

THE STATE OF THE INDUSTRY, PART TWO

The second installment of our annual survey takes a look at our readers' challenges in managing their mail centers, their views of the USPS, and more.

By Amanda Armendariz

2019 was quite the year for the mail industry. One of the most notable incidents was the last-minute decision of the United States to remain in the Universal Postal Union (under different terms), despite many industry experts expecting that the US would withdraw. Many in our industry breathed a huge sigh of relief at this, given the uncertainty that a withdrawal would have caused with respect to prices and services. Of course, given that the US can now self-declare rates as of July 2020, there is still some uncertainty regarding new pricing, but many in the industry feel that remaining in the UPU was the correct decision nonetheless.

In addition, the USPS Board of Governors reached a quorum, and the Postal Service will have a new Postmaster General after PMG Megan Brennan retires early in 2020. There are

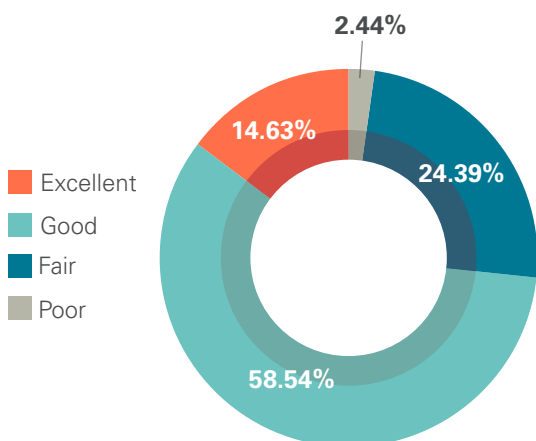
a lot of changes happening in our industry, and it will be interesting to see if any progress is made with respect to postal reform in the wake of this.

Luckily, this year's survey has a lot of positives, such as the increase in the number of our respondents utilizing USPS programs like Informed Delivery, Informed Visibility, and postage-saving promotions. The more people utilizing the power of mail, the better, and these USPS programs can offer additional benefits to those already taking advantage of hard copy mail. I look forward to seeing what the 2020 survey results look like.

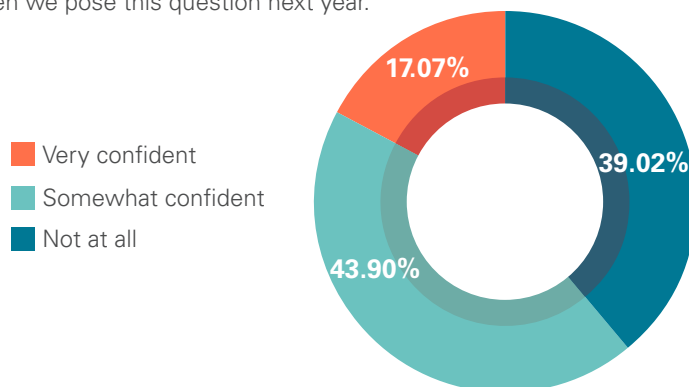
As always, thanks to everyone who took the time to complete this survey; we couldn't do this without you!

USPS Performance, Programs, and Current Events

The USPS continues to get mostly positive reviews from our respondents; not even three percent rated its performance as "poor."



The number of our respondents who feel "very confident" that the USPS is doing the best it can to rectify its financial issues rose compared to last year's number, while the number who felt "not at all confident" basically stayed the same. In the face of Postmaster General Megan Brennan's upcoming retirement, it will be interesting to see what effect a new PMG will have on our respondents' answers when we pose this question next year.

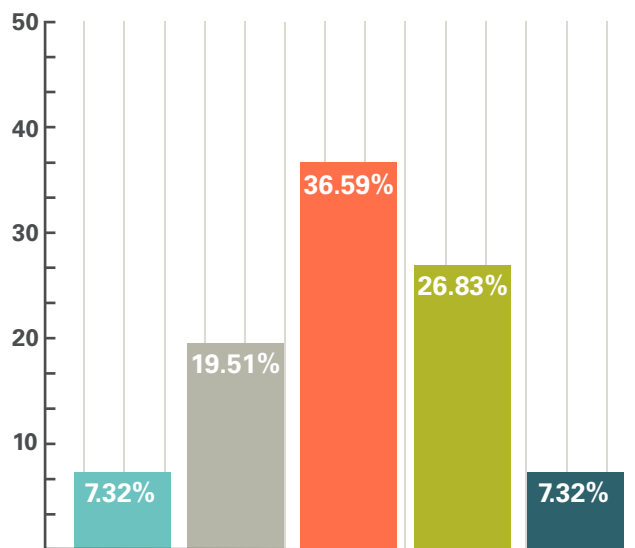


When it comes to issues with the Postal Service, our respondents' number-one problem is inconsistency, followed by the fact that regulations can be confusing and burdensome. These two issues snagged the top two spots in last year's survey, as well.

Address corrections	0.00%
Communication/information	4.88%
Delivery accuracy	12.20%
Flexibility	0.00%
Hours of operation	2.44%
Inconsistency	21.95%
Mail acceptance	4.88%
Pickups/drop-offs	4.88%
Postal personnel	7.32%
Rates/pricing	4.88%
Regulations confusing or burdensome	17.07%
Reliability	0.00%
Returned mail	4.88%
Supplies availability	2.44%
Timely delivery	7.32%
Tracking	0.00%
None	4.88%

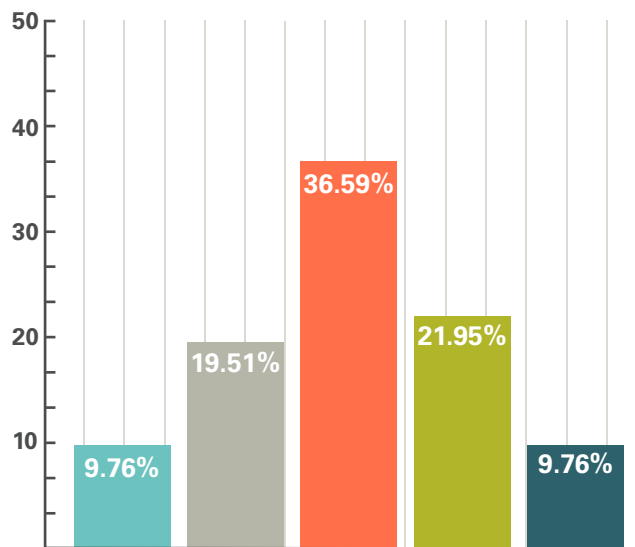
For Informed Visibility (IV), we are seeing a similar trend to ID (evidenced in the chart below), and, for a couple of the questions, identical percentages. Last year, 45% of respondents reported that they did not utilize IV and had no plans to start. This year, that number went down to 27%. Likewise, the number of respondents who do not currently use this program but plan to went up from 25% in 2018 to 37% this year.

- We utilize IV and have found that it allows us to better time our multi-channel marketing efforts.
- We utilize IV but haven't seen any concrete results yet.
- We have not yet started utilizing IV, but plan to.
- We do not plan to utilize this offering.
- Other

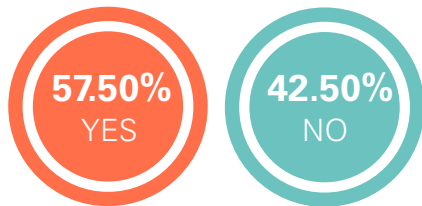


The number of respondents who reported using Informed Delivery (ID) and seeing positive results from it doubled compared to last year, and the number of people who use ID, even if they don't know if they have seen any positive results from it, has gone up slightly as well. The percentage of respondents who reported that they have no plans to utilize ID has gone down dramatically, from 37% last year to 22% in 2019. It's encouraging that more people are using this program (or plan to); hopefully the USPS can get any kinks that have been reported ironed out so that satisfaction with this program continues to grow.

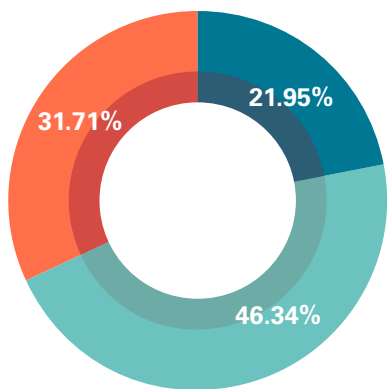
- We use ID, and we've seen great results from our customers!
- We participate in ID, but I don't know that we've seen any concrete results from it.
- We do not yet participate in ID, but we plan to.
- We don't take part in ID, and we have no plans to.
- Other



Last year, a full 70% of respondents reported that they did not take part in USPS postage-saving promotions, even when offered (there was a time period of no promotions due to the USPS lacking an active Board of Governors). This year, the number who said they don't take part went down significantly.



The elimination of Saturday delivery hasn't been discussed as much lately as it used to be, but some believe the option should still be on the table in an effort to help the USPS balance its budget. Compared to last year's survey, the number of people who thought that Saturday delivery should be eliminated went down considerably.



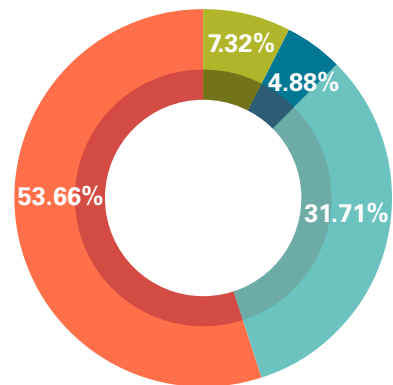
- No, Saturday delivery should not be eliminated.
- Mail delivery on Saturday should be eliminated, but package delivery should not.
- All Saturday delivery should cease.

Do you feel that the USPS is taking the correct steps to change how it does business in the face of an increasingly digital communications environment?

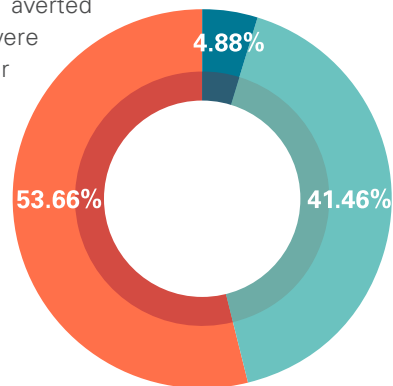


The number of respondents who view direct mail as a trusted communication method that delivers great results went up compared to last year, while the number who said that they think mail will eventually go by the wayside stayed the same.

- Direct mail is a trusted communication method, and we've gotten great results from it.
- I'm undecided; I think mail is important, but we don't get the results we used to.
- I think we'll eventually abandon mail and focus solely on our digital efforts.
- Other

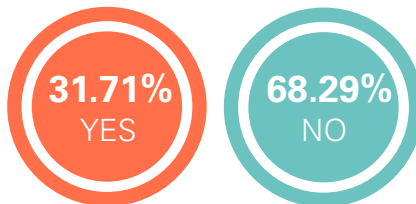


Many industry experts expected that the United States would withdraw from the Universal Postal Union (UPU) in October, based on comments made last year by President Trump. However, at the UPU Extraordinary Congress, held in Geneva, Switzerland, in late September, a withdrawal was averted and mutually agreeable terms were decided. The majority of our respondents believe it's a good thing we did not withdraw from the UPU, although a large number also admitted that since they do not mail internationally very often, they didn't look too deeply into what the effects of withdrawal would be.

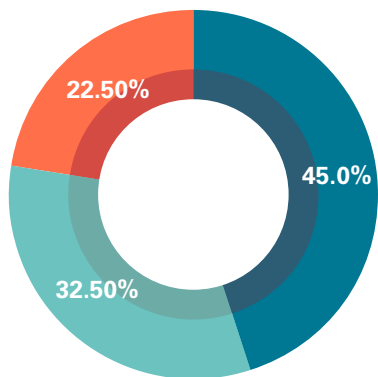


- I'm glad the US remained in the UPU; the service disruptions and pricing uncertainty would have been hard for our organization to handle.
- I'm undecided; we don't mail internationally very often, so I didn't look into what the effects of withdrawal would be.
- I think we should have withdrawn from the UPU.

Do you think there will be any advances made in 2020 with respect to postal reform?



Do you expect there to be any significant changes (especially with regards to the USPS promotions) now that the Board of Governors has reached a quorum?



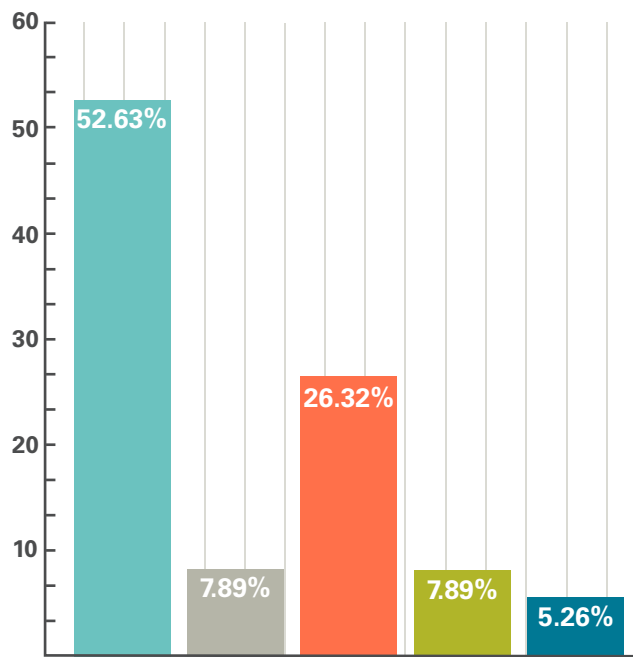
- Yes, I anticipate there will be changes to the promotions (different types, more promotions, etc.).
- No, I don't think there will be any significant changes.
- I'm undecided.

Mail Center Management

This year, compliance with postal regulations and volume spikes/changes were tied for the number-one issue our respondents face in managing their mail centers.

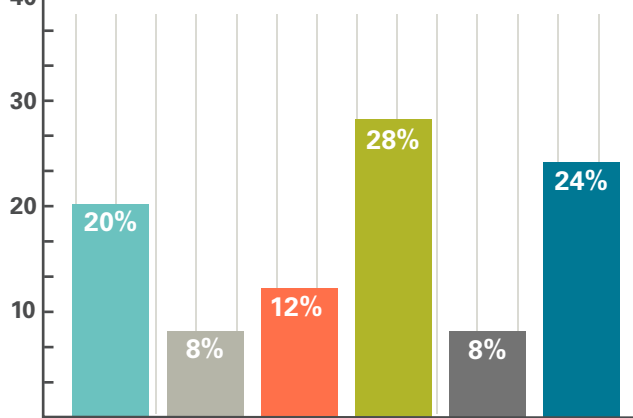
Compliance with postal regulations	17.95%
Customer relations	7.69%
Facility is inadequate	7.69%
Inadequate equipment/Equipment maintenance	5.13%
Personnel issues (motivation, attendance, hiring, etc.)	7.69%
Productivity or efficiency	0.00%
Relationship with USPS employees	0.00%
Safety and security	0.00%
Scheduling	0.00%
Time management	0.00%
Timely delivery of mail	7.69%
Training of staff	2.56%
Turnover	7.69%
Understanding/support of upper management	5.13%
Volume spikes/changes	17.95%
Workload	0.00%
Other	12.82%

The number of respondents who reported that the economy has had no effect on their purchasing power went up to 53%, compared to 47% last year.



- No effect
- Freeze on purchasing all or most products
- Freeze on purchasing some products
- Allowed purchases to decrease operating costs
- Other

If your purchasing abilities were restricted, at what point do you anticipate being able to buy for your mail center again?



- Sometime yet in 2019
- First quarter 2020
- Second quarter 2020
- Third quarter 2020
- Fourth quarter 2020
- 2021