



# Postal, Paper & Logistics Update

July 2024

The U.S. Postal Regulatory Commission (PRC) is conducting two significant programmatic reviews that may impact rates and mailing rules. At the same time, the USPS is out with its updated diary study of the U.S. mail. Paper markets and logistics chains are stable while adapting to surprises such as Hurricane Beryl.

Built on our roots as a printer, mail industry partner and logistics leader, Quad is a marketing experience company focused on delivering streamlined solutions at scale to our clients. As the largest USPS customer, we are uniquely positioned to provide clients with best practices and insights on the latest postal, paper and logistics topics. If you have any questions or concerns during these challenging times for our industry, contact your Quad representative. We'll tap our in-house experts to investigate and get you the answers you need.

## Postal

### **Postal regulators reviewing comments on rate increases**

With rates climbing and mail volumes declining, the U.S. Postal Regulatory Commission (PRC) earlier this year initiated a new review of the postal ratemaking system. The first phase of that review, which gave interested parties the chance to submit comments, closed on July 9.

The review intends to consider potential changes to the system, if necessary, to align with statutory objectives. It's the first review since 2020 and follows steep rate increases that Quad and others believe undermine USPS financial stability and threaten private-sector jobs.

Twenty-five companies, industry organizations and groups submitted comments to the PRC, including over 800 pages of materials and recommendations. Quad submitted comments in July that, among other points, reiterated that USPS rate increases have contributed to a reduction in volumes to their lowest levels in four decades. Quad CEO Joel Quadracci stated “[t]he loss of mail volume is not only problematic for USPS’ operations, but has a significant impact on our nation as a whole, as it represents lost commerce that could be helping to grow our economy.”

The Postal Service will now review the comments and respond to regulators later in the fall.

### **Regulators express concerns about rates in competitive products ruling**

In its review of a Postal Service proposal for new rates for Parcel Select, the Postal Regulatory Commission expressed renewed concerns about USPS pricing strategies.

The Postal Service proposal will see Parcel Select rates increase between 8% and 43%, depending on the category of the mailing. Regulators said the USPS estimated that the increases could lower volumes by up to 76 million pieces, or 2%. In comments to the commission, the [Package Shippers Association](#) described the proposed increases as “punitive.”

The commission noted that while it doesn’t have the authority to reject a proposed price increase that’s consistent with the law, it is “concerned that the Postal Service’s proposal may have a negative and disruptive impact.”

### **Mailers face stricter USPS rules on bundling**

The Postal Regulatory Commission is also considering proposed changes to the requirements for securing bundles of flats. Mail bundling helps the Postal Service become more efficient by assembling and securing mail in groups for delivery to a specific area. However, bundles often break in transit.

In response, the Postal Service wants all bundles, including those that are shrink-wrapped, to have two or more cross-strapped bands, and to eliminate the use of rubber bands or string.

The comment period on the proposed rule closed on Monday, July 15, and will be followed by responses from the Postal Service. Quad will keep you updated in subsequent PPL newsletters.

### **New USPS Household Diary Study shows mail trends**

U.S. households sent and received 97 billion pieces of mail in 2023, most of it related to advertising or transactions, according to the annual U.S. Postal Service Household Diary Study survey.

Fielded continuously since 1987, the Household Diary Survey provides a fascinating statistical portrait of the U.S. mail. It consists of a rolling study based on a sampling of households that offer information on demographics, lifestyle, attitudes toward mail advertising, bill-paying practices and use of the internet and other information technologies.

Among the insights in this year’s Household Diary Study:

- The average household received 809 pieces of mail in 2023 — about 15 to 16 pieces per week — while sending out 45 pieces.

- Marketing mail from businesses and nonprofits accounted for more than half of household mail volume in 2023.
- The rest of the mail stream consisted of various forms of First-Class Mail (30%) and packages and periodicals (10%).
- Households sent or received more than 14 billion bills, bill payments or statements.
- The dominant category of personal correspondence was holiday and non-holiday greeting cards (1.7 billion).
- Financial institutions sent the most marketing mail, accounting for about 25% of the 55 billion pieces. Other large senders included merchants, service providers and the government.

## USPS delivery performance

In July, we saw generally “good” delivery performance data. August may start to bring a slight slowing. We may see less mail in-home the first few days after the mail enters the USPS, which in August will translate to a lower percentage of mail in-home early and in the first two days of the target window.

	Week of 6/3	Week of 6/10	Week of 6/17	Week of 6/24	Week of 7/1
<b>Early</b>	32%	32%	33%	46%	28%
<b>Day 1</b>	59%	55%	65%	72%	51%
<b>Day 2</b>	78%	78%	84%	85%	64%
<b>Day 3</b>	88%	88%	88%	92%	88%
<b>Day 4</b>	94%	95%	94%	96%	91%
<b>1 Day Late</b>	96%	96%	98%	96%	98%

Some locations are still moving flat mail slower than the USPS Service Standard, including Atlanta and North Metro, Georgia, and NDC (Network Distribution Center) St. Louis, Missouri. The Atlanta area is still being impacted by the modernization changes that have been taking place over the last five months as the USPS brings a new Regional Processing & Distribution Center online. Quad is continuing to try to get USPS’ attention on this issue, but delays of one to two days may continue through the summer.

On June 8, Hurricane Beryl made landfall on the Gulf Coast of Texas. It weakened to a tropical storm soon after moving on land, but strong storm surge, damaging winds and heavy rain still battered southeastern Texas and left millions without power for days. SCF (Sectional Center Facility) North Houston, which processes mail for ZIP Codes 773 and 775 through 778, was closed June 8 through July 13. The SCF did start processing mail that was in its facility prior to the storm by mid-week. The USPS has not reported any curtailed delivery, but some residents may not have received mail the week of July 8.

## USPS volume

Mail volume for the week ended 7/6/24, compared to last year		
Total Mail Volume	Up 2%	▲
Packages	Up 5.7%	▲
Single Piece	Down 2.5%	▼
Presort First Class	Down 7.6%	▼
Marketing Mail	Down 14.6%	▼
Periodicals	Down 41.4%	▼

Mail volume for the week ended 6/29/24		
Total Mail Volume	Down 1%	▼
Packages	Up 7.1%	▲
Single Piece	Down 8.5%	▼
Presort First Class	Up 1.2%	▲
Marketing Mail	Down 3.1%	▼
Periodicals	Up 1.1%	▲

Mail volume for the week ended 6/22/24		
Total Mail Volume	N/A	
Packages	N/A	
Single Piece	Down 4.6%	▼
Presort First Class	Down 1.3%	▼
Marketing Mail	Up 1.9%	▲
Periodicals	Down 11.6%	▼

Mail volume for the week ended 6/15/24		
Total Mail Volume	Down 0.1%	▼
Packages	Up 5.2%	▲
Single Piece	Down 4.4%	▼
Presort First Class	Down 0.8%	▼
Marketing Mail	Up 5%	▲
Periodicals	Down 7.4%	▼

Mail volume for the week ended 6/8/24, compared to last year		
Total Mail Volume	Down 1.3%	▼
Packages	N/A	
Single Piece	Up 3.2%	▲
Presort First Class	Down 2.6%	▼
Marketing Mail	Up 7.5%	▲
Periodicals	Up 13.9%	▲

Mail volume for the week ended 6/1/24		
Total Mail Volume	Down 3.8%	▼
Packages	Up 3.2%	▲
Single Piece	Down 12.5%	▼
Presort First Class	Down 4.4%	▼
Marketing Mail	Down 0.3%	▼
Periodicals	Down 14.4%	▼

# Quad

## Paper Market

Paper order lead times are slightly longer as we head into the busy season. That said, paper supply is sufficient to meet current demand levels. Paper prices are currently stable as the market is more balanced this year than last.

Rail workers at Canadian National Railway (CN) and Canadian Pacific Kansas City (CPKC) have voted to authorize a strike in the event a labor agreement is not reached this month. The situation is currently pending federal review to determine the legality of the strike. As a contingency, Canadian paper mills have increased their dependence upon trucking to deliver paper.

## Logistics

The U.S. freight market is seeing some normal seasonal summer tightening but nothing that is impacting customer deliveries at this time. Imports from Asia into the United States and Mexico are creating bottlenecks at some ports handling the influx of containers. These bottlenecks are limiting the supply of chassis and containers — creating challenges with rail.

Truck imports from Mexico to the United States are extremely high as companies are rushing to avoid tariffs and focusing on nearshoring operations since the supply chain crisis during the pandemic.

Looking ahead, a potential strike involving members of the [International Longshoremen's Association \(ILA\)](#) could complicate operations for cargo owners this fall. A six-year labor contract between the ILA and United States Maritime Alliance (USMX) is set to expire Sept. 30, [according to The Loadstar](#), a news source for the shipping industry. The ILA represents about 85,000 longshoremen on the Atlantic and Gulf Coasts and other bodies of water; USMX membership consists of Container Carriers, Marine Terminal Operators, and Port Associations from Maine to Texas. Based on previous experience, the impact of a strike would create potential disruptions nationally. Quad will continue to monitor these situations closely.

As always, your Quad representative will work diligently to find you the lowest rates with the most efficient transportation available.

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