

BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, DC 20268-0001

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POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

POSTAL RATE AND FEE CHANGES, 2000

Docket No. R2000-1

RESPONSE OF
AISOP WITNESS RICHARD SMITH
TO FIRST SET OF INTERROGATORIES OF
ASSOCIATION OF ALTERNATE POSTAL SYSTEMS
(AAPS/AISOP-T1-1-7)

Communications with respect to this document may be sent to:

Donna E. Hanbery, Esq.
Executive Director
Alliance of Independent Store Owners
and Professionals
3725 Multifoods Tower
Minneapolis, MN 55402

June 30, 2000

AISOP WITNESS SMITH RESPONSES TO AAPS

AAPS/AISOP-T1-1. You state at page 1 that “mail advertising” is essential to the survival of a small business. Why is it necessary that such advertisements be sent by mail, as opposed, for example, to being delivered in a free paper delivered outside the mail?

RESPONSE:

The letter carrier goes to households six days a week. Mail advertising programs like free papers and coupon envelopes give small businesses an opportunity to use the Postal Service to get our advertising in the hands of consumers. There are many communities where small businesses have no nonpostal delivery option.

I also believe mail advertising is essential to small business because mail advertising is welcomed by consumers, and in some communities free advertising, whether delivered in a free paper or otherwise, that is hung on the door or thrown on the lawn may not be welcome.

AISOP WITNESS SMITH RESPONSES TO AAPS

AAPS/AISOP-T1-2. (a) Please confirm that the May 31, 2000 Coram edition of *Yankee Trader* (excluding any inserts) contains 84 pages, nearly all of which is advertising; contains a half-page Buttercup Dairy ad; and weighs 3 ounces. (b) If this publication contained inserts when it was mailed, how much did they weigh? (c) How would the postage for this publication change under the proposal of the Postal Service in this docket?

RESPONSE:

You requested of AISOP's counsel that I provide you with a recent copy of the papers where my advertising appeared. I contacted my sales representatives and asked for copies of the paper and they gave it to me. I forwarded it to AISOP's counsel who sent it to you. I did not count the pages in the paper or weigh it. I do agree that the paper contained a half-page ad of Buttercup Dairy and that the page count and weight you reference appears accurate.

I do not know if this publication contained inserts when it was mailed and I do not know how much they weighed. I do not know how much the postage for this publication would change under the proposal of the Postal Service in this docket.

After counsel for AISOP informed me you wanted an actual copy of the paper as delivered with inserts, I sent the most recent copy of the paper I received at my home, *The Yankee Trader*, to AISOP's counsel. It had two inserts in it. One was a single page that was smaller in size than the shopper itself shaped like a card and the other was a four page flyer. I will bring a copy of this paper with me when I testify.

AISOP WITNESS SMITH RESPONSES TO AAPS

AAPS/AISOP-T1-3. (a) Please confirm that the June 1, 2000 Coran edition of *Pennysaver News* (excluding any inserts) contains 72 pages, nearly all of which is advertising; contains a half-page Buttercup Dairy ad; and weighs 2.9 ounces. (b) If this publication contained inserts when it was mailed, how much did they weigh? (c) How would the postage for this publication change under the proposal of the Postal Service in this docket?

RESPONSE:

You requested of AISOP's counsel that I provide you with a recent copy of the papers where my advertising appeared. I contacted my sales representatives and asked for copies of the paper and they gave it to me. I forwarded it to AISOP's counsel who sent it to you. I did not count the pages in the paper or weigh it. I do agree that the paper contained a half-page ad of Buttercup Dairy and that the page count and weight you reference appears accurate.

I do not know if this publication contained inserts when it was mailed and I do not know how much they weighed. I do not know how much the postage for this publication would change under the proposal of the Postal Service in this docket.

After counsel for AISOP informed me you wanted an actual copy of the paper as delivered with inserts, I sent the most recent copy of the paper I received at my home, *The Yankee Trader*, to AISOP's counsel. It had two inserts in it. One was shaped like a single page that was smaller in size than the shopper itself shaped like a card and the other was a four page flyer. I will bring a copy of this paper with me when I testify.

AISOP WITNESS SMITH RESPONSES TO AAPS

AAPS/AISOP-T1-4. (a) Please confirm that the June 1, 2000 Port Jefferson edition of *Pennysaver News* (excluding any inserts) contains 60 pages, nearly all of which is advertising; contains a half-page Buttercup Dairy ad; and weighs 2.5 ounces. (b) If this publication contained inserts when it was mailed, how much did they weigh? (c) How would the postage for this publication change under the proposal of the Postal Service in this docket?

RESPONSE:

You requested of AISOP's counsel that I provide you with a recent copy of the papers where my advertising appeared. I contacted my sales representatives and asked for copies of the paper and they gave it to me. I forwarded it to AISOP's counsel who sent it to you. I did not count the pages in the paper or weigh it. I do agree that the paper contained a half-page ad of Buttercup Dairy and that the page count and weight you reference appears accurate.

I do not know if this publication contained inserts when it was mailed and I do not know how much they weighed. I do not know how much the postage for this publication would change under the proposal of the Postal Service in this docket.

After counsel for AISOP informed me you wanted an actual copy of the paper as delivered with inserts, I sent the most recent copy of the paper I received at my home, *The Yankee Trader*, to AISOP's counsel. It had two inserts in it. One was a single page that was smaller in size than the shopper itself shaped like a card and the other was a four page flyer. I will bring a copy of this paper with me when I testify.

AISOP WITNESS SMITH RESPONSES TO AAPS

AAPS/AISOP-T1-5. Do you or does AISOP have a rate proposal in this docket? If so, what is it?

RESPONSE:

I am asking that the Postal Rate Commission approve rates for saturation mail, the kind of mail used by the free mailed shopper where my advertising appears, that are no higher than those proposed by the Postal Service.

AISOP WITNESS SMITH RESPONSES TO AAPS

AAPS/AISOP-T1-6. How much do you pay for your half page ad to reach 35,000 households per week?

RESPONSE:

I commit to a weekly half-page ad in two zones in two separate mailed shoppers, *The Yankee Trader* and *Pennysaver News*. By making a commitment to two zones in each paper, and a weekly frequency for 52 ads a year, my combined weekly advertising charges for both papers is approximately \$550 per week or a cost per thousand to reach the households in my trade area of \$15.71.

AISOP WITNESS SMITH RESPONSES TO AAPS

AAPS/AISOP-T1-7. You state at page 7 that reasonable rates for saturation advertising mail help businesses like yours. (a) Are the advertising rates in effect today reasonable? (b) Would it be good for your business if today's postage rates for the publications in which you advertise were frozen for two or more years?

RESPONSE:

(a) From my perspective, advertising rates are "reasonable" when you can afford them. For my business, that is well established and has learned the value of advertising, the combined advertising rates we pay to be in two mailed shoppers are "reasonable" in the sense that I can make the commitment to weekly advertising (the kind of advertising that is necessary in the grocery business), the advertising is effective, and it does not put too great a strain on my budget. For other small businesses, and new businesses, with fewer dollars to spend (and an even greater need to build a customer base), the costs for traditional print and electronic media, and even the costs for geographically targeted saturation mail advertising, may not be "reasonable." Compared to other media, however, saturation advertising mail is probably the most cost-effective and reasonable for the smallest and newest businesses.

(b) I do not know. It would depend on other economic and competitive conditions.

DECLARATION

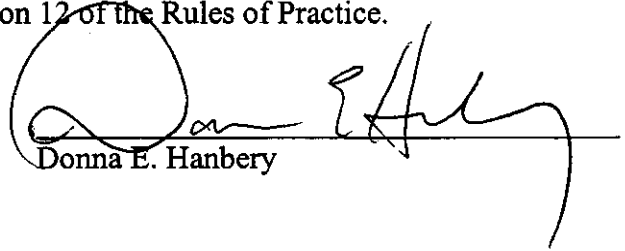
I, Richard Smith, declare under penalty of perjury that the foregoing answers are true and correct, to the best of my knowledge, information and belief.


Richard Smith

June 27, 2000

CERTIFICATE OF SERVICE

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


Donna E. Hanbery

June 30, 2000