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POSTAL RATE COMMISSION
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POSTAL RATE AND FEE CHANGES, 2000

Docket No. R2000-1

RESPONSE OF THE NATIONAL NEWSPAPER ASSOCIATION TO
INTERROGATORIES OF ADVO, INC.
(ADVO/NNA-T1-1-2)

(June 30, 2000)

The National Newspaper Association (NNA) hereby provides the responses of witness Heath to the following interrogatories of the United States Postal Service, which were filed on June 19, 2000 (ADVO/NNA-T1-1-2).

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

Respectfully submitted,

NATIONAL NEWSPAPER ASSOCIATION

By: 

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Counsel to the National
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ADVO/NNA T1-1. Please provide a copy of the survey of NNA member mail usage presented as an attachment to your testimony in Docket R97-1.

RESPONSE:

A copy is attached.

ADVO/NNA T1-2. Since the time of the survey of NNA member mail usage presented in Docket R97-1, have you or NNA conducted any updates or other surveys of NNA member mail usage by mail class or subclass? If so, please provide the survey information and results.

RESPONSE:

Please see USPS/NNA T2-1.

March, 1996

To: NNA Postal Committee, Tonda Rush & Larry Graves

From: Max Heath

Subject: NNA Member Mailing Practices Research

This is a report on last year's member mailing research. As you may remember, I made a release of the 1995 member research in my Postal Tips column during the heat of the reclassification rate case last year. These raw data will be used in the next rate case after they are converted to community newspaper industry-wide statistics.

Now that sweet victory is ours in MC-95-1 before the PRC, I wanted to dust off that research and share it more formally. We said all along it was not intended to support our opposition to reclassification, but to help shape future policies of the Postal Committee and NNA Board.

NNA survey returns by state show a good distribution from states with the most newspapers. All but Rhode Island were represented, even Hawaii and Guam.

Returns by frequency seem equally representative, including 639 weeklies, 90 semiweeklies, 17 triweeklies, and 122 dailies among the total of 868 usable surveys.

Note: This work was done as an in-kind donation to the Newspaper Alliance for Fair Postal Rates.

NEWSPAPERS...PAID & FREE (Separate from TMC)
Total circulation was 7,165,804 from 868 papers (Average 8256)

Paid circulation was 5,902,445 from 864 papers (Average 6832)...83% of 7,136,769 (864 versus 868 reporting)

Free circulation was 1,234,324 from 541 papers (Average 2282)...17%

(Note: Numbers do not always add up due to incompleteness in reporting. I called many, many papers to try to resolve, but couldn't call all. I learned that most NNA members don't know with precision the details of their distribution.)

DISTRIBUTION BY MAIL (2C/3C), CARRIER, SINGLE COPY
837 papers report 2C mail totaling 2,558,346 (Average 3,057)...37% of 6,946,998 reporting details of delivery

291 papers report contract carrier totaling 2,749,291 (Average 9,448, reflecting larger size of carrier papers)...39%

23 papers report 3C mail totaling 52,668 (Average 2,291)...1%

797 papers report newsstand/rack sales totaling 1,586,672 (Average 1,991)...23%

Conclusion: While total numbers by carrier distribution are higher, due to larger size of (mostly) daily papers, NNA members (by titles) tend to be mailed by far better than 2-1.

BREAKDOWN OF SECOND-CLASS (2C) MAIL (2,527,030 copies reported)
797 papers report in-county mail totaling 1,568,841 (average 1,968)...62% of 2C mail

809 papers report out-of-county mail totaling 767,334 (average 948)...30% of 2C mail

31 papers report requester copies totaling 190,855 (average 6157)...8% of 2C mail

Conclusion: While every paper has some out-of-county mail, in-county is nearly two-thirds of NNA-member copies. Requester is a minor portion, but could grow under sharply lower rates starting July 1, 1996.

DELIVERY-UNIT ENTERED IN-COUNTY BREAKDOWN (1,636,031 copies reported)
687 papers reported DU-entry totaling 1,086,921 (average 1582)...66% of in-county mail

670 papers reported other entry totaling 549,110 (average 820)...34% of in-county mail

Conclusion: Members are doing pretty good with two-thirds of in-county mail DDU-entered. Some possible room for improvement.

PLANT-VERIFIED DROP SHIPMENT/ADDITIONAL ENTRY BREAKDOWN (125,861 copies reporting a method)

45 papers reported PVDS entry totaling 85,518 (average 1900)...68% of DU entry copies

45 papers reported Additional Entry totaling 40,343 (average 897)...32% of DU entry copies

Conclusion: A small segment, but 68% of reporting copies, uses PVDS. (NNA won a small-paper exception in 1991 that allows bypass of the verification for papers entered overnight when postal facilities closed.)

IN-COUNTY SORTATION LEVEL BREAKDOWN (1,498,403 copies reported)
703 papers reported Carrier-Route sortation of 1,206,894 (average 1717)...81% of in-county copies

217 papers reported 125-Walk-Sequence sortation of 273,983 (average 1263)...18% of in-county copies

13 papers reported Saturation W/S sort of 17,526 copies (average 1348)...1% of in-county copies

Conclusion: Hard to know whether this is good, but I suspect some members have 125 pieces on routes that are not earning the renamed High Density rate. Carrier-route sort well used.

AVERAGE WEIGHT OF SECOND CLASS PIECE

790 papers reported the weight of an in-county piece, which averaged .3418 lb., or 5.5 oz.

803 papers reported the weight of an out-of-county piece, which averaged .2936 lb., or 4.7 ounces (no doubt lighter due to mailing fewer supplements outside the market).

Conclusion: Average member paper is in 4-6 ounce range.

NON-SUBSCRIBER PRODUCTS...

360 non-subscriber products were reported; 337 reported numbers totaling 4,437,961 copies (average 13,276)...344 were weekly frequency, with 15 semiweekly and one triweekly.

299 TMCs (89%) reported third class mail of 2,523,821 (average 8,441)...55% of total distribution reported

180 TMCs (53%) reported carrier delivery of 1,820,528 (average 10,114)...40% of total

127 TMCs (38%) reported rack/store distribution of 230,270 (average 1813)...5% of total

Note: Some TMCs use a combination of methods, explaining the percentages equalling much more than 100%.

Conclusion: More NNA members use mail (299/337, or 89% reporting) than carrier (180/337, or 53%) for TMC publications. Some, of course, use both, as well as rack/store copies.

THIRD CLASS ENTRY BREAKDOWN

240 mailed TMCs reported DDU entry of 1,646,804 (average 6862)...71% of 2,335,404

68 mailed TMCs reported SCF entry of 307,844 (average 4527)...13% of copies reported

146 mailed TMCs reported None (no discount) entry copies of 380,756 (average 2608)...16%

Conclusion: NNA members have responded to the deep discounts offered for DDU entry versus None Entry (minimum of 2.5 cents per piece under old rates, 2.3 cents minimum July 1, 1996) which also gains timely delivery. Some use SCF where it works better financially without delivery suffering.

THIRD CLASS SORTATION LEVEL BREAKDOWN

198 TMCs reported Saturation W/S copies of 1,599,713 (average 8,079)...70% of the 2,295,109 copies reporting breakdown

63 TMCs reported 125 W/S copies of 296,596 (4708 average)...13% of copies reporting

133 reported Carrier Route sortation of 398,800 (2998 average)...17% of copies reporting

Conclusion: NNA-member TMCs are heavily skewed toward full-coverage (Saturation) on another day of the week than their non-daily product, contrary to daily operation of TMCs as supplementary to a daily issue. Saturation mail is very important to NNA members.

AVERAGE WEIGHT OF THIRD CLASS PIECE

280 TMCs reported the weight of their publication, which averaged .2632 lb., or 4.2 ounces.

168 (60%) of the 280 TMCs weight were above the breakpoint of .2062 lb., or 3.3 ounces

112 (40%) of the 280 TMCs weight were below the breakpoint of .2062 lb., or 3.3 ounces

Conclusion: Majority of NNA-member TMCs are lighter-weight pieces which get full percentage drop (-5% Saturation, -6.06% High-Density) July 1, 1996.

Attached: July '95 Pub Aux version & Summary matrix of survey results

NNA distribution survey results released

The National Newspaper Association's Postal Committee has achieved a long-sought goal: completion of a survey of members' distribution practices by mail, carrier and newsstands.

The need was for NNA staff and committees to understand the profile of its membership's distribution practices to better understand priorities and direction of its policies.

Delayed by lack of funding for years, the survey was completed in May following several months of work by NNA, me, and my staff. Landmark Community Newspapers, Inc. made the survey work an in-kind donation to the NNA Alliance for Fair Postage Rates.

Participation from NNA members was

7-3-95

ATTENTION MEMBERS:

**YOU'RE
ENTITLED
TO SOMETHING
EXTRA
FROM SPRINT**



Because of your membership with us, your business is entitled to an extra 5% off Sprint's competitive long-distance rates. So no matter which flexible Sprint business calling plan you choose, you'll receive an additional 5% over your every-

gratifying. Eight-hundred and sixty-eight valid surveys were processed and included; 639 were from weeklies, 90 semiweeklies; 17 tri-weeklies, and 122 dailies. They ranged from the very small to the very large in circulation.

Responses came from all states but Rhode Island. Massachusetts had the most individual titles, 70, many zoned editions. Minnesota contributed 48, Wisconsin 46, Texas 38, Iowa 35, New York 31, Missouri 30, Nebraska, New Jersey and Pennsylvania 27, Illinois 26, and Kansas 25.

Total circulation represented was almost 7.2 million copies, 5.9 million of that was paid, with more than 1.2 million free distribution.

Average circulation was 8,256. Average paid circulation was 6,832, free 2,282.

Two point six million copies were reported distributed by second class mail, 2.7 million copies by carrier delivery, 1.6 million by single copy, and 52,688 by third class (free newspapers).

However, 837 reported second class mail while only 291 carrier, 23 third class, indicating the carrier quantities are concentrated in a few larger titles.

Of second-class mail, 1.6 million copies were in-county, 767,334 out-of-county, and another 190,855 requester, 797 publication reported in-county mail, 809 out-of-county, and 31 requester. The breakdown is 62 percent in-county, 30 percent out-of-county, and 8 percent requester.

Of in-county mail, about 1.1 million copies were Delivery Unit entered, and 549,110 other entry. That's 66 percent DU.

Forty-five papers each reported DU entry by Plant-Verified Drop Shipment (85,518 copies, or 68 percent) or additional entry (40,343 copies).

Eighty-one percent of in-county mail (1.2 million copies) is carrier-route sorted, 18 percent is 125 Walk-Sequence sorted and 1 percent saturation.

The average reported weight of an in-county piece is .3418 pound (5.47 ounces), out-of-county piece .2936 pound (4.69 ounces).

TMC delivery

Three-hundred-sixty newspapers reported non-subscriber TMC products with total circulation of nearly 4.5 million, or an average of more than 13,000. Most were weekly.

Third class mail (55 percent) was the most popular vehicle for TMC delivery with more than 2.5 million copies, compared to carrier delivery (40 percent) with a little more than 1.8 million copies. Another 230,270 were by

rack/store pickup (5 percent).

Two-hundred-ninety-nine TMCs reported using third class mail, 180 carriers, 127 rack/store pickup.

Of the third class mail, 71 percent was entered at the Destination Delivery Unit, 13 percent at the SF, and 16 percent None Entry qualified.

Seventy percent was Saturation W/S, 13 percent was 125 Walk-Sequence, and 17 percent Carrier-Route sorted.

Average pound rate of a third class shopper was .2632 (4.21 ounces); 112 shoppers were below the 3.3 ounce (.2062 pound) weight break, 168 above.

Statement on ad mail

My column on postal ad seminars and letters to Postal officials drew a pointed and appropriate response. John Wargo, vice president, sales on May 25 issued a policy statement on ad mail directed to sales

managers of the 10 postal areas "to circulate to all Postal representatives that deal with business customers."

"We continue to receive reports of Postal representatives degrading newspapers as an advertising medium when giving presentations during seminars, speeches and sales presentations for AdMail. When talking about advertising choices, do not speak ill of other media. This approach is inappropriate, wrong, and a bad business and sales practice. All media have advantages and produce results when used properly and in the right situation..."

Wargo's letter to me about this policy statement said, "This is a first step in resolving the issues you mentioned in your letter to Bill Henderson ... we will arrange a meeting to review the support materials and sales training program we are developing for our National and Premier Account representatives."

He sought my input about what the policy statement should say, and then had a draft read to me for approval prior to its release. One addition was made at my request.

NNA will continue to monitor sales and training efforts, and encourage all NNA members to do likewise. Please contact NNA's Larry Graves or me if you are aware of newspaper criticism by postal account reps.

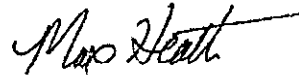
Max Heath is chairman of the NNA Postal Committee, and one of two NNA representatives on the joint USPS-industry Mailers Technical Advisory Committee. He is a vice president of Landmark Community Newspapers, Inc., Box 549, Shelbyville, Ky. 40066.

POSTAL TIPS By Max Heath



DECLARATION

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

A handwritten signature in black ink that reads "Max Heath". The signature is written in a cursive style with a long horizontal stroke extending from the end of the name.

Max Heath

June 30, 2000

CERTIFICATE OF SERVICE

I hereby certify that I have this date served the instant document on all participants of record in this proceeding in accordance with Section 12 of the Rules of Practice.

Alexis Baden-Mayer

Alexis Baden-Mayer

June 30, 2000