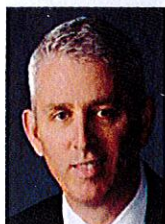


## Top 5 Postal Issues to Track in 2019

By Steve Kearney



### 1. RATES INCREASED

The United States Postal Service increased its rates on Sunday, Jan. 27. The average increase for each class of mail is around 2.5 percent, but there are two important outliers for nonprofit mailers.

#### First-Class Mail

USPS surprised everyone with a \$0.05, 10-percent increase in the single piece First-Class Mail prices, affecting all nonprofits that use stamps or business-reply mail. And they will have to make tough choices. For example, Disabled American Veterans (DAV) budgeted for a 2 percent increase in First Class in 2019. The surprise will add cost of \$1 million in 2019, which will be difficult for DAV to overcome without negatively affecting its programs.

#### Marketing Mail

The second anomaly is part of a multi-year program by USPS. Mailers who have worked closely with the industry to make their Marketing Mail letters as "efficient" as possible with work-sharing and drop-shipping are now be-

ing hurt by annual rate increases at twice the rate of the CPI.

These increases are due to questionable estimates by USPS of the "passthrough" of their internal cost savings as work-share discounts.

Continued on page 5



“

Mailers who have worked closely with the industry to make their Marketing Mail letters as "efficient" as possible with work-sharing and drop-shipping are now being hurt by annual rate increases at twice the rate of the CPI.

”

### In This Issue: Postal and Legal Issues, and Data Privacy

#### FEATURES

Top 5 Postal Issues	1
Informed Delivery	1

#### COLUMNS

The Legislative and Regulatory Landscape	6
Data and Technology Policy Trends	8
Data and Technology Outlook	10
DMAW/EF	14

#### DEPARTMENTS

President's Perspective	2
DMAW Calendar	3
Quick Takes	4
News Notes	13
Member Spotlight	15

## Informed Delivery and Your Integrated Marketing Plan

By Alex Newell



Informed Delivery has become a hot topic for marketers in many industries over the past few years. In the last quarter of 2018 alone, subscribers of Informed Delivery have almost doubled from 8 million to 14.5 million, with the United States Postal Service projecting over 40 million subscribers by 2020! Clearly, if it isn't already a tool in your integrated marketing tool belt yet, it should be soon.

Just as email, phone calls and social media all work together to provide another touch point for your direct mail campaigns, Informed Delivery is another avenue to explore! While many of you reading may already use Informed Delivery

for your home address, here is a quick overview for those who haven't signed up yet:

*Informed Delivery is a service offered by the USPS in which subscribers can preview the physical mail pieces they will be receiving that day either through their email, their online USPS dashboard or through the Informed Delivery mobile phone app.*

For marketers, it allows another mode of interaction with potential and existing customers and donors by allowing organizations to create customized imagery and messaging of the standard grayscale scan of the mail piece. These customized campaigns include a clickable image link to the organization's landing page of choice, which creates an instant connection between the physical mail piece and company's website.

Continued on page 12



## Top 5 Postal Issues

Continued from page 1

Time will tell the impact of the large rate increases for single-piece, First-Class Mail and drop-shipped Marketing Mail letters. Both are essential components in nonprofit membership and fundraising.

### 2. PRC 10-YEAR REVIEW

The latest action by the Postal Regulatory Commission in its 10-year review of the system regulating postal pricing was on Dec. 1, 2017, when it proposed five-year rate increases of up to 40 percent. The review has been underway for over two years. The PRC was legally mandated to start the review on the 10-year anniversary of the passage of the 2006 postal law, but it has no required deadline. The President's USPS Task Force has caused the PRC to delay its next step.

We joined other members of the American Mail Alliance in a statement on Dec. 19, 2018 that urged the PRC to stay away from piecemeal uses of the pricing lever:

"The PRC should not issue any proposal until Congress is able to hold hearings and all constituencies have an opportunity to weigh in on the Task Force report."

No doubt, USPS will continue to pressure the commissioners to grant unbridled pricing they have been seeking since 2010. Rate-payers will continue to urge a more comprehensive solution, especially as USPS has enjoyed six years of operating profits.

### 3. TASK FORCE REPORT

As we mentioned above, the Task Force Report, "United States Postal Service: A Sustainable Path Forward," was released on Dec. 4. While we reported, "Ten Things that Concern Us About the Task Force Report" (see [nonprofitmailers.org](http://nonprofitmailers.org)), there are: 10 positive results from the Task Force:

1. Did not say to take away nonprofit preferred rates.
2. Identified labor cost as a major issue that must be dealt with.
3. Did not advocate full privatization.
4. Did advocate more public-private partnerships, such as work-sharing.
5. Implied that nonprofit mail would be deemed "essential," not subject to big rate increases.
6. Said the retiree health benefits pre-funding must be fixed.
7. Said that the problem needs to be dealt with strategically, not with piecemeal changes.
8. Envisioned a long-term future for USPS.
9. Said USPS needs to be more efficient.
10. Said a full set of nine governors needs to lead USPS.

There are very few new ideas here. The is-



**NO DOUBT, USPS WILL CONTINUE TO PRESSURE THE COMMISSIONERS TO GRANT UNBRIDLED PRICING THEY HAVE BEEN SEEKING SINCE 2010. RATE-PAYERS WILL CONTINUE TO URGE A MORE COMPREHENSIVE SOLUTION, ESPECIALLY AS USPS HAS ENJOYED SIX YEARS OF OPERATING PROFITS.**



sue is more a matter of implementation. And that is where Congress comes in. Many of the Task Force recommendations require or would be better with congressional action.

With the Democratic takeover of the House, Rep. Elijah Cummings (D-MD) will be heading the oversight committee responsible for USPS. We will be monitoring the degree to which the oversight committee can get into postal reform in the coming year.

### 4. MARKETING MAIL CONTENT RULE

The Aug. 23 Federal Register Notice, which would ban all merchandise and goods from Marketing Mail, was clearly a bad move by

the USPS marketing arm.

The next step is a "Task Team" (TT) formed within the Postmaster General's Mailers Technical Advisory Committee (PMG-MTAC). Three of our nominees will be on the TT representing the interests and legal rights of the entire nonprofit sector.

The TT has the ambitious goal of completing its review by early February. The TT recommendations should include exempting types of mail from the new content restrictions.

The USPS governors assured us that they will need to approve any proposals and will take into account our concerns and comments.

We have advised nonprofits to not yet alter their 2019 or 2020 mailing budgets in response to this threat. We continue to have confidence that our voices will be heard.

### 5. POSTAL GOVERNORS

A set of nine independent governors is critically important for the current and future USPS. USPS successfully made it through a period of 18 months with no governors.

An organization as important and in flux as USPS will do much better with strategic advice and air-cover provided by a full board. Two came on board recently and two more were nominated by the President.

Something very important to watch in 2019 is the pace at which governors are nominated and confirmed by the Senate.

Steve Kearney is executive director of the Alliance of Nonprofit Mailers, which helps nonprofits achieve their critical missions through effective, affordable use of mail. Steve can be reached at [steve@nonprofitmailers.org](mailto:steve@nonprofitmailers.org).

