

Before the
POSTAL REGULATORY COMMISSION
Washington, DC 20268-0001

Station and Branch Optimization :
and Consolidation Initiative, 2009 : Docket No. N2009-1

STATEMENT OF STEVE LASERSON
(CLEVELAND, OHIO, FIELD HEARINGS)

Madam Chairman and Members of the Commission:

My name is Steve Laserson; I am Vice President, Greeting Cards, of American Greetings Corporation, and current President of the Greeting Card Association. GCA, as the Commission knows, is the only trade association representing the citizen mail user – who is, of course, our members’ prime customer also. Greeting cards are a significant part of the mailstream. In fiscal 2008 about 3.65 billion traveled through the mail¹, which by our estimate was more than half of all greeting cards sold.

Today I would like to make a few points which GCA considers of prime importance. First, what do we hope for from the Commission? We believe that to arrive at an advisory opinion that is good for both mail users and the Postal Service the Commission must address citizen mail user issues – and do so in the context of all the cost-saving measures the Postal Service has taken and may be taking in the near future. Second, we want to emphasize that *both* cost and ease of use are important to citizen mailers, and to keeping them attuned to using and enjoying the mail. Finally, we will discuss some of the ways in which the citizen mailer is disproportionately at risk when reductions affect either the last mile or the first mile of postal service. Throughout, please keep in mind that in

these difficult times for the Postal Service, GCA's number one goal is to keep the citizen fully engaged with the mails, both as sender and recipient.

I said just now that the citizen mail user needs postal service that is both reasonably priced and easy to use. The ease of use factor is more significant today than, say, twenty years ago, simply because a household mail user with a computer, a bit of on-line practice, and an adequate Internet connection has an alternative channel for transactions that would otherwise go by mail.

The Postal Service has compiled an admirable record of cost reduction. It should of course continue to streamline in ways that save more than they cost in terms of customer estrangement. We have seen plenty of evidence that postal managers do understand that volume and revenue have to be maintained and strengthened even while operating costs are being cut. In the case of the citizen mailer, loss of confidence in or engagement with the mail may be a longer-term effect but the possibility should not be lost sight of in the pursuit of immediate savings.

In particular, the Postal Service – and the Commission, in arriving at its opinion in this case – should bear in mind that reduced costs and the resulting moderation of rates will not help if citizen mailers leave the system because it has become too difficult to use. In pursuing this theme, I will need to reach somewhat beyond the boundaries of this case, because a broad range of Postal Service programs may affect the ease of use question, and their total effect must be considered.

One point, which we think is of prime importance, is that the citizen mail user is disproportionately at risk from cuts in what we may call the “first mile,” as well as the “last mile” of postal service. By “first mile” I mean the process of entering mail into the system. In fact – while the prospect of five- rather than six-day delivery entails serious problems – it is not unlikely that the total effect of

Postal Service streamlining on the householder's ability to deposit mail is at least as much of a threat.

Blue collection boxes have been disappearing from neighborhoods for some years. While we understand that collection boxes adjacent to postal facilities may be reduced in number simply because mail processing patterns have changed, the loss of blue boxes in residential areas forces on the citizen mailer a change in his or her "postal operations" which can be costly in terms of time and transportation expense.

One obvious adaptation, when the blue box on the corner has gone, is to leave mail for carrier pickup. This is convenient, though – depending on how and where the mail must be left – some users worry about mail security. My present point, however, is that the potential loss of Saturday carrier pickup could drive some households to greater use of the Internet in preference to the mail. Let me pose a question (to which we do not claim to know the answer): Our society has a large number of two-wage-earner families. Many of them also have school-age children, with after-school activities requiring parental engagement. Do these families rely heavily on Saturday – Saturday morning in particular – as *the* time of the week to pay bills, answer letters, or send greeting cards? If so, how will they respond to the loss of Saturday carrier pickup? Will bill payments – even those of families who have not acquired the on-line-payment habit – leave the mail?

No doubt we and others can, and will, think of other similar issues. If trade press reports are correct, we may have an opportunity to air them before very long.² My point now is that these two cost-reduction programs – each of which may make good sense by itself, at least from some points of view – can combine to reduce citizen mailers' access to their postal system.

Now add to the mix the potential closure of retail facilities, which you have before you in this case. We understand that changing patterns of processing

and, particularly, delivery may make some facilities redundant. But the effect of closing a retail facility used by citizen mailers who are also less well furnished with street collection boxes and are facing loss of Saturday carrier pickup needs to be considered. I would like to emphasize once again that while the savings from facility streamlining can, and should, benefit all mail users, it is the citizen mailer who is most dependent on the retail and delivery networks and will experience the heaviest impact if they contract. Large businesses receiving remittance mail do not depend on the carrier or on retail offices, and we understand that if Saturday delivery is ended, Saturday remittance mail pickup will still be available. It is the citizen mailer who most significantly relies on the retail network – and the carrier – for getting mail into the system.

In short, GCA urges the Commission to give the fullest consideration to these issues posed for the households of America by the initiative now before you. We hope you will examine it in light of how it may interact with other existing or likely Postal Service cost-reduction programs affecting the first mile or last mile of the service the citizen mail user depends on. Could these programs, taken together, have a superadditive effect in degrading customer access – and thereby eroding citizen mailers' engagement with the mail? And will a citizen customer who does "disengage" from the mail cease to visit his or her mailbox frequently – with the result of discouraging advertising and charitable-appeal mail? Precisely because these answers are still uncertain, we rely on the Commission to build a truly informative record – in terms of real savings potential as well as effects on service and access – so that we, as representatives of the citizen mail user, can estimate the net worth of the initiative, and so that the Postal Service's own decisions are as sound as possible.

Thank you for hearing our views. I would be happy to try to answer any questions the Commission may have.

¹ U.S. Postal Service, *Household Diary Study FY 2008*, Table 3.10. Note that in addition to greeting cards, some 555 million invitations and 122 million announcements – both largely citizen-mailer media – were mailed among households.

² “Five-Day Filing Planned for Fall,” *Business Mailers Review*, August 24, 2009, p. 4.