BUSINESS **MAILERS** REVIEW

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USPS Reports 1Q/FY 2017 Financials

Excluding the effects of a $1.7 billion change in its workers' compensation liability due to fluctuations in interest rates, the Postal Service posted a net loss of approximately $200 million for the first quarter of fiscal year 2017 (Oct. 1, 2016–Dec. 31, 2016).

Controllable income for the quarter was $522 million compared to $1.3 billion for the same period last year (SPLY), a decrease of $735 million. Operating revenue decreased by $155 million, and was significantly affected by the April 2016 expiration of the exigent surcharge. If the exigent surcharge had remained in place, the Postal Service would have generated approximately $570 million in additional revenue during the quarter.

Revenues in $ millions	2016	2015
First-Class Mail	6988	7556
Marketing Mail	4693	4917
Shipping and Packages	5456	4755
International	766	792
Periodicals	361	409
Other	928	918
Total Revenues	19192	19347

Holiday Shipping

The first quarter, which includes the holiday mailing season, is typically the Postal Service's strongest quarter of the fiscal year. The Postal Service processed and delivered a record volume of packages during the 2016 holiday season, and for the entire quarter, the Shipping and Packages business experienced revenue growth of $701 million, or 14.7% over the SPLY.

Volume in Millions	2016	2015
First-Class Mail	15880	16426
Marketing Mail	22355	22075
Shipping and Packages	1608	1448
International	285	298
Periodicals	1370	1466
Other	104	191
Total Volume in Pieces	41602	41904

Missing the Mark

However, this positive development in the Shipping and Packages business was offset by a decline in First-Class Mail revenue of $568 million, or 7.5%, due largely to the exigent surcharge expiration noted above and continuing electronic migration. Revenue from Standard Mail (renamed USPS Marketing Mail, as of Jan. 22, 2017) decreased approximately $224 million over the prior year quarter, again due mainly to the loss of the exigent surcharge. Volume increased in political and election mail, but there was a shift in the mail mix and volume declines in other Marketing Mail products. (See Tables.)

Call for Reform

"Our current financial situation is serious, but solvable," said Postmaster General and CEO Megan J. Brennan. "With legislation that contains broadly supported provisions to improve our business model, the Postal Service can generate total savings of $26 billion over the next five years. When combined with a favorable outcome of the recently initiated ten-year pricing system review by the Postal Regulatory Commission and continued aggressive management actions, the Postal Service would return to financial stability."

Operating expenses decreased in the first quarter compared to the SPLY. Offsetting the $1.3 billion and $927 million declines in retiree health benefits and workers' compensation expenses, respectively, compensation and benefits expenses increased by approximately $654 million and, transportation costs increased by $146 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 costs also increased to continue the significant improvement in service levels.

"Despite the loss of revenue from the expiration of the exigent surcharge and continued effects of electronic migration on First-Class Mail revenue, we continue to believe there is strength in the postal system, and that there is a path forward for us to return to financial health," said

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Short Takes

Amazon.com Inc. reports that more than 33 million customers have used its Amazon Payments transaction processing platform to make a purchase, and that transaction volume near doubled in 2016.

Growth stemmed in part from overseas transactions. During 2016, Amazon expanded the payments service into France, Italy, and Spain. Active merchants increased by 120% as merchants were added. Amazon Payments also introduced new in-store experiences with Moda Operandi and Amazon Books.

Amazon Payments was used by customers in more than 170 countries in 2016. In addition, the Amazon Global Partner Program launched in the U.S., Germany, Japan, and U.K, with fifty service providers signing up in the first eight months. The program has been in operation about four years.

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FedEx Supply Chain, a third-party logistics provider operated by FedEx Corp., announced the launch of FedEx Fulfillment, a multi-channel ecommerce fulfillment and inventory management platform aimed at small- and medium-sized businesses. These targeted businesses can store their products at FedEx warehouses in the U.S. and Canada, and as items are ordered from their retail locations, websites, and other online marketplaces, FedEx will package and ship them to customers in boxes that feature the seller's branding and logo. The program has required FedEx to make adjustments at about 130 warehouses throughout the U.S. and Canada to prepare them to store third-party inventory.

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Wal-Mart Stores Inc. recently cut about 200 jobs within its U.S. ecommerce team. Marc Lore, the retailer's president and CEO of U.S. ecommerce, broke the news to employees by email. "As difficult as this decision is, I know it's the right one," Lore's email states. "We have a clear strategy. We've structured the team for speed and simplicity. We're building an organization with the right talent and experience. We've created an environment where the best minds across our many locations can team up and drive great ideas forward. And while some roles are going away today, we'll be investing in our business and adding new skill sets during the year."

According to *Internet Retailer*, "Other changes may still be coming before January ends. *Bloomberg News* reported earlier this month that hundreds of workers, many in the human resources department, face being cut as Wal-Mart looks to slim down. Wal-Mart employs about 2.3 million people worldwide." *https://www.internetretailer.com/2017/01/25/wal-marts-strategy-shift-comes-200-e-commerce-job-cuts*.

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Post-holiday news was not entirely positive. Apparel retailer Limited Stores LLC announced it was ceasing ecommerce activities. *TheLimited.com* posted a message on the homepage informing visitors that "All orders that have not already shipped have been cancelled. You will not be charged if your order has not shipped." The company is reorganizing in bankruptcy court.

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Reps for Alibaba Group Holding Ltd. say the company hopes to create up to a million jobs in the United States. Alibaba Chairman Jack Ma met with President Trump to discuss how the two could work together so that small to medium-sized businesses in the United States can more easily sell goods to Chinese online consumers. "Jack and I are going to do some great things together," Trump said after the pair met.

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President Trump recently froze federal hiring for most agencies. The Postal Service is exempt, because it was exempt in previous hiring freezes but the agency reports it is seeking further clarification from the White House. *http://www.govexec.com/management/2017/01/internal-promotions-usps-and-cia-among-trumps-hiring-freeze-exemptions/135038/?oref=govexec_today_nl*.

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The USPS Tactile, Sensory & Interactive Promotion runs from Feb. 1 through July 31, 2017. Registration continues through June 30. It rewards use of the latest technological advances within the print industry that encourages sensory engagement with the mailpiece. Features such as special visual effects, sound, scent, texture/tactile treatments, pop-ups and other tools connect with recipients. See *https://www.usps.com/business/promotions-incentives.htm*

USPS First Quarter... ***(cont. from page 1)***

Chief Financial Officer and Executive Vice President Joseph Corbett. "However, the Postal Service's return to long-term financial stability is only possible when our continuing actions to improve efficiency, reduce costs and expand our use of technology are combined with our proposed legislative and regulatory reforms that together will enable us to continue to meet our universal service obligations and invest in the future of the Postal Service and the mailing industry as a whole."

Retiree Benefits

As referenced above, the Postal Service's first quarter retiree health benefits expense declined by $1.3 billion compared to the SPLY. This was primarily due to changes in the Postal Service's funding of retiree health benefits that are to take effect in 2017 according to law.

In accordance with the Postal Accountability and Enhancement Act (PAEA), beginning in 2017, the Postal Service Retiree Health Benefits Fund (PSRHBF) is to be used to fund the Postal Service's share of retiree health benefit premiums. Additionally, Office of Personnel Management (OPM) will determine the amount of annual payments the Postal Service will need to make to amortize the PSRHBF unfunded liability. Based on a preliminary estimate of the unfunded liability provided by OPM, the Postal Service estimates that the amortization payments for the unfunded liability will be $907 million annually, and the Postal Service has accrued $227 million in the first quarter for this payment. OPM is not required to determine such amount until June 30, 2017; accordingly, the amount of the annual expense is subject to change.

The Postal Service is also obligated to begin paying the normal costs of retiree health benefits attributable to the service of Postal Service employees during the most recently ended fiscal year, which the OPM estimates is approximately $2.9 billion for the Postal Service's fiscal year 2017.

Walking Amidst Giants

Amazon.com Inc. had an outstanding year. A new study "suggests that 43% of all U.S. online retail purchases last year occurred on Amazon-owned sites, including sales Amazon processes for the company's marketplace partners. In addition, the merchant accounted for more than half of all e-commerce growth in the U.S. last year, according to the study from Slice Intelligence reports *Internet Retailer*.

Internet Retailer performed its own analysis of U.S. Commerce Department figures and concluded that Amazon accounted for 33.0% of total domestic ecommerce sales in 2015, up from 25.4% in 2012, when combining Amazon's sales of its own goods to U.S. customers and the value of goods sold by other retailers on its marketplace. As the article explains it, "If Slice's analysis is correct, that means Amazon managed a one-year gain of 1,000 basis points in market share–an extraordinary feat."

Amazon walks among the giants. Commanding 40% of one's market "is nearly unheard of in any segment of retailing."

It appears no one else but Amazon walks in that stratosphere. As the article explains: "For example, Wal-Mart Stores Inc., the world's largest retailer in terms of total revenue and Amazon's principal competitor, has slightly more than 9% market share of total U.S. retail sales, when factoring out the sale of goods not normally purchased online like automobiles and fuel." *https://www.internetretailer.com/2017/02/01/earnings-preview-amazon-accounts-43-all-us-online-sales*.

Retailers Crossing Fingers

The National Retail Federation (NRF) last week released its economic forecast for 2017, showing that retail industry sales (excluding automobiles, gas stations, and restaurants) will grow between 3.7% and 4.2% over 2016 totals. Online and other non-store sales, which are included in the overall number, alone are expected to increase between 8% and 12%, the NRF says. Those increases are predicated on the assumption that the "economy is on firm ground," said NRF President and CEO Matthew Shay.

Lots of Assumptions

The NRF based its projections on the U.S. economy's current strength. This assumes approximately 160,000 new jobs per month, down slightly from 2016 but consistent with labor market growth. Growth at such a pace means unemployment is expected to drop to 4.6% by the end of the year, and economic growth is likely to be in the range of 1.9% to 2.4%.

The NRF's projections were subject to some assumptions, including that some federal tax and trade policies would remain predictable and stable. The NRF warned that even the prospect of changes in some policies could introducing uncertainty that weighs on consumer sentiment. Instability could affect consumer's perceptions of their own economic well-being and reduce demand. Without specifying, the NRF seemed concerned about the effects of a Republican-supported import tax expected to be debated in Congress soon.

"With jobs and income growing and debt relatively low, the fundamentals are in place and the consumer is in the driver's seat," Shay said in a statement. "But this year is unlike any other—while consumers have strength they haven't had in the past, they will remain hesitant to spend until they have more certainty about policy changes on taxes, trade and other issues being debated in Congress."

Internet Retailer addressed the question of consumer confidence and its effect on forecasts: "But before shoppers do start to spend more online and offline, Shay says they [need] further assurances that economic improvements will continue and that the proverbial rug won't be pulled out from under them. 'We think that consumers are changed,' he said. 'They're not the consumers that we saw previous to the last recession. They need to be shown that things truly are better and they need to have a high degree of confidence. We think that consumers will remain thoughtful, circumspect, even a bit hesitant to spend, until they really have more certainty about the strength of the economy.'" *https://www.internetretailer.com/2017/02/08/online-will-grow-three-times-faster-retail-industry.*

Raising Many Concerns

The NRF already has come out against imposition of border taxes. While no legislation has yet been drafted, in Republicans' "A Better Way" document, the GOP included a lowered 20% corporate tax rate, a switch to a territorial system, and "border adjustments" (described there and in election speeches as taxes on imports but not exports). These tax initiatives are intended to deter U.S. companies from engaging in "inversions." U.S. companies seeking to reduce U.S. taxes merge or otherwise combine with a foreign-based company to shift their tax base outside of the U.S. Despite the fact that a lower corporate tax rate means money in the bank for retailers, most large retailers do not project that the lower tax rate will offset lost sales due to the higher prices that will be passed onto consumers once the retailers pay import taxes.

NRF Chief Economist Jack Kleinhenz explained the retailers' concerns: "Prospects for consumer spending are straightforward—more jobs and more income will result in more spending, . . . but potential fiscal policy changes could impact consumers and the economy. It seems unlikely that businesses will notably increase investment until tax reform and trade policies are well-defined."

Kleinhenz added that much of the hoped-for economic growth likely would come from online sales."It is clear that online sales will continue to expand in 2017 and provide growth for the retail industry," he said. "But it is important to realize that virtually every major retailer sells online and many of those sales will be made by discount stores, department stores and other traditional retailers. Retailers sell to consumers however they want to buy, whether it's in-store, online or mobile." *http://www.businesswire.com/news/home/20170208005774/en/NRF-Forecasts-Retail-Sales-Increase-3.7.*

Cross-Border Questions

The NRF's optimism and concerns about the possible effects of "border adjustments" are shared by other analysts forecasting growth in ecommerce. Global shipper, DHL, recently projected that cross-border ecommerce will grow at a rate of 25% over the next three years, reaching $900 billion by 2020 from the $300 billion recorded in 2015. *http://www.dpdhl.com/content/dam/dpdhl/presse/pdf/2017/dhl-express-cross-border-ecommerce-21-century-spice-trade.pdf.*

The report also found that online sellers with an international base could see sales increase by 10-15%. Such growth rates could be exceeded by businesses with other competitive advantages such as an established online identity (e.g., Amazon or Alibaba), brand name recognition, and vertical supply chain integration.

Spurring Opportunities

Not surprisingly, DHL focused on the fact that cross-border sales come with logistics challenges, such as international shipping, reserving inventory for international sales, choosing an appropriate online payment provider, and compliance with rules governing local and international sales. *http://www.supplychainquarterly.com/news/20170206-hot-growth-predicted-for-cross-border-e-commerce/.*

With "Brexit" negotiations with the European Union anticipated in Europe, the U.S.'s withdrawal from the Trans-Pacific Partnership, and talk of "border adjustments" made on goods coming from the U.S.'s major trading partners, complexities could interfere with ecommerce businesses' growth plans. *Supply Chain Drive* described the challenges as follows: "Vendors must be prepared to meet with complex taxes, regulations, and payment processing. As a result, many sellers end up incorporating themselves in foreign markets to ease restrictions, but this process alone can be protracted and, at times, expensive. In addition, a degree of cultural sensitivity is required to sell abroad, as is clear from a recent fracas caused by Amazon's misstep in selling doormats resembling the Indian flag . . . in India." *http://www.supplychaindive.com/news/cross-border-ecommerce-China-India-retail-etail/435764/*. Expect companies prepared to navigate these complex issues to both expand their services and capitalize on the challenges ecommerce businesses will face as they grow cross-border sales during a time of tax changes and trade wars.

Courtesy of the President

Newly installed President Donald Trump has declared the media the opposition party. His press secretary has refused to take questions from some established members of the press. The White House's chief spokespeople regularly decry what they describe as abusive coverage of initiatives and nominations that are part of a plan to "Make America Great Again." The headlines have made these swipes and shades part of the daily, hourly, and up-to-the-minute news.

This does not mean the media are suffering wounds they cannot manage. The new administration makes news on the hour, feeding twenty-four hour news shows and publications a regular course of life blood.

Newspapers and magazines, including those principally distributed in print, are enjoying a renaissance. The president may not have time to read much more than the *New York Post*, and a couple of other newspapers, but the public is finding time to read plenty.

Folio assessed the returns for the 2016 campaign period and reported wins for newspapers. "Wherever you stand on the outcome of the election, there was one clear winner: newspapers. The better ones — *The New York Times* and *The Washington Post* topping any list — emerged with greater luster and many more paying readers. The brutal back-and-forth of the campaigns demonstrated yet again that quality journalism plays a vital role in a democracy. Today, good newspapers are prospering again." *http://www.foliomag.com/mod-magazinist-2016-review/*.

The New York Times said, in an earnings call, that digital subscriptions rose by 276,000 during the fourth quarter alone last year, more than half of all digital subscriptions for the year, much of that tied to interest after the election. The paper now has 1.6 million digital-only subscribers. It minimized the suffering the paper experienced as print advertising fell 20%. *http://investors.nytco.com/press/press-releases/press-release-details/2017/The-New-York-Times-Company-Reports-2016-Fourth-Quarter-and-Full-Year-Results/default.aspx*.

The Atlantic had its two biggest months ever, November 2016 and January 2017, due in part to interest in the election and inauguration. Much of the new business was online. On two recent dates, the magazine's website saw more than 3.3 million unique visitors. *http://www.medialifemagazine.com/news-papers-magazines-enjoy-trump-bump/*.

Association of Magazine Publishing (MPA) president and CEO Linda Thomas Brooks. Brooks recently spoke with *Publishing Executive* and said: "'I think this could be the year of magazine media.'" *http://www.pubexec.com/article/mpa-president-2017-will-year-magazine-publishers-reaffirm-value-marketers-readers/*.

In the same article, Brooks explains how the president's controversial statements and style have altered the equation for the reading public. "The reason, explains Brooks, is that the industry is experiencing a unique moment where both consumers and marketers are rediscovering the value of credible media brands. For consumers who were pummeled with fake news throughout the election cycle, finding a brand that will provide reliable information is of increasing importance, and many are willing to pay for content that they can trust."

Legislative Agenda: Online Sales Tax

A new Congress with big plans to make big cuts in corporate and other income taxes will face big pressure to find other sources of revenue for states after program cuts are made to fund the major infrastructure improvements and military build-up the new President has promised. Retailers and ecommerce businesses (which often are under the same roof) are watching the legislative agenda for signs the online sales tax issue will move forward.

Congress considered several bills in the previous term. The Remote Transactions Parity Act (RTPA) and the No Regulation Without Representation Act were proposed in the House of Representatives, and the House Judiciary Committee saw a draft for the

Online Sales Tax Simplification Act. The two House initiatives never came to a vote, and the last of these bills was never introduced in the House for a vote.

The next spur of legislative reform could come from court action. Alabama, Colorado, and South Dakota want retailers to either collect and remit sales tax to their states or to release to them residents' purchase information. Without the ecommerce businesses' cooperation, states' efforts to collect their already existing use taxes are unavailing. Consumers do not self-report their online purchases and pay taxes on them.

The faster pace of ecommerce over retail revenue growth means that the lost opportunity to collect use taxes digs an increasingly more expensive hole in states' budgets at a time when federal funding does not make up the shortfall.

In December, the U.S. Supreme Court declined to hear an appeal with respect to a Colorado law that requires internet retailers to report purchases by residents to the state. The Colorado statute gave ecommerce businesses a choice: "either collect the sales tax or deal with more red tape, including additional paperwork and the requirement they remind Coloradans that they owe sales tax to the state." *http://www.denverpost.com/2016/12/12/supreme-court-colorado-internet-sales-tax-law/.*

The Colorado statute, and others like it, challenge existing federal law that requires online and catalog retailers to collect sales tax only in states where they have a physical presence. This federal taxation principle, known as "nexus," conditions states' taxation on the seller's maintenance of an office or warehouse in a state.

Some legislators remain opposed to the states' efforts to change the status quo. Rep. Jim Sensenbrenner (R-Wis.) the sponsor of the No Regulation Without Representation Act, intends to reintroduce his bill in this Congress, his office says. The goal of the No Regulation Act is to codify the prevailing law and *limit* states' ability to impose a use tax or sales tax on remote sellers.

In contrast, other representatives seek to standardize the collection of state sales and use taxes by ecommerce businesses. Rep. Bob Goodlatte (R-Va.), chairman of the House Judiciary Committee authored the Online Sales Tax Simplification Act, which has been referred to the House Judiciary Committee. The Online Sales Tax Simplification Act offered states a compromise in the form of a more streamlined system to determine the sales tax, based on a flat rate per state rather than on smaller jurisdictions, and would allow e-tailers to remit the collected monies to their home state revenue office in the same manner they already remit taxes collected on in-state sales. *https://www.internetretailer.com/2017/02/08/online-sales-tax-may-see-new-life-congress.* States might find the legislation appealing because it would undermine one of the many objections raised by ecommerce businesses. Those e-tailers claim that compliance with states' sales tax laws would be onerous. The states do not tax the same sales in the same way. They are only one layer of tax authority as local governments also impose sales taxes on different bases. A single tax rate for a state would be calculated more easily using spreadsheets or software designed for that purpose. Of course, it still would mean monthly filings to fifty states and subjection to the risk of periodic audits.

As the House committees work on their agendas, e-tailers should expect this to be a hot topic.

Rethinking Political Advertising

Will Bunnett, political branding honcho, Clarify Agency principal, and former senior email writer and producer in 2008 at Obama for America, has been talking a lot lately about how political advertising explains the Trump win in the 2016 election. His company sells services that help candidates build address books of voters and fashion digital advertising that meets those voters' needs.

Bunnett recently told *Direct Marketing News* why and how political advertising rules are changing: "The voters that are the subjects of political marketing are behaving much differently in this political climate than they have in the past," says Bunnett. "Right now, political marketing is less about cajoling people to get them motivated, and more about keeping up with the demands from voters."

He credited the Trump campaign for identifying voters' demands and meeting by branding. "The [Trump] brand handled the persuasion and the turnout, so branding strategy will get more attention in the future of political marketing thanks to Trump's success with it," says Bunnett. "I predict that in the wake of Trump, political marketers will refocus on strategy over tactics."

Of course, for every winner there is a loser and Bunnett has explained, from his vantage point, what missteps were made by opponent Hillary Clinton. *Campaigns and Elections* reports that Bunnett sees the letter from FBI Director James Comey as having turned voters off, but blames their defections on a campaign that matched a strong message with the wrong candidate: “Start with level one, the most literal meaning of the slogan. For ‘I’m With Her’ to be effective, people would have to want to be with her. Right? Simple, except Clinton was not a popular nominee. One of the least popular of all time, in fact. Trump was even less popular, but ‘Make America Great Again’ didn’t place the spotlight solely on himself,” he wrote in *Campaigns & Elections*.

The catchy message also may have caught flak from those unimpressed by the prospect of a woman cracking a glass ceiling. Bunnett wrote: “On another level, ‘I’m With Her’ also contained a pretty obvious appeal to the historic nature of Clinton’s candidacy as the first female nominee of a major party. For some people, that was a big draw. For others, though–even others who weren’t misogynist or anti-feminist–it still didn’t say much about the value she would deliver them.” *https://www.campaignsandelections.com/campaign-insider/how-clinton-s-value-proposition-lost-her-the-brand-election*.

Bunnett says the 2016 campaign results reflect a change from a time when candidates told voters what they could do for the candidate to one in which voters express more clearly what the candidates can do for them. That change in the focus of political messaging calls for new tactics in political advertising. As explained in a recent story by *Direct Marketing News*, “To understand those tactics, political marketers don’t have to look any further than the voters, who are using political marketing or grassroots efforts to express their issues (e.g. the inauguration protests). 'The shift to grassroots leadership is a big deal for political marketing, which for most of its recent history has been centered on trying to get people involved,’ Bunnett says. ‘Get them in the door, move them up the ladder of engagement by signing a petition then donating then calling their legislator, etc.’” With so much involvement happening now, campaigns have to shift to creating the momentum to steering or riding that involvement—while it lasts. *http://www.dmnews.com/marketing-strategy/how-trump-changed-political-marketing/article/637000/*.

Wal-Mart is Recalculating

Wal-Mart Stores Inc. dropped its ShippingPass program and has moved to a two-day shipping model that does not charge annual membership fees.

ShippingPass was the Wal-Mart answer to Amazon’s Prime membership, which charges $99/year for a bundle of benefits, including free shipping on many orders. Subscribers of ShippingPass, which offered two-day delivery for a $49 membership, will receive refunds as the service is eliminated, Wal-Mart said in a statement.

The new approach offers two-day shipping for free to anyone who makes a minimum purchase of $35.

The new policy makes consistent the policies of Wal-Mart and *Jet.com* (recently acquired by Wal-Mart). Jet also offers free two-day delivery to shoppers who spend $35. The new program positions Wal-Mart to compete for sales to Amazon’s non-Prime shoppers. At Amazon, non-Prime members have to pay about $50 to get that delivery speed. “In February 2016, Amazon adjusted its shipping thresholds. Consumers buying anything but books have to spend $49 before their Amazon order qualifies for free shipping. But Amazon has dropped the minimum purchase threshold for consumers buying books to $25. Orders that contain goods from multiple categories but include at least $25 in books also will qualify for free shipping, regardless of the total purchase price. Since October 2013 the minimum was $35 for goods coming from any product category. Prior to 2013, the minimum to qualify for free shipping for any products was $25.” *https://www.internetretailer.com/2017/01/31/wal-mart-drops-its-prime-shippingpass-program*.

Prospects for Postal Reform

A bipartisan group of House leaders with oversight of the Postal Service introduced legislation on Jan. 31 to overhaul the mailing agency, pushing a bill nearly identical to one from last year. The 2017 Postal Service Reform Act, introduced by Reps. Jason Chaffetz (R-Utah) and Elijah Cummings (D-Md.) the respective chairman and ranking member of the House Oversight and Government Reform Committee, as well as Reps. Mark Meadows (R-N.C.), Dennis Ross (R-Fla.), Gerry Connolly (D-Va.), and Stephen Lynch (D-Mass.), mirrors a measure the committee easily passed in 2016.

“This bipartisan measure will make the policy changes that are most urgently needed to put the Postal Service on sound and sustainable long-term financial footing,” the cosponsors said in a joint statement. “This collaborative reform effort places the Postal Service on a path toward a viable future.”

Briefs

Amazon.com Inc.'s recent earnings information suggests revenues are growing, but at what cost? In a recent article by *Seattle Times*, the effect of growth on the company's shipping costs was analyzed: "Shipping costs, in comparison, grew by 35 percent to $5.6 billion. That means an erosion in profit margins that could grow as Amazon doubles down on delivery. 'Arguably, low cost and fast delivery are a fundamental part of Amazon's appeal to consumers. However, they are also its Achilles' heel — and with Prime becoming more popular, and with a greater focus being put on speedier shipping times, we have concerns that Amazon could see further profit erosion as it enters its new fiscal year,' wrote the GlobalData analysts." *http://www.seattletimes.com/business/amazon/amazon-revenues-hit-by-stronger-dollar-miss-wall-street-expectations/*. *Retail Dive* says the rise in shipping and marketing costs outpaced revenue growth and "spooked investors, with shares falling more than 4% in after-market trading." *http://www.retaildive.com/news/amazons-exploding-marketing-shipping-costs-outpace-q4-revenue-growth/435394/*.

A Minnesota federal judge will hear whether a proposed settlement for about 100 million Target customers who were victims of a 2013 security breach treats all customers fairly. The Eighth Circuit Court of Appeals said that Judge Paul Magnuson must review the class certification he approved in November 2015.

Under the settlement, Target must create a $10 million fund for consumers. Consumers can claim up to $10,000 if they can document unreimbursed losses. After those claims are paid out, the remaining settlement funds will be divided among consumers who state under oath that they suffered a qualifying loss, but do not have documentation. Those who suffered no monetary loss from the security breach but could face future identity theft issues receive nothing.

Court documents tally 41.9 million Target customers in the lawsuit class had credit card information stolen and 60 million had personal information stolen. *http://abcnews.go.com/Business/wireStory/court-orders-review-target-security-breach-settlement-45228220*.

Some of labor's woes have nothing to do with the presence of undocumented persons in the U.S. Robots are taking, and will continue to take, U.S. workers' jobs and do them for less money. Amazon now has a U.S. patent for a robot that packs orders to prepare them for shipment, according to *NBC News*. If used in Amazon distribution warehouses, this robot would streamline functions such as finding and retrieving items as customer orders come in. Amazon has at least 45,000 robots working. *http://www.nbcnews.com/tech/tech-news/amazon-just-patented-package-packer-bot-add-its-fleet-45-n713121*. Robots may not take your sandwich from the workroom refrigerator, but your job is another thing entirely.

It is not just those wonderful jobs in Amazon warehouses that the robots might take. Randstad Sourceright's 2017 Talent Trends Report shows that 25% of companies polled used more robotics in the past twelve months while one-third plan to use more contingent workers, freelancers, contractors and consultants. *http://www.hrdive.com/news/randstad-study-employers-using-more-robotics-gig-workers-in-changing-econ/435308/*.

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