
Ed Burnett

1995 Postal Volume Has Increased; 1995 Postal Productivity Has Not

During the course of a career that spans over 40 years in the direct mail marketing business, Ed Burnett has helped mailers select over 10 billion names for direct mail and telemarketing campaigns. He is President of Ed Burnett Consultants, Inc., one of the five major direct marketing firms that makes up THE DATABASE AMERICAN COMPANIES. His firm specializes in direct mail consultation, list compilation and list brokerage. He is widely recognized as the pioneer of many of the list marketing concepts and techniques utilized today throughout the industry. These concepts and techniques are freely shared in the numerous articles he contributes to all of the major trade publications, and are gathered together in the book he recently authored for Prentice Hall, *The Complete Direct Mail List Handbook: Everything You Need to Know About Lists and How to Use Them for Greater Profit*. He is also the author of *Database Marketing -- The New Profit Frontier*.



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ABSTRACT

Postal volume has been increasing steadily, but as far as productivity is concerned, actual man of labor per billion pieces of mail handled, there was no increase in productivity. ISSM Charter Senior Fellow Ed Burnett gives the numbers in this article on postal volume and productivity.

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Introduction

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Postal volume, which has been increasing modestly for each of the last three fiscal years (1993/1994/1995) has at best leveled off in the first quarter of fiscal 1996. There is now a distinct possibility that the 1995 volume (180.7 Billion) will prove to be the highest number of pieces reached by the USPS.

The 14% postage increase in 1994 has brought an increase in 1995 revenue of 10 percent over revenue in 1994. Volume, however, increased by just 1.5% in the same period (178.0 to 180.7 Billion).

The crux of the matter, so far as productivity is concerned, is that Man Years of Labor increased from 857,590 in 1994 to 870,149 - an increase of 12,600 man years, which is an increase of 1.5%. This stipulates that on the basis of man years of labor per billion pieces of mail handled, there was no increase in productivity. It took, in other words, an extra 12,600 man years to handle an increase in mail of 1.5%.

Comparing 1995 to 1994:

3.

Volume increased by: 1.5%
Dollars increased by: 10.0%
Man Years increased by: 1.5%

In the first quarter of fiscal 1996 (Fall of 1995):

Total Volume decreased by: (0.5%)
Total Man Years increased by: 0.8%
Dollars increased by: 10.8%

If these figures hold up for the balance of fiscal 1996, the productivity decrease will be in the range of 2% - and volume will be off from the 95 total of 180.7 Billion by close to one billion pieces.

Perhaps we can anticipate where this drop will show up - by class of mail.

In 1994:

First Class increased by: 2.4%
Third Class increased by: 5.5%

In 1995:

First Class increased by: 1.0%
Third Class increased by: 2.4%

First Quarter of 1996:

First Class was up by: 1.3%
Third Class was down by: 3.1%

These figures would seem to indicate three things:

1. Total volume year to year in 1996 will be less than 1995.
2. The 14% added cost for third class mail will likely find that most of the total decline is in third class mail.

The new year, based on man years of labor per billions of pieces handled, will show a decrease in productivity.

So once again, despite the billions spent to date for automation, the USPS shows no increase in productivity.