

Stamped Letter Volume Before and After Rate Changes & Factors Influencing Greeting Card Volume

This analysis is divided into two sections. Section 1 analyzes volume trends for stamped letters before and after rate increases to compare performance after the latest 10% increase to prior years. Section 2 analyzes greeting card volume and the factors that positively and negatively impact growth. Note for the purposes of this memo “greeting card volume” refers to the volume of greeting cards mailed via USPS. Key findings of these two sets of analyses are below.

Stamped Letter Volume Before and After Rate Changes Key Findings:

- Over the last five years (USPS FY 2015-19) stamped letter volume has been declining. While the decline is largely attributed to changes in technology and demographics, it has also been impacted by stamp prices. The relative effects of these factors differ between greeting cards and stamped letters as a whole.
- During FY 2015-19, USPS increased the price of a first ounce stamp three times during the second quarter of the fiscal year. We compared stamped letter volume before and after rate increases during this period. We analyzed volume patterns during Q2 (when the rate was implemented), during the full fiscal year, and in peak letter season (Q1) after new rates were implemented. In all cases, the greatest volume declines occurred after the 10% rate increase in FY 2019.
- Stamped letter volume peaks in Q1 of USPS fiscal year from October to December. The volume during this period accounts for about one third of total annual volume. Volume decline from Q1 FY 2019 to Q1 FY 2020, the first peak season with a 55-cent stamp, was 11% compared to less than 2% the year before.

Factors Influencing Greeting Card Volume Key Findings:

- Unlike the stamped letter category overall, greeting cards experienced growth from FY 2015-18. However, in FY 2019, greeting card volume suddenly declined more than 15%.
- This decline in volume in FY 2019 cannot be explained by common drivers of greeting card industry growth such as personal income, consumer spending, and holiday spending. However, these factors, in combination with USPS marketing efforts, are likely to have contributed to positive greeting card growth from FY 2015-18, and potentially have curbed further decline in FY 2019.
- The timing of the decline in greeting card volume parallels the 10% increase in first-ounce stamp prices. It is the only factor that appears to align with the change in greeting card volume. While other factors, such as electronic diversion, contribute to steady decreases in physical greeting card volume, they cannot explain the sudden decline in FY 2019.

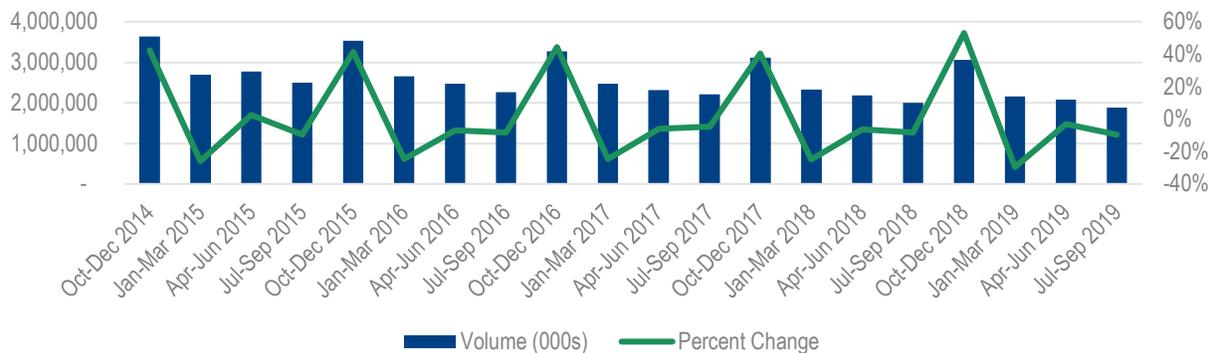
Section 1. USPS Stamped Letter Volume Before and After Rate Changes

USPS stamped letter volume is cyclical. It typically peaks during USPS Q1 (October through December) and declines throughout the period between January and September.¹ On average, volume increased 44.3% from the July-September period (USPS Q4) to October-December (USPS Q1) during FY 2015-19. However, total stamped letter volume has been declining over time. During peak season, October through December,

¹ The USPS fiscal year runs from October 1 – September 30.

stamped letter volume decreased from over 3.6 million in FY 2015 (CY Oct-Dec 2014) to 3.1 million in FY 2019 (CY Oct-Dec 2018). (Figure 1)

Figure 1.
Stamped Letter Volume and Percent Change from Previous Quarter, FY 2015-19²



Overall, this decline in stamped letter volume is largely attributed to electronic diversion and changing household demographics. Recent years have shown a steady decline in mailed bill payments.³ However, price is also a factor. In January 2019, the price of a first-ounce stamp increased by 10%, the largest price increase implemented by USPS in recent years. This section includes the following sets of analyses to examine the impact of this price increase on stamped letter volume:

1. Changes in Q2 stamped letter volume before and after rate increases.
2. Changes in total fiscal year stamped letter volume before and after rate increases.
3. Changes in Q1 stamped letter volume following a rate increase the fiscal year prior.

Changes in Q2 Stamped Letter Volume Before and After Rate Increases

To examine the impact of the FY 2019 first-ounce stamp rate increase, we compared patterns in USPS stamped letter volume before and after comparable rate changes over the past five years. During FY 2015-19, USPS raised the price of a first-ounce stamp three times in the second quarter of the USPS fiscal year (January to March).⁴ On January 22, 2017, stamp rates were raised 4.3% from \$0.47 to \$0.49. Then, on January 21, 2018 rates were raised 2.0% to \$0.50. Finally, on January 27, 2019 rates were raised 10.0% to \$0.55. (Table 1)

Table 1.

² USPS Billing Determinants for First Class Mail FY2015 to FY2019; ndp analytics.

³ USPS Household Diary Study Reports, Table 4.1.

⁴ USPS also implemented a rate change from \$0.49 to \$0.47 Q3 FY 2016. This change was due to the expiration of the “exigent” rate increase earlier authorized by PRC to alleviate the financial damage to USPS from the 2008-09 recession, We did not include this rate change in analysis because mail volume is cyclical and volume patterns in Q3 may not be comparable to Q2.

Q2 Rate Increases for First-Ounce Stamps, FY 2017-19⁵

	Day of Rate Change	Rate Before	Rate After	Rate Increase
FY 2017	January 22	\$0.47	\$0.49	4.3%
FY 2018	January 21	\$0.49	\$0.50	2.0%
FY 2019	January 27	\$0.50	\$0.55	10.0%

We calculated the percentage change in volume before and after rate changes in the second quarter of each fiscal year.⁶ Changes in volume were similar in FY 2017 and FY 2018 but significantly smaller in FY 2019 after the 10% rate increase. In other words, stamped letter volume after the rate change in 2019 underperformed compared to prior years. (Table 2)

- Total volume was 279.0% higher in Q2 FY 2017 after the rate increase compared to Q2 FY 2017 before the rate increase (1.953 billion pieces compared to 515.3 million pieces).
- Total volume was 229.5% higher in Q2 FY 2018 after the rate increase compared to Q2 FY 2018 before the rate increase (1.787 billion pieces compared to 542.4 million pieces).
- Total volume was 98.1% higher in Q2 FY 2019 after the rate increase compared to Q2 FY 2019 before the rate increase (1.429 billion pieces compared to 721.7 million pieces).

Table 2.

Change in Stamped Letter Volume Before and After Rate Increases During Q2 FY 2017-19⁷

	Percentage Increase in Rate	Q2 Volume (000s)		Percentage Change in Volume
		Before Rate Change	After Rate Change	
FY 2017	4.3%	515,347	1,953,217	279.0%
FY 2018	2.0%	542,352	1,787,129	229.5%
FY 2019	10.0%	721,658	1,429,255	98.1%

The percentage volume change before and after rate increases is also apparent by daily delivery volume. Daily delivery volume comparisons account for differences in the timing of rate changes as well as working days per quarter. To calculate the average delivery volume, we divided the total volume by the number of working days per period (all days except Sundays and federal holidays). The average daily volume of stamped letters after the rate increase in FY 2019 declined substantially more the previous fiscal years. (Figure 2)

- Daily volume during Q2 FY 2017 increased 2.8% from 32.2 million before the rate increase to 33.1 million after the rate increase.

⁵ USPS. 2020. Rates for Domestic Letters Since 1863.

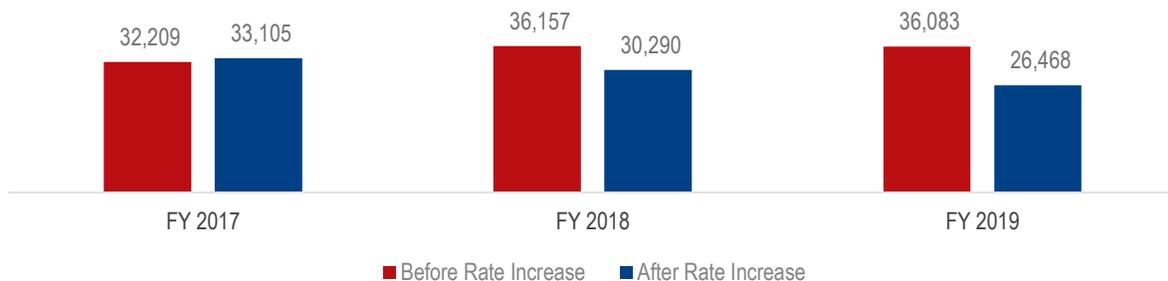
⁶ Total volume before the rate change is smaller than after because the period is much shorter, e.g., for FY 2017 the period before the rate change was January 1-21, and the period after was from January 22 – March 31.

⁷ USPS. Billing Determinants, FY 2017-19.

- Daily volume during Q2 FY 2018 decreased 16.2% from 36.2 million before the rate increase to 30.3 million after the rate increase.
- Daily volume during Q2 FY 2019 decreased 26.6% from 36.0 million before the rate increase to 26.5 million after the rate increase.

Figure 2.

Average Daily Stamped Letter Volume During the Second Quarter (000s), FY 2017-19⁸



Changes in Total Fiscal Year Stamped Letter Volume Before and After Rate Increases

In addition to the immediate impact on second quarter stamped letter volume, we analyzed changes in total fiscal year volume before and after rate increases. The period before the rate increase includes Q1 and Q2 volume up until the rate increase (October to late January). The period after the rate increase includes Q2 volume from the day the new rate was implemented through Q4 (late January to September). Because the rate increase occurs towards the beginning of the fiscal year, total volume after the increase is higher than before.

Similar to the pattern observed with Q2 volume, the percentage change in total stamped letter volume after the rate change was smaller in FY 2019 compared to FY 2017 and FY 2018. (Table 3)

- Total volume was 71.1% higher in FY 2017 after the rate increase compared to FY 2017 before the rate increase (6.484 billion pieces compared to 3.790 billion pieces).
- Total volume was 63.3% higher in FY 2018 after the rate increase compared to FY 2018 before the rate increase (5.963 billion pieces compared to 3.651 billion pieces).
- Total volume was 42.7% higher in FY 2019 after the rate increase compared to FY 2019 before the rate increase (5.390 billion pieces compared to 3.776 billion pieces).

Table 3.

Change in Stamped Letter Volume Before and After Rate Increases During the Year, FY 2017-19⁹

⁸ USPS Billing Determinants, FY 2017-19. ndp analytics.

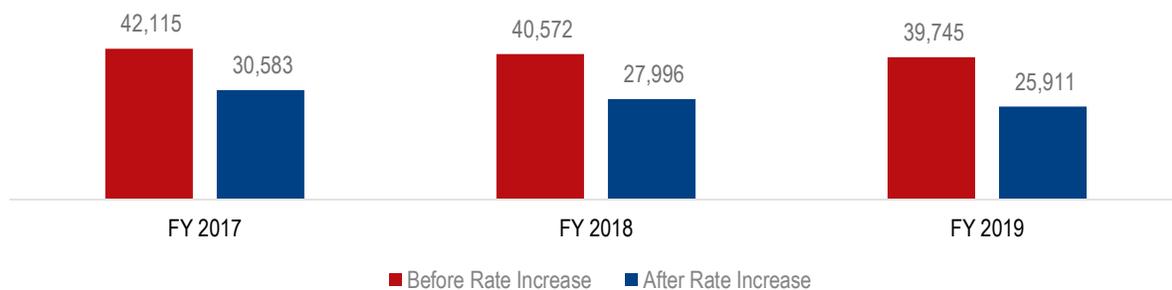
⁹ USPS Billing Determinants, FY 2017-19. ndp analytics.

	Percentage Increase in Rate	FY Volume (000s)		Percentage Change in Volume
		Before Rate Change	After Rate Change	
FY 2017	4.3%	3,790,324	6,483,518	71.1%
FY 2018	2.0%	3,651,446	5,963,114	63.3%
FY 2019	10.0%	3,775,781	5,389,567	42.7%

The impact of rates changes on stamped letter volume also apparent when analyzed by daily delivery volume. Again, to calculate the average delivery volume, we divided the total volume by the number of working days per period (all days except Sundays and federal holidays). The decline in average daily volume of stamped letters after the rate increase in FY 2019 was more pronounced than previous years. (Figure 3)

- Daily volume during FY 2017 declined 27.4% from 42.1 million pieces per day before the rate increase to 30.6 million pieces per day after the rate increase.
- Daily volume during FY 2018 declined 31.0% from 40.6 million pieces per day before the rate increase to 28.0 million pieces per day after the rate increase.
- Daily volume during FY 2019 declined 34.8% from 39.7 million pieces per day before the rate increase to 25.9 million pieces per day after the rate increase.

Figure 3.
Average Daily Stamped Letter Volume During the Year, FY 2017-19 (000s)¹⁰



Changes in Q1 Stamped Letter Volume Following Rate Increases the Year Prior

The final segment of this analysis focuses on first quarter stamped letter volume only. The first quarter of the USPS fiscal year (October-December) is the peak season for stamped letters and accounts for about one-third of total volume of compared to the rest of the year. Since rate increases were implemented in the second quarter of the fiscal year, we analyzed the performance of stamped letters in Q1 of the following fiscal year.

USPS first quarter of FY 2020 was the first peak season with a 55 cent first ounce stamp. Compared to prior years with rate increases, volume fell substantially. (Table 4)

¹⁰ USPS Billing Determinants, FY 2017-2019.

- Q1 volume declined 5.1% from 3.275 billion pieces in FY 2017 to 3.109 billion in FY 2018.
- Q1 volume declined 1.8% from 3.109 billion pieces in FY 2018 to 3.054 billion in FY 2019.
- Q1 volume declined 11.0% from 3.054 billion pieces in FY 2019 to 2.716 billion in FY 2020.

Table 4.
Year Over Year Change in Q1 Stamped Letter Volume (October to December), FY 2017-20¹¹

	Q1 First-Ounce Stamp Rate	Q1 Volume (000s)	Percent Change from Previous Year
FY 2017	0.47	3,274,978	
FY 2018	0.49	3,109,093	-5.1%
FY 2019	0.50	3,054,123	-1.8%
FY 2020	0.55	2,716,820	-11.0%

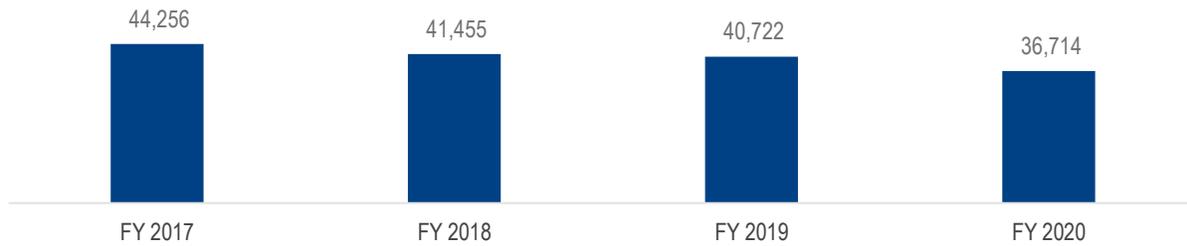
A similar pattern in volume decline is apparent when analyzed by daily delivery volume. Again, to calculate the average delivery volume, we divided the total volume by the number of working days per period (all days except Sundays and federal holidays). (Figure 4)

- Q1 daily volume declined 6.3% from 44.3 million pieces per day in FY 2017 to 41.5 million pieces per day in FY 2018.
- Q1 daily volume declined 1.8% from 41.5 million pieces per day in FY 2018 to 40.7 million pieces per day in FY 2019.
- Q1 daily volume declined 9.8% from 40.7 million pieces per day in FY 2019 to 36.7 million pieces per day in FY 2020.

Figure 4.
Q1 Average Daily Stamped Letter Volume (000s), FY 2017-20¹²

¹¹ USPS Billing Determinants, FY 2017-20.

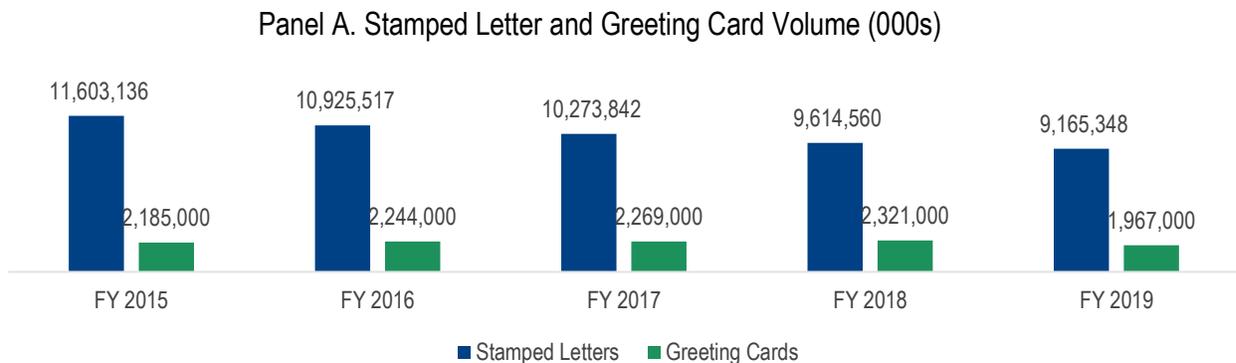
¹² USPS Billing Determinants, FY 2017-20.



Section 2. Factors Impacted Greeting Card Volume

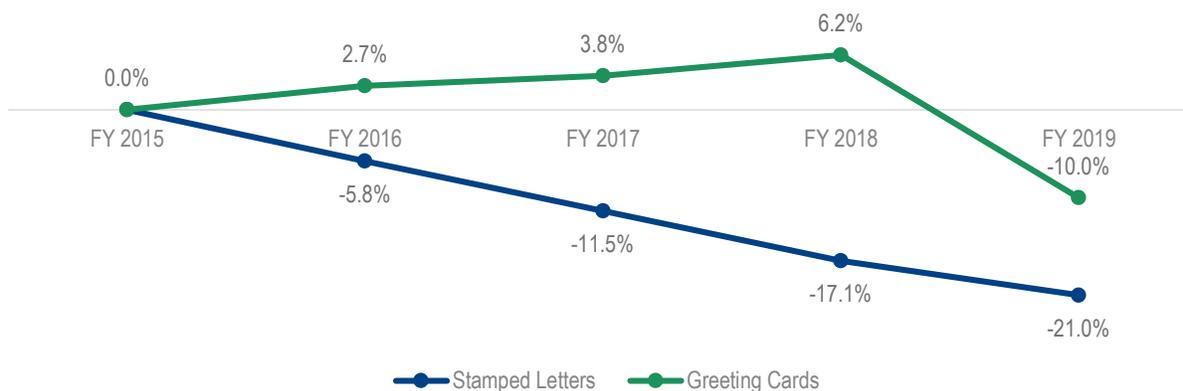
Greeting cards are a subset of stamped letters. Unlike the stamped letter category overall, greeting card volume has risen in recent years. From FY 2015 to FY 2018 greeting card volume grew 6.2% from about 2.2 million to 2.3 million while overall stamped letters declined 17.1% from 11.6 million to 9.6 million. However, greeting card volume declined abruptly in FY 2019, which was much steeper than the decline for stamped letters overall. Greeting card volume declined nearly 15.3% from 2.3 million pieces in FY 2018 to less than 2.0 million in FY 2019, and with a 10.0% cumulative decline in volume since FY 2015. (Figure 5)

Figure 5.
Stamped Letter Mail and Greeting Card Volume, FY 2015-19¹³



Panel B. Cumulative Change in Stamped Letter and Greeting Card Volume

¹³ USPS Billing Determinants FY2015-19; USPS Household Diary Survey FY2019.



Detailed quarterly data and data before and after rate changes are not available for greeting cards. So, to better understand the sharp decline in greeting card volume, we examined historical data for factors that impact greeting card sales overall and greeting card mail volume. These factors are described below and summarized in Table 5.

1. **Personal income & consumer spending:** Changes in personal income and consumer expenditures go hand in hand. As income rises, so does consumer spending on products and services. Market research identifies these two categories as positive drivers of greeting card sales. In other words, as personal income and consumer spending rise, greeting card volume is expected to increase. Moreover, since more than half of greeting card volume occurs during the holiday season, it is expected that changes in holiday spending will impact greeting card sales. For this analysis, we examine changes in personal income, consumer spending on nondurable goods, and holiday spending from FY 2015 to FY 2019.
2. **USPS marketing efforts:** USPS engaged in marketing efforts to promote greeting cards and other postal products and services. These efforts are expected to have a positive impact on greeting card mail volume. While no data is available on the success of USPS marketing efforts, we examine the timing of select marketing campaigns and trends in holiday and non-holiday greeting cards during FY 2015 to FY 2019.
3. **Greeting card & postage costs:** Market research shows that, overall, consumers are sensitive to price changes in greeting cards and similar products. As a result, when costs related to purchasing and mailing cards rises, volume is expected to decline. For this analysis, we examine changes in greeting card prices and postage prices from FY 2015 to FY 2019.
4. **Electronic greeting card volume:** Market research related to the greeting card industry identifies online competition and increased volume of e-cards as negatively impacting physical greeting card volume. While there is no publicly available timeseries data on the total volume of e-cards, we reviewed USPS Household Diary Study data on internet cards and ad hoc reports to evaluate the patterns in e-cards and physical greeting card volume.

Table 5.

Summary of Factors Influencing Greeting Card Volume and Available Data

Relationship	Factor	Available Timeseries Data
Positive Greeting card volume is expected to increase as factor increases	Personal Income	BEA Personal Income
	Consumer Spending	BEA Consumer Expenditures on Non-Durable Goods
	Holiday Retail Sales	National Retail Federation Holiday Sales (Nov-Dec retail sales excludes automobiles, gas stations and restaurants)
Negative Greeting card volume is expected to decrease as factor increases	USPS Marketing Efforts	No timeseries data available; Ad hoc information on select campaigns from USPS and third-party sources
	Greeting Card Prices	BLS Consumer Price Index (CPI-U) for stationery, stationery supplies, and gift wrap; Datapoints from ad hoc industry publications
	Postage Prices	USPS first ounce stamp prices
	Online Competition (E-Cards)	USPS Household Diary Survey and ad hoc third publications

Factors that Positively Influence Greeting Card Volume

We identified four positive factors influencing greeting card volume: personal income, consumer expenditures on nondurable goods, holiday spending, and USPS marketing efforts. Of these, timeseries data is available for personal income, consumer expenditures, and holiday spending. All these factors experienced growth each year from FY 2015 to FY 2019. (Table 6)

Table 6.

Personal Income, Consumer Spending & Holiday Sales (Billions), FY 2015-19¹⁴

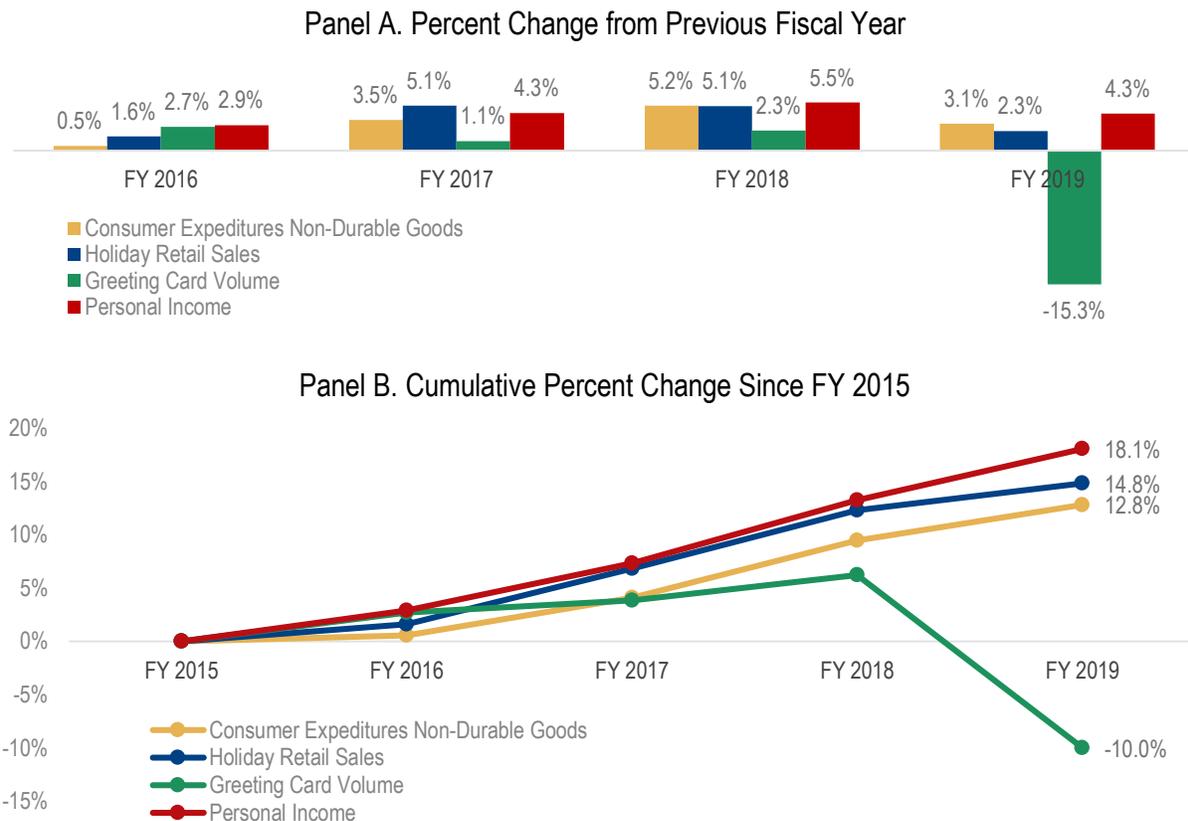
USPS Fiscal Year	Personal Income (Oct- Sept)	Consumer Spending Nondurable Goods (Oct- Sept)	Holiday Retail Sales (Nov-Dec)
FY 2015	\$15,580.3	\$2,618.9	\$616.1
FY 2016	\$16,036.3	\$2,633.2	\$626.1
FY 2017	\$16,722.3	\$2,725.8	\$658.3
FY 2018	\$17,642.8	\$2,866.7	\$691.9
FY 2019	\$18,394.3	\$2,954.6	\$707.5

We compared the year over year and cumulative change in personal income, consumer spending, holiday sales, and greeting card volume from FY 2015 to FY 2019. Similar to these factors, mailed greeting cards

¹⁴ BEA. National Income and Product Accounts. Quarterly Personal Income and Personal Consumption Expenditures by Major Type of Product, 2014-19; National Retail Federation. Holiday Retail Sales, 2014-18.

also experienced growth until FY 2019. Total greeting card volume sent via USPS increased 6.2% from FY 2015 to FY 2018. During this time, personal income increased 13.2%, consumer spending increased 9.5%, and holiday sales increased 12.3%. In FY 2019, personal income, consumer spending, and holiday spending continued to rise, but greeting cards declined sharply. From FY 2018 to FY 2019 greeting card volume declined 15.3% resulting in a 10.0% cumulative decline since FY 2015. (Figure 6)

Figure 6.
Factors Positively Influencing Greeting Card Volume, FY 2015-19¹⁵



While there is no quantitative data for USPS marketing efforts, the year over year increase in greeting card mail volume points to a positive impact. USPS marketing efforts have included partnerships with the Greeting Card Association (GCA) and seasonal greeting cards promotions.¹⁶ For example, GCA and USPS partnered to promote holiday cards with a joint marketing campaign December 2017 (FY 2018).¹⁷ Holiday cards from

¹⁵ BEA. National Income and Product Accounts. Quarterly Personal Income and Personal Consumption Expenditures by Major Type of Product, 2014-19; National Retail Federation. Holiday Retail Sales, 2014-18; USPS Household Diary Study.

¹⁶ USPS. 2019. "Greet News: Mail Volume Shows Growth for Cards." USPS News. September 20.

¹⁷ GCA. 2017. "GCA Teams Up with USPS For First Ever Holiday Card Campaign." Greeting Card Association. December 6.

FY 2017 to FY 2018 increased 3.6%. Then, in September 2018, GCA and USPS partnered for “Thinking of You” week.¹⁸ This annual event promotes greeting cards throughout the month of September. In 2018, both the holiday and “Thinking of you” campaigns corresponded with growth in holiday and non-holiday greeting card volumes. (Figure 7)

Figure 7.
Holiday and Non-Holiday Greeting Card Volume (000s), FY 2015-19¹⁹



Factors that Negatively Influence Greeting Card Volume

We identified three factors that have a negative relationship with greeting card sales: greeting card prices, stamp price and electronic diversion. Of these, we were able to collect timeseries data for stamp prices and greeting card prices (proxied by CPI for stationery). First ounce postage prices are available from USPS. Since postal rates change mid-year, we calculated the weighted average rate based on the number of days in the fiscal year with each rate. While timeseries data is not available for greeting card prices, we use BLS Consumer Price Index for All Urban Consumers (CPI) for stationery, stationery supplies, and gift wrap as a proxy. This category includes greeting cards and is in line with greeting card industry reports on average card prices. Specifically, industry reports suggest that greeting card prices have remained relatively steady over five-year period from FY 2015 to FY 2019 averaging between \$2.00 and \$4.00 per card during this period.²⁰ The CPI for stationery remained relatively unchanged over this period. (Table 7)

Table 7.

¹⁸ GCA. “Thinking of You Week Is About the Personal Touch.” <https://www.thinkingofyouweekusa.com/about/>

¹⁹ BEA. National Income and Product Accounts. Quarterly Personal Income and Personal Consumption Expenditures by Major Type of Product, 2014-19; National Retail Federation. Holiday Retail Sales, 2014-18; USPS Household Diary Study.

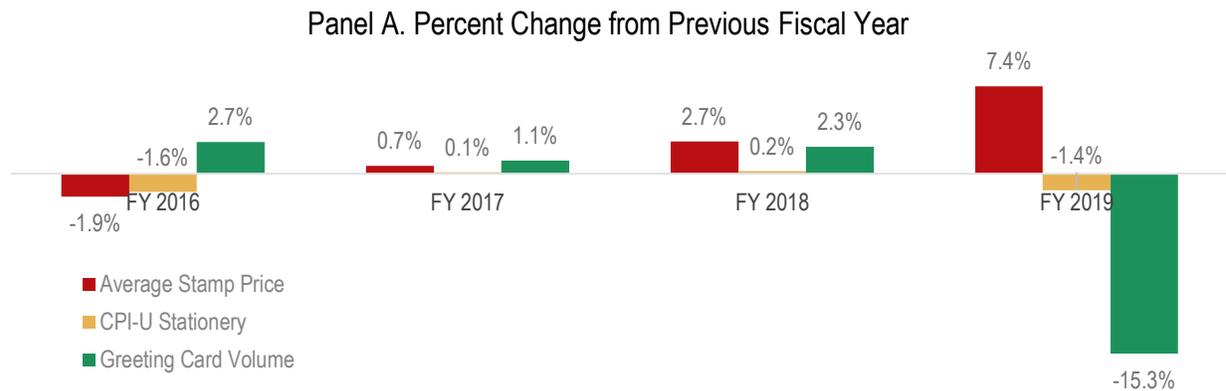
²⁰ Greeting Card Association. Industry Facts and Figures Reports.

Stamp Price and Stationery Prices, FY 2015-19

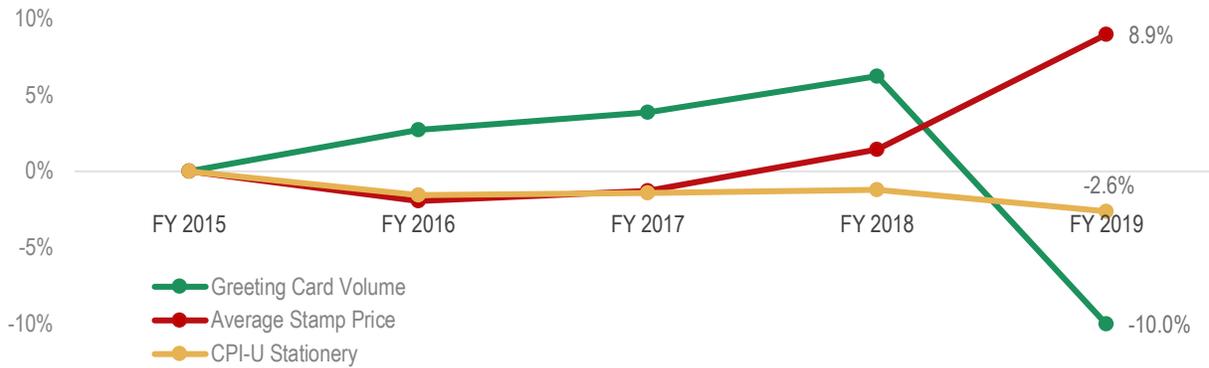
	First Ounce Stamp Price			CPI-U Stationery Average (Oct- Sept)
	FY Start (Oct 1)	FY End (Sept 30)	FY Average	
FY 2015	0.49	0.49	0.49	152.4
FY 2016	0.49	0.47	0.48	150.0
FY 2017	0.47	0.49	0.48	150.2
FY 2018	0.49	0.50	0.50	150.5
FY 2019	0.50	0.55	0.53	148.4

We compared the year over year and cumulative change in average stamp price, CPI for stationery and greeting card volume from FY 2015 to FY 2019. Greeting card volume rose 2.7% from FY 2015 to FY 2016 when average stamp prices and stationery prices declined. Two years later, despite a 2.7% increase in average stamp prices in FY 2018 from FY 2017, greeting card volume rose 2.3%. However, the following year when the average stamp prices rose 7.4%, greeting card volume declined 15.3%. In total, during this period (FY 2015-19), CPI for stationery declined 2.6% and the average price for a stamp increased 8.9%. (Figure 8)

Figure 8.
Factors Negatively Influencing Greeting Card Volume, FY 2015-19



Panel B. Cumulative Change Since FY 2015



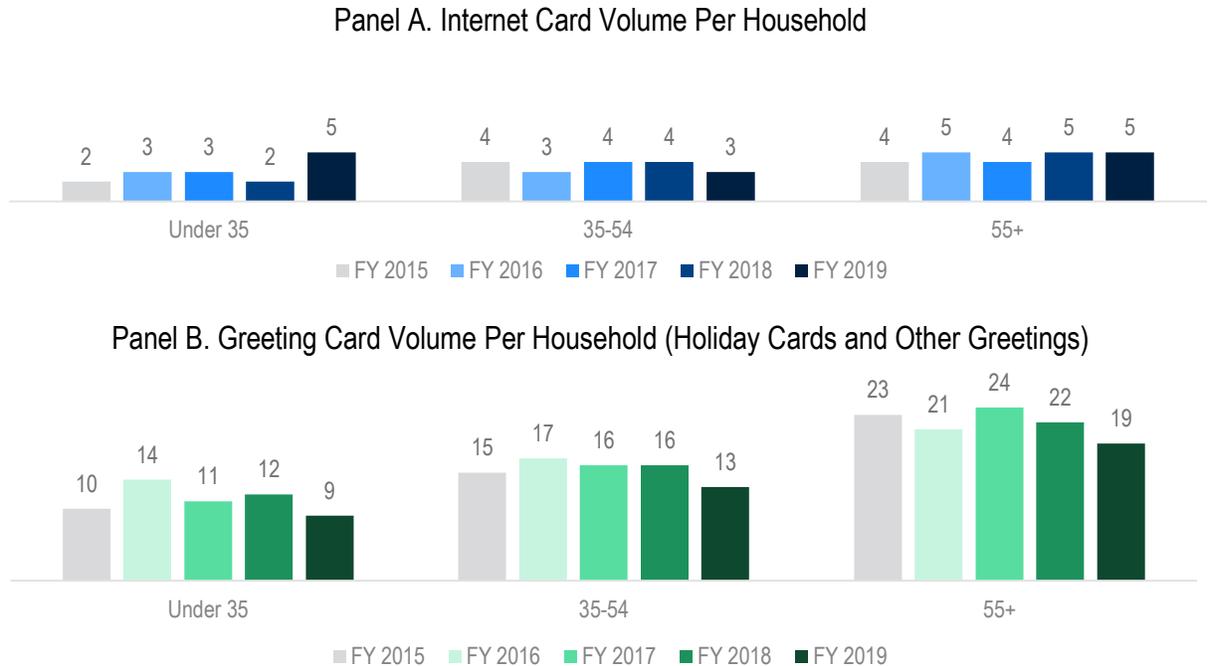
It is expected that greeting card volume decreases when price increases. Since the price of greeting cards did not increase during this period, it is unlikely that the price of greeting cards had a negative impact on changes in greeting card volume. On the other hand, first ounce stamp prices increased substantially. Initially, first ounce stamp prices declined from 49 cents in FY 2015 to 47 cents in FY 2016. Since then, the price of a stamp has increased. However, the rate increase from 50 cents to 55 cents during FY 2019 was, by far, the largest.

The final factor that negatively impacts greeting card volume is electronic diversion to e-cards. While there is no publicly available data on total e- card volume, some industry market research firms attribute declines in industry revenue to electronic diversion. For example, IBIS World found that the total revenue of the greeting card and other publishing industry declined by 1.8% on average each year due to the “proliferation of paperless substitutes.”²¹

However, most households have been slow to adopt e-cards. The USPS Household Diary Study analyzes internet cards in addition to mailed greeting cards by head of household age. There appears to be some substitution for e-cards by households under 35 years old, but not older demographics. From FY 2018 to FY 2019, the number of internet card sent by households under 35 increased by 3 while the number of greeting cards (holiday plus other greetings) declined by 3. For the other age groups there was no indication of substitution. For households ages 35 to 54, both the number of internet and greeting cards declined from FY 2018 to FY 2019. For households ages 55 and older, which send the most greeting cards, the number of internet cards remained constant while the number of greeting cards declined. (Figure 9)

²¹ IBISWorld. 2020. Greeting Cards & Other Publishing Industry in the US - Market Research Report. February 29.

Figure 9.
Internet and Greeting Cards Sent Per Household by Age, FY 2015-19²²



Another component of electronic diversion that is not captured with e-cards is use of social media and other types of communication in place of greeting cards. While the share of adults under 50 that use social media has remained relatively steady from 2015 to 2019, the share of adults ages 50-64 has increased significantly from 51% to 69%. Therefore, it is possible that some of these users are turning to social media as a substitute for greeting cards.

Comparison of All Factors

We examined the year over year and cumulative changes in the factors together. In terms of consumer behavior, consumers react to year over year changes more than cumulative changes over time. So, even though the cumulative increase in stamp prices is lower than increases in personal income and consumer spending (holiday and overall), the sharp rate increase FY 2019 seems to have created a shock for mailed greeting card volume.

The only major difference in FY 2019 compared to prior years is the increase in average postal prices and the magnitude of the increase compared to other factors. Year over year growth for personal income, consumer spending, and holiday sales growth was positive, but had slowed in FY 2019 compared to FY

²² Pew Research Center. 2019. Social Media Fact Sheet. June 12.

2018. In contrast, the increase in postal prices was substantial. The 7.4% increase in the average stamp price from FY 2018 to FY 2019, far outpaced positive changes in all other factors. (Table 8)

Table 8.
Comparison of Greeting Card Volume and All Factors, FY 2015-19

Panel A. Year Over Year Change

		FY 2016	FY 2017	FY 2018	FY 2019
Greeting Card Volume		2.7%	1.1%	2.3%	-15.3%
Positive Factors	Personal Income	2.9%	4.3%	5.5%	4.3%
	Consumer Spending	0.5%	3.5%	5.2%	3.1%
	Holiday Retail Sales	1.6%	5.1%	5.1%	2.3%
	USPS Marketing Efforts	+			
Negative Factors	Average Stamp Price	-1.9%	0.7%	2.7%	7.4%
	Stationery Prices (CPI)	-1.6%	0.1%	0.2%	-1.4%
	Electronic Diversion (E-cards)	-			

Green: Positive influence on greeting card volume

Orange: Limited influence on greeting card volume (YOY absolute value is less than 1%)

Red: Negative influence on greeting card volume

Panel B. Cumulative Change

		FY 2016	FY 2017	FY 2018	FY 2019
Greeting Card Volume		2.7%	3.8%	6.2%	-10.0%
Positive Factors	Personal Income	2.9%	7.3%	13.2%	18.1%
	Consumer Spending	0.5%	4.1%	9.5%	12.8%
	Holiday Sales	1.6%	6.8%	12.3%	14.8%
	USPS Marketing Efforts	+			
Negative Factors	Average Stamp Price	-1.9%	-1.3%	1.4%	8.9%
	Stationery Prices (CPI)	-1.6%	-1.4%	-1.2%	-2.6%
	Electronic Diversion (E-cards)	-			

While total e-card volume data is not available, electronic diversion to e-cards had negative impact on greeting card volume, especially for younger households (under 35). However, these households send much fewer cards than older households (35 and older). The change the number of greeting cards sent for older households cannot be attributed to e-cards. The degree to which social media is factor in greeting card decline is unknown.

At the same time, USPS marketing campaigns and holiday promotions have corresponded with increased greeting card volume in the past. Despite the steep decline in FY 2019 volume, it is possible that these campaigns have prevented greeting cards from further volume losses.

In sum, the upward trend of greeting card growth that USPS realized from FY 2015 to FY 2018, was completely erased when volume fell 15.3% in FY 2019. There are numerous factors that influence greeting card volume. Data is available for some of these factors, but not all. Key drivers of greeting card growth, such as personal income, consumer spending, and holiday sales, all continued to rise in FY 2019 and cannot explain the sharp decline in cards. On the other hand, the increase in stamp prices stands out as a factor that could contribute to lower greeting card volumes. The evident importance of price in this analysis appears sufficient to motivate re-thinking by USPS of its pricing policy for single-piece letters. To understand the changes in FY 2019 greeting card volume even more completely, however, more research is needed on consumer trends, including preferred methods of sending greeting cards and greeting card substitutes such as e-cards, social media, and other types of correspondence.

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