# Four trends will affect postal economics going forward

### **REVENUE TRENDS -**

## COST TRENDS

#### Volume

- Transactional volume declining due to e-diversion
- Advertising mail is subject to increased substitution options

Declining steadily

**Fixed cost** base

These trends will

continue to put pressure on USPS ability to provide

affordable universal

service

# **USO** Obligation

- Delivery points
- Retail locations
- Sortation facilities
- Preferred prices for some products (e.g., non-profit mail)

#### **Price**

- Increases capped by inflation class
- Price elasticities are in flux due to growing alternatives

Rising but capped

Rising cost per hour

### Workforce costs

- RHB pre-funding driven by law
- Legacy costs beyond **USPS** control
- Wages subject to collective bargaining