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PRC Announces New Plan

The Postal Regulatory Commission (PRC) will allow stamp prices to increase by more than the annual inflation rate, offering the beleaguered agency an opportunity to grow its revenues by millions of dollars.

As it laid out proposed reforms to Postal Service pricing, the PRC issued its findings:

- The system was largely successful in achieving the goals related to the structure of the ratemaking system. However, the PRC concluded that the ratemaking system has not increased pricing efficiency.
- The system has not maintained the financial health of the Postal Service. It has attained short-term financial stability, but not medium- and long-term stability.
- Service levels have not been maintained at the high levels Congress and the public have expected.

Proposed Regulatory Reform

The PRC also completed a ten-year review of the Postal Service's stamp rates. The review was mandated by the Postal Accountability and Enhancement Act of 2006, which required the PRC to consider the operation of the Postal Service with respect to those services it provides based on its monopoly over the mailbox for the delivery of mail. The PRC concluded that declining mail volume and rising costs from its pension and health care obligations threaten services in a time when customers find it cheaper and easier to communicate online instead of via the mails.

The PRC announced a plan that would allow the Postal Service to increase the price of its first-class stamp, now at 49 cents, by an additional 2% above the rate of inflation to help avoid bankruptcy and make needed multi-billion dollar investments in improved information technology and modern delivery trucks.

The Postal Service could also add on another 1% to the stamp price if it met certain standards for "operational efficiency" and quality service. The new pricing system would be in place for at least the next five years.

USPS Reaction

The Postal Service hoped for more. The concept of full autonomy in setting postal prices was not accepted. It will continue to face a cap restricting its annual price increases. The agency argued that inflationary increases did not respond to the realities of market forces that trend toward digital instead of

physical mail delivery. The Postal Service pointed to declining mail volume as a natural marketplace curb on raising prices, but business mailers claimed that the lack of competition in mail delivery meant that unrestrained price increases could drive demand down to perilous levels.

The PRC listened. "The Postal Service is provided a statutory monopoly over . . . the delivery of letters," PRC Chairman Robert Taub said. "The public interest role of a regulator in this case is clear: A need to protect the captive customers and ensure fair competition."

The Postal Service withheld its judgment, stating it was still reviewing the proposal to see if it was sufficient. "We continue to believe that any price cap is unnecessary in the rapidly evolving postal marketplace, for which all of our customers have alternatives to using the mail," said Postmaster General Megan Brennan. Ms. Brennan also said the Postal Service will continue to call for the "flexibility to adopt the pricing innovations" necessary to compete "today and in the future."

Business Mailers Object

Despite their success in urging curbs on agency discretion to raise prices, business mailers are not happy with the reforms: "The more-than-doubling over 5 years at current inflation rates proposed by the commission would be harmful to postal customers and the Postal Service," said Art Sackler, manager of the Coalition for a 21st Century Postal Service. He said higher stamp rates could drive more price-sensitive consumers to online communications, decreasing postal revenue further.

The business mailers also argued that only Congress can address the costly requirements placed on the Postal Service to pre-fund retiree health benefits, which explain the increasing financial losses over the last decade.

According to *Government Executive*, the PRC attributed some of the Postal Service's financial woes to the agency's inefficiencies. "PRC is also requiring the Postal Service to come closer to covering its cost when offering discounts to mailers that lighten the agency's workload through actions such as presorting or transporting mail. The regulators have previously found USPS was consistently offering discounts so severe it would have been cheaper for the agency to do the work itself.

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Short Takes

Workers at Amazon.com Inc.'s California distribution centers say they have been denied rest breaks, overtime pay, and appropriate payment of wages, the *Sacramento Bee* reported. Now the workers have filed a class-action suit seeking improved conditions and other relief at the new Sacramento fulfillment center at Metro Air Park.

The workers complain that Amazon employees throughout California routinely work more than ten hours per shift, "without (Amazon) providing or compensating for a third rest break at the overtime rate, as required by California law." <http://www.sacbee.com/news/business/article187336243.html>.

Research firm Gordon Haskett recently told *Business Insider* that Amazon's promise of lower prices at Whole Foods has been dissipating as the realities of high-end grocery operations put pressure on discount pricing: "The firm selected 110 items from a location in Princeton, New Jersey, and discovered that their total cost had increased 1% since the end of September—meanwhile, the average price increase on each item was 1.6%. The price increases have gone to foods with longer shelf lives, such as snack foods, which increased 5.2%, dry grocery (2.5%), and bakery and frozen goods (1.3%). However, produce prices fell 4.9% on average, helping lower the overall average of prices by 1.1% since Amazon acquired Whole Foods." Read more at <http://www.businessinsider.com/whole-foods-ups-prices-lowers-quality-2017-12>.

Are you prepared to receive additional postage discounts by signing onto the Postal Service's Seamless Acceptance Program? A recent article by *Mail Systems Technology* discusses the pros and cons of the program, which has been authorized to accept additional participants since May 2017. Read more at <http://mailingsystemstechnology.com/article-4274-is-seamless-acceptance-right-for-your-business-what-you-need-to-know-now.html>.

In 2018, MasterCard, Discover, and American Express plan to abandon the requirement that custom-

ers sign their receipts when they shop in stores. So far, American Express is the latest company to announce that it will stop requiring signatures effective in April 2018. The credit card companies report that EMV chips in credit cards have made signatures less valuable as a security device. Master Card and Discover have made similar announcements. Visa has yet to make an announcement but is expected to follow suit.

Are you ready for autonomous trucks? Autonomous trucks already are being tested on roads. With anticipated shortages of qualified commercial truck drivers on the horizon, fleets could rely on autonomous technologies to cut costs and circumvent driver shortages. *Business Insider* has a new report on what the regulatory landscape may look like as these innovations become more commonplace. <https://www.businessinsider.com/intelligence/research-store/>.

DHL, the world's largest logistics company, is forecasting volume growth of between 15 and 40% across its four logistics business units in the U.S. in the 2017 holiday season. With U.S. retailers posting record sales of approximately \$6.6 billion on Cyber Monday, the growing role of ecommerce in the retail sector is also bringing new revenue opportunities and operational challenges into focus for both the retail and logistics industries, reports the company in a press release.

Green Monday, Free Shipping Day, and Super Saturday are three big shopping days for which performance reports have yet to come in. Green Monday or Dec. 11 falls on the second Monday in December and marks a date when retailers start deep discounting in an effort to clear out holiday inventory.

Free Shipping Day or Dec. 15 marks the close of the shopping season for those looking for some promise that items will arrive before the holiday. The Free Shipping Day website tallies about 675 major retailers taking part.

Super Saturday or Dec. 23 is likely to be the actual biggest shopping day of the year. Retailers will offer promotions for the last-minute shoppers.

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Overall, PRC said the changes to increase prices were necessary as the existing pricing structure had not ‘achieved necessary objectives.’ Despite calling the caps ‘largely successful,’ PRC said USPS has consistently failed to price efficiently, achieve financial stability and maintain high quality service standards.” <http://www.govexec.com/management/2017/12/postal-regulator-allows-higher-rates-denies-usps-autonomy-setting-prices/144235/>.

Public Comment Awaited

The changes require public comment, taking effect next spring unless there is substantial outcry from the public.

Legislative Reform Needed

Reforms are required. Left unaddressed, the Postal Service’s current business plan will deliver more bad news. The Postal Service just reported its eleventh

consecutive year of financial losses. For the 2017 fiscal year, the tally was only \$2.7 billion, down from \$5.6 billion in fiscal year 2016. Over the last eleven years, the tally is about \$65.1 billion. The 2018 net loss already is forecast to hit \$5.2 billion.

The net losses mean that the Postal Service has been unable to make required payments to retiree pension and health benefit funds.

The bulk of the agency’s revenues come from non-competitive products—postage and other services for which the agency has a monopoly. For the 2017 fiscal year, these products and services posted revenues of \$48.7 billion—that translates into about 70% of the agency’s \$69.6 billion in revenues.

The Postal Service has tried right-sizing and has relaxed its own delivery standards. It is time to do more than talk about the need for reform.

Reporting Alternative Facts

When is a delivered package not delivered? In a time when people want packages faster, it appears that confirmation of delivery is issued before it is true. Across the country, individuals are reporting the slowing of the delivery system. Most of the slowdown appears to be at the Postal Service, but there are signs of stress elsewhere in the nation’s delivery network.

The Washington Post reported on Dec. 12 that: “The number of late deliveries typically doubles during the holidays, leading to headaches for shoppers and retailers alike, according to data from *LateShipment.com*, an Orlando-based start-up that tracks shipment delays.” <https://www.washingtonpost.com/news/business/wp/2017/12/12/ups-and-others-warn-that-holiday-deliveries-are-already-falling-behind/>. Some think this season’s delays are worse than that.

Some online companies are posting earlier deadlines for “by Christmas” delivery in response to concerns that the shipping network is failing to keep pace with orders. According to *CNBC.com*: “Early results from a study by customer analytics firm StellaService show that Dec. 19 is the most common deadline posted by retailers promising standard or free shipping of online orders for delivery by Dec. 25. That compares with Dec. 21 last year and a common cutoff date of Dec. 20 in 2015.” <https://www.cnbc.com/2017/12/11/retailers-brace-for-online-surge-move-shipping-deadlines-earlier.html>.

Postal Service Concerns

It was not long ago that the Postal Service sought authority to halt Saturday home delivery service. Now it will deliver packages on Sundays. The agency says it

expects to deliver six million packages per day in December. There are reports coming in from a number of communities that indicate the agency is having a tough time making deliveries.

Some portion of the perceived delay is to be expected. In 2015, the Postal Service changed its delivery standards for First-Class, single-item Mail, such as checks and letters, from one-day local delivery to between two and three days.

A couple of websites report that even the Postal Service’s website is experiencing difficulties. It claims the website was either down or unresponsive several days in December. <https://istheservicedown.com/problems/usps>; <http://downdetector.com/status/usps>. Comments posted to the sites provide numerous anecdotal reports of post offices not opening on time, failed efforts to track packages that were sent out for delivery, and, in a number of cases, missing or delayed packages were shipped for delivery in the same city.

Mail carriers report their days often begin at 5:30 a.m. They do not want the blame for late deliveries. Carriers blame management. Customers may express empathy, but they cannot excuse the delays.

While this article covers a handful of local difficulties with mail arriving on time and honest tracking, the Office of the Inspector General for the Postal Service recently reported that delays and false reporting of delivery status might be far more significant: “In a letter . . . to Postmaster General Megan J. Brennan, Sen. Jon Tester (D-Mont.) expressed his ‘great concern about the U.S. Postal Service Inspector

General (OIG) audit report finding that the US Postal Service has been inaccurately reporting delayed mail across a number of facilities, directly impacting mail service for millions of customers.’

“The OIG estimated that during the year ended Feb. 28, ‘mail processing facilities underreported late arriving mail by about 2 billion mailpieces’—that’s billion with a “b.”

“Furthermore, another OIG investigation substantiated allegations of ‘time manipulation and inaccurate reporting of delayed mail.’” <https://www.washingtonpost.com/news/powerpost/wp/2017/09/26/probe-estimates-billions-of-delayed-mail-pieces-postal-service-acknowledges-some-coverups/>.

D.C.

Apartment buildings are facing the need to devise new methods for handling the increase in package deliveries to residents. “Some building managers are installing package lockers, smart-lock technology and front-door cameras, while others have converted janitorial closets, basements and even gyms into makeshift package rooms. In extreme cases, apartment companies are banning packages altogether. The Cairo, a 169-unit apartment building in Northwest Washington, has two full-time porters who deliver packages to residents. A few miles away, managers at the Meridian at Mt. Vernon Triangle have outfitted the building’s gym with dozens of package lockers, where residents can punch in special-access codes to pick up deliveries around the clock. Other properties around the country now rely on a service called Fetch, which collects packages and delivers them to residents once they’re home.” <http://www.chicagotribune.com/business/ct-online-shopping-delivery-packages-20171210-story.html>.

The same article discusses alternatives to having items delivered at home. Some have packages delivered at work, while others face limitations on this practice in their workplaces. “Roughly 35 percent of Americans say they have packages sent to an address other than their home to prevent theft, according to a survey by Shorr Packaging. FedEx now allows customers to reroute their packages to nearby pharmacies and groceries store, while UPS offers similar pickup services at neighborhood shops, delis and dry-cleaning establishments, which often stay open late and on evenings for easy access.”

The Daily Mail addressed how British workplaces have reacted to rising package volumes. The news is not unique to the U.K.: “‘If you are a company that already receives a lot of post it is doubling the work of post rooms.’ [T]he extra physical space needed to store the parcels and the added costs of processing are just two of the problems faced by employers. Those who do allow

staff to have parcels delivered are now offering it as a perk” <http://www.dailymail.co.uk/news/article-3194869/Employers-ban-staff-getting-parcels-delivered-work-post-rooms-t-cope-mountains-online-shopping.html>.

Illinois

The delays in Chicago made headlines back in October when immigration applications sent by certified mail from New York and due in Chicago on Oct. 5, did not arrive until Oct. 6. This delay affected numerous applicants and the Immigration and Customs Enforcement service had to extend the deadline because the Postal Service conceded the delays were its fault. www.latina.com/lifestyle/our-issues/usps-failed-deliver-daca-applications.

As the same report explains: “According to several lawyers in the New York region, there were at least 33 other cases, with unusually long Postal Service delivery delays, resulting in the rejections of DACA applications. Also in Chicago, grounds of the U.S.C.I.S. agency, there were at least 41 DACA recipients whose renewals were sent well before their deadline but also arrived late, advocates said.”

New Jersey

In Chatham, N.J., postal customers complained through local officials and got a response they appreciated. The local post office brought in fifteen extra workers to clean up mail delivery issues that included very late mail and items not delivered at all. The local postal officials said the extra staff would stay until matters were resolved. <https://patch.com/new-jersey/chatham/heres-what-caused-problems-chatham-post-office>.

North Carolina

In North Carolina, residents report having “No Mail Mondays.” As local news outlet WRAL reports it: “Complaints include misplaced packages, days without delivery and important mail arriving days late.” One Raleigh neighborhood complains that postal carriers are simply unable to keep up with the growth in their area. The news story reports that the “sentiment is facilitated through neighborhood websites like NextDoor, where complaints are exploding” in what is called the Raleigh Triangle. According to WRAL’s report, “Laura Lauricella often orders online for her growing family, and she says two or three days can go by without any mail being delivered to her residence. ‘They’re marking things delivered that aren’t delivered, and they’re delivering things that aren’t marked delivered,’ she said.”

Complaints to the Postal Service do not produce

improved service. Instead, the agency's responses include cautions that a mail carrier's shift ends whether or not the carrier has finished the route. Local post offices are likely to be understaffed. The Postal Service has high hopes of handling the peak holiday season. It is not a satisfactory answer for many of the customers on whom the Postal Service pins its hopes of generating more business for it. <http://www.wral.com/-no-mail-mondays-long-time-postal-service-complaints-worsen-during-busy-holiday-season/17169253/>.

Virginia

Virginians from a number of neighborhoods complain that mail is increasingly late, mis-delivered, or not delivered at all. "Regional U.S. Postal Service officials said they are concerned with timely mail delivery and that increases in holiday mail, as well as staffing issues, have an impact on when mail arrives," the *Richmond Times-Dispatch* reports.

"About four weeks ago, the service went from just late, like around 9 p.m. or 10 p.m., to maybe not at all," said John J. Casey, an Albemarle County-based consultant who lives near Charlottesville Albemarle Airport. "We started getting mail about every third day. We discovered it wasn't just us. There were days they just didn't come to the whole neighborhood." http://www.richmond.com/news/virginia/complaints-over-mail-delivery-grow/article_fbba1248-e4e2-5eb2-8dc8-3032561bc59d.html.

One local resident mailed home his paychecks from his contract job in New Jersey in early November. He reports it took twenty-seven days for the mail to travel to Charlottesville. By that time, the checks' issuer had stopped payment. Another individual mailed items to herself to see if she was getting mail. In the end, she had to visit her post office to collect the items. <http://www.dailyprogress.com/news/local/complaints-over-local-mail-delivery-grow/article>.

Amazon Logistics

Amazon says it wants to become the ecommerce shipper of choice with a new business called Amazon Flex. The company invites applications and claims to be operating in fifty cities. <https://flex.amazon.com/about>. *SellerLabs.com* describes Amazon Logistics as follows: "Since Amazon Logistics relies on third-party providers, the level of service offered varies from one provider to another. Whereas, logistics provided by FedEx, UPS and USPS have a standard of service most shoppers are familiar with and expect. But the Amazon Logistics delivery experience can be hit or miss, which is why this service can be problematic for third-party sellers. Shoppers' experiences with Logistics have been a mixed bag, ranging from over-the-top service to extremely unsatisfactory service." <https://www.sellerlabs.com/blog/whats-the-deal-with-amazon-logistics/>.

This writer is a frequent online customer with a history of false notices from Amazon Logistics. In December, there already have been eight items posted as having been delivered that were not and seven that never arrived. Amazon representatives issued refunds, but that still left the orders unfulfilled.

Another issue is the handling of deliveries to residents at multi-building complexes. Suburban apartment complexes may be spread over several buildings, only one of which is staffed by personnel able to sign for residents' packages. Area building managers report that Amazon Logistics and, to a lesser extent, other shipping companies, including the Postal Service, could gain access to buildings and deliver to units, but it is easier for some delivery personnel to drop all packages at a single location than to make the rounds. They describe this practice as "drop and run."

Slow Going at UPS

United Parcel Service, Inc. (UPS) admits it has been inundated by holiday deliveries and has warned customers of some delays, *The Wall Street Journal* reports. The shipper expects to deliver 750 million packages between Thanksgiving and New Year's Day. About 65% of that haul will be delivered to residential addresses. This represents a 5% increase over 2016 and the company may not have prepared to meet the challenge despite raising prices, adding more automation, and seasonal workers to cover its anticipated operational needs.

Most delays will be in the range of one or two days. UPS has asked drivers to provide additional service, including raising the number of hours drivers in some areas work to seventy hours over an eight-day period, up from sixty hours over seven days. In some cases, workers got one day's notice of the change. <http://www.nydailynews.com/new-york/ups-orders-mandatory-overtime-drivers-holidays-article-1.3684508>.

The workers' union objected to the demand, saying sixty hours already represented a heavy work schedule. <http://www.statesman.com/news/national/ups-drivers-say-they-concerned-about-hour-work-weeks-ahead-christmas/>. Workers also note that federal overtime rules were intended to address scheduling of long-haul drivers and not the "last-mile" drivers who must take packages indoors and door-to-door. <http://www.nydailynews.com/new-york/ups-orders-mandatory-overtime-drivers-holidays-article-1.3684508>. In response, the company explained: "UPS appreciates exceptional effort of all employees during our peak holiday shipping season, when delivery volumes near

double the normal level.” “Our employees’ scheduled work week is in compliance with Department of Transportation requirements. Union-represented employees are paid time and one-half for work above 40 hours per week and they receive the industry’s most attractive compensation and benefits program,” UPS said in a statement.

Federal rules provide that truck drivers can work up to sixty hours over seven days, or seventy hours over eight days. After that target is hit, a worker must get thirty-four hours off. <https://www.nytimes.com/2017/12/07/nyregion/ups-drivers-hours-online-shopping-holidays.html>.

The fact that the warning of late deliveries is coming two weeks before Christmas, when weather has been, in most parts of the country, fair for travel, undermines any assertion that the company prepared to meet rising demand. In November, UPS said it needed time to catch up after Cyber Monday. <https://www.nytimes.com/2017/12/10/business/media/delivery-fedex-post-office.html>.

Will holiday shoppers need to start shopping in October 2018 for packages to make it on time next year?

FedEx Logistics Working

FedEx Corporation says its infrastructure is up to the challenge. Some outside analysts agree that FedEx appears to be handling the rush better than UPS is: “UPS said it has staffers working extended hours to manage the rush. About 89 percent of UPS Express packages were delivered on time between Nov. 27 and Dec. 2, compared to 99 percent at FedEx, according to ShipMatrix, a Pennsylvania-based company that tracks deliveries.” <https://www.washingtonpost.com/news/business/wp/2017/12/12/ups-and-others-warn-that-holiday-deliveries-are-already-falling-behind/>. One of FedEx's recent ads claims its logistical network works like “magic.” There are two weeks to go until Christmas. Shoppers hope the magic continues.

Up, Up and Away Drone Program

President Trump has cleared a path for licensing additional testing of drones for commercial and public uses. His initiative would set up “innovation zones” in certain state and local jurisdictions where drone operators could test the technology outside the visual line of sight, near concentrated populations, and at night.

Following the president’s announcement, the Transportation Department and the FAA are began accepting proposals to participate in the “Unmanned Aircraft Systems Integration Pilot Program,” according to a Federal Register notice.

By the latest report, about 1823 entities and

individual drone operators have signed on as “interested parties,” according to a FedBizOpps posting.

The new initiative seeks to advance the use of drones in “agriculture, commerce, emergency management, human transportation and other sectors,” according to President Trump’s memo, addressed to Transportation Secretary Elaine Chao.

Selection from the list of interested parties will be at the discretion of the Transportation Secretary, according to the FedBizOpps posting. It is anticipated that participants will be authorized to conduct tests for a three-year period.

Kicking Shutdown down the Road

President Trump on Dec. 8 signed the continuing resolution to keep the government funded for another two weeks.

The continuing resolution keeps federal spending at current levels through Dec. 22 and provides a temporary authorization for the Children’s Health Insurance Program through the end of the year.

Congress needs additional time to negotiate defense and non-defense spending caps to avoid sequestration. Democrats want parity in funding above current caps while the GOP defends a heavier spending package for defense than non-defense programs. *Government Executive* reports, “[T]he prospect of a longer-term spending deal remains unclear.” <http://www.govexec.com/management/2017/12/house-narrowly-advances-two-week-spending>

[bill-shutdown-fears-mount](http://www.govexec.com/management/2017/12/house-narrowly-advances-two-week-spending).

Democrats say they want action on extension of the Deferred Action for Childhood Arrivals law as a condition to a longer term spending agreement. The GOP wants to handle the issue separately. <https://www.politico.com/story/2017/12/07/government-shutdown-2017-house-republicans-285329>.

While a two-week deferral of a possible shutdown arguably saves the holidays, even the prospect of a government shutdown can affect the economy. The president began touting the value of a government shutdown back in the spring. <https://www.washingtonpost.com/news/morning-mix/wp/2017/08/25/trump-is-threatening-a-government-shutdown-heres-what-that-looks-like/>. In May, the president led supporters in

a rally in calling for a shutdown, if necessary, to fund building of a border wall. As *The Washington Post* then explained: “But the 16-day government shutdown of October 2013, which was the longest since 1980, resulted in an estimated \$24 billion in lost economic output, or 0.6 percent of projected annualized GDP growth, according to the Standard & Poor’s ratings agency. Much of that came from government workers, including civilian contractors, not getting paid. And it wasn’t the whole of the government workforce that

was ‘furloughed,’ only about 850,000 employees, or about 40 percent of the federal civilian workforce, according to the Congressional Research Service. There were exemptions for many workers deemed essential.”

Shutdown remains a poor alternative to negotiation of differences. For a more in-depth analysis of prospects for a shutdown, see <https://fivethirtyeight.com/features/dont-expect-a-government-shutdown-but-dont-rule-it-out-either/>.

We’re Going to Need a Bigger Warehouse

Supply Chain Dive reports that 2018 could be a year for building a bigger warehouse. In the last ten years, U.S. warehouses have gone up 143% from an average of 184,693 square feet, with a corresponding ceiling height rise of 3.7 feet to an average of 32.3 feet, per *DC Velocity*. <http://www.dcelocity.com/articles/20171128-average-size-of-us-warehouses-has-doubled-since-2002-cbre-report-finds/>.

It is no longer the case that the biggest growth spurt takes place in transportation hubs where land is

cheap and development means growing a new town to support operations. The largest expansions take place in urban areas closer to those anticipating deliveries of everything from toothpaste to sofas. “Atlanta warehouses became 284% larger, with Cincinnati following closely with a 237% increase. California’s ‘Inland Empire,’ came third, growing by 222%,” reports *Supply Chain Dive*. <https://www.supplychaindive.com/news/warehouses-expansion-e-commerce-boom-supply-chain/512015/>.

Plan B for Building Capacity

Third-party logistics providers (3PLs) are finding it tough to make on-time deliveries in a holiday season that is proving a little more successful than they anticipated. The biggest and best planned in advance and set prices that they hoped would prove sufficiently high to discourage business they could not profit from and reward them for handling business they could handle with more seasonal assistance.

Walmart is one of the large online sellers that will admit it has seen delivery capacity fall short of its needs, reports *Reuters*. It “declined to comment on the number of customer orders impacted.” Nevertheless, a “senior FedEx employee said Wal-Mart’s national distribution network had fallen behind in processing some four million customer orders, though he declined to elaborate on how this impacted FedEx deliveries.” <https://www.reuters.com/article/us-walmart-delays/surging-online-orders-slow-wal-mart-delivery-network-idUSKBN1E0380>.

Some of the nation’s shippers pressed their customers in the ecommerce arena to offer consumers what the 3PLs could provide rather than what the consumers wanted. This generally amounted to “slower shipping for a reduced price,” says *Supply Chain Dive*.

There are numerous options for limiting the availability of free and discounted shipping. <https://>

[bench.co/ecommerce/how-to-reduce-shipping-costs/](https://www.bench.co/ecommerce/how-to-reduce-shipping-costs/).

“The problem with shipping (logistics) is that during the holidays there simply isn’t enough capacity,” Sam Cinquegrani, Founder and CEO of ObjectWave, a digital strategy and services firm told *Supply Chain Dive*. “Unlike adding inventory in anticipation of sales, shipping capacity is less responsive to demand or price.

The problems are compounded by mergers and acquisitions, which have reduced the number of potential 3PL partners for ecommerce businesses. Truck drivers are also scarce. They have been working at 95-97% capacity for several years. https://www.kornferry.com/media/sidebar_downloads/2016_3PL_Study.pdf.

“It is very expensive to put equipment into place for a short time, as the costs would outweigh the benefit. Therefore, a smarter distribution model is required, and new technologies, like drones, need to be developed to handle the demand,” Cinquegrani explained. “Logistics companies also need to rethink how they distribute packages, for example using consumers’ own mobility to get them their goods, along the lines of Amazon Locker technology. These are low cost solutions that can be incorporated into day-to-day operations relatively easily.” <https://www.supplychaindive.com/news/3PL-slow-holiday-deliveries-cause-logistics/512779/>.

These approaches will have to wait for 2018.

Briefs

Online sales for Thanksgiving and Black Friday were up 17.9% from 2016. From Nov. 1-24, each day generated more than \$1 billion in online sales, totaling \$38.31 billion in revenues. <http://www.digitalcommerce.com/2017/11/26/weekend-in-review-2017-holiday-season-off-to-a-record-breaking-start/>.

“According to the USPS, 90% of millennials think that direct mail marketing messages are reliable, and 92% are influenced by direct mail to make purchase decisions,” Chris Lien, president of BCC Software reports in the Sept.-Oct. 2017 issue of *Mailing Systems Technology*. As Lien explains, “Direct mail has continued to solidify its place in the marketing landscape, with response rates of five percent, compared to less than one percent for digital marketing tactics, such as email, social media, and online ads.”

When making plans for 2018 direct mail marketing campaigns, do not forget that the USPS now allows mailers to send three ounces at the one ounce First-Class Mail postage rate. This offers the speed and efficiency of First-Class Mail service for a more affordable price.

As the year closes, we wish to draw to your attention the continued failure of Congress to fill vacancies on the Postal Service Board of Governors (Board). The eleven-member board should have nine independent governors, who are joined by the Postmaster General and the Deputy Postmaster General. Currently, only the last two positions have been filled.

President Trump nominated three individuals on Oct. 30:

- Calvin R. Tucker of Pennsylvania, for the remainder

of a term expiring Dec. 8, 2023.

- Robert M. Duncan of Kentucky, for the remainder of a seven-year term expiring Dec. 8, 2018, and an additional term expiring Dec. 8, 2025.
- David Williams of Illinois, for the remainder of a seven-year term expiring Dec. 8, 2019.

The USPS said of the nominations, “We are pleased that the Administration intends to nominate candidates for the United States Postal Service’s Board of Governors. The public interest and the Postal Service are best served by a fully constituted Board made up of well-qualified individuals with diverse perspectives & experience. We urge the Senate to confirm Governors to fill the current vacancies.”

Technically only one of the nine vacancies needs to be filled for the Board to begin “business as usual” for the USPS. There have to be at least three governors to adjust future postage prices and approve new USPS promotions for 2018.

There is an open position at the Postal Regulatory Commission as well. Current commissioners are Chairman Robert G. Taub (R), Vice Chairman Mark Action (R), Commissioner Tony Hammond (R), and Commissioner Nanci E. Langley (D). There is one vacancy for a six-year term to expire Nov. 22, 2020.

Resolving issues at the USPS require congressional action. The president should nominate persons to fill vacancies and the Senate should proceed with the confirmation process.

This is the final issue of *Business Mailers Review* for 2017. We will have a new issue on Jan. 2, 2018. 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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