

BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268-0001

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POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

SPECIAL SERVICES REFORM, 1996

Docket No. MC96-3

RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS STEIDTMANN TO INTERROGATORY OF
THE AMERICAN POSTAL WORKERS UNION, AFL-CIO
(APWU/USPS-T2-1)

The United States Postal Service hereby provides the response of witness Steidtmann to the following interrogatory of the American Postal Workers Union, AFL-CIO: APWU/USPS-T2-1, filed on August 13, 1996.

The interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

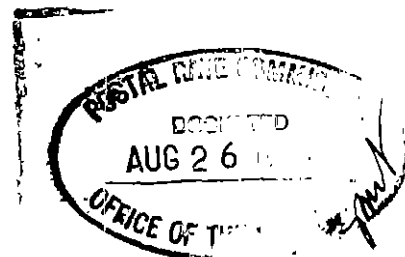
UNITED STATES POSTAL SERVICE

By its attorneys:

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August 26, 1996



U.S. POSTAL SERVICE WITNESS CARL E. STEIDTMANN RESPONSE TO
INTERROGATORY OF THE AMERICAN POSTAL WORKERS UNION

APWU/USPS-T2-1

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APWU/USPS-T2-1. With reference to your testimony at page 8, please describe the "retail perspective" that determined that Special Delivery Service for "FASTNET" packages, Global Priority Mail, Registered and Certified Mail could not be a "viable part of the product mix."

APWU/USPS-T2-1 Response.

I am currently unfamiliar with the role that special delivery plays in the delivery of "FASTNET" packages, Global Priority Mail, Registered and Certified Mail. Although I do not have any specific knowledge as to how special delivery is provided in conjunction with these other products, I am able to comment on special delivery from a retail perspective.

Retailers must examine both the relative costs and benefits of their different product mixes as well as assess how best to optimize that mix. Therefore, a retail perspective requires focus. Retailers have come to realize that they can not be all things to all people. Good retail strategy requires making choices. Retailers must maintain a focus on the customer and how best to provide those products which add the most value to the customer and the highest level of benefits to the retailer.

As in the case of special delivery, a retailer should interpret low demand for a particular product as an indicator of that product's reduced viability in its product

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mix. A retailer which continues to offer a product with decreasing volumes may be ineffectively allocating its resources. For instance, the example in my testimony regarding the emergence of compact discs and the disappearance of the long-playing album illustrates the difficulty in attempting to offer a product no longer justified by consumer demand in the marketplace.



DECLARATION

I, Carl E. Steidtmann, declare under penalty of perjury that the foregoing answers are true and correct, to the best of my knowledge, information, and belief.

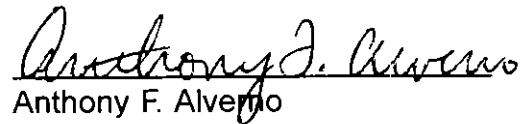


CARL E. STEIDTMANN

Dated: August 26, 1996

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon all participants of record in this proceeding in accordance with section 12 of the Rules of Practice.


Anthony F. Alverno

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