

May 18, 2009

The US Postal Regulatory Commission  
901 New York Avenue, NW Suite 200  
Washington, DC 20268-0001

RE: Docket No. R2009-3 Standard Mail Volume Incentive Program (Summer Sale)

Dear Commissioners,

I am writing to express my strong support for the concept of the proposed “Summer Sale” even though my company will not be able to take advantage of the incentive this year.

Cuddledown is a multichannel retailer planning to mail about 13,500,000 catalogs during 2009 – this is about a 4% decline from 2008. Our circulation growth rate was slowed by the sharp postage rate increase in 2007 but our volume did not actually start to decline until February 2009. The threshold volume for a Summer Sale discount calculated by the USPS for Cuddledown is significantly greater than our planned volume for the period. We would have to increase our mailings this summer by 19% just to reach the point where the discounts start to take effect.

I would like to make it clear to you that the proposed Summer Sale is a good program, but that it is just our specific mailing pattern that is keeping us from participating. A 30% postage discount applied to incremental mail would cause us to mail more catalogs. The discount would enable us to mail deeper to prospects and marginal segments of our own mailing list. I understand that the USPS needs a mechanism to keep from discounting mail that would otherwise be paying full price – unfortunately the threshold technique in the Summer Sale does not work for Cuddledown this year.

The Summer Sale is a progressive concept that you need to support. All successful companies use marginal pricing to increase volume during off-peak periods – this makes even more sense for the USPS whose costs are largely fixed. If the USPS is not allowed to test progressive programs I expect that the decline in mail volume will continue unabated.

Thank you for considering my comments.

Sincerely,

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