

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

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EXPERIMENTAL PARCEL RETURNS SERVICES

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Docket No. MC2003-2

RESPONSE OF UNITED STATES POSTAL SERVICE  
WITNESS WITTNEBEL TO INTERROGATORIES OF  
THE OFFICE OF THE CONSUMER ADVOCATE  
(OCA/USPS-T4-1-8)

The United States Postal Service hereby files the responses of witness Wittnebel to the following interrogatories of the Office of the Consumer Advocate:

OCA/USPS-T4-1-8, filed on June 12, 2003.

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

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.  
Chief Counsel, Ratemaking

Scott L. Reiter  
Attorney

475 L'Enfant Plaza West, S.W.  
Washington, D.C. 20260-1137  
(202) 268-2999; Fax -5402  
June 23, 2003

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OCA/USPS-T4-1. In your testimony at page 2, you discuss the characteristics of the Newgistics SmartLabel™.

- a. Was the SmartLabel™ developed specifically for use with the proposed Parcel Return Services? If not, please explain the history of the label.
- b. If the label is or could be used for services other than Parcel Return Service, please explain any differences in the label when used for different services.
- c. Has the Postal Service approved this label for use with Parcel Return Service?
- d. Please provide a sample or a prototype of the Newgistics SmartLabel™ for each of the USPS services for which it is designed.
- e. Are there any postal services currently in place that use the Newgistics SmartLabel™? If so, please list them.
- f. Do any other carriers, such as United Parcel Service or Fedex, carry returned items via a Newgistics SmartLabel™? If so, please list them.
- g. Please list other channels, aside from postal services, by which consumers and small businesses can return items using the Newgistics SmartLabel™.

**RESPONSE:**

- a. The SmartLabel™ was designed for use with return services offered by the Postal Service, potentially including the proposed Parcel Return Services.
- b. As shown below, the label is currently used for Merchandise Return Service. The label would be modified for future use for the proposed Parcel Return Services to include the required barcode, to indicate the appropriate service, and to meet other requirements to be specified by the Postal Service.
- c. A label is being submitted for final review and approval.
- d. A sample label is reproduced below.

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# Shop with Confidence

Returns are **Hassle-free** ...and **Worry-free**

A more convenient, cost-effective way to return.  
Introducing **SmartLabel™**.

**Pre-paid, pre-addressed peel-off return label** below

**You pay nothing up front** - the cost of return shipping, \$x.xx, is deducted from your refund

**No waiting in line** - easy drop-off at any U.S. mail location

#### Four Simple Steps

1. Complete and enclose the Return Form with your merchandise
2. Package the return and seal it securely with tape
3. Affix the adhesive SmartLabel (below) to your return package
4. Drop your package anywhere in the U.S. mail - at home, at work, or at the Post Office

We want you to be **100% satisfied** with your purchase. If for any reason  
you're not, simply return the item for a full refund.

MARY SAMPLE  
1234 MAIN ST.  
ANYTOWN, TX 78681



610 98 32362 0254 1 000024330

NO POSTAGE  
NECESSARY IF  
MAILED  
IN THE  
UNITED STATES

**MERCHANDISE RETURN LABEL**  
PERMIT NO. 4  
Newgistics, Inc. Pico Rivera, CA 90660  
1 W. Seymour Ave.

POSTAGE DUE UNIT  
USPS DETACHED MAIL UNIT  
P.O. BOX 6301  
ATLANTA, GA 31132-63014



e.

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- e. Yes, the Newgistics SmartLabel™ is being used for Merchandise Return Service.
- f-g. The SmartLabel™ is used only within the United States Postal Service.

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OCA/USPS-T4-2. In your testimony at page 2, lines 15 through 17, you list a number of methods consumers may use to enter into the mail stream a return package with a Newgistics SmartLabel™. Your list does not include placing the parcel in a collection box. Witness Gullo indicates that parcel returns may be placed in a collection box. (USPS-T1 at 11, line 22.) Can return parcels with Newgistics SmartLabel™ be mailed at a collection box? If not, please explain.

**RESPONSE:**

Yes, it is my understanding that a merchandise-return parcel can be mailed in a collection box because it is from a “known mailer.”

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OCA/USPS-T4-3. Your testimony includes an Exhibit A at page 5. The title of Exhibit A indicates that it estimates the characteristics of Parcel Returns [in percentages] delivered from Origin BMCs, and the source of the data is Newgistics, Inc.

- a. Please explain the phrase "Delivered From Origin BMCs".
- b. Please explain how the percentage of deliveries from origin BMCs is a satisfactory proxy to estimate the percentages of RBMC addressed returns that will be mailed from the various zones in the percentages listed, particularly since pickup will not necessarily be at every BMC.
- c. What is the basis for the Newgistics, Inc. information provided in the Exhibit?
- d. Four zone groups are set forth in the left-hand column of Exhibit A. Do these zones represent the distances returned parcels are carried from the consumers to the return BMCs or from the return BMCs to the retailers? Please explain.

**RESPONSE:**

- a. It is for a parcel returned from a consumer within that consumer's BMC service area.
- b. See response to part (a) above. It is our intent to pick up parcels at each BMC.
- c. The basis is the parcel history from our current offering.
- d. The zones represent the distances from the consumer to the BMCs.

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OCA/USPS-T4-4. Based on your extensive experience in the parcel and logistics industries (as related at page ii of your testimony), please offer your opinion on the ten most common channels for returning merchandise ordered from vendors such as those described at page 1, lines 9 – 13. (OCA asks that you consider “channels” to refer to discrete postal services, alternative carriers such as United Parcel Service or Fedex, and others of which you are aware). Please list these ten channels in order of the volumes carried, from largest to smallest.

**RESPONSE:**

The most common channels for returning parcels include: United Parcel Service, FedEx, and their affiliates (UPS Store, World Ship Centers, etc). I do not have information as to the volumes or rank.

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OCA/USPS-T4-5. In your opinion, will the availability of the proposed PRS products be likely to stimulate new merchandise purchases? Please discuss. If so, what percentage in additional overall merchandise purchases do you believe might be stimulated? Please explain your answer.

**RESPONSE:**

A convenient method of returning products can stimulate new merchandise purchases.

This comment is based on a study done by the Simon Management Group. I do not have information with specific percentage increases.

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OCA/USPS-T4-6. In your opinion, do you think that the proposed PRS products will cause a shift from other methods for returning merchandise, such as Priority Mail, intra- and inter-BMC Parcel Post, conventional Bound Printed Matter, United Parcel Service, Fedex, Airborne, and others, into PRS? Please discuss the likelihood and extent of any such shifts.

**RESPONSE:**

This proposed service is an ongoing business development. Thus, based on the experiences so far, and the design of the RBMC rate, the use of inter BMC packages will decrease. I do not have details to comment on the impact of other mail classes. I do believe, as indicated earlier, that the convenience of the SmartLabel™ will spur additional purchases via direct marketing and thus result in more overall business, including returns.

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OCA/USPS-T4-7. In your opinion, if the Postal Service were to give consumers access to delivery scan information collected at postal return facilities (described in USPS-T-1, at pages 9 – 10), would that reduce the number of calls to retailers that you mention in your testimony at page 2, lines 1 – 6? Please discuss.

**RESPONSE:**

It is my opinion that consumers would welcome the use of delivery scan information if it were made available to them. This certainly would result in fewer phone calls, reduced cost for the direct marketer, and improved consumer convenience.

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OCA/USPS-T4-8. Do you recommend that the Postal Service give consumers access to delivery scan information collected at postal return facilities (described in USPS-T-1, at pages 9 – 10)? Please discuss.

**RESPONSE:**

Yes, I do recommend consumers be given access to delivery scan information. The increased use of technology helps improve confidence in the Consumer's direct marketing experience. The result will be increased consumer use of direct marketing services.

## **CERTIFICATE OF SERVICE**

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

Scott L. Reiter

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Washington, D.C. 20260-1137  
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