



What is Fulfillment?

Every now and then the Postal Service gets all philosophical, asking itself questions like: “If a tree falls in the forest...can we charge more postage?” Or, more recently, “What *is* fulfillment? Can we charge more postage for it?” Turns out their philosophy has a common theme.

So, what is fulfillment? I’m glad you asked. According to the Postal Service, fulfillment is defined as “the sending of items specifically purchased or requested by the customer of a mailer.” OK, fair enough. The trouble is, the Postal Service doesn’t like the idea of mailers sending fulfillment items using Marketing Mail letter or flats. It is already verboten to send fulfillment items using Marketing Parcels rate. The reasoning is pretty thin – they presume that consumers ordering something to be fulfilled would have an expectation of receiving the swell tracking offered on USPS parcels, and they will be delighted to spend more on items for said tracking. Sure, whatever.

Faithful readers will remember in [August 2018, ProNews](#) reported on a USPS proposal that would restrict the use of Marketing Mail to only paper-based matter. The original reasoning was that they were trying to make their equipment run better, so they would exclude anything that wasn’t paper from Marketing Mail. The industry was not amused, and the Postal Service and PRC received thousands of comments, very few saying, “Hey, that would be great!” So, the Postal Service has since clarified their intent. This is all in the proposal stage, but fairly likely to be implemented. Here are the key points:

- Promotional items that otherwise meet Marketing Mail (which includes nonprofit) will be allowed to mail at the Marketing Mail rate. Promotional fulfillment items are defined as items fulfilled for promotional purposes and are often used to strengthen relationships with existing or prospective customers, donors, or clients. Examples include:
 - Thank you premiums, such as a bookmark;
 - A requested gift to a new publication subscriber;
 - The sending of a product sample to prospective customers of that product.
- Fulfillment of primarily paper-based items. “Primarily” is the operative word. Thus membership cards, catalogs, magazines, mailing labels, calendars and so on will be allowed, regardless of content. A couple of examples of items that may not be allowable via Marketing Mail:

- A merchant selling plastic screen protectors for a charge, not as a premium;
- Other merchandise not made of paper that is sold to a customer such as a mouse pad, even though it fits the size and flexibility requirements to be a letter or flat.

In the end, most nonprofits and direct mail marketers will not have their mailing efforts impacted, unless they are literally selling items through the mail. Still, the details have not been worked out. The original proposal was worrisome. On the surface this newer one looks much better, thanks in no small part to comments from the mailing industry. Good work, industry!

We'll keep you informed as this moves forward.

USPS, White House, and Congress Notice One Another ...that can't be good...

There is a distinct threat that members of Congress and the White House may actually do something in the coming months. Scarier still, it could well be about the Postal Service.

As you read breathlessly in our [December edition](#), the White House task force delivered its recommendation on rescuing the Postal Service from itself, recognizing that the Postal Service does not have a sustainable business model. The Senate Committee on Homeland Security and Governmental Affairs held a hearing on March 12 to consider the recommendations of the task force. The chief findings of the hearing seemed to be that a new rate mechanism was required, and labor costs need to be better controlled. Simply relieving the Postal Service of long term health and retirement obligations won't do the trick. Joining in the hearing were the Postal Service's new governors, PRC commissioners, and representatives from treasury and OMB. This is not the kind of hearing at which Bono and Sting testify. (but wouldn't that be great?)

As a backdrop to these hearings, the White House budget called for USPS cost reductions, including some old classics – 5-day-a-week delivery, centralized and curbside delivery, and a one-time rate increase. They're oldies, but goodies, and their passage seems more likely as red ink spreads at the Postal Service.

The timing on all of this is interesting as elections are just completed, and the House may not have the stomach for but so many investigations at the moment – so Congress may actually do something. The fact of the matter is that the Postal Service is unsustainable, but it cannot fix its problems without Congress. Of all of the unattractive possibilities on the table, raising rates may be the least objectionable to many members.

We think there is an unusually high chance of Congressional action on Postal Reform in the current year. It will almost certainly include higher postage rates. Stay tuned.

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