



USPS Insights & 2012 Outlook: *Forecast shows that you can still rely on this powerful communications channel*

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With all of the hubbub—employee rallies, closing of offices, elimination of Saturday delivery—out there about the Post Office, we want to give you some insights on what we know to be happening with one of marketing’s strongest options for reaching its audience. Based on a recent industry presentation, here’s what we can share:

- The USPS needs to resize and reshape its business model to fit an enduring decrease in mail volume.
- The need to physically deliver mail will never go away, even with volume decreases.
- In order to meet current delivery performance standards:
 - much of the equipment/ facilities are used only about **six hours per day** and
 - much of its transportation is not full when dispatched
- The USPS continues to lose money but cannot increase its rates without the approval of others (and rate increases have been refused lately).
- The USPS cannot lay off people, and the attrition rate is not sufficient to reduce labor (and thus costs) as much as what is needed due to the volume drop.

In short, the only elements that the USPS controls without direction from Congress are its delivery performance standards and its physical network. So to survive, they are planning to change the delivery standards from one day to two-three days on first class “retail” mail. This should allow them to:

- Use their equipment 20 hours per day (rather than six)
- Fill the transportation rather than making runs with partially filled trucks
- Significantly reduce the number of sortation facilities (the Postal Service has control of them but not post offices, which Congress controls)

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The bottom line is: Congress and the general American public want great service, low prices, and a politically acceptable operation (e.g., no layoffs and many post offices). With current volumes, all are simply not possible; the USPS sees that its only choice is to reduce service or close. All other options appear to be blocked, and closing is not an option.

The bright side of this is that the USPS is taking steps to keep itself viable and fully expects to continue delivering the mail. We expect they will succeed (if somewhat slower on the delivery for First Class retail mail).

What this means for you:

You can still rely on the Post Office to deliver your communications. Commercial mail's delivery timeframes should not be affected. The great thing about having your mailing provider located in Indiana's largest city means that your deliverability will not be affected by the closing of sortation facilities, almost certain to happen in smaller cities in the state.

About Fineline's Mail Advisories

Fineline Mail Advisories keep our direct mail customers up-to-date on the most important developments at the United States Postal Service (USPS) and Fineline's mailing department. Sent only when necessary, they are quick-reads, written in terms that are easy to understand. You learn how your business may be affected or helped, upfront, so you can anticipate and plan how to maximize your direct mail's success.

