

## Why GAO Did This Study

Declines in mail volume have brought the U.S. Postal Service (USPS) to the brink of financial insolvency. Action to ensure its financial viability is urgently needed. Visits to post offices have also declined, and in an effort to cut costs, USPS is considering closing nearly half of its 32,000 post offices by 2015. In their place, alternatives to post offices, such as the Internet, self-service kiosks, and partnerships with retailers, are increasingly important for providing access to postal services. Retail alternatives also hold potential to help improve financial performance by providing services at a lower cost than post offices. As requested, this report discusses how (1) USPS's efforts to expand access through retail alternatives support its service and financial performance goals, (2) USPS communicates with the public about retail alternatives, and (3) USPS oversees its retail partners. To conduct this work, GAO analyzed USPS documents and data and interviewed USPS officials and stakeholders. GAO also interviewed operators of postal retail partnerships.

## What GAO Recommends

USPS should develop a plan to guide its retail network restructuring that is supported by relevant performance measures and data and includes a method to assess the effectiveness of its public communication strategy. USPS should also implement a risk-based approach to monitoring retail partners. USPS reviewed a draft of this report and stated it is developing a plan to guide its retail network restructuring and agreed to review how it monitors retail partners.

View [GAO-12-100](#) or key components. For more information, contact Phillip Herr at (202) 512-2834 or [herrp@gao.gov](mailto:herrp@gao.gov).

## U.S. POSTAL SERVICE

### Action Needed to Maximize Cost-Saving Potential of Alternatives to Post Offices

## What GAO Found

USPS has expanded access to its services through alternatives to post offices in support of its goals to improve service and financial performance. Retail alternatives offer service in more locations and for longer hours, enhancing convenience for many customers, but certain characteristics of these alternatives could be problematic for others. For example, services obtained from some alternatives cost more because of additional fees, which could deter use by price-sensitive customers. Furthermore, although about \$5 billion of its \$18 billion in fiscal year 2010 retail revenue came from alternatives, USPS officials said it is too early to realize related cost savings. USPS also lacks the performance measures and data needed to show how alternatives have affected its financial performance. A data-driven plan to guide its retail network restructuring could provide a clear path for achieving goals. Without such a plan, USPS may miss opportunities to achieve cost savings and identify which alternatives hold the most promise.

**USPS Retail Network: Examples of Services Offered at Post Offices and Alternatives**



Source: GAO.

USPS has sought to raise customers' awareness by developing media campaigns, enhancing its online tools for locating postal access points, and creating standard symbols for post offices and retail alternatives to show which products and services they offer. However, USPS has not assessed whether its message is reaching its customers, such as by using one of its existing customer surveys, and therefore does not know to what extent customers are aware of and willing to use its various retail alternatives. Although the public increasingly uses postal retail alternatives, more widespread adoption will be needed if USPS is to close thousands of post offices as planned in the next few years. USPS has projected that by 2020 alternatives to post offices will account for 60 percent of its retail revenue.

USPS's oversight of its retail partners, which includes entering into written agreements with them and providing training and guidance, could be improved if USPS modified its approach to monitoring compliance with its procedures. Local USPS officials are supposed to conduct quarterly reviews of retail partners to make sure they are following mailing procedures, but according to retail partners and USPS officials in field and local offices, these reviews do not always occur as often as intended because of resource constraints. A risk-based monitoring approach would allow targeting limited USPS oversight resources to areas of concern and thus address issues that could otherwise discourage customers from adopting retail alternatives, such as inadequate service.