

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

CUSTOMIZED MARKET MAIL MINOR
CLASSIFICATION CHANGES

Docket No. MC2003-1

**RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS ASHE TO INTERROGATORIES OF THE OFFICE OF CONSUMER
ADVOCATE (OCA/USPS-T1—14-19(A-B), 20-21)**

The United States Postal Service hereby provides the response of witness Ashe to the following interrogatories of the Office of Consumer Advocate: OCA/USPS-T1—14-19(a-b), 20-21, filed on March 25, 2003. An objection to interrogatory OCA/USPS-T1—19(c) was filed on April 1, 2003. The interrogatories are stated verbatim and are followed by the responses.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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April 3, 2003

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OCA/USPS-T1-14. No one is willing to pay for such a review; rather, they believe that the Postal Service should provide the service without a fee because it will benefit from added mail volume if such pieces were permitted.

(a) In establishing the price of mailing a CMM mail piece, did you incorporate the cost of reviewing the specification drawings or prototypes of a CMM piece?

(b) If your response to part “a” of this interrogatory is affirmative, please provide your estimate of the cost of the review. Please include copies of all documents, analyses, notes, workpapers and data sources used in developing the estimate. Provide copies of all source documents relied upon, cite all sources used and show the derivation of all calculated numbers.

(c) If your response to part “a” of this interrogatory is negative, please explain why you did not include the cost of reviewing a CMM mail piece.

RESPONSE:

(a) - (c) Not applicable. As stated in my testimony at p. 11, lines 14-16, “[d]esign approval would not be required, and physical or graphic content would be subject to existing standards and statutes.”

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OCA/USPS-T1-15. The following refers to USPS-LR-2, question number 6, part 2, page 3, of the questionnaire titled “Screener – Chicago MarketMail Advertisers.” Please explain what the acronym “FSIs stands for and provide a copy of an example.

RESPONSE:

The acronym “FSIs” stands for free-standing inserts. It is a commonly used advertising term that corresponds to the advertisements that are inserted into newspapers (most typically on Thursdays, Saturdays, and Sundays) as stand-alone pieces. They are distinguished from “ROPs,” which are “run-of-press” ads. ROPs are placed in newspapers on the same pages as news and feature stories. These terms are very familiar to both advertising executives (e.g., account managers, etc.) and advertisers. Respondents were not shown a copy of a typical FSI, since they were screened by telephone. It was not necessary to show such a sample during the focus group sessions, since the focus was on Customized MarketMail. Several examples of pages from FSIs from last Sunday's *Washington Post* are attached.

SUPER VALUE!

BUY ONE GET ONE FREE!

32-CARD GENUINE LEATHER CREDIT CARD CASE

FREE!

For each one ordered @ \$4.97

www.DreamProductsCatalog.com



**Holds Up To 32 Credit Cards, ID's & Photos!
Compact for Pocket or Purse**

Dept. 3018 © 2001 Dream Products, Inc.

Get It All Together For Under \$5.00!

Organize all your cards and photos in one handy place. Compact 3" x 4" leather case holds up to 32 credit cards, IDs or photos to take with you anywhere. Beautifully crafted in imported leather with brass corner accents. A great gift for him or her. Fits easily in pocket or purse. In fabulous fashion colors.

Satisfaction Guaranteed or Return For Your Money Back

32-CARD CREDIT CARD CASE - Buy 1 Get 1 FREE! (Please Indicate Qty Of Color For: \$4.97 Case & Free Case) Dept 3018

Color	BLACK	BROWN	BURGUNDY	TAN	TOTAL
Price	88548	88549	88550	88551	\$
@ \$4.97 each					
@ FREE	88552	88553	88554	88555	FREE

CA residents must add 7% sales tax \$

Must Add S/H: \$3.95/1st set of 2. (\$4.97 & FREE One) \$

Add \$1.00 for each addnl. set of 2. (\$4.97 & FREE One) \$

Please Print Clearly

TOTAL \$

Enclosed is my check or money order payable to **Dream Products, Inc.**
Charge my: VISA MasterCard Discover@NOVUS™ Cards

Card# _____ Exp. / ____/____

Name _____

Address _____

City _____ ST _____ Zip _____

Phone # _____

Dream Products, Inc., 412 DREAM LANE, VAN NUYS, CA 91496

The Danbury Mint
47 Richards Avenue
Norwalk, CT 06587

Violet
by Cindy Marschner Rolfe

Send
no money
now.

Name _____
Address _____
City _____
State _____ Zip _____

(Please print clearly.)

Yes! Reserve *Violet* for me as described in this announcement.

Signature _____
(Orders subject to acceptance.)

Allow 4 to 8 weeks after initial payment for shipment.

8331K100

REGISTRATION FEE \$4.95



Doll shown smaller than actual seated height of approximately 13", including basket.

the Danbury Mint

Your heart will melt for...

Violet

by Cindy Marschner Rolfe

A breathtaking porcelain replica of the 2001 Doll Reader® Magazine award winner!

Little *Violet* looks absolutely precious as she sits ready to blow a blossom in your direction! Designed by Cindy Marschner Rolfe, the original doll was honored with two coveted awards from *Doll Reader Magazine* — a 2001 DOTY™ Industry's Choice and a 2001 DOTY™ "Public's Choice" Award. Now, the Danbury Mint brings you a special collector's edition of this adorable porcelain doll.

Exquisitely crafted. Order today!

Violet's wide-eyed innocence will take your breath away. The doll's head, torso, arms and legs are crafted of fine porcelain, and her features are expertly painted by hand. She wears a garland of violets in her hair, is dressed in a stunning violet tunic, and is playfully posed sitting upon an upturned wicker basket accented with more violets. *Violet* can be yours for just \$119, payable in four installments of \$29.75 (plus a \$12 total shipping and service charge). Your satisfaction is guaranteed. Order today!

Coils of the Year™ and DOTY™ are registered trademarks of Doll Reader® © MBI

EXTRA! EXTRA! EXTRA COUPONS ONLINE AT... SmartSource.COM™ PRINT YOUR OWN MONEY-SAVING GROCERY COUPONS ANYTIME!

Experience
Long Lasting Freshness
 from start
 to finish...



with the same great scents from
Gain® and Bounce®

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CONSUMER: Redeem **ONLY** by purchasing the brand size(s) indicated. May not be reproduced. Void if transferred to any person, firm or group prior to store redemption. You pay any sales tax. Any other use constitutes fraud. **LIMIT ONE COUPON PER PURCHASE.**

DEALER: Sending coupons to Procter & Gamble, 2150 Sunnybrook Drive, Cincinnati, Ohio 45237 signifies compliance with "Requirements for Proper Coupon Redemption." Copy available by writing to the above address. Cash value 1/100 of 1¢ 030316

33990

MANUFACTURER COUPON

EXPIRES 4/30/03

33990



off two any size liquid or powder



5 37000 12533 9 (8100) 0 33990

MANUFACTURER COUPON

EXPIRES 4/30/03

\$100 OFF



5 37000 26276 8 (8100) 0 32003

Visit
caltratecolonhealth.com
 For More
 Information
 on Colon Health

MANUFACTURER'S COUPON EXPIRES 09/31/09
SAVE \$100
 on Caltrate[®] ColonHealth[™]

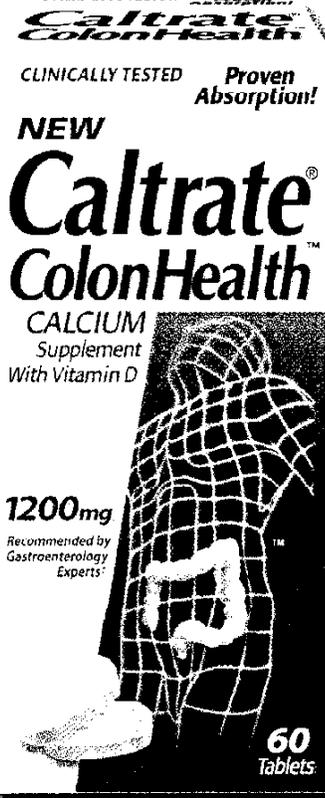


RETAILER: Send this coupon to Wyeth Consumer Healthcare, P.O. Box 880130, E. Palo Alto, CA 94388-0130 for reimbursement at face value plus 8% handling if submitted in compliance with the Wyeth Consumer Healthcare Redemption Policy available upon request. Any other use constitutes fraud. Void if reproduced, transferred, or where taxed, prohibited or restricted by law. Customer pays sales tax. Cash value 1/100 of 1¢. LIMIT ONE COUPON PER PURCHASE.



© 2002 Wyeth Consumer Healthcare

NEW! **Caltrate[®]**
ColonHealth[™]



A major clinical study[†] suggests that taking 2 Caltrate Colon Health tablets daily may help promote colon health.*

Gastroenterology experts now recommend 1200 mg of calcium daily from calcium carbonate (as in 2 Caltrate Colon Health tablets daily) to help promote a healthy colon!*

† THESE STATEMENTS HAVE NOT BEEN EVALUATED BY THE FOOD AND DRUG ADMINISTRATION. THIS PRODUCT IS NOT INTENDED TO DIAGNOSE, TREAT, CURE OR PREVENT ANY DISEASE.

Wyeth
 © 2002 Wyeth Consumer Healthcare. † Study used 600 mg tablets of Caltrate.

From Bone Health To Colon Health
 It's Never Too Late For Caltrate[®]



Priceless Portraits
with No Sitting Fees
or Hidden Costs!

NEW
Backgrounds!



WAL★MART

Portrait Studio

\$4.88

No Fees!
No Hidden Costs!
Portrait Package Includes:
One - 10 x 13, Two - 8 x 10s,
Three - 5 x 7s, Four - 3 1/2 x 5s
and 21 Wallets

Open 7 days a week! Sunday thru Friday 10am - 7pm (Closed for Lunch 2-3pm)
Saturday 9am - 8pm

Portrait Studios are located in select Wal-Mart stores.
Call 1-800-599-4343 or go to www.goPortraits.com to find the studio nearest you.
Appointments available. Walk-ins welcome.

NO SUBJECT FEES OR ADDITIONAL CHARGES. Limit one advertised package per family, please. Up to six additional poses taken for custom collection with no obligation to purchase. Sizes approximate. Backgrounds and props may vary by location. Your choice of available backgrounds; some group and age limitations apply.



product
portrait

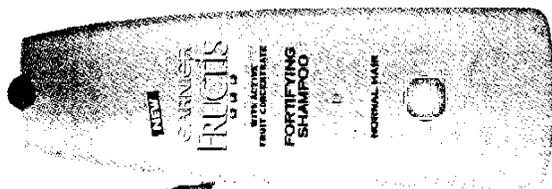


NEW **GARNIER**
FRUCTIS

SAVE \$1.00

The First Fortifying Shampoo created
with active fruit concentrate from Garnier

For hair that shines
with all its strength.



Created with vitamin-packed active fruit



concentrate, the Garnier Fructis System™

nourishes hair from root to tip and



strengthens the strand. It's proven: the

Garnier Fructis System makes hair up to



5x stronger and smoother

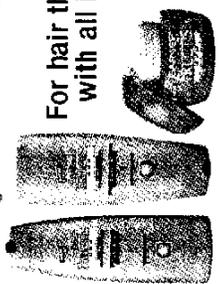
for brilliant shine.**

© 2003 Garnier LLC. Garnier Fructis System of Fortifying Shampoo, Conditioner and Deep Conditioner.
**In brushing/conditioning tests, compared to an ordinary shampoo.

www.garnierfructis.com

MANUFACTURER'S COUPON | EXPIRES 06/30/03

SAVE \$1.00
on any new Garnier Fructis product.



For hair that shines
with all its strength.

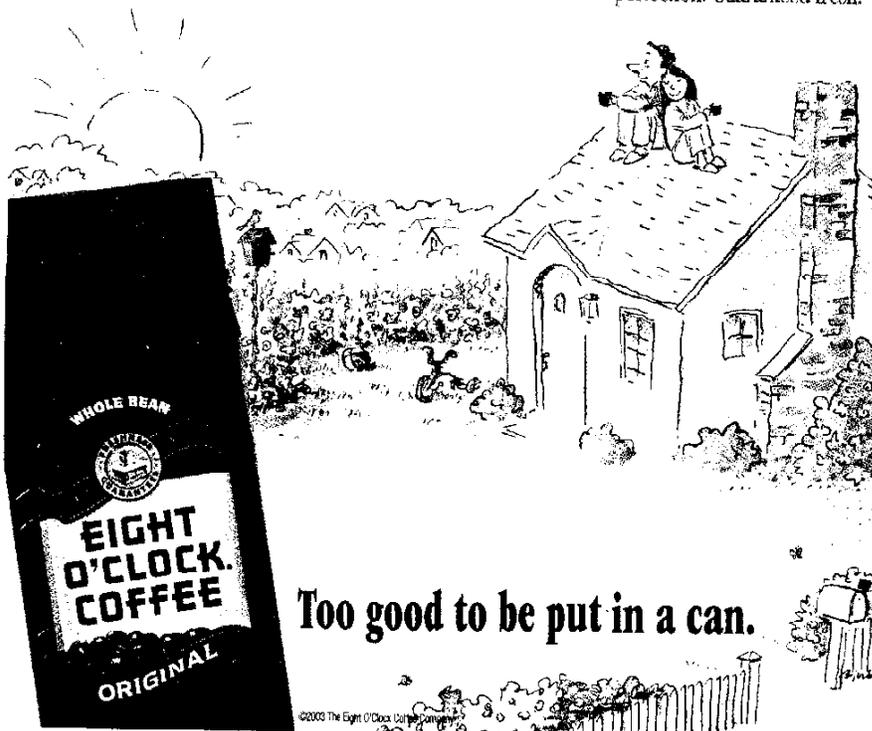
601545



5 03084 12 17 6 5 (8100) 6 60154

GARNIER

It must be the beans.
 Premium Arabica beans. Roasted to perfection. Guaranteed fresh.



Too good to be put in a can.

MANUFACTURER'S COUPON EXPIRES 06/01/03
SAVE \$1.00/2

On Any Eight O'Clock® Coffee Products



Too good to be put in a can.

Coupon valid only on brand/size stated. One coupon per purchase. Void if copied or transferred. Consumer pays any sales tax. **GROCEER:** We will pay face value of coupon plus 8¢ handling on stated product only. Proof of purchase of sufficient stock of product must be provided on request. Coupon void where prohibited, taxed or restricted. Cash Value 1/100¢. Mail coupons to Eight O'Clock Coffee, CMS Dept.#11141, One Fawcett Drive, Del Rio, TX 78840.



5 11141 00033 5 (8100) 0 00175

FRESH FULLY COOKED
 LOW FAT
 RESEALABLE BAG

PERDUE
Short Cuts
 Carved Chicken Breast
 Original Roasted

NET WT. 10 OZ. (284g) VACUUM FRESH PACK

Roasted Chicken from the Chicken Experts™

Salad, Fajita, Pasta...
 Great-tasting PERDUE® SHORT CUTS® Carved Chicken and Entrées are pre-cooked, pre-seasoned and ready to add to your favorite meals.
So Versatile, it's really up to you.

www.perdue.com™ © 2003 Perdue Farms Incorporated

MANUFACTURER'S COUPON EXPIRES 5/1/03
SAVE \$1.50/2

on any TWO packages of PERDUE® SHORT CUTS® Entrées or SHORT CUTS® Carved Chicken



Find them in your grocer's fresh meat case!

RETAILER: Perdue Farms Incorporated will reimburse you for the face value of this coupon plus 8¢ if submitted in compliance with our redemption policy. Copies available upon request. Void if copied, prohibited or regulated. Cash value 1/50 cent. Send to: PERDUE FARMS INCORPORATED, P.O. Box 870123, El Paso, TX 88587-0123. ONE COUPON PER PURCHASE. Coupon expires 5/1/03.



5 72745 45036 0 (8100) 0 14304

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OCA/USPS-T1-16. USPS-LR-2 provides copies of the two telephone surveys (Advertisers and Ad Agencies) conducted in Chicago. Were identical telephone surveys used in New York? If not, please provide a copy of each survey used in New York and fully explain where the New York and Chicago surveys differ; and, why they differ.

RESPONSE:

Yes. Identical surveys were used in New York.

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OCA/USPS-T1-17. Please refer to USPS-LR-2, question number 14, page 6, of the questionnaire titled “Screener – Chicago, MarketMail – Advertisers.”

a. Please provide a table showing the total number of respondents, New York and Chicago, for each ranking level of interest. For example:

Ranks	1	2	3	4	5	6	Total
Total per rank							Total Rankings

b. Please provide the total number of New York and Chicago advertisers that were called for this survey.

c. For the New York and Chicago advertiser discussions, please provide the total number of advertising personnel that were available on the date of the survey.

d. For the New York and Chicago advertiser discussions, please provide the total number of different advertising firms represented.

RESPONSE:

(a) Eighteen advertiser executives completed the screening form and attended the focus group sessions. As shown in the chart below, 15 of the 18 respondents gave a rating of 5 or 6 to the question regarding how likely or unlikely they would be to send an irregular piece of advertising mail.

1	2	3	4	5	6	Total
---	1	1	1	7	8	18

(b) The telephone portion of this project was merely used to identify eligible companies/respondents who could then be invited to the focus group discussions in each city. The recruiters from the focus group facilities used by National Analysts consulted telephone directories, their own database, and other sources to identify potential advertising executives for screening purposes. They were

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not specifically asked to keep track of the total number of calls they made to complete their screening/recruiting efforts, as is customary for focus group recruiting. Therefore, the total number of advertisers called is not available.

(c) Ten advertisers were recruited for each group, for a total of 20, with 18 executives ultimately attending the focus groups. This number represents the number of individuals who were screened, eligible, and available to attend the focus group sessions on the dates and times established for these groups.

(d) The unique number of advertisers (companies) represented in these groups was 18. Only one individual per company was recruited.

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OCA/USPS-T1-18. Please refer to question number 9, of USPS-LR-2, page 4 of the questionnaire titled “Screener – Chicago, MarketMail – Ad Agency.”

a. Please provide a table showing the total number of respondents, New York and Chicago, for each level of interest. For example:

Ranks	1	2	3	4	5	6	Total
Total per rank							Total Rankings

b. Please provide the total number of New York and Chicago ad agency personnel that were called for this survey.

c. For the New York and Chicago ad agency discussions, please provide the total number of ad agency personnel that were available on the date of the survey.

d. For the New York and Chicago ad agency discussions, please provide the total number of different ad agencies represented.

RESPONSE:

(a) There were a total of 18 advertising firm executives who completed the screening form and attended the focus group sessions. As shown in the chart below, 15 of the 18 respondents gave a rating of 5 or 6 to the question regarding how likely or unlikely they would be to send an irregular piece of advertising mail. Please note that one respondent did not complete this question.

1	2	3	4	5	6	Don't Know	Total
---	---	1	1	2	13	1	18

(b) As noted in OCA/USPS-T1-17(b), no specific records of the number of telephone contacts were maintained, as is customary for focus group recruiting. Therefore, this figure is not available.

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(c) Ten advertising executives were recruited for each group for a total of 20, with 18 executives ultimately attending the focus group session. This number represents the number of individuals who were screened, eligible, and available to attend the focus group sessions on the dates and times established for these groups.

(d) The number of unique advertising agencies represented was 18. Only one individual per agency was permitted to attend the focus group discussions.

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OCA/USPS-T1-19. The following refers to USPS-LR-2, “Customized MarketMail Study Ad Agency Discussion Guide.”

- a. Was the same Ad Agency Discussion Guide used in both the New York and Chicago discussion groups? If not, please provide a copy of the second Ad Agency discussion guide.
- b. If the discussion guide used for the two Advertiser groups differed from that used for the ad agency discussions, please provide a copy of each Advertiser Discussion Group Guide used and explain why the advertiser guides differed from the ad agency guides.
- c. In the discussion guide introduction, the ground rules indicate that the discussions may have been audio taped. Please provide copies of all audio tapes and video tapes made during each of the four discussions.

RESPONSE:

- (a) The same Ad Agency Discussion Guide was used in both cities.
- (b) There were two different discussion guides: one for advertising agency executives and one for advertiser decision-makers. The advertiser discussion guide was filed as an attachment to OCA/USPS-T1-5. Many of the same topics were covered in both guides. However, the ad agency guide asked for the executives to think about the clients they service and the various design and production considerations that go into dealing with their clients. The advertiser guide focused explicitly on advertisers’ own companies and the philosophies and practices they use for making their direct mail design and production decisions.
- (c) An objection to this subpart has been filed.

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OCA/USPS-T1-20. The following refers to your testimony at page 10, lines 5 through 7. Please explain what you meant by the following: “drop shipment containers would be limited to three sizes per mailing”

- a. What are the three box sizes?
- b. What are the three envelope sizes?
- c. Can a mailing consist of boxes and envelopes?

RESPONSE:

(a) & (b) The Postal Service does not intend to prescribe the exact types and sizes of the boxes and envelopes that would serve as containers eligible for dropshipment of Customized Market Mail (CMM) pieces to delivery units. See my testimony at p. 8, lines 4-11. In order to minimize the complexity of CMM entry verification procedures, a maximum of three different types of containers could be used in a given mailing. For example, a mailer could enter a CMM dropshipment mailing that consists of ten 16” x 16” x 16” Priority Mail boxes, each containing CMM mail pieces; ten 15” x 15” x 15” Express Mail boxes, each containing CMM mail pieces; and ten 14” x 14” x 14” Express Mail Boxes, each containing CMM mail pieces. The mailing would be eligible because it would consist of 30 boxes of CMM mail pieces using no more than three different types of containers.

(c) Yes, a combination of both boxes and envelopes could serve as dropshipment containers for a single CMM mailing.

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OCA/USPS-T1-21. The following refers to page 10, lines 17 to 20 of your testimony. You indicate that the CMM mail piece must be “sufficiently flexible to withstand movement in the mailstream, the normal handling required for casing and delivery, and folding or rolling to fit in a small mail receptacle (such as a post office box).”

a. USPS-LR-1 provides examples of a thin cardboard motorcycle and car cutout. However, the maximum thickness of a CMM mail piece is three-fourths of an inch. Please explain what materials you envision mailers using such that the material is sufficiently flexible when three fourths of an inch thick.

b. In order to understand the dimensional requirements for CMM mail, please provide four examples of CMM qualifying mail pieces that are three-fourths of an inch thick, 12 inches high and 15 inches long.

c. In your testimony at page 10 and 11, you indicate that CMM mail pieces must be sufficiently flexible to fit into a small mail receptacle. Please explain why a sufficiently flexible mail piece that can fit into a small mail receptacle must be marked with a Carrier Release marking. (See also, USPS-T2, page 2, lines 11 through 14.) Include in your response examples of “sufficiently flexible mail pieces” that would not fit into a small mail receptacle.

RESPONSE:

(a) - (b) The Postal Service does not have samples that are responsive to this request. Also, for purposes of clarity, the motorcycle and automobile cut-outs provided in USPS-LR-1 are made of a plastic synthetic material, and not of cardboard, as indicated in the question. A possible example of a CMM piece at $\frac{3}{4}$ ” thickness could be a piece that is constructed out of a sponge-like material.

(c) The Postal Service does not have samples that are responsive to this request. The proposed requirement for the use of the carrier release marking on CMM mail pieces will enable carriers to deliver CMM pieces on the first delivery attempt, subject to carrier release guidelines. Without knowing the dimensions of the “small mail receptacle” in question, it is difficult to assess the need for a

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carrier release marking on a given piece of CMM mail. Suffice it to say that small mail receptacles come in a variety of shapes and sizes. The requirement is particularly helpful when, despite his or her best efforts, the carrier cannot insert the piece into the small mail receptacle (for example, because the receptacle is stuffed with other items). In such instances, the carrier release marking will permit the carrier to leave the piece in a safe location for the recipient of the mail piece, thereby averting the need for the piece to be returned to the carrier station for further handling. Without the carrier release marking, if the piece does not fit in the mail receptacle and the customer is not home, the Postal Service would likely have to leave a delivery notice at a residential delivery address requesting that the customer travel to the delivery station to retrieve the CMM piece. Because it is believed that customers would not want to incur the time and expense of traveling to a delivery unit to retrieve a piece of advertising mail, the product description has incorporated features that eliminate handling procedures after the first delivery attempt.