

GAO Highlights

Highlights of [GAO-16-811](#), a report to congressional requesters

Why GAO Did This Study

As broadband availability grows, Americans—including those in rural areas—increasingly partake in communications and services offered via the Internet. Some of these Internet services have changed how individuals use USPS. Though many factors influence use of postal services, understanding the relationship between broadband use and the use of postal services is critical to both the future of postal services overall and the communication options available to rural residents. GAO was asked to examine the relationship between broadband and postal use, particularly in rural areas.

This report addresses the relationship between broadband use and the use of USPS's (1) mail services, (2) package and shipping services, and (3) post offices, particularly in rural areas. To address these objectives, GAO reviewed literature on broadband and mail trends, factors associated with postal and broadband use, and the role of post offices in rural America. GAO conducted regression analyses using 2007-2014 data, the most recent available, from the USPS HDS, which collects information from a nationally representative sample of households. GAO interviewed local stakeholders, such as officials from post offices and Internet service providers, in five rural areas, chosen based on recent deployment of broadband and other factors. GAO also interviewed 11 postal experts, chosen based on participation in previous GAO work and postal conferences.

GAO is not making recommendations in this report. USPS did not have any comments on the draft report.

View [GAO-16-811](#). For more information, contact Lori Rectanus at (202) 512-2834 or rectanusl@gao.gov.

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U.S. POSTAL SERVICE

Information on How Broadband Affects Postal Use and the Communications Options for Rural Residents

What GAO Found

Broadband use has in recent years been associated with reduced use of First-Class Mail. Continued declines as a result of broadband, however, are uncertain. Broadband access to various Internet services, especially online bill paying, is associated with reduced use of transaction mail, a subset of First-Class Mail. GAO analysis of the U.S. Postal Service's (USPS) Household Diary Survey (HDS) data from 2007-2014 found that households using broadband to access Internet services tended to send less transaction mail than other households, controlling for age, income, and education. However, GAO found that in recent years broadband use may not have had a statistically significant effect on correspondence mail, a subset of First-Class Mail that includes letters and greeting cards. Experts GAO spoke with had mixed views on the future of First-Class Mail as a result of broadband use, with only 4 of the 11 experts expecting decreases in First-Class Mail in the short term. Several experts and officials suggested that Internet privacy and security concerns, as well as many individuals having already changed postal habits in response to the Internet, are among the factors that could be contributing to a slowed rate of "electronic diversion" from mail. With regard to rural areas, GAO analysis of HDS data suggests that rural households without broadband tended to send more transaction and correspondence mail than non-rural households without broadband in recent years. The officials in rural areas GAO interviewed generally agreed that residents of rural areas value mail and postal services for a variety of reasons, including that they have fewer retail alternatives and trust USPS services. Despite this relationship, GAO found that the subset of rural households with broadband were not statistically different in the volume of correspondence mail sent compared to non-rural households. In rural areas, two groups of businesses that GAO spoke with also noted that improved Internet access could result in mail volume declines.

E-commerce continues to have a strong effect on USPS package and shipping volumes. GAO analysis of HDS data found that broadband use in the home was associated with sending and receiving more packages with USPS in recent years. This analysis also found that households in rural areas made greater use of package and shipping services, a view echoed in interviews with officials in rural areas. While research and experts interviewed by GAO generally agreed that USPS's package business will grow in the short term, USPS is likely to face longer-term challenges, such as increased competition in the delivery market.

It is unclear what role broadband use has played in the reduction in post office visits in recent years. GAO analysis of HDS data found no statistically significant relationship between broadband use and post office visits. However, GAO found that rural households tend to visit post offices more regardless of broadband use. Local stakeholders GAO interviewed said that rural residents may use post offices at higher rates because post offices play a valuable social role in small communities and that alternatives for certain services, such as money orders, are lacking. To balance the benefits of its postal retail network with the high costs of some facilities, USPS is undertaking various initiatives. Despite these efforts, balancing the benefits of a robust network with the costs of maintaining that network, especially in rural areas, will remain a challenge for USPS.