

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Statutory Review of the System)
for Regulating Rates and Classes)
for Market Dominant Products)

Docket No. RM2017-3

**DECLARATION OF META A. BROPHY
ON BEHALF OF CONSUMER REPORTS, INC.**

I, Meta A. Brophy, declare as follows:

1. For more than a dozen years, I have served as Director, Procurement Operations at Consumer Reports, Inc. (“CR”), which is a nonprofit organization exempt from federal income tax under Internal Revenue Code Section 501(c)(3), and is headquartered in Yonkers, New York. My business address is 101 Truman Ave., Yonkers, NY.
2. I am Past President and an active member of the Alliance of Nonprofit Mailers (“ANM”) Board of Directors. I steadfastly advocate for maintaining affordable, sustainable postage costs and service standards.
3. My tenure at CR spans several decades, during which time I have overseen CR’s direct mail acquisition, retention, and fundraising print programs. I monitor postage costs and impact on the organization as it works to increase acquisition and donor responses and revenue. This income funds our testing, reporting, and advocacy programs that inform consumers on marketplace products and services.
4. CR is an independent nonprofit organization that works for and with consumers. CR accepts no advertising or review products. We buy and test thousands of products every year to generate reviews and ratings to help consumers, support our investigative journalism and trusted consumer guidance, and advocate for consumer-friendly marketplace practices. CR services more than 6 million total members.
5. CR has been a champion of the effort to end hidden cable fees, working to highlight surprising fees and charges across industries and help consumers

fight back. We played a critical role in helping legislators draft and negotiate the Television Viewer Protection Act, signed into law in December 2019.


6. In February 2015, CR began its “End Robocalls” campaign, calling on phone companies to implement effective technologies to stop unwanted robocalls before they reach consumers. Consumers won a major victory in putting an end to unwanted robocalls in December 2019 when the Telephone Robocall Abuse Criminal Enforcement and Deterrence (TRACED) Act was signed into law. This CR-supported legislation provides new tools and legal authority to crack down on harmful robocalls—in which callers obscure their identities to engage in scams.
7. For more than a decade, CR has worked to ensure that unstable furniture posing a deadly hazard is off the market, and that people are aware of this potential danger. In January 2020, a family who lost their 2-year-old son after a tip-over of a defective IKEA dresser in 2017, settled with IKEA. The family will donate a portion of that settlement to three organizations, including Consumer Reports, to make sure we can continue to spread the word about the hazards that dressers like those pose, to inform people about recalls such as the one IKEA has put in place, and to reduce the risk of furniture tip-overs and improve the effectiveness of recalls. Consumer Reports will continue to test, investigate, educate, and speak out to help get these products off the market.
8. Between 2008 and 2018, federal agencies recalled 19 products, like strollers and car seats, after CR testers identified problems. Our 2019 achievements also included fighting to protect children and families by prompting retailers to remove dangerous inclined infant sleepers, advancing digital privacy protections, and shaping conversations about the future of cars and transportation.
9. About 50 percent of CR’s overall revenue comes from the mail, which drives about 85 percent of our fundraising revenue. The income derived from paid memberships and donor contributions funds the mission-critical work that CR performs on behalf of consumers everywhere. Since its founding in 1936, CR remains a captive Postal Service customer for delivery of 50.8M Periodicals, 86.6M pieces of acquisition and retention Marketing Mail, and more than 8.4M pieces of First Class Mail, costing more than \$25.5M in 2019. No other vendor competes with the Postal Service to win our business.

10. CR warned the PRC that its previous proposal would negatively impact our direct mail programs. Facing the real possibility of postage rates rising much faster than CPI, CR has been forced to consider how prevalent a part direct mail will play in our future. We have had to cut mail quantity to hold to acceptable margins, and analyze whether to reallocate funds to different channels. Since 2017, we have included a postage rate contingency as part of our strategic planning, and adjusted volume accordingly. From 2017 to 2019, our acquisition and retention Marketing Mail volume dropped from 102.5M to 97M to 86.6M. Total mail volume dropped from 166.3M to 159.9M to 145.8M.
11. The PRC's second proposal added some complicated, backward-looking formulas to enable potentially even higher increases if mail volume falls even more. In fact, the more mail volume falls, the higher the Postal Service can raise our prices. If the PRC's Second Rulemaking proposal stands, we estimate cumulative rate hikes from 2021 – 2025 will raise our postage spend by 31 to 38 percent (three to four times the rate of inflation)—a cumulative total exceeding \$9M more than two percent inflation increases, and potentially much more. If the PRC permits the Postal Service to raise prices on market-dominant mail in this way, we estimate needing to cut our acquisition Marketing Mail volume by about 9.5M pieces in the same time period—a cumulative loss of 18.35 percent in our prospecting volume alone, which creates a downstream effect.
12. It stands to reason that when acquisition volume declines, so do retention and periodical volumes. When nonprofit and all other mailers facing the same scenario start cutting mail volumes, the universe of available prospect names contracts, and the situation is exacerbated exponentially. Revenue declines mean that CR cannot do as much for consumers, as our testing and advocacy programs are dependent on this income.
13. We of course have to control costs and decide how to spend money in a way that offers the most impact for our mission and the consumers we serve. The PRC's proposals are making mail a less valuable medium for our organization. It does not matter to CR or to our members and donors that the PRC is trying to fix so-called exogenous costs. What we see is that our prices will skyrocket and postal mail volumes will drop. This scenario will adversely impact our supply chain partners and the mailing community. The

Postal Service needs a critical mass of mail volume to support the infrastructure. So do the vendors. So do the mailers.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on January 30, 2020.



Meta A. Brophy
Consumer Reports, Inc.