and pay for postage. This potential app could include digital postage features, as well as smartphone- and tablet-specific features, like optical scanning. These additions could allow the Postal Service to compete with emerging third-party package pickup solutions.

The Need

Often considered an errand, a trip to the post office can be inconvenient and a source of frustration for customers. Social media analysis revealed concerns about rude staff, long wait times, inconvenient hours, and more.[39] In 1999, the Postal Service rolled out its self-service kiosk, called the Automated Postal Center (APC), which gives customers access to its most popular products and services. While these machines were designed to make trips to the post office more efficient, the social media sentiment analysis found that they are actually a source of customer frustration. Although APCs generated a small amount of social media posts, they generated a higher proportion of negative comments than any other topic. A mobile option that can eliminate the need to go to a post office to ship a package could alleviate these concerns.

A Potential Solution

With Scan and Send, customers could avoid long waits at the post office by scanning a package to determine its size, purchasing a unique ID number that serves as postage, and scheduling a pickup to ship a package.

How It Works

The Postal Service previously offered a function allowing users to calculate package dimensions through a desktop computer webcam. However, at the time, low quality webcams often prevented customers from using it. Now that mobile devices have much more sophisticated camera technology, the Postal Service may want to consider providing a version of this service through a mobile app.

The app could use the mobile device's camera to calculate the dimensions of the package or recognize a flat rate box. The app could also include a function that allows a user to scan an item to see which Priority Mail flat rate box would fit the contents and place a request for the letter carrier to deliver that size box.

The app could let customers know of the package delivery cost, based on dimensions rather than weight (under certain limitations), and charge customers using payment information tied to their account.

The Postal Service could then provide the customer with a unique ID number to write on the package, indicating to the letter carrier that the postage was paid. Upon picking up the package, the letter carrier could enter the ID number into his or her Mobile Delivery Device and link it with a pre-printed barcode label that he or she activates and affixes to the package.

The user could input the destination, delivery options, and pickup time, while the pickup location is determined via GPS or specified by the user. To return an item to a retailer, the user could simply scan an existing shipping label to access delivery information quickly.

Other Considerations

One implementation consideration would be for the Postal Service to ensure that inputting information like the package's shipping address is easy. Typing on a touchscreen can often be difficult and time consuming.

The Scan and Send app could help further grow the package business — a strategic imperative for the Postal Service. The Postal Service's revenue from package and shipping services increased nearly 20 percent over the past 2 years to about $14 billion. However, the emergence of more players in this market is likely to increase competition and potentially limit growth.[40] In addition, the OIG estimates the total returns market will be $4 billion by 2016.[41] This app could help the Postal Service increase its share in this market by making returning packages more convenient and cost effective than using other shippers or physically going to a post office or store.[42]

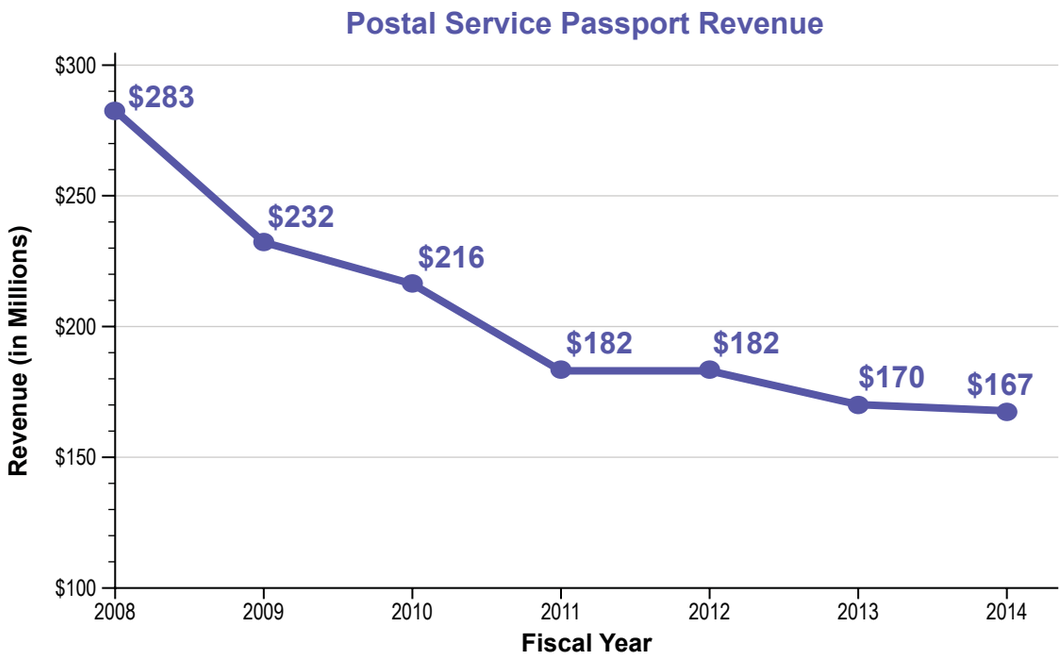
Footnotes are located on page 20.

Passport Control

A Passport Control app could update the current passport application process for the Digital Age. Customers could use their smartphones to make an appointment at a post office, as well as to help populate their forms digitally to expedite the customer experience. This app's primary value would be in retaining customer satisfaction and laying the foundation for future expansion of passport offerings.

The Need

The Postal Service processed about 5.2 million passports in FY 2014, more than one-third of the 14 million total passports processed.[43] This generated more than $166 million in revenue for the Postal Service in FY 2014.[44] In 2008, legislation requiring a passport for travel to Canada, Mexico, and the Caribbean generated an overall increase in passports. Since that time, however, the Postal Service's revenue from passports has decreased from $283 million in FY 2008 to $167 million in FY 2014.[45] Some reasons for this decline may have been uncovered in the OIG's social media sentiment analysis. The analysis revealed that customers typically find the appointment process to be cumbersome. Only about 15 percent of post offices — about 5,300 of 35,000 — process passports. To make an appointment, customers have to call post offices individually to book an appointment. Social media analysis indicated that appointments are scarce and wait times long, which is a significant source of frustration. An app that improves the customer experience in obtaining a passport and allows the Postal Service to more efficiently process passports could help the Postal Service gain more market share, thereby generating additional revenue.



Source: OIG Analysis of Postal Service Statement of Revenue and Expenses, 2008-2014.

A Potential Solution

Customers could use their mobile devices to make an appointment online for passport services at their local post office. Once the appointment is made, the user could submit accepted forms digitally, using information stored on the smartphone, like name, address, and contact information, as well as manually inputted information.

How It Works

Customers could use their smartphone GPS to identify nearby post offices that supply passports and schedule an appointment. The app could contain a checklist to help ensure users have all required documentation and alert users through an app notification when their appointment approaches. The app could also offer digital forms for those accepted electronically.

Once the day of the appointment arrives, applicants would come to the post office, having filled in some of the application with standard identity information stored on their smartphone and the rest filled in manually on the mobile form. After the postal employee verifies the identities of the applicants, users could submit their stored forms electronically using a digital signature, all through the mobile app.

Other Considerations

An efficient and easy-to-use solution, such as a Passport Control app, could further increase the number of passports the Postal Service can process. Such an app could also improve the marginal net income for processing passports by reducing the burden on Postal Service employees in scheduling appointments and explaining forms. The electronic appointment and submission tools could also serve as templates, allowing the Postal Service to offer application services to other government agencies.

Footnotes are located on page 20.

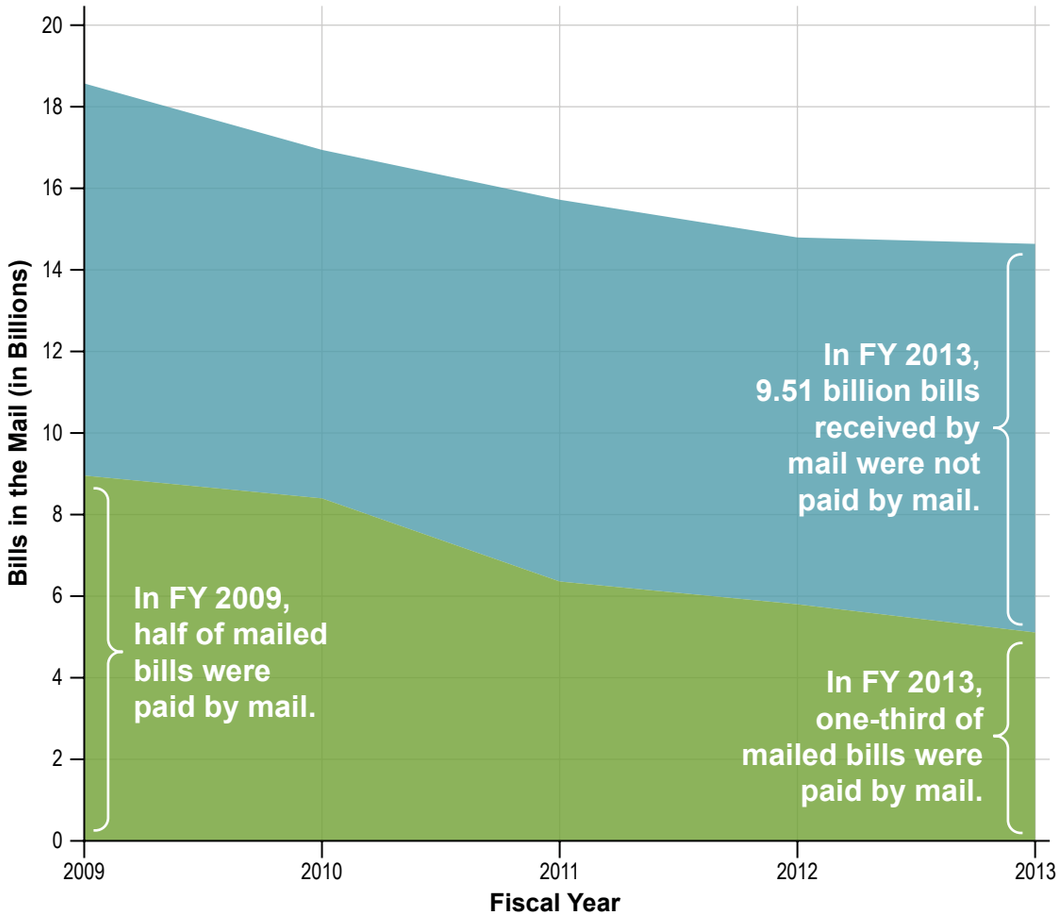
Mobile Bill Pay

Mobile Bill Pay could act as a universal payment platform that weds customer preference for receiving paper bills with the ease of paying digitally.[46] Users could scan paper bills to make an instant or scheduled payment. With no changes needed to existing bill formats, billers could benefit from speedier payments and better relationships with their customers.[47]

The Need

Customer preferences are changing beyond the Postal Service's current capabilities as a billing platform. From FY 2009 to FY 2013, the number of mailed bills received by households dropped 21 percent.[48] This equates to a revenue loss of almost $4.5 billion for the Postal Service. Customers are increasingly paying their bills online because it is convenient and low cost. Yet, customers often still prefer to receive paper bills as payment reminders and record-keeping tools.[49]

Total Bills in the Mail



Source: OIG Analysis of Postal Service Household Diary Study.

A Potential Solution

The app could allow a user to pay a bill in three easy steps: (1) scan any bill, (2) verify account details, and (3) confirm payment total and arrival date, with the option of receiving a hardcopy confirmation from the biller that the bill has been paid.

How It Works

Optical character recognition technology would use the smartphone's camera to automatically enter all account information, including name, account number, total, and due date. Once the customer securely authenticates personal information or scans their finger to verify identity, the app can use the customer's securely stored payment information to pay the bill. Another option could be integration with existing payment solutions, such as Apple Pay or Google Wallet, or applying cash from a prepaid card. The app could also give the customer the option of receiving a physical receipt in the mail for record-keeping purposes.

Other Considerations

Billers have expressed interest in the Postal Service offering electronic billing services. This could be similar to Canada's ePost, which serves as a middleman for bill presentment and payment, provides customers with reminders to pay, and serves as a digital filing cabinet. As demographics change, a digital option may especially appeal to younger households, who pay the majority of their bills electronically.[50] It could also establish a presence for the Postal Service in digital bill presentment and payment services, creating a foundation in digital communications as customer preferences change.

Footnotes are located on page 20.

Domestic and International Mobile Money Orders

Money orders remain a significant revenue source for the Postal Service, generating $165 million in 2014.[51] A mobile app for money orders could increase the ease and efficiency of buying and using money orders. Customers could use their smartphones to input and store recipient information and create orders, which could expedite the current in-person process.

The Need

Currently, the Postal Service provides money orders at post offices for cash or debit card payments. Customers manually fill out the recipient information and send it themselves. Postal Service money orders have a great reputation for security because they are issued by a governmental entity and can be redeemed for cash at post offices.[52] Each year, roughly 13 million customers purchase 97 million money orders. Money orders often appeal to individuals who lack traditional banking services. Many users are return customers and, for them, going to a post office to buy, fill out, and send money orders can be an inconvenience, especially as new online payment services are emerging.[53] Additionally, social media analysis showed that certain functions, such as tracking and delivery of money orders, are a source of frustration for some customers.

The Postal Service is seeing a decline in money orders of about 6 percent per year.[54] To help slow or stop that decline, it is essential for the Postal Service to enhance the experience so the customer is satisfied.

A Potential Solution

A money order app could reduce the amount of time it takes to get or send a money order by providing customers with access to a stored contact list and hybrid money order solutions.

How It Works

With an app, customers could use their smartphone to input sender and recipient information from their contacts list. When they need a money order, customers could select the intended recipient, and the app would provide a QR code to give the postal clerk to scan. This would automatically input all the needed information, which could then be printed onto the money order form. The app could also allow customers to check the status of a money order. For those purchasing international money orders, the app could provide access to the required forms for easy input, as well as offer exchange rates.

In the future, this technology could be adapted for the Postal Service's APCs to allow for self-service money orders. Walmart currently offers this option, where customers can buy money orders in stores at Walmart Money Center Kiosks. The APCs, which already allow customers to buy stamps and ship packages, could expand into other services. The mobile app could then be used to locate APCs, a feature the USPS Mobile app currently includes, and provide the kiosk access to its stored information through a secure login or passcode.

Other Considerations

For repeat customers, the app could offer additional services, such as storing their debit card information.[55] Customers could schedule money orders to be delivered directly to their house, allowing them to bypass the post office. The app could also offer a system for hybrid money orders, where the customer could order and pay for a money order on their mobile device. The Postal Service could then print and mail it to the recipient. These offerings could help promote customer loyalty.

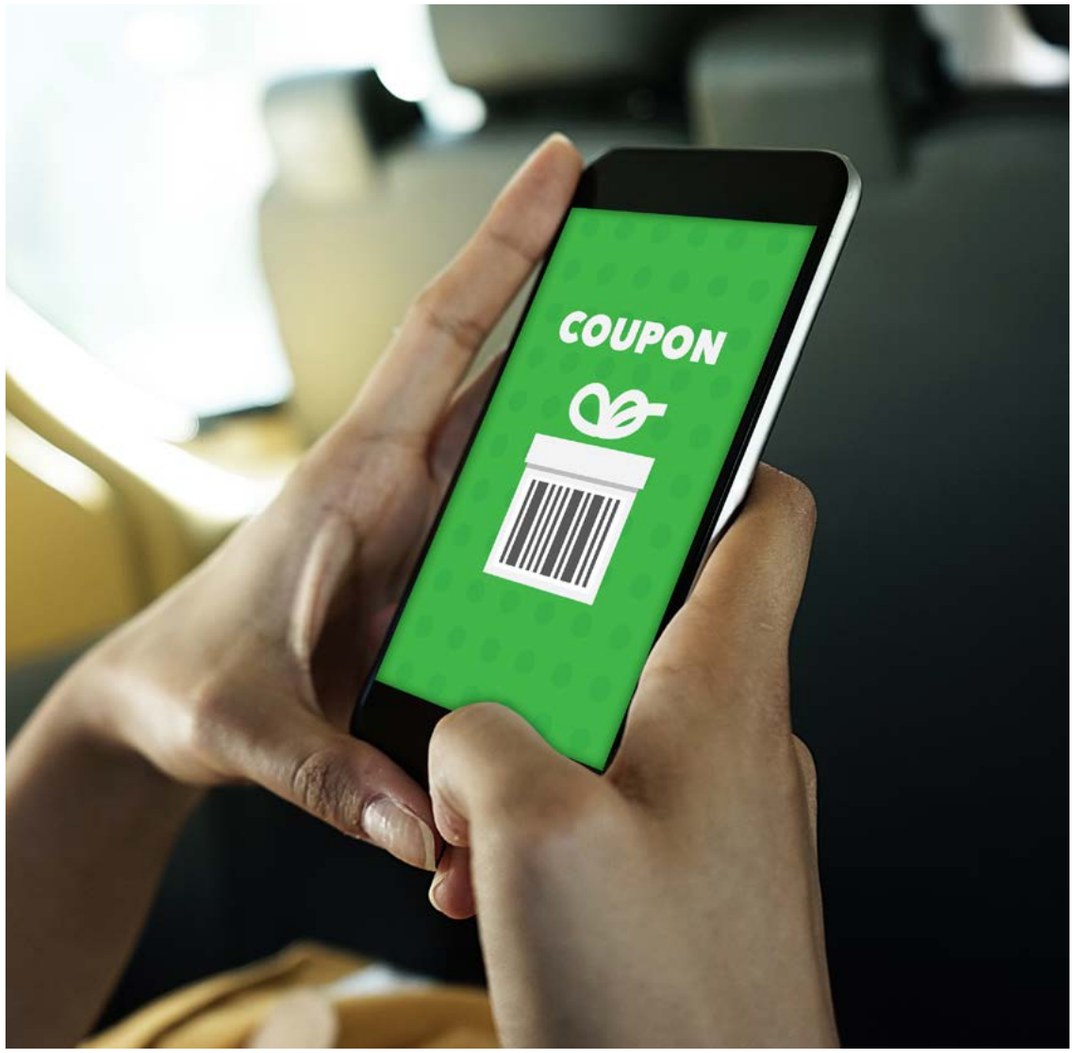
Footnotes are located on page 20.

Coupon Collection

The Coupon Collection app could allow consumers to easily collect, store, and organize coupons received in the mail by simply scanning and storing them to their mobile device for quick retrieval when the customer is ready to buy.[56] This feature was previously offered in the USPS Mobile app but was removed due to technological limitations. However, phone cameras have greatly improved since, and it could be a viable opportunity at this time.

The Need

Coupons are a significant marketing tool that help companies drive purchases by cost-conscious consumers. Companies sent about 329 billion digital and paper coupons for consumer packaged goods in 2013 — a 3.6 percent increase over 2012 distribution — with nearly 3 billion of those having been redeemed.[57]



A Potential Solution

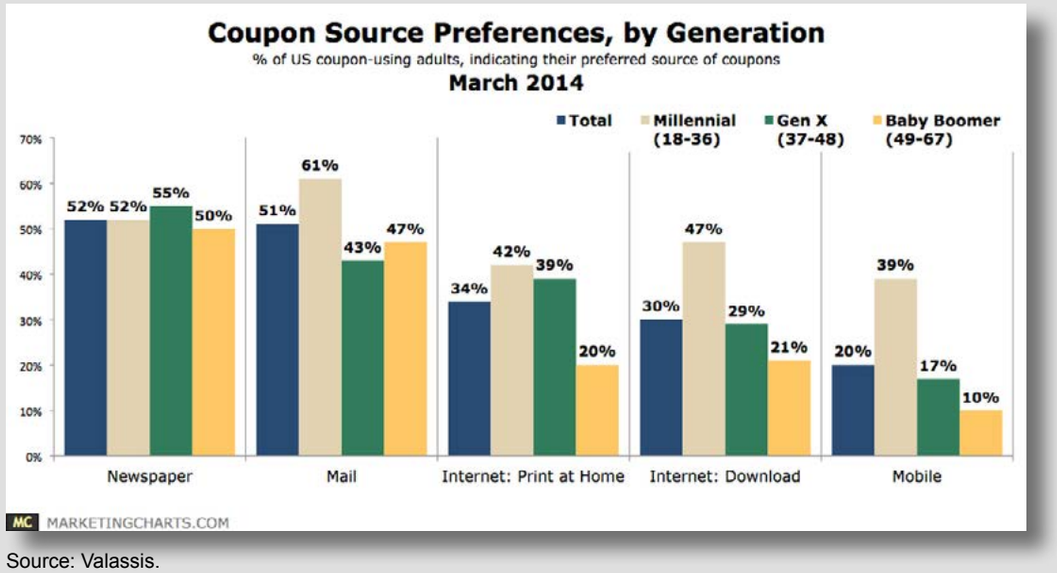
The Postal Service could create an app that would allow people to scan, store, organize, and use coupons on any mobile device, increasing the value of hard copy coupons to customers and, in turn, making coupons a more effective marketing tool.

How It Works

Scanning and saving the bar code of a paper coupon would transfer it to an electronic device, rather than the consumer having to save and redeem a hard copy coupon. The app could also organize coupons by type; store information about the details of coupons, such as expiration date; and alert customers of coupons available for items sold as the user approaches a particular store. The app could also provide the customer with notifications when a coupon is about to expire.

Other Considerations

In a 2014 survey, in which respondents were asked to identify ways they preferred to receive coupons, every generation indicated that it preferred to receive coupons through the mail rather than digitally. A coupon app could establish user comfort with moving from physical to digital, which could transfer that familiarity to other Postal Service apps. Companies circulated about 3.2 billion coupons through direct mail in 2013. They also sent free standing inserts — often within a larger mail piece. While these inserts remain popular, accounting for 89 percent of the coupon market, the incentive to stay current with digital trends could change that. The Postal Service could charge companies to offer coupons through the app to help customers and stay on the forefront of digital diversion.



Source: Valassis.

Footnotes are located on page 20.

Conclusion

When consumers turn to their mobile devices, they expect a fast, easy, and convenient experience that helps them access an always-available marketplace. Organizations' initial reactions may be to simply add a mobile presence, rather than fundamentally adapt organizational capabilities to meet changing customer expectations about convenience and availability.

The Postal Service has introduced several mobile features that help it serve customers. However, like any organization, the Postal Service must be attentive to both evolving consumer needs and emerging trends in mobile technology. Doing so will allow it to continually improve and update its mobile offerings, which is necessary for it to remain competitive. The OIG identified several opportunities for the Postal Service to enhance its current mobile offerings and new apps it could provide, but this is not an exhaustive list. If the Postal Service does not maintain a strong focus on adapting to mobile and continually upgrading its mobile platform, new entrants may gain a foothold in its business. This could create a second wave of digital disruption for the Postal Service.

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57 One in five smartphone owners say they will visit a nearby store if sent a mobile alert when near the store, a recent CouponCabin.com study of 1,096 smartphone owners revealed.

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