



# Postal, Paper & Logistics Update

December 2024

*In brief:* On the heels of posting a \$9.5 billion loss for FY2024, the USPS is proposing further reductions to service standards. In logistics news, striking postal workers in Canada were ordered back to work Dec.17 after a federal labor board declared that negotiations were at an impasse.

*Built on our roots as a printer, mail industry partner and logistics leader, Quad is a marketing experience (MX) 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 Regulatory Commission reviewing adjustments to service standards**

The Postal Regulatory Commission heard testimony at a public hearing on Dec. 4 as it develops a nonbinding advisory opinion about U.S. Postal Service plans to adjust mail service standards in 2025. The USPS contends the changes are needed to save money as part of modernization efforts, but PRC [commissioners expressed concern](#) that they would lead to longer delivery times.

The proposed changes involve adjustments to performance targets across numerous mail categories. For example, the USPS is committing to delivering 80% of First-Class Mail flats in three to five days in 2025; in 2024, the target was 92%.

The USPS is also proposing route optimization changes for postal facilities that are more than 50 miles from a Regional Processing Distribution Center (RPDC), which could lengthen delivery times.

“I am deeply concerned that this process may end up without much thought and understanding that America in the lower 48 are going to be getting different levels of service depending on where you live, and particularly rural America and the heartland,” PRC Commissioner Robert G. Taub said at the Dec. 4 hearing.

The USPS says it is proposing adjustments within the existing service standards and not changing the standards themselves. Some mail, including marketing mail, will actually get delivered sooner under the plan, the USPS said. “All First-Class Mail will still be delivered within a maximum of 5 days, with a national average of approximately three days,” the USPS said in a statement.

## **USPS lost \$9.5 billion in 2024, sees more financial struggles ahead**

The U.S. Postal Service posted a net loss of \$9.5 billion for the government fiscal year ended Sept. 30 and said that financial difficulties would continue into 2025. The \$9.5 billion loss compares to a \$6.5 billion loss in 2023.

The USPS also projected a net loss of \$6.9 billion in 2025 as it moves forward with modernization and restructuring initiatives under the Delivering for America plan. The agency does not plan a rate hike in January 2025 but has said it will increase prices each July and January after that, through 2027.

In its earnings [news release](#), the USPS attributed 80% of its FY2024 net loss to factors “outside of management’s control” — specifically, the amortization of unfunded retiree pension liabilities and non-cash workers’ compensation adjustments.

On the positive side, the earnings report pointed to:

- A \$434 million reduction in controllable loss
- A \$1.4 billion increase in operating revenue due to continuing rate increases and growth of its shipping and packaging business
- A \$1.3 billion reduction in transportation costs, resulting from network optimization

Total revenue for the fiscal year was \$79.5 billion, up \$1.4 billion or 1.7% over FY2023.

However, while major service categories saw increased revenue in FY2024, overall volumes again declined. One bright spot: Volumes for shipping and packaging ticked up for the year.

In 2024, the USPS shipped:

- 57.5 billion pieces of Marketing Mail, down 3.2% from 59.4 billion in 2023
- 44.3 billion pieces of First-Class Mail, down 3.7% from 46 billion in 2023
- 7.3 billion shipments or packages, **up** 2.8% from 7.1 billion in 2023

Explore the [USPS full-year earnings release](#) and read the [Delivering for America 2.0 plan](#).

## Miscellaneous updates

- Planning for the next Quad Postal Conference in April 2025 is underway. We have confirmation that Sharon Owens, USPS VP of Pricing and Costing, will once again be presenting at our conference.
- Quad continues to seek clarification from the USPS about an anonymous letter, purportedly from a USPS employee, that was sent to mail owners claiming that USPS processing equipment was destroying their mail. The letter, which Quad also received, was shared with USPS headquarters by multiple parties. We will pass along the USPS response when we receive it.
- Quad is also seeking further information from the USPS about PostalOne! software issues at the end of October/early November. We understand that separate data repairs are planned; however, a timetable and plan for the repairs has not been shared. We believe the software issues may have impacted more than 15,000 jobs.
- On Oct. 15, USPS issued its final rule in the Federal Register on discontinuing the use of dual shipping labels. The new rule goes into effect Jan. 1, 2025.

## USPS delivery performance

The USPS has generally performed well this fall. The chart below shows in-home mail delivery performance trends for each specified week.

The week of the election and Thanksgiving week saw slightly less mail in-home by the end of the target window, which is typical.

	Week of 11/4	Week of 11/11	Week of 11/18	Week of 11/25	Week of 12/2
<b>Early</b>	22%	21%	17%	25%	23%
<b>Day 1</b>	46%	48%	51%	48%	44%
<b>Day 2</b>	67%	70%	80%	61%	64%
<b>Day 3</b>	79%	83%	90%	81%	82%
<b>Day 4</b>	86%	92%	95%	85%	92%
<b>1 Day Late</b>	91%	95%	97%	94%	95%

Some locations experienced slight delays, especially with Flat mail. National Distribution Center (NDC) St. Louis has experienced delays since fall 2023 and continues to average about 40% in-home on-time.

Sectional Center Facilities (SCFs) in Indianapolis; Green Bay, Wisconsin; Casper, Wyoming; and St. Louis were also delayed in processing Flat mail, averaging 50% to 65% in-home on-time. However, in letter mail, only one location, Champaign, Illinois, averaged less than 70% on-time.

We did not see any major delays attributable to political mail in November. The extra focus on processing election mail helped elevate overall Letter mail performance.

# Quad

Thanksgiving historically has been one of the slowest delivery weeks of the year due to high volume. This year, however, mail moved well through the system during the holiday period, with few areas of concern.

We typically see very good movement of mail prior to Christmas, but there will likely be some of the usual volatility in delivery after Christmas and in the early part of 2025.

## **2025 Postal Promotions Fee**

Quad works closely with the U.S. Postal Service to understand the requirements and how best to assist clients in taking advantage of USPS promotions and incentives to optimize the mail for better results. We assist clients on an individual basis to determine eligibility and make the necessary changes in production and mailing processes to qualify.

This work has gotten more complex as the Postal Service seeks to modernize. It requires additional processing by the mail service provider to ensure the promotions are properly identified on mailing files and to verify the discount was applied as jobs are posted to PostalOne!

To that end, starting Jan. 1, Quad will implement a USPS Postal Promotion participation fee (per mailing event) for clients who participate in postal promotions.

We greatly appreciate your continued business and are sharing this decision in advance to help you plan accordingly. If you have any questions regarding this fee, please do not hesitate to reach out to your sales representative.

## USPS volume

Mail volume for the week ended November 30, compared to last year		
Total Mail Volume	<b>Down 4.9%</b>	▼
Packages	<b>Down 23.0%</b>	▼
Single Piece	<b>Down 36.1%</b>	▼
Presort First Class	<b>Down 20.4%</b>	▼
Marketing Mail	<b>Down 9.8%</b>	▼
Periodicals	<b>Up 13.0%</b>	▲

Mail volume for the week ended November 23		
Total Mail Volume	<b>Up 7.9%</b>	▲
Packages	<b>Up 7.2%</b>	▲
Single Piece	<b>Up 18.4%</b>	▲
Presort First Class	<b>Up 29.3%</b>	▲
Marketing Mail	<b>Down 19.6%</b>	▼
Periodicals	<b>Down 1.1%</b>	▼

Mail volume for the week ended November 16*		
Total Mail Volume	<b>Down 25.4%</b>	▼
Packages	<b>Down 20.7%</b>	▼
Single Piece	<b>Down 20.2%</b>	▼
Presort First Class	<b>Down 0.9%</b>	▼
Marketing Mail	<b>Up 8.2%</b>	▲
Periodicals	<b>Down 25.6%</b>	▼

Mail volume for the week ended November 9		
Total Mail Volume	<b>Up 11.0%</b>	▲
Packages	<b>Up 9.4%</b>	▲
Single Piece	<b>Up 4.0%</b>	▲
Presort First Class	<b>Down 1.3%</b>	▼
Marketing Mail	<b>Down 11.4%</b>	▼
Periodicals	<b>Down 5.7%</b>	▼

\* Veterans Day fell on the previous week in 2023

Mail volume for the week ended November 2		
Total Mail Volume	<b>Up 15.8%</b>	▲
Packages	<b>Up 6.4%</b>	▲
Single Piece	<b>Down 7.1%</b>	▼
Presort First Class	<b>Down 12.9%</b>	▼
Marketing Mail	<b>Up 7.6%</b>	▲
Periodicals	<b>Down 21.2%</b>	▼

Mail volume for the week ended October 26		
Total Mail Volume	<b>Up 15.7%</b>	▲
Packages	<b>Up 4.3%</b>	▲
Single Piece	<b>Up 2.1%</b>	▲
Presort First Class	<b>Up 0.2%</b>	▲
Marketing Mail	<b>Up 26.4%</b>	▲
Periodicals	<b>Down 13.8%</b>	▼

Mail volume for the week ended October 19		
Total Mail Volume	<b>Up 0.6%</b>	▲
Packages	<b>Down 7.0%</b>	▼
Single Piece	<b>Down 0.8%</b>	▼
Presort First Class	<b>Down 4.0%</b>	▼
Marketing Mail	<b>Up 19.4%</b>	▲
Periodicals	<b>Up 1.0%</b>	▲

Mail volume for the week ended October 12		
Total Mail Volume	<b>Up 14.4%</b>	▲
Packages	<b>Up 3.6%</b>	▲
Single Piece	<b>Up 4.1%</b>	▲
Presort First Class	<b>Up 1.9%</b>	▲
Marketing Mail	<b>Up 25.4%</b>	▲
Periodicals	<b>Down 14.8%</b>	▼

# Quad

## Paper Market

Paper market conditions have changed little since our last update. Paper is available within normal order lead times, and prices are stable. A few items to note:

- Following the recent integration of Domtar, Paper Excellence (Catalyst Paper) and Resolute Forest Products, the new organization has rebranded itself and its mills as Domtar. The Paper Excellence and Resolute Forest Products *company* names are being retired. However, only the company names have changed. The names of their paper brands remain the same as of this writing.
- International Paper plans to discontinue operations at its uncoated freesheet paper mill in Georgetown, South Carolina. The mill's production capacity is 305,000 tons per year of uncoated freesheet, bristols and specialty papers. Meanwhile, Sylvamo, the global printing papers business that International Paper spun off in 2021, will transition approximately 100,000 tons of the Georgetown mill production to its mills in Eastover, South Carolina, and Ticonderoga, New York.

## Logistics

The three-day October strike by the International Longshoremen's Association union employees may be over, but the negotiated contract extension to Jan. 15, 2025, is quickly approaching — and the issues of automation and job security continue to create problems in finalizing a new contract.

As reported by [FreightWaves](#) in mid-November, the ILA posted a statement to social media — since taken down — saying that in meetings in New Jersey, USMX, the organization representing port employers, “introduced language in their proposal for semi-automated equipment to be used at ILA ports, which this union outright rejected. The ILA recognized this as a renewed attempt by USMX to eliminate ILA jobs with automation and broke off talks.”

At the time the strike ended, the union and employers agreed on a 62% pay hike over the life of the new contract. If an agreement is not reached by Jan. 15, the approximately 45,000 union workers across 36 East and Gulf Coast ports could go on strike again.

*Other freight and logistics news:*

- The Canadian government ended the ongoing Canada Post strike as of Dec. 17 and extended the existing contract through May 22, 2025, [Reuters reported](#). Labour Minister Steve MacKinnon announced on Dec. 13 that he had directed the Canada Industrial Relations Board (CIRB) to order Canada Post employees to return to work after determining that negotiations were at an impasse. On Dec. 15, CIRB issued a ruling stating the parties were at an impasse and ordered postal operations to resume on Dec. 17. The directive and order came after the Canadian Union of Postal Workers sent a new counterproposal in a response to a new offer from Canada Post, [the Toronto Star reported](#). Details of the proposals weren't available. The company previously offered wage increases totaling 11.5% over four years and additional paid leave. The union had asked for a cumulative wage hike of 24% over four years.
- Freight continues to move robustly during the holiday peak season.

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

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