

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

POSTAL RATE AND FEE CHANGES, 2006)

Docket No. R2006-1

VALPAK DIRECT MARKETING SYSTEMS, INC. AND
VALPAK DEALERS' ASSOCIATION, INC.
FIRST INTERROGATORIES AND REQUESTS FOR
PRODUCTION OF DOCUMENTS TO SATURATION MAILERS COALITION
WITNESS PETE GORMAN (VP/SMC-T1-1-6)
(September 29, 2006)

Pursuant to sections 25 and 26 of the Postal Rate Commission rules of practice, Valpak Direct Marketing Systems, Inc. and Valpak Dealers' Association, Inc. hereby submit interrogatories and document production requests. If necessary, please redirect any interrogatory and/or request to a more appropriate witness.

Respectfully submitted,

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VP/SMC-T1-1.

- a. What is the total number of members in the Saturation Mailers Coalition (“SMC”)?
- b. For the number of SMC members provided in response to part a, how many regularly enter ECR saturation mail with the Postal Service?
- c. For the number of SMC members that regularly enter ECR saturation mail with the Postal Service, how many primarily enter saturation **letters** with the Postal Service?
- d. For the number of SMC members that regularly enter ECR saturation mail with the Postal Service, how many primarily enter saturation **flats** with the Postal Service?
- e. For the number of SMC members that primarily enter ECR saturation **flats** with the Postal Service, how many use **DALs** on a regular basis with their saturation mail? In your response, please include Harte-Hanks but exclude Advo (if Advo is included among the number of SMC members provided in response to preceding part d).

VP/SMC-T1-2.

Please refer to your testimony at page 2, lines 10-11, where you state that “many mailers including Hart-Hanks have built their operations and products around the DAL procedure...” The following questions relate to firms in your industry other than SMC members, and excluding Advo (if it is not a member of SMC).

- a. Are you aware of any such mailers who use DALs on a regular basis?
- b. Unless your response to preceding part a is an unqualified negative, please indicate the number of such mailers of which you are aware that use DALs on a regular basis.
- c. Please give your best (ballpark) estimate of the annual volume of DALs mailed by mailers referenced in your response to preceding part b.

VP/SMC-T1-3.

Please refer to your testimony at page 3, lines 9-10, where you list four types of saturation mail products produced by SMC members, all of which use ECR saturation mail for delivery to households.

- a. Please indicate the number of SMC members whose primary saturation mail product is:
 - i. “shopper publications”
 - ii. shared mail programs
 - iii. magazine- and newspaper-type publications
 - iv. letter “coupon envelopes”
- b. With respect to SMC members using any one of the first three categories shown in preceding part a, please indicate the percentage that regularly use DALs in lieu of on-piece addresses.

- c. With respect to SMC members using any one of the first three categories shown in preceding part a, please indicate the percentage that use on-piece addressing on a regular basis.
- d. If the percentages provided in preceding parts b and c for each of the three categories do not sum up to 100 percent, please explain.

VP/SMC-T1-4.

Please refer to your response to VP/SMC-T1-1d. For all SMC members (excluding Advo if it is a member) who regularly use DALs with their ECR saturation flats, what was their approximate collective volume of DALs entered with the Postal Service during the most recent 12-month period for which data are available (*e.g.*, CY 2005, or September 2005 through August 2006)?

VP/SMC-T1-5.

Please refer to your testimony at page 3, lines 14-18, where you state:

The common denominator within the SMC is the assimilation and distribution of advertising matter from numerous retailers, service companies, and entrepreneurs for mailings to consumer households, typically targeted by zip code in a manner that allows each advertiser to select and reach potential customers within their unique service areas, often within a few-miles' radius of their business locations.

- a. When your members enter with the Postal Service an advertising product that is targeted by individual zip code, are the products for delivery by carriers operating out of a single DDU (*i.e.*, zipcode) always identical?

- b. Alternatively, do your members sometimes have differentiated advertising products for delivery within the area served by a single DDU?

VP/SMC-T1-6.

Please refer to Part III of your testimony, which describes the value of DALs to ECR saturation mailers.

- a. Are you able to provide a monetary estimate of either the value, or the range of value, that DALs provide to ECR saturation mailers (including the “substantial revenue” earned from advertising on the back side of DALs you discuss at p. 11, ll. 12-15)? If so, please provide those estimates. If you cannot provide such an estimate, please explain why not, in view of the many benefits to mailers described in your testimony.
- b. In view of the advantages which you describe, would some, perhaps many, SMC members who currently use DALs with saturation flats prefer to continue using DALs and pay the 1.5 cent surcharge?
- c. Please explain why SMC members who currently use DALs with saturation flats would not prefer to continue using DALs with a 1.5 cent surcharge in light of the various continuing and recurring advantages which you describe (as well as the costs of changeover to on-piece addressing).