



Postal, Paper & Logistics Update

March 2025

In brief: Postmaster General Louis DeJoy departs. The USPS is providing additional guidance to mailers about proposed price and product changes, while also forcefully rejecting the Postal Regulatory Commission's (PRC) critical advisory opinion on service standards. Price increases and cuts in production continue in the paper industry, while the logistics market scrambles to react to the changing tariffs picture.

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

On Monday, March 24, United States Postal Service Postmaster General Louis DeJoy informed the USPS Board of Governors that he was stepping down effective immediately. "It is with great pride that I pass the baton to Deputy Postmaster General, Doug Tulino, until the Governors name my permanent successor. The Governors have hired a search firm in support of those efforts, which are well underway," he said in a [statement](#). As we noted in [the February edition of this newsletter](#), DeJoy announced his intention to step down at an unspecified later date in a Feb. 17 letter to the Board of Governors. In his new March 24 statement, DeJoy made his departure date clear: "I have today informed the Postal Service Board of Governors that today will be my last day in this role."

The Spring Mailers Technical Advisory Committee (MTAC) meeting at USPS headquarters this month produced a range of news, including updated preliminary guidance from the USPS on its July 2025 price change. This includes new “cap math” that factors in all promotions, discounts and incentives to determine the full extent of the USPS’s rate authority for the upcoming increase.

The USPS is expected to file for the price change between April 4 and 9.

DNDC elimination proposal: The MTAC meeting also included extensive discussion of the USPS’s proposed elimination of the DNDC (Destination Network Distribution Center) drop ship discount and the creation of NDC (Network Distribution Center) pallets along with the July price change. At this point, there are more questions than answers on the topic, but Quad Postal Affairs is tracking this development closely and working to find out more.

Questions include the impact the change would have on pallet consumption and the quantity of Working Mail, as well as whether the USPS has the processing and transportation capacity to handle an increase in origin mail.

BPM elimination proposal: As we previously reported, along with the July price change, the USPS has proposed to eliminate Bound Printed Matter and fold it into Marketing Mail as a new Heavy Printed Matter product.

This change requires approval from the PRC, but the commission has said it will not have made a ruling by the time the USPS is expected to file for the pricing change in April. In return, the USPS stated the July price filing won’t include BPM pricing, on the assumption that the request to eliminate BPM would be approved by the PRC before the July price change, setting up a standoff between the USPS and the PRC.

The mailing industry hopes that the PRC will remand the price change filing back to the USPS as invalid if it doesn’t include the BPM change, forcing the agency to refile with BPM included. Currently the price change date is July 13, but if there is a remand by the PRC late in the process, it could force a delay in the implementation date for the price change.

New catalog promotion: In conjunction with the July price change, the USPS said it will file for a new double-digit catalog promotion running from Oct. 1, 2025 through June 30, 2026.

Sharon Owens, USPS VP of Pricing and Costing, told Quad that with the new CART (carrier route) rate in July and the new catalog promotion, the goal is to give the catalog industry a net decrease in postage compared to right now.

USPS pushes back against PRC on service standards

USPS notified the mailing industry that it has rejected the PRC’s criticisms of its plans to reduce service standards. In an [Industry Alert](#) published at the end of February, the agency restated its rationale for new standards that will have a significant impact on rural communities.

In a [separate rebuttal filing](#) to the PRC’s advisory opinion on service standards, the USPS stated that the PRC’s criticisms about a lack of modeling and implementation processes in its plan reflected an “ivory tower mentality and lack of practical understanding.”

The new standards will be implemented in two phases, the first beginning on April 1 and the second on July 1.

USPS income slides back into the red in January

In preliminary unaudited [financial results](#) for January 2025, the USPS reported a net loss of \$655 million, almost double the planned loss of \$349 million and more than twice its loss in January 2024. The report signals a reversal of the positive FY2025 Q1 (Oct.-Dec. 2024), in which the USPS posted net income for the first time in four years, helped by the 2024 election cycle.

In addition, in January the USPS recorded lower-than-planned revenue (off almost 5%), and volumes declined in all categories compared to the same month last year, including down 6.1% in Market Dominant mail and 8.1% in Competitive product categories such as packages. There was one less mail delivery day in January 2025 vs. 2024.

Miscellaneous updates:

- The USPS has signed an agreement with the General Services Administration and the Department of Government Efficiency (DOGE) [asking for help](#) identifying and achieving further efficiencies. Before his departure, DeJoy said the agency planned to cut 10,000 employees across 30 days via a voluntary early retirement program. That will follow previous workforce reductions of 30,000 since fiscal year 2021. The USPS currently employs about 635,000 people.
- The USPS continues to work with customers to finalize Mail Growth Incentive credits. If customers have already been in contact with the USPS, they will still be able to claim their credits. USPS said 80% to 85% of credits have been released — approximately \$400 million.
- Sharon Owens, USPS VP of Pricing and Costing, will be presenting at the Quad Postal Conference in Milwaukee on the morning of April 9.

USPS delivery performance

On average, mail moved through the USPS well in February. Below are the average in-home curves for our Marketing Mail clients who tracked their mail with Quad’s IMsight application.

	Week of 2/10	Week of 2/17	Week of 2/24	Week of 3/03	Week of 3/10
Early	27%	22%	23%	28%	23%
Day 1	54%	54%	54%	52%	52%
Day 2	71%	73%	73%	73%	72%
Day 3	85%	81%	86%	85%	85%
Day 4	90%	86%	92%	94%	95%
1 Day Late	91%	91%	93%	94%	96%

However, the USPS has been struggling to process Letter mail in New Orleans; Carol Stream, Ill.; St. Louis; and National Distribution Center (NDC) Chicago.

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There have been even more problems with Flat mail. Below is a list of locations where less than 70% was in-home by Service Standard over the last month. Note that the Indianapolis area facilities have been delayed since the new Regional Processing and Distribution Center (RPDC) started accepting mail in late January. The USPS has not provided Quad assurance as to when we will see improvement there. Some of the facilities (Tennessee, Louisiana, Ohio) were impacted by weather in February, which caused short-term delays, but the other delays seem unrelated to weather.

Entry type	City	In-home by Service Standard %
RPDC	Indianapolis	1%
NDC	Memphis, Tenn.	63%
NDC	St. Louis	23%
SCF	Baton Rouge, La.	52%
SCF	Carol Stream, Ill.	52%
SCF	Chicago	61%
SCF	Dayton, Ohio	62%
SCF	DV Daniels, Kearny, N.J.	69%
SCF	Indianapolis	32%
SCF	Kansas City, Mo.	58%
SCF	Lafayette, La.	43%
SCF	Miami	47%
SCF	St. Louis	36%
SCF	Springfield, Mo.	50%

USPS volume

Mail volume for the week ended March 15, compared to last year		
Total Mail Volume	Down 10.2%	▼
Packages	Down 1.7%	▼
Single Piece	Down 6.6%	▼
Presort First Class	Down 3.5%	▼
Marketing Mail	Down 0.3%	▼
Periodicals	Down 9.7%	▼

Mail volume for the week ended March 8		
Total Mail Volume	Down 4.5%	▼
Packages	Down 5.4%	▼
Single Piece	Down 5.4%	▼
Presort First Class	Up 2.7%	▲
Marketing Mail	Down 2.1%	▼
Periodicals	Down 6.1%	▼

Mail volume for the week ended March 1		
Total Mail Volume	Down 4.0%	▼
Packages	Down 2.4%	▼
Single Piece	Down 11.1%	▼
Presort First Class	Down 1.5%	▼
Marketing Mail	Down 4.8%	▼
Periodicals	Down 17.8%	▼

Mail volume for the week ended February 22		
Total Mail Volume	Down 7.9%	▼
Packages	Down 3.3%	▼
Single Piece	Down 11.5%	▼
Presort First Class	Down 6.6%	▼
Marketing Mail	Down 7.4%	▼
Periodicals	Down 3.6%	▼

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Paper Market

Production reductions and price increases continue in the paper industry.

- Irving Paper has shuttered its PM2 machine indefinitely at the company's mill in St. John, New Brunswick. This machine produced about 230,000 tons per year of newsprint and SCB paper grades. SCB refers to supercalendered Type B paper, a lightweight, glossy paper often used for newspaper inserts, magazines and brochures.
- UPM has announced its intentions to permanently close the company's paper mill in Ettringen, Germany, in July. This mill produces about 297,000 tons per year of uncoated groundwood grades, including SCB, SCA (supercalendered Type A) and newsprint.
- Coated freesheet (CFS) producers have implemented a price increase on CFS grades, effective in Q1 2025. As such, Quad coated #1, #2 and #3 (digital and conventional rolls) paper prices will increase by \$2.50/cwt for all basis weights, effective with press dates on or after April 7. CFS sheetfed pricing is *not* impacted.
- Uncoated freesheet producers have announced a 5% to 10% price increase for Q1 2025. Quad is still in the process of negotiating with producers about this increase to determine the amount and timing of its impact on Quad clients.

Logistics

From a Logistics standpoint, the uncertainty surrounding the constantly changing tariffs outlook has sent the freight industry (shipping, ports and borders) into a crisis mindset. There are pockets of panic and higher costs as shippers and carriers attempt to react to the changes. For example, [Bloomberg News \(via the Financial Post\) reported](#) earlier this month that between the U.S. and Canada there's been a surge in cross-border volatility since the November election with "some of the highest rates we've seen in a couple of years," as one industry analyst put it.

- The CSX railroad has started rerouting 16+ trains per day along the East Coast as it begins work enlarging and rebuilding the circa-1895 Howard Street Tunnel in Baltimore. The rerouted trains include merchandise, intermodal, local and bulk commodities freight carriers. [FreightWaves reported](#) that CSX executives promised that the railroad would preserve service for every customer using trains that travel through the Howard Street Tunnel, even if it means trucking some freight to its final destination.

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

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