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

Postal Rate and Fee Changes, 2006	:	Docket No. R2006-1

REVISED RESPONSES OF THE GREETING CARD ASSOCIATION WITNESS ANDREA LISS TO INTERROGATORIES OF THE UNITED STATES POSTAL SERVICE (USPS/GCA T4-1-6)

(October 20, 2006)

The Greeting Card Association ("GCA") hereby provides the revised responses of GCA witness Liss to the following interrogatories of the United States Postal Service filed on September 19, 2006: USPS/GCA T4-1-6. This replaces the responses filed on October 3, 2006. The revision is necessitated by the omission of proper identification of each response as required by the Commission's Rules of Practice and Procedure § 3001.26(b). Revised responses are being filed contemporaneously herewith.

Each interrogatory is set out verbatim followed by the response.

Respectfully submitted,

/s/ James Horwood

James Horwood
Spiegel & McDiarmid
1333 New Hampshire Ave. NW, 2nd Floor
Washington, D.C. 20036

Date: October 20, 2006

USPS/GCA-T4-1. Please refer to page 7 of your testimony, lines 7 through 9. For the greeting card industry as a whole, please provide an estimate of the total number of greeting cards printed and distributed over the last five years for which a rectangular (standard/machineable) envelope was provided for mailing.

a. For this type of greeting card, please provide the number of cards sold to consumers over the same time period.
b. Have you conducted any empirical studies pertaining to consumer demand for this type of greeting card? If so, please discuss.

RESPONSE:

I do not know, nor do I know how to estimate, the total number of greeting cards printed and distributed over the last five years for which a rectangular (standard/machineable) envelope was provided for mailing.

a. I do not know, nor do I know how to estimate, the number of this type of greeting card sold to consumers over the same time period.

b. I have not conducted any empirical studies pertaining to consumer demand for this type of greeting card. The purpose of my testimony was to provide a qualitative analysis of the designer, manufacturer and consumer appeal of the square shaped, letter-sized envelope mailing piece. My testimony is based on my professional experience and secondary research, not on quantitative material. These bases support my opinion that the square shaped mailing piece is attractive and stands out in the mail stream received by consumers.

USPS/GCA-T4-2. Please refer to page 7 of your testimony, lines 7 through 9. For the greeting card industry as a whole, please provide an estimate of the total number of square greeting cards printed and distributed over the last five years for which a rectangular (standard/machineable) envelope was provided for mailing.

a. For this type of greeting card, please provide the number of cards sold to consumers over the same time period.
b. Have you conducted any empirical studies pertaining to consumer demand for this type of greeting card? If so, please discuss.

RESPONSE:

I do not know, nor do I know how to estimate, the total number of square greeting cards printed and distributed over the last five years for which a rectangular (standard/machineable) envelope was provided for mailing.

a. I do not know, nor do I know how to estimate, the number of this type of card that was sold to consumers over the same time period.

b. I have not conducted any empirical studies pertaining to consumer demand for this type of greeting card. The purpose of my testimony was to provide a qualitative analysis of the designer, manufacturer and consumer appeal of the square shaped, letter-sized envelope mailing piece. My testimony is based on my professional experience and secondary research, not on quantitative material. These bases support my opinion that the square shaped mailing piece is attractive and stands out in the mail stream received by consumers.

USPS/GCA-T4-3. Please refer to page 7 of your testimony, lines 7 through 9. For the greeting card industry as a whole, please provide an estimate of the total number of square greeting cards printed and distributed over the last five years for which a square envelope was provided for mailing.

a. For this type of greeting card, please provide the number of cards sold to consumers over the same time period.
b. Have you conducted any empirical studies pertaining to consumer demand for this type of greeting card? If so, please discuss.

RESPONSE:

I do not know, nor do I know how to estimate, the total number of square greeting cards printed and distributed over the last five years for which a square envelope was provided for mailing.

a. I do not know, nor do I know how to estimate, the number of this type of card sold to consumers over the same time period.

b. I have not conducted any empirical studies pertaining to consumer demand for this type of greeting card. The purpose of my testimony was to provide a qualitative analysis of the designer, manufacturer and consumer appeal of the square shaped, letter-sized envelope mailing piece. My testimony is based on my professional experience and secondary research, not on quantitative material. These bases support my opinion that the square shaped mailing piece is attractive and stands out in the mail stream received by consumers.

USPS/GCA-T4-4. Please refer to your testimony from page 12, line 17 to page 13, line 4. If there were no surcharge to mail square greeting cards, as you propose in your testimony, is it your view that consumers would purchase more square greeting cards, as opposed to rectangular greeting cards?

a. If this is your view, please provide an estimate of the percentage increase in the number of square greeting cards purchased by consumers in the first year after the elimination of the surcharge.
b. If this is your view, please provide an estimate of the percentage decrease in the number of rectangular greeting cards purchased by consumers in the first year after the elimination of the surcharge.
c. Please describe any econometric or empirical studies you have conducted regarding the cross price elasticity between square and rectangular greeting cards.

RESPONSE:

It is not my understanding that the Greeting Card Association is recommending eliminating the surcharge to mail square greeting cards, nor is this my recommendation in this proceeding; rather the Greeting Card Association and I are both opposed to the proposed increase in the effective surcharge (*i.e.*, the extra cost to mail a square greeting card) from 13-cents to 20-cents. It is, however, my opinion that if the surcharge were removed, consumers would be inclined to purchase more square greeting cards. I do not know how this would affect the sales of rectangular greeting cards.

a. I do not have an estimate of the percentage increase in the number of square greeting cards purchased by consumers in the first year after the elimination of the surcharge.

b. I do not have an estimate of a percentage decrease in the number of rectangular greeting cards purchased by consumers in the first year after the elimination of the surcharge.

c. I have not conducted any econometric or empirical studies regarding any cross price elasticity between square and rectangular greeting cards.

USPS/GCA-T4-5. Please refer to page 15 of your testimony, lines 11 through 16, where you state your belief that the increase in peer recognition for square greeting cards at the annual LOUIE Awards is "fueled by a consumer desire for what is new and different."

a. Please confirm that the judges for the 2005-2006 LOUIE awards were greeting card industry professionals, including greeting card designers, suppliers, and retail buyers. If you cannot confirm, please explain.

b. Please explain how consumer demand for square greeting cards is reflected in the criteria for judging the LOUIE Awards, or is otherwise taken into account in the LOUIE Award judging process.

RESPONSE:

a. I can confirm that the judges for the 2005-2006 LOUIE Awards were greeting card industry professionals including greeting card designers, sales and marketing professionals, and retail store owners. Attached, as USPS/GCA-T4-5a, is the Call for Judges, which lists the criteria for participating in the LOUIE Awards as a judge. USPS/GCA-T4-5b is a list of the judges who participated in the 2006-2006 LOUIE Awards competition.

b. Consumer demand for square greeting cards is reflected in the criteria for judging the LOUIE Awards. Attached, as USPS/GCA-T4-5c, is a list of the criteria used by the judges to evaluate each entry, and include Imagination, Impact, Artistry, Harmony, Sendability, and Value. The Sendability criterion specifically addresses the likelihood that a consumer would purchase and send the greeting card, and is described as "the likelihood of being purchased and sent or given for the purpose intended."

Call for Judges

for the 18th ANNUAL LOUIE AWARDS

"Two things made an enormous impression on me as a LOUIE judge: first, the extraordinary creativity shown in the submissions; second, the integrity and care with which the process is handled. By the time we judges first see the entries, all identifying marks have been masked, putting both large and small competitors on a truly level playing field. We come from varied backgrounds, bringing points of view as diverse as the hundreds of designs created by the artists and publishers, but share a common thread of deep adoration for the stationery industry. The amount of pure creativity is astonishing; it's both a thrill and an honor to be part of the process!" — Cinda Baxter, Details, Ink.

The Greeting Card Association is seeking creative and/or marketing representatives from greeting card publishing firms – both large and small, GCA member and non-member companies – to serve as volunteer judges for the 18th Annual International Greeting Card Awards competition. Only one representative from a company may serve as a judge. To qualify, a judge must have a minimum of three years working experience in the greeting card industry.

IMPORTANT: Because participation is voluntary, judges are totally responsible for their own hotel and travel expenses.

Judging will be held in **Washington, DC** at the historic Hotel Washington, located just two blocks from the White House and near the Smithsonian and U.S. Capitol. The hotel rate is $125/night single or double plus applicable taxes. Judging will take place on **Thursday, January 26** and **Friday, January 27, 2006** with CARD OF THE YEAR judging by selected judges on Saturday, January 28. Judges are requested to stay at the Hotel Washington (515 – 15th Street NW, Washington, DC; 202-638-5900) unless commuting locally.

In addition to publisher judges, we are seeking retailers to participate. If you or your company are interested in volunteering to judge or would like to suggest a retailer, please complete the information below and return it to the GCA no later than **December 23, 2005**. Full information will be provided in advance to those selected as judges in the 18th Annual LOUIE Awards. A total of 16-20 individuals are needed to serve as judges.

JUDGE CANDIDATE SIGN UP

Company:_____

Judge Candidate's Name: _____

Title: _____

Mailing Address: _____

Phone: _____ Fax: _____

Email: _____

Information provided by: _____ Phone: _____

____ Please call me before approaching the above candidate to review all judging details and responsibilities.

____ Please contact the above judge candidate directly to discuss full judging details.

RETAILER JUDGE SUGGESTION:

Name: _____ Title: _____

Company/Store: _____

Location: _____ Phone: _____

NOTE: Replies are requested by **December 23, 2005.** Please return this completed form via fax (202-331-2714) or by mail to:

Greeting Card Association
1156 - 15th Street, NW, Suite 900
Washington, DC 20005
Attn.: Mila Albertson

Questions regarding competition judging should be directed to Mila Albertson at GCA headquarters (202-393-1778 or 202-207-1116). Only those selected will be contacted before December 30, 2005.

18th
ANNUAL
INTERNATIONAL
GREETING
CARD
AWARDS

18th LOUIE AWARD JUDGES

Sally A. Anderson• •
Senior Creative Director
Hallmark Cards, Inc.
Kansas City, MO

Tim Colwell
Joker
The Queen of Cards
Tulsa, OK

Betsy Cox
Brand Manager
Avanti Press, Inc.
New York, NY

Susan Stover Foxworth
President
Write Selection
Dallas, TX

Fern Gimbelman
Art Director/Owner
Designer Greetings
Staten Island, NY

Guy Harshman• •
Buyer
Lambda Rising, Inc.
Washington, DC

Mark Harvey• •
Design Manager
American Greetings Corp. –
Design Studio
One American Road
Cleveland, OH

John Keeling
Director of Creative
Sunrise Greetings
Bloomington, IN 47404

Payal Kripalani
Art Director
Checkerboard
West Boylston, MA

David Leytus• •
President
Village Arts Press
Valley Village, CA

Nancy Lowell
Founder/CEO
Lallie, Inc.
Millersville, MD

Andy Meehan
Executive VP, Marketing
Paramount Cards
Pawtucket, RI

Nicole Mercer• •
Marketing Manager
Universal Engraving, Inc.
Overland Park, KS

Sherri Patrick
Director of Sales
Tickelopes
Fort Worth, TX

Paige Quillin • •
Owner
Greetings and Salutations
Alexandria, VA

Hannah Rodewald
Owner
Pleasure of Your Company
Lutherville, MD

Anya Sienkiewicz
Creative Director
Cooper & Oliver, LLC
Ridgewood, NJ

Heather Solum
Creative Manager/Seasonal
DaySpring Cards
Siloam Springs, AR

Tamra Sundboom
Creative Director
Masterpiece Studios
Mankato, MN

Dorene VanHouten• •
Publisher
GREETINGS etc.
Randolph, NJ

• BLUE RIBBON PANEL

RETAILER/BUYER

tiny masterpieces

18th Annual LOUIE Awards

Every card, invitation or imprintable is truly a tiny masterpiece. This year, the 18th Annual LOUIE Awards celebrate the designers, illustrators and writers of the greeting card industry – the creators of these tiny masterpieces.

The LOUIEs – A Tradition of Recognizing Excellence

Almost all creative industries honor the amazing talents that lie within them – performing arts, music, film and, of course, the greeting card industry. Since the GCA established the LOUIE Awards in 1988, they have recognized the unique connection that cards have with individuals. Cards help us celebrate and sympathize, laugh and cry, warm a heart, hold a hand. Through line, color, shape, texture, words and image, cards have the power to encourage, entertain, educate and enlighten sender and recipient alike.

Who is LOUIE?

The awards are named in honor of Louis Prang, the 'Father of the American Christmas Card'. A Prussian immigrant, Prang settled in Boston in 1850 where he opened a lithographic printing shop. His extraordinary craft as a printer led to the successful color reproduction of the richness of oil paintings onto greeting cards. In the early 1870s, Prang tested his idea of selling cards imprinted with "Merry Christmas" in Great Britain. Based on that success, Prang then introduced the Christmas card to America. Within five years, he was turning out 5 million cards each year for sale in the U.S. To celebrate this noted individual and his contribution to the greeting card industry of today, the awards are called "LOUIEs".

Entry Eligibility

You must be a greeting card, invitation or imprintable publisher to enter the competition. You do **not** need to be a GCA member to enter. Whether you are new to the industry or an established entity, all publishing companies, no matter their size, are invited to submit their **best** entries. There is **no limit** to the number of cards that can be entered in each category nor the number of categories a publisher can enter. For more details, see the **Official 2005 Competition Categories**.

Fees & Deadlines

A fee of $50 per entry (check or money order in U.S. dollars) along with the **2005 MASTER COMPETITION SHIPPING FORM** and an individual **2005 COMPETITION ENTRY FORM** must be received at the time of submission. The deadline for submitting entries is **Friday, December 30, 2005.** All materials must be postmarked by that date to be eligible for judging. The GCA reserves the right to extend the entry deadline, if in its judgment, such an extension will not jeopardize the judging process. Please contact Mila Albertson at 202-207-1116 with questions.

Judging and Criteria

The criteria for judging entries in the 18th Annual LOUIE Awards competition are:

IMAGINATION – *The ability to create an original greeting card or adapt an existing work*

IMPACT – *The measurement of emotional impact*

ARTISTRY – *The quality of artistic presentation*

HARMONY – *The blend of visual and verse*

SENDABILITY – *The likelihood of being purchased and sent or given for the purpose intended*

VALUE – *The balance between overall product quality and price*

To ensure fairness, company and brand name identity are masked during judging. Judges do NOT review nor score any entry submitted by their own companies, including subsidiary and sister publishing firms. A 10-point scoring system is used to determine the top cards in each category division based on the above criteria. No company may have more than one nominee in a category. A second round of judging using the 10-point scoring system determines the finalists and winner in each category.

A LOUIE will be given to each publisher whose entry is judged best in a specific category. The two outstanding entries selected from among the top finalists in each of the price point divisions will be awarded the LOUIE "Card of the Year". In addition, a JUDGES' CHOICE Award may be presented in recognition of an entry which, while it may not meet all of the LOUIE criteria, is deserving of recognition.

To volunteer, please complete the **Call for Judges** sign up form.

Publicity and Promotion

LOUIE finalists and winners will be featured in a promotional campaign in the 2006 Spring issues of the trade press. All LOUIE finalists and winners will also be showcased in a Jacob K. Javits Convention Center lobby display at the 2006 National Stationery Show in New York, May 21-24.

Celebrating the LOUIEs!

Tiny masterpiece winners will be announced at the 18th Annual LOUIE Awards ceremony at The Lighthouse, Pier 60 at Chelsea Piers in New York City, on Monday, May 22, 2006 during the 60th National Stationery Show.

Don't Delay – Submit your entries by December 30, 2005!

USPS/GCA-T4-6. Please refer to pages 8-12 of your testimony, where you discuss the history and importance of the square in architecture and design.

a. Please confirm that the Roman architect and engineer Vitruvius, who is cited in your testimony, also discussed the root-two rectangle as a key basis for design. If you cannot confirm, please explain.

b. Please confirm that the noted Renaissance architect Andrea Palladio, in The Four Books on Architecture, proposed seven designs that he considered the most beautiful and proportionate shapes for rooms, and that five of these seven shapes were rectangles, including the root-two rectangle. If you cannot confirm, please explain.

c. Please confirm that the figure printed on page 8 of your testimony contains a rectangle, triangle, and circle, and not a square. If you cannot confirm, please explain. If the discrepancy is the result of an error in copying the figure into your testimony, please file appropriate errata.

d. Are you aware of any econometric studies pertaining to the demand for square greeting cards or the cross price elasticity between square and rectangular greeting cards that take into account the history or symbolic significance of the square? If so, please provide a copy of any such study.

RESPONSE:

It was not the purpose of my testimony to denigrate the merits of the rectangular shape or to suggest that rectangles do not have aesthetic value. To the contrary, experienced designers use all the tools available to them to solve the puzzle of the project at hand. When considering shape as an element of design, the square, rectangle, circle and triangle might all be considered along with other less common shapes such as the pentagon. My testimony addresses the square shape, letter size envelope and its desirability to mailers and consumers in the mail stream. Indeed, one of the reasons that the square mailing piece has such special appeal is precisely because the rectangle is the prevailing and dominant shape in the mail. The square shaped envelope stands out from the crowd because it is unusual and thus it breaks through the clutter.

Regarding your questions:

a. Yes, the Roman architect and engineer Vitruvius also discussed the root-two

rectangle as a key basis for design. His book is a thorough discussion of a wide range of architectural principles and the fact that he used the root-two rectangle in his work does not diminish the merit of his views regarding the square shape.

b. Yes, noted Renaissance architect Andrea Palladio, in his book *The Four Books of Architecture*, discussed seven designs that he considered the most beautiful and proportionate shapes for rooms, and five of these seven shapes were rectangles, including the root-two rectangle; the other two designs he listed were "round (tho' but seldom) or square."[1] Similar to Vitruvius, Palladio's work was meant to be a thorough discussion of architectural principles.

c. I can see that the figure at the left of the illustration looks more rectangular than perfectly square, but the artwork in question is a well-known brush painting, *Universe*, by Sengai Gibon (1750-1837) that is widely written about and critiqued in artistic and Zen Buddhist circles, where it is consistently described as depicting a circle, square and triangle. Sengai, a Japanese Zen Buddhist monk, used the drawing as a "visual sermon" to illustrate a teaching principle for his students. While his craftsmanship may have created a rectangle in literal terms, the point he was making in his speech was about a square. Daisetz T. Suzuki, world-famous Zen scholar, wrote about Sengai's *Universe,* "The circle-triangle-square is Sengai's picture of the universe. The circle represents the infinite, and the infinite is at the basis of all beings. But the infinite in itself is formless. We humans endowed with senses and intellect demand tangible forms. Hence a triangle. The triangle is the beginning of all forms. Out of it first comes the square. A square is the triangle doubled. This doubling process goes

[1] Palladio, Andrea, The Four Books of Architecture, Dover Publications, Inc., New York, 1965 p. 27.

on infinitely and we have the multitudinosity of things, which the Chinese philosopher calls 'the ten thousand things', that is, the universe."[2]

d. I am not aware of any econometric studies pertaining to the demand for square greeting cards or the cross price elasticity between square and rectangular greeting cards that take into account the history or symbolic significance of the square. I do not think such a study is needed to draw my conclusions regarding the historical importance of the square in architecture and design, or the aesthetic appeal of the square as a design element in today's information-cluttered environment and in particular with regard to the utility and desirability of the square shape letter size envelope.

[2] Suzuki, Daisetz T., SENGAI, The Zen of Ink and Paper, Shambala, Boston & London, 1999, pp. 36-37.