

**THE PRESIDENT'S COMMISSION
ON THE UNITED STATES POSTAL SERVICE**

SUMMARY OF FINDINGS REPORT

FROM

A CONSUMER SURVEY ABOUT THE U.S. POSTAL SERVICE

CONDUCTED BY

Black & Veatch

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Executive Summary

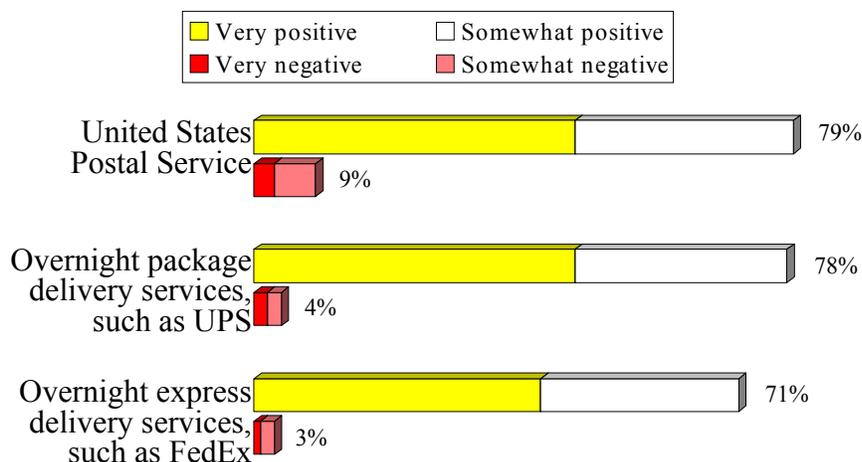
On behalf of the President's Commission on the United States Postal Service (USPS), Black & Veatch, Peter D. Hart Research Associates, and American Viewpoint conducted a nationwide consumer survey among 760 adults. The survey was formulated by members of the President's Commission, Black & Veatch, Peter D. Hart, and American Viewpoint, and was designed to examine Americans' attitudes toward the USPS, including perceived strengths and weaknesses, various proposals to reform the USPS business model and its operations, and the value placed on its current products and services, as well as the potential value of new ones. Respondents were selected at random according to standard national sampling procedures, and interviews were conducted by telephone on May 19 and 20, 2003. The margin of error is $\pm 3.6\%$ for results among all adults and larger among certain subgroups

Americans have an overall positive attitude toward the USPS, citing neither substantial weaknesses nor a desire for major reforms. A majority express the need to keep technology and business practices up to date, and to maintain the focus on the USPS core competency of delivering letters and small packages. Current USPS services are valued at about the same level as those provided by private competitors such as UPS and Federal Express. This report summarizes the survey's top-level findings. When available, the survey provides trend data from surveys conducted in November 1994 and June 2001.

Most Americans View USPS Favorably

Americans have an overwhelmingly favorable view of the United States Postal Service, as four in five (79%) say that they feel positive about it, including 47% who say very positive. Fewer than one in ten (9%) have negative feelings about the USPS, and 12% are neutral. Midwesterners are the most favorable (89% very or somewhat positive), whereas those in the western United States feel slightly less favorable (71%). Unlike all other delivery services and methods tested, the United States Postal Service has 100% name recognition among Americans.

Most Have A Favorable View Of The U.S. Postal Service



Today, more Americans think that the quality and reliability of the USPS generally is getting better (36%) than think it is getting worse (16%). A plurality (46%) say that the USPS is neither better nor worse today than it was five years ago. These results are substantially more positive than are the results from the same question asked in 2001 (28% getting better, 15% getting worse) and 1994 (24%, 22%).

USPS on Par With the Competition

Americans' feelings toward the USPS are statistically identical to their feelings toward package delivery services such as UPS (78% positive, 4% negative), and on par with their feelings toward overnight express delivery services such as Federal Express (71%, 3%). UPS enjoys a somewhat higher name recognition (7% do not know enough to rate) than does Federal Express (14%). Less familiarity with Federal Express may explain its slight favorability deficit.

Nearly half (46%) of Americans say that the USPS is doing about enough to stay competitive when taking into account the challenges it faces from other package and letter delivery services. An additional 13% think that USPS is doing more than enough to compete. Despite these encouraging reports, 29% say that it is not doing enough to stay competitive,

including 14% who say that the USPS has made far too few changes and has fallen behind the competition.

In a second, stricter assessment of the USPS's ability to compete, a strong majority (57%) of Americans say that they are satisfied with the USPS's ability to compete with other package and letter delivery services; only one in ten (10%) are dissatisfied. All in all, the USPS's ratings are strikingly competitive for a government agency in comparison with the ratings of its heavily advertised private sector rivals.

Few Americans See Need for Major USPS Overhaul

Only one in five (22%) Americans believe that major changes or a complete overhaul is necessary to make the United States Postal Service work extremely well. More than two in five (43%) think that it requires only minor changes, and three in 10 (30%) say that it works extremely well as is.

These findings are a strong improvement upon the results of the 1994 survey (39% felt a complete overall or major changes were necessary), which followed several media reports of undelivered mail and other USPS shortcomings. Indeed, the proportion seeing little need for change in 2003 is up 16 percentage points from 57% in 1994. Although this change may reflect little more than time passing since the disturbing findings and negative media coverage of the 1990s, it may reflect real performance improvements that have increased the public's confidence in the Postal Service.

When asked to volunteer an area that USPS could improve, 14% mention long lines at the Post Office as the problem they would most like to see addressed. Nearly as many (13%) suggest earlier delivery times or other delivery schedule changes. Other areas for improvement include lower stamp prices (9%), longer hours (7%), and greater accuracy in mail delivery (7%).

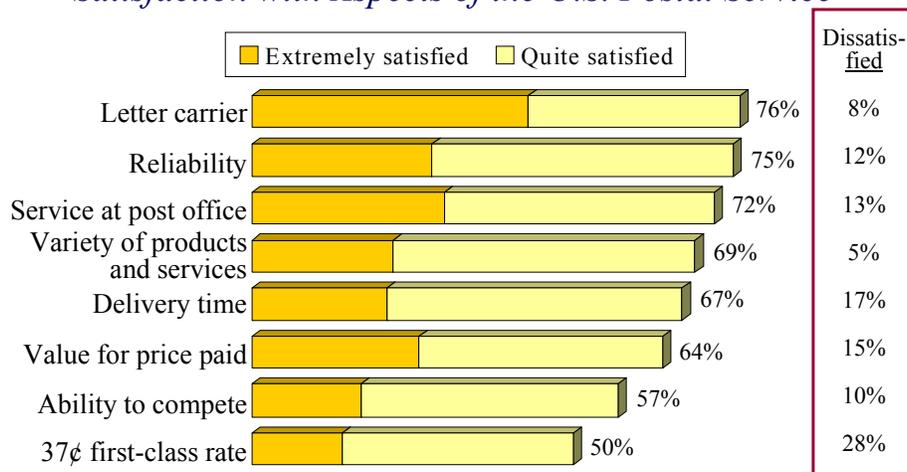
Rates Evoke Some Concern, but USPS Personnel Receive High Marks

More than a quarter (28%) of Americans are dissatisfied with the 37-cent cost of mailing a first-class letter, however, fully half (50%) report that they are satisfied with the current stamp price. Moreover, by 64% to 15% Americans say that in terms of the price they pay, they are satisfied with the value they receive from the USPS. Postal rates are Americans' most prominent concern, as no more than one in five Americans expresses dissatisfaction with any other tested aspect of postal service performance.

In other areas of customer satisfaction, United States Postal Service personnel receive particularly high marks. Overall, nearly three-quarters of Americans are satisfied with the quality of service they receive from their local Post Office. This is an eight-percentage-point increase from 64% in 1994. Additionally, 76% of Americans are satisfied with their letter carrier, including 43% who are extremely satisfied.

Rates Are A Concern For Some, But Personnel Get High Marks

Satisfaction with Aspects of the U.S. Postal Service



Majority Oppose USPS Privatization

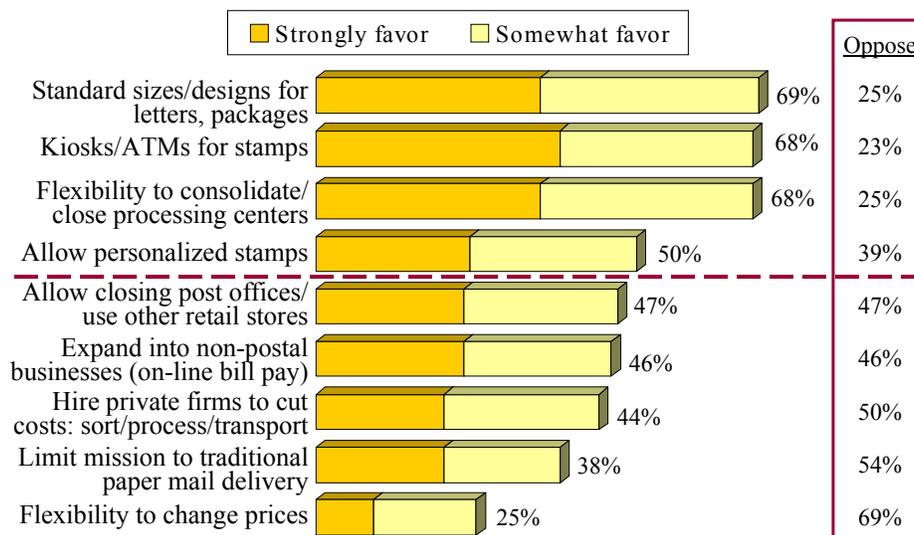
Although some Americans want change within the USPS, most clearly think that privatization is not the answer. By 67% to 24%, Americans reject transforming the United States Postal Service into a private company. A remarkable 53% strongly oppose the proposal, which is an unusual level of intensity.

In fact, Americans express little interest in having private entities conduct even part of the Postal Service's mail delivery tasks. On a zero-to-ten scale, on which a 10 means that change should be the Postal Service's top priority, and a zero means that the Postal Service should not spend too much time making changes in an area, only 18% rate developing a system to allow private companies to deliver packages and letters into home mailboxes as an eight, nine, or 10. Just one in three (33%) place a high priority on using private companies to sort, process, and transport mail in cases in which doing so might help improve service or control costs. Similarly, more than a third (37%) place a high priority on postal services delivered through a wide variety of retail locations, such as drug stores and grocery stores.

When the question shifts to emphasize controlling costs, support rises slightly, but still fails to attain a majority. By 44% to 50%, the public rejects a proposal to require the USPS to reduce its costs by hiring private companies to assist in the sorting, processing, and transporting of mail. More than a third (35%) of the public strongly opposes such a requirement.

By 71% to 24%, the public also strongly opposes proposals that would allow private companies to use home mailboxes for commercial mail delivery. The largest proportion (47%) of those opposed fear that it would increase the volume of commercial mail they receive. Other concerns include identity theft (19%) and homes' becoming less secure (17%).

Support For Specific Postal Reforms



Public Supports Raising Rates to Avoid Subsidies or Cuts in USPS Service

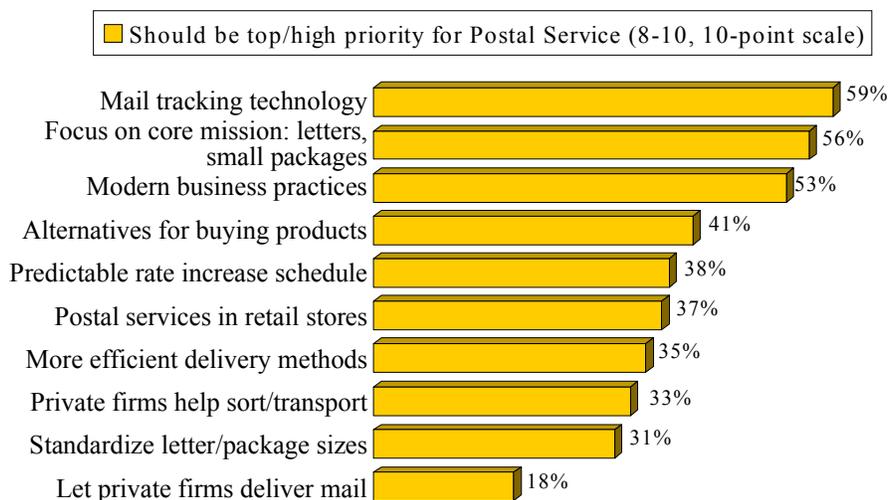
Americans display a noteworthy dose of realism when considering choices for changing the USPS. For example, by 55% to 33%, they would rather see an increase in the cost of stamps than a decline in the level of services provided by the USPS. On another question, Americans reject a proposal to bring back postal subsidies by 54% to 36%. The public clearly believes that the USPS should continue to operate at its current service levels and raise rates as needed to maintain its budgetary self-sufficiency.

Americans reject a proposal to give the USPS greater flexibility to change prices by eliminating the requirement to receive approval from the postal regulator, however. While the public chooses rate increases over reductions in services, privatization, and subsidies, they believe that current checks on rate increases should remain in place.

Modern Technology and Business Management Cited As Top Priorities

Americans desire few changes in the USPS, and the ones they do advocate are in its technology and business management. They are eager to see the USPS embrace new technologies and adopt the most modern business practices. As many as three in five (59%) rate as a high priority seeing the USPS use technology to enable customers to track mail through the postal system, and more than half (53%) would like to see greater use of modern business practices to improve management and efficiency. By 68% to 23%, Americans endorse an acceleration of kiosk and ATM use for postage distribution.

Just Keep Technology And Management Up To Date



Americans also endorse a proposal that would give the USPS greater flexibility to close or consolidate mail-processing centers when doing so increases the overall efficiency of operations. Nearly seven in 10 (68%) respondents support the proposal and just a quarter (25%) oppose it. It is important to remember, however, that agreement with this type of business-oriented decision in principle does not guarantee against opposition to closing specific local facilities.

Overall, few people see enough problems within the USPS to endorse major changes, especially when it means any sacrifices on the part of the public. Just one-third (35%) of

Americans place a high priority on using the most efficient means of mail delivery when it is suggested that this means using curb-side delivery or cluster boxes, and only 31% place a priority on requiring greater standardization of packages, letter sizes, and weights to improve service and control costs. When this requirement shifts to the Postal Service rather than customers, however, its popularity improves dramatically (69% favor, 25% oppose). In other words, the public favors standardization as a cost cutting measure by the USPS, but does not see it as a priority, and support is greater when the burden for standardization lies with the USPS rather than the customers.

Another popular proposal, although somewhat less so, is providing customers with an opportunity to send first-class mail using personalized stamps. These personalized stamps may include a personal message, a picture, or a graphic printed from a computer. Half (50%) of the public supports this proposal, 39% oppose it.

Several other proposals fail to win majority support. In keeping with the public's rejection of postal privatization, equal proportions of Americans support (47%) and oppose (47%) a proposal giving the USPS authority to close Post Offices when similar services can be provided through grocery stores, shopping malls, and other retailers. The public also is divided evenly over whether the USPS should expand into non-postal businesses such as electronic bill paying over the Internet (46% support, 46% oppose). Finally, despite the public's hesitation to see the Postal Service expand, Americans also reject a proposed requirement for the USPS to limit its mission to the delivery of traditional paper mail (38%, 54%).

Conclusions

The overall findings point to a public that is largely satisfied with the current performance of the United States Postal Service. It sees a need for the USPS to continue to improve and modernize to keep up to date with technology and private-sector competition, but it does not see any need for a major overhaul, sweeping changes, such as complete or partial privatization, or even changes that would become an inconvenience to customers in any way. Lacking any sense that the system is broken, the public evaluates most proposals from the simple basis of whether it would add up to a convenience for them personally.

The only clear exception to these narrow self-interest-driven poll responses is funding, for which the public clearly would prefer increases in stamps and other rates to any subsidies that would add pressure to the federal budget deficit. The public generally supports the idea that modern business practices can increase management efficiency as long as customers are not burdened and the appropriate checks and balances remain in place to evaluate any changes in pricing.