

## **THE USPS IN THE PACKAGE SHIPPING MARKET**

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Mark Schoeman, President, Colography Group, gave the PostalVision2020/2.0 conference attendees an update on package shipping market statistics. The Colography Group surveys millions of businesses over the years to find out how they ship, what they ship, and all kinds of data points to determine what is going on in the package shipping market, Schoeman said.

In calendar year (CY) 2011, the USPS reported mail volume of about 164.2 billion pieces, Schoeman said, of which 99% was made up of market-dominant product categories and about 1% was from competitive services product categories. He noted that the largest USPS category is letters. “We still ship letters,” he told the PV2020 group, “and that is not going away.” “If the USPS was gone,” he asked, “would UPS or FedEx carry letters? If so, how much would they charge for it...?”

Looking at USPS market dominant product growth trends, Schoeman said that about 60% of the competitive services product category is Priority Mail, about 28% is Parcel Select, about 7% is First-Class Mail parcels, and 3% each are Express Mail and Parcel Return Service (PRS). Looking at the USPS compared to UPS and FedEx, UPS delivered about 50% of the CY2011 market, with FedEx delivering 29% and the USPS delivering 21%.

Schoeman said the 2-3 day package market grew by about 9.7% in CY2011 (he noted that data now includes FCM parcels – if you take out that volume, the market grew by about 1.8%). “Customers need to get shipments to their recipients on time and need to know what that time is,” he said. “We do lots of research on what businesses want – the biggest thing is not the cheapest price,” he told the PV2020 crowd. “It’s a fair price for service delivered on time,” he said.

The U.S. economic growth in the near term will continue to be tepid, Schoeman told the audience, and a combination of rising costs for nondurable goods (primarily fuel and food), online sellers’ continued promotion of free or lower-cost shipping charges and lower prices for goods will continue to enhance the appeal of online shopping. Competitors remain focused on greater growth opportunities in international markets, they also know that maintaining and/or growing in profitable business segments is key to their success in a maturing U.S. market, Schoeman said.