

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

Complaint on First-Class Mail
Service Standards

Docket No. C2001-3

Second Declaration of Greg Whiteman

I, Greg Whiteman, declare:

1. Since January, 2000, I have been employed as Manager, Market Intelligence and Segmentation, Marketing Department, United States Postal Service headquarters. My responsibilities include the assessment of competition as it affects postal services, including First-Class Mail.
2. In response to Presiding Officer's Ruling No. C2001-3/14 (December 19, 2001), the Postal Service has provided for *in camera* inspection a copy of three different reports reflecting assessments of the First-Class Mail stream and some of the competition it faces, particularly from electronic alternatives. The Postal Service also has provided those portions of a fourth report of the same nature that pertain to First-Class Mail. Each of these reports was obtained from my office, as I rely upon the data and analysis contained in these documents in assessing the competition faced by the First-Class Mail stream and developing market strategies, as part of my responsibilities as Manager, Market Intelligence and Segmentation.
3. The Postal Service considers each of these reports to consist of privileged, commercially sensitive and proprietary market research, which should not be disclosed publicly. The reports reflect a portion of the Postal Service's investment in market research and, if publicly disclosed, would be a windfall to competitors who otherwise would have to pay for similar research. Access to these reports by postal competitors would enhance their ability to assess the marketplace in which First-Class Mail competes and would provide them with insight regarding how best to focus their efforts to divert transactions away from the First-Class Mail stream. The expected result would be harm to the economic interests of the Postal Service.

4. These reports reinforce the concern that a competitor could use disaggregated ODIS and EXFC for the purpose of targeting specific city-pair markets for services to compete with First-Class Mail. Access to disaggregated city-pair ODIS time-in-transit data and EXFC service performance data would allow a postal competitor to gain invaluable insight about the marketplace and product performance, to the detriment of the Postal Service's competitive interests.
5. Point-specific days-to-deliver data could be used by a postal competitor to identify with great specificity the strengths and weaknesses of First-Class Mail at the local market level, thereby allowing that competitor to target its marketing and other resources to areas of vulnerability, or to avoid competition where the Postal Service is perceived strongest.
6. As an example, I am aware of a financial service entity that has recently budgeted approximately \$45 million to market its electronic bill payment services to household customers. If that firm had access to the ODIS and EXFC data at issue here, it could use those data to more sharply assess which particular markets, on the basis of service, were more likely to produce opportunities for penetration, to the detriment of First-Class Mail volume.
7. As another example, I am aware of an insurance carrier that has seized upon the recent disruption of mail service caused by the contamination of the mail stream with anthrax to encourage policy holders to switch to an electronic bill payment option. The success of similar campaigns by other firms seeking to convert mail to electronic transactions would be enhanced if those firms had access to the ODIS and EXFC data at issue here. Such data would allow them to determine which origin-destination pairs were more susceptible to penetration based on appeals related to service performance. Targeted campaigns focused on specific markets, based on point-to-point postal data, would likely enhance the ability of such firms to penetrate the competitive market, to the detriment of the Postal Service.

January 4, 2002

Greg Whiteman