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The Future of the US Postal Service What a Long Strange Trip it May Be

ProList, Inc. is an Industry Innovator in data management and direct mail services solutions.

As best as we can tell, the sun continues to rise every day and mail continues to be delivered on most days. Even after *exigent rate cases*, *the rise and fall of Full-Service Intelligent Mail*, and *legislative posturing*, **we keep on sending out mail – a lot of it**. Because mail has a job to do – and it does it well.

The US Postal Service continues to lose a staggering amount of money, and even if the new rates do not suppress volume, they are still not enough to get the USPS finances back in the black. Whatever the Postal Service is going to do it will certainly need to look like something different than it is today and it's going to take an act of Congress – literally. We are getting a sense of what the future may look like:

- Exigent rates are not going away. When the exigent rate case was approved, there was some nonsense indicating it would only be temporary – going away into two years after the economy got all happy again. Both the Senate and House had a good laugh over that.
- Rates will increase faster than CPI. New terms like CPI+1 and CPI+2 are appearing. Rates will be rebalanced, too – flats and periodicals will get hit harder.
- Service will get worse. We're seeing it right now – it simply takes mail longer to be delivered. Complaints to the PRC (admittedly a weird measure) tripled in January 2014 vs. January 2013.
- Services will be diminished. Count on fewer days of delivery – probably the elimination of Saturday delivery. Count on fewer deliveries to the door – get used to cluster boxes. These things will hurt response rates.
- Parcels are ascendant. Having punted on parcel delivery to UPS and FedEx decades ago, the Postal Service has rediscovered them now as one of its few segments with an opportunity for growth. Ironically, while they look at reducing delivery days for letters and flats, "noncompetitive" products, they are testing seven day delivery for parcels, specifically for Amazon.
- Weird new lines of business are being considered. There are serious suggestions that the USPS offer payday loan services. Seriously. I suppose people who need payday loans are accustomed to slow service. The American Bankers Association is not amused. What's next? Furniture rental?

There is a lot of activity in congress on postal issues right now. Hearings are being held, legislation crafted and amendments proposed. Battle lines are being drawn – the four postal unions have formed an alliance, mailer groups have formed coalitions. It is almost certain that there will be postal legislation this year, and that legislation could cause more dramatic changes than we've seen from past bills. Pick your favorite party for the mid-term elections. If Republicans take control of both houses, expect more service cut backs. A Democratic win could mean more of a status quo.

Either way, expect rates to continue to climb. And non-mail channels to become more important than ever.

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