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Black Friday Means Online Growth

Black Friday was a day for general celebration in an increasingly online marketplace. NBC News reports that: “In-store shopping began to pick up in the afternoon, but the increase in customer traffic paled in comparison to the jump in online sales, analysts said.”

Early Numbers Positive

Online sales on Friday hit \$1.70 billion as of 3 p.m. EDT, according to Adobe Digital Index, up almost 14% from last year. NBC News reports that, “The deepest average discounts for Black Friday came from leading online retailer Amazon.com Inc, with an average of 42 percent off, compared with 33 percent off at Walmart, 35 percent at Target and 36 percent at Best Buy, according to e-commerce analytics firm Clavis Insight.”

Final tallies are not yet available, but preliminary data suggests that online growth rates outpaced rates for retailers. “Customer traffic online could be up 20 percent over Black Friday from a year ago, Cowen & Co analysts forecast in a note, while store traffic is likely to fall 3 to 4 percent this year on Black Friday. ‘We expect negative (store) traffic given (the) earlier start this year of the holiday selling season and rise of mobile, which could be as much as 60 percent or more of all traffic, and consumer exhaustion from a saturated promotional environment,’ the analysts said.” <http://www.nbcnews.com/news/us-news/crowds-pick-slightly-black-friday-while-online-sales-surge-n688501>.

By Saturday morning, *TechCrunch* reported: “According to a new report out this evening from Adobe, which has been tracking e-commerce transactions throughout the sales holiday, Black Friday is on track to set a new record by surpassing the \$3 billion mark for the first time. It’s also expected to become the first day in U.S. retail history to drive over a billion dollars from mobile sales. With an estimated \$3.05 billion expected by the day’s close, Black Friday 2016 is up 11.4 percent from the same day last year, says Adobe.” <https://techcrunch.com/2016/11/25/black-friday-online-sales-to-hit-a-record-breaking-3-billion-over-1-billion-from-mobile/>.

Sites Ready or Not

The Macy’s Inc. website saw such heavy traffic that it had to control the flow of customers entering the site at three different times during the day. That is not a good thing. It is at least some evidence that the company failed to plan for the holidays. As *PC Magazine* explains it, whether you are a major player like Macy’s or a small business, “For every business, though, success or failure comes down to how well your website holds up to the influx of holiday user traffic.” <http://www.pcmag.com/article/349577/holiday-shopping-survival-guide-10-tips-to-keep-your-website>.

Some of the many tips offered in advance of the season’s busiest days were:

1. Close the dead ends. “Use a web crawler, such as the Screaming Frog SEO Spider, which offers both a free version (crawls up to 500 pages) and a paid version. Look for errors and bottlenecks that could impact your site’s search rankings, conversion rates, and general user experiences, such as the following. Crawl errors. If you have 404 errors for pages not found, pages that improperly redirect to other pages, or 500 server errors, fix them now. Missing images. Look for missing product images that can impact sales.” <http://www.practicalecommerce.com/articles/130796-4%C2%A0Things-to-Check-for-Holiday-Ecommerce-Traffic>.
2. Conduct Preemptive Load Testing. “Load testing means putting demand on a website by using simulated traffic to see how many concurrent users it can handle.” Without such testing, an ecommerce business does not know if it can handle a busy day, much less the busiest day of the year. “You need to load test at normal traffic—what you expect it to be—and then [on] the maximum traffic you could ever potentially expect,” said Gus Robertson, CEO of application delivery and scalable web infrastructure provider NGINX (pronounced “engine-x”). “You need to see how that load testing impacts performance, but also the back-end resiliency of your site as that traffic comes in.” <http://www.pcmag.com/article/349577/holiday-shopping-survival-guide-10-tips-to-keep-your-website>.

Website overloads in 2015 left several large retailers

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Short Takes

Despite promising Black Friday sales reports, some analysts view the results with jaded eyes. *Retail Dive* reports that: “The biggest difference between this year and years past is that the calendar no longer matters. Forget the extended Thanksgiving weekend—RetailNext anticipates that holiday shopper visits and store traffic will peak Dec. 17, reaching their lowest ebb on Nov. 29 (the Tuesday after Thanksgiving).”

“‘Black Friday will drop from being the busiest shopping day of the year from a store traffic perspective for a couple of different reasons,’ Shelley E. Kohan, RetailNext’s vice president of retail consulting, told *Retail Dive*. ‘Consumers just don’t feel compelled to shop on the timeline that retailers set forward for them. They’re going to shop when they want to shop. [Another] piece is clearly the digital influence. Online has pulled away from Black Friday as well. And when we look at Black Friday traditionally, it was a weekend event. A year ago it was a weeklong event. This year I’ve seen Black Friday sales as early as Halloween. I think consumers are aware that promotions and pricing will last before and beyond Black Friday.’”
<http://www.retaildive.com/news/6-shopping-trends-that-will-dominate-black-friday-2016/430811/>.

Faster and faster delivery makes the sale. According to Deloitte’s 31st annual holiday survey, 42% of shoppers surveyed consider three-to four-day shipping “fast.” Last year, 63% thought that was fast. Fully 83% of shoppers now consider fast shipping to mean delivery within two days or less.

Cheaper and cheaper fast delivery also is important. Consumers are willing to pay only 50 cents in 2016 versus \$1.10 in 2015 for three-to-four-day shipping. For two-day shipping, consumers will pay an extra \$1.50, down from \$2.40 in 2015. Next-day shipping also is increasingly expected to be a cost of the seller. The willingness to pay extra fell to \$3.20 from \$4.00. But for same-day shipping, the extra cost consumers said they would pay remained fairly close, \$4.80 versus \$5.10.

Deloitte calls the decline in willingness to foot the bill for fast delivery Amazon’s “Prime effect.” The Prime service includes free two-day shipping as its most popular perk.

Target capitalized on improvements in its buy online pick up in store program over the holiday weekend. Target made its Order Pickup service available on Thanksgiving Day starting at 6 p.m., when many Target stores opened for business. It garbed employees in white “Order Pickup” t-shirts and offered customers Order Pickup reusable shopping bags. Target adopted new procedures enabling more than 90% of orders to be ready for pick-up in an hour, up from 85% in 2015, due to program enhancements, team efforts, and deployment of new technology.

Alibaba collected \$1 billion (6.81 billion yuan) worth of sales within the first five minutes of its annual Singles’ Day (Nov. 11) shopping event and about fifteen hours later, sales reached \$13.4 billion (91.2 billion yuan), on pace to break last year’s record \$14.3 billion. The sales effort succeeded in part due to celebrity promotions and augmented reality (AR) and virtual reality (VR) tie-ins. Alibaba created a “Pokemon Go” style AR game intended to drive online traffic to offline locations. Customers wore VR headsets to view products from a 360-degree perspective on their PCs.

Quantifying the effects of the 2016 election cycle on business remains difficult. According to *Internet Retailer*: “Online spending growth slowed to just 1.35% in early November, led by a sharp decline on Nov. 9, the day after the election, according to Adobe Inc.’s Adobe Digital Insights unit.”

Online sales are up 3.5% year over year from Nov. 1-22, according to the Adobe Digital Index, and that’s about \$780 million short of Adobe original projections. Becky Tasker, managing analyst at Adobe Digital Insights, blames anxiety over the 2016 presidential election for the underperformance.
<https://www.internetretailer.com/2016/11/23/retailers-are-promoting-deep-discounts-now>.

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in the lurch. “[T]he influx of online traffic knocked luxury department store Neiman Marcus offline for much of Black Friday and into Saturday, which caused it to miss out on the e-commerce sales surge. Other retailers including Newegg, Jet, Foot Locker and Wal-Mart also saw crashes or significant slowdowns over the weekend, and Target even blacked out for periods of Cyber Monday.” <http://www.retaildive.com/news/5-mistakes-from-black-fridays-past-and-how-retailers-can-avoid-them/430803/>. None of them have so far reported similar issues for 2016.

3. Run a speed test. “There are multiple services that measure how fast your site loads.” Some use Web Page Test because of the detailed information it provides.

“First byte time’ shows how fast your server is in general—how long it took for your website’s server to respond when it was first contacted. This is important, as a slow web server can take longer for your site to load. [Some] websites experience faster load times simply by moving to faster web servers. As a result, they received more traffic from Google’s search results.” <http://www.practicalecommerce.com/articles/130796-4%C2%A0Things-to-Check-for-Holiday-Ecommerce-Traffic>. *Business Insider* reports that Target and Walmart did such testing in advance of the holidays. <http://www.businessinsider.com/retailers-prepare-for-holiday-shopping-weekend-2016-11>.

4. Buy more cloud space to support capacity. *Business Insider* reports that: “Major retailers are also upgrading the back-ends of their websites to handle the flood of holiday traffic. Walmart purchased extra capacity for its cloud infrastructure to prevent any downtime when its website traffic booms over the holiday weekend.” <http://www.businessinsider.com/retailers-prepare-for-holiday-shopping-weekend-2016-11>.

5. Optimize for mobile traffic. *Multichannel Merchant* advises ecommerce businesses to enhance the cohesiveness of all of their channels. “While it’s important for retailers to focus on the online and off-line experience, it’s also important that they focus on making the two experiences seem like one. Shoppers are more likely to engage in either channel if they feel like the brand is cohesive across all channels. Branding, merchandising, pricing, returns, rewards—the entire user experience—should seem familiar no matter where the user is experiencing it. An item purchased online should be returnable to a store. A promotion in a store should be available online. A mobile search for a dress should result in an in-app coupon when the customer walks by

the store.” <http://multichannelmerchant.com/ecommerce/5-mobile-strategies-to-prepare-for-holiday-2016-21112016/>.

6. Plan for contingencies. While it is not possible to plan for every contingency, it is a good idea to plan for the known ones. In 2013, it was a weather-generated tangle. United Parcel Service, Inc. “struggled through Christmas Eve snafus when an unexpected volume of packages flooded its sorting facilities due to last-minute December shopping. Many packages were stranded in Louisville, KY and UPS was unable to deliver a number of them before Christmas morning, *The Wall Street Journal* reported.” <http://www.retaildive.com/news/5-mistakes-from-black-fridays-past-and-how-retailers-can-avoid-them/430803/>. In 2016, it could be a pilots’ strike over the holidays. (See *BMR 12/05/2016*, p. 4.) Have the phone numbers of alternative delivery companies on hand. Know your inventory and its location. A back-up crew in another state might get through or pick up call center volume.

7. Use “returns” to make more sales. “And don’t forget that returns can be good for sales, as it drives new customers to do business with you. Make sure you plan some great offerings for any returns or exchanges, including some value-adds . . .” <http://www.newsmax.com/Finance/CarolRoth/small-business-holiday-season/2016/11/25/id/760670/>.

Having to limit the number of online customers that can access your website isn’t good for business, particularly if your profits haven’t started to tally yet.

In Perspective

Despite the growth reported, the ecommerce industry has yet to fully recover from the effects of a negative election and ongoing fears of instability. “The negative impact on online shopping we saw following the election has not been fully made up, but consumers are back online and shopping,” said Tamara Gaffney, principal analyst and director, Adobe Digital Insights, in a statement. “As spending ramps up on Black Friday, we are back on track. We still expect Cyber Monday to surpass Black Friday and become the largest online sales day in history with \$3.36 Billion.” <https://techcrunch.com/2016/11/25/black-friday-online-sales-to-hit-a-record-breaking-3-billion-over-1-billion-from-mobile/>.

Ecommerce appears to be getting back on track as the year comes to a close. That’s good news for business mailers and the shipping companies that serve them.

Grateful for Shoppers

After a spirited debate online, in the news, and in the streets, it looks like many worked hard to make Thanksgiving sales a success. Some malls and stores decided to close their doors on the holiday. In some cases, they claimed this was a vote for family values. They and their employees would celebrate the day watching football, eating turkey dinner, and arguing about politics.

Other stores made no bones about the values they offered. Some stores opened doors as early as 3 p.m. so that shoppers could cash in on the values that counted most. Many “phoned in” their purchases from mobile devices to ecommerce websites.

The protestors seemed confused. In Chicago, for example, the protests had more to do with citizens' demand for a civilian board to oversee handling of police matters than store behaviors—even though the protests came to the shopping district.

Online sales surpassed \$1.15 billion for the day on Thanksgiving, according to Adobe Digital Index. That tally covered shopping from midnight to 5 p.m. Adobe's report is based on aggregated data from 22 billion visits to retail websites, and includes 80% of all online transactions from the top 100 U.S. retailers. <http://www.aol.com/article/finance/2016/11/25/black-friday-experiences-record-holiday-spending-surge/21614455/>.

“Both Target and Wal-Mart, two of the country's biggest brick-and-mortar retailers, said Thanksgiving online sales were some of their best ever.” <http://www.nbcnews.com/news/us-news/crowds-pick-slightly-black-friday-while-online-sales-surge-n688501>. Retailers, including Amazon, Walmart, Target, and eBay, said that mobile traffic and sales were rising. “Amazon said that mobile orders on Thanksgiving topped Cyber

Monday last year, for example, while Walmart said that over 70 percent of website traffic on Thanksgiving was mobile. Target said that 60 percent of Thanksgiving sales were from mobile devices.” <https://techcrunch.com/2016/11/25/black-friday-online-sales-to-hit-a-record-breaking-3-billion-over-1-billion-from-mobile/>.

Some stores had turkey dinner and Black Friday success. *BI Intelligence's* Nov. 26 newsletter reports that: “The mall shut down on Thanksgiving for the first time in five years in order to give the holiday back to families rather than have shoppers flee their dinner tables to get some early Black Friday sales. And it looks like that moral strategy actually paid off. The mall was ‘jam-packed’ on Black Friday, according to Deloitte retail specialist Whitney Young. The parking lot was full when she arrived at 5:30 a.m. and traffic worsened after that.”

So much for the movement to halt mass-consumerism. *USA Today* writes, “International ‘Buy Nothing Day’ falls on the day after American Thanksgiving each year. Celebrated since the 1990s, the day is meant to inspire worldwide action against mass consumerism, according to *Adbusters*, a not-for-profit anti-consumerism magazine.”

The same article reports that *Adbusters* “encouraged people to organize a credit-card cut up or a zombie walk through a mall to boycott mass spending during the holidays.” <http://www.usatoday.com/story/money/nation-now/2016/11/25/you-celebrating-black-friday-buy-nothing-day/94414740/>. That does not appear to have happened. Too many bargains, too little time to capture them.

Who's the Grinch of 2016?

Will a pilot's strike deprive last-minute shoppers of the chance to make a loved one feel special for the least money at the last minute? If so, will shoppers blame the pilots, the online sellers, or the delivery companies that failed to plan for this contingency?

Pilots flying for a subsidiary of airplane leasing company Air Transport Services Group (ATSG) went on strike Nov. 22 and will not fly scheduled routes for Amazon and global shipper DHL, according to a press release.

ATSG sought immediate relief from the court. It filed for a temporary restraining order from the United States District Court, Southern District of Ohio that would send the pilots back to work. The court deferred the decision until an evidentiary hearing scheduled for Nov. 30.

The pilots argue that the Railway Labor Act, which

protects commerce from disruptions involving labor disputes, does not extend to the dispute with the Airline Professionals Association, Teamsters Local 1224, because the issue concerns a violation of a contract. According to the pilots' union, staffing shortages have produced a trend of scheduling the pilots for too many emergency runs, precluding time off in violation of their contracts.

ATSG's ABX Air operates thirty-five daily flights for Amazon and forty-five daily flights for DHL. <https://www.bloomberg.com/news/articles/2016-11-22/pilot-strike-could-hurt-amazon-s-air-operation-during-holidays>. “While they go through this court process, planes are not flying,” said Satish Jindel, president of SJ Consulting Group. ‘Obviously that is of concern to a

company like DHL and Amazon.’ But he said Amazon can shift some volume to United Parcel Service Inc. and FedEx Corp. and can also find some smaller contract parcel

shippers to move packages if needed.” <https://www.internetretailer.com/2016/11/22/striking-pilots-may-delay-amazons-and-dhls-holiday-packages>.

Navigating Dangers Online

In advance of the holiday, *The New York Times* wrote that: “Consumers will spend \$27 billion this Friday, accounting for 4.7 percent of all holiday shopping, according to the research firm Customer Growth Partners. That may sound like a lot, but Black Friday’s importance has shrunk over the years: A decade ago, the day accounted for 6 percent of sales.” <http://www.nytimes.com/2016/11/25/business/black-friday-deal-shopping.html>. It’s no longer necessary to shop on a single day when shopping deals can be had any day online.

The shift from retail to ecommerce holiday bargain shopping brings some relief from news of shoving for savings at the malls, but retail shoppers now must navigate a new criminal environment to acquire what they need, what they want.

Hackers are writing apps that will invade shoppers’ privacy, setting up phony Wi-Fi networks that will record their impulsive buys from the local coffee shop or retail store where on-site merchandise was viewed and comparison-priced, phishing for data, and unleashing malware to keep the illegal profits coming.

Apps that Scam

The market for credit card numbers, passwords, and other personal data is alive and well. It is getting easier for even the least security-minded to recognize when an email from a prince in foreign nation is a scam, but criminals are more adept at luring the untutored to their fake websites with Black Friday and Cyber Monday discounts “advertised” by word-of-mouth retweets and Facebook postings.

Researchers at RiskIQ told *CSOonline.com* that they “looked at five popular e-commerce brands to see how often their names appeared along with the term Black Friday in the titles or descriptions of black-listed applications. The research didn’t reveal the names of the retailers, but found that they lined up with bogus apps from 8.4% to 16% of the time.” Moreover, “Some fake apps contain malware that can steal personal information or lock the device until the user pays a ransom,” the company’s report says. ‘Others encourage users to log in using their Facebook or Gmail credentials, potentially exposing sensitive personal information.’”

RiskIQ compared the top five brands in ecommerce “against blacklisted URLs that contained their names and the term Black Friday. They had a total of 1,950 that tied to spam, malware or phishing and sometimes more than one of them.”

Wi-Fi Traps

Free Wi-Fi has its costs. The person sitting at the next table at the food court can record other shoppers’ keystrokes to mine data or can steer shoppers from a true URL to a false one. Most savvy shoppers know that a Wi-Fi connection called “Surveillance Vehicle” is not operated by the FBI, but they might access a free Wi-Fi that uses some portion of an anchor store’s name in it, even when the store in question is not located at the mall.

Mobile security vendor Skycure checked out large malls and found many instances of Wi-Fi misdirection. It listed “the malls with the most dangerous Wi-Fi, each with at least five dangerous networks: Fashion Show, Las Vegas; Tysons Corner Center, McLean, Va.; Yorktown Center, Lombard, Ill.; Town Center at Boca Raton, Boca Raton, Fla.; Sawgrass Mills, Sunrise, Fla.; Mall of America, Bloomington, Minn.; Houston Galleria, Houston; King of Prussia Mall, King of Prussia, Pa.; Westfield Garden State, Paramus, N.J.; and Memorial City Mall, Houston.” http://www.csoonline.com/article/3144111/security/how-to-dodge-black-friday-and-cyber-monday-shopping-hackers.html?google_editors_picks=true.

Tom’s Guide warns shoppers to turn off their Wi-Fi, GPS, and Bluetooth services before they enter the malls. “It’s bad enough that most modern malls track which shops you go into by tracking your phone’s unique wireless IDs. But criminals are also setting up rogue Wi-Fi hotspots in shopping malls to gain access to the phones of passersby. Avoid both phenomena by switching off everything but the cellular signal.” <http://www.tomsguide.com/us/black-friday-shop-safely,news-23917.html>.

Forbes suggests that users who must use public Wi-Fi use a Virtual Private Network (VPN) to add a layer of security when out in public. “This program will encrypt your activities, preventing thieves from watching and recording what you do. . . . You can also purchase a subscription to a virtual network service, for \$2 to \$10 a month. Paid VPN services typically work on up to five devices. You’ll want to use a VPN app not just for your computer, but for your smartphone and tablet if you use free Wi-Fi often.”

“A few VPN services to consider: NordVPN (\$48 a year); Private Internet Access (\$39.95 a year),

Spotflux Premium (\$37.99 a year or \$29.99 for one device); HotSpot Shield Elite (\$29.95; also comes in a free version) and CyberGhost (free with ads).” <http://www.forbes.com/sites/nextavenue/2016/11/13/online-security-made-easy/#62bcd7689f53>.

Phishing for Data

Kaspersky Lab threat statistics show that, in 2014 and 2015, the relative number of phishing pages that hunt financial data (credit cards details) detected by the company during Q4 (including the holiday period) was about 9% higher than the average for the rest of the year. Financial phishing in all of 2014 was 28.73%, while the result for Q4 was 38.49%. In 2015, 34.33% of all phishing attacks were financial phishing, while in Q4, that type of phishing was responsible for 43.38% of all attacks.

“Holidays influence the type of financial targets that criminal’s target. Both in 2014 and 2015, Kaspersky Lab researchers witnessed a significant (several percent) increase in phishing attacks against payment systems and online stores. Attacks against banks also grew, but at a lower rate.” <http://www.informationsecuritybuzz.com/articles/black-friday-heist-financial-phishing-increases-holiday-season/>. Be careful. Monitor your credit card accounts daily and do not click on links in emails questioning transactions’ validity.

Malware at the Mall

SC Media reports that: “The jolly folks at AppRiver have already spotted an uptick in spam and malware traffic geared to sucker in consumers looking for a deal, some featuring incredibly cute and hard-to-resist-not-to-click babies. AppRiver expects Wednesday to be the big day for this type of attack as they will ride the huge wave of, and become confused with, the blizzard of legitimate marketing emails being sent out prior to the big shopping days. However, instead of getting a super deal the victim will be launched to a site where malware is likely to be encountered.”

Enigma Software Group, maker of the SpyHunter anti-malware program, reports that malware infections increased by 84% during the 2015 holiday shopping season and, in 2015 and 2014, more people picked up a malware infection in the two weeks after Cyber Monday than at any other time of the year. <http://www.reviewjournal.com/life/are-you-really-ready-black-friday>.

The stores at the local mall and their online counterparts are vulnerable as well. Recorded Future told *SC Media* that “in addition to the somewhat time-honored methods, such as, phishing/smishing/spam, malvertising, pre-installed malware, POS malware, service disruption attacks and account takeovers, we may see updated POS

malware such as FastPOS and possibly Mirai-based botnet attacks.” <https://www.scmagazine.com/cybercriminals-as-usual-make-the-naughty-list/article/574547>. Tom’s Guide also warns mall shoppers not to let their credit cards pass into the hands of those at the check-out lines at the malls. It has become too easy to skim a card’s data at a bar or restaurant or a store.

Instead, Sophos, Ltd. Advises shoppers to dip their EMV chip cards instead of swiping the magnetic strip. “Chip and PIN isn’t perfect, but the data on your card’s chip is almost impossible to clone, whereas the magstripe is read in its entirety every time you swipe, and is trivial to skim.” Skimming allows thieves to copy your magnetically stored data to a clone card for immediate use. Sophos explains that: “Chip transactions also provide better protection against the sort of hack that saw tens of millions of credit cards skimmed at Target stores in the US around Thanksgiving in 2013. The Target hack involved malware on each cash register that watched out for magstripe data appearing in the computer’s memory.” <https://nakedsecurity.sophos.com/2016/11/22/black-friday-what-to-watch-out-for-when-you-hit-the-stores/>.

Home Alone?

Cybersecurity experts warn shoppers to take precautions when shopping from home, too. “One way to protect yourself while shipping online is to checkout as a guest rather than register an account with a site,” Bryan Eshelman of Response Computer Group said. “Registering an account requires that you provide personal information that could lead to identity theft. It is also important to use different passwords for banking and financial sites than you do for social media and other sites that require account set up.” Mr. Eshelman also said that it is important not to save credit card information on any site.” <https://milfordlive.com/2016/11/22/protect-your-computer-this-holiday-season>.

Keep internet security software up-to-date and do not download apps from unfamiliar sources.

This often starts with checking that your home network is secure. *Wired* advises that it should be password-protected and configured as “WPA2,” which will encrypt the connections. If you have the model number off the router, you can probably find an online manual for it using Google. “Install firmware updates for the router, set a memorable network password that incorporates a mix of letters and numbers, and then connect all your . . . devices to the new network so they don’t get confused. Ideally you won’t need to write the password down, but store it somewhere out of sight if

you do (not on the refrigerator).” <https://www.wired.com/2016/11/improve-online-security/>.

Email passwords are a critical gateway to personal data and should be strengthened and changed regularly. This means avoiding the sloppy “12345” passwords many use. A superior password has a combination of letters, numbers, and symbols.

Security consultants recommend that shoppers have a completely anonymous email for making financial transactions. Neither the letters and numbers before nor after the “@” symbol should be traceable to you. *Hack-Proof Your Life Now!* by Sean M. Bailey and Devin Kropp offers numerous tips for those seeking to improve home online security. Two-step log-in procedures, password reset via a code sent to

your cell phone, installation of a password manager, and stronger privacy management when working online also help. <http://www.forbes.com/sites/nextavenue/2016/11/13/online-security-made-easy/#62bcd7689f53>.

Security’s Price

Password management firm Dashlane reports a survey that shows about 40% of Americans “would refrain from sex and give up their favorite food to avoid cybersecurity headaches” like “being hacked, identity theft, or losing access to one or more of their online accounts.” <http://www.pcmag.com/news/349794/would-you-sacrifice-sex-for-online-security>. The price of such security is, the experts say, not nearly so dear. It just takes time and a little carefully selected software.

Charting New Vistas at UPS

United Parcel Service, Inc. (UPS) says it expects to handle a record number of packages this holiday—a record 700 million shipments, 14% more than last year.

Customers Compete

This claim comes at a time when many think UPS faces considerable competition from its current customer—Amazon.com Inc.—which has been focused on becoming a delivery service as well as an ecommerce powerhouse. In the last year, Amazon has acquired the beginnings of its own air and ground fleets. It has launched its own experiments in drone delivery of packages. Some predict that Amazon will one day offer its services to other ecommerce businesses, making their deliveries as well as warehousing and selling their merchandise. At the same time, Amazon has produced \$1 billion of annual revenues for UPS.

New Ideas Adopted

The delivery business also has grown to include a number of companies engaged in making same-day or faster delivery of products, including Amazon, Uber, Lyft, Postmates, and others.

Nevertheless, UPS expects to grow its own infrastructure. UPS CEO David Abney said on the company’s recent third quarter earnings call that the company plans to buy fourteen new 747 freight jets to be delivered over the next three years, with an option to buy as many more. He also reported that UPS’s capital expenses increased from \$500 million last year to \$2.8 billion this year.

This growth in capital spending has not come at the price of either revenues or profits. In 3Q/FY2016, UPS profit was up 14%.

Louis DiJianne, director of retail and consumer

products at UPS, recently told *Retail Dive* that it enjoys positive relationships with evolving customers and competitors. “‘Amazon is a very valued customer of UPS and we have a mutually supportive relationship,’ said DiJianne. ‘Because of its size and scope Amazon is into a lot of things, so we are not surprised by its investments in delivery and transport. We will continue to monitor what they are doing and will respond to it as needed.’”

DiJianne added that, “‘At one point no one would have thought we would work with the post office, but we now partner with them for last-mile delivery in some cases.’” <http://www.retaildive.com/news/how-ups-stays-steady-in-center-of-e-commerce-shipping-storm/429889>.

Indeed, UPS recently invested in Deliv, a start-up competitor in the same-day delivery market. Deliv makes same-day delivery with private couriers.

New Products Coming

UPS’s interests lie not only in new methods of delivery but in expanding to meet new challenges. UPS has a role in developing new software to meet the needs of a growing cross-border ecommerce package delivery/shipping sector. While UPS customer Amazon grows its air fleet for national commerce growth, UPS has invested in new jumbo freight jets. UPS also acquired i-Parcel and thereby offers a software-based solution that can be embedded in a seller’s website to help facilitate transactions in the native languages and currencies for 100 countries and seventy currencies. That same software offers users insights into the numerous tax systems in place around the world, insight that can prevent costly and unanticipated tax burdens. UPS is ready for change.

Briefs

EMV-chip usage continues to grow. However, more than a year after Visa rolled out its new, fraud-resistant cards, only 41% of Visa’s U.S. in-store payment volume is now processed as chip-on-chip.

Fraud resulting from in-person use of counterfeit debit and credit cards has declined by 43% among Visa EMV merchants. Banks have issued over 388 million chip-enabled Visa cards in the U.S., 180.6 million of which are credit cards and 208.3 million are debit cards.

Back in August the count was at 363 million in August.

In light of the fact that Visa adopted the new technology to reduce its fraud expenses, one might expect it to be pushing to complete the roll-out. It appears not to be driving completion of the upgrade in security. According to *BI Intelligence*, “Based on Visa’s Q3 2016 operational performance data, that means that roughly 55% of credit cards and 43% of debit cards have been upgraded. It’s worth noting that the card migration’s pace is beginning to slow, which could point to a saturation in active card upgrades, but could also show that the migration overall is still moving sluggishly.”

Merchants also have been slow to accept the new technology. Even so, person-not-present card “fraud is already shifting to the weakest channel, and ACI Worldwide believes that US fraud attempts will rise by 43% during this year’s holiday season largely due to EMV gains. And those consequences could have a major impact, particularly because Visa expects online shopping to grow by 18% this holiday season.” <http://www.businessinsider.com/emv-is-growing-by-leaps-and-bounds-at-some-merchants-2016-11>.

Congress might take up postal reform in the lame-duck session. According to *Government Executive*: “A recent score from the Congressional Budget Office that found bipartisan, committee-cleared legislation would not negatively impact the federal debt have boosted the prospects for a vote on the measure in the final weeks of the 114th Congress, according to Senate aides. The 2016 Postal Reform Act, approved unanimously by the House Oversight and Government Reform Committee, is now the vehicle most likely to receive further action this year.” At this point, one of the most significant objections to the bill is that it does not do enough to push mail delivery standards back up to 2012 levels. Delivery has been slowing since that time, in part due to consolidation of operations and in part due to financial stresses on the agency. http://www.govexec.com/management/2016/11/postal-reform-could-re-emerge-lame-duck-congress/133371/?oref=govexec_today_nl.

“Thursday, Dec. 22, is expected to be the busiest delivery day for holiday packages, cards and letters,” the USPS writes. “The Postal Service anticipates nearly 30 million packages will be delivered on the peak delivery day alone.”

This is the final issue of *Business Mailers Review* for 2016. We will take our editorial holiday and return with a new issue on Jan. 2, 2017. Look for major breaking news items via BMR email news alerts. We wish all of you a happy holiday and a healthy new year.

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