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USPS Defaults on Contributions to Employee Plans

The USPS has again defaulted on its obligation to make payments to its retirees' pension and health care benefit plans. From fall of 2012 to 2016, the agency has defaulted on approximately $34 billion of such benefit obligations on behalf of its retirees.

Pre-Funding Obligations

By law, the USPS faced a mandatory obligation to pre-fund its retirees' benefits over the ten-year period from 2006 to 2016. That obligation has expired, but the agency remains responsible for making "normal cost" retiree health payments and amortizing future liabilities. A total of $6.9 billion was due on Sept. 30 and was not paid.

Postmaster General Megan Brennan has notified the House Oversight and Government Reform Committee (Committee) of the default by a letter that reiterates the agency's requests for postal reform.

Payment of the contributions would have been made at the expense of postal services. Any shutdown of operations would have furthered an already prolonged decline in the volume of First Class Mail—just one of the several classes of mail that are not growing at a pace likely to restore the agency to profitability.

"Given the mail volume levels that the Postal Service forecasts, we expect to continue to incur large net losses under current law, and will only be able to maintain positive liquidity by defaulting on benefits payments," Ms. Brennan wrote. The shortfalls could, she asserted, be remedied if Congress were to reconsider "certain deficiencies in our current business model."

House Reform Bill

The Committee already approved a reform bill earlier this year. Rep. Elijah Cummings (D-Md.) called for House Speaker Paul Ryan (R-Wisc.) to bring the bill to the House floor for a vote.

The House bill would require USPS retirees seeking federal health insurance to sign up for Medicare parts A and B as their primary care provider. This integration of the USPS and Medicare benefits would address the bulk of the agency's pre-funding liabilities.

The bill also would revise certain assumptions made in calculating federal employee retirement benefits to reflect actual experience with postal workers. If implemented, these reforms would entitle the USPS to recover some of its pre-funding sums.

The measure would shrink the size of the bipartisan Postal Regulatory Commission (PRC) from nine to five. Currently, none of the board's members have been confirmed by Congress.

The bill also would resolve some issues relating to the PRC's authority to levy fines against the USPS and review pricing. A controversial aspect of the bill would be the conversion of some communities from door-to-door to clustered mail boxes and enlargement of the group of employees eligible to appeal issues to the Merit Systems Protection Board.

Could Heads Roll for Delays at USPS?

Senators with USPS oversight responsibility have sounded the alarm following issuance of a report showing the Postal Service understated its delayed mail by 2 billion pieces.

The report from the Office of the Inspector General of the USPS (OIG), issued in August showed the delays cost the USPS $85 million. The OIG measured the reporting of delays at eight facilities (four urban and four rural) and extrapolated that data to determine a nationwide estimate of mail delays. During the weeklong review, inspectors at the mail processing centers estimated there were about 1.8 million pieces of late-arriving mail from March 1, 2016, to Feb. 28, 2017, but the agency only reported 121,000 pieces to the Mail Condition Reporting System, which facilities use to report their daily mail count. A 7% reporting rate signals a significant failure of reporting.

Delay was defined as failure to process "in time to meet the established delivery day." The OIG concluded that lack of training and supervision produced the delays. These shortfalls included the use of faulty measurement tools for forecasting staffing, equipment, maintenance, and transportation needs.

Senate committee members sought reforms and promised to revisit the issue to ensure implementation. Sen. Jon Tester (D.-Mont.) pointed as well to another

(Continued on Page 3)

Short Takes

Governor Andrew Cuomo and Amazon recently announced that Amazon will expand its New York City-based operations by adding a new 359,000 square-foot administrative office at the new Hudson Yards development on the city's West Side, according to a press release from the governor's office. Amazon says it will add about 2000 employees in New York City during the next three years, more than doubling an outpost focused on the online retailer's advertising business.

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Amazon recently sent a promotional email to select Prime customers, informing them that they can have select products from Whole Foods' 365 Everyday Value brand delivered to them in two hours or less.

Amazon and Whole Foods did not state where the Prime Now service for Whole Foods is available or how many Prime customers are eligible.

Prime is Amazon's loyalty program which charges shoppers either a $99 annual fee or a $10.99 monthly fee and features perks such as free expedited shipping on online orders and streaming video. Prime Now is one of those perks, a free two-hour delivery service that allows shoppers to get select items delivered quickly.

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Whole Foods Market reports that hackers gained access to credit card information for customers who made purchases at some of its in-store bars and restaurants. The size of the breach has not been disclosed. "When Whole Foods Market learned of this, the company launched an investigation, obtained the help of a leading cyber security forensics firm, contacted law enforcement, and is taking appropriate measures to address the issue," the company said. *http://money.cnn.com/2017/09/28/technology/business/whole-foods-data-breach/index.html*.

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Jet.com could launch its own private label line of groceries, including consumables like coffee, laundry detergent, and paper towels. There is no word from Walmart or Jet.com officials on when the line will be released. *The Wall Street Journal* reports the initial grocery release will be followed by more private label items such as pet, beauty, and baby products. Amazon's own private label development, including the many Whole Foods 365 selections now available online was a challenge that *Jet.com* and Walmart seem ready to answer. *http://www.retaildive.com/news/jetcom-will-launch-its-own-grocery-line/506134/*.

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Beginning next month, Kohl's will accept returns for items purchased from Amazon in eighty-two of its stores in the Chicagoland and Los Angeles markets. The chain hopes to increase traffic through its stores by handling returns from one of its competitors. Kohl's will accept returns regardless of the reason and whether or not they are packed for shipping back to Amazon.

Participating locations will offer designated parking spots for customers making returns to Amazon, pack and transport items to the e-tailer's return centers.

This has led to some speculation that Amazon has its sights set on acquiring Kohl's. The ecommerce giant has not always followed up with acquisition following partnership. Beginning in 2011, for instance, Amazon has made Amazon Lockers available at some 7-Eleven stores, so that ecommerce customers could receive deliveries when it is inconvenient to do so at home.

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The New York Times recently ran a story on how Best Buy was thriving despite competition from Amazon.com Inc. Read more at *https://www.nytimes.com/2017/09/18/business/best-buy-amazon.html*.

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Amazon might acquire or partner with a grocery retailer in France, according to a reports from French newspaper *Le Monde* and U.S. magazine *Fortune*. The ecommerce giant has been in talks with Casino, Systeme U, and Intermarche, per *Le Monde*. The newspaper reported that Casino does not intend to sell, while representatives at the other two retailers could not be reached for comment. *http://fortune.com/2017/10/03/amazon-grocery-stores-france/*.

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Amazon will open new bookstores in Austin, Tex., and Washington, D.C., in 2018, the company said in a statement. The new outlets will bring the total number of Amazon Books locations to fifteen. There are currently eleven Amazon Books outlets, with stores set to open in Los Angeles and Walnut Creek, Cal., before year's end.

Could Heads Roll at USPS... ***(cont. from page 1)***

OIG study that found employees and supervisors' involvement in intentional delay of mail handling to distribute workloads across shifts and manipulation of data to disguise inefficiency. He called for immediate disciplinary action. Intentional manipulation of the data, regardless of its purpose, undermines the trust the public has in the USPS, he says.

Mail delays have risen since the 2015 "right-sizing" of the USPS postal processing and distribution systems and post office operations. As part of the right-sizing plan, the agency won relaxed delivery standards, and those relaxed standards have proved inadequate to keep the agency to its promised delivery windows.

When the USPS undertook its right-sizing efforts, it projected cost savings of $805 million. To date, it has realized about 10% of that goal.

The underreporting was more significant at the rural centers, which only reported 10,000 of the 1.5 million pieces of late-arrival mail—less than 1% of the total processed.

"When mail condition reports are not accurate, management uses incorrect information to make decisions on staffing, mail processing equipment use, preventative maintenance, and the transportation of mail," the report stated. "These decisions affect the Postal Service's ability to meet its mail service commitments.

USPS management agreed with the OIG's recommendations that local management review and validate the accuracy of mail condition reports, but disagreed with the OIG's use of only eight processing centers to represent the state of more than 250 such facilities nationwide. "We selected sites that represent the geographic and population density and breadth of the U.S. to provide unbiased insight," OIG said, in response to that comment.

The USPS response to the call for appropriate action against complicit employees is still awaited.

FedEx SmartPost Rate Increase

FedEx recently announced its 2018 prices would increase by an average of 4.9%. *(See BMR 09/25/2017, p. 7.)* It also will begin applying a dimensional weight (DIM) factor of 139 to all SmartPost packages. This change will become effective on Jan. 22, 2018.

The change will more closely match SmartPost dimensional weight pricing with that of FedEx Express and FedEx Ground. It also brings FedEx SmartPost dimensional weight pricing in line with that of UPS SurePost. UPS still has a higher DIM factor for 2017 for packages measuring less than one cubic foot.

Business mailers are encouraged to compare current to future prices to judge whether the 4.9% average increase accurately predicts their new pricing options.

Sales Tax Challenge

South Dakota Attorney General Marty Jackley (R) announced last week he has filed a petition asking the United States Supreme Court to review the South Dakota Supreme Court decision regarding a hotly debated online sales tax case, *State of South Dakota v. Wayfair, Overstock and Newegg,* according to a press release issued by his office.

Online retailers need not collect sales tax from customers who live in those states where the retailer does not have a physical presence, such as an office, store, warehouse, or delivery trucks. States, some in need of revenues to fund rising health care and educational expenses, have sought to challenge the U.S. Supreme Court case that currently stands in the way of meaningful collection of state sales taxes. The U.S. Supreme Court might soon reconsider the issue.

The South Dakota Supreme Court recently upheld a lower court's decision barring enforcement of a 2016 state law that requires major ecommerce businesses to collect sales tax from South Dakota residents and pay them to the state.

South Dakota issued its challenge to the U.S. Supreme Court when it passed its current sales tax statute and drew in the larger ecommerce retailers. The legislature gave the U.S. Supreme Court an opportunity to reconsider its 1992 decision on the subject. Back in 1992, the Court decided the case known as *Quill Corp. v. North Dakota*, by requiring that a seller have a physical presence in a state before that state could impose sales tax collection duties on it. The court in that case ruled that Quill, engaged in catalog sales, did not have to collect sales tax in North Dakota where it had no physical presence. Since 1992, ecommerce businesses have declined to collect many states' taxes, allowing them to sell their products at a lower cost to consumers than their in-state competition could.

There was no doubt but that South Dakota's Attorney General would appeal the adverse state court decision to the U.S. Supreme Court. "The purpose of South Dakota's current litigation is to give the United States Supreme Court an opportunity to reconsider *Quill* in light of the extraordinary growth of the internet and the exponential technological advances that have been made in the last quarter century," Jackley said in a statement following the state supreme court's ruling. "If the U.S. Supreme Court ultimately strikes down *Quill*, retail sales tax obligation can be applied fairly to both internet and main street businesses."

Does Ecommerce Listen to Consumers?

In a recent survey conducted by Flexe for *Retail Dive*, only "24% of 100 *Retail Dive* e-commerce retailer respondents in a Flexe survey said 'free shipping' is their most important delivery offer, although 74% of consumer respondents said it was of utmost importance. Similarly, only 29% of retailers said 1 to 2-day shipping is most important, despite 44% of consumers saying they'd 'choose a marketplace because of speed.'"

This data suggests that ecommerce businesses are not communicating well with customers and that customers may not be happy with services being provided.

The article goes on to say that: "Perhaps most glaring was the disconnect between retailers and consumers regarding whether fast shipping is worth it: 75% of the retailer respondents said their customers wouldn't pay more for faster shipping, but 75% of consumer respondents said they would." *Read more at http://www.retaildive.com/news/retailers-Amazon-consumers-fast-free-delivery-shipping-Flexe/505560/*.

Walmart Tries Free Same-Day Delivery

Walmart could soon start offering free same-day delivery in the New York City area, according to *Bloomberg*. Walmart's U.S. ecommerce chief Marc Lore made the announcement at an advertising industry event in New York when he said that Jet offers free same-day delivery in the area now and that Walmart will do so "very soon." A majority of retailers offer same-day delivery, up from 16% last year, and within two years 65% plan to offer it, according to the *2017 Digital Commerce Benchmark Survey* from retail management consulting firm BRP.

However, *Retail Dive* reports that Lore's announcement might have been news to both Walmart and *Jet.com*. "Lore may be getting ahead of himself . . . . While Lore said the service is already provided by Jet, a Jet customer-service representative said there was no such service available when asked by *Bloomberg News*." *http://www.retaildive.com/news/walmart-is-planning-free-same-day-delivery-in-nyc/506136/*.

20% of Shoppers Cross over to Online

The National Retail Federation last month launched *Consumer View*, a new quarterly report designed to gauge consumer behavior and shopping trends related to stores, online channels, customer loyalty, technology, and other issues.

"The retail industry is changing more rapidly than ever before, and this new vehicle will help us continue to regularly track those changes," NRF President and CEO Matthew Shay said. "Solid research is the basis of informed decisions, and we want to be sure the industry has the best information available as it seeks to meet consumers' needs. That applies whether people are shopping in-store, online, on smartphones and tablets or with whatever innovation tomorrow brings."

NRF is working with Toluna Analytics to produce the report. Toluna surveyed 3002 consumers for NRF between July 20-25 to produce the initial edition. The results have a margin of error of plus or minus 1.8 percentage points.

20% Prefer Online

The inaugural report finds that despite the growth of ecommerce, only about a fifth of U.S. consumers are primarily online shoppers; more than three-quarters are shopping at bricks-and-mortar stores just as much as or more than they did a year ago.

"This report shows that the bricks-and-mortar store is still the cornerstone of American retail and likely will be for many years to come, as consumers seek authentic interaction and experiences with retailers," Shay said. "Despite the changes in our industry, there is an appeal to seeing and touching merchandise in person and being able to engage with fellow human beings that has yet to go away.

Even younger shoppers see the value of the store."

According to the report, 21% of consumers surveyed are primarily online shoppers, defined as those who purchase more than half of their items online. By contrast, 79% said they purchase half or less of their items online. Among Millennials and Generation Z, 34% are primarily online shoppers, but the majority still make most of their purchases in stores.

Young Buy Online

Those who shop primarily online are demographically younger, wealthier, and more likely to live in a larger city. The survey found 49% are aged 18-34 compared with 72% of in-store shoppers aged 35 or older, while 53% of the online shoppers make $75,000 a year or more and 71% of in-store shoppers make less. And 53% of online shoppers live in a city of 50,000 people or more while 63% of store shoppers live in a smaller community.

Grocery Stores Rule

Of those surveyed, 86% buy their groceries mostly or entirely in-store, as do 65% for home improvement items/tools, 64% for personal care/beauty products, and 57% for home décor/furnishings. Clothing is split with 49% shopping in stores, 13% shopping online and 38% shopping equally in stores and online, with consumer electronics largely the same (43% in stores, 18% online and 39% shopping equally in stores and online). Books, music and video games were the only category where consumers purchase the majority or all their items online (37%), with 27% shopping mostly or entirely in stores and 36% split.

Among shoppers overall, 69% said they go to a store because they need something right away and 65% wanted to see an item before purchasing. Among Millennials, 55% go to stores as a social activity, 50% to pick up an item bought online, and 44% to talk to a sales associate. In both groups, 66% said they go to stores simply because they prefer to shop in stores.

Trending

Compared with a year ago, 50% of all consumers said they shop in stores about the same amount, while 28% said they do so more often, for a total of 78%. Only 22% shopped in stores less often. Among Millennials, 34% are shopping in stores about the same but 49% are doing so more often and only 17% less often. Millennials said they go to stores more often because a new store had opened, for entertainment or food options, or because they are picking up items bought online.

The survey found that consumers like technologies that transform the store experience. For consumers who had tried buy online, pick up in store, 68% said it improved their shopping experience. Similarly, 66% of those who had tried in-app store navigation and 65% of those who had used mobile payment while shopping said it had a positive impact. Other innovations have made less of an impression, with 44% saying in-store digital displays had no impact on their shopping experience and 43% saying the same about the use of tablets of smartphones by store associates; the same number dismissed messaging apps.

FedEx CEO Expects Retail to Survive

FedEx CEO Fred Smith says retail will not be dominated by online sellers. "E-commerce is not going to eliminate the retailing sector of the country. It's about 10% now. It's certainly going to grow as a percentage. But will it be half? I doubt it," Smith said in the company's first quarter earnings conference call late last month. "I think you're going to see e-tailers become more brick-and-mortar. And I think you're going to see brick-and-mortar become more e-tailers," Smith said. "You have to be flexible and nimble to be able to deal with the market as it evolves, because you're not going to be able to predict exactly how it's going to evolve, that I can promise you."

With respect to Amazon's acquisition of Whole Foods, Smith was conservative in his predictions: "I think you see the purchase of Amazon of Whole Food . . . they want to be in the grocery business. Groceries are heavy, hard to handle, people like to come and see the produce and so forth," Smith said. "I've been in the grocery business twice . . . and I have to tell you, it's one of the toughest businesses in the world with very low margins and very, very good competitors."

In part, the low margins come from the high costs of delivering to consumers in their neighborhoods. "My guess is that everybody that's in the e-commerce business is seeking to develop greater route densities one way or another," Smith said during the conference call. "I think at the end of the day, all of this is going to rationalize itself over the next few years."

Growing Pains for Click & Collect

Getting customers to order online and pick items up in stores is for many stores a logistical improvement over shipping from a warehouse or delivering in a matter of hours. Nevertheless, some retailers have struggled to make the click and collect equation work for them. Anecdotal and survey analysis continues to show that "click" works well, but "collect" is a challenge.

Instead of connecting more closely with their customers, some have found themselves growing apart. As an example, customers may place an order with one store and attempt pick-up at the wrong store. Other stores run a promotional offer and generate an increase in orders only to find on-hand inventory inadequate for the demand.

Technology is critical to the expansion of click and collect. An increasingly mobile customer uses a smartphone to place an order, but employees reacting in the stores often lack similar technology for responding to orders. Manual processes require dedicated employee monitoring. The ability to draw down on-site inventory for store and online purchases can prevent reliance on inventory statistics. These problems may be compounded if online orders are filled from store shelves as there may be no one minding how the raided shelves meet the needs of in-store shoppers.

As volume of orders increase, communications breakdowns become more, not less, common. A volume of orders can mean other issues as well. Many store locations offering click and collect have set aside a space or two for customers who drive up to collect their merchandise. Parking lots are not necessarily configured for meeting rising demand from shoppers. Some stores have located their pick-up to a remote building on the property so that lanes can be set up to serve click and collect consumers. Others find a line of cars a problem when they either congest store entrances or run afoul of local fire lane rules. Click and collect customers want to drive up and have store employees load items into the car. Few retailers now have the capacity to do this.

The difficulty with remote locations is that the real estate is pricey for use as a warehouse. More advances are needed.

Deloitte Spreads Holiday Cheer

Retail holiday sales should rise a healthy 4 to 4.5% over last year's shopping season, according to Deloitte's annual retail holiday sales forecast. Deloitte's retail and distribution practice expects total holiday sales (seasonally adjusted and excluding motor vehicles and gasoline) to reach $1.04 to $1.05 trillion between November and January.

Additionally, Deloitte forecasts an 18 to 21% increase in ecommerce sales in 2017 compared with 2016. Ecommerce sales are expected to reach $111 to $114 billion during the 2017 holiday season. "The projected uptick in holiday sales ties to four primary factors affecting consumer spending, starting with anticipated strong personal income growth," said Daniel Bachman, Deloitte's senior U.S. economist. "Last year, disposable personal income grew 2 percent over the year to the holiday period, and we may see that rise to a range of 3.8 to 4.2 percent this season. Consumer confidence remains elevated, the labor market is strong and the personal savings rate should remain stable at its current low level."

While fundamentals remain positive, Deloitte's economist also cited potential uncertainties that could affect income growth and bring the forecast in at the lower end of the range, such as an increase in the savings rate that would cause spending to expand more slowly. The threat of a government debt ceiling crisis–which has loomed over prior holiday seasons–could also cut employment and income growth. The impact of the unusually active hurricane season remains too early to project, as it could depress spending or increase it, particularly in the home improvement sector, due to rebuilding activity.

"Sentiment and spending indicators are firing on all cylinders, but the question is: How will retailers respond given the profound disruption across the industry?" said Rod Sides, vice chairman, Deloitte LLP and U.S. retail and distribution sector leader. "The good news is retail is thriving, and it is the proliferation of new, niche retailers that is resulting in share constantly changing hands.

"Consumers have unlimited alternatives and often bounce between brands, touchpoints and influencers, making it more difficult for retailers to attract shoppers without some level of customization. These disruptive factors are likely to combine to create a highly competitive and promotional holiday season. Retailers should modify their assumptions about what drives traffic, engagement and holiday sales growth, and realign around customer experience, creating relevant, emotional and inspirational connections that go beyond just product, price and assortment."

The Case Against Uber Unravels

Google and Uber have been engaged in litigation to determine whether Uber has benefited from self-driving car design secrets stolen from Google. Google thereafter spun off the development team to a company called Waymo. Meanwhile, Anthony Levandowski a key member of the Google design team started his own self-driving truck business called Otto with other former Google employees.

Last year Uber considered purchasing Otto. As part of its due diligence, it commissioned a report that it has since tried to keep from becoming evidence in Waymo's suit against Uber. Levandowski earlier this year attempted to invoke the Fifth Amendment to retain documents in the case.

Recently, a judge ordered it to be turned over to Google's and Waymo's parent company by Sept. 13. Cybersecurity firm Stroz Friedberg found that Levandowski had 50,000 work emails on his computer from his time at Google. On his phone, he also had pictures of a Google car, technical diagrams, and a LiDAR patent application.

Waymo's claim against Uber is based on its assertion that its LiDAR technology is the basis of Uber's new technology. The report mentions five disks that held proprietary Google information in Levandowski's possession.

Levandowski says he had them destroyed. Stroz Friedberg was unable to confirm this story. It went twice to the facility Levandowski said had destroyed the disks. Employees there were unable to identify Levandowski from a photograph.

Levandowski is not the only Otto founder with access to confidential materials from Google. Lior Rion had confidential images on his phone. He and Otto Chief Operating Engineer Colin Sebern had deleted files from their computers during due diligence.

The Verge states: "The report describes, for instance, employees caught in lies in their interviews with Stroz investigators; an elaborate saga around the surreptitious destruction of five disks of confidential information belonging to Google; furtive text messages advising each other to delete message logs; and search engine queries regarding 'how to secretly delete files mac' or 'can a MacBook be recovered after formatting the OS.'" *https://www.theverge.com/2017/10/3/16408724/waymo-uber-lewandowski-travis-kalanick.* What is not clear from the report is that Waymo's proprietary information was shared with Uber. That is crucial. Travis Kalanick, Uber's CEO back in 2016, denies any interest in the disks. Alphabet—successor to Google and parent company of Waymo—has asked for a delay of proceedings while it reviews the report.

New Delivery Plans at Walmart

Wal-Mart Stores Inc. wants to test a service to deliver groceries directly to customers' refrigerators like Peapod does—except it would enter the home whether or not the customer was home to admit the driver.

This sounds like a stunt, but several analysts say this is a response to Amazon.com Inc. and its Internet of Things invasion of homes via order-taking technology.

Walmart will partner with August Home, a provider of smart locks and home accessories, to test the service with selected customers in the Silicon Valley. Delivery personnel will have a one-time passcode to enter the home. Customers will be able to observe the delivery process using home security cameras. *http://www.reuters.com/article/us-walmart-delivery/wal-mart-tests-direct-to-fridge-amazon-ups-restaurant-game-idUSKCN1BX1GG?il=0.*

Soon customers could be ordering meals that will await them in the refrigerator when they return home from work. If only you could get someone to wash the dishes and take out the trash afterward.

One-Click Wonder

One-click online ordering has been a patented feature of Amazon's online services. Now that the patent is expiring, customers could see others compete with the ease of one-click purchasing.

The Amazon patent expired Sept. 12. The one-click stored customers' preferred payment and shipping information to enable them to complete a purchase by a single click.

Since 1997, Amazon and one other major retailer offered the service. Now others can be expected to adopt the ease the software affords.

Briefs

The National Retail Federation (NRF) predicts that Americans will spend a record $9.1 billion on Halloween candy, costumes, and decorations this year. The NRF and Prosper Insights & Analytics predict revenues could be up 8.3% from last year's previous record of $8.4 billion.

"Americans are planning to spend more than ever as they gear up for Halloween," NRF President and CEO Matthew Shay said.

Consumers are expected to spend an average $86.13, up from last year's $82.93, with 179 million Americans planning to partake in Halloween festivities, up from 171 million in 2016.
Only 12.9% say their spending will be impacted by the economy, down from 14.1% last year and a peak of 32.1% in 2011. According to the survey, consumers plan to spend $3.4 billion on costumes (purchased by 69% of Halloween shoppers), $2.7 billion on candy (95%), another $2.7 billion on decorations (72%) and $410 million on greeting cards (37%).

Kohl's plans to hire fewer holiday employees for its stores and more for online fulfillment, but has declined to provide a number of persons to be hired. According to the *Milwaukee Journal Sentinel*, "Kohl's won't reveal how many people it's hiring ahead of the holidays this year because the retailer said it's been staffing up year-round." *http://www.jsonline.com/story/money/2017/09/28/kohls-wont-reveal-one-number-retailers-talk-every-holiday-season/712139001/.*

The retailers' hiring plans have been a marker of their expectations for the coming holiday's sales. If retailers lower their hiring and do not offer a reason for it, then the assumption is that sales will be down. It is unclear that refusal to disclose hiring plans sends a different message. Sterling Hawkins, co-founder of CART (Center for Advancing Retail & Technology) Recently posted on *Retail Wire*'s BrainTrust discussion page that: "Between projections, revised customer service standards, new stores vs. closing stores, and how technology is impacting retail, looking at hiring numbers alone can be a misleading metric without considering other pieces of the puzzle."

J.C. Penney will hire 40,000 for holidays, the same as last year. Target plans to hire 100,000 temporary workers this year, while Macy's has announced plans to take on 80,000 seasonal workers.

United Parcel Service, Inc. (UPS) plans to hire about 95,000 seasonal workers. Seasonal hiring for UPS has not changed since 2014. During last year's holiday season, UPS's average daily volume surpassed 30 million packages on several days, far exceeding its normal daily average of more than 19 million.

Black Friday and Cyber Week could set records this year, with holiday shoppers each planning to spend an average of $743 during the week—up 47% from last year, according to new survey data from RetailMeNot.

The study shows shopping will start earlier with 45% of U.S. consumers making lists by Nov. 1 and 80% of retailers marketing earlier, even before back-to-school sales ended and Halloween sales began. A majority (56%) of holiday shoppers plan to make a purchase on the holiday, compared to 39% a year ago, the study found. *https://www.retailmenot.com/corp/gui/5232c45/filer_public/45/4e/454e0020-f1ce-4c00-ae10-071e59296358/rmn-2017holidaytrendswp-091517.pdf.*

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