

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

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POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

POSTAL RATE AND FEE CHANGES, 2000

Docket No. R2000-1

UNITED STATES POSTAL SERVICE
INTERROGATORIES AND REQUESTS FOR PRODUCTION OF DOCUMENTS TO
THE NATIONAL NEWSPAPER ASSOCIATION WITNESS ELLIOTT
(USPS/NNA-T2-1-23)
(June 16, 2000)

Pursuant to rules 25 and 26 of the Rules of Practice and procedure, the United States Postal Service directs the following interrogatories and requests for production of documents to the National Newspaper Association witness Elliott:

USPS/NNA-T2-1-23.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking

K N Hollies
Kenneth N. Hollies

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.

K N Hollies
Kenneth N. Hollies

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UNITED STATES POSTAL SERVICE FIRST SET OF INTERROGATORIES TO
NATIONAL NEWSPAPER ASSOCIATION WITNESS ELLIOTT (NNA-T-2)

USPS/NNA-T2-1. Please refer to the survey you discuss in Part II of your testimony on which you base your testimony. Please also refer to the document prepared by Project Performance Corporation (PPC) for NNA attached as Attachment 1 to this interrogatory.

- a. Please confirm that the Attachment is PPC's final report on this study. If not, please identify the attachment and provide a copy of the final report.
- b. Please confirm that other than the glossary and survey instrument shown in the attachments to your testimony, you have not provided any survey-based raw data, computer programs, worksheets, formulae, assumptions, data files or other information called for by the Commission's Rules of Practice that would enable an independent reviewer to validate or replicate your findings or results. *If you are unable to confirm, please explain fully.*
- c. Please provide all documentation for the study, including input and output data, preferably in computer readable form, that will permit replication of the results. If necessary, you may redact or code respondent identifier information (such as name and company) or provide material under protective conditions to maintain survey respondent confidentiality.
- d. Please confirm that your study began after the joint meeting initiated by the Postal Service in 1999 referenced in USPS/NNA-T1-5. If not confirmed, please explain fully and provide copies of any written documentation supporting your view.



Findings from the National Newspaper Association In-County Mail Survey

**A Report Prepared for the
National Newspaper Association**

by

Project Performance Corporation

**Project
Performance**

December 1999



CORPORATION

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1.0 Executive Summary

This report describes the findings from a survey of newspapers about their use of the Postal Service's Periodicals In-County subclass (In-County mail). This survey was conducted to understand the trends in the use of In-County mail by newspapers and the reasons behind those trends.

Overall, the survey found widespread use of In-County mail, particularly among small and medium weekly papers, and that the overall role of In-County mail in newspaper distribution stayed roughly the same over the period from 1992 to 1998. There was some movement away from In-County mail by the largest newspapers during this period, but these papers have not used In-County mail as a primary distribution method so this shift had only a moderate effect on the total newspaper use of In-County mail. The newspapers with the greatest use of In-County mail are the medium weeklies, and these users increased their In-County mail use proportionately as they increased their total circulation.

Specifically, the survey found the following:

- Circulation is growing for the type of papers that make the greatest use of In-County mail. Although total annual newspaper circulation did not change from 1992 to 1998, there was a shift of circulation from the dailies in the survey to weeklies.
- Newspapers increased their use of In-County mail from 520 million papers in 1992 to 540 million papers in 1998. This was an increase of 3 percent.
- Weekly newspapers with circulations between 1,000 and 20,000 account for over 70 percent of the In-County mail sent by newspapers.
- As newspapers grow, they change the way they distribute their papers: smaller papers use In-County and other types of mail, whereas larger papers use contract carriers.

These findings are discussed in more detail in the remainder of the report. Section 2 describes the survey design. Section 3 discusses the sample response. Section 4 describes the statistical methods. Section 5 describes each of the findings of the analysis. A glossary of terms related to newspapers and their distribution is included in Appendix A. A copy of the survey form is included in Appendix B.

2.0 Survey Design and Methodology

In the spring of 1999, the National Newspaper Association (NNA) contracted Project Performance Corporation (PPC) to survey a sample of newspapers. The purpose of the NNA In-County Mail Survey was twofold: 1) to determine the trends in newspapers' use of the Postal Service's Periodicals In-County subclass (In-County mail) and 2) to understand the reasons underlying these trends.

Working closely together, NNA and PPC devised a six-question survey instrument (see Appendix B) and survey procedures. The questions asked for three types of information:

- Annual circulation by year, for 1992, 1995, and 1998
- Circulation by delivery method for each year, including:
 - Periodicals In-County Mail
 - Out-of-County Mail
 - Newsstand Sales
 - Other Delivery/Contract Carriers.
- Reasons for trends in the use of In-County mail

PPC used a four-stage mailing, which started in early August and continued through early September. The mailings included:

- 1) An initial letter, to announce and describe the survey
- 2) The questionnaire, with a cover letter re-explaining its purpose
- 3) A thank you and reminder postcard
- 4) The questionnaire again, with a cover letter explaining the importance of responding

NNA also announced the survey in its August newsletter. Throughout the survey period, PPC maintained the "National Newspaper Association In-County Mail Survey Hotline" – a voice mailbox that those in the sample could call with questions.¹

The sample was drawn from NNA's database of newspapers, which consists of weekly and daily newspapers that belong to the association or have a potential interest in membership. The association's primary membership focus is upon community newspapers or those with an editorial emphasis upon local community. The database therefore contains a much larger number of weekly newspaper titles than daily newspaper titles and, in fact, may omit some very large daily newspapers that are unlikely to have membership interest. This omission is unlikely to affect the study's findings about trends in newspaper use of In-County mail since most large dailies are ineligible for In-County mail because of their size and geographic reach.

¹ PPC received approximately 50 calls on the Hotline over an eight-week period. Most callers, having lost the questionnaire, simply requested a new copy of it. Many others expressed a desire to participate in the survey, but indicated that they did not have all the requested information. PPC asked these individuals to return the questionnaire with whatever information they had available.

Surveys were sent to a stratified random sample of 1,016 newspapers.² To select the sample, PPC and NNA divided the initial list according to frequency (daily or weekly) and circulation. NNA and PPC realized that the type and size of different newspapers could have an important effect on their use of In-County mail. Nine different subgroups, or "strata," were identified – four strata of daily papers, and five strata of weekly papers (see Table 1). A stratified sample was used to minimize sampling error.

² PPC also surveyed the 58 members of the Association of Area Business Publications (AABP) and received 4 complete responses. These results are provided for comparison in the tables of this report, but they are not analyzed separately.

3.0 Responses and Data Cleaning

Consistent with the survey's goals, the analysis focuses on the questions that asked respondents to provide total circulation and a breakdown of delivery methods for 1992, 1995, and 1998. Out of the original mailing of 1,016 surveys, 340 surveys were eventually returned, for a total response rate of 33 percent. In all, 161 of the respondents provided complete circulation figures, broken out by delivery method, for all years surveyed; PPC analyzed only these completed questionnaires. Table 1 shows for each stratum the number of newspapers in the NNA database, the number surveyed, the number of responses, the response rate, and the number of complete responses.

Table 1
Number of Papers and Responses by Stratum

Stratum	Total Number of Papers	Number Surveyed	Surveys Returned	Response Rate (%)	Complete Surveys
All Daily Papers	1,184	240	83	35	40
Under 5000	238	60	20	33	7
5000 to 10,000	289	60	19	32	9
10,000 to 25,000	340	60	24	40	9
Over 25,000	317	60	20	33	15
All Weekly Papers	6,446	776	257	33	121
Under 1000	647	78	28	36	11
1000 to 3000	2256	271	93	34	45
3000 to 5000	1270	152	49	32	16
5000 to 20,000	1790	215	68	32	40
Over 20,000	483	60	19	32	9
All Papers	7,630	1,016	340	33	161
AABP Members	58	58	15	26	4

Despite instructions to provide *annual* circulation figures, many respondents appeared to have provided per issue figures instead. In these cases, the circulation figures were close to the values in NNA's member database for the size of that newspaper's circulation per issue. Because of this similarity, PPC concluded that these respondents had given per issue circulation figures instead of annual figures. A total of 75 of the 161 complete responses reported an "annual" circulation figure that was either below or not more than 25 percent larger than the circulation per issue figure in the NNA database. In each of these cases, the respondent's circulation figures were rescaled to yield appropriate annual figures using the newspaper's number of issues per year.

For 12 responses, there were additional indications that the responses were possibly in error. For 5 of these, respondents gave In-County mail figures but indicated on other

parts of the survey either that they were ineligible for In-County rates or that they mailed at third class rates. For these newspapers, the In-County mail figures were included in Out-of-County mail, which in this survey includes both Standard A and Regular Rate periodicals. The other 7 responses involved either circulation figures that were much higher than expected given the NNA database figures or In-County mail figures that were higher than expected given the type of publication. In these cases, the newspapers were contacted to check their survey responses. In 3 cases, the respondent had provided data on a different paper or on a group of papers because figures on the targeted paper were not available; these responses were recoded as incomplete responses and are not included in the 161 total. In the other cases, if the respondent indicated that an error had been made in the survey response, the database was changed accordingly.

4.0 Statistical Methods

Starting with the 161 complete survey responses, PPC aggregated the information on circulation and In-County mail within each stratum by summing all complete responses in the stratum by year and delivery method. The totals were then expanded statistically to give total figures for the stratum.

The statistical method accounts for the number of responses and the total number of members in the stratum. For example, in the stratum of daily newspapers with circulations over 25,000 there are 15 complete survey responses from a total of 317 such dailies in the NNA database. These 15 responses listed total In-County mail use for 1998 of 1,262,155 pieces. This sample response for this stratum can then be expanded to obtain In-County mail figures for the total stratum by multiplying by the ratio 317/15. The result is an estimate of 26.67 million newspapers sent by In-County mail for this stratum of newspapers in 1998. When such estimates are obtained for both 1992 and 1998 and for all strata, it is then possible to analyze how In-County mail use changed for different types of newspapers. It is also possible to add together the figures for all strata to analyze how In-County mail use changed overall.³

As in any survey, the results are likely to be biased in some way. PPC believes that there are two likely sources of bias. First, it is logical that current users of the service were more likely than others to respond. Second, some papers are part of larger publishing groups. In some cases, respondents may have provided circulation figures for all the papers in the group, rather than just the paper to which the survey was mailed. In the first case, the bias will tend to produce an overestimate of In-County mail use. In the second case, the bias will cause the results to be skewed toward the trends of multi-paper groups.

³ This approach weights the responses of different newspapers by their size. The responses were also analyzed using an unweighted approach. The unweighted results were similar and will not be discussed in this report.

5.0 Findings

5.1 Total Circulation

Table 2 shows the changes in circulation from 1992 to 1998. Total circulation remained relatively constant over the period, with an increase of 0.2 percent that is not statistically significant. Out of a total annual circulation in 1992 of about 10 billion newspapers, dailies represented 78 percent of the total while weeklies comprised the remaining 22 percent. Underlying the stable circulation for newspapers in aggregate, the two types of newspapers show dramatically different trends: the dailies show an average decrease of 3 percent in total circulation over the period, whereas the weeklies show an average increase of 9 percent. As a result of these different growth rates, dailies declined to 76 percent of total circulation by 1998, and weeklies increased to 24 percent. Within each of the two groups there are some differences between the larger and smaller papers, but these differences are not statistically significant.

Table 2
Estimated Total Circulation Change, 1992 to 1998

Stratum	Circulation 1992 (millions)	Circulation 1998 (millions)	Change, 1992 to 1998 (millions)	Percent Change, 1992 to 1998 (%)	T-score
All Daily Papers	7,602.15	7,393.21	-208.94	-2.75	-1.94
Under 5000	202.46	199.59	-2.87	-1.42	-0.12
5000 to 10,000	570.01	540.74	-29.26	-5.13	-1.93
10,000 to 25,000	1,597.97	1,596.36	-1.60	-0.10	-0.03
Over 25,000	5,231.72	5,056.51	-175.21	-3.35	-1.95
All Weekly Papers	2,096.76	2,286.69	189.93	9.06	2.47
Under 1000	23.32	23.93	0.61	2.60	0.28
1000 to 3000	273.02	324.09	51.08	18.71	1.27
3000 to 5000	236.59	249.01	12.41	5.25	1.38
5000 to 20,000	766.13	819.27	53.14	6.94	1.26
Over 20,000	797.70	870.39	72.69	9.11	1.47
All Papers	9,698.91	9,679.89	-19.01	-0.20	-0.14
AABP Members	60.18	54.43	-5.75	-9.56	-0.83

⁴ A "T-score" is a statistical test that indicates whether or not a change is significantly different from no change at all. A T-score close to 2.00 or above (or close to -2.00 and below) indicates a significant difference.

5.2 In-County Mail

Table 3 shows trends in In-County mail use by newspapers. The use of In-County mail shows an increase of 3 percent that is not statistically significant. As with total circulation, there is a broad contrast between daily and weekly papers: daily papers show a 14 percent decrease in In-County mail that is statistically significant, while weekly papers show a 7 percent increase in In-County mail that is not statistically significant. For the dailies there is a clear difference between the trends of the smaller and larger papers: the smaller dailies show no clear change in In-County mail use over the period, whereas the larger dailies cut their In-County mail use in half. For the weeklies, the differences between the In-County mail trends of the smaller and larger papers were not statistically significant.

A comparison of Tables 2 and 3 shows that the In-County mail trend for the weeklies as a group kept pace with their growth in total circulation, showing growth rates of 7 and 9 percent, respectively. In contrast, for the daily papers the 14 percent loss in In-County mail was substantially larger than the 3 percent circulation loss, reflecting a substantial shift away from In-County mail by the larger daily papers. However, since the larger dailies make up only 6 percent of total In-County mail used by newspapers in 1992, this shift away from In-County mail had only a moderate effect on total newspaper use of In-County mail.

Table 3
Estimated Total In-County Mail Change, 1992 to 1998

Stratum	In-County Mail, 1992 (millions)	In-County Mail, 1998 (millions)	Change, 1992 to 1998 (millions)	Percent Change, 1992 to 1998 (%)	T-score
All Daily Papers	109.69	94.84	-14.85	-13.54	-1.99
Under 5000	47.79	46.33	-1.46	-3.05	-0.32
5000 to 10,000	29.95	31.62	1.67	5.57	1.26
10,000 to 25,000	5.28	3.30	-1.99	-37.58	-2.39
Over 25,000	26.67	13.60	-13.08	-49.03	-2.28
All Weekly Papers	412.12	441.85	29.73	7.21	0.68
Under 1000	12.20	11.71	-0.49	-4.04	-0.45
1000 to 3000	106.55	114.79	8.25	7.74	1.48
3000 to 5000	73.42	76.07	2.64	3.60	0.82
5000 to 20,000	193.32	234.02	40.70	21.05	1.09
Over 20,000	26.63	5.27	-21.37	-80.23	-1.01
All Papers	521.81	536.69	14.88	2.85	0.34
AABP Members	13.57	13.01	-0.57	-4.2	-1.04

5.3 In-County Mail's Role as a Distribution Method

Table 4 reports In-County mail as a percentage of total circulation. This table shows that the relative importance of In-County mail in total distribution stayed relatively stable in all strata over the period. All but two of the strata show decreases in In-County's proportion of total distribution, but in no case has there been a shift in the use of In-County mail of more than 4 percentage points.

For newspapers as a whole, there is a small shift toward In-County mail distribution, which increases from 5.38 to 5.54 percent of total distribution. This occurs despite the fact that dailies as a group and weeklies as a group each show a small shift away from In-County mail distribution. This apparent paradox – with dailies and weeklies each shifting away from In-County but total circulation shifting toward In-County – is explained by the overall shift in total circulation from dailies to weeklies. The movement of circulation towards weeklies that send a higher percentage of their papers as In-County mail makes up for the small shifts by both dailies and weeklies away from In-County mail.

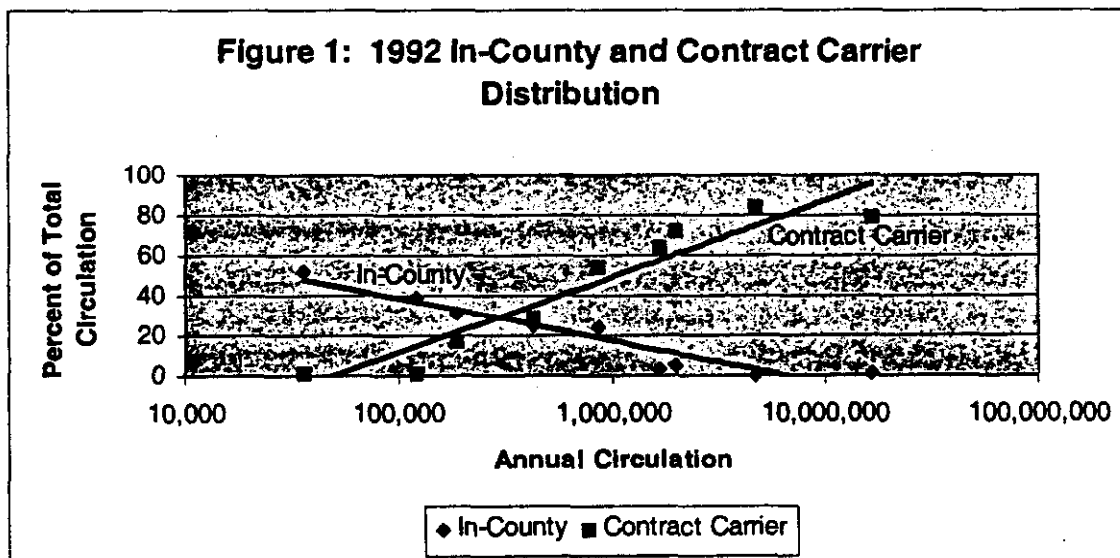
Table 4
Percentage of Total Circulation Delivered by In-County Mail
Change, 1992 to 1998

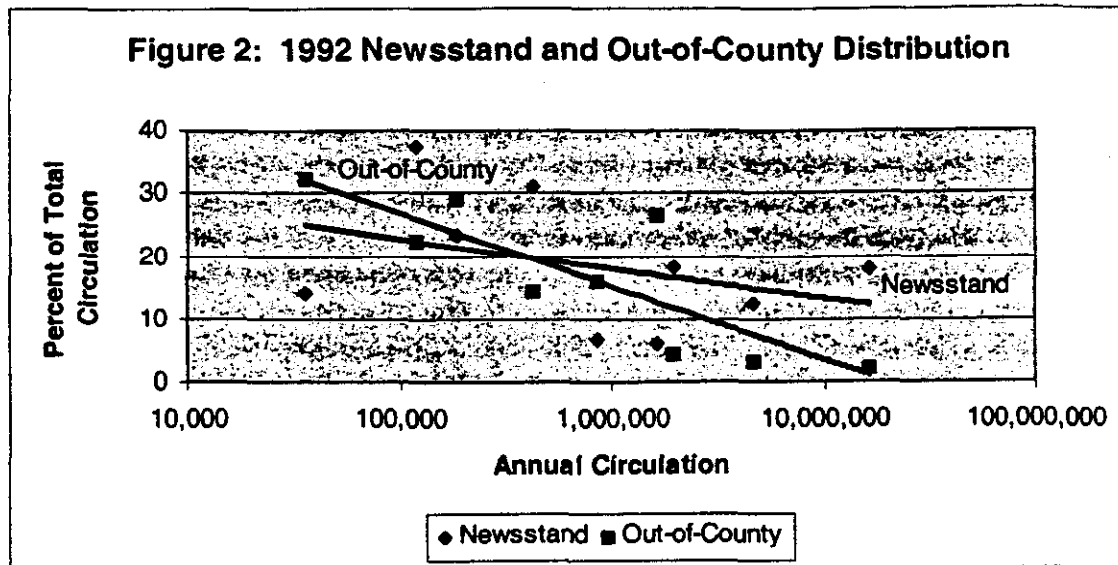
Stratum	Percent In-County 1992 (%)	Percent In-County 1998 (%)	Change, 1992 to 1998 (percentage points)
All Daily Papers	1.44	1.28	-0.16
Under 5000	23.60	23.21	-0.39
5000 to 10,000	5.25	5.85	0.59
10,000 to 25,000	0.33	0.21	-0.12
Over 25,000	0.51	0.27	-0.24
All Weekly Papers	19.66	19.32	-0.33
Under 1000	52.31	48.92	-3.38
1000 to 3000	39.03	35.42	-3.61
3000 to 5000	31.03	30.55	-0.49
5000 to 20,000	25.23	28.56	3.33
Over 20,000	3.34	0.61	-2.73
All Papers	5.38	5.54	0.16
AABP Members	22.55	23.90	1.34

5.4 Distribution Method and Newspaper Size

Figures 1 and 2 show the way that the primary distribution method differs by strata, as newspapers become larger. This change is shown for 1992 data, but the trends are virtually identical for 1998 data. Figure 1 shows the main story, which is the shift from In-County mail towards Contract Carriers as newspapers become larger. Figure 2 shows the smaller movements away from Newsstand Sales and Out-of-County mail as papers grow in size. Note, however, that the shift away from Newsstand Sales is a very weak trend.

For each stratum, the figures plot the average annual circulation against the percent of total circulation for each of the distribution methods. The sample includes weeklies with a range of circulations from 400 to 60,000 and dailies with a range of circulations from 800 to 140,000. A weekly with circulation of 400 publishing one issue per week has an annual circulation of about 20,000. The largest weekly with a single issue per week has an annual circulation of about 3,000,000. A daily with circulation of 800 publishing seven issues per week has an annual circulation of about 300,000. The largest daily with seven issues per week has an annual circulation of about 50,000,000. For the purposes of this study, newspapers with fewer than five issues per week are classified as weeklies and newspapers with five or more issues per week are classified as dailies.





5.5 Reasons for Changes in In-County Mail

The survey included several questions asking respondents about the reasons for any substantial changes in their use of In-County mail. Table 5 summarizes the answers to these questions. Not surprisingly, about 40 percent of the respondents listed a change in circulation as a reason for a change in In-County mail. In addition, some papers listed a change in Newsstand Sales or a change in Other Delivery as a reason for a change in In-County mail. Note that it is the larger papers that tend to cite a change in Other Delivery as the reason and the smaller papers that tend to cite a change in Newsstand Sales.

Table 5
Reasons for Changes in In-County Mail

Stratum	Total Responses	Change in Issues per Week	Change in Circulation	Change in Newsstand Sales	Change in Other Delivery
All Daily Papers	40	3	16	2	7
Under 5000	7	1	5	0	0
5000 to 10,000	9	1	1	0	1
10,000 to 25,000	9	0	4	0	1
Over 25,000	15	1	6	2	5
All Weekly Papers	121	8	49	17	10
Under 1000	11	1	6	1	0
1000 to 3000	45	2	17	10	1
3000 to 5000	16	2	6	0	1
5000 to 20,000	40	3	20	5	6
Over 20,000	9	0	0	1	2
All Papers	161	11	65	19	17
AABP Members	4	0	0	0	0

5.6 Reasons for Not Using In-County Mail

Table 6 summarizes responses about the reasons for not using In-County mail. The table combines answers from respondents who had never used In-County mail and from respondents who stopped using In-County mail at some point in time. Not surprisingly, 7 of the larger papers indicated that they did not use In-County mail because of eligibility limitations. The most important reason cited was the availability of a less costly method of delivery – this reason was given by 10 of the respondents. There were 3 responses from weekly newspapers listing service difficulties as the reason for not using In-County mail. Some respondents elaborated on their concerns about Postal Service cost or service difficulties in written comments.

Table 6
Reasons for Not Using In-County Mail

Stratum	Total Responses	Eligibility	Subscriber Preference	Inadequate USPS Service	Less Costly Method
All Daily Papers	40	1	1	0	4
Under 5000	7	0	1	0	0
5000 to 10,000	9	0	0	0	2
10,000 to 25,000	9	1	0	0	0
Over 25,000	15	0	0	0	2
All Weekly Papers	121	6	0	3	6
Under 1000	11	0	0	0	0
1000 to 3000	45	0	0	1	1
3000 to 5000	16	0	0	0	0
5000 to 20,000	40	3	0	0	4
Over 20,000	9	3	0	2	1
All Papers	161	7	1	3	10
AABP Members	4	3	0	0	0

Appendix A: Glossary

This study incorporated terms in common usage among mailers of newspapers. The common meanings were assumed to be understood by the survey respondents. In the event of inquiries, explanations of eligibility or usage were offered by the researchers. Some of the definitions in effect follow.

Periodical refers to publications that are published at a stated frequency with the intent to continue publication indefinitely. The Postal Service's Domestic Mail Manual (DMM) in Section E211.2.1 defines periodicals as having the following characteristics:

- a. The continuity of the periodical must show from issue to issue. Continuity is shown by a serialization of articles or by successive issues carrying the same style, format, theme, or subject matter.
- b. The primary purpose of the periodical must be the transmission of information.
- c. The content of the periodical may consist of original or reprinted articles on one topic or many topics, listings, photographs, illustrations, graphs, a combination of advertising and non-advertising matter, comic strips, legal notices, editorial material, cartoons, or other subject matter.
- d. The primary distribution of each issue must be made before that of each succeeding issue.

Newspaper is defined in this study as a publication eligible for membership in the National Newspaper Association. Both daily and non-daily newspapers are eligible if they have 25 percent editorial content. Both free and paid circulation publications are eligible.

Daily refers to a newspaper published five or more days a week.

Weekly refers to a newspaper published fewer than five days a week. In common parlance a weekly is most often published only once, twice or three times per week.

In-County Mail refers to copies of periodicals that are mailed at a preferred Postal Service Periodicals rate under DMM Section E270.1. In-County rates apply to subscriber copies of any issue of a Periodicals publication (except a requester publication) when they are entered within the county in which the post office of original entry is located for delivery to addresses within that county, and when at least one of the following conditions is satisfied:

- a. The total paid circulation of such issue is less than 10,000 copies.
- b. The number of paid copies of such issue distributed within the county of publication is more than 50% of the total paid circulation of each issue.

Out-of-County Mail refers in the study to any mailed pieces that do not qualify for preferred In-County rates under DMM Section E270.1.

Newsstand Sales refers to any newspaper copies sold to a consumer through a retail outlet, a vending machine or news agent.

Contract Carrier refers to delivery directly to homes or businesses by any person or entity other than an employee or agent of the Postal Service. For purposes of this study, it included contractors to a publisher, as well as a publisher's employees or other non-postal personnel.

Appendix B: Survey Form



NATIONAL NEWSPAPER ASSOCIATION

IN-COUNTY MAIL SURVEY

Publisher:	
Newspaper:	
Person Completing Survey:	
Telephone Number:	
Fax Number:	
Street Address:	
City, State, Zip:	

GENERAL

- 1) On average, how many issues did you publish per week in 1998? _____

- 2) Please provide the total *annual* circulation of the newspaper in 1998, 1995, and 1992; categorize this annual figure by delivery method, as indicated in the table below.
 - Annual circulation is average circulation times the annual number of issues.
 - Please provide figures for all years and categories for which you have data.
 - Please mark X for years or categories for which you have no data.

Delivery Method	1998	1995	1992
Mailed			
Periodicals In-County Mail			
Out-of-County Mail			
Not Mailed			
Newsstand Sales			
Other Delivery/Contract Carriers			
Total			

All responses to this survey will be kept strictly confidential

IN-COUNTY MAIL SERVICE

- 3) Did the annual number of newspapers that you mailed using the Postal Service's in-county mail service increase or decrease by more than five (5) percent between 1992 and 1998?

☐ Yes ☐ No

- 3a) If yes, what was the major reason for this change? (Circle answer)

- a. Number of issues per week increased/decreased
- b. Average circulation increased/decreased
- c. Single copy newsstand sales increased/decreased
- d. Use of other delivery/contract carriers increased/decreased
- e. Other _____

- 4) In which of the listed years (1998, 1995, 1992) were you eligible to mail newspapers using the Postal Service's in-county mail service? (Circle answer)

1998	Eligible	Not Eligible	Don't Know
1995	Eligible	Not Eligible	Don't Know
1992	Eligible	Not Eligible	Don't Know

- 5) If you did not use the Postal Service's in-county mail service in 1998, 1995, or 1992, have you ever used it?

☐ Yes ☐ No

- 5a) If yes, when did you stop using it? 19 _____

- 5b) If yes, why did you stop using it?

- a. No longer eligible
- b. Subscriber preference
- c. Inadequate service from Postal Service
- d. Availability of less costly delivery method
- e. Other _____

5c) If no, why haven't you ever used the Postal Service's in-county mail service?

- a. Not eligible
- b. Subscriber preference
- c. Inadequate service from Postal Service
- d. Availability of less costly delivery method
- e. Other _____

6) Is there anything else you would like us to know about how your methods for delivering newspapers have changed since 1992? If so, please provide this information in the space below. Feel free to attach additional sheets, if necessary.

THANK YOU FOR YOUR TIME!

Please return this completed survey in the enclosed envelope, or mail to:

National Newspaper Association
c/o Project Performance Corporation
7600 Colshire Drive, Fifth Floor
McLean, VA 22102-7600
(703) 345-2202

**UNITED STATES POSTAL SERVICE FIRST SET OF INTERROGATORIES TO
NATIONAL NEWSPAPER ASSOCIATION WITNESS ELLIOTT (NNA-T-2)**

USPS/NNA-T2-2. Please refer to the survey described in Part II of your testimony.

- a. What was your role in each of the design, development, implementation, data editing and reporting, and data analyses stages of the survey? Please explain fully.
- b. Please list all university level courses taken and completed by you related specifically to the study of survey sampling methods, mathematical statistics (distribution theory), probability, and variance estimation (but not economic theory). Please include with your list the name of the college or university you attended, the year you completed each course, and the textbooks and their authors.
- c. Please define precisely the population under study and provide a working definition of the sampling unit at each level of sampling employed in your survey.
- d. Please compare and contrast your definitions from part (c) with those underlying the Postal Service's RPW-based estimates of volume.
- e. Please describe completely the process used to select the sample within each stratum of the stratified random sample.
- f. Was a skip or interval sampling method used to select the sample within each stratum? If so, please describe the mechanism, process or procedure used to select the sample and provide the program code (hardcopy) and the code used to sort the sampling units within each stratum prior to sample selection.
- g. Please describe any random start process used and describe how such a random start was determined and used to select the final sample within each stratum. If no random start was used please state so and describe fully all mechanisms and procedures used to impart randomness into sample selection process prior to the draw of the sample in each stratum. Please identify the programming language used and provide in hardcopy form the programming code for the random process used to select the sampled units.
- h. Please provide the method used to determine any random seed used in the random selection process and provide the random seeds.
- i. How were stratum boundaries determined? Were boundaries other than those shown in Tables 1-3 of your testimony considered? If so, what were they and why were they rejected? If not, why not? Please explain fully.
- j. Please explain how the sample sizes shown in Table 1 were determined for each of the nine strata. Please provide all formulae used in determining the stratum sample sizes.
- k. Please provide the reasons it was found necessary to sample the NNA database in lieu of a complete census of this database.

USPS/NNA-T2-3. Please refer to use of the terms "circulation" and "survey" throughout your testimony. Please also refer to the terms "copies" and "pieces" (one or more copies bundled together and mailed to the same address) as

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required on the Form 3541 postage statement (see Appendix A of USPS-LR-I-26/R2000-1) to compute postage.

- a. Please indicate whether you believe that a respondent reporting circulation units as copies instead of pieces in your survey biases your reported measures. Please explain fully.
- b. Please describe and explain all steps taken in the survey to ensure that circulation was reported by the survey respondents in piece-based units and not in copy-based units. Please provide copies of all written documents where the copy and piece distinction is explained to the intended survey recipients.
- c. Please confirm that the In-County postage paid circulation volumes reported by the survey respondents were not validated by obtaining copies of mailer provided postage statements. If you are unable to confirm, please explain fully.
- d. Please explain how eligibility for In-County rates was determined. Please indicate where on the survey form guidelines were provided pertaining to DMM editorial and circulation minimums to help the survey respondents understand In-County eligibility requirements.

USPS/NNA-T2-4. In Tables 1-3 of your testimony, you report circulation values in undefined units. Please answer the following.

- a. Please define the term "circulation" as you have used it in these tables.
- b. Please reconcile your circulation-based volume definition with the copy- and piece-based terms found in the DMM for Periodicals mail or as required to compute postage on Form 3541.
- c. Please provide corrected circulation in piece-based units for all Table 1-3 entries. If you are unable to do so, please explain why.

USPS/NNA-T2-5. Please refer to Tables 2-3 of your testimony.

- a. Please describe completely how your reported estimates of circulation totals, changes in circulation, and related standard errors are constructed for each entry in Tables 2-3. Please include in your description all expansion factors, their development, and explain why you selected the particular expansion factors you used over other possible choices. Please include all necessary assumptions you made pertaining to your data and estimation methodology.
- b. Please provide all formulae relied upon by you to construct each table entry in sufficient detail to enable an independent analyst to replicate your results.
- c. Please identify the source of the estimator formulae including the source used for estimating standard errors.

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USPS/NNA-T2-6. Please refer to Tables 2-3 provided in your testimony.

- a. Please confirm that an estimated C.V. (coefficient of variation) computed from your reported standard error of 44.16 million circulation units for your reported estimate of change of 14.88 million circulation units in Table 3 is 296.8 percent. If you are unable to confirm, please provide an estimate of the C.V. for your estimate of change and describe completely how you arrived at your estimate.
- b. Please provide an estimated 95 percent confidence interval for each total circulation and change in total circulation estimate shown in Tables 2-3 at the stratum, subtotal and grand total levels.
- c. Please confirm that your estimated confidence intervals for the changes in "All Papers" circulation from part (b) for Tables 2-3 include the (i) value zero and (ii) negative values. If you are unable to confirm, please explain fully.
- d. Please provide an estimated 95 percent confidence interval for each estimate of standard error shown in your tables under the "Standard Error of Change" column at each stratum, subtotal and grand total level. Please provide all formulae used to provide these interval estimates and identify in the literature the source of your formulae.
- e. Please provide an estimate of the C.V. of your estimated change at the "All Paper" level in Table 2 and show how you compute this estimate. If you are unable to compute this estimate, please explain why.
- f. Please interpret your result from part (e) and explain the usefulness and meaning of any negatively valued C.V. estimate.
- g. Assuming a single population and parameter are of interest, please confirm that a C.V. is a relative measure of precision that allows one to compare the results of different sampling methodologies and their outcomes for purposes such as assessing the relative efficiency between two or more sampling methodologies. If you are unable to confirm, please explain fully.
- h. Please indicate if you believe that a confidence interval that includes the value of zero provides evidence of a statistically significant change. Please explain your answer fully.
- i. Please confirm that the Postal Service reports an estimated C.V. of 2.2 percent for its In-County piece-based volume estimate for the FY 1998 period. If you are unable to confirm, please explain fully.

USPS/NNA-T2-7. Please refer to the survey discussed by you in your testimony.

- a. Please provide the survey coverage period for each of the two years studied (show calendar begin and end dates).
- b. Please provide for each year surveyed the probability that a Periodicals eligible publication of any type (newspaper or otherwise) regardless of the type of delivery (Postal Service or other means) that meets the DMM requirements for an In-County mailing is sampled in your survey.

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- c. Please provide for each year surveyed the probability that a Periodicals eligible publication of any type (newspaper or otherwise) mailed through the Postal Service that meets the DMM requirements for an In-County mailing is sampled in your survey.
- d. Please provide for each year surveyed the probability that a Periodicals eligible newspaper regardless of the type of delivery (Postal Service or other means) that meets the DMM requirements for an In-County mailing is sampled in your survey.
- e. Please provide for each year surveyed the probability that a Periodicals eligible newspaper mailed through the Postal Service that meets the DMM requirements for an In-County mailing is sampled in your survey.
- f. Please provide for each year surveyed the probability that a non-newspaper publication mailed at In-County rates through the Postal Service is sampled in your survey.
- g. Please provide for each year surveyed the probability that a publication mailed at In-County rates through the Postal Service that is not a NNA or potential NNA member is sampled in your survey.
- h. Please indicate if you believe that the probability that any single mailpiece mailed at In-County rates that has a non-zero probability of being included in the BRPW automated or non-automated office panel also has a non-zero probability of being included in your study. Please explain your answer.
- i. Please show how you arrived at the probabilities requested in Parts (b-g) or explain why you are unable to provide any of these probabilities.

USPS/NNA-T2-8. In Table 3 of your testimony, you report an increase in circulation of 14.88 million units between 1992 and 1998. Please provide the probability that the estimated change in In-County circulation between the two years is exactly this number reported by you. Please explain how you derive your answer.

USPS/NNA-T2-9. In Table 3 of your testimony, you report an increase in circulation of 14.88 million units between 1992 and 1998 and a standard error of 44.16 million units.

- a. Please construct an estimated 95% confidence interval for your estimate and provide the probability that the true (and unknown) change in circulation is in your estimated 95% confidence interval. If you are unable to do so, please explain why.
- b. Please confirm that any number in an estimated 95% confidence interval constructed around your estimate is possible. If you are unable to confirm, please explain fully.

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USPS/NNA-T2-10. Please refer to page 3 of your testimony at lines 12-15 where you refer to the NNA database. What proportion of all newspapers nationwide (postal and non-postal delivery methods) do you believe is captured in the NNA database? What proportion of all newspapers nationwide (postal and non-postal delivery methods) that meets all DMM eligibility requirements for mailing at In-County rates do you believe is captured in the NNA database? Please explain fully how you arrive at your answers.

USPS/NNA-T2-11. Please refer to your Tables 2-3 and to the survey form provided in Appendix B of your testimony.

- a. Please explain why 1995 data are excluded from your Tables 2-3.
- b. Please explain why your answer to part (a) would not also apply to the 1992 and 1998 years in your study.
- c. Please provide in the same format as for Tables 2-3 of your testimony, (i) the 1995 results relative to the 1992 results, and (ii) the 1998 results relative to the 1995 results.

USPS/NNA-T2-12. Please refer to page 7 at lines 13-15 of your testimony. Please reconcile your contention of a net increase in newspaper In-County volume with your Table 3 estimate of change for "All Papers" in the context of your reported standard error which is nearly 3 times the estimate of purported change.

USPS/NNA-T2-13. Please refer to the survey referenced in Part II of your testimony.

- a. What statement(s) can you make about the adequacy of the useable or effective response rate of approximately 15.8 percent ($100 \times 161/1016$) computed from your Table 1 "Number Surveyed" and "Complete Surveys" columns?
- b. Have you studied other survey response rates? Please explain fully.
- c. What assurances do you have that this group was similar in study results?
- d. Please confirm that you conducted a non-response follow-up study to verify the study results and provide the results of this follow-up study.

USPS/NNA-T2-14. Please confirm that the Postal Service's estimation of In-County volume is independent of mailpiece type (newspaper, newspaper, magazine or other publication) and frequency of issuance (daily, weekly, or other period). If you are unable to confirm, please explain your understanding of how the Postal Service constructs its estimates of In-County volume.

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USPS/NNA-T2-15. Please refer to Table 1 of your testimony and to the survey form shown in Appendix B of your testimony.

- a. Please provide a count of the responses indicating "Yes" and a count of the responses indicating "No" to question No. 3.
- b. Please distribute each of the two counts from part (a) to the nine strata shown in Table 1 and provide this distribution.

USPS/NNA-T2-16. Please refer to page 3 of your testimony at lines 12-13 where you state that "[t]his database consists of weekly and daily newspapers that belong to the association or have a potential interest in membership." Please also refer to Tables 1-3 and to the glossary in Appendix A of your testimony.

- a. Please define explain how it was determined that a publication had a potential interest in NNA membership.
- b. For each Table 1-3, please partition its data into NNA-only and potential-NNA tables and provide these tables.
- c. How many of the 7,630 total newspapers shown in the second column of Table 1 fall into the category referred to in part (a)?
- d. Please explain if your answer to part (c) is also the count of publications "eligible for membership" as described in your glossary.
- e. Would you consider all newspapers that are not members of NNA at the time of the survey as having "a potential interest in membership"? Please explain.
- f. What is the annual In-County volume for the group of non-member newspapers? Please explain how you arrived at this number.

USPS/NNA-T2-17. Please refer to the survey form shown in Appendix B of your testimony.

- a. Please confirm that the survey was mailed to the recipients.
- b. If part (a) is confirmed, to whom (title) were the survey packets addressed?
- c. Please provide a copy of all correspondence accompanying the survey including a copy of the cover letter referenced on page 2 of the NNA survey findings report attached to USPS/NNA-T2-1.
- d. Please provide a copy of the instructions and guidelines that the survey recipients received with their survey form.
- e. Please describe completely the follow-up methodology used to resolve all incomplete items or partial responses.
- f. Please describe completely the follow-up methodology used for all nonrespondents.

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USPS/NNA-T2-18. Please refer to the NNA survey findings report attached to USPS/NNA-T2-1.

- a. Please quantify the "first case" of bias referenced on page 6 that leads to an overcount of In-County mail in your survey.
- b. Please quantify the "second case" of bias referenced on page 6 and indicate its direction. If the direction is unknown, please explain why this bias was not believed important enough to warrant study.
- c. For the stratum example provided on page 6 wherein 15 useable (complete survey) responses from the 60 daily newspapers were received, please provide any information you have on the 45 nonrespondents in this stratum that would allow any inference regarding how the sample mean for the 15 respondents relates to that of the 45 or the total stratum sample.
- d. For the stratum example provided on page 6 wherein 15 useable (complete survey) responses from the 60 daily newspapers were received, please provide any information you have on the 45 nonrespondents in this stratum that would allow one to assume that the correlation between 1992 and 1998 data based on 15 respondents is the same as or close to that based on all 60 daily newspapers sampled in this stratum.
- e. Please confirm that from your useable responses, the actual or effective response rate of 25% ($=100 \times 15/60$) for the daily "over 25,000" stratum shown by you in your example on page 6 is the highest response rate of the nine survey strata. If you are unable to confirm, please explain fully.
- f. Please confirm that from your useable responses, that the lowest actual or effective response rate for a stratum in your survey is approximately 10.5 percent for the weekly "3000-5000" circulation stratum. If you are unable to confirm, please explain fully.
- g. Please identify in the literature where it is stated that sample-based estimates obtained under conditions of a low response rate such as your 10.5 percent (rounded) response rate, in the absence of information on the missing 89.5 percent of the sampled units, are reliable. Please provide your assessment of the accuracy of such measures, particularly in light of the fact that respondents having a significant business interest at stake may be more likely to respond than others in the population.
- h. Please refer to the statement at the bottom of page 2 in which it is stated that "...most large dailies are ineligible for In-County mail because of their size and geographic reach". Please define a large daily. Please explain how a publication's size and reach make it ineligible for In-County rates. Please identify the DMM or other postal reference source for this statement.
- i. Please confirm that if AABP's data were expanded (using same procedure as for non-AABP data) and added into your estimates, the purported net change in circulation would be reduced by over 50%.
- j. Please confirm that the T-scores provided in Table 3 on page 8 indicate that the declines in volume in the AABP and daily paper groups are more

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significant than the increase for the weekly group. If you are unable to confirm, please explain fully.

- k. Please provide the formula used to compute the T-scores and identify the source of this formula.
- l. Please explain the "data cleaning" process described on page 4 as it pertains to each of the 75 and the remaining 86 useable surveys. Please describe more fully the procedure used to "rescale" the circulation figures and provide all formulas required in this process.
- m. Please explain how it was determined that incomplete responses including the three in the example described on page 5 do not affect the results of your study.
- n. Please provide the results of any follow-up analyses conducted on any group of nonrespondents or on incomplete responses.

USPS/NNA-T2-19. Please refer to the glossary shown in Appendix A of your testimony and to your definition of a newspaper. Please refer also to what you have described on page 3 at line 13 and elsewhere in your testimony as newspapers (publishers) that have a "potential interest" in NNA membership.

- a. Please confirm that the mailed at In-County rates circulation reported by the survey respondents was verified for the minimum 25 percent editorial content requirement. If you are unable to confirm, please explain why this verification was not done and if it was believed to be unimportant.
- b. Please confirm that the mailed at In-County rates circulation reported by survey respondents was verified for the minimum 50 percent paid subscriber requirement. If you are unable to confirm, please explain why this verification check was not done and if it was believed unimportant.
- c. Please confirm that the "potential interest" In-County rate circulation reported by potential interest In-County survey respondents was verified for the minimum 25 percent editorial content requirement. If you are unable to confirm, please explain why this verification check was not done and if it was believed to be unimportant.
- d. Please confirm that the "potential interest" mailed at In-County rates circulation reported by survey respondents was verified for the minimum 50 percent paid subscriber requirement. If you are unable to confirm, please explain why this verification check was not done and if it was believed to be unimportant.

USPS/NNA-T2-20. Please refer to page 3 of your testimony at line 24 where you state that you received 340 responses out of 1,016 surveys sent out. Please also refer to page 3 at line 25 and to page 4 at lines 1-2 of your testimony where you state that "... we focused on newspapers that provided circulation figures by delivery method for both 1992 and 1998. Out of the 340 returned surveys, 161 provided information on both years."

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- a. Please confirm that from your useable 161 responses, the effective or actual response rate for your study is less than the 33 percent shown in your Table 1 and is approximately 15.8 percent. If you are unable to confirm please explain fully.
- b. Please describe the original purpose of the survey before any data analyses were conducted.
- c. Please explain if the purpose of the survey changed after any respondent data were received.
- d. If the original purpose of the survey was to estimate change between two years, why isn't this stated on the survey instrument? Please explain fully.
- e. If the original purpose of the survey was to estimate change between 1998 and 1992, why was data collected for the 1995 period? Please explain fully.
- f. For each item asked on the survey form, and for all 340 survey respondents, please provide counts of the complete and incomplete responses.
- g. Please indicate if either formally or informally, the survey data were studied for a correlation between In-County circulation changes (positive or negative) and any response variable. If no study of correlation was made, please explain why. If any correlation studies were made, please describe them completely and provide the findings.

USPS/NNA-T2-21. Please provide the count of the NNA members referred to on page 3 of your testimony at line 13. Please provide a list of these members.

USPS/NNA-T2-22. Please provide the number of mailers in your database who use In-County rates.

USPS/NNA-T2-23. Please confirm that newspapers with insufficient editorial or circulation content as defined in the DMM are ineligible for Periodicals rates and must be mailed instead at Standard Mail rates. If you are unable to confirm, please explain fully.