

USPS-T-4

BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, DC 20268-0001

CONFIRM

Docket No. MC2002-1

DIRECT TESTIMONY OF
BETH B. ROTHSCHILD
ON BEHALF OF
UNITED STATES POSTAL SERVICE

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DIRECT TESTIMONY
OF
BETH B. ROTHSCHILD

AUTOBIOGRAPHICAL SKETCH

I am Beth B. Rothschild, a Vice President at National Analysts, a 55-year old research and consulting firm. My primary responsibilities are the management of the firm's Postal Service research and consulting practice. I also manage assignments in the financial services, retailing, lodging, and chemicals arenas. I bring to my Postal Service assignments business and marketing strategy knowledge developed in other key industries and markets including, but not limited to, hard and soft goods, foods and beverages, personal care, household care products, electric utilities, public transportation, and international services.

I am a member of the firm's Senior Management Committee. I supervise a staff of researchers and consultants. Since joining the firm in 1971, I have managed studies for clients in the public and private sectors. My most significant public sector clients include the Postal Service, the U.S. Mint, and the United States Departments of Agriculture, Health and Human Services, Transportation, Defense, and the Treasury. Private sector clients have included many top Fortune 500 companies in business-to-business and business-to-consumer delivery, financial, retailing and service sectors. I am well known for development of marketing strategies, guidance of new product development and product positioning, and performance of competitive analysis.

In this proceeding, I served as the Officer-in-Charge on the Confirm Market Research Study which appears in USPS-LR-1/MC2002-1. For the Certified Mail Research Study, which appears in USPS-LR-J-121/R2001-1, and the Ride-Along Research Study, which appears in USPS-LR-J-116/R2001-1, I served as the Officer-in-Charge and provided documentation and testimony before the Postal Rate Commission. For the Mailing Online Study, USPS-LR-2/MC98-1, I provided documentation, prepared interrogatory

1 responses, and testified before the Postal Rate Commission to support the Postal
2 Service's introduction of the Mailing Online product.

3
4 I submitted documentation on my firm's conduct of the Priority Mail Delivery
5 Confirmation Market Response Research Study in USPS-LR-H-166/R97-1. This study
6 was also presented to the Postmaster General and Board of Governors when they were
7 in the process of considering further investment in delivery confirmation and tracking
8 technology.

9
10 I provided documentation to the Postal Rate Commission supporting the Postal
11 Service's proposed changes in overnight and two-day delivery standards, Docket No.
12 N89-1. In addition, I assisted in the preparation of interrogatory responses regarding
13 the qualitative research underlying the flats barcoding case, Docket No. MC91-1.

14
15 I have served as my firm's chief sponsor of Great Lakes College Association study
16 internships since 1977. I have delivered speeches and lectures on market
17 segmentation strategies based upon needs to business executives at the Institute for
18 International Research and to students in various graduate schools, including the
19 Wharton School of the University of Pennsylvania and Marketing Research Program at
20 the University of Georgia. I am National Analysts' representative to the Board of
21 Directors of the University of Georgia's Masters in Marketing Research Program. I have
22 also delivered papers at several Direct Marketing Association (DMA) Annual
23 Conferences and was a featured speaker at the Universal Postal Union's World
24 Conference on Direct Mail in Beijing, China.

25
26 I attended Northwestern University, where I received my B.A. in Sociology. In my senior
27 year, I was elected to *Phi Beta Kappa*. I have also received advanced training in survey
28 sampling, research design, and epidemiological measurement techniques.

1 PURPOSE AND SCOPE OF TESTIMONY

Confirm[®]

2 I. Overview

3
4 National Analysts was commissioned by the Postal Service to perform survey research
5 in order to assess the market demand for the Confirm[®] products at two different pricing
6 scenarios. The Postal Service intends to offer three levels of service – Silver, Gold and
7 Platinum – that potential users can select to electronically track their incoming and/or
8 outgoing mail pieces. Participants in the Confirm pilot program and non-pilot large
9 volume mailers (i.e., those who had FY2000 First-Class Mail or Standard A Mail permit
10 imprint expenses that were greater than \$500,000) were interviewed to determine their
11 interest in obtaining one or more subscriptions for the Confirm product. Both non-
12 reseller companies (i.e., primary mailers/owners) and resellers (e.g., mail preparers,
13 printers, etc.) were interviewed, since the Confirm product is intended for usage by both
14 types of mailers.

15

1 II. Methodology

2

3 The sample design for this study involved two stages: 1) a simple stratified sample of
4 business locations identified as high volume mailers by the U.S. Postal Service (i.e.,
5 over \$500,000 annual FY2000 permit imprint expenses in First-Class Mail or Standard
6 A Mail); and 2) a sample of 639 current/past registered Confirm customers. Prior to
7 sampling, the Postal Service locations in the registered customer file were removed,
8 leaving 561 business locations for sampling purposes. The registered and non-
9 registered customers' files were merged and deduplicated, and the combined file of
10 business locations was stratified into one of four groups: 1) Registered Customers; 2)
11 High First-Class Mail Only; 3) High Standard A Mail Only; and 4) High First-Class and
12 Standard A Mail. An attempt was made to contact all 4,734 companies included in the
13 sampling frame.

14

15 Five survey documents were used for each interview. These included: 1) screening
16 form, 2) product description, 3) cover letter; 4) interviewer worksheet, and 5) main
17 questionnaire. Similar, although not identical, screening forms were developed for
18 registered and non-registered customers. Separate product descriptions were
19 produced and distributed to participants who were eligible for Destination Confirm,
20 Origin Confirm, or Confirm (covering both Destination and Origin services).
21 Accompanying the product description was a cover letter describing the study and
22 acknowledging participation. In addition, an interview worksheet was crafted and
23 distributed after the screening and prior to the interview, so that respondents could
24 record the different pricing scenarios during the interview. Lastly, 12 different
25 questionnaire versions – six for non-resellers and six for resellers – were developed.
26 For non-resellers, an Origin only, a Destination only, and an Origin/Destination
27 questionnaire version was developed and within each, the two pricing scenarios were
28 rotated, yielding a total of six versions. The same was done for resellers. See USPS-
29 LR-1/MC2002-1, pages 4-7, for a detailed description of survey documents.

30

31 Once the screeners and questionnaires were finalized, they were programmed into the
32 Computer Assisted Telephone Interview (CATI) system and the programs were checked

1 thoroughly by my staff. The CATI system was used because it substantially reduces
2 errors by performing logic and consistency checks during the interview.

3

4 Within non-reseller organizations, respondents were recruited from four departments/
5 functional areas -- marketing, outgoing billing, incoming payments/donations/orders,
6 and fulfillment. Respondents were considered eligible if they were the decision-maker
7 for their department's incoming and/or outgoing mailings. In some cases, where
8 appropriate, respondents were classified as the decision-maker for more than one
9 department/functional area. A maximum of one person per department/functional area
10 was recruited, yielding no more than four separate interviews per non-reseller
11 organization. Attempts were made to recruit one person from each reseller organization
12 who was knowledgeable about all eligible mail. These respondents were required to be
13 the person most responsible for the mailing services offered to clients (e.g., VP or
14 Senior Director of Sales/Account Management).

15

16 At the time of the interview, participants were randomly assigned to receive either the
17 higher or lower price point sets first, such that one-half was exposed to the lower one
18 first and one-half to the higher one first. See USPS-LR-1/MC2002-1, page 7, for price
19 points. At the time of the interview, it was first verified that participants had read the
20 Confirm product description mailed to them; if not, the respondent was given time to
21 read the product description or the interview was rescheduled. A brief description of the
22 product and its benefits was then read to respondents and they were instructed to fill in
23 the prices for the first scenario on the interview worksheet.

24

25 After responding to the survey questions for the first set of price points, participants
26 were then instructed in how to complete the second scenario on the interview worksheet
27 (with the next set of price points) and were asked identical questions regarding their
28 interest in, and propensity to purchase, the Confirm product at the second set of price
29 points. Non-resellers were asked about subscriptions they would purchase for mailings
30 processed in-house only, while resellers were asked about the total number of
31 subscriptions they would purchase, including those for their company's own internal
32 mailings and for their clients' mailings to avoid any duplication with non-sellers.

1
2 The interviews were conducted by experienced CATI interviewers and an extensive
3 system of interviewer training and quality control procedures was employed to ensure
4 that accurate data were collected. See USPS-LR-1/MC2002-1, page 9, for data
5 collection quality control procedures. In addition, the data were subjected to a rigorous
6 set of electronic and manual cleaning checks, and an extensive outlier checking and
7 callback process prior to weighting and the production of data tabulations. See USPS-
8 LR-1/MC2002-1, page 11, for data processing procedures.

9
10 Final analysis weights were assigned to completed interviews corresponding to the
11 number of individual buyers that an interviewed individual represented. See USPS-LR-
12 1/MC2002-1, pages 12 – 18, for a detailed description of the weighting procedures.

13

1 III. Results

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3 A total of 696 interviews were completed with resellers/non-resellers and registered/
4 non-registered Postal Service customers across the three product categories, of which
5 684 were used in the analyses. See USPS-LR-1/MC2002-1, page 10.

6

7 In order to calibrate our estimates, we asked respondents their likelihood of purchasing
8 at least one subscription on a scale from 0 to 100%. Based upon instructions from the
9 Postal Service, we applied an adjustment such that only those respondents who said
10 they were greater than or equal to 80% likely to purchase at least one Confirm
11 subscription were included in the estimates. In addition, to calculate the actual number
12 of subscriptions, additional scan increments and additional Mailer ID's¹ that would be
13 purchased, we multiplied their responses by the percentage corresponding to their
14 likelihood of purchasing at least one CONFIRM subscription.

15

16 The subscription, scan, and Mailer ID estimates and their associated standard errors
17 are displayed in the table on the following page.

18

¹ The Postal Service later determined to identify what I call 'Mailer ID' as 'ID Code'.

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Expected Numbers of Subscriptions, Scans, & Mailer Ids
to be Purchased in 2002
-- Low Price Point --

	Value	Standard Error	Lower Limit CI (95%)	Upper Limit CI (95%)
Silver				
Number of respondents who would purchase a subscription	89	14.61	64	123
Number of respondents who would purchase added scans	32	12.57	15	69
Number of respondents who would purchase added Mailer IDs	59	13.11	38	91
Total number of subscriptions	111	18.98	79	155
Total number of additional scans	37	19.18	13	102
Total number of additional Mailer IDs	144	47.36	76	274
Gold				
Number of respondents who would purchase a subscription	580	57.28	478	703
Number of respondents who would purchase added scans	149	18.47	116	190
Number of respondents who would purchase added Mailer IDs	227	31.58	173	298
Total number of subscriptions	654	66.64	536	799
Total number of additional scans	186	41.31	116	296
Total number of additional Mailer IDs	364	83.73	232	572
Platinum				
Number of respondents who would purchase a subscription	361	44.77	283	460
Number of respondents who would purchase added Mailer IDs	185	25.40	142	243
Total number of subscriptions	361	44.77	283	460
Total number of additional Mailer IDs	653	133.05	438	973

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