

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

**RATE AND SERVICE CHANGES TO
IMPLEMENT BASELINE NEGOTIATED
SERVICE AGREEMENT WITH BOOKSPAN**

DOCKET NO. MC2005-3

**RESPONSE OF WITNESS EPP TO INTERROGATORIES OF THE
NEWSPAPER ASSOCIATION OF AMERICA
(NAA/BOOKSPAN-T2-1 AND NAA/BOOKSPAN-T2-3)**

(September 20, 2005)

Bookspan hereby provides the response of Witness Epp to the Interrogatories of The Newspaper Association of America, NAA/BOOKSPAN-T2-1 and NAA/BOOKSPAN-T2-3, filed September 6, 2005. Each interrogatory is stated verbatim and followed by the response. NAA/BOOKSPAN-T2-2 has been redirected to Witness Posch.

Respectfully submitted,

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NAA/Bookspan-T2-1: Please refer to the list of Bookspan’s competitors on page 2 of your testimony. Does Bookspan view independent book sellers that operate in only one or two metropolitan areas as part of its competition? Would your answer differ if such book sellers used, at least for some of their business, a book “club” model?

Response:

Generally, all book sellers—large and small outlets, and any source of books—compete with us for our members' and prospects' spending on books. This competition is not dependent on whether or not the booksellers use a book club model. Generally, the book sellers do not directly compete with us in the advertising space, such as demand for lists or national space advertising.

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NAA/Bookspan-T2-3. Please refer to the July 29, 2005, issue of the *PostCom Bulletin*, which contains a “special report” appearing after page 16. In that article, Mr. Posch is quoted as follows: “Matthias really got the Postal Service to look at our company and how we do business. . . . The USPS went the extra mile to learn about a customer in detail.”

- a. Is the quotation accurate?
- b. Please elaborate on the efforts to which the Postal Service went to learn about Bookspan’s business. Please include a description of the general timeframe and what steps that the Postal Service took.
- c. Are the efforts that the Postal Service made to understand Bookspan’s business more or less valuable to Bookspan than the value of the declining block volume discounts?

Response:

- a. Witness Posch informs me that he was accurately quoted. I spent a considerable amount of time meeting with the Postal Service and describing our marketing practices to Postal Service staff.
- b. The Postal Service visited Bookspan's offices or facilities numerous times. The parties met many more times in Washington, DC. Conversations between the Postal Service and Bookspan about developing a Negotiated Service Agreement have taken place over at least a four year period.
- c. The meaning of this question is unclear. However, the Negotiated Service Agreement would have been difficult to bring to fruition but for the effort that the Postal Service made to understand Bookspan's business.