

BEFORE THE
POSTAL REGULATORY COMMISSION
Washington, DC, 20268

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Notice of Price Adjustment) Docket No. R2009-3
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COMMENTS OF THE DIRECT MARKETING ASSOCIATION ON THE UNITED
STATES POSTAL SERVICE “SUMMER SALE”

The Direct Marketing Association (DMA) respectfully submits these comments in response to PRC Order No. 209, May 4, 2009, Notice and Order Concerning Standard Mail Volume Incentive Pricing Program (Summer Sale Program), Docket No. 2009-3.

DMA, with 3600 member companies in the United States and 53 foreign countries, is the largest trade association for businesses interested and engaged in direct marketing to consumers and businesses through all communications channels. Its members include not only marketers but suppliers representing every aspect of the underlying supply chain.

DMA supports the summer sale. As the Postal Service states, the Summer Sale Program will (1) improve Postal Service finances, (2) help finances of its customers, and (3) provide the Postal Service with some intangible benefits. Specifically,

- The Postal Service will realize between \$38 million and \$95 million net revenue with administrative costs less than \$1 million.
- Rebates will provide Postal Service customers with the latitude to explore additional ways to use the mail.
- The Postal Service expects to learn a great deal through the administration of the program. For example, it will be able to examine potential improvements to postal data systems, and evaluate its communications with customers. This will enable the Service to become more efficient at developing and implementing new programs incorporating its authority for pricing flexibility provided under the Postal Accountability and Enhancement Act.

Based on these potential benefits alone, DMA enthusiastically endorses the Summer Sale Program as proposed.

The products and services covered by the Summer Sale, Standard Mail letters and flats, are clearly within the statutory authority granted the Service in the Postal Accountability and Enhancement Act, and the initiative is consistent with the system for pricing flexibility created by the Act. And, as noted in its analysis and approval of the comparable saturation incentive program, such proposals comport with the objectives and factors in 39 U.S.C. 3622 (Order No. 191, page 55). Moreover, in response to Commission Order No. 199 (April 20, 2009), soliciting comments on the Postal Service collaborative logistics market test, the Commission's Public Representative wrote:

It is in the public interest to have a strong, vibrant Postal Service capable of meeting its Universal Service Obligations. The Postal Service is facing severe financial difficulties due to a combination of long-term and short-term downturns in the mail volumes that serve as its primary revenue source. Any additional sources of meaningful financial contribution would help ameliorate those difficulties, provided that the revenue stems from products and services within the statutory authority granted the Service. Comments at 3.

DMA believes that the Public Representative's logic applies with equal force to this program.

The importance of this initiative cannot be overstated. Even during robust economic times, the summer months are typically a low volume period for the direct mail marketing community and, in turn, the Postal Service. Thus, the proposed "sale" provides an opportunity to prime the current soft market without a substantial increase in marginal operating costs for either mailers or the Service. Informal discussions with our members indicate that many are prepared to avail themselves of this opportunity. The benefits from the sale will accrue to the entire supply chain from creative entities to paper suppliers, printers and private sector common carriers. The intangibles, such as the experience gained in bringing initiatives to market in a timely and business-like manner, are of equal importance to the long-term viability of the Postal Service. Moreover, the Postal Service has noted that it will not use the reduced postage from the sale to adjust

the “banked” CPI that may be used for future postage changes. Thus, mailers who cannot participate in the sale, for whatever reason, will not be penalized in future postal rate adjustments.

Mindful of the impact of the current economic climate on its members and the attendant financial condition of the Postal Service, DMA endorses the Summer Sale Program as proposed in the May 1, 2009 Notice of Market-Dominant Price Adjustment. Moreover, we applaud the Commission’s recognition of the critical nature/importance /potential benefit of the Summer Sale Program by virtue of its determination to forego the full 45-day review period (Order 209, page 4).

Respectfully submitted,

Jerry Cerasale
Senior Vice President, Government Affairs
Direct Marketing Association
1615 L Street, NW, Suite 1100
Washington, DC 200036
202-861-2423