
BUSINESS MAILERS REVIEW

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No One Home at USPS Board of Governors

As our last publication deadline in 2017 draws near, there remain open nine vacancies on the USPS Board of Governors (Board). All nine of these vacancies should be filled by presidential appointees. Since taking office, President Trump have named three individuals for Senate consideration. So far, none of those three individuals have been confirmed. The remaining six vacancies have yet to be addressed. This leaves Postmaster General and CEO Megan J. Brennan and Deputy Postmaster General Ronald A. Stroman in power but without authority to act.

Rising Stakes

Until at least one appointee is approved, the USPS cannot approve any promotions and cannot approve certain future postage price changes.

Failure to act means that many business mailers are making plans for 2018 promotions without information that could influence the amount and timing of direct mail promotions for the coming year.

The combination of rate increases to meet inflation and the absence of promotional rate programs could make the difference between investing marketing dollars in direct mail or another channel.

Tick Tock

The USPS is a quasigovernmental agency that has been operating without the equivalent of a board of directors for some time. As the equivalent of investors in the postal system, citizens should insist that these vacancies be filled to ensure proper functioning of the agency and responsible stewardship of its mission to serve the public.

By the Rules

In 1970, when the Board was established by the Postal Reorganization Act, the governors of the Postal Service were appointed for terms of nine years. The first nine appointments were for staggered terms of one to nine years. Subsequent appointments were made for the full nine years. On December 20, 2006, President George W. Bush signed the Postal Accountability and Enhancement Act, P.L. 109-435, which changed the terms of subsequently appointed governors from nine to seven years.

The Act also added professional qualifications for the governors. The governors are chosen to represent the public interest generally and cannot be representatives of special interests. Not more than five of the nine may belong to the same political party. They shall be chosen solely based on their experience in the field of public service, law, or accounting. However, at least four of the governors shall be chosen solely based on their demonstrated ability in managing organizations or corporations (in either the public or private sector) that employ at least 50,000 employees.

Each governor receives \$300 per day for not more than forty-two days of meetings each year and travel expenses, in addition to an annual salary of \$30,000. The cost savings produced by vacancies do not justify delay in filling the posts. The agency is losing money and could use leadership invested in finding workable solutions to the problems occasioned by an electronic age and a business model that has failed to keep pace with the times.

Running Down the Clock

Appointments are made when vacancies occur or for the remainder of unexpired terms. Each governor's term expires on Dec. 8 of a given year. Governors may continue to serve following expiration of their term or until a successor is appointed but not for more than one year. No person may serve more than two terms as a governor.

Stop-Gap Measures

In November 2014, the Governors adopted a resolution regarding the exercise of those powers conferred by law solely to the Governors as distinguished from the full Board, which include the appointment and removal of the Postmaster General and the establishment of prices and classifications for postal services. The Governors determined that their ability to exercise those powers reserved to the Governors was not impacted by the loss of a Board quorum. In calendar year 2016, the Board of Governors operated under authority delegated to the Temporary Emergency Committee (TEC), which included one Governor, the Postmaster General, and the Deputy Postmaster General.

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Short Takes

Business Insider reports that Amazon Prime is hitting its saturation point in the U.S. “according to a study of 1,000 US adults from Morgan Stanley, . . . there was a 14% increase in Prime membership between Q4 2015 and Q4 2016 among respondents.” The study also found that “40% of those surveyed were Amazon Prime subscribers in both Q4 2016 and Q4 2017.”

This is great news except “these results suggest that the service may be reaching saturation in the market. This doesn’t mean Prime is a bad service, though, as the report found that most subscribers are happy with Prime and plan to renew their subscriptions. However, the issue of saturation remains.”

What does that mean for the ecommerce giant’s long-term growth? “Prime subscribers are a core part of Amazon’s business, so flat growth is a serious problem. Amazon rakes in approximately \$9 billion annually from subscription fees, and Prime members spend an estimated \$1,300 on Amazon each year, nearly double the \$700 nonmembers spend. Failing to add more new subscribers prevents Amazon from getting the most out of its US consumers, and slows the growth of its dominance of US ecommerce.” <http://www.businessinsider.com/amazon-prime-may-be-reaching-saturation-in-the-us-2017-12>.

“Exponential growth doesn’t happen forever,” said Sarah Engel, chief marketing officer of DynamicAction, a retailing analytics company. But this report was ‘a bit surprising,’ Engel [told the *New York Post*], ‘because every report about Amazon shows growth on top of growth.’” The Seattle-based behemoth will need to do a better job of courting the AARP crowd and low-income consumers if it hopes to move the needle on Prime, [Morgan Stanley analyst Brian] Nowak claims.” <https://nypost.com/2017/12/14/amazon-prime-membership-finally-starts-to-stagnate/>.

Amazon’s promise of one-day delivery may be put to a test by authorities in the U.K., *The Guardian* reports. Consumers have complained to the Advertising Standards Authority that Amazon’s premium service has not delivered on time in the pre-Christmas holiday period.

Amazon Prime says it offers “unlimited one-day delivery,” but a spokeswoman for the Advertising Standards Authority (ASA) said: “We have received a handful of complaints. We are considering whether to launch an investigation.”

The ASA will focus on these complaints because customers pay £7.99 a month for a trial Prime

membership. According to the Amazon site: “Your order will be dispatched with the intention that it’s delivered one day after dispatch.” It tells customers to contact customer services if they an order arrives late. Some consumer advocates say delay breaches the contract, and entitles consumers to cancel and obtain a refund. Not that this is much of a solution. Read more at: <https://www.theguardian.com/technology/2017/dec/17/amazon-prime-investigation-delivery-complaints>.

USPS customers in the U.S. want to know why competitors in China pay lower rates to post goods to the U.S. than are offered to merchants here. In a political environment focused on Making America Great Again, unfair trade practices are carefully scrutinized. Author Kerry Murdock recently spoke with Paul Steidler, a senior fellow with the Lexington Institute, a public-policy think tank in Washington, D.C. on behalf of *Practical E-Commerce*. Here is an excerpt from the interview:

“*Practical E-Commerce [PEC]*: It’s sometimes cheaper for an international seller to ship into the U.S. than it is for a domestic U.S. merchant to ship across the country. Why?”

“Paul Steidler: I believe you’re referring to the ePacket program from China, which is a program that the U.S. Postal Service instituted in 2010. To understand programs like the ePacket and why it’s far less expensive to ship goods from foreign countries to the U.S. than to send goods within the U.S. itself, it’s important to understand “terminal dues.” The Universal Postage Union sets common rates and common standards for 192 countries around the world. Within this system, the United States is classified as a group 1 country, meaning we’re going to pay the most for goods that are shipped to another country. China has gotten itself designated as a group 3 country, which gives it a tremendous advantage in shipping goods from China to the United States. It costs less to send a package from Beijing to San Francisco than it does from Los Angeles to San Francisco. And this puts U.S. ecommerce merchants and others at a competitive disadvantage.

“*PEC*: Is the ePacket program just between the U.S. and China?”

“Steidler: It applies primarily to the U.S. and China. It also applies to Hong Kong and some other countries. The U.S. Postal Service has been very secretive about how the program is performing. A U.S. Office of Inspector General report found that the USPS was losing \$39 million from ePacket in 2014. It’s a program that mirrors the effect of the international terminal dues agreement.”

Read the rest of the interview at <https://www.practicalecommerce.com/u-s-postal-service-subsidize-china-based-merchants>.

No One Home at USPS Board of Governors... (cont. from page 1)

The TEC will continue in existence until the Board is again able to assemble a quorum.

Until such time as presidential and Senate action is

forthcoming, the lone Board members wait. The direct mail industry may have to do so as well, but is likely to be shortchanged in 2018 spending decisions.

Postal Regulatory Commission Vacancy, Too

The Postal Regulatory Commission (PRC) also has a vacancy that needs to be filled. The PRC is an independent agency that has exercised regulatory oversight over the Postal Service since its creation by the Postal Reorganization Act of 1970, with expanded responsibilities under the Postal Accountability and Enhancement Act of 2006. The PRC is composed of five Commissioners, each of whom is appointed by the President, by and with the advice and consent of the Senate, for a term of six years. A Commissioner may continue to serve after the expiration of his or her term until a successor is confirmed, except that a Commissioner may not continue to serve for more than one year after the date on which his or her term would have otherwise expired. Not more than three of the Commissioners may belong to the same political party.

Current Commissioners include: Chairman Robert G. Taub (R) whose term expires Oct. 14, 2022; Vice Chairman Mark Acton (R), whose term expires Oct. 14, 2022; Commissioner Tony Hammond (R), whose term expires Oct. 14, 2018; and Commissioner Nanci E. Langley (D) whose term expires Nov. 22, 2018. The remaining Commissioner's position has been open for some time and is set to expire on Nov. 22, 2020.

The PRC's Mission Statement provides that it is "an independent regulator respected for effectively engaging postal stakeholders to promote a robust universal mail system through objective, accurate, and timely regulatory analyses and decisions."

The PRC intends "to achieve our vision by:

- Taking a multi-disciplinary and integrated approach to work
 - Monitoring the environment and anticipating changes to enhance agility
 - Utilizing rigorous evaluative methods
 - Optimizing stakeholder engagement through an appropriate and clearly-defined public involvement process
 - Developing staff expertise to ensure that the Commission is a center for excellence in postal regulatory matters
 - Ensuring that the Commission is an employer of choice
 - Ensuring efficient stewardship of resources"
- <https://www.prc.gov/mission>.

With two Commissioners' terms expiring in 2018, it is hoped that the president and Senate will act in a timely manner to maintain the PRC's proper functioning, too.

USPS Offers One-Stop Payment

The Postal Service offers business mailers a single account they can use to pay for postal products and services. This method is referred to as an Enterprise Payment Account (EPA). The new Enterprise Payment System will allow business mailers to manage all their payments for postal products or services online, and through a single account.

Eligibility Requirements

The Enterprise Payment System may be used to pay for P.O. Box, Caller and Reserve services, Address Quality Products, such as Address Element Correction (AEC), and postage for Priority Mail, First-Class Mail, USPS Marketing Mail, Parcel Select, Media Mail, Library Mail, Bound Printed Matter, Periodicals, International Products, Business Reply Mail (BRM), and Every Door Direct Mail (EDDM). Eligible permit types include Permit Imprint, Metered, Pre-cancelled Stamps, Periodicals (CPP/PP), Postage Due, and Business

Reply.

Enrollment Procedures

Initiate the enrollment process by sending an email to PaymentModernizationMigrationTeam@usps.gov to request an invitation code. The email subject line should read "EPS Request" and the email body should include your name, address and contact information, as well as your Customer Registration ID (CRID).

Mailers also may contact their local Business Mail Entry Unit to make this request. The mailer will then receive an email response with an invitation code within two business days of submitting the request. The invitation code is unique to the requestor, and grants the Business Service Administrator (BSA) access to EPS.

Complete enrollment by logging in to the Business Customer Gateway, entering the invitation code, agree-

ing to Terms & Conditions, and following the rest of the enrollment process outlined in the Enterprise Payment System (EPS) Migration Fact Sheet. The process is the same for current CAPS users and first-time users.

Payment Options

Users may select one of four payment methods:

- Trust (Retail Deposit): EPA holders may deposit funds at designated retail units, with options of check, cash, or money order for deposits.
- Trust (Fedwire): EPA holders may wire funds from their bank accounts.
- Trust (ACH Credit): EPA holders may transfer funds electronically via ACH Credit from their bank accounts.
- ACH Debit: Alternatively, funds may be withdrawn from an EPA holder's bank account via ACH Debit.

Putting Packaging on a Diet

Most consumers go on a diet after the start of the New Year, but some evidence suggests Amazon.com Inc. put its packaging on a diet before the holidays were over. *Supply Chain Dive* reports that Amazon minimized the size and number of the boxes it used for holiday season mailings. "The e-commerce giant is using algorithms and machine learning to determine the right amount of packaging, which now includes more bubble envelopes and fewer boxes," according to the article

Amazon's shipping costs increased 39% in the quarter, a rate in excess of growth in net sales. Consumers seem satisfied with the end result. According to the report: "Millions of times each year, customers write to tell us they love how their products have been packaged –

Starting Use
Once an EPA is set up, holders are asked to link postal permits and publications to the EPA. The EPS handles it from that point.

Learn More

The USPS provides a number of reference materials for EPS, including the EPS landing page at <https://postalpro.usps.com/EPS>, a listing of available retail deposit locations, and an Enterprise Payment System Migration Fact Sheet. The PostalOne! Help Desk also can assist with the EPS set-up process, system logon and site administrator role questions or issues. The PostalOne! Help Desk may be reached at 1-800-522-9085 or postalone@usps.gov.

sending pictures and stories that our packaging and fulfillment center teams love to hear,' according to Amazon's statement on sustainability, which an Amazon spokesperson sent in response to *Retail Dive*'s inquiry. "They also tell us when our packaging hasn't worked – when their products were damaged, when the box used was too big, or just too hard to open. This informs our worldwide packaging team and allows Amazon and our vendors to improve packaging design and delivery. If it's serious enough, their feedback can automatically pull what we call 'the Andon cord' to prevent a product from disappointing another customer." <https://www.supplychaindive.com/news/amazon-is-scrambling-to-minimize-packaging/513640/>.

Dreaming of an Online Christmas

Retailers with omnichannel selling potential ranked well when compared with their predominantly online competitors this holiday season. If they came up short, it was because the stress of holiday traffic was more than their websites could bear.

Internet Retailer reports that: "When the sites of 10 major retailers face heavy traffic, the 'born digital sites' cope much better than the traditional retailers, according to digital automation intelligence vendor Testplant, which measured the overall transaction response times, defined here as the amount of time it takes to visit a website and add a product to cart. Testplant ran a test for *Internet Retailer* during a two-day span (Sunday-Monday, Dec. 17-18), measuring 10 major retail websites, including online marketplace eBay, Amazon.com Inc. [No. 1], Wal-

Mart Stores Inc. (No. 3) and Etsy Inc. (No. 22) among others."

"All 10 sites had mean transaction times under 5 seconds during normal periods, but when the sites faced heavier traffic, website transaction times for retailers that also operate bricks-and-mortar stores shot much higher. The one exception was Best Buy Co. Inc. (No. 10), which posted a peak transaction time of 6.8 seconds, second only to Amazon.com's 5.4 seconds. But a transaction on the website of Kohl's Corp. (No. 18) took 29.2 seconds when traffic spiked and for Macy's Inc. (No. 6) 24.5 seconds," it reported. Read more at <https://www.digitalcommerce360.com/2017/12/21/traditional-retailers-sites-keep-up-almostwith-online-only-merchants/>.

Amazon in Ship Shape all Season

Amazon announced on Dec. 13 that it had expanded its same-day delivery and one-day shipping service to thousands more markets across the U.S., just in time for last-minute holiday shopping. Prior to that date, these services were available to Prime members in 5000 cities and towns, but, as of that date, they were available in over 8000 places.

The market expansion reaches larger cities and smaller towns in states including Arizona, California, Florida, Illinois, Indiana, Maryland, Minnesota, Nevada, New York, Oklahoma, Texas, Virginia, Washington, Wisconsin, and more.

“We are continually investing in Prime, adding more selection and making delivery faster and more convenient,” said Greg Greeley, Vice President of Amazon Prime, in a statement. “In fact, in 2016, the last Prime Free Same-Day order from *Amazon.com* delivered in time for Christmas was ordered at 10:23 a.m. on Christmas Eve. The order included Venum Contender Boxing Gloves, and was delivered to a Prime member in Richmond, Virginia at 2:42 p.m.—the very same day, for free,” he said.

For same-day delivery, orders placed in the morning arrived by 6 to 9 PM, while orders placed in the evening arrived the next day. <http://phx.corporate-ir.net/phoenix.zhtml?c=176060&p=ir-ol-newsArticle&ID=2322543>; <https://techcrunch.com/2017/12/13/amazon-expands-same-day-delivery-and-one-day-shipping-to-thousands-more-cities/>.

It has not closed the books on the holiday yet either.

Amazon announced it would continue its post-holiday “digital day” sale, too. Digital Day is an online event offering as much as 80% off of digital apps, games, movies, e-books, and other items, according to the company’s website.

The company had 40% more deals than last year (the first year of the event) starting as early as Dec. 26 and ending on Dec. 29.

If consumers had a gift card burning a hole in their pockets, then Amazon hoped to take it. If someone returned a gift after Christmas, Amazon saw that as an opportunity as well.

“Digital Day” is yet another sales holiday made up by the folks at Amazon. Prime Day already made July shopping an event, whether people bought crew socks or notebooks for fall classes. It may sound silly, but the made-up holiday works.

The Amazon website said: “Save up to 80% on over 5,000 apps, games, movies, eBooks, and more 40% more deals than Digital Day last year. Sign up to receive notifications when the deals begin, or follow #DigitalDay for updates. Customers may also shop Digital Day deals using the Amazon App and the Amazon Appstore (to download, visit amazon.com/mobileapps or amazon.com/androidapp from your mobile browser). Check back often, some deals will be available starting as early as December 26, with the biggest savings launching at 12:00 am ET time on December 29.” <https://www.amazon.com/b?node=15433359011>.

Ho Ho Holidays at Amazon

In advance of the holiday season U.S. consumers were expecting to turn to Amazon for gifts. About 76% of shoppers said they expected to do most of their holiday shopping on Amazon this year, according to a study from CNBC. Close to half (45%) said ecommerce was their top channel for holiday shopping in 2017, up from 40% in 2016.

While final holiday numbers are still being tabulated, it appears that the predictions were valid. In contrast, while Walmart is the second-most popular option, only 8% of consumers said it was their main shopping destination for holiday gifts.

They visit *Amazon.com* to price items and frequently stay to make the purchase. About 57% of those who usually search on Amazon buy from it either frequently or always.

When consumers do buy elsewhere it often is to get shipping for free. Nearly half (43%) selected free shipping as the most important factor in online shopping.

Lower income families do not have the funds for Amazon Prime memberships. Only 20% of those who do most of their shopping online have incomes equal to or below \$30,000. <http://www.businessinsider.com/amazon-dominates-with-holiday-shoppers-2017-12>.

Amazon.com Inc. saw growth globally as well as at home in the U.S. according to a recent press statement.

Tuesday, Dec. 19, was the busiest day for *Amazon.com* to fulfill holiday orders. While that might have been a cut-off date for making on-time deliveries

before the holiday, it was not the end of the ecommerce giant's holiday cycle. Amazon Prime guaranteed delivery for millions of eligible products in as few as two days, and as little as one day or one hour for some under its Prime Now program.

Amazon is notoriously silent on many of its critical "numbers," but the numbers it did share suggest the holiday was a merry one:

- Four million plus consumers started a Prime free trial or paid membership in one week alone during the holiday season.
- Consumers using the Amazon app increased nearly 70% this holiday season, globally.
- Shoppers ordered at least 1400 electronic products per second on a mobile device this holiday season.
- Amazon sold tens of millions of Alexa-enabled devices, such as the Amazon Echo or Dot, worldwide throughout the holiday season, which is "millions more" than last year.
- Amazon sold millions of Echo Dots, and the small

speaker was the top-selling Amazon device and the best-selling product from any manufacturer in any category on *Amazon.com*.

Amazon spread good cheer to "small businesses and entrepreneurs" as well:

- Consumers bought more than 1 billion products from them using Amazon this holiday.
- Consumers ordered 140 million products from them via Amazon between Nov. 23-27, 2017.

Analysts are saying that Amazon will have to do two things to sustain recent growth rates. It needs to find a way to attract lower income shoppers and needs to target its global consumer base because the U.S. market is reaching its Amazon saturation point. (*See BMR 01/02/2018, p. 2.*) Amazon has already introduced a \$5.99 per month Prime subscription for those with an Electronics Benefit Transfer (EBT) card, but if it wants to dominate this demographic, it will likely need to do more. Global domination will take more time and effort.

Bah-Humbug for Credit Card Fraud Schemes

The EMV chip credit and debit cards appear to be cutting into the fraud perpetrated by thieves when the card must be presented at the time of a sale, but, as predicted, thieves have turned their focus to online activities.

Practical E-Commerce recently provided a list of the top fraud schemes that online sellers should watch for:

- "Friendly fraud" when a customer uses a card but later pretends not to have received the item(s).
- "Identity theft fraud" when criminals order using someone else's payment card information to have items delivered to a place that makes it tough to track the thief, such as a freight forwarder.

The size of the problem is large and growing. According to the same article, "A LexisNexis Risk Solutions report published in October 2017 found that for 1,196 businesses surveyed—including 653 brick-and-mortar retailers and 190 ecommerce sellers—up to 43 percent of monthly transaction attempts (including declined or otherwise failed orders) involved fraud. If these findings are not bad enough, LexisNexis also reported that when criminals use stolen credit cards (excluding stolen debit cards) to place ecommerce orders, those criminals are successful about 60 percent of the time." <https://www.practicalecommerce.com/7-telltale-signs-payment-card-fraud>.

The hallmarks of an online credit or debit card scam include the following:

- Moving Target Shoppers: The purchaser's billing

address does not match up to the region in which the purchaser's IP is registered. "If a shopper's IP address is from, say, Sao Paulo, Brazil, but the billing address for the payment card is in Seattle, Wash., U.S., the purchase could be fraudulent, and probably requires at least a phone call or email message to verify the order," *Practical Ecommerce* warns.

- More the Merrier IP Orders: When a business receives numerous orders or a flurry of orders from the same IP address during a short period of time, that is a sign that the purchaser(s) may be engaged in identity theft fraud.

As the article explains: "In fact, identity theft fraud is particularly likely if all of the orders from this same IP address use different payment cards, different customer names, and different billing addresses."

- Speed Shopping for Slow Days and Times: Payment provider Stripe reports that "unusual order velocity" is some evidence that credit or debit card fraud is taking place. The thieves do not take days off like other shoppers do. They may flood an e-tailer with orders on a day when other shoppers are occupied elsewhere, such as Thanksgiving or Christmas Day. They may take place during hours when other shoppers take a rest. "Stripe noted that while the volume of orders goes down between midnight and 5 a.m. every day of the week, fraudulent activity as a percentage of total transactions increases during those hours."

- Run on the Uncommon Item: If you sell a few of a big

ticket item and suddenly receive several orders in quick succession, check your enthusiasm while you look for other risk factors. As the article explains, “an increase in fraudulent order velocity is often focused on a single item.”

- Ignoring the Stop Signs: In an effort to improve conversion rates or the day’s volume, some sellers will relax their customary card protocols to improve their revenues. Risk filters work best when they are allowed to work. Most risk protocols key into anomalies that should give pause. Incorrect card verification

codes (CVC), mismatches between the cardholder’s provided address and the one listed in the address verification system (AVS), wrong ZIP Codes for the billing address, incorrect area codes for the phone number, or an email address that looks randomly generated are warnings that require follow-up.

- Money to Burn: Expedited shipping requests send a false signal that the order is valid. It would appear that money is no object and that the urgency is real; but it is no burden on the thief to request expedited service.

Use caution to hold down payment card fraud.

Fraud for the Flip Trip

While retailers may be seeing declines in card payments, they reportedly fear they will be the targets of an increasing number of fraudulent returns. Return fraud has been rising and is expected to continue rising. Fraudulent returns arise when shoplifters and other thieves return items for cash or store credit.

A new survey from the National Retail Federation (NRF) finds such scams could cost companies as much as \$15 billion this year. About 13% of all purchases come back to haunt store shelves.

Expect your favorite retailer to have a policy meant to deter the thieves seeking to capitalize on their initial crime. About 30% of retailers have altered their return policies due to these frauds. Returns may be limited in time to thirty days from the date of purchase. Expect to be asked for proof of purchase in the form of a receipt. Items should be in a condition that makes them eligible for resale. This can mean that you must possess original packaging.

FedEx Banking on 2018 to Pay Off

FedEx Corporation announced in the fall plans to increase rates by about 4.9%. For 2017 the rate increase was the same for ground deliveries and averaged only 3.9% for air deliveries.

As Sam Simpson, a Senior Transportation Analyst at enVista, wrote in the Nov./Dec. 2017 issue of *Parcel* magazine, an average of rate increases for a category of deliveries can

obscure some sizable rate increases for some products. “Express Saver is an excellent example of this average and the variances that

can take place. Express Saver Zones 6 through 8 took a 7.4% increase, while the lower zones took an average of 3.9% increase.”

Rate increases also are adjusted by service level and weight. Simpson goes on to explain that: “On average Ground and Priority Overnight will take slightly less than the announced increases at 4.5% and

4.7% respectively, while 2 Day AM and Express Saver are taking the greatest increases at 6.3% and 6.1% overall.” See Table.

FedEx will add surcharges and add to them as well. While most increases took effect yesterday, others take effect in three weeks on Jan. 22, 2018. Among those changes are a surcharge for third-party billing and

imposition of dimensional weight charges (with a factor of 139) for SmartPost packages. The third-party billing surcharge adds 2.5% of

Weight	1-5 lbs.	6-10 lbs.	11-20 lbs.	Avg. 1-150 lbs.	Zone 2, 1 lb.
Ground	5.0%	5.4%	5.4%	4.5%	4.6%
Priority Overnight	6.5%	5.6%	4.8%	4.7%	4.1%
Standard Overnight	5.1%	5.1%	5.1%	5.0%	4.9%
2-Day	6.4%	6.3%	6.4%	5.5%	6.2%
2-Day AM	5.9%	5.9%	5.9%	6.3%	3.9%
Express Saver	5.5%	3.7%	5.0%	6.1%	4.2%

the total bill on top of the 4.9% average increase for a category. Many increases range from 2.6% to 10.3%, but some will see a 160% increase for the unauthorized/LPS Surcharge—increasing to \$300. This surcharge is applied to discourage use of FedEx by those sending large items.

FedEx customers are advised to conduct a thorough analysis before negotiating their 2018 rates.

Briefs

Congress passed and the president signed a tax reform package before the holiday break. Retailers hope the tax cuts will produce short-term economic growth in the form of consumer spending. The National Retail Federation has insisted that “there is far more that the two chambers agree on than they disagree on.”

The Retail Industry Leaders Association approves the omission of a border adjustment tax which the president stumped for during the 2016 election cycle.

Retail Dive reports that: “However, as Morgan Stanley noted in a December report, consumers are spending more on experiences than things, and there’s no guarantee any tax savings would go toward retail purchases.”

That same report continues: “According to a Dec. 4 report from Wolfe Research, the biggest specialty apparel winner under the Senate’s tax plan would be Gap, whose corporate tax rate would drop from 39.6% last year to 23.5% once the plan goes into place. Other big winners would include: Nordstrom, Restoration Hardware, Dick’s Sporting Goods, Williams-Sonoma and Ulta, which are expected to see their rate drop from the high 30s to between 22.3%-24.2%.” <https://www.retaildive.com/news/how-the-gop-tax-overhaul-could-affect-retail/513318/>.

Before leaving town for the holidays, Congress also passed and the president signed a continuing resolution to fund the federal government until Jan. 19, preventing a shutdown that might spoil holiday celebrations. The House led and the Senate passed the measure. *POLITICO* reported: “The House passed the measure, which would keep federal agencies open through Jan.

19, on a 231-188 vote. The Senate cleared it 66-32 soon after, giving congressional leaders and President Donald Trump another month to hash out a long-term spending deal for the remainder of fiscal 2018.”

Also kicked down the road to January action on “legal protections for young undocumented immigrants who are losing work permits after Trump rescinded an Obama-era executive action. But the contentious issue is sure to return in January when the next round of spending talks resume.”

The bill also extends a federal surveillance program, includes funds to continue the Children’s Health Insurance Program through March and waives automatic cuts to Medicare and other programs, which would have taken effect automatically in response to the GOP tax bill’s big deficit increase. <https://www.politico.com/story/2017/12/20/house-to-hold-government-shutdown-vote-thursday-311457>.

Government Executive reported dissatisfaction among Democratic Party leadership in Congress: “‘We have no confidence than any extension will get us to any further agreement,’ House Minority Whip Steny Hoyer, D-Md., said before the House Rules Committee Thursday morning as the panel was considering the bill. House Minority Leader Nancy Pelosi, D-Calif., added that her caucus had issues with the offsets Republicans laid out to pay for the Children’s Health Insurance Program, the boost for the Veterans Choice Program without an equal increase for internal VA care and the failure to address the status of certain undocumented immigrants. <http://www.govexec.com/management/2017/12/house-passes-stopgap-funding-bill-senate-must-now-act-avert-shutdown/144763>.

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