

The United States Postal Service in 2023

The United States Postal Service (USPS) wraps up its fiscal year at the end of September. Then, by the middle of November, it releases its [annual report](#), a document that is chock full of assessments of its results and plans for the future. The USPS is now entering the third year of its 10-year plan called “[Delivering for America](#),” first made public in March of 2021. The major takeaways as described in the [USPS’s press release](#) are quite sobering. The top line is that the USPS reported a \$6.5 billion loss in the 2023 fiscal year. This part is not that surprising given the various economic factors that the USPS is saddled with. More concerning is the report of an 11.4% decline in volumes within the Marketing Mail category.

A USPS Assessment

United States Postmaster General Louis DeJoy, who was appointed by President Trump in June of 2020, spoke recently at the 2023 Concordia United States Summit. (Concordia is described as a “member-based organization dedicated to actively fostering, elevating, and sustaining cross-sector partnerships for social impact.”) In his talk entitled “[Delivering for America: Lessons of Leadership from the United States Postal Service](#),” De Joy was alternately optimistic and concerned about the future of the USPS. He started with numbers:

- 31,000 retail centers
- 19,000 delivery units
- 400 processing plants
- 250,000 vehicles (expect an announcement soon about an environmental plan)
- 300,000 carrier routes
- 165 million delivery points
- 640,000 employees

He described the USPS as one of our country’s most trusted, most used, and most needed institution. He asserted that the USPS was in catastrophic condition when he became Postmaster General in 2020 and he thought at the time that it was possible that it might fail. He is now more confident 2 years into his 10-year plan, but acknowledges the challenges that face the USPS. Key among those challenges is an ongoing drop in mail volume due to electronic delivery methods. He also cited “institutional memory” as an issue. It was difficult for an institution like the USPS—which was accustomed to growing print volumes through the 1970s and early 1990s—to figure out how to rethink its methods in an entirely changed competitive environment. He also cited what he called “deliberate destruction” through policies of Congress, Postal Regulators, and the mailing industry, which have been further exacerbated by political interference on funding regulation. His solution was the Delivery for America plan, which has three tenets:

1. Deliver to 165 million addresses, six days per week.
2. Cover the cost of performance, as a requirement to be able to compete effectively.
3. Believe and act as an institution.

De Joy’s 2023 report notes that just 2 years into this 10-year plan, USPS’s projected losses for the decade have been reduced by more than half, from \$160 billion to \$70 billion, and that significant progress has been made toward the goal of break-even in 2030, despite the impact of inflation.

As quoted in a USPS press release, Postmaster General De Joy states, “Although we are just in the early stages of one of the nation's largest organizational transformations—which is improving our processing, transportation, and delivery operations—we are already providing more consistent, reliable, and timely delivery to America's businesses and residences. We are also addressing near-term financial headwinds relative to inflation as we make strong progress in our long-term cost control and revenue generating strategies, including launching new products like USPS Ground Advantage. The whole organization is highly focused on implementation of the Delivering for America plan and creating a more effective, efficient, and competitive Postal Service to serve the nation far into the future.”

Looking into the Numbers

A few things stand out when looking at the USPS’s 2023 revenue and volume numbers:

- Overall revenue is down somewhat despite [regular postal rate increases](#).
- Only two service categories showed revenue increases between 2022 and 2023: First-Class Mail and Shipping and Packages.
- Volume dropped in every single category.

Table 1: USPS Revenue and Volume Comparison (2023 versus 2022)

Service Category	2023 Rev.	2022 Rev.	2023 Vol.	2022 Vol.
First-Class Mail	\$24,505	\$23,990	45,979	48,960
Marketing Mail	\$15,076	\$15,996	59,410	67,092
Shipping and Packages	\$31,641	\$31,317	7,057	7,232
Informational	\$1,571	\$1,712	322	355
Periodicals	\$918	\$955	2,993	3,400
Other	\$4,475	\$4,537	385	405
<i>Total operating revenue and volume</i>	<i>\$78,186</i>	<i>\$78,507</i>	<i>116,146</i>	<i>127,444</i>

Note Revenue figures are in millions of dollars; volume figures are in millions of pieces.

Source: United States Postal Service, November 2023

An Outside Perspective

A recent Printing Impressions webinar entitled “USPS 10-Year Plan: Three Years In” featured Leo Raymond, the Managing Director of Mailers Hub. This webinar was promoted as “an information resource for commercial mail producers and other companies in the commercial mailing community.” Raymond pointed out a number of concerning factors. Perhaps the biggest one moving forward is whether the USPS can find success given the impact of decreasing mail volume combined with frequent postal rate increases. Raymond points out the size of the USPS’s workforce as another challenge, with the associated costs of employee compensation and benefits. The USPS added close to 5,000 employees in 2023 and has been encouraging “pre-career” employees to shift to “career” positions. During 2023, 525,000 employees of the total 640,000 USPS workforce were career employees while 115,000 were pre-career. Pre-career USPS positions are temporary. These workers do not get the same benefits as career workers and are not guaranteed a regular work schedule. The move to increasing the number of career employees is intended to improve employee retention as well as to maintain strong service levels, but it comes the financial challenge of achieving break-even with such a workforce, whose benefits include layoff protection and biannual increases.

Raymond notes that “The value of mail as a marketing tool remains unchanged.” He recommends that mailers have to aggregate volumes to gain cost benefits, but he is very concerned about what he sees as

aggressive postal rate increases. He also believes that the USPS is not being as transparent as it should be about its moves to consolidate delivery operations.

The Bottom Line

Moving forward, the USPS hopes that an emphasis on packaging will offset the loss of hardcopy mail volume. This requires remaining competitive with other services like FedEx and UPS. This focus on packaging is not exactly reassuring to service providers handling marketing mail and transactional documents, particularly when they see ongoing rate increases in their segments. There is no question that Postmaster General De Joy has a significant challenge on his hands. And while there have been some positive takeaways in the early years of his Delivering for America plan, some significant challenges remain.

Source: Jim Hamilton, Consultant Emeritus at Keypoint Intelligence

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