



December 2018

## Looking Back at 2018, and a Little Bit Ahead at 2019

### The Supply/Demand Curve Flip

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



“A direct mail renaissance,” read one article we saw in the marketing trades this fall. Marketers in general and political operatives specifically, flocked to the mail in 2018, creating strong growth in Marketing Mail volume – the best growth seen in years. The reason: direct mail still works while other channels continue to fragment.

At the same time, mail processing capacity has been steadily dropping, both at the Postal Service and in the mailing industry, creating a demand for services that exceeds available supply. This all resulted in a challenging mailing season across the board. We expect continued growth in mail for the immediate future, and continuing reduction of capacity as some of the largest national printers and mailers consolidate. 2019 looks to be a busy year.

The Postal Service was certainly in the news in 2018, particularly their package delivery services. With a Presidential task force report newly out (see other article) and new bills moving through Congress, we think there is an above-average chance for some kind of postal legislation in 2019, and a new rate making process is still pending at the Postal Regulatory Commission. All together we think they could add up to a significant rate increase sometime in 2019, although given Congress' track record this is hardly a sure thing. Still, mailers are wise to keep that possibility in mind and have some “Plan B’s” in mind to deal with higher rates.

**Quality Service Guaranteed!**



ProList has undergone a lot of changes this year. In the spring we added our Konica-Minolta KM-1 digital press, which was a big step in blurring the line between a “printer” and a “mailer.” We have seen growth in KM-1 sales almost every month. More recently the iJet Color envelope color inkjet has

added to our digital printing capabilities. More inserting capacity, enhanced camera matching systems, and more robust bindery now put ProList in the vanguard of marketing service providers.

As we move into 2019, look to ProList as a complete solution to your direct marketing needs.

We wish you a happy and prosperous New Year!

Contact Us Today!

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## Presidential Task Force on USPS Issues Report

### What does it all mean???

The Presidential Task Force on the United States Postal System established by President Trump in April of this year issued its report on December 4. “*United States Postal Service: A Sustainable Path Forward*,” was issued as a series of tweets from the Task Force’s Twitter account @realtaskforce. OK, that last bit isn’t true – but it would be great, wouldn’t it?

The actual report is 74 pages of well thought analysis and recommendations for a sustainable path forward for the organization. In the end, it is another opinion – albeit a weighty one – in the discussion of what is next for the Postal Service. It joins two bills in Congress, and the well-financed opinions of many interest groups.

The report suggests some significant changes to the Postal Service business model while still recognizing the organization’s key role in binding the Nation.

Some of the key points:

According to the report, First-Class Mail is in an irreversible decline, due to changes in technology. Advertising mail is viewed as generally stable;

- The Postal Monopoly has lost a great deal of its relevance. Digital communications offer so many alternatives that mail is no longer an exclusive means of communications;
- The report suggests that “purely commercial” use of the mail, such as sending marketing mail, should be priced without a rate cap and with the aim of optimizing long term revenue. The general sense in the report is that such mail is generally “price-inelastic” – that mailers will mail roughly the same amount regardless of price (to a point) because it works;

- For non-commercial mail, consumer notices, and transactional mail, a rate cap would continue to be justified, given that this is considered “essential” mail;
- The report does not really distinguish between advertising mail and nonprofit mail, although it does recognize that direct mail is essential to fundraising;
- The report seemed to encourage greater worksharing – more use of third-party companies to transport and process mail;
- The report suggested that USPS employees more closely align wages with other federal employees;
- The report suggested that USPS explore new business opportunities that leverage its existing assets, such as licensing access to the mailbox, and providing additional government services such as hunting and fishing licenses. The report explicitly recommended against providing postal banking services.

These are just some of the highlights. You can read the whole report [here](#). As task force reports go, it is pretty interesting reading.

In the end, this is really just another set of suggestions. Some can be done administratively, but most require action by Congress, which is already crafting its own bills. Many of the points are controversial and are likely to see stiff opposition from postal unions and the mailing industry.

One point that is difficult to refute is that the Postal Service is currently on an unsustainable course, and some serious reform will need to occur in the coming years.

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