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June 2008

2008 ECONOMIC JOB STUDY FINAL REPORT

The mailing and delivery industries continue to be associated with a significant number of jobs in the economy. This study identifies a core number of mailing industry jobs in three ways. First, jobs in the mailing industry exist because they are associated with producing and distributing mail and parcels. Second, there are jobs that may be identified in businesses that depend on the mailing industry to deliver products to customers, and advertise the products and services that that they sell. Third, jobs may be identified through their association with purchases made by mailing industry firms and their employees.

The Institute for Postal Studies of the Envelope Manufacturers Foundation asked Transformation Strategy, Inc. and Direct Communications, Inc., experienced, economic analysts of the mailing industry, to update the national profile of mailing industry jobs and to locate these jobs in congressional districts. Drawing this profile with clarity using public data is important to facilitate policy communications about potential impacts arising from public policy proposals that may shape the future of the mailing industry.

This study, like the one conducted in 2003 for the Mailing Industry Task Force, focuses on identifying the jobs associated with firms that produce and distribute mail and parcels, firms that use the mail to distribute their products and companies that use the mail to advertise their products and services. In total, the 2008 study has identified 8.3 million jobs through a careful analysis of Bureau of Labor Statistics and Department of

Commerce data and an examination of the results of Direct Marketing Association research. Four significant conclusions emerge from this profile:

- There are a substantial number of jobs associated with the mailing industry in spite of industry trends toward consolidation and productivity improvement that has reduced the number of jobs in key segments of the industry even as volumes of mail and parcels have grown. In spite of global competition and technological change (e.g. adoption of eCommerce services) that are discussed in the news everyday, industries that produce and use mail continue to be a substantial presence in the American economy.

- Mailing industry jobs are located throughout the U.S. economy and can be found in every business sector and in every congressional district.

- Mailing industry jobs are not evenly distributed across all congressional districts. Jobs are focused in congressional districts where key businesses in the industry are located, and where the carriers of mail and parcels have located their major distribution hubs and sortation facilities.

- Finally, the 8.3 million jobs identified here are the core of a larger industry footprint. The industry also creates jobs through the purchases of the businesses that employ these 8.3 million workers as well as the personal purchases of these employees. An examination of Department of Commerce economic impact factors for the printing, advertising, Postal Service, and paper industries suggest that mailing industry businesses and employees together generate at least an additional 3.2 million jobs in the economy. A more precise evaluation of the economic impact will be possible upon the publication of the 2007 Economic Census late in 2008.

There should be little doubt that the mailing industry, and in turn the American economy, would be impacted by proposals such as those connected to the Do Not Mail campaign that could lead to mail volume declines.

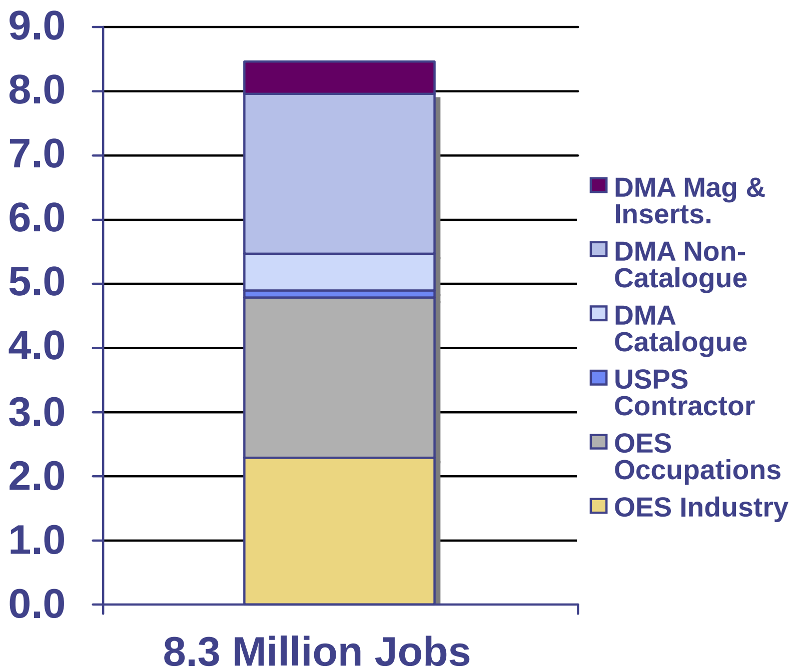
The mailing industry jobs identified in the current study are presented in Figure 1. Figure 1 illustrates that over 2.1 million jobs can be identified in firms that deliver mail or parcels, produce mail, or supply these firms. An additional 2.5 million jobs are in mail related occupations in firms that are not classified in an identifiable mail-related industry. This reflects the existence of mail-producing or receiving activities in firms that classify themselves in all industry segments from agriculture to government service with a concentration in manufacturing, health care, administrative and support, financial services and real estate.

Figure 1: Mailing Industry Job by Type

Job Category	Total Jobs
Mail Production and Distribution	
Mail Identified Industries Private Sector (direct mail advertising, courier, paper, printing, etc.) Postal Service Postal contractors	2,092,047
Mail Related Occupations in other industries	2,451,923
Mail Users	
Catalogue based sales	624,800
Non-catalogue based direct mail sales	2,496,800
Direct Response magazine ad sales	418,600
Insert Advertisement sales	51,600
Publishing jobs not counted elsewhere	196,793
Total Jobs	8,332,563

Figure 2 illustrates the data sources for these job estimates. In the table, OES jobs are drawn from data collected in the 2006 Occupation Employment Statistics program of the Bureau of Labor Statistics. OES industry jobs are from 24 identified industries. OES occupational jobs are from 17 occupations identified with producing, receiving, or distributing mail and parcels. Postal contractor jobs are calculated based on USPS cash outlays in 2006 for supplies, services, and capital equipment and Census Department figures of jobs per thousand dollars in sales in the businesses from whom the Postal Service makes its purchases. DMA jobs estimates are from the Direct Marketing Association study on sales jobs in catalog and other businesses.

Figure 2: Source of 2008 National Jobs Profile Estimate



The 8.3 million jobs identified in this study have been located in congressional districts primarily using data collected by Dunn & Bradstreet on over 16 million businesses and government entities, and secondarily a methodology employed by the DMA study for sales jobs that it identified. The distribution of jobs shows that mailing industry jobs exist in all districts covering the 50 states and the District of Columbia. The distribution of jobs also shows that industry jobs are most concentrated where businesses in the industry are located, where they have major facilities, and where the larger carriers serving the industry have hubs, distribution centers, and mail processing facilities.

Comparison with the 2003 Results

Total Jobs – In 2003, the Mailing Industry Task Force estimated that there were 9 million jobs in the mailing industry. While it is not possible to compare the methodologies employed because there is limited documentation from the multiple sources and contributors to the previous study. There has been considerable discussion of the 9 million jobs from the earlier study during the long debate over postal reform. Time and repetition tend to erode confidence in such a round number. A key objective in this study has been to identify a *core* set of jobs that can be verified from easily recognizable public sources so that the discussion can move on from a debate over numbers to a discussion of their implications for policy.

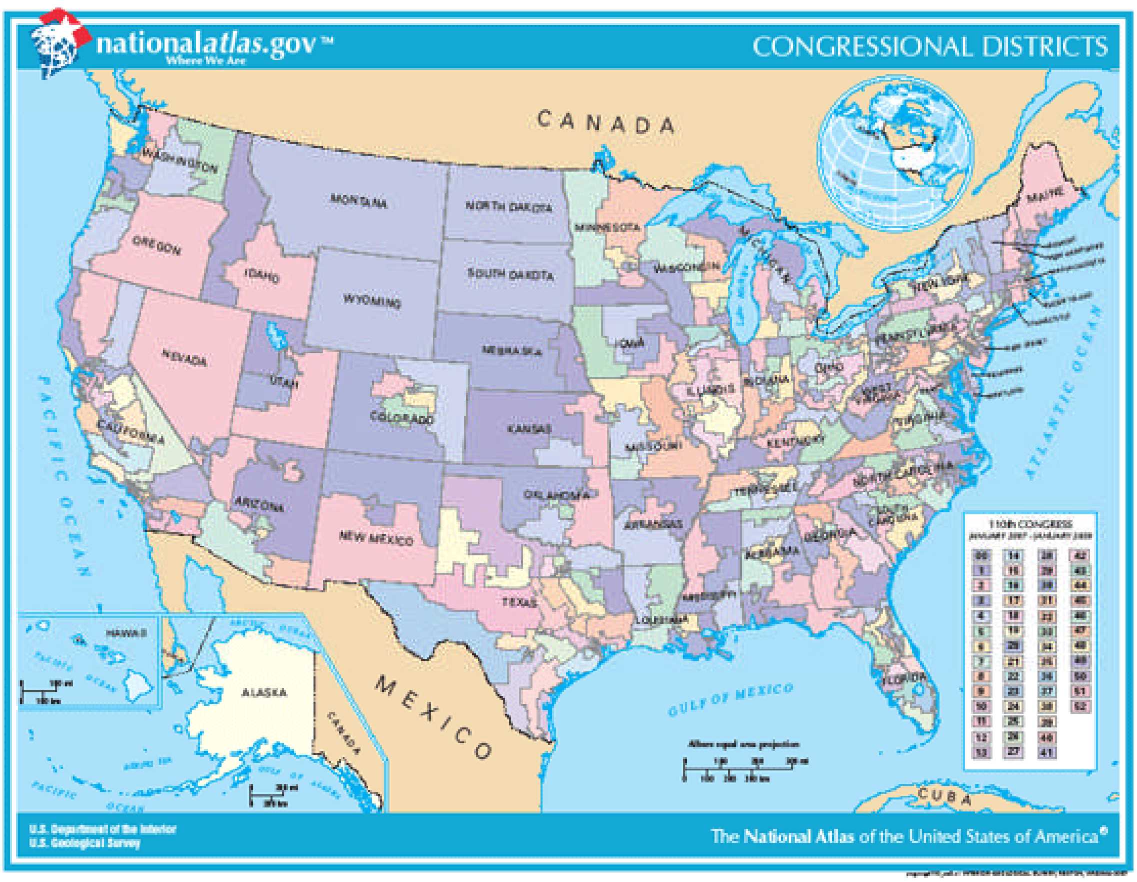
The 2003 study was constructed using broad industry categories and employed round numbers. Since then, productivity improvements in the mailing industry, both in the production of mail and its distribution has meant that fewer jobs are needed to produce and deliver the larger quantities of mail now being delivered. The productivity impact can be seen by comparing the jobs estimates from the 2002 Economic Census with jobs estimates from the Occupational Employment Statistics Program estimated in 2006. These two factors alone explain most of the differences in the job estimates in the two studies.

At the same time, the current study makes a clearer attempt to document jobs in mail related occupations in industries not normally associated with mail production or delivery. As such, the current study provides a clearer link to publicly available data on jobs in industries not clearly identified with the production or distribution of mail.

Distribution of jobs to congressional district – Using this more refined estimate of the profile of the mailing industry the effort to locate jobs in congressional districts was also conducted with more precision. The Direct Marketing Association jobs were associated with congressional districts using Census data. The additional jobs were located by using a Dunn & Bradstreet (D&B) database of over 16 million businesses and non-profit organizations that identifies these businesses by SIC code and zip code and records employment for them as well.

Figure 3 offers an illustrative congressional district map. Job counts by sector may be obtained from the Envelope Manufacturers Association, Institute for Postal Studies.

Figure 3: Congressional Districts of the US



Revenue

The 2003 report that was sponsored by the Mailing Industry Task Force is known for providing the conclusion that there were 9 million jobs and $900 billion of revenue produced by firms and institutions associated with the mail. Logically the question may be raised, if there are 8.3 million jobs in the core mailing industry in 2006 what is the associated revenue?

Using the same sources that were used to research the jobs numbers, an estimate was also made of associated mail volume. Consulting published sources from the Department of Commerce and the publications of the Direct Marketing Association this study found that $1.2 trillion dollars were produced by the mailing industry.   (See Figure 4) In sum, parts of the industry have been consolidated but at the same time, revenue has grown. What these numbers show is the way that the DMA analysis has highlighted the productivity of direct mail advertising.

Revenue associated with the 8.3 million jobs was also distributed in the manner that jobs were identified in congressional districts.

Conclusion

A central purpose for conducting this analysis has been the need to bring the profile that was drawn of the mailing industry in 2003 up to date in 2008 to make it relevant to policy makers and to the key stakeholders in the mailing industry. The long debate over the shape of postal reform that began in the mid 1990s and concluded with the passage of the Postal Accountability and Enhancement Act in 2006 is over. Yet, there are new issues confronting the postal industry today that could define its future for some time to come. The question of how large is the industry? What role does it play in the economy? Where are its greatest concentrations of jobs? Are all as important today as they were when the Mailing Industry Task Force first sought to profile the industry five years ago. For policymakers seeking credible numbers to support decision-making, this study identifies published sources where data can be checked and conclusions tested.

This study concludes that the industry is somewhat smaller today in terms of jobs as a result of efficiency gains and industry consolidation. Yet, the revenue associated with the industry profile drawn here is significantly larger; growth that suggests continuing economic vitality.

Figure 4: Mailing Industry Revenue

SEGMENT	REVENUES (MILLIONS)
Carriers	
Courier and Messenger UPS, Fedex, DHL, etc.) (Note 1)	67,601
USPS (Note 2)	72,650
Carrier Subtotal	**140,251**
Industry Suppliers	
Advertising Firms (Note 8)	7,468
Direct Mail Advertising (Note 3)	13,238
Paper & Envelopes (Note 4)	14,167
Printing (Note 4)	78,218
Private Mail Services (Note 3)	2,303
Supplier Subtotal	**115,395**
Revenue Generated by Users	
Revenue Generated By non-catalog direct mail (Note 5)	517,100
Revneue Generated By Catalog Direct Mail (Note 5)	144,200
Revenue Generated By Direct Response Magazine Ads (Note 5)	87,100
Revenue Generated By Insert Media (Note 5)	10,700
Additional Publishing Revenue Not Generated by Direct Marketing (Note 6)	92,999
Additional Non-store Retailer Revenue Not Generated by Direct Marketing (Note 7)	94,365
Customer Subtotal	**946,464**
Total	**1,202,110**

Note: The sources for the data in this table is identified by the following notes.

1) Bureau of Economic Affairs, U.S. Department of Commerce, Survey of Current Business, listing gross output by NAICS industry January, 2008, Excel Spreadsheet reporting GDP by NAICS Industry, Worksheet listing Gross Output by NAICS industry
2) United States Postal Service, 2006 Annual Report
3) Calculated using data contained in the Bureau of Economic Affairs, U.S. Department of Commerce, Survey of Current Business, listing gross output by NAICS industry January, 2008, Excel Spreadsheet reporting GDP by NAICS Industry, Worksheet listing Gross Output by NAICS industry and Census Bureau, U.S. Department of Commerce, 2002 Economic Census.
4) Census Bureau, U.S. Dept. of Commerce, Annual Survey of Manufacturers (2007)
5) Global Insight, The Power of Direct Marketing, Direct Marketing Association, 2007, p 69.
6) Global Insight, The Power of Direct Marketing, Direct Marketing Association, 2007, p 117 and Calculations using data contained in the Bureau of Economic Affairs, U.S. Department of Commerce, Survey of Current Business, listing gross output by NAICS industry,January, 2008, Excel Spreadsheet reporting GDP by NAICS Industry, Worksheet listing Gross Output by NAICS industry and Census Bureau, U.S. Department of Commerce, 2002 Economic Census.
7) Global Insight, The Power of Direct Marketing, Direct Marketing Association, 2007, p 120 and Bureau of the Census, U.S. Department of Commerce, 2006 Annual Retail Trade Survey
8) 21.6% of the revenue contained for NAICS industry 541800, Advertising and Related Services Bureau of Economic Affairs, U.S. Department of Commerce, Survey of Current Business, January, 2008, Excel Spreadsheet reporting GDP by NAICS Industry, Worksheet listing Gross Output by NAICS industry excluding excluding Direct Mail Advertising Revenue.