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Postal Service Reports Fiscal Year 2017 Results

The Postal Service reported revenue of $69.6 billion for fiscal year (FY) 2017 (Oct. 1, 2016 to Sept. 30, 2017), a decrease of $1.8 billion compared to the prior year. (See Table 1.) This marks the eleventh straight year of Postal Service losses. The lower revenues were driven largely by accelerated declines in First-Class and Marketing Mail volumes. The declines in First-Class Mail are unlikely to reverse as more people move to online billing and payment.

Revenue (in $ millions)	**FY2017**	**FY2016**
Service Category		
First-Class Mail	25,637	27,508
Marketing Mail	16,626	17,622
Shipping and Packages	19,481	17,427
International	2,723	2,674
Periodicals	1,375	1,507
Other	3,751	3,630
Total before change in accounting estimate	69,593	70,368
Change in accounting estimate	-	1,061
Total Operating Revenue	**69,593**	**71,429**

Volumes Decline

In FY2017, mail volumes declined by approximately 5.0 billion pieces, or 3.6%, while package volumes grew by 589 million pieces, or 11.4%, continuing a multi-year trend of declining mail volumes and increasing package volume that still does not grow fast enough to balance the Postal Service's budget. The disparity between mail and package volumes is overwhelming. While mail volume declines for the year were somewhat offset by growth in package volume, overall volume has declined by 4.9 billion pieces. (See Table 2.)

Volume (in millions)	**FY2017**	**FY2016**
Service Category		
First-Class Mail	58,747	61,240
Marketing Mail	78,329	80,885
Shipping and Packages	5,748	5,159
International	1,003	1,005
Periodicals	5,301	5,586
Other	363	467
Total Volume	**149,491**	**154,342**

The agency is innovating. It will expand Sunday deliveries during the holidays so that shoppers can have deliveries to their homes when they are home. Affordable prices may improve volume and revenues, but not enough to reverse recent loss trends.

Solvency Threatened

The growth in Shipping and Packages business provided some help to the financial picture of the Postal Service as revenue increased $2.1 billion, or 11.8%. However, that growth also was offset in the Postal Service's financials by a $1.1 billion 2016 noncash change in accounting estimate and the 2016 roll-back of the exigent surcharge mandated by the Postal Regulatory Commission (PRC).

"Our financial situation is serious, though solvable," said Postmaster General and CEO Megan J. Brennan. "There is a path to profitability and long-term financial stability. We are taking actions to control costs and compete effectively for revenues in addition to legislative and regulatory reform. We continue to optimize our network, enhance our products and services, and invest to better serve the American public." As set forth below, this statement was spin. The Postal Service's leadership needs postal reform. Cost-cutting and revenue growth cannot outpace the effects of declining use of the mails.

If costs cannot be cut and revenues are in decline, the Postal Service will not have the capital to invest in critical equipment, including a new fleet of mail delivery trucks. The agency needs those trucks. Its high-margin First-Class Mail is declining, while its low-margin package volume is building, putting more pressure on its outdated fleet of delivery vehicles.

Operating Revenue and Volume

Revenue and volume by service category for FY 2017, and FY2016 show the trends already described. Ms. Brennan stressed that the path forward for a financially stable future must also include actions urgently needed and

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Short Takes

CNBC reports: "Almost half of all online shopping will be on *Amazon.com* this holiday season." It pointed to analysis from SunTrust.

"'Given a record breaking Prime Day in 2Q, continued momentum in 3Q, and the fact that this is just the second holiday season offering monthly Prime memberships, we expect a record-breaking holiday season for the company'" wrote analyst Youssef Squali . . . ." *https://www.cnbc.com/2017/11/15/amazon-set-for-record-breaking-holiday-season.html.*

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Amazon could become one of the first-ever $1 trillion companies by the end of 2018, and its stock price could climb to $2,000 per share, according to a note from Morgan Stanley described by *Business Insider*.

Morgan Stanley analyst Brian Newark has offered projections that Amazon's retail business will see 13% annual sales growth, a 5.5% operating margin, and, for its marketplace alone, a 25% profit margin by 2022, according to the report. Its advertising business alone could produce an estimated 22% compound annual growth rate by 2022, according to Newark. *http://www.businessinsider.com/morgan-stanley-amazon-facebook-google-trillion-dollar-company-2018-2017-11*.

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Trending in 2017 is a four-day weekend of savings that shifts consumers' focus from Black Friday to Black Friday to Cyber Monday. A new survey conducted by RetailMeNot, in partnership with Kelton Global, reports that 68 % of consumers will spend money holiday shopping during that time. Some other Black Friday trends and statistics include:

• Black Friday is holding strong as a huge day for shopping: 52% of consumers plan to shop this year, while 53% shopped the day after Thanksgiving in 2016.
• Cyber Monday is gaining popularity: 56% plan to do their holiday shopping that day this year, while only 39% of shoppers did so on Cyber Monday in 2016.
• One-third (33%) plan to do holiday shopping on the Saturday after Black Friday, while 23% will do the same on the Sunday before Cyber Monday.
• Keeping up with the holiday spending: Holiday shoppers plan to spend an average of $743 across the Black Friday/Cyber Monday weekend, which is greater than the $505 people spent holiday shopping during the same weekend in 2016.
• The majority (51%) of consumers will be doing at least most of their shopping online during Black Friday/Cyber Monday weekend.
• Millennials are more than twice as likely as non-millennials (27% vs. 12%) to be willing to miss at least some of their Thanksgiving celebration to get a great Black Friday deal.
• Gifts topping wish lists this year include:

Clothing/Shoes: 53%
Holiday Tech (like the iPhone 8, Google Home, drones and smartwatches): 51%
Toys for kids (like the Hatchimals Surprise, Nerf Rival Nemesis and FurReal Friends): 32%
Jewelry: 16%
Restaurants/entertainment: 15%
Travel: 15%

https://www.prnewswire.com/news-releases/is-black-friday-dead-no-but-it-is-evolving-into-a-full-weekend-of-shopping-and-saving-300557066.

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Nearly 70% or about 164 million people will shop or are considering shopping during the four-day holiday shopping weekend that begins on Thanksgiving, according to an annual survey from the National Retail Federation and Prosper Insights & Analytics. Of those, 20% plan to shop on Thanksgiving Day (32 million), though Black Friday will remain the busiest day, with 70% (115 million), planning to shop then, the survey found.

The entire weekend should be busy: 43% (71 million) are expected to shop on Saturday, with 76% of those saying they want to support Small Business Saturday. On Sunday, 21% (35 million) expect to shop.

Shopping will continue on Cyber Monday with 48% (78 million) expected to shop on that day.

The chief draw is the prospect of savings. About 66% want to take advantage of deals and promotions, 26% say it's a tradition, and 23% said that "it's something to do" over the holiday weekend. About 23% said the weekend is the start of their holiday shopping. A majority (56%) have already started their holiday shopping. *http://www.businesswire.com/news/home/20171114006198/en/164-Million-Consumers-Plan-Shop-Thanksgiving-Weekend*.

Postal Service Reports Fiscal Year 2017 Results... *(cont. from page 1)*

outside of the Postal Service's control. They include advancement and passage of the postal reform provisions contained in H.R. 756 in the 115th Congress and the adoption by the PRC of a new pricing system as part of its ten-year pricing review, enabling the Postal Service to generate sufficient revenues to cover its costs.

At the current time the cost of a Forever Stamp is forty-nine cents. That price is too low for the Postal Service to meet growing consumer demands for speedier delivery, the postmaster general explains. The FY2017 loss followed a double-digit increase in package delivery. First Class Mail—the real money-maker of the Postal Service's product line—is declining in popularity at too swift a rate for revenues from package and shipping to keep pace. Based on the current inflation rate, the price of a Forever stamp will increase only one cent in January.

Operating Expenses

Operating expenses for the year were $72.2 billion, a decrease of $4.7 billion, or 6.1%, compared to the prior year, although this net reduction was largely attributable to changes in actuarially determined expenses outside of management's control. Expenses for retiree health benefits and workers compensation declined by $4.8 billion and $3.5 billion, respectively, but were partially offset by $2.4 billion in higher expenses for the amortization of unfunded retirement benefits, the result of statutory mandates effective for 2017 and changes in Office of Personnel Management actuarial assumptions. Expenses for compensation and benefits and transportation also added $667 million and $246 million, respectively, to FY2017 operating expenses.

Net Loss

The Postal Service reported a net loss for the year of $2.7 billion, a decrease in net loss of $2.8 billion compared to FY2016. Of this decline in net loss, $2.4 billion was the result of changes in interest rates, outside of management's control, that reduced workers' compensation expense compared to last year. Regardless of how the drop occurred, this is a significant improvement in the Postal Service's balance sheet.

Controllable Loss

The controllable loss for the year was $814 million, a change of $1.4 billion, driven by the $775 million decline in operating revenue before the FY2016 change in accounting estimate, along with the increases in compensation and benefits and transportation expenses of $667 million and $246 million, respectively.

Retirement Benefits

Similar to the last several years, the Postal Service was unable to make any of the payments that were due to the federal government at the end of the fiscal year, which amounted to approximately $6.9 billion in 2017, to pre-fund pension and health benefits for postal retirees.

"Making the payments to the federal government in full or in part would have left the Postal Service with insufficient liquidity to ensure that we will be able to cover our current and anticipated operating costs, make necessary capital investments, and absorb any contingencies or changes in the marketplace," said Chief Financial Officer and Executive Vice President Joseph Corbett. "We will continue to prioritize the maintenance of adequate liquidity to ensure the Postal Service is able to perform our primary mission of providing universal service to all Americans."

2016 Changes in Accounting

During the third quarter of FY2016, the Postal Service revised the estimation technique utilized to determine its "Deferred revenue-prepaid postage liability" for a series of postage stamps. The change resulted from new information regarding customers' retention and usage habits of Forever Stamps, and enabled the Postal Service to update its estimate of usage and "breakage" (representing stamps that will never be used for mailing due to loss, damage or stamp collection).

As a result of this change in estimate, the Postal Service recorded a decrease in its "Deferred revenue-prepaid postage liability" as of June 30, 2016, which caused an increase in revenue and decrease in net loss of $1.1 billion for FY2016. This change in accounting estimate resulted in a non-cash adjustment that does not impact the Postal Service's available cash or access to cash and does not affect its controllable loss.

Results of Operations

The Postal Service's news release references operating revenue before the change in accounting estimate and operating revenue before the temporary exigent surcharge, which are not calculated and presented in accordance with accounting principles generally accepted in the United States (GAAP).

Controllable (Loss) Income

The Postal Service news release references controllable (loss) income, which is not calculated and presented in accordance with GAAP. Controllable income (loss) is a non-GAAP financial measure defined as net income (loss) adjusted for items outside of management's control and non-recurring items. These adjustments include workers' compensation expenses caused by actuarial revaluation and discount rate changes, Postal Service Retiree Health Benefits Fund (PSRHBF) prefunding expenses, the amortization of PSRHBF, Civil Service Retirement System, and Federal Employees Retirement System unfunded liabilities, and the change in accounting estimate.

The new release reconciles the Postal Service's GAAP net loss to controllable (loss) income and illustrates the loss from ongoing business activities without the impact of non-controllable and non-recurring items for FY2017 and FY2016.

Government Executive focused on this swing to a greater degree than the Postal Service itself did in its coverage of the year-end results: "More troubling for USPS, however, was its net controllable income went from a $610 million profit to a $814 million loss in the fiscal year that ended Sept. 30. That marked the first such controllable loss in five years. The Postal Service cited the end to an emergency price hike that expired midway through fiscal 2016 as part of the disparity. Officials also noted a nearly $700 million increase in compensation costs as contributing to its dip into the red." *http://www.govexec.com/management/2017/11/2017-usps-suffers-first-controllable-loss-five-years/142532/?oref=govexec_today_nl.*

The same article explained the swing as follows: "Controllable income does not account for expenses beyond the influence of USPS managers, primarily a congressional mandate to prefund retiree health benefits and adjustments to workers' compensation costs. Part of the dropoff in that calculation is what Postal Service Chief Financial Officer Joe Corbett called an 'unexpected, accelerated' rate of decline in first-class mail volume. Regular, flat mail dropped off by 2.5 billion pieces in fiscal 2017, more than double the rate of decline between fiscal years 2015 and 2016. Marketing mail also dropped off by a similar number, following four consecutive years of stable volume."

Of course, the Postal Service focused on revenues having dropped off due to a reversal of the temporary exigent price increase instead of on a declining demand for the agency's most profitable service. Mr. Corbett said the Postal Service would have reported a controllable profit of about $300 million but for the reversal of that temporary postage rate hike.

Call for Reform

As in the past, the postmaster general and her CFO called for postal reform that would expand the agency's authority to increase postal rates. *Government Executive* added: "Fredric Rolando, president of the National Association of Letter Carriers, said the Postal Service's losses can be attributed largely to factors outside of the normal operations of the agency. His labor group has joined with all major postal unions in endorsing the House reform legislation, marking the first time the organizations have universally backed a committee-approved overhaul effort.

"'Addressing these external financial burdens would allow USPS—which is based in the Constitution and which enjoys broad public and political support—to continue providing Americans and their businesses with the industrial world's most affordable delivery network,' Rolando said."

Competitive Products Postal Rate Hikes Approved

The Postal Service recently proposed changes in prices for certain Competitive Products. The Postal Regulatory Commission (PRC) approved postal rate hikes for these Competitive Products on Nov. 7. These changes are scheduled to become effective Jan. 21, 2018. The PRC will update the Mail Classification Schedule (MCS) to reflect the new prices. A draft of the applicable MCS changes was attached to the Order.

The major Competitive Products are:

- Priority Mail Express
- Priority Mail
- First-Class Package Service
- Parcel Select
- Standard Post
- Extra, Return and Mailer Services.

Approval Process

On Oct. 6, 2017, the Postal Service filed notice with the PRC concerning changes in prices of general applicability for Competitive Products. *(See BMR 10/23/2017, at 1.)* The PRC took comments from the Public Representative and others. In general, the PRC review the Competitive Product rates to confirm they cover the costs of those products.

Competitive Products such as Priority Mail, parcel shipping services, and international mail options such as International Priority Airmail (IPA) and International Surface Air Lift (ISAL) will generally see a 3.9% price increase, with the Postal Service's bulk ground shipping products Parcel Select (4.9%) and Parcel Select Lightweight (7%) seeing the highest increases.

Market Realities

Back in the spring Morgan Stanley analyzed the potential for the Postal Service to raise rates on its Competitive Products. Absent reform of the agency's obligation to prefund its retirement benefits, it could have increased its rates on these products without congressional action and still remained competitive with shippers FedEx Corporation (FedEx) and United Parcel Service, Inc. (UPS).

Trucks.com explained why the Morgan Stanley analysis could, but would not, produce a large price adjustment in the foreseeable future: "Currently, USPS' competitive products are priced at $4 a unit, compared with $8 at UPS and FedEx Ground, Morgan Stanley found. So a 50 percent increase at USPS would still put the price 25 percent below the private competitors'."

However, USPS would not make such a move because competitors UPS and FedEx could command higher package prices in exchange for "superior technology and service." If the Postal Service charged the premium prices, its customers would object.

Additionally, "e-commerce behemoths such as Amazon and Walmart, who could rely more on in-house logistics and cheaper last-mile services" would have a financial incentive to beat out the Postal Service. Moreover, "smaller bricks-and-mortar retailers could adopt an omnichannel strategy, shipping from stores using local delivery and abandoning FedEx and UPS." *https://www.trucks.com/2017/03/06/usps-reforms-threat-fedex-ups/*.

The Competitive Products pricing that will go into effect in January will maintain the status quo, not rectify the current financial troubles of the Postal Service. In its own way, the Postal Service has found a niche it wants to protect in light of its precarious financial situation and dysfunctional mandate.

To read the PRC order approving Competitive Product prices, see Order No. 4208 at *https://www.prc.gov/dockets/orders*.

Market Dominant Products Postal Rates Approved

The Postal Regulatory Commission (PRC) also reviewed the Market Dominant Product (or Non-Competitive Product) rates requested by the Postal Service to ensure they are within the legally mandated inflation-based rate cap. The rate hikes, with some adjustments made Oct. 19 and 25, were approved and will become effective Jan. 18, 2018. Order No. 4215 is available at *https://www.prc.gov/dockets/orders*.

Market Dominant Products include First-Class Mail, USPS Marketing Mail (formerly known as Standard Mail), as well as Periodicals, and are the rates most often used by marketers.

Inflation Rate Cap

Changes in these rates are controlled by an inflation-based price cap applied at the service category level. This means that although the average increase for both Marketing Mail and First-Class Mail is about 1.9%, individual rate cells within each class can see changes that vary from the average as long as the result is within the rate cap when they are combined with all other mail in that class. That does give the Postal Service some latitude to adjust direct mailers' prices to improve volumes from the most price sensitive mailers.

Pricing Approval

The 2018 postage rate proposals were relatively simple compared to the 2017 changes. Absent approval of persons to fill vacant seats on the Postal Service's Board of Governors, there was little support for change that would deviate from the norms. The last remaining presidentially appointed governor approved a January 2018 rate increase before he left office in December 2016. Given the time lag between that approval and the effective date of the increase, the approval was simply for a within-the-cap increase without any changes to the rate structure.

The new prices mean a one cent increase in the price of a First-Class Mail Forever stamp from 49 cents to 50 cents. Postcard stamps and metered letters would also have a one cent increase.

Marketing Mail letters will see more variance in rate changes. The Postal Service announced last year it had been overestimating the cost savings that destination entry provides for letter mail. For this reason, it continues to work on aligning the relationship between Sectional Center Facility (SCF)-, Network Distribution Center (NDC)-, and origin-entered mail. Destination entry discounts for SCF-entered letters are currently $31-–$34/M, depending on tier. The 2018 proposed rates cut discounts to $28–$31/M. Marketing Mail letters commingled to the 5-digit level and entered at the SCF will see an increase of 1.4%, slightly below the class average, with NDC- and origin-entered mail seeing smaller increases. SCF-entered walk-sequence carrier route Marketing Mail letters will see higher than average increases of 2.0%–2.4%, with NDC- and origin-entered mail again seeing smaller increases.

Carefully-sorted, drop-shipped mail still provides the most advantageous postage prices, even if some of the relationships between tiers is changing. In addition, 2018 postage rates for many tiers of drop-shipped Marketing Mail letters and commercial First-Class Mail letters remain below the level of corresponding rates in early 2016 when the exigent surcharge was in place. *(See BMR 11/20/2017, p. 1.)*

Reforms Sought

The Postal Service would prefer a different pricing structure for these products—one that allowed the cap to go up by more than the Consumer Product Index. As it states on the agency's website: "The Postal Service filed comments . . . with the . . . PRC. . . in connection with the PRC's 10-year review of the pricing system for market-dominant products. Because the current system is not achieving the objectives of the postal law, including the objective to ensure that the Postal Service is financially stable, the Postal Service has proposed an alternative pricing system that does not include a price cap. Instead, the PRC would be responsible for after-the-fact regulatory monitoring to ensure that the prices being charged by the Postal Service are just and reasonable." *http://about.usps.com/news/statements/032017.htm.* As with the Competitive Products, the Postal Service does what it can within its constraints, but it will take postal reform to see the agency's financial situation improve significantly.

Singles Day Sees Double Digits

Alibaba saw double digit growth in revenues for its 2017 Singles Day (11/11) event in China. Revenues for this year's event were $25.3 billion in revenue, *Business Insider* reports. The revenues represent a 39% increase in sales. Singles Day began as a reaction toValentine's Day by college students in the 1990s, according to the Communist Party-owned *People's Daily*. Today, it is a day when singles either celebrate or despair over their single status by giving themselves gifts.

Alibaba collected those revenues at breakneck speed: $1 billion within two minutes and one second after the start of the event, and $11 billion more by the end of the next two hours.

Tallying Up

Forbes reported the following achievements:

"140,000: brands participating in the shopping festival. This is more than a 40% increase from last year. Alibaba is using what they call 'uni-marketing,' a data driven marketing technique, to help brands target the right consumers. Major international brands that enjoyed success include P&G, Estee Lauder, Starbucks, Bose, Nike, and GAP. Many small brands are also rushing in.

"15 million: products listed. Top selling products were in wellness and baby products categories such as multivitamins, milk powder and diapers. This is no surprise as health and safety are top concerns of Chinese consumers. Products from Japan, U.S., Australia, Germany and South Korea were most loved by Chinese consumers.

"812 million: orders made and are in the process of delivery in the next few days. Alibaba is experimenting a smart logistics practice using big data, which allows fast delivery from proximity warehouses/stores. The first order was delivered in 12.18 minutes of the purchase." *https://www.forbes.com/sites/helenwang/2017/11/12/alibabas-singles-day-by-the-numbers-a-record-25-billion-haul/#cef2d8c1db15*.

Taking Market's Measure

For those ecommerce merchants seeking to measure the Chinese market's potential, the Singles Day event compares favorably to the U.S.'s holiday season kick-off. U.S. companies saw revenues of only the $12.8 billion between Thanksgiving and Cyber Monday in 2016.

It is becoming clear that it is not just a single etailer's shopping event. Now in its ninth year, Singles Day is not just about Alibaba, but has involved businesses other than Alibaba. *Exchange Wire* reports that: "According to the figures from China Ecommerce Research Center . . . , the 24-hour nation-wide online shopping blitz grossed a sales total of . . . USD$38.2bn . . . this year, hitting a year-on-year growth of 45.2%. Alibaba's Tmall accounted for 66.2% of the pie, posting yet another year of record sales of . . . USD$25.4bn . . . ." *https://www.exchangewire.com/blog/2017/11/16/reviewing-chinas-singles-day-2017-no-longer-just-alibaba/*.

The event overshadows Amazon's Prime Day that takes place in July: "Putting things in perspective, the total sales generated at Tmall this year nearly doubled those from Black Friday and Cyber Monday in the US in 2016 combined, and was more than 10 times the sales total of Amazon's Prime Day 2017, which was USD$2.4bn . . . according to Statista," *Exchange Wire* reports.

Delivery Infrastructure

Alibaba credits its investments in improving delivery infrastructure for some of the realized growth potential. The company helped about 600,000 smaller businesses install storage lockers so that deliveries could be made at central locations for easy retrieval by customers. The company also helped with improving computer systems that made same-day and one-hour delivery possible. *Business Insider* reports as well that a new app helped identify inventory levels and ease order fulfillment. *http://www.businessinsider.com/alibabas-singles-day-bigger-than-black-friday-cyber-monday-combined-2017-11*.

The significance of the Singles Day extravaganza means a delivery success as well. “Sales are estimated to mean distribution of more than 700 million packages after 11-11,” according to *SeekingAlpha.com*. *https://seekingalpha.com/article/4124920-record-25-billion-alibabas-singles-day-mobile*.

USPS Sued by Schlafly Trust Fund

The holiday movie *Miracle on 34th Street* included a dramatic scene in which the Postal Service’s dead letter office saves Kris Kringle from an adverse ruling that he is senile rather than Santa by delivering to the courtroom children’s letters to Santa. Kris’ attorney then asserts the Post Office has confirmed that he is *the* Santa Claus. The judge dismisses the case. Now a trust fund created by Phyllis Schlafly (now deceased) has sued the Postal Service in D.C. federal court on grounds that mail, including donations intended for its conservative mission, were allegedly delivered to another Schlafly entity. The alleged mistaken delivery of mail arguably injured the intended recipient because delivery was made to an entity whose board tried to remove Schlafly from her position while she lived.

Plaintiff, The Eagle Trust Fund claims the Postal Service delivered mail to Eagle Forum, even though the mail (containing donations) was intended for either the Eagle Trust Fund or Eagle Forum Education & Legal Defense Fund. Late delivery meant reduced availability of and interest on funds for the plaintiff.

The case is *Eagle Trust Fund v. U.S. Postal Service*, case number 1:17-cv-02450, in the U.S. District Court for the District of Columbia. *https://www.law360.com/governmentcontracts/articles/984914/phyllis-schlafly-s-trust-fund-sues-usps-over-donation-mail*. The court may decide who is the "real" addressee.

Last-Minute Mailers

The Postal Service will deliver more than 15 billion pieces of mail this holiday season. In the period between Thanksgiving and New Year’s Day, the Postal Service also expects to deliver 850 million packages, which is more than a 10% increase compared to the same period last year.

“The Postal Service is well prepared to meet our customers’ needs during the holiday season, especially as demand for package deliveries continues to grow,” said Megan J. Brennan, Postmaster General and CEO.

As reported previously, the Postal Service will be expanding its Sunday delivery operations to locations with high package volumes beginning Nov. 26. The Postal Service already delivers packages on Sundays in most major cities, and anticipates delivering more than six million packages on Sundays this December. Mail carriers will also deliver packages on Christmas Day in select locations.

“America relies on the Postal Service and our 640,000 dedicated employees to deliver the holidays,” said Brennan. “We take great pride in our holiday readiness and preparation, and in our ability to offer reliable, predictable and affordable service in every community in America.”

With an increase in early and online shopping for gifts, there is no longer a “busiest day” for holiday shipping. Instead, the Postal Service’s busiest time is now two weeks before Christmas. Starting the week of Dec. 11, customer traffic is expected to increase, with the week of Dec. 18-24 predicted to be the busiest mailing, shipping, and delivery week. During this week, nearly three billion pieces of First Class Mail, including greeting cards, will be processed and delivered. The Postal Service also expects to deliver nearly 200 million packages per week during these two weeks.

In case your plan was to ship to APO/FPO/DPO destinations by USPS Retail Ground, the deadline for having packages arrive by Christmas passed earlier this month: Nov. 6 – APO/FPO/DPO USPS Retail Ground. The deadline to send to such destinations by Priority Mail & First Class Mail is Dec. 11.

Briefs

Walmart recently reported a very successful 3Q/FY2017. Total revenue for the quarter increased 4.2% or $5 billion to $123.2 billion; after adjusting for currency fluctuations, total revenue rose 3.8% or $4.5 billion to $122.7 billion.

Net sales online increased 50% and gross merchandise volume increased 54% (these are not typos), the company said. U.S. same-store sales rose 2.7%, and same-store traffic increased 1.5%. Third quarter net sales at Walmart International rose 4.1% to $29.5 billion, or, excluding currency, rose 2.5% to $29.1 billion. The 2.7% increase proved higher than analysts' expectations of a 1.7% gain. Walmart's 3Q/FY2017 performance means that same-store sales have improved for three straight years.

Gross profit margin in the quarter declined 29 basis points, due mostly to price cuts in certain markets and "the mix effects of our growing e-commerce business." *http://s2.q4cdn.com/056532643/files/doc_financials/2018/q3/Earnings-Release-Final-11.16.17.pdf*.

Business Insider offers its insight into how Walmart has managed such results. In its Nov. 15 email, it reports: "Walmart has started charging higher prices online than in-store in an effort to save on shipping costs and push shoppers to brick-and-mortar locations.

"Some products on *Walmart.com* now list an 'online' and 'in-store' price to let consumers know the difference.

"Products ranging from macaroni & cheese to toothbrushes have diverging prices, though many products remain unaffected.

"The company is experimenting with a new system that's raising the prices of items that would otherwise be unprofitable to ship." Read more at *http://www.businessinsider.com/walmart-is-charging-different-prices-online-and-in-store-2017-11*.

PARCEL Media reports in a Nov. 16 email: "According to eMarketer's 2016 holiday sales summary, US retail e-commerce sales jumped 17.8%, a phenomenal rate that helped push total retail sales up 4.8%. The e-commerce space only expects that number to continue to grow for the upcoming 2017 holiday season."

The Trump administration will allow Deferred Action for Childhood Arrivals (DACA) applicants more time for legal residency after the USPS conceded it delayed the delivery of applications until after the deadline for renewal.

The original deadline of Oct. 5 for extension of residency for an additional two years passed due to an error in handling mail in Chicago.

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