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First-Class Mail Rate Change Research

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REPORT

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EXECUTIVE SUMMARY

The Postal Service conducted a qualitative marketing research study regarding possible changes in implementation of First-Class Mail rates, as well as solutions to convenience concerns with respect to stamp price changes. Four main concepts were investigated: 1) perceived effects of smaller more frequent rate changes and larger less frequent changes, 2) interest in First-Class Mail first ounce postage discounts for volume purchases, 3) purchase interest in a “Forever Stamp” and 4) preference for rounding in prices of First-Class Mail stamps.

The research included 24 focus groups among consumers and small office / home office businesses in 12 cities, chosen to include large, medium and small cities in terms of population. Groups were stratified by four geographic regions and within region, by city size and household income.

Each group consisted of 50% businesses and 50% consumers. Business participants were those responsible for decisions regarding choice of shipping services; residential customers included those responsible for taking care of the household’s mailing needs.

This report is based on the comments of 229 participants: 113 small and home-office businesses and 116 residential customers. Participants that had businesses also offered opinions on their residential mailing patterns.

Key Findings and Attitudes

Mailing Behavior. Most of the business and residential customers participating in the focus groups use postage stamps to pay postage on First-Class Mail. Most go to the Post Office to purchase stamps or have clerks apply postage. Some purchase at consignment locations (supermarkets, banks, ATMs) for convenience reasons; only a small proportion use electronic means or Stamps by Mail or Phone for purchasing stamps.

Most businesses and residential customers purchase books, sheets or coils of First-Class Mail stamps. Only a handful of customers make it a habit to purchase less than 10 stamps at a time or pre-stamped envelopes. Purchase quantity is usually determined by perceived need for stamps over a specific length of time. Business customers tend to buy multiple rolls to last at least two weeks, while residential customers often purchase one book at a time, which could last them one to two months.

EXECUTIVE SUMMARY (Cont'd)

Customers are not inclined to change their current purchase practices and purchase in greater quantities. Budget constraints – not having enough money to purchase more – is the most common reason given among residential customers. Businesses say they don't want to spend money for something they won't consume quickly. There is also a general concern that the postage rate might increase and then they would have to use make-up stamps.

For a good number of participants, purchasing stamps is not an inconvenience, so unless there is a strong incentive to do so, most will not change their habits.

Rate Change Behavior. Typical behaviors during a rate change include:

- Using up old stamps as much as possible before the rate change
- Buying make-up stamps to add to the old stamps
- Using double stamps (paying extra postage)
- Sending out mail early to have it postmarked before the rate increase

All customers agree that rate changes are never convenient, and most describe a rate change as “annoying” or “a minor inconvenience.” Since all customers have to accept the new price, they are quick to offer suggestions to make the process easier for them. Customers mention extending the time between rate changes, rounding of stamp prices, having new stamps available in advance, using a consistent date for implementing First-Class Mail rate changes (January 1 is most preferred.), extending a grace period to use old stamps, exchanging old stamps for new rate stamps and providing more written communications about the new rate and why the rate changed.

Phased Rate Changes. Overwhelmingly, almost all participants prefer less frequent changes. Fewer rate changes spaced further apart is the unanimous conclusion and recommendation in all 24 groups, when asked to choose between two plans for rate changes over the next four years. In fact many participants suggest even less change and embrace a plan that would set one rate for as much as five years at a time.

There is strong opposition and even resentment towards rate changes that occur annually. Businesses and residential customers want fewer hassles. The benefits they see to fewer changes include:

- Less confusion in remembering rates – not having mail returned for insufficient postage
- Less need for make-up stamps
- Not having to buy make-up stamps so many times
- Fewer lost stamps
- Not paying extra postage when they apply two first-ounce stamps
- Better feelings towards the Postal Service

EXECUTIVE SUMMARY (Cont'd)

Discounts on Bulk Purchase of First-Class Mail Stamps. Customers are interested in saving money on stamps and think a discount is a good idea. However, when offered discounts ranging from 0.6% to 3% for purchasing in bulk at the Post Office, most customers would not take advantage of the discount price. About one-half of businesses customers say they would purchase in bulk, but only about one-third of residential customers say the same.

The main factors that determine interest in bulk purchase are financial ability and willingness to spend the extra money and having to go to the Post Office to get the discount. Convenience was not perceived to be a primary consideration in the decision process, as most would not change their current purchase patterns for the proposed discount price.

Based on the tested requirement of purchasing “twice as many stamps in order to receive a discount,” it appears that the discount offer has to be 5 percent or more to bring about a change in purchasing behavior.

Forever Stamp. The Forever Stamp is a First-Class Mail first-ounce stamp that would be premium-priced above the prevailing rate and would be accepted forever as postage for First-Class Mail first-ounce mail. About half of the total participants say they would purchase Forever Stamps, and half would not. The concept appeals to participants mainly as an investment or hedge against future rate increases and secondarily for convenience in rate changes. The biggest hurdles to overcome would be explaining the stamp to the general public and convincing them of the sincerity of the forever claim. The word “forever” would probably be needed because it seems the best word to get the message across.

Rounding of First-Class Mail Stamp Price. Business and residential customers are about evenly split on their interest in having stamp rates that are rounded to the nearest nickel – 40, 45, 50, 55, etc. One-third prefers rounded numbers, one-third prefers exact pennies, and the remaining one-third of participants is neutral on the topic. Convenience of not having to deal with pennies and easier calculations are the main reasons for desiring rounded denominations. The objection to rounding is having to pay more than is necessary for the stamp.

EXECUTIVE SUMMARY (Cont'd)

Continuing Communications and Additional Research. Throughout the groups customers made comments that showed a lack of knowledge about the rate process and Postal Service organization and operations. Customer feel that the Postal Service should inform customers of impending changes and reasons for rate changes continually and well ahead of the planned implementation date. Customers made the following suggestions for information:

- Explanation of why the rate change is needed
- Charts listing all rates
- Postcards notifying customers of the implementation date
- Ways to make a rate change easier for specific customer segments
- Availability of alternative means of purchasing stamps

I. INTRODUCTION

I-A. Background and Purpose

The United States Postal Service is examining a phased approach to rate changes in response to some customers who have indicated they prefer smaller, more frequent rate changes. The Postal Service has traditionally requested and implemented all rate changes at once, in a rate change process that can take up to 18 months to complete. Under a phased approach, the Postal Service would request that the Postal Rate Commission approve multiple rate changes in advance, to be implemented on specific dates.

The purpose of this research project was to determine customer reactions to possible changes in implementation of First-Class Mail rates, as well as solutions to convenience concerns with respect to stamp price changes. Four main concepts were investigated:

- Perceived effects of smaller more frequent rate changes and larger less frequent changes
- Interest in First-Class Mail first ounce postage discounts for volume purchases
- Purchase interest in a “Forever Stamp”
- Preference for rounding in the First-Class Mail stamp price

In June-July 2004 the Postal Service conducted qualitative research among residential customers and small office/home office (SOHO) business customers to seek customer opinions with respect to specific options the Postal Service is considering to make stamp rate changes less burdensome. The research objectives included:

- Understanding types and degree of difficulties customers face when First-Class Mail, single piece rate changes are enacted
- Determining preference for smaller, more frequent rate changes or larger, less frequent changes
- Evaluating customer reactions to steps the USPS could take to make rate change implementation easier for consumers

I-B. Methodology

Qualitative focus group research was conducted among small-office, home-office businesses (SOHOs) and consumers in 12 cities throughout the contiguous United States from June 20 through July 28, 2004.

A total of 24 focus groups were conducted. Groups were stratified by four geographic regions, and within region by city size (large, medium and small cities) and household income. The following table shows the research plan and number of groups in each city/region:

City Size	U.S. Regions			
	East	Central	South	West
Large (4)	Washington, D.C. Middle income (1) Low income (1)	Detroit, MI High income (1) Low income (1)	Miami, FL Middle income (1) Low income (1)	Seattle, WA High income (1) Middle income (1)
Medium (4)	Hartford, CT High income (1) Middle income (1)	Springfield, MO High income (1) Middle income (1)	Fort Worth, TX High income (1) Low income (1)	Fresno, CA High income (1) Low income (1)
Small (4)	Chattanooga, TN High income (1) Low income (1)	Green Bay, WI Middle income (1) Low income (1)	Baton Rouge, LA High income (1) Middle income (1)	Boulder, CO Middle income (1) Low income (1)
Income Levels	East	Central	South	West
High (8)	2	2	2	2
Medium (8)	2	2	2	2
Low (8)	2	2	2	2

Each group was structured to represent one of three income categories. Annual household income was used to define income levels for consumers and businesses, although SOHO respondents were allowed to have slightly higher annual household incomes than consumers.

High Income	\$60,000 +
Medium Income	\$25,000 – \$59,999
Low Income	Less than \$25,000

I-B. Methodology (Cont'd)

Consumers and SOHO businesses were included in each focus group in a 50%/50% mix. Qualifications for businesses and consumers follow:

Small Office – Home Office Businesses:

- All were self-employed individuals or businesses with up to 20 employees
- About 50% were home-based businesses and 50% were office-based businesses
- A variety of industries and business classifications were recruited
- Participants were mostly owners, principals, partners, or presidents; or they were the employees who made the decisions about choice of shipping services and went to the Post Office for mail transactions
- Most respondents were also responsible for handling their household's mailing needs or responsibility was equally shared in the household
- Businesses had completed at least 2 of the following activities since January 1, 2004:
 - Sent a letter or package via Priority Mail or Express Mail
 - Sent Registered Mail or Certified Mail
 - Purchased a US Postal Service Money Order
 - Looked at the USPS Internet site to get information for business purposes
 - Telephoned the USPS to ask a question, make an inquiry, request information or discuss a complaint
- Most respondents had visited a post office to purchase stamps or mail a letter since January 1, 2004
- A few businesses received mail at a Post Office Box
- No more than 2 in each group used a postage meter for printing stamps
- Businesses mailed at least three (3) First-Class Mail letters or postcards in an average week

Consumers:

- About 50% males and 50% females
- Participant was at least 50% responsible for taking care of the household's mailing needs
- Household mailed at least five (5) First-Class Mail letters or postcards in a typical month
- A mix of ages from 18 to 70 years of age
- Mix of those who were employed, not employed, retired or students
- Respondents worked in a variety of industries and occupational categories
- Mix of educational levels as appropriate for income level
- Represented a range of household sizes

I-B. Methodology (Cont'd)

Additional Requirements for all groups

- Participants purchased stamps in a variety of frequency ranges from once a month or more frequently to once a year
- Places of stamp purchase ranged from the USPS Post Office to consignment locations, Internet, Stamps by Mail, etc.
- Certain employers and occupations were excluded from all groups -- those currently or ever employed by the Postal Service or those with a family member employed by the Postal Service; those employed by private delivery service firms such as UPS, FedEx or similar delivery services, or any publishers or advertising agencies
- No prior participation in any focus group in the past six months

Focus Group Procedure

All participants were selected for participation through qualifying recruitment questionnaires developed by the Project Manager in conjunction with the USPS and administered by focus group facilities. Separate questionnaires were used for SOHOs and consumers. The facilities were responsible for obtaining sample and recruiting respondents.

Each focus group was led by an experienced moderator, who followed a discussion guide of questions that covered the objectives of the research.

Each focus group lasted one and one-half to two hours. The moderator encouraged open and candid discussion of the topics and probed responses where necessary for clarification or elaboration of motivations and understanding of attitudes and behavior.

I-C. Respondent Characteristics

Number of Respondents by Segment

A total of 229 individuals participated in the focus groups; 113 were business respondents and 116 were consumers. In all cities the number of participants ranged from six (6) to 11, with an average of 10 participants per group. The number of participants was about evenly distributed by income level and region, although participant rates were slightly low in the West.

Number of Focus Group Participants by Region and Type

	<u>EAST</u> (n=61)		<u>CENTRAL</u> (n=61)		<u>SOUTH</u> (n=59)		<u>WEST</u> (n=51)		<u>Total</u>
	<u>SOHO</u>	<u>Consumer</u>	<u>SOHO</u>	<u>Consumer</u>	<u>SOHO</u>	<u>Consumer</u>	<u>SOHO</u>	<u>Consumer</u>	
<u>INCOME</u>									
High	12	9	9	10	10	10	7	8	75
Middle	10	9	11	9	9	10	10	9	77
Low	10	11	9	10	9	11	7	10	77
<u>Total</u>	32	29	29	29	28	31	24	27	229
<u>Region %</u>	27%		25%		26%		22%		100%

Small Office/Home office business participants were owners, partners, senior managers or executives who make the decisions about choice of shipping services and go to the Post Office for mail transactions. Most are self-employed; for those with employees, number of employees tended to be less than 10, although there were a few with up to 20 employees. There was a mix of males and females, income levels, education levels, and ages. The types of businesses are listed on the next page.

Residential customers were stratified by annual household income, with one-third from households with incomes less than \$25,000, one-third with incomes of \$25,000 - \$59,999 and one-third with incomes \$60,000 and above. Residential customers were between 21 and 70 years old and about equally divided by gender. The table on Page 8 shows occupations of these residential customers.

I-C. Respondent Characteristics (Cont'd)

BUSINESS CUSTOMERS

Type of Business	Small Office	Home Office	Type of Business	Small Office	Home Office
Report Writer		X	Communications interpreter		X
In home party sales		X	Telecommunications		X
Commercial cleaning service	X		Nutrition product sales		X
Physical Therapist	X		Property management (2)	X	
Cosmetologist		X	Outdoor sporting goods	X	
Insurance via Internet		X	Charity event organizer		X
Commercial remodeling	X		Plasterer		X
Economic & business consultant	X		Musician		X
Sports and recreation inventions		X	A-V production	X	
Convenience Store	X		Software Business Mgt	X	
Account Rep Electronics		X	Business writer		X
Healthcare consultant		X	Beauty shop (2)	X	
Manufacturing – marine industry	X		Multi-media video		X
Hair and Body Spa Service	X		Home repair		X
Church secretary	X		Clothing - retail	X	
Social services secretary	X		Commercial photography	X	
Communications direct sales		X	Title Appraisal - Highway	X	
Video store		X	Retail store - cookies	X	
Auto parts	X		Machine shop	X	
Insurance (2)	X		Website development		X
Real estate	X		Natural foods		X
Antiques (2)		X	Temp agency	X	
Jewelry repair	X		Fitness instructor		X
Mary Kay Cosmetics		X	Public relations		X
Advertising	X		Home decor		X
Home improvement		x	Tax service	X	
Repair/maintenance	X		Picture framing	X	
Cleaning service (4)	2	2	Human resources		X
Landscape design	X		Accounting (3)	2	1
Ice distribution		X	Pet nanny		X
Property management		X	Hardwood floor installation		X
Machine repair	X		Landscaping (2)		X
T-shirt manufacturer	X		Day care owner	X	
TV/Film music composer		X	Picture Framing	X	
Property sales	X		Graphic design	X	
Healthcare	X		Legal consultant	X	
Senior care consultant		X	Clothing exporter		X
Broker of feed		X	Security and patrol	X	
Optical sales	X		Medical supplies	X	
Truck accessories	X		Designer – silk balloons		X
Dog grooming	X		Massage therapy	X	
Sales – used cars	X		Real estate appraisals (2)	X	X
Tailoring service	X		Fire equipment	X	
Gift items		X	Business consultant		X
Travel agent	X		Graphic design	X	
House inspector		X	Dental consultant	X	
			Utility Co. consultant		X

I-C. Respondent Characteristics (Cont'd)

RESIDENTIAL CUSTOMERS

Homemaker (5)	In-home elderly care
Student (4)	Mass merchandise Manager
Not employed (4)	Inside sales
Retired (6)	Manager – lumber store
Cook in restaurant	Supervisor – retail sales
Cosmetologist in hair salon	Sales associate Jewelry store (1)
Cleaning (2)	Jewelry store owner
Administrative Assistant	Architect
Procurement WCCS	Quality control Mgr
Tour Guide	Claims Director – insurance
Medical Secretary	Counselor – hospital
Caseworker – US Government	Process technician DOT
Front desk clerk for condominium	Secretary – apartment rental
Babysitter/Child care	Finance manager – State
Bio-Hazard	Plumber
Architect State Govt.	Program Asst – University
Bartender	Landscaper
Maintenance Engineer Plastics Mfg	Receptions – College
Pharmaceutical lab analyst	Admin. Asst. - Oil Company
X-ray technician	Forman – construction
Pharmaceutical	Delivery man – food
Insurance	Painter – laborer
Home improvement	Free lance artist
Electrical engineer	Child mental health therapist
Teacher (7) / teacher assistant	Free-lance writer
Accountant	Contractor
Sales representative	Office Manager – construction
Electrician	Delivery – newspapers
Pastor	Painter – construction
Dye press operator	Optician
Antiques/delivery service	Program Coordinator – university
Financial consultant	Asst Manager – theater
Historian	Correspondence technician
Waitress/ Waiter	Writer
Musician	Special investigator
Salesperson – retail clothing	Commercial maintenance
General contractor	Dental assistant
Cruise line photographer	Transportation – Foods
Business consulting-org. restructure	Maintenance engineer
Physician coordinator	District Manager
Delivery driver	Secretary
Counselor	Laborer – construction
Food store manager	Tool maker – auto shop
School bus driver	Used car sales
Order selector	Corrections officer
Reading coach	Web design
Behavior analyst	Engineer – office furniture
Cad programmer Machinery mfg.	HVAC technician
Technician	Cox home support

I-D. NOTES ON USING FOCUS GROUP RESEARCH

All of the findings are based upon the statements of at least one, and sometimes several group participants. This openness can bring to light the breadth and expression of opinions in a way that can aid marketing decision-makers, researchers, advertising agencies, and service providers.

In reading this report, however, it is important to remember that the findings attributable to the focus groups and in-depth interviews are qualitative. Qualitative research provides useful insight for understanding a particular audience's attitudes and perceptions. However, qualitative research is not designed to provide representative findings of the groups under investigation. Samples are small and not random. The focus group moderator exercises judgment in following up on comments and occasionally suppressing discussion and probing unmentioned topics or experiences. Therefore, a summary of the findings is necessarily selective and may not properly weight different opinions.

Verbatim comments by participants are included when they add additional insight. These comments are italicized. They are identified by city and income level.

II. FOCUS GROUP FINDINGS

II-A. Behavior and Attitudes Towards Sending First-Class Mail

The first portion of each discussion group focused on behaviors associated with sending First-Class Mail, such as type of postage used, how and where stamps are purchased, problems experienced in purchasing stamps, etc.

Type of Postage Used

The vast majority of businesses and consumers in these group discussions use postage stamps to pay postage on First-Class Mail. Many go to the Post Office to have letters or packages weighed and then the postage is applied by the clerk at the counter. Only a small number of businesses or residential customers are aware of PC Postage or other electronic means of obtaining and applying First-Class Mail postage.

Only a few business participants currently use a postage meter, although several mentioned that they used one in the past, but gave it up.

Methods of Purchasing Stamps

Going to the Post Office is the primary means of purchasing stamps for both businesses and residential customers; most participants typically purchase stamps from the clerks at the counter and occasionally from vending machines. Otherwise, awareness and use of other ways to purchase stamps or postage is low.

“The reason I buy mine directly at the Post Office is because I’m there for other special services in the course of the week, as it’s just as easy to do that and I go directly there as I can facilitate mail time pickups, which are important to me.” DC Low

Many businesses and residential customers have made it convenient to buy stamps by choosing alternative purchase locations to the Post Office. Purchasing stamps at a grocery store, 7-11 or other consignment location is the second most popular means of purchasing stamps, especially among residential customers. Only a small number of businesses and residential customers are aware that some ATM machines in banks sell stamps, and thus, only a few purchase stamps from ATM’s.

“There’s an ATM machine by my house that sells stamps, so that’s kind of convenient for me sometimes because it’s drive-by and I don’t have to get out. And they’re not any more expensive, so it’s convenient for me.” Baton Rouge Middle

“You can always buy stamps everywhere, just about.” Ft. Worth High

“Grocery stores mainly because it is more convenient and I don’t have to wait in a long line.” Ft. Worth High

II-A. Behavior and Attitudes In Sending First-Class Mail (Cont'd)

Stamps By Mail, Stamps by Phone and ordering stamps from the carrier/local Post Office seem to be popular with a small number of customers. Many others are unaware of the USPS order card that they could obtain at the Post Office and submit for their carrier to have stamps delivered to their home or business address.

Awareness and use of the Internet to purchase postage is quite low. Only a small number of businesses seem to make use of the Internet to purchase stamps.

“Yes, I have ordered them through the Internet and I’ve also ordered them by mail. The Post Office sent me a thing [card] saying you could order and I did it that way, too because I was sending out a lot of mail at one time.” DC Low

“We have – they mail us a sheet of the stamps and then you download on the Internet how many on stamps.com, however many you want. You get the prices, run it through the printer and it comes right out. It’s very handy. That’s the only way we post. Stamps.com.” Baton Rouge Middle

Purchase Patterns – Number and Frequency

Purchasing stamps is practically a habit for many consumers. Almost all participants were able to identify their habits or patterns of purchasing stamps. Most have found a pattern that works for them, i.e., is convenient in terms of purchase location, amount and frequency. Most businesses and residential customers buy stamps in volumes that suit their needs. Only a handful of participants, usually low income, purchase individual stamps or less than 10 stamps at a time, although participants say they occasionally purchase single stamps or a few stamps from Post Office vending machines when they are in a hurry or the line is long.

“It’s definitely a cost thing for me personally because it comes straight out of my checking account when I get it from the bank ATM, so I only get just what I know I am going to need.” Baton Rouge High

“I buy a roll because of the amount. It is just like a habit. You get a haircut every month or two months. It is the same thing. I buy on the volume of what is coming in and going out of my business so I always continuously buy the roll.” Miami Middle

Most business and residential customers buy more than they need at the moment because they don’t want to run out of stamps, and they don’t want to be running back to the Post Office frequently.

II-A. Behavior and Attitudes In Sending First-Class Mail (Cont'd)

"I buy a roll of 100, too. Actually one of the girls in my office keeps up with when we're getting low. She's actually the one that gives the form to the carrier and comes and says, give me a check. On average, we probably buy once a month to every six weeks, but we buy a lot at once. Typically I might buy 500 at once. But it just varies. Always by the rolls." Chattanooga High

"I buy the book of stamps, the flat ones, probably every other week. And those flat postcards, I probably get 20 to 30 of those every other week. I like the flat because they can fit in my wallet because usually I'm putting the stamp on in the parking lot and the roll gets all crumpled up in my purse. I like something flat. If I'm doing a large mailing, I'll get a roll of the stamps, too, and just put the postcard stamps on. Chattanooga High

Businesses tend to purchase stamps more frequently than residential customers. Business customers typically purchase stamps at least once a month, while residential customers are more likely to purchase stamps every two to three months.

Businesses also purchase more stamps than residential customers. Businesses tend to purchase 100 or more stamps at a time, while residential customers purchase "one book" or "sheet" at a time.

Rolls are liked because users can put them in a dispenser, and books are preferred because they are compact and fit in a wallet or purse. A small minority of participants buys sheets so that they can choose specific designs and get a variety.

"When I purchase stamps, rather than meter, I'm usually looking at stamps to make a social statement whether it's commemorating a person of significance or a social issue that I think is important." DC Medium

"I buy sheets two at a time, two or three times a month. I just like to look and see and I like the new ones." Springfield Middle

II-A. Behavior and Attitudes In Sending First-Class Mail (Cont'd)

Reasons for Purchase Patterns

Although participants express some problems in buying stamps, most would not change their purchase patterns. They have found a pattern that is convenient. When asked why they purchase in the amount and frequency they specified and why they don't purchase in volume, businesses and residential customers clearly have their reasons.

- Budget constraints --not having enough money at the moment to purchase more is the most common response, especially among residential customers.

"Not in my budget." Various

*"I don't have that much money. They are pretty expensive when you go and buy them. I don't even know what a roll costs."
Springfield Middle*

"Money. I am a single parent." Springfield Middle

- Concern that the rate would increase and associated problems (discussed later)

*"The price of stamps might go up and then you'd have to go out and buy the one-cent stamps. (LAUGHTER) I've got all kinds of make up stamps where I've had to go out and do that after I just bought a roll of 100 and somebody failed to tell me that they were going up next week. And all of a sudden I hear it on the news."
Chattanooga High*

"It seems to me if I buy too many stamps at a time the price goes up. I know that sounds ridiculous but if I got a whole lot of stamps then I wouldn't use them quickly enough and I would end up having leftovers because the price goes up and then you have to go with the other ones and it's a real hassle. So I sort of just try to buy them as I use them, even if that sounds silly. And the ones that you end up buying to make up the difference never have amounts on them and then when you look at them six months down the road you have no idea what they are." DC Low

*"That's the reason I buy in quantity 10, 20, 30, 40, 50 at a time in the various denominations so that I don't have to stand in line."
DC Medium*

II-A. Behavior and Attitudes In Sending First-Class Mail (Cont'd)

- Not wanting to spend money for something they won't consume quickly

"I buy one of the booklets each month. I would probably be inclined to buy more than one except I don't like money to be static. And if I have two or three books lying around, it's tying up money. They're not as cheap as they used to be. So about one book a month and I'll buy it at the post office." Chattanooga High

"I would not want to buy a year's supply at a time. I want to buy them when I have to." Ft. Worth High

- Fear of losing the stamps

"I usually buy the booklet because I'll sometimes misplace a roll and if I misplace a booklet, I may not have lost as much." Baton Rouge High

For a good number of participants, purchasing stamps is not an inconvenience. Many say that going to the Post Office is convenient -- the Post Office is nearby; the Post Office is quick (no lines) or that the alternative purchase means and locations they use are very convenient.

"It's easy because of the supermarket. Because they're available at ATM's and grocery stores and banks, you know, it's very easy to get stamps." DC Medium

"I buy a book when I go to the ATM machine and I always keep it in my checkbook, because whenever I am writing out my checks, I am going to be looking for the stamps." Baton Rouge High

Many participants go to the Post Office for other purposes and say they multi-task and purchase stamps while they are having packages weighed, etc. *"I'm going there anyways."*

And some people like to go to the Post Office.

"I meet people in the post office. You stand in line and you talk to everybody." Chattanooga High

II-A. Behavior and Attitudes In Sending First-Class Mail (Cont'd)

Problems Experienced in Purchasing Postage

Respondents were quick to point out that going to the Post Office has its problems – parking, long lines, loss of work time, etc. Yet most people still go to the Post Office to purchase postage stamps. Vending machines are used, but often are disliked and not trusted because customers say the machines are out of stamps or they object to the one cent stamps or dollar coins that are returned as change.

“I don’t think it’s convenient. I’m not a business owner so if I go to the Post Office for a specific reason, I’m not in there every day. Stamps in our house and family are like gold, they really are. People are always hesitant to borrow them. I’ve had friends that are just so appreciative if you give them a stamp because it’s such a pain to go get them. You just covet them.” Detroit High

“The worst part about going to the Post Office is the parking.” Detroit High

Those who use the USPS web site to purchase stamps also have to pay \$1.00 for a handling fee, but these people justify the expense as saving them time.

[Buying stamps on the Internet] It was the convenience. I mean up go down to the post office sometimes and you’ve got 15 people in line and 3 people working and you stand there for 20 minutes. 20 minutes and no parking are worth a dollar to me!” DC Low

The rest have found alternative purchase locations that are more convenient than going to the Post Office.

Suggestions to Make Stamp Purchases Easier

Some participants have considered using postage meters, but haven’t because they don’t want to lay out a large amount of money in advance, even though they realize they would eventually use the postage.

In Chattanooga a few participants suggest making books that hold more stamps, for example, a book with 30- 40 stamps.

II-B. Behavior and Attitudes Towards Rate Changes

After discussing current mailing practices and purchase patterns, the moderator asked participants to describe how they manage their stamps and purchase behavior when rates change.

Most of the participants think of rate changes as a temporary and minor inconvenience that they get over as soon as they purchase stamps with the new rate. The majority of residential customers purchase make-up stamps to add to the old stamps. Some actually count the number of old stamps so they can purchase the exact number of make-up stamps.

Typical behaviors during a rate change include:

- Using up old stamps as much as possible
- Buying make-up stamps to add to the old stamps
- Applying two stamps of the old denominations, thereby paying extra postage
- Sending out mail early to have it postmarked before the rate increase

*“I’ll try to pay attention to how many stamps I have left and when the change is coming. If I’m aware of it, I keep on top of it. And I use up the rest of the stamps I have and then take those to the post office and buy the 1 cent ones to supplement to whatever amount to finish out my book and then I buy a new book.”
Chattanooga High*

“I keep watching the date and the closer it get, I try not to buy too many stamps.” Ft. Worth High

“I don’t even think about it. I wait until I have to actually mail something and then get a few 1-centers or occasionally slap on a second full-price stamp. It’s cheap to mail stuff. It’s cheap to mail First Class.” Seattle Middle

“The Post Office is rarely a fun time. So if the rate goes up by one or two cents, even though I just mentioned if they were cheaper I’d buy more maybe, I don’t want to buy a bunch of one cent stamps. So I’d just put two stamps on there until I go to the Post Office, but I don’t go out of my way.” Seattle Middle

“I try to get everything mailed before the rate goes up. It doesn’t save a lot of money, but it might save a little.” Springfield Middle

II-B. Behavior and Attitudes Towards Rate Changes (Cont'd)

Most customers do not prepare for a rate change in advance of the implementation date. Only a few say they do or would buy new rate stamps in advance. Most wait until the rate changes and then they purchase make-up stamps and the new stamps from the Post Office or wherever they can find them. By report, most participants in these 12 cities were able to find new stamps and make-up stamps at the beginning of the rate change.

"I don't buy when it changes. I never buy the new one right away; I always buy the 3 cent stamp just to use up all the ones that I have, then I go and buy the new stamps." Baton Rouge High

"Sometimes I am in the post office when I find out the rate changed. They start saying this is going to be effective July 1, and they are talking about this in April. I don't keep up with that. So I am in there trying mail something on July 2nd and I have to get a make-up stamp. So I will get them then." Baton Rough High

"If I have a lot of 34 cent stamps then I'll go and buy some 3 cent stamps but if I don't have so many and I really got to mail something, I'll stick two 34 cent stamps on it and that's what I did and I just stuck two more and went on, you know, because it was more convenient and I needed to do it and I didn't have a 3 cent stamp and what was I going to do, hold it up until I get to the post office, you know?" DC Medium

"Usually they give you enough time for you to realize like Fran said that you're not going to buy another 100 – another \$37 worth of stamps at 37 cents a piece if you know it's going to change in a week or two weeks." Hartford Middle

II-B. Behavior and Attitudes Towards Rate Changes (Cont'd)

Perceived Difficulties Imposed by Rate Changes

According to participants, a rate change has never been convenient; many describe it as “annoying” and a “minor inconvenience.” First, customers have to spent more money for stamps. Second, they have stamps left over to use in whatever way they can. Non-denominational stamps become useless to customers as time goes by and they don’t remember their value. Letters are returned if the new postage rate is not used; and customers get angry with the Postal Service for raising rates without explaining the reasons to customers.

Finding the new stamps is occasionally a problem at the beginning of a rate change. In the 12 cities visited, most participants said they usually were able to find the new stamps during the first few days of a rate change. The main issue for some people is purchasing make-up stamps because they usually have to be purchased at the Post Office or in vending machines, since they are not sold at grocery stores.

“We wound up with a 3-cent increase and the post office didn’t have any 3-cent stamps. We got the 1 cent and we were sending out mail that looked like graffiti on an envelope there were so many stamps on it.” Baton Rouge High

“I try to buy them ahead of time because the Post Office always runs out of the 2 cent or 3 cent or whatever it is when the rate changes. I try to think ahead, use up the stamps that I have if I have leftovers and I try and get the added postage stamps before they change – before they run out.” Hartford Middle

Budgeting for stamp increases is a minor concern for businesses, since many operate on a fiscal basis. Most cannot raise their prices or charge the customer directly for the increase in stamp cost, and usually have to wait until the next year to adjust their budgets.

A few businesses that bill their clients for postage say it is an inconvenience to them and their clients to bill for additional postage costs.

“Well if you’ve already billed a client for your postage and then for whatever reason you have that included postage that you still have to pay regarding that client and you haven’t billed them for that. So you have to bill them for additional costs, which really is kind of an inconvenience to the client and your system as well.” Boulder Middle

II-B. Behavior and Attitudes Towards Rate Changes (Cont'd)

Non-denominational stamps (for example, the “H” and “G” stamps) issued during prior rate changes are now a problem for most customers. Most of those who still have these stamps say they don’t know the value of the stamps and therefore are unable to use them. Some have asked for price information at local post offices, and others say they are embarrassed to ask.

“The other confusion is when they bring out the new stamps, they don’t actually put the rate on it, so then you’ve got these old stamps and you have no idea what they’re even worth. You have to be a collector to know what’s going on.” Seattle Middle

“What I find annoying is when they come out with a new postage rate, they don’t always know far enough in advance what it’s going to be so they can print up stamps with a denomination on it. So they put a letter on it and then three years later you run across the H stamp and you say how much is that. Well, I finally was able to go – I think I went online and they downloaded a list of all the different stamps that had no denominations printed on them and it tells what they’re – what they’re equal to.” Hartford Middle

Even businesses that use postage meters say that rate changes are inconvenient because scales have to be reset.

“In the company I used to work in I would handle the mailings because we would ship a lot of catalogs, et cetera, so every time the rate would change it was like okay, call the meter service, see how we can put the correct amount now because then, you know, all the computers and everything are already set on a scale with the rate and everything so you have to re-do the whole thing so that’s why when the rates change I still go oh my God, I’m so glad I don’t have to do that anymore. It’s such a hassle.” Miami Low

Some businesses say that envelopes with make-up stamps look “tacky” or “cheap” and they refuse to use make-up stamps on marketing materials or when it would reflect on their company’s image.

“I actually find that process really annoying because I use the commemorative stamps, which means that I have to move all the designer stamps into sending out, you know, like consumer stuff because I can’t have it appear on my envelope with a designer stamp and then this goofy 1 cent stamp.” Boulder Low

“I budget for postage in my business and it changes my cost of doing business. Also it makes my mail look unprofessional when I’m sticking extra postage on them. They don’t look professional at all, so that’s why I’ve sometimes tossed a few, but I try not to do that. But they don’t look nice.” Boulder Middle

II-B. Behavior and Attitudes Towards Rate Changes (Cont'd)

In general, the uncertainty of rate changes is something that all customers face, although most admit they just have to accept whatever the new price becomes or else find alternative methods of corresponding.

Making it Easier to Deal with Rate Changes

Prior to hearing the concepts under consideration by the Postal Service, participants were asked for suggestions to make rate changes easier on the customer. In almost all groups, customers mentioned the ideas under investigation.

Allow more time between rate changes with larger price increments. In many groups there was spontaneous suggestion of greater time periods between rate changes, especially since the last few rate changes seemed very close together.

“Where it becomes irritating for me is where they just raised the rate and then six months later you hear them talking about raising the rate again. I’d like stabilizing in how they’re pricing it. I’d rather have you raise it 2 bloody cents on me and not have to deal with it for another two years then to have it be raised 1 cent every 8 months or whatever the heck it happens to be.” Hartford Middle

“I find it aggravating that they don’t seem to go up enough. I know that seems silly, but going up 2 cents and 3 cents and then coming back and saying we’re going 2 cents and 3 cents. And that’s also an odd number. It’s like 37 or 36. It’s almost like get it over with and go up a nickel or a dime because ultimately the people have to mail are going to have to absorb that or pass it along one way or another. But it’s so aggravating to go through these changes in small increments rather than just get it over with.” Hartford High

Make new stamps available in advance. A few perceive that that the new stamps are not usually available for purchase until the first day of the rate increase. Yet only a small number say they would purchase new stamps in advance; most would wait until after the rate changed to purchase new stamps. Even though many say they wouldn’t purchase in advance, most think that new stamps should be made available at least 30 days in advance. Also a few suggest that at the beginning of a rate change, make-up stamps need to be available in consignment locations, not just in Post Offices.

“If they would plan enough ahead to where they would have the stamps right, the denominations printed on them say 3 weeks or a month ahead of time, if you wanted to buy them then. It just doesn’t seem to happen. They usually don’t have them until a couple of days before.” Baton Rouge High

II-B. Behavior and Attitudes Towards Rate Changes (Cont'd)

"It'd be important if the new stamps or the make up stamps are available before the date and I don't really have any idea what happens. I don't know what date they come out but if they were available at least like a week before then when you're there you can just buy the new ones." Seattle High

"I would pre-order if I knew it was going to change and that was the set rate that was going to be – I would pre-order but I probably wouldn't use them until the effective date. Detroit Low

Use a consistent date for implementing rate changes. Many participants comment that prior rate changes have occurred sporadically in the year and there was agreement that a consistent date would be preferred. Although this question or topic was not introduced by the moderator, many people spontaneously mentioned January 1 as their preferred date for implementation.

"On that more frequent rate change, if it were January 1 each year, it would make it a lot easier to have the more frequent rate changes if you knew exactly when." Chattanooga High

Round the next rate increase to the nickel, instead of "1 - 3 penny" increases

"I like rounding because that will eliminate those 1 cent stamps. And if they could guarantee to the public if we raise it 5 cents in the increments of 5, it won't be as often, I think the consumer would prefer that." Baton Rouge Middle

Greater increases over longer periods of time instead of every couple year

"Every five years go up a nickel." Various

"I would be inclined to think that a nickel every several year as is a lot more palatable than getting a 1 cent every year or every 2 years. I wouldn't have any problem with that." Green Bay Middle

"Make it an even number like with 40 instead of 37 and 36." Green Bay Middle

"Make it even numbers. Make it fit into \$1.00 or \$1.50." Seattle Middle

II-B. Behavior and Attitudes Towards Rate Changes (Cont'd)

Extend a grace period to use up old stamps. In most groups there was spontaneous mention of a “grace period.”

“Just let us use those until they’re gone.” Various

*“Maybe they could put a minimum life date on your stamps. I am not being sarcastic. Not an expiration date, but if you bought the stamp today, if they change the rate in two weeks, that stamp would still be good for 6 months. If you reach that minimum life and they have changed the rate, it’s still good, but if they change the rate two weeks after that minimum life date you would either have to add on. It would just be a little numerical value on that.”
Baton Rouge High*

*“Just let us use up the ones we have, unless you buy in bulk.”
Baton Rouge Middle*

“A week grace period.” Hartford Middle

Allow trade or exchange of old stamps for new rate stamps

- Trade in stamps at the Post Office counter, perhaps even paying a convenience fee; \$.50 was suggested by one group

“I don’t know if they will do it. It would be nice if you could take those stamps back and trade them in.” Springfield Middle

- Upgrade old stamps by downloading make-up stamps from the USPS web site
- Exchange old stamps for new ones at a kiosk in the Post Office

“I would like it if I could go to the post office and there would be a machine at the post office and I could stick my 12 stamps in there and they can even charge me the 4 cents for each extra stamp and they could spit me out 12 stamps that could have the correct amount. I would really like that.” DC Low

Advance Notice. At a minimum, most businesses and residential customers would like to have one month notice of a rate change, and some prefer three to six months. This would allow time to use up old stamps and move mailing dates to take advantage of lower rates.

“I think it would be easier if they gave you a lot of time in advance because then like we know how many stamps we use in a month. We could be done with our stamps without having to buy penny stamps on top of that so you need it to where it works.” Detroit Low

II-B. Behavior and Attitudes Towards Rate Changes (Cont'd)

Offer an understanding of why the FCM rate increased. Several groups, especially businesses, expressed interest in understanding why the rate increased. Most want an explanation for why the rate has to increase when they don't see an improvement in service.

"I would like to see how the postal system improves or something because it seems like we got the rate increases, but nothing is different." Baton Rouge High

"There could be more explanation offered other than 'due to rising costs.'" Chattanooga High

Provide more communications. Keeping customers informed and updated on impending rate changes is mentioned in every discussion group as a primary way for making it easier for businesses and residential customers to deal with rate changes. This was true even in Washington DC where local newspapers and TV tend to provide heavy news coverage for federal agencies and the USPS.

Customers request written communications that would be helpful:

- Charts with new rates
- Effective dates
- Postcards to the home with rates and dates
- Advertisements at least one month in advance

II-C. Phased Rate Changes

The moderator presented two hypothetical plans for phased rates for the next four years – less frequent changes and more frequent changes. Order of presentation was rotated in each city, with the first plan presented always described as Plan A. After presentation and discussion of the two main plans (A and B), the moderator presented a third hypothetical plan with a five year period from 2006 to 2011 without any rate change (C).

PHASED RATE CHANGE PLANS

	Plan A	Plan B	Plan C
	Less Frequent	More Frequent	Extended Infrequent
2004	\$0.37	\$0.37	\$0.37
2005			
2006	\$0.40	\$0.39	\$0.40
2007		\$0.41	↓
2008	\$0.42	\$0.42	↓
.....2011			\$0.45

Overall Preference

Overwhelmingly, participants prefer less frequent changes – fewer and further apart is the unanimous conclusion and recommendation in all 24 groups. When asked to choose between Plans A and B above, 95% of participants (217 of 229) prefer Plan A with fewer and less frequent rate changes (based on self-administered questionnaires). There are no differences in responses between business customers and residential customers.

Participants like the idea of phased rate changes because the customer will know what the rate will be and how it will change for a long period of time (the next four years). Some even suggested that they would prefer greater intervals of time between rate changes, which was a natural transition into Plan C.

To sum it up, one participant in Detroit (High Income) said, “For crying out loud, raise it once and leave it alone for awhile. And stop these odd numbers.”

II-C. Phased Rate Changes (Cont'd)

Many participants like Plan C even more than Plans A or B. The main reasons are convenience of the five year interval and prices that were rounded to multiples of 5. This plan reflects customers' preferences for longer time periods between rate increases and demonstrates that there is interest in nickel rounding.

"Fewer and further apart you might try. Even if they're larger. Just to know that there will be an increase coming and it'll be such and such an amount and whatever amount they increase it on that fifth year it will be good for 5 years and let them put their mark of guarantee on it." DC Medium

"You say not another increase until 2011? I like that one!" Baton Rouge High

"I like C; it's just less of a hassle. You don't have to worry about every year or every other year you have another hike." Baton Rouge Middle

"I think that the 40-cent rate is easier to remember the number after 37 because sometimes I just forget how much the stamp is. Seattle Middle

"I just think with every time the Post Office does a change, there are tons of hidden costs with returning mail and getting the word out to the public. Perhaps this method, the longer increments would be more cost effective in the end for the consumer and the Post Office. C would be even less confusing than A or B." Seattle Middle

"If it goes from 37 cents to 40 cents and you buy stamps say a book at a time, you don't have any pennies you have to mess with for a change." Ft. Worth Low

"I like that it changes less often because people get frustrated when they hear there's an increase coming and it aggravates you if it comes even if it's the same amount – if it comes less often then the Post Office isn't in the hot seat as often. You tend to forget about it a little bit in between but if it's every year – well, they just raised it last year, you know. For psychological reasons it seems to be stable. I feel comfortable with this. I know everything is going to have to go up, but for it to be that stable for that long a time would be a real ego boost for the economy, so to speak. People think the Post Office know what they're doing; they're managing their budget correctly." Ft. Worth Low

II-C. Phased Rate Changes (Cont'd)

Reactions to Plan C

The only objection raised to Plan C is the size of the increase. A five cent increase seems like to big a jump to some, even though it is 1 cent per year. However, participants suggest that knowing ahead of time that it would be five years would soften the impact and make it seem more justified.

"If you've gone along for 5 years at 40 cents and all of a sudden you're talking about 5 cents per envelope [Plan C], let's say you send out 100 or 200, that's a lot all of a sudden slammed at you. I like the 2-year increment because it's just much easier to absorb into a small business budget and a home budget, you know."
Hartford Middle

Even though there is some doubt that the Postal Service can and would live up to a commitment of no increase for 5 years, most still like Plan C over the other two.

"I think Plan C is unrealistic because of the number of possible changes that could happen in the marketplace over those seven years with competitions from other sources that they say they're going to meet at 45 now but by the time they get to 2007 they decide that it needs to be 52 cents. It would be nice to go a long period without rate increase like we had way back in the old days, but realistically Plan C by the time they get to 2011, they're going to be bankrupt." Hartford Middle

"If Plan C and that was in stone that it would go up to 40 in '06 and they would not make a rate change for 5 years, then I would prefer Plan C because that's quite a long distance, 5 years and going up less than even 1%." Hartford Middle

"It seems to me like two years is reasonable. When I look at A, it seems like two years is a reasonable time to be able to organize yourself to replace your stamps. Whereas three years in a row, a year goes by very fast. It's like you just get yourself used to it and then, boom, it's changed. So the two years seems perfectly acceptable to me. The one-year seems too often. Five years, I guess I'd begin to wonder. I would begin to question the wisdom of the Post Office. Like how do they know what's going to happen in 2011 that they're going to tell us now that it's going to be 45 cents." Hartford High

II-C. Phased Rate Changes (Cont'd)

Reasons for Fewer Changes (Plan A)

Participants want everything to be simple – the less change the better was the main comment made in every group. Reasons for preferring fewer changes are summarized below. Appendix A contains a list of verbatim reasons from self-administered questionnaires at the end of each group session.

- Resistance to change -- “Keep it simple;” “the less change the better;” “people just don’t like to see change”

“At least from my point of view, people have problems with change so the less change you have the better it is and it’s just that simple to me.” DC Medium

“Confusion. It takes a while to get in your mind how much stamps cost. Just when you are getting used to 39, oh it’s 40. A year can go by so fast, but if you have two years; you don’t notice it as much.” Baton Rouge High

“You have to go through less changes with plan B. If you end up with the same rate in 2008, it seems like it would just be better all around for society.” Seattle Middle

“I feel like if they hiked it every year, like a year ago goes by like that, so if they hiked it every year for three years, you’d be like, ‘Didn’t they have their stuff together or what? What are they doing?’” Seattle Middle

“I just don’t like change. I am old and set in my ways.” Ft. Worth High

“Americans as a society like to bellyache about the little things and going from 2004 to 2006 being 2 cents as opposed from 37 to 40 in the same amount of time, people would be less shocked by that. That extra 2 cents all at once is a lot of money to a lot of people for some strange reason. So I think having it staggered at a more constant rate, would cause people to bellyache about it.” Springfield Middle

“It’s a longer period of time. Even though we all said it really isn’t a hassle, it kind of is, and none of us really remember going oh my god I have to go buy those stamps. But when you have to do it every year, every other year, then I think we would remember it a little bit more and it would drive us a little more crazy.” Detroit High

II-C. Phased Rate Changes (Cont'd)

- Preference for longer periods of time between increases; change every year is too difficult and doesn't allow enough time for adjustment before the next change

"Well, you know, what they say--time flies. I mean for us things are happening so fast and we're all so busy, we're going to miss it. Something came back to me postage due because I forgot I needed that other penny or so, so I wouldn't go with Plan B."

Fresno Low

"Plan A is just a little bit easier from a standpoint knowing that you have a two year period in between each increase as opposed to adjusting to an increase within three or two years there and having to deal with three different pricing structures over that period."

Seattle High

"I would prefer Plan B because I am going in so many different directions, my calendar is so full with all the kids and all the businesses and everything that I am doing that I plan things a long time ahead and if I know that in 2006 it is going to go up and in 2008 it is going to go up, I can plan for that."

Springfield Middle

"I would have to say A and the reason I say that is because I don't have to – I only have to go through two rate changes over the course of the 5 years and that's much more convenient for me. I can buy then if I choose to buy bulk I don't have to worry about excess stamps that aren't the right rate for me so that's the only reason. It's just more convenient for me to have only one change every couple of years."

Green Bay Middle

"Plan B is a huge deal because now every year we're going to have to do that. When you do it just every couple of years (Plan A), it really doesn't seem that bad. But if you're going to every year be doing it then it will become a huge issue. It will become obnoxious."

Detroit High

- Less hassle – less to think about

"Just don't want to have to deal with it as often. That's less often we have to deal with getting the new stamps, getting the make-up stamps and raising our stress levels over it."

Chattanooga High

"I just want them to do it once and get it over with. It just seems like it's happened a little more often than it needs to lately, that's all. I guess it happened twice and it bugged me the second time so – but I didn't – I wouldn't take them back."

Chattanooga High

II-C. Phased Rate Changes (Cont'd)

It's not the price so much as the irritation that you have to stick on those stupid little 1-cent stamps that you can just see yourself having to use or using the two stamps. Detroit High

- Convenience -- not having to buy make-up stamps as many times
- Fewer trips to the Post Office to purchase make-up stamps

"Less trips to the post office. You don't have to make up the stamp. DC Low

- Will cost the customer less – fewer lost stamps, not applying double stamps as often

"With me it's not convenient. They don't sell 3-cent books of stamps in the grocery store so I'll be going to the store more. You know when they keep changing it and if I get stuck with a bunch of 39-cent stamps then I have to make an extra effort to get to the post office." DC Medium

- Less need for make-up stamps; not having to use two different stamps on an envelope, which looks ugly and unprofessional

"If you're sending out invoices to customers like we do, you don't want to have 2, 3 different stamps on there. It just kind of looks ugly looking with that on it. You just want one stamp and if you have to start dealing with pennies or 3-cent stamps, you're not going to do it. I mean you got the United States flag now and then you got flowers on a 1 cent, you know, it just doesn't look professional." Ft. Worth Low...

- Perceived additional costs for USPS – marketing, etc

"And the cost to the post office for marketing the difference of changes--doing it twice." DC Low

II-C. Phased Rate Changes (Cont'd)

- Better feelings towards the Postal Service. According to many participants, the less frequent the change, the better the perception of the Postal Service. With fewer changes, the perception is that the Postal Service is “*not stiffing me every time I turn around.*” Also, some customers resent increases because they expect but cannot see improvements in service.

“Why do we keep hiking anyway? I mean my mail hasn’t changed. It’s the same size mail so what’s with this hike? I never have understood if – with inflation, our stamps are going up, but what are we getting service-wise, like what’s changed with that?” Ft. Worth Low

“I like that it changes less often because people get frustrated when they hear there’s an increase coming and it aggravates you if it comes, even if it’s the same amount. If it comes less often then the Post Office isn’t in the hot seat as often. You tend to forget about it a little bit in between but if it’s every year – well, they just raised it last year, you know.” Ft. Worth Low

“Less frequent change is better because the perception is that you’re not stiffing me every time I turn around.” Chattanooga High

“I want to have a return on my investment, but I want to see something more with an increase. What have you changed in one year to justify an increase?” Baton Rouge High

“I think there’s a psychological thing to like – you know, 2006 it’s 39 cents, now the next year we’re going to raise it again and the following year they’re going to raise it again. It seems like it’s a measly raise every year. You have 39 cents, okay, now we’re going to get another raise and it’s only 2 cents?” DC Low

“Actually I think you might be right, too. It feels like you’re being stuck with little pins and nit-picking you into the rate increase so I tend to agree with you.” DC Low

“Multiple rate increases give people an excuse to just gripe about the post office and they will. Any excuse they have and the post office doesn’t need that. Nor do we need the extra hassle. You’re going to raise it to 42 cents any way, you’re saying that overall we’re not going to spend any different between A or B. I don’t like the idea of one year it’s this, the next year it’s that. I would like to settle in and feel comfortable for an amount of time and not gripe about the post office.” DC Low

II-C. Phased Rate Changes (Cont'd)

“The last rate change my mother was so frustrated, she bought one cent stamps and put 37 on several envelopes because she had bought extra and then bought an extra sheet of one cent stamps and she said. ‘I am not throwing them away, I am using them.’ So I think for some people, there is some kind of emotional connection to it also. She was just frustrated.” Baton Rouge High

“I would say it’s a more psychological reason because if you know that every year it’s a rate increase, you tend to be less likely to use the post office and find another means, but if you have a two-year span it just doesn’t seem – even though it may add up to the same in 2008.” Baton Rouge Middle

“Under Plan B (more frequent changes) the perception is that the Postal Service keeps nickel and diming us. A little here, a little there. Chip, chip, chipping away. I like Plan A because the perception is that you’re not stiffing me every time I turn around. I think the public perception would be really bad; three increases three years in a row.” Chattanooga High

“Just seems like when a couple of years goes by a rate increase just doesn’t seem so outrageous but when a little time goes by and they want a rate increase and it impacts us all the same way then you kind of – you’re frustrated and you get irritated with the whole thing.” Seattle High

REASONS FOR MORE FREQUENT CHANGES (PLAN B)

Only 12 of the 229 participants (5%) prefer more frequent rate changes (Plan B); half are businesses and half are residential customers. Interestingly, three or more of the 12 are accountants.

- The main reason for preferring Plan B is financial accountability – spending only what is necessary to get the job done

“I like to incur expenses as they occur and not for any particular convenience. I’m not worried about convenience. I’m worried about the expense. If I can get away with spending 2 cents less this year on a bulk item that I might otherwise spend another \$100 for, I’d just as soon get away with saving those 2 cents this year. I’ll worry about it next year when it comes.” DC Low

II-C. Phased Rate Changes (Cont'd)

"I just like the idea 39 is less than 40. Granted it's going to go up to 41 the next year but 2006 I am going to have a savings and again not inventorying stamps I'm really concerned about an excess number of stamps on Dec. 31 assuming the rate increases go up on January 1st. I'm not going to have an inventory problem and again I can shift my mailing time from January – I can send out invoices and tax organizers Dec. 31 and take advantage of the lower cost. I'd benefit better in 2006. I'll worry about 2007 when it gets here." Springfield High Business

- At each rate change it is a 2 cent increase, which means the customer can use the same make-up stamps for both years.

"I agree with A. Of course B would be, you know, you'd have to have 2 more cents, then 2 more cents again. If you had a bunch of 2-cent stamps you would always have them." Green Bay Middle

- Some businesses think they might be mailing less, not more, over the next few years, so for them a more gradual price increase seems more appealing.

"The reason why maybe in 2006 I won't be doing any of my business at that time so I won't be using as much stamps so instead of using 40, I'll use 39 and at the same time I've noticed that there are a lot of things that are going into the Internet that is another reason maybe I should go with 2006 because then it's going to be eliminating a lot of my mailing." Detroit Low

Comments from the self-administered questionnaire follow:

Lower price for longer initial period. Delays rate increase as long as possible. (Hartford High Income Business)

I'm assuming a regular yearly increase. (Hartford Middle Income Business)

Less expensive. (Ft. Worth Low Income Consumer)

Little changes more frequently are easier for me to budget than larger, more infrequent changes. (Springfield Medium Income Consumer)

No real advantage as I purchase stamps frequently. The increase would just make "cents." (Green Bay Medium Consumer)

As a business, I am taking a smaller increment of increase on Option #2. DC Low Income Business

II-C. Phased Rate Changes (Cont'd)

I feel that a gradual increase in the cost, if anything, is easier to accommodate. DC Low Income Consumer

The advantage is more cost savings at the present time. It is easier to plan for the future verses trying to change things now. Even though based on quantity purchased over time, it will probably be the same amount. I forecast being more financially secure in 2008. Baton Rouge High Income Consumer

Keeps it simple. Because I have to pay only small increases at a time. Hartford Consumer Mid

Savings in 2006. Able to take advantage of mail timing to avoid 2007 increase.” Springfield, High Income Business

“I would save money (1 cent) in 2006. Springfield, High Income Business

Don't know what will happen to my business in the next 2-3 years, as I am using most of my stamps for business (I go short term) Detroit, High Income Business

II-D. Discounts on Bulk Purchase of First-Class Mail Stamps

The Postal Service is interested in determining if customers would be willing to purchase stamps in volume (perhaps double what they now purchase), if they were offered a discount. Two levels of discounts for First-Class Mail stamps were discussed. Different discounts were offered for books or sheets than for coils. Participants were asked if they would take advantage of a discount if they had to purchase twice as many stamps as they currently purchase. Book/sheet purchasers could do this by purchasing multiple books or sheets or by switching to coils; coil purchasers could do this by purchasing any combination of coils, books or sheets, as long as they increased the number of stamps purchased. Participants were also asked if purchasing in volume would be a convenience for them and if they would go to the Post Office less often to purchase stamps.

PROPOSED BULK PURCHASE DISCOUNT PRICES

Minimum Purchase Amount	Price Without Discount @ 39 cents per stamp	Reduced Price if Purchased in Volume	
		First Price	Second Price
100 stamps (1 Coil or 5 books/sheets)	\$39.00	\$38.50	\$37.80
	Amount of discount	\$0.50	\$1.20
	% discount	1.3%	3.1%
20 stamps (1 Book or 1 Sheet)	\$7.80	\$7.75	\$7.56
	Amount of discount	\$0.05	\$0.12
	% discount	0.6%	1.5%

In theory, customers are interested in saving money and expressed initial interest in receiving a discount on stamps. After all, “discount is a magic word” and “every little bit helps.”

“I like the idea of discount because that’s really a lot fairer. If you’re buying more, you should get – you should spend less for a stamp. That’s only fair.” DC Medium

However, when participants saw the first prices in the table above, interest waned. “No way! Not for a nickel. Not for 50 cents.” When the moderator offered the second set of lower prices, interest increased some. But many still felt that \$1.20 or 12 cents is not enough incentive to justify tying up their money. Across the groups, many participants spontaneously suggest that the discounted price needs to be \$35 - \$37 per 100 stamps or at least 10% to be of interest. Some even stipulate a \$5.00 reduction in the price of a coil before they would purchase in large quantities.

II-D. Discounts on Bulk Purchase of First-Class Stamps (Cont'd)

“That’s not that big a discount. I don’t know what’s wrong with me here. I might, though, because it’s just convenient and I do save \$1.20. 50 cents I don’t really care.” Fresno High

“Well not if it was \$38.50. If you dropped to \$37.80 I probably would opt to buy an extra roll. I would not for a 50 cent discount. Like he said you could find that on the floor.” Miami Middle

“I’m more tempted but I’m not sure that I would do it. \$1.20 might be worth it. I think again. The only time I have to go to the Post Office to buy stamps is when we screw up and don’t get the fax order in by 2:00 or we miscalculate what our mailing is going to be for the next day or two and we run short in stamps or something happens and we have to have a special rush letter for a client” Springfield High

“It’s a scale – convenience versus inventory cost, tying up the money. What I hear is no, the convenience does not outweigh typing up twice as much money at a time for a 1% discount.” Fresno Low

At either price level, only about one-third of residential customers say they would purchase in higher volumes for a discount, while the majority of residential customers (64%) would not pursue a discount. Business customers, however, are evenly split with half saying they would be likely to purchase in volume for a discount.

Some participants recognize that the rates of discount are not equivalent for sheets and coils, therefore making coils a greater discount value than sheet or books.

LIKELIHOOD TO PURCHASE IN HIGHER VOLUMES FOR A DISCOUNT

	TOTAL (n=229)	Small/Home Businesses (n=113)	Residential Customers (N=116)
Would purchase (Net)	43%	50%	36%
Definitely would	20%	25%	19%
Probably would	29%	25%	17%
Would not purchase (Net)	57%	51%	64%
Probably would not	24%	33%	40%
Definitely would not	26%	18%	24%

II-D. Discounts on Bulk Purchase of First-Class Stamps (Cont'd)

Interest in bulk purchasing also varies by income level. Among the three income groups, there is more interest in the bulk discount among the medium income groups, while the majority of participants in the high income and low income groups say they will not purchase in higher volumes for a discount.

LIKELIHOOD TO PURCHASE by HOUSEHOLD INCOME LEVEL

	High Income (n=75)	Medium Income (n=77)	Low Income (n=77)
Would purchase	31%	53%	44%
Would not purchase	69%	47%	56%

The concept was presented as a discount when you purchase at the Post Office, not at consignment locations or on the Internet. Many of these participants already use alternative purchase locations and means and would not be likely to return to the post office for a discount as small as this. Thus, many participants would not change where they purchase in order to obtain a price break. Those who go to the post office fairly regularly would be the primary ones to take advantage of a discount.

“So many of us in this room seem to already go to the post office or getting hers through her mail person and through business. So convenience is not really an issue for most of us.” Chattanooga High

A few respondents also question the wisdom of raising the rates, but then discounting the price of stamps. To them this doesn't make sense.

Participants are perplexed about why the Postal Service would offer a discount. Mostly they think that the Postal Service wants people to buy more stamps because then they will use the stamps. Only one or two participants hypothesize that counter service is expensive for the Postal Service to provide.

“I think it's a no brainer. If you have more stamps in front of you, you are much more likely to use them and therefore end up purchasing more later on so I can understand they want to get more in your hands so you'll spend more.” Green Bay Middle

II-D. Discounts on Bulk Purchase of First-Class Stamps (Cont'd)

"Maybe it's, you know, they would decrease the number of transactions then. And so therefore, it's the time of their people and waiting on customers and all that kind of – I mean there must be something to do with that. Must be more cost effective for them to..." "Buy more, come less often." Green Bay Low

Overall, most businesses and residential customers think that offering a discount is a good idea, but that the suggested discount just isn't enough.

Reasons for Purchasing in Bulk

There appear to be two underlying factors that determine interest in bulk purchase discounts: 1) financial ability and 2) attitudes towards going to the Post Office to purchase stamps. Customers who have the financial means to spend twice as much money on stamps are likely to consider a discount. Customers who find it convenient to go to the Post Office or who already purchase stamps at the Post Office are also likely to consider a discount. Those with limited finances and who purchase stamps at other locations probably will not be inclined to purchase in bulk.

- **Convenience.** Many participants already go to the Post Office regularly for other purposes, so buying stamps is not perceived as an inconvenience. In fact, one residential customer in Miami commented that going to the Post Office is a convenience for her because it gets her out of the house and into the Post Office where she enjoys talking to people.

"I would, too, even though I don't have a large volume, you know, even out of the house but if I could get a stamp cheaper or a free stamp I would. I just wouldn't have to go as often. I'd save some gas and time." Baton Rouge Middle

"I usually end up buying my stamps when I've got something else that I need to deliver like, you know, a gift to family that needs to be metered, that needs to be weighed so that same opportunity I'll just buy stamps. I don't usually just go just to buy stamps." Seattle High

"I might buy two books instead of one, just for convenience. Just so that I wouldn't have to go back to the Post Office but I would have to go anyway because I return packages as well so – but just to get it out of the way I may but I would never buy – I would never buy two rolls just because my volume isn't that high." Hartford Middle

"I think it's a convenience to buy it at the grocery store and other places so convenience is not a factor for me." Seattle Middle

II-D. Discounts on Bulk Purchase of First-Class Mail Stamps (Cont'd)

"I would take the discount and buy more. I would like to see a little bit more of a discount than \$2.00 to do that but I would take the discount regardless." Chattanooga High

*"No, because I know that it takes me almost a month and a half to go through a roll of stamps. I'm at the post office almost every day checking my P.O. Box so it's not an inconvenience for me."
Fresno Low*

- For those who don't like to run out of stamps, there may be an incentive to purchase in volume and obtain a discount.

"For the business, I'm going to go ahead and buy the rolls anyway but for my own personal use I would only probably buy one book. I wouldn't buy any more than that to save 50 cents." Seattle High

- Some would accept discounts because they feel that "any kind of a discount is good." (Miami Middle)

"I would change and buy the roll because I am not in the position of having to go to the Post Office so often to check my mail. For me to buy a bunch and get the discount, I am a big believer in discounts." Miami Middle

"Because in the long run, you're saving on postage even if it's a small amount. I'm still saving a dollar and that means that when I'm mailing my First-Class Mail, it's less than 39 cents that I paid for it." Miami Low

"I'd buy the roll because you figure you're saving \$1.20 and that's like getting 3 extra stamps free." Detroit Low

- Businesses may be more inclined to take advantage of the discount because it could save them time. Even a few residential customers express appreciation for saving time.

"For me, time is money. I'll pay another quarter for a book if they'll deliver it to me because it saves me from going out the door and doing it." Hartford High

I think I would instead of making four or five trips a year, I probably would make two or three." Hartford High Residential

- The bottom line in interest in a discount seems to be financial ability. Those who have extra money to pay for additional stamps would consider purchasing in volume for a discount.

II-D. Discounts on Bulk Purchase of First-Class Stamps (Cont'd)

"It's not really a major difference but I mean I'm going to need them anyway. If I know that the rate hike is off far enough that I don't have to be concerned about it and I feel that, you know, at this point in time I can swing the extra \$40 or \$50 that I would need to shell out for another roll of stamps then why not take the savings but otherwise I have no reason to even bother." Hartford Middle

Reasons for Not Purchasing in Bulk at Tested Prices

- Reduced price is too little – "It is not enough!" Most would only purchase greater quantities if the price reduction was \$2.00 - \$5.00 per coil. For example, when the moderator probed participants in Seattle by saying, "I can see you are not excited about this," one respondent replied, "It's a nice gesture. I wouldn't go out of my way, but we're buying rolls anyway."

"If the discount was better than 50 cents, yes. That is just not a significant amount of savings in order to put out the extra amount of money." Baton Rouge High

"Fifty cents wouldn't entice me to spend another \$38.00. I might for \$5.00, but not for \$0.50." Chattanooga High

"It's inconsequential. On books the saving is not even the cost of one stamp." Chattanooga High

"Probably \$2.00 sounds good. I don't think I'd do it for less." Chattanooga High

Look at the percentage. You're talking about one and 2/10^{ths} of a percent. I mean \$1.20 divided by – divide 100 into that and what do you have. I have suppliers that offer a 1% discount if the invoice is paid by the 10th of the following month and that's 1% in an industry where 3% profit margins are considered pretty good." Fresno Low

"I might buy 5 sheets instead of 4 sheets, but 50 cents is not a really big incentive." Seattle High

"I'm going to go for the business. I'm going to go ahead and buy the rolls anyway, but for my own personal use, I would only probably buy one book. I wouldn't buy any more than that to save 50 cents. I'd lose them and then money down the drain to save 50 cents. I wouldn't do it." Seattle High

II-D. Discounts on Bulk Purchase of First-Class Stamps (Cont'd)

“Especially with the new rate increase if it was going to be 2 years before they had another one, I’d jump at the chance and save if it were a decent discount, but 50 cents isn’t going to excite me. I think that if it was like a 5-roll, 5% discount, that would be something that I would consider.” Seattle High

“If we had a bigger discount, we would jump at it without any problems. But \$1.20, you know, I don’t think that I would go buy two rolls at a time. Not for \$1.20.” Ft. Worth Low

“You’re only saving half a cent for each stamp. That’s not much. And you have to buy 200 stamps in order to get that half a cent.” Boulder Low

“It’s laughable, the discount. It’s almost an insult, really. It’s like a customer service gesture, but I think the way we feel in this room, it’s almost an anti-customer service gesture, because it’s almost insulting.” Detroit High

- Cash flow and other financial concerns -- Many don’t want to tie up money on stamps for the future or don’t have the extra money needed for additional stamps; fear of losing/misplacing the stamps

“All of us probably at the end of the month don’t have anything left. If you put an extra \$31 or whatever into stamps, even though the next month you have that money, you are not going to buy stamps again, but basically it’s almost living month-to-month with my stamps. It would be like buying movie theater tickets. You can get them cheaper by buying 20, rather than buying 5 at a time, but you couldn’t afford it. Basically you go to the movie when you finally have enough money.” Baton Rouge High

“They remind you of how expensive it is to buy stamps. When you start looking at paying 40 bucks for stamps even if it buys me two or three months, that’s still harder for me to swallow than I’m paying \$7.00 or \$8.00 for stamps.” Chattanooga High

“And for me, I just don’t like having more things around my house. I’m trying to de-clutter my house as it is. I don’t want more piles of stuff to keep track of.” Chattanooga High

“I usually go through like a book every two months so it’d take me 10 months basically to go through, maybe 9 months to go through the roll. I’d probably lose it by then or my friends would die and I wouldn’t need them so I don’t know. I think I’d probably stick with the \$7. For \$1.20, yes, I think I’d probably stick with the 2 books I get every couple of months.” Fresno High

II-D. Discounts on Bulk Purchase of First-Class Stamps (Cont'd)

"This kind of reminds me of cash flow analysis. It's almost like this inventory of parts. Why should you inventory the stamps when your utilization of the stamps is stretched out over a 30 day period and you've got another 30 day supply on hand, I mean that's like a 60 day supply when you only need a 30 day supply. You know, it's just not consistent with good accounting practice, as I see it. We all have a way of expressing it, but really it's cash flow analysis. I mean it's inventory." Fresno Low

"Just that outlay. It costs what it costs for stamps and we don't like to buy and have them sitting there for a month at a time." Seattle Middle

"I just don't see how 12 cents a month is going to entice anybody and most everybody said they bought 1 a month. For me it would be even less than that. 12 cents is not going to make any difference to me so why should I give the Post Office my \$7 now rather than next month?" Ft. Worth Low

"You're going to have to spend twice as much because you have to buy two of them, right, at \$38.50 apiece so you're looking at almost \$80. That's – between \$39 and \$80 is a lot. There's a big difference in coming out of your wallet all at once. You could take your family out for dinner with that amount of money." Hartford Middle

"I'd rather have it in my pocket or in the bank then have it sitting in the desk drawer because you can't spend a stamp. You can't to a restaurant for lunch and give them a bunch of stamps." Hartford Middle

"I would never buy a roll. I like different stamps, I like different things and I also don't have that kind of money to just chunk it down at one time. My stuff ekes in bit by bit by bit and if I worked for the Post Office, got \$18 an hour, yes I might do it but now there is no way." Springfield Middle

"Better return off of a savings bond. You are buying something that you don't need and holding onto it to make this 50 cents and it is not worth it." Springfield Middle

"I'm not going to tie up extra money sitting on the shelf every month." Green Bay Low

"And the \$39, yeah I can afford \$40 for the time being but not, you know, \$78 bucks." Detroit Low

II-D. Discounts on Bulk Purchase of First-Class Mail Stamps (Cont'd)

- Already purchase stamps at consignment locations for a discount – A few participants in Seattle can purchase for a discount at Fred Meyer (retailer) or the PCC (Coop grocery store). The PCC offer a 10% discount on all merchandise, including stamps on specific days of the month.
- Concern that rates will increase leaving customers with large quantities of old price stamps

“I would, if we know we are going to have a couple of years in between increases. I hate getting stuck with a whole bunch of stamps and then having a rate change and then having the inconvenience of going back and getting the add on.” Baton Rouge High

“I might do it, if I was guaranteed that the postage wasn’t going to go up.” Chattanooga High

“I have a trust issue. Can I buy this and guarantee that I’m not going to be stuck with all these stamps?” Hartford Middle

- Wanting to go more often to browse and purchase new commemorative stamps
- Stamp design – Some don’t want to be limited to coils, which are perceived to be boring (not many designs)
- Storing extra stamps – Some have concerns about storing extra stamps -- fear of loss or destruction; family members who would use them up at a faster rate

“I probably wouldn’t buy too many because I usually keep them in my purse and it would take up too much room. I just always know where they are in my purse. I don’t know why I don’t store them in my desk; I’m just a creature of habit.” Chattanooga High

“I don’t even stock up on my supplies. I have enough with one extra. I don’t like to have a lot of supplies.” Fresno Low

“On paper that is fine and good but the reality of the circumstances, twice as many stamps all that does is feed my wife’s E-Bay addiction and I just can’t afford that. So no, I would not buy twice as much.” Springfield Middle

II-D. Discounts on Bulk Purchase of First-Class Mail Stamps (Cont'd)

- Thoughts that a postage meter might become desirable – At a certain amount of money, businesses might find it more advantageous to use a postage meter

“Well, I think if I’m going to consider purchasing \$100 or \$150 worth of stamps as a bulk purchase, if I’m using that kind of postage, it’s starting to make sense for me to buy a meter and do it that way so probably it doesn’t make sense to have a physical stamp anymore and then I should probably move up to a meter. I’m not at that point; eventually we’ll get there. I don’t see any utility to purchasing, you know, \$150 worth of stamps.” Green Bay Middle

- A few participants question why the Postal Service would offer a discount and raise rates at the same time. It doesn’t seem logical or consistent.

“Something else that would turn me off completely to the discounts would be the fact that the Post Office can get away with selling 100 stamps for \$37.80 cents a piece, while they’re raising the rates Why not just have the rate be 38 cents?.” Ft. Worth Low

“I think the other benefit of buying and getting for free is that they’re still getting their cash up front. They’re also taking the chance of you getting them and never using them. So that’s really a better profit for the Post Office and would make the people feel better. The worst thing is if they can afford to give you that discount, why don’t they just lower the price of the stamps to start with?” Detroit High

“Why are they offering us a rate increase, as well as a sale on stamps? Do you know what I mean? Why don’t they just keep the postal rate as it is and not offer anybody any discounts? I mean obviously they’re going to have to raise the rate as some point. Why are they offering us a deal on 20 stamps when they know we’re going to buy the 20 stamps anyway? You hear how we said we’re all going to buy a certain amount of stamps. Why would they then offer us a discount? DC Low

II-D. Discounts on Bulk Purchase of First-Class Mail Stamps (Cont'd)

Desired Discount Amount

Few participants are interested in the first reduced price ("less discount") because simply put, "It is not enough." In fact, many laugh or scoff at seeing the \$38.50 / \$7.75 prices. Even the low income groups feel the first reduced price is not enough of a price reduction or discount.

"I wouldn't bend over and pick up a nickel." DC Low

Some participants are tempted by further reduced prices ("more discount") to accept the discount, but usually with reservations and conditions.

Participants in many groups spontaneously proffer discounts ranging from \$2.00 to \$5.00 per coil, which would be at least a 5% discount. There are some participants who say the discount must be at least 10%, equal to a \$3.90 discount on a coil or \$.78 for 20 stamps.

Some who purchase at places other than the Post Office would not purchase in bulk if they had to go to Post Office for the discount. Even those who purchase on the USPS web site and pay \$1.00 handling fee would not go to the Post Office for a discount.

"I don't go to the post office to buy my stamps so it would be out of the way for me to go to the post office. If the savings were only offered on the sheets at the post office, I wouldn't go out of my way. I'd get them at the grocery store where I'm going to be anyway." DC Low

Alternative Suggestions for Discounts

Participants made the following suggestions for discount plan:

- Tiered discounts – the larger the volume purchased, the greater the discount, such as price breaks at 3-5 coils, 6-10 coils, etc.

"Even multi- pack discount, you know – the more discounts or the more packages you buy, you know, giving something off the second, third, fourth, you know, that would even be a thought." Chattanooga Low

- Buy one, get one free
- Give-aways -- Include a box of free envelopes (security envelopes) along with the discount (Green Bay Middle)

II-D. Discounts on Bulk Purchase of First-Class Mail Stamps (Cont'd)

- Issue a stamp card or a “Frequent Mailer Card” (similar to a coffee club card or Subway card) that gives free stamps after purchasing a large quantity, such as 10 or more rolls

“Have a virtual memory card where you can stamp it.” Springfield Middle

“No, I wouldn’t change, not for that. If they had like, you know, those Starbucks coffee cards. If you buy ten sheets or twenty sheets, you get 1 free, then I would do that. Because then I can – you know, you’re working toward something. Then I would buy it by a sheet at a time. Instead of the 1, 2 stamps here and there.” Green Bay Low

“Here’s what I want, a Post Office registered credit card. I can go under USPS.com and register my credit card. And every time I pay for my stamps with a credit card, that tracks it, like a frequent flyer thing. After X amount of books or rolls, I get something free, not 30 cents.” Detroit High

- Donations -- Rather than give the customer the discount, the Postal Service should donate that portion of the proceeds to a charity such as the Susan Komen Foundation for Breast Cancer.

“I wouldn’t feel insulted about that. But don’t five me back the chump change and make me spend \$78.00 or whatever.” (Detroit High)

II-E. Forever Stamp

The Postal Service is considering the sale of a first-ounce First-Class Mail “Forever Stamp” that would be premium-priced above the prevailing First-Class Mail stamp rate and would be accepted “forever” as postage for First-Class Mail first-ounce mail, no matter what the prevailing rate was for First-Class Mail first-ounce.

The concept presentation evolved over the course of conducting the 24 groups. Initially for the first two groups, the moderator presented the concept using the words “Forever Stamp.” Due to a strong reaction to the word “Forever,” the concept was reworded to “Advance Stamp” for the next ten (10) groups. However, some participants in these groups used the word “forever” to describe the concept and they sought clarification from the moderator. In the final 12 groups, “Forever” was put back into the concept and the moderator presented the concept using a written description. Following is the written description that participants in the last 12 groups were given to read, as the moderator read the description aloud to the group.

Forever Stamps

The Postal Service wants to get your reaction to the idea of a forever stamp. Here is the concept:

A forever stamp will be sold at a 2 cent premium above the First-Class first ounce postage and will be good for first ounce First-Class postage regardless of the prevailing rate for First-Class postage. For example if a forever stamp was issued today it would sell for 39 cents – 2 cents above the price of First-Class first ounce postage.

The stamp is expected to have an appealing design, but it will be non-denominational, i.e. it would not have 37 cents or 39 cents printed on it.

The stamp would not become obsolete with any number of postage rate changes and would not need make-up stamps added to it, as long as it is used for First-Class first ounce postage.

II-E. Forever Stamp (Cont'd)

Overall Interest

There appears to be some interest in the Forever Stamp. About half of the total participants say they would probably or definitely purchase Forever Stamps at the 2 cent premium, and half would not (as reported on a self-administered questionnaire at the end of the group session).

Low and medium income groups are somewhat more likely to say they would purchase Forever Stamps than are high income groups.

Businesses and residential customers are each about evenly split on likelihood of purchasing Forever Stamps, although businesses appear to be more definite about their intentions to purchase, while residential customers seem more tentative about purchasing.

		GROUP TYPE		INCOME		
	TOTAL (n=229)	SMALL/HOME BUSINESS (n=113)	RESIDENTIAL (n=116)	HIGH INCOME	MEDIUM INCOME	LOW INCOME
Would purchase	49%	50%	49%	41%	55%	52%
Would not purchase	51%	50%	51%	59%	45%	48%

While described as way to ease customer transitions into rate changes, the Forever stamp would mainly be purchased as an investment in the future, with convenience during a rate change being given as a secondary reason by many participants who would purchase these stamps.

Three main conditions of purchasing forever stamps are 1) buying right before an increase, 2) knowing what the rate is going to be and 3) appealing design.

Design of the stamp may affect purchase interest. This stamp will have to be seen before customers will purchase it. Some suggest that the stamp must show the word "Forever" in order to be recognized for what it is; otherwise customers will think it is a regular stamp and not know its value. Some suggest a large "F," "Forever" with the American flag or a hologram.

"I think it also has to do a lot with what design it would have that would be attractive and would entice people to buy it." Miami Middle

II-E. Forever Stamp (Cont'd)

Positive Reactions and Reasons for Liking Forever Stamp

Most of those who would purchase a Forever Stamp say they would purchase it as an investment against future rate increases, rather than as a convenience during the beginning of a rate increase. A few even talk about purchasing them for their grandchildren or stocking up on stamps for future holiday mailings, upcoming weddings, graduation announcements, etc.

Investment Reasons

"You just sold a lot of them because I'm going to assume I'm going to be breathing over the next 15 years. I'm in business so I mean it's still going to be moving. If I can lock in a price today for 15 years into the future and being hopefully unlike the government, which will lie to you, I don't believe what you just told me because the post office will find some justification to cutting that out. However, let's assume that it is what you say it is, oh yes, I'd lock that price in today so fast it'd make your head spin." DC Low

"It's hedging against some inflated prices, a stamp that's going to go up anyway and I would probably limit it. I would probably not buy more than a year's supply but I would do it and continue to use the 37 stamp until the appropriate time that it is 39 cents and then I would have a year running at – or however long it would take me to use those stamps." DC Low

"I think I would buy the forever stamp. I probably wouldn't buy a large, large quantity but I'd have some and hold. I'm not going to use a 39 cent stamp when I can use my 37 cent stamp but I would save them for future use." DC Low Residential

"I mean if they're good forever, yes, I probably would buy some because when it goes into the 40 cent new rate plan you're still saving a little bit until you're done with all the 39 cent ones if you really think about it." Fresno High

Convenience

Among those who would purchase Forever Stamps, convenience of having a valid stamp after a rate increase is also important.

"I started off by saying that I didn't think that a rate change was that inconvenient in the first place but this makes it easier to digest the change. Any time you get some type of an advantage while dealing with a change, it makes the change easier to bear." DC Medium

II-E. Forever Stamp (Cont'd)

"I'd buy it at least to get through that transition." Seattle High

"I wouldn't go to another Post Office but if I was at the counter buying stamps, say it was going to go up in January 2006 and I was there in November and I was buying a whole book, yes, I would definitely pay the extra 2 cents so that I could use them and not have to worry about the price change." Ft. Worth Low

"I think it's very convenient. You don't have to go back to wherever to get the new rate stamps. You already have your stamps, you're done." DC Medium

"I would do it for the convenience. I would do it like a month before it was going to change so that way I wouldn't have to fight the lines at the post office for the new stamps, buy them and use them until the new rate came in." Fresno Low

"I would buy a roll because I'm going to be using them anyway and I'm not going to buy them unless it's like a month before the rate increase." Fresno Low

"I would buy a book for transition just to go from not knowing exactly, you know, just to make sure the bills get there on time. And if they're good after the 40 cents has kicked in, that's fine, so you saved a few pennies and you didn't have to worry about, okay, is today the day that I need to apply a 40 cent stamp on there as opposed to the 37 and well, I got these 39 cent stamps so – and as the – you know, through the day goes on, you're like okay, well not today, it's tomorrow. Heard it in the news or I read it in the paper or however they're going to let people know." Ft. Worth Low

"I don't buy a lot of stamps but if it was 39 cents right before 2006. I probably would buy as many as I could and use them. Just because it makes you feel good, the perception. Especially if you don't have a deadline, I would feel really good because we have a lot of stamps that we got sitting around and I find that I need to go and buy some stamps and sometimes I forget to buy the 2-cent stamps." Ft. Worth High

"I would probably buy a book just to have on hand in anticipation of an increase but it makes life a lot simpler. You don't have to put these 2 or 3 stamps on your piece of mail. You just put the stamp on should they say tomorrow we're going to increase the rate. You've got this stamp available, put it on and, you know, keep on going." Detroit Low

II-E. Forever Stamp (Cont'd)

Other Reasons

Some participants like the stamp because they say it would cost them less than applying double stamps when the rate goes up. Others say it would be convenient because they wouldn't have to deal with make-up stamps and wouldn't have to go the Post Office when the rate change is implemented.

"Also, maybe it'll solve this problem of the big lines when you make the transition." Seattle High

"I probably would because I would assume the rate increase is going to be more than a penny but I don't know. Yeah, I'd buy some." Green Bay Middle

"I'd buy a roll for the business and probably just a book for myself, just so I didn't have to hassle with the penny stamps to make up the difference." Seattle High

Some would purchase Forever Stamps as gifts.

"I can see that it would be kind of a cool present. Symbolically, you could give it to people who are getting married as a little present or something to send in a card. You could put it in a card and send it as a gift. I see that. I don't know if I would buy them to use. But it's a nice thing to give away." Hartford High

"I would consider buying forever stamps. They make good gifts. My sister is in college and she always needs stamps. They would make good stocking stuffers too. If I know that I give them as gifts anyways, I might as well just buy 2 rolls of the forever stamps." Springfield High

"I'd buy them for the children. I might buy a small amount of them, but I wouldn't buy a large amount of them." Detroit High

"I might buy them if I knew I had a wedding coming up for one of my children or something and you need a ton of stamps for those things, something like that. I knew it was coming up soon and just put them away. I doubt it. I just don't have enough extra cash on hand." Detroit High

Some would purchase just for the "novelty" of them (Boulder Low).

"I might buy one roll just to say I have one." Detroit High

"I wouldn't buy any. Okay, maybe I'll buy 1 book because my son collects stamps, but that'd be it." Detroit Low

II-E. Forever Stamp (Cont'd)

“I probably would buy maybe a sheet of 20 if they offered that to pass onto my grandchildren. Not for them to even use at that time as – if the forever still continued but it would just be something like memorabilia and that would be the absolutely only reason I would purchase it. I would not purchase it for the intent to use on my mail.” DC Low Residential

“I might purchase maybe a couple hundred just to have them, but I would really buy them because they were just a novelty, probably just as a collector’s item.” DC Medium

When probed, participants mention seniors, shut-ins, disabled, college students as groups that might benefit from having the Forever Stamp.

Negative Reactions and Reasons for Not Purchasing Forever Stamp

One of the main reasons for not purchasing the Forever Stamp is uncertainty about future rate changes and unwillingness to gamble that postage rates will increase more than the two-cent premium. These participants may purchase Forever Stamps if they can be certain about the amount of the next rate increase.

“I wouldn’t do it for a number of reasons. First of all, you have no idea what the rate increase may be, you know, first of all. You know, it could be a penny. The one in Plan A it is a penny for the first one. I wouldn’t do it.” Detroit Low

Some participants just feel they shouldn’t pay more for a stamp than the prevailing price of postage—it is likened to throwing money away.

“I wouldn’t buy the forever stamps because more than likely unless you buy a lot of them, you’re more likely to then use them before they actually reach 41 cents so you actually paying 2 cents more to mail something when you don’t have to. So the only way that that will work if you were to hold onto the 41 cent stamp until the time. So why buy something now at a price that it’s going to be 3 years from now?” Baton Rouge Middle

“I wouldn’t buy them just because I don’t want to pay more. I’m thinking about saving money now. I’d rather pay more thinking about what could happen. There could be the miracle that maybe the Post Office will go back to 25 cents, you know. I don’t, you know – I’m not going to pay 2 cents more now.” Miami Low

II-E. Forever Stamp (Cont'd)

Others think the Forever Stamp just sounds confusing.

"I think the 39-cent [forever stamp] would be almost confusing especially since it's just for such a short window of time. You know if it's for 2 months, something like that, that you're going to sell them and then, you know, you're not going to sell the whole 2005 – you're only going to sell them for a short period at 2005 window so I don't know. It would confuse me I think." Fresno High

"I think it's just another confusing stamp that's out there and you wouldn't remember what it was." Green Bay Low

"I can see how it would be useful, but I think it seems more confusing." Seattle Middle

A few think the stamp could be hard to find and wouldn't be worth the effort, if the stamps couldn't be found at the Post Office.

One person would not buy Forever Stamps because she believes that technology may change the way we send mail and then she might not need the Forever Stamp (DC Low).

In most groups, there is usually one or more who doubt that the Postal Service would keep its promise of "Forever." To them, it seems that the promise of always being able to use the stamp for First-Class first-ounce postage is "too good to be true."

"Well anytime the government gets involved in anything, the only sure thing is death and taxes and these are election cycles, 2008. I would not trust the government to tell me something is forever." Hartford High

"Just a 'forever' anything anymore is not happening anywhere. Nothing is forever." Detroit High

"I would buy them if there is a guarantee that it could be used indefinitely." Baton Rouge Middle

"Are there any perimeters around forever? I mean forever is a long time." Boulder Low

"It sounds inefficient and aggravating." Chattanooga High

II-E. Forever Stamp (Cont'd)

A few participants feel that the Postal Service is doing this to increase revenue by making money from people who purchase the Forever Stamp and use before the rate increases.

"I think it's a nice way for the Post Office to make a little extra money by people slipping and using their 39's while 37 is all that's required." Seattle Middle

"It seems to me the Post Office is saying give us your money now and you will get it back sooner or later. Invest in bonds or something and that is basically what they are saying here is invest in the Post Office so we have more money to operate on now." Springfield Middle

Purchase Amount and Timing

"Buy and hold" was the most immediate response of participants. Those who would purchase say they would purchase a few books or sheets (40 stamps) to as much as five years worth of stamps. Businesses were more likely to say they would stock up for a long time – one to five years of stamps, which could range from 500 to more than 5000 stamps; most residential customers are interested in purchasing a few books. Generally, most respondents would only buy about the same amount of stamps they currently purchase.

Only a few think that the return on their investment would be too little for the effort they would expend. Even so, some of them would buy some Forever Stamps.

Participants are also consistent on timing of their purchases – they would wait until "just before the rate increase" to purchase Forever Stamps.

"Well as he was saying initially I would probably come out and buy a roll. Then at my convenience I would just keep buying them and it is called accumulation. The prices of stamps are going to be going up. It is when you then think okay now it is time to get pay back and then you start using the stamps. Any time I would have spare money, I would be buying them. That is how I would buy them. I would start off initially with a roll and when I go into the Post Office I see my wonderful clerks I would definitely be buying more. I would say yes let me have this extra amount. I would be buying it." Miami Middle

II-E. Forever Stamp (Cont'd)

"My option, there is no reason why I have to use those stamps right away either. I can still buy the 37-cent stamps and when it goes up to 39 cents I have not lost anything anyway. If it goes up to 39 cents in one year, I can still use those Forever Stamps at the same price and I have not lost anything. When it goes up to 40 cents, I am kicking my heels". Miami Middle

"Buy and hold probably, not a tremendous amount but every time I went in and bought a book I'd buy a second book of forever stamps and just pack them away and forget about them, lock them in the drawer somewhere and I know it's safe, I mean we're talking pennies and it just seems like in the long run it could save me a couple of cents here and there. I mean I like that idea." Miami Low

"Realistically, knowing how far it is between rate changes normally, that's a big investment if one were to buy 500, 1,000, something along that line. That's a big investment of money that could be earning interest or making money somewhere else hoping that within let's say 2 years or 3 years the rate would go up again and you'd be able to get something back on your investment. It isn't worth it. Realistically, I don't think that's a great idea. I don't think it's worth it in the long run." DC Medium

"I think about a couple hundred, you know. Maybe 300 if I knew they'd be forever. My back might be messed up but I still plan on being around for a while." DC Low

"I tend to think from a business planning standpoint. I tend to think in 3 to 5 year increments as I think about things that I'm doing and plans that I'm making for my business, so I would probably buy 3 to 5 years worth of stamps. Probably 5 years." DC Low

"I'd buy a heap -- probably somewhere in the area of 1,000 -- about 1,000 a year. I'd probably buy for 5 years. I would because I'm planning that effort for sure. Anything I can budget now takes something off something manageable -- I don't have to manage that. I don't have to hear anything from my accountant or whatever; I can manage that from my business perspective. That's something that's off the cuff. I don't even have to visit that issue for at least for an extended period of time. If I don't have to do that, my creativity as far as what I do up here -- anything that takes away from the way I try and figure stuff out is counterproductive." DC Low

II-E. Forever Stamp (Cont'd)

“First thing I would do is call my accountant tomorrow morning and tell him how much have I spent over the last five years on postage stamps at which point he will tell me. At that point I will look at that and probably drop – it’s going to sound crazy to people around the table but I’d probably drop upwards of \$5,000 on them.” DC Low

Suggested Alternatives to Forever Stamp

Some participants came to the conclusion that they would prefer a grace period to use up old stamps or have the option to trade in old stamps, rather than having a Forever Stamp.

“I think the rate increase should go up in October and then you should be able to use your 37 cents until January. But I’m not going to buy a 39-cent stamp and pay 2 cents more when it doesn’t have to be.” Fresno High

“Why don’t they give the 37-cent stamp a grace period when this 40-cent stamp kicks in and, you know, try not to have people spend a little more? Just quit messing around with the in between stuff and when the 40 cent stamp kicks in, you got a certain amount of time to use your 37 cent stamps because we’re not going to accept it or whatever. That’s it. Instead of wasting money printing some stamp that really is going to be a pain to get anyway.” Ft. Worth Low

“I would rather have them take back the stamps that I have and exchange them rather than match up the 2 cents or go to an additional stamp or whatever.” Miami Low

II-F. Rounding of First-Class Mail Stamp Price

Respondents are divided on their interest in having stamp rates that are rounded to the nearest nickel – 40 cents, 45 cents, 50 cents, etc. When queried about preferences for rounding, about one-third favors rounding, one-third prefers exact pennies, and the remaining one-third of participants is neutral on the topic. Those who favor rounding seem to have stronger opinions than those who prefer exact pennies or are neutral. In fact, some participants suggest rounding the stamp price to the nearest nickel at a rate increase even before the moderator raised the topic. Many say it would be convenient not to have to fool with pennies. This is the same rationale given to rounding sales tax to the nearest nickel.

“If the rate is going up 3 pennies, then make it 40 cents. Make it a round number.” Baton Rouge High

“It’s not business important but just personally. I prefer not dealing with pennies so I like the change if it stays in dimes or nickels. Even if you’re paying a penny more, I’d rather pay that penny more than deal with the penny.” Ft. Worth Low

Businesses appear somewhat more likely to want rounding than are residential customers, who say they prefer exact prices, even if it makes the stamp an odd number price. They “want to be charged what the increase is and no more.”

“I pay \$37 for the roll. But if you go to the vending machine, I could see how you would want it to be even.” Baton Rouge High

Those who buy stamps by the roll seem to have less interest in rounding than those who purchase sheets or books.

One advantage of rounding would be convenience in using vending machines, so that consumers would not have to receive penny stamps as change.

“But for me, the convenience part, especially like getting it out of the machine, is when you get nailed the 37 cents and then the 3-cent; I can’t use the 3-cent. I either leave them or don’t use them. So I have always said, if you are going to 34 cents, why not go to 35? The convenience of going to the machines where you can use even dollar amounts or coins without, they don’t take pennies, so they don’t need have increments of pennies, so it doesn’t create a convenience.” Baton Rouge High

“I pay \$37 for the roll. But if you go to the vending machine, I could see how you would want it to be even.” Baton Rouge High

II-F. Rounding of First-Class Stamp Price (Cont'd)

Others object to rounding because it means paying more than necessary.

"I prefer not to pay more for stamps in bigger increments when the price goes up. I'd just as soon lose a little here or there then to do that." Chattanooga High

"I find a penny or two or even 3 cents does not seem like that much but when it comes to a nickel, nickels add up quickly. I have jars and jars of pennies so a penny or two does not mean a whole lot but a nickel at a time just seems like a lot. It is a mental block." Springfield Middle

III. CONCLUSIONS

III. Conclusions

This report is based on the comments of 113 small businesses and 116 residential customers in 24 focus groups and 12 cities nationwide. One of the most striking findings is the consistency of responses across the four regions both in tone and actual words. Even though customers were divided in their opinions on each of the four areas of discussion, their reactions and reasons were practically identical from city to city.

Phased Rate Changes

Customers like the idea of phased rate changes; they would rather know the plan for several years than wonder when the next rate will come along.

Overwhelmingly, business and residential customers prefer rate changes to be as infrequent as possible. Almost all participants (95%) oppose an annual rate increase in favor of rate changes every two years or longer. Five years is desirable, but many think it is too long a time for making accurate rate projections and some fear rate price shock if the time period is five years.

Rounding is desired by a good number of customers, both business and residential. Nickel increments appear to be favored by many participants.

In every group customers ask for advance notice, more time to plan for the rate change and a better understanding (justification) of the First-Class Mail rate change. Suggestions for communications include:

- Explanation of why the rate change is requested
- Charts listing all rates
- Postcards notifying customers of the implementation date
- Ways to make a rate change easier for specific customer segments
- Availability of alternative means of purchasing stamps

Bulk Purchase Discounts

Across all income levels, the vast majority of participants buy books, sheets or coils, not single stamps. Only a handful of participants routinely purchase a few stamps at a time or buy stamped envelopes. Participants only purchase a few stamps under special circumstances, when they are in a hurry or the line is long.

III. Conclusions (Cont'd)

The concept of obtaining a discount for buying in bulk is appealing to most customers. However, at either of the proposed discount prices, only about two-fifths of participants say they would buy in quantity to obtain the discount. The majority of customers emphatically reject the discount offer because they say the amount of the discount is far too low to be appealing. Participants then provide additional reasons in order to justify their rejection of the discount. These include: 1) preference for just in time spending (not wanting to tie up a large amount of money for a long time); 2) financially unable to purchase twice as many stamps at one time; 3) quantity purchase is not perceived as a convenience in terms of time or travel to the Post Office; 4) customers use other means of purchasing stamps, so that having to go to the Post Office to purchase stamps is less convenient; 5) concerns about loss or destruction of the stamps; and 6) concerns about rate increases.

The biggest stumbling block to acceptance of the discount is the perception that the discount is too low and not worth the trouble. In fact, the proposed discount is perceived to be an insult by some. Customer expectations have been set by the larger market place at discounts of 5% or higher.

Furthermore, the rejection of the proposed discount level is based on the tested requirement of purchasing “twice as many stamps in order to receive a discount

It appears that customers are more enamored with promotional packaging than with the proposed discounted prices. There were a few mentions of a “stamp card” similar to Starbucks or Subway cards – “Buy 10 rolls of stamps and receive a free book of 10 stamps.”

Businesses are somewhat more interested than residential customers in a discount, perhaps because they tend to purchase more stamps than residential customers and realize they will eventually use them. Residential customers tend to purchase a book or two one a month or less often, while small businesses are more likely to purchase one or more coils per month or more often.

Forever Stamp

Marketing may make a difference in customer reaction to the Forever Stamp. For example, the choice of words used in describing this stamp to the focus groups significantly changed the reaction to the stamp. Across all groups, the name “FOREVER STAMP” is more appealing to customers than “advance stamp” or “transitional stamp” or “non-denominational stamp.”

III. Conclusions (Cont'd)

The concept appeals to about half of the focus group participants, mainly as an investment but also for convenience in transitioning through a rate change. The biggest hurdle to overcome will be explaining the stamp and “forever” to the general public.

Rounding of First-Class Mail Stamp Price

Rounding to denominations of 35, 40, 45, 50, etc. is appealing to a sizeable number of businesses and residential customers. Customers point out that just the idea of getting pennies back is not very appealing, even if they don't buy single stamps. However, there are some objections expressed by participants who perceived nickel increments as “rounding up” and feel they may be paying more than is necessary for a stamp.

APPENDIX

RESPONDENT QUESTIONNAIRE RESPONSES

Following are the written responses for all respondents to a questionnaire administered at the end of the group sessions. Reasons for desiring less frequent rate changes are presented separately from reasons for desiring more frequent rate changes. Within each category, responses are presented by city and income category

LESS FREQUENT RATE CHANGES – REASONS

DC – Middle Income Business

Less frequent adaptation; less cost to USPS (and thus to consumer)

Less frequent changes require less frequent modification to methodology, training, equipment adjustments; more frequent change increase the opportunity to make a mistake in over or under paying postage

Less confusion and wasted time; savings for the Postal Service

Less work in buying new stamps more frequently and less to worry about in having enough “make-up” stamps for the change

DC – Middle Income Consumers

Less frequent the better!

Convenience for users/consumers; Save/reduce costs to USPS for rate increases

Convenience—less guessing; more time to prepare for change

I would rather have less change and higher increase

DC -- Low Income Business

I can save the time (trips) to the Post Office. By going to the Post Office, I can get problems like parking, big lines, etc. I can avoid these

Simply less changes which means less old stamps to add cents to

Consistent; buy large quantity; budget accurate for a number of years

Stability; less adjustment to change; budgeting

DC – Low Income Consumers

Less hassle than buying 1 cent and 2 cent stamps

I like not having to think about postal rate increases often

Don't like frequent rate changes for a small increase in the rate

You would need less make-up stamps for the price change; less trips to the Post Office

Baton Rouge – High Income Consumers

Less work of old stamps; also less 3 cent stamps to buy or other add-on stamps

Less to think about. fewer changes

Less frequent, as stated

Adapting to change. The less frequent something changes the better. Also convenience plays a major role as to the replacement of or adding to the remaining lower cent stamp.

Baton Rouge – High Income Business

Less change

It is more convenient. I like the idea of having to purchase make-up stamps after two years instead of every year for three years.

Fewer changes. Rate changes on January 1 instead of April

Less change and inconvenience; also would be an even nickel

Less change, less money spent on printing new stamps; less confusion on how much are stamps now?

Less change; would not have as many opportunities to need make-up stamps

Baton Rouge – Medium Income Consumer

The less frequent the rate goes up, the less you feel cheated

I'd like the even increments and increases less frequently

Longer to keep your stamps and sufficient time ahead to know you need more expensive stamps

I would need to keep track of 1 cent stamps less frequently

The advantage would be a less frequent change

Baton Rouge – Medium Income Business

Less frequent changes. I just don't want to think about a rate change that much. It sounds better to keep the price for a couple of years.

Less frequent; more time to get ready for rate change; "psychologically" ready

Not a waste of stamps and it makes consumers not notice such a fast change which makes for less complaints

Having rates change too much will become a hassle

Chattanooga -- High Income Consumers

You won't have to think about price changes for a while

More consistent

Less changes

I really see no advantage because with increase comes changes with change comes inconvenience

Chattanooga – High Income Business

Advance notice, less change is better

More convenient with less frequent. Don't have to worry about having extra stamps

Less frequency of dealing with stamp changes. I prefer a 5 year change program

Less changes

Less change, its all ends up the same

Fewer changes. With each change (increase) comes a negative feeling. You really are getting no more or better service by paying more. Even amount is easier to handle; speeds up change making at the Post Office

Hartford – Middle Income Consumers

I wouldn't have to get extra stamps for the remainder of stamps I have left

By the time they increase it again, I'll have gotten over the shock

Less times you end up thinking or purchasing 1 cent, 2 cent 3 cent stamps

More time between periods. No purchase of 1 cent or 2 cent stamps

Hartford – Middle Income Business

Less hassle. Constancy is important

It makes an easier budget process and planning of spending

Hartford -- High Income Consumer

More consistency – less confusion and inconvenience; more predictability for annual postal costs

Less frequent change

Keep it simple

Hartford -- High Income Business

Its easier to keep track of and prepare for

Cost is not the issue, just the inconvenience of rate changes

With any left over old stamps, I would be buying odd stamps less often to make up the new price

Fewer administrative changes, such as graphics, computer software testing, postal workers handling small (1 cent) stamps

Less changes, less extra stamps to make up differences

Lower price for longer initial period. Delays rate increase as long as possible

Miami – Low Income Business

I don't want to be inconvenienced every year to buying additional 1 cent or 2 cents to reflect increase. I like stability. It feels better – less frequent changes

Less trouble matching up stamps (less times)

Less trips to the post office to buy 2 cent stamps to add to our existing postage stamps

If they are going to punch you, it is better only a few times

Miami – Low Income Consumer

Less hassle, not having to purchase a supplemental stamp

Less of a headache

It appears as though the Post Office is coordinating the rate change more efficiently. It makes sense and is altogether less aggravating

Save money and time as I normally work with a budget at my household. Mailing my personal mail is very important and if I ever open businesses I will do the same

Miami -- Middle Income Business

Less confusion regarding rate increases; price stability gives impression of better planning and management at the Post Office, which equals increased consumer confidence in the Postal Service

Less inconvenience in keeping with rate changes. Perspective that there is organization in how the Postal Service conducts its budget calculation; consumer confidence

Less hassle with the Post Office; one cent stamp on every increase

Because the increase would be less often. Advantages would be that we would have the same price for 2 consecutive years

Convenience and less changes

Miami –Middle Income Consumer

Well, I'll have a break for at least 2 years every time an increase happens

The convenience of every 2 years

2 years less rate; the rate only 2 cents increase; the people like

The advantage would be not having to purchase odd cents stamps. Less changes is just convenient

After experiencing the problematic situation of having to search all over Miami for 1 cent stamps, it would be less problematic to have the increase further apart

Springfield – High Income Business

The fewer changes the better – simple! Also includes a change to .40 which is an even denomination in our coin system (i.e., nickels instead of pennies!)

So I wouldn't have to remember to buy 1 cent stamps every year. I don't want to think about stamps that much

Consistent, every other year, less hassle

I don't like change

The less changes the better. I don't want to be buying 1 cent stamps on a yearly basis

Less hassle

Less changes. No where changes are take place

Adapting to change takes effort. Less change, less effort

Springfield – Middle Income Business

Less cash out put at once

Less hassle keeping track of changes and add-on stamps; Also easier to budget year to year than the second option

1. Simpler/ 2. Easy to follow 3. Less turmoil 4. Organized

Less confusing

You don't have to worry as often if that you have the right stamp. Too many rates changes cause confusion

Springfield – Middle Income Consumer

Set years, every 2 years get an increase. We can plan accordingly for rate increases

It is every two years. Easier to keep track of and plan for

Less hassle. Less problem of buying 1 cent stamps

Less trouble

Boulder CO – Medium Income Business

There is no cost savings for plan 2 (more frequent changes), so plan 1 (less frequent changes) is just more convenient

Fewer times to deal with on-hand stamps that are no longer in effect

Better planning. Less denominational confusion

Convenience; predictability; budgeting

Consistency, helps in planning for my business; too many changes in the other plan with not time to adapt to newness of the plan

Boulder CO – Medium Income Consumers

Easier to plan for rate increase. Don't care for a rate increase every year

Less hassle, less confusing

Psychologically, spacing rate increase out to greater than 1 year is better; every 2-3 years feels better, but 2 or 3 cent increase feel pretty close to 1 cents.

Consistency; I know when to expect a rate change

Not having stamps that don't work on hand

Boulder CO – Low Income Business

More convenient; less confusion; you wouldn't have to waste time buying small denomination stamps

Convenience, less change, consistency for the Postal customer

Budgeting; planning; consistency

Less frequent changes = less time consumed preparing for and making changes; our perception of 'rate of change' is more comfortable with fewer changes

Because it seems less work, less thinking on my part, and more justified for an increase every 4 or 5 years

Boulder CO – Low Income Consumer

Fewer changes means less to remember and keep track of, i.e., “how much is postage now?”
Less waste—all the stores and Post Offices throwing away old postage rate stamps

Less confusion; efficiency; less use of human and material resources

Fewer number of times the Post Office has to remind me that they need more money. Increase it to what they need, then let it be

Less frequent change is more convenient (don't have to hassle with 1 cent stamps as often) and price increases feel less “in your face.” Less obvious and at top of mind consciousness and less waste

I dislike higher increases, but en more, I dislike frequent increases

Less change in the pocket

Green Bay WI – Medium Income Business

Consistent, planned increases will permit me to more accurately budget

I like even numbers and no more pennies in the currency field

Less inconvenience; regular systematic increase; and fewer increases = less visibility of increase

Systematic incremental increases; do it on the first of the year after the Christmas cards went out and I know it's coming

Less hassle to deal with, meaning less use of one cent stamps

Green Bay WI – Medium Income Consumers

Just knowing when the increase was going to happen, so to budget

Change is hard to deal with. A lot of times less change is good

The even number on the cents and then knowing it's good for two years

Green Bay WI – Low Income Business

Less hassle in dealing with the change

Less changes are good

Less hassle. Less frequent change

Less confusion on rates. Do not have to change scales that have ounce rates on them as often

Regular schedule

Green Bay WI – Low Income Consumers

Less change

Less dealing with changing stamps and the 1, 2, 3 centers

Because you wouldn't have to worry about them changing every year

Hit me once with a big increase, then let a big amount of time (5 years) go by

Detroit – High Income Business

Much more customer friendly; doesn't irritate us by 'nickel and diming us'; If you assume that you mail the same amount it's exactly the same dollars. Why hassle us with multiple changes and make us go through multiple transitions?

Less hassle on an annual basis

Not having to keep changing stamps (buy 1 cent or 2 cent stamps to make up)

Change less often

It irritates me to have the price go up every year and I might get stuck with old stamps

Detroit – High Income Consumer

Although It's not that big of a deal when there is a rate change, if it happened every year people would become frustrated

You would know when the increase was coming and they would be less frequent

Even denomination

More time between rate increases

Detroit – Low Income Business

Less of a postage add-on (1-2 cents stamps) every two years for preparation in business budget; less change

Less change

I don't like change

Detroit – Low Income Consumers

The reason why I picked less frequent change is because it is every two years

Less disruptive; prefer 5 cent multiples (40 cents). Would like it to go to 45 cents instead of 42 cents

Less change

Advantage is less frequent rate changes. Steady rate of pricing; appears as if you're saving money

Less changes

Simple adjustment

MORE FREQUENT CHANGES -- REASONS

As a business, I am taking a smaller increment of increase on Option #2. (DC Low Income Business)

I feel that a gradual increase in the cost, if anything, is easier to accommodate. (DC Low Income Consumer)

The advantage is more cost savings at the present time. It is easier to plan for the future verses trying to change things now. Even though based on quantity purchased over time, it will probably be the same amount. I forecast being more financially secure in 2008. (Baton Rouge High Income Consumer)

Keeps it simple. Because I have to pay only small increases at a time. (Hartford Middle Income Consumer)

Lower price for longer initial period. Delays rate increase as long as possible. (Hartford High Income Business)

I'm assuming a regular yearly increase. (Hartford Middle Income Business)

Less expensive. (Ft. Worth Low Income Consumer)

Savings in 2006. Able to take advantage of mail timing to avoid 2007 increase. (Springfield High Income Business)

I would save money (1 cent) in 2006. (Springfield High Income Business)

Little changes more frequently are easier for me to budget than larger, more infrequent changes. (Springfield Medium Income Consumer)

No real advantage as I purchase stamps frequently. The increase would just make "cents." (Green Bay Medium Consumer)

Don't know what will happen to my business in the next 2-3 years, as I am using most of my stamps for business --I go short term. (Detroit High Income Business)