

# BUSINESS MAILERS REVIEW

Monitoring the Postal Service, Private Carriers and Suppliers  
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## USPS Fourth Quarter Financial Results

After accounting for a \$5.8 billion retiree health benefit prefunding obligation, the Postal Service posted a net loss of approximately \$5.6 billion for FY2016 (Oct. 1, 2015-Sept. 30, 2016), as compared to a \$5.1 billion net loss for FY2015. Excluding this prefunding obligation, the Postal Service would have recorded net income of approximately \$200 million in 2016.

“To drive growth in revenue and better serve our customers, we continue to invest in the future of the Postal Service by leveraging technology, improv-

“The Postal Service continues to win e-commerce customers and grow our package delivery business. We deliver more e-commerce packages to the home than any other shipper because of our predictable service, enhanced visibility and competitive pricing,” said Brennan.

### Exigency Price Rollback

Overall, the Postal Service reported operating revenue of \$70.4 billion for 2016, excluding a \$1.1 billion change in accounting estimate recorded during the year. This equates to an increase of \$1.6 billion, or 2.3%, over

Service Category	Revenue		Volume in pieces			
	Revenue and volume in millions	FY2016	FY2015	FY2016	FY2015	
First-Class Mail	\$	27,281	\$	28,206	60,922	62,353
Standard Mail	\$	17,982	\$	17,992	80,885	80,030
Shipping and Packages	\$	17,307	\$	14,942	5,134	4,510
International	\$	2,695	\$	2,702	1,006	913
Periodicals	\$	1,507	\$	1,589	5,544	5,838
Other	\$	3,596	\$	3,359	450	391
<b>Total before change in accounting estimate</b>	<b>\$</b>	<b>70,368</b>	<b>\$</b>	<b>68,790</b>	<b>153,941</b>	<b>154,035</b>
Change in accounting estimate	\$	1,061	\$	-	0	0
<b>Total revenue and volume</b>	<b>\$</b>	<b>71,429</b>	<b>\$</b>	<b>68,790</b>	<b>153,941</b>	<b>154,305</b>

ing processes and adjusting our network,” said Postmaster General and CEO Megan J. Brennan. “In 2016, we invested \$1.4 billion, an increase of \$206 million over 2015, to fund some of our much-needed building improvements, vehicles, equipment and other capital projects.”

### Shipping & Packages

The Shipping and Packages business continued its strong performance with revenue growth of \$2.4 billion, or 15.8%. This was offset by a decline in First-Class Mail revenue of \$925 million, or 3.3%, due largely to the exigent surcharge expiration and continuing electronic migration. These two trends, together with steady Standard Mail revenues, and a slight increase in other revenues account for the \$1.6 billion growth in operating revenue.

last year (See Table). Revenue growth was achieved despite the April 2016 expiration of the exigent surcharge mandated by the Postal Regulatory Commission. As a result of this expiration, revenue for 2016 was lower by approximately \$1 billion than what it otherwise would have been. Going forward, without the surcharge, the Postal Service expects its revenue to decline from what it otherwise would be by almost \$2 billion per year.

### Urgent Need for Reform

Despite the positive trends in some aspects of its business, the net loss suffered by the Postal Service this year cannot be ignored. Even with continued proactive and aggressive management, such losses are likely to persist for the foreseeable future because of mandated

(Continued on Page 3)

## Short Takes

Cart abandonment is a common topic of concern. BOPIS abandonment is a “surprisingly frequent occurrence,” according to a recent Forrester report, “Abolish Abandon Rates For In-Store Pickup.”

The report cites a Forrester survey from 2015 that found that just below 30% of all BOPIS users and 40% of Millennials had abandoned a BOPIS purchase in the past three months.

\* \* \*

Wal-Mart’s latest experiment is a distribution station for online orders being picked up in the store by customers. The automated pickup machine was produced by Estonia-based startup Cleveron and installed nearly two months ago to begin a testing phase in which Wal-Mart plans to gather feedback from customers about its speed and convenience.

The station works like an ATM or vending machine for customers who have ordered general merchandise online. Some packages are delivered via the tower; however, as of this time, most customers still require the assistance of a Wal-Mart employee to complete the pick-up process. When fully operational, customers will be able to extract their purchases as they make payment. Why not use a locker system like those already in use elsewhere? This is unexplained.

\* \* \*

One shelved proposal for expanding the business plan of the USPS was offering local bank-type services in underserved neighborhoods using blockchain technology. *Business Insider* has a new report on the potential uses for blockchain technology by venture capital firms and financial institutions seeking either to develop such technology in-house or to help “fund startups with products rooted in blockchain.” To obtain a copy of *The Blockchain Report: Why the Technology Behind Bitcoin is Seeing Widespread Investment and Early Application Across the Finance Industry*, go to <http://www.businessinsider.com/intelligence/bi-intelligence-fintech-and-payments-research-bundle-reports-store>.

\* \* \*

In the aftermath of Presidential Election 2016, the Democratic Party has been analyzing how it lost what has been described as the “blue wall” in states like Wisconsin. In an article entitled “Chambers of Pain,” *The Atlantic* quotes Jessica Post, the executive director of the Democratic Legislative Campaign Committee as saying that she ran a grassroots program to spur support for state legislative candidates. Post said of her field organizers’ knocking on doors: “This is longer-lasting than direct mail’ . . . and it would assist Democratic candidates in the following election cycle, and the one after that.” Is there an A/B Test for that?

\* \* \*

Will the Presidential Election results spur more direct mail activity by charities that take up the causes of racial, ethnic, and gender equality? *Politico Influence* reported on Nov. 10 that, in the aftermath of the GOP’s success: “The American Civil Liberties Union’s website crashed . . . amid a 7,000 percent surge to its donations link. It was the organization’s best single-day of fundraising ever. Since Trump won, they’ve collected more than 38,000 gifts totaling \$2.4 million.” *politicoinfluence@politico.com*.

\* \* \*

Ijaz Butt, a New York resident, recently pleaded guilty to one count of conspiracy to commit bank fraud, bringing to nineteen the number of persons to do so with respect to a massive effort to create as many as 7000 false identities for the purpose of obtaining tens of thousands of credit cards. The scam’s take tallies more than \$200 million. Butt and his co-conspirators used countless postal addresses when creating identities and applying for credit.

The conspiracy was investigated by representatives of the federal Financial Fraud Enforcement Task Force, the FBI’s Cyber Division, the U.S. Secret Service, the USPS, and the Social Security Administration.

Butt’s sentence was for thirty years, of which he is expected to serve sixty-three months. The defendant also faces three years of supervised release.

## USPS Fourth Quarter... (cont. from page 1)

costs such as an unaffordable retiree health benefits program that is not fully integrated with Medicare, and an ineffective pricing system.

“This is why legislative and regulatory reforms remain critical for us to meet the needs of the American public now and well into the future,” said Brennan.

### Rising Costs

Operating expenses increased in 2016 compared to last year. In addition to a \$922 million increase in workers’ compensation expense, compensation and benefits expenses increased by approximately \$1.2 billion and transportation costs increased by \$413 million. The growth in labor and transportation costs is largely due to the increase in Shipping and Packages volumes, which are more labor-intensive to process and require greater transportation capacity than mail. Transportation expense also increased to significantly improve service levels in 2016.

Controllable income for 2016 was \$610 million compared to \$1.2 billion for last year. In the day-to-day operation of its business, the Postal Service focuses on controllable income, which takes into account the impact of operational expenses including compensation and benefits; but does not reflect factors such as the legally-mandated expense to prefund retiree health benefits or the change in accounting estimate noted above.

Controllable income is not calculated and presented in accordance with accounting principles generally accepted in the United States (GAAP). Controllable income 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 the mandated prefunding of retire-

ment health benefits, actuarial revaluation of retirement liabilities, non-cash workers’ compensation adjustments, and the change in accounting estimate.

The USPS reconciles GAAP net loss to controllable income and calculates the income from ongoing business activities without the impact of non-controllable and non-recurring items for FY2016, and FY2015. This change in accounting estimate resulted in a non-cash adjustment that does not impact the Postal Service’s liquidity or access to cash and does not affect its controllable income.

The terms "operating revenue before the change in accounting estimate" and "operating revenue before the temporary exigent surcharge" are not calculated and presented in accordance with GAAP.

### Selected Results

During the three months ended June 30, 2016, 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 estimation, 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 the three months ended June 30, 2016, and for the year.

## Too Trifling a Matter?

The Postal Service’s Office of Inspector General (OIG) said in a recent whitepaper that it was time for Congress to act quickly before the Postal Service loses its last governor of a nine-member board authorized to handle such critical matters as setting stamp prices, appointing the postmaster general, and planning new postal business developments.

Former Rep. James Bilbray of Nevada is the last of nine of the presidential appointees to the board. His term expires in December. Opposing action to confirm appointees (required to balance both parties and add a governor to

represent the public’s interests), is Sen. Bernie Sanders (I-Vt.). In the absence of a quorum, Bilbray, the postmaster general, and her deputy have made up a “temporary emergency committee” to keep the board operating.

No one knows what the president-elect means to do with the agency. He made no public comments on the agency’s fate. Will a lame duck Congress do its job now that there is no longer a need to do nothing to make clear its objections to the election of President Obama? The OIG seems to have some hope that someone will hear and heed its 911 call for action.

## PRC Seeks Legislative Reform of USPS

The Postal Regulatory Commission (PRC) recommends that the President and Congress address the volatile financial condition of the Postal Service. The

PRC is required every five years under section 701 of the Postal Accountability and Enhancement Act of 2006 (PAEA) to issue a report that evaluates how well

the PAEA is operating and makes recommendations for legislation or other measures necessary to improve the effectiveness and efficiency of the Nation's postal laws.

The PRC's 2016 Report emphasizes the starkly different environment faced by the Postal Service since the enactment of the PAEA—a time when volume was growing and the Postal Service was earning revenues that exceeded costs. Today, mail volume has declined more than 25% since 2006 coupled with a total net loss of \$5.6 billion in FY2016, despite an exigent surcharge that generated an additional \$2.1 billion in revenue in FY2015 and about \$1 billion in FY2016.

Twice this year, the PRC provided testimony at congressional hearings focused on the steadily deteriorating financial condition of the Postal Service. Specifically, the PRC was asked to share with the Senate and House oversight committees key findings of its annual Financial Analysis of U.S. Postal Service Financial Results. Testimony delivered by Acting Chairman Robert Taub described the fundamental problems facing the Postal Service: a growing liability for retiree health benefits; an inability to borrow for needed capital investments, such as new delivery vehicles and package sortation equipment; and the continued loss of high margin First-Class Mail revenues.

Acting Chairman Taub said, "It is clear, the most important legislative recommendations the Commission can make relate directly to improving the financial condi-

tion of the U.S. Postal Service. It is our hope that these recommendations will be the foundation for that effort."

The PRC emphasizes the following recommendations that address the financial condition:

- The PRC renews its recommendations from its 2011 Report that Congress modify the Retiree Health Benefits Fund prefunding level and payment schedule as a measure to improve Postal Service sustainability. Decreasing the funding target to one more in line with industry norms would provide much needed improvement in the Postal Service's assets to liabilities ratio.
- The PRC recommends lengthening the amortization period of the current unfunded liability. The current amortization period is forty years. Extending the amortization period would free significant capital by reducing Postal Service annual payments.
- Further improvement in liquidity could be provided by allowing the Postal Service to use any available Federal Employees Retirement System (FERS) surplus, rather than requiring the surplus to be transferred to the RHBF. The PRC, therefore, recommends that Congress grant the Postal Service the authority to use available FERS surpluses to pay off current or future liabilities, including debt to the U.S. Treasury, pension liabilities, and retiree health benefit liabilities.

All of the PRC's recommendations are located in Appendix A of the Section 701 Report titled "Section 701 Report Recommendations."

## Elephant in the Room

The GOP now controls the U.S. presidency and both houses of the legislature. If several more justices of the U.S. Supreme Court retire during the current term, that branch of government might also feel the effects of GOP control. Ecommerce businesses have been asking what this means for their futures.

### Pre-Election Rhetoric

Donald Trump is no friend of Amazon.com Inc. CEO Jeff Bezos. As *Business Insider* explained it to readers: "Trump has often attacked Bezos for using his *Washington Post* ownership to keep taxes low on Amazon and keep it free of antitrust allegations. He famously said, 'If I become president, oh, do they have problems.' Bezos, meanwhile, called out Trump for his accusations of mainstream media bias, saying he's 'eroding our democracy' and suggesting Trump take a trip to space instead." <http://www.businessinsider.com/how-trump-presidency-will-affect-amazon-2016-11>.

Many publications are discussing possible retaliation by the president-elect. <http://www.cnn.com/2016/11/10/amazons-slump-trump-score-settling.html>;

<http://time.com/money/4566339/amazon-stock-donald-trump-president-white-house-trade-taxes/>;

<http://www.seattletimes.com/business/amazon/how-will-amazon-fare-in-a-trump-world/>.

If President-Elect Trump still bears ill will against Bezos, is it likely that could adversely affect the many ecommerce businesses dealing with Amazon? The *Business Insider* article seems doubtful on this point. It describes the company as largely impervious to antitrust challenges because of its commitment to lowering consumer prices. Also, Bezos stands to benefit from Trump's tax agenda.

Macy's also has drawn the president-elect's ire. In June of 2015, Macy's pulled Trump's clothing line from the department store chain after Trump made derogatory comments about Mexican immigrants. The company recently stated it took that action because it would not sell any candidate's merchandise during an election. <http://www.retaildive.com/news/how-7->

*retail-execs-responded-to-trumps-presidential-win/430293/*. Retail Dive's coverage of Trump's relationship with a number of other business executives suggests that too much score-settling will hinder job creation. This will put the candidate's campaign promises and temperament to the test.

### Suspense until Jan. 20

President-Elect Donald Trump does not take office until about this time in January. After the markets reacted negatively to instability on election night, there have been rallies that may reassure business owners. Most observers expect the passage of time to reduce the likelihood that fallout will be felt during the 2016 holiday season.

It appears those most held in suspense during the lame duck period are Chinese ecommerce businesses. As the *Seattle Times* wrote in the first week after the election: "Chinese internet companies face a new reality after Donald Trump's surprise victory as U.S. president-elect—and Alibaba Group Holding has the most to lose. On the campaign trail, Trump promised to upend global trade, saying that China is 'killing us' on trade policy and proposing tariffs on Chinese goods of as much as 45 percent. If implemented, his ideas could lead to 'devastating' results, from global trade wars to higher costs of living, and 'spell the end of globalization,' according to Darrell West, a vice president at the Brookings Institution." <http://www.seattletimes.com/business/technology/trumps-policies-concern-alibaba/>.

### Post-Inauguration Day

The current priorities of the incoming administration appear to be immigration, healthcare, and taxes. The GOP has traditionally supported a free and open international marketplace. The incoming president has promised to take protectionist steps to return jobs to America, including jobs in the steel, coal, and auto industries. Those are industries for which the U.S. has been undercut based on lower labor costs abroad.

Ecommerce business operator Richard Stubbings recently posted his views on the effects of a Trump presidency in *Practical Ecommerce*. He currently operates in the U.K. and points to his observations of post-Brexit economics on his business. "The dollar has already slipped a bit. It may fall further. This will make it more attractive for U.S.-based merchants to sell internationally. Thus U.S. companies should try to increase cross-border sales, including new markets, but perhaps after the current holiday season. In 2017 the markets may change. Whilst nothing is certain, the Trump administration could impose import barriers to reduce competition from non-U.S. sellers like me.

This would presumably be beneficial to U.S. retailers but harmful to U.S. consumers, who would likely pay more for fewer choices. So a Trump presidency could temporarily help domestic sales and the weaker dollar could help international sales, but only until other nations retaliate and impose their own import barriers," Stubbings wrote. <http://www.practicalcommerce.com/columns/the-view-from-england/130586-U-K-ecommerce-merchant-ponders-President-Trump>.

The difficulty with this prediction is that it relies on Trump's campaign promises to terminate existing trade agreements and replace them with more favorable agreements or with protectionist policies. While the Trans-Pacific Partnership is unlikely to be approved, it is unclear that the Trump administration will pursue campaign promises. <http://www.theatlantic.com/business/archive/2016/11/tpps-death-wont-help-the-american-middle-class/507683/>. John Cassidy, writing for *The New Yorker* explains that conservative Heritage Foundation personnel, not traditionally supportive of some of the president-elect's policies, are already working on his transition: "Have these free-market conservatives suddenly discovered the virtues of Trump's threats to impose tariffs on China and Mexico? Hardly. But they can see much to like in his pledge to make a bonfire of financial and environmental regulations, and also approve of his tax plan, which, according to the non-partisan Tax Policy Center, would boost the annual after-tax income of the top one per cent by \$214,690, on average, and annual after-tax income of the top 0.1 percent by \$1.1 million." <http://www.newyorker.com/news/john-cassidy/donald-trumps-great-bait-and-switch>. That being the case, it is difficult to predict what policies will emerge from the new administration.

### No Spoiler Alerts

The best estimates of many commentators are that it is too soon to say whether Mr. Trump's move to Washington will help or hinder ecommerce. The candidate that rides into D.C. on a platform aimed at increasing U.S. employment, responding to undocumented immigration, rolling back Obamacare and taxes, kicking out Washington elite, and championing trade protection, already is pursuing different policies in his handling of transitional matters. It may be best for ecommerce businesses to have a short-term and a long-term plan in the works. The ride may be bumpy for a while.

## Ready for the Season

The Postal Service is ready to deliver roughly 16 billion cards, letters, and packages this holiday season. It projects it will handle about 750 million packages, a 12% increase in volume compared to last year.

“Our customers can count on the entire Postal Service workforce to deliver their holiday gifts, cards and letters,” said Megan J. Brennan, Postmaster General and CEO. “With the Postal Service’s unrivaled network and expanded seven-day a week delivery window, we are uniquely qualified to provide the highest levels of customer service and we are confident that’s exactly what we’ll do this holiday season.”

Additionally, the Postal Service is hiring more than 35,000 seasonal employees to help process and deliver increased volumes and meet the needs of its customers.

While the Postal Service already delivers packages on Sunday in most major cities, following the success of past holiday seasons, it will expand Sunday delivery operations to all locations with high package volumes beginning Nov. 27. More than five million packages are expected to be delivered each Sunday in December. Mail carriers will also deliver packages on Christmas Day in select locations.

The Postal Service predicts that Monday, Dec. 19, will be the busiest mailing and shipping day for holiday packages, letters, and cards. Thursday, Dec. 22, is expected to be the busiest delivery day for holiday packages, cards, and letters. The Postal Service anticipates nearly 30 million packages will be delivered on the peak delivery day alone.

## Holiday Sales Begin

On Nov. 1, the holiday games began. Amazon.com Inc. reopened its Black Friday Deals Store page for its U.S. and Canadian sites at the address [amazon.com/blackfriday](http://amazon.com/blackfriday). Amazon plans to add new product offers—offers made by Amazon for products it sells directly and offers by its marketplace sellers—as

frequently as every five minutes during the season.

Nearly one-third (31%) of U.S. consumers have begun their holiday shopping, up five percentage points from a year ago, according to Adobe’s 2016 Digital Insights Shopping Predictions survey of more than 1000 U.S. consumers.

## Singles Day Sales Soar

Alibaba Group said that Singles Day (11/11) sales processed through the Alipay unit totaled \$17.8 billion of gross merchandise volume (GMV) across Alibaba’s China and international retail marketplaces, a 32% increase over last year’s event. Mobile GMV settled through Alipay accounted for 82% of that total, compared to 69% in 2015.

The top U.S. brands sold were Apple, Nike, New Balance Playboy, and Skechers. <http://www.alizila.com/2016-11-11-global-shopping-festival-wrap-up/>.

By nearly every measure in 2016, Alibaba is beating its own records. Alibaba recently reported quarterly revenue of RMB 34,292 million (US \$6.14

billion), up 55% from the year-ago period and surpassing Thomson Reuters consensus expectations for revenue of RMB 34,020 million. Ecommerce revenue in the period increased 41% year-over-year to RMB 28,493 million (US \$4,273 million). Mobile monthly active users on its China retail marketplaces reached 450 million in September, an increase of 23 million over June, while annual active buyers on its China retail marketplaces reached 439 million, an increase of 5 million from the twelve-month period ended in June. [http://alibabagroup.com/en/news/press\\_pdf/p161102.pdf](http://alibabagroup.com/en/news/press_pdf/p161102.pdf).

## More Choices to Buy and Pick Up

Wal-Mart’s 20 million inventory items for sale this holiday are more than double the 8 million items offered back in January. As holiday shoppers make their purchases online, Wal-Mart will field many more employees to fulfill online orders and, for the first time, a manager

will oversee online orders picked up in stores. Click and collect makes up an increasing percentage of sales over the holidays. Wal-Mart reports it fulfills up to five times as many click and collect orders during the holiday season than it does during the rest of the year.

## Staples’ Easy App

Users of Staples’ app can preview Black Friday deals weeks before they can purchase them. Starting Nov. 6, Staples has shown its website shoppers certain ads before the sale prices became available.

Online shoppers also will have the option to cash in on its Black Friday deals a day earlier, on Thanksgiving Day, but only online and in its app. Staples will open its stores at 6 a.m. on the day after Thanksgiving

for its deals in stores.

Staples is letting shoppers know about the preview via banners on *Staples.com*, emails, app

### The Mice Will Play

The USPS Office of Inspector General (OIG) has urged the agency to increase its oversight of contract retail locations that offer some post office services. The OIG evaluated performance reviews and missing paperwork. It concluded: “As a result, customer loyalty, good will towards the Postal Service, and the Postal Service’s business relationships with [contract postal units or] CPUs and its customers could significantly decline, which could result in substantial revenue loss.” “CPUs should always act in the Postal Service’s best interest to uphold the Postal Service’s brand and increase customer satisfaction.”

More than 2600 CPUs operate to reduce lines

acquisition banners, social media, SMS messages, push notifications, and paid searches.

and extend local hours of service. They should be trained and monitored by twenty-one USPS host administrative offices. All twenty-one offices failed to effectively monitor CPUs. Sixteen failed to complete quarterly reviews. Even when reviews took place, forms did not make uniform the collection of comments from reviewers, which comments might have led to meaningful reforms.

The OIG recommended formal training, a recommendation accepted by USPS management. However, the USPS claimed it already had worked to adopt best practices and that the OIG’s report was based on too small a sample.

### Many Happy Returns for Amazon

Some Amazon Marketplace sellers report receiving emails announcing a change to Amazon’s return policy for certain sellers—a free return policy. Effective Nov. 1, U.S. seller-fulfilled returns that are not within Amazon’s returns policy will be automatically authorized, and Amazon will send customers prepaid return shipping labels at the seller’s expense, according to an Amazon page for sellers dedicated to the topic.

Amazon posted on its forums that the new policy applies only those who have received the email. Some products are exempt, including those with special shipping or handling requirements, those that are non-returnable by law, expensive items that require specialized shipping or insurance, items cheaper than their shipping cost, non-physical (digital) products, and in cases when the seller has less expensive shipping rates for certain products.

Affected sellers object to the change in service terms and the timing of the change at the start of the holiday season.

The change follows closely after Amazon notified

marketplace sellers that they needed to move non-holiday merchandise from Amazon’s warehouses. New sellers faced deadlines for reserving shelf space for the holidays.

Marketplace sellers have become more numerous and more profitable for the company. New data shows they now represent 50% of units sold on Amazon globally for the first time. Last year, 46% of units sold were by marketplace sellers. Amazon generally earns a commission of about 15% on goods sold by marketplace sellers.

For the nine months ended Sept. 30, Amazon reported: North American net sales of \$53.54 billion, up 26.8% from net sales in the SPLY. Worldwide shipping costs increased 43% to \$3.90 billion from \$2.72 billion. Worldwide shipping revenue, including fees paid for Amazon Prime memberships and from marketplace sellers that use Amazon’s Fulfillment by Amazon service, increased 44% to \$2.15 billion from \$1.49 billion. Net shipping costs increased 43%. <https://www.internetretailer.com/2016/10/27/amazons-revenue-leaps-29-q3>.

### Grounding Alphabet’s Drone Project

Alphabet’s Project Wing drone initiative is having trouble taking off after the departure of two top executives, a hiring freeze, and the loss of a potential delivery partnership with Starbucks, *Bloomberg* reports. <https://www.bloomberg.com/news/articles/2016-11-08/alphabet-taps-brakes-on-drone-project-nixing-starbucks-partnership>.

“The decisions are part of a broader Alphabet

effort to rein in spending and try to turn more experimental projects from loss-making risky bets into real businesses,” according to *Bloomberg*.

*Retail Dive* reports that: “The proposed drone delivery partnership with Starbucks fell apart before it began over disagreements about access to the coffee-house chain’s customer data, according to unnamed sources cited in several reports.”

## Briefs

Wal-Mart is offering dozens of items that customers can browse exclusively on its mobile app well before its Black Friday sale. The company expects 280 million visits to its app over the November and December months, *Fortune* reports. Black Friday promotions go live online at *Walmart.com* beginning just after midnight on Thanksgiving morning, and Wal-Mart stores will open at 6 p.m. Thanksgiving Day. <http://fortune.com/2016/11/10/walmart-black-friday-3/>.

*Retail Dive* predicts that retailers will hold the line on seasonal hiring but add more staff to assist in ecommerce and omnichannel activities. Many retailers have drawn negative attention by “using algorithms that suggest whether to send employees home or keep them on notice that they may have to come in to work —so-called ‘just in time’ scheduling that has wreaked havoc on workers’ lives and caught the attention of regulators and policy makers”

This year’s efficiencies come from calling back retirees, training by video, and use of less onerous staff scheduling tools. “That’s pretty much textbook behavior for holiday 2016, according to outplacement consultancy Challenger, Gray & Christmas, which anticipates overall seasonal retail hiring this year won’t likely change much this year from last, when employment in the sector rose by 738,800 jobs during the final quarter of the year. (Seasonal hiring in 2015 was 1.4% lower than the previous year, according to data from the Bureau of Labor Statistics.)” <http://www.retaildive.com/news/how-retailers-can-sidestep-the-pitfalls-of-holiday-season-hiring/429909/>.

Work on your business’ November holiday plans using the checklist from Winds Of Circle’s blog. It

explains: “November is already here, which means two of the biggest shopping days of the year are quickly approaching: Black Friday and Cyber Monday. Now’s the time to take your planning from September and October and put it all into action. This month, focus on launching some key campaigns to prepare your customers for the holiday season and get them to your checkout!” Read the November checklist at <http://blog.windsorcircle.com/holiday-checklist-november-2016>.

*Direct Marketing News* published tips for complying with consumer protection and disclosure rules by attorney Richard Lawson of partner in the Consumer Protection and Advertising, Marketing & Media practices of law firm Manatt, Phelps & Phillips, LLP. He previously served as the director of the Consumer Protection Division for the Office of Florida’s Attorney General. As Lawson notes, many businesses make up to one-third of their annual sales during the holiday. He says it pays to follow federal and state regulations. <http://www.dmnnews.com/marketing-strategy/five-minutes-with-richard-lawson-on-avoiding-holiday-marketing-pitfalls/article/>.

Follow these links to infographics and publications filled with holiday marketing tips and analysis: Channel Advisor Newsletter, [http://go.channeladvisor.com/rs/485-FSD-368/images/2016-holiday-survey-infographic-final.pdf?mkt\\_tok](http://go.channeladvisor.com/rs/485-FSD-368/images/2016-holiday-survey-infographic-final.pdf?mkt_tok); and Hubspot, [http://cdn2.hubspot.net/hubfs/53/Holiday\\_Campaign\\_Ideas\\_A-Z.pdf](http://cdn2.hubspot.net/hubfs/53/Holiday_Campaign_Ideas_A-Z.pdf).

It’s not just *It’s a Wonderful Life* that replays at the holidays. *The Wall Street Journal* reports that stores repeat their prior years’ Black Friday products and prices. Read more at <http://www.wsj.com/articles/black-fridays-inside-secret-same-deals-every-year>.

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