

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Before Commissioners:

Ruth Y. Goldway, Chairman;
Tony L. Hammond, Vice Chairman;
Mark Acton;
Dan G. Blair; and
Nanci E. Langley

Market Test of Experimental Product
Samples Co-Op Box

Docket No. MT2010-1

NOTICE AND ORDER CONCERNING MARKET TEST
OF EXPERIMENTAL PRODUCT

(Issued March 31, 2010)

I. INTRODUCTION

On March 29, 2010, the Postal Service filed a formal notice, pursuant to 39 U.S.C. 3641(c)(1), announcing its intent to initiate a market test beginning on or about May 1, 2010, of an experimental competitive product, Samples Co-Op Box.¹ The market research test will consist of one mailing of Samples Co-Op Boxes to consumers in certain test markets. *Id.* at 1.

Statutory authority. The Postal Service indicates that its proposal satisfies the criteria of section 3641, which imposes certain conditions on experimental products. 39 U.S.C. 3641. For example, the Postal Service asserts that Samples Co-Op Box is

¹ Notice of the United States Postal Service of Market Test of Experimental Product—Samples Co-Op Box, March 29, 2010 (Notice).

significantly different from all products within the meaning of section 3641(b)(1). *Id.* at 5. In addition, it contends that “the introduction or continued offering of the product will not create an unfair or otherwise inappropriate competitive advantage for the Postal Service or any mailer, particularly in regard to small business concerns.” *Id.*; *see also* section 3641(b)(2). Also, it submits that Samples Co-Op Box is correctly classified as a competitive product. *Id.*; *see also* section 3641(b)(3).

Product description. Pursuant to section 3641(c)(1)(B), the Postal Service provides a brief description of the nature and scope of the market test. It explains that consumer packaged goods companies (CPGs) are looking for ways to build brand recognition by way of trial-size samples. *Id.* at 3. The Postal Service adds its internal research shows that sample distribution is a large and growing industry. The Postal Service notes that the volume of samples mailed in recent years has declined. It attributes this to a rate design adopted in 2005. Through the experiment, the Postal Service is exploring the possibility of increasing its presence in the sample distribution market. *Id.* at 3-4.

Under the proposed market test, the Postal Service will provide a parcel box weighing at least 12.5 ounces that will contain an assortment of samples from multiple CPGs to be delivered to consumers in targeted demographic markets. *Id.* at 4. The Postal Service states that a partner will prepare several hundred thousand Samples Co-Op Boxes, each containing product samples from multiple CPGs. The CPGs will not be charged for inclusion of their samples in the boxes. The Postal Service will deliver the Samples Co-Op Boxes to the test market. *Id.* Postage will not be charged for the mailing. *Id.* at 8.

Following the one-time mailing of the boxes, the Postal Service will conduct research designed to gain information about the proposed product. *Id.* at 1. Depending on the results of that research, the Postal Service may conduct a second market test after providing notice to the Commission. *Id.* at 10.

The Notice also addresses the Postal Service’s plans to monitor performance and its data collection plan. *Id.* at 9-10.

II. NOTICE OF FILING

The Commission establishes Docket No. MT2010-1 for consideration of matters raised by the Notice. Interested persons may submit comments on whether the Postal Service's filing in the captioned docket is consistent with the policies of 39 U.S.C. 3641. Comments are due no later than April 20, 2010. The filing can be accessed via the Commission's website (www.prc.gov).

The Commission appoints Steven Hoffer and Natalie Rea to serve as Public Representatives in this docket.

III. ORDERING PARAGRAPHS

It is Ordered:

1. The Commission establishes Docket No. MT2010-1 for consideration of the matters raised by the Notice.
2. Pursuant to 39 U.S.C. 505, Steven Hoffer and Natalie Rea are appointed to serve as officers of the Commission (Public Representatives) to represent the interests of the general public in this proceeding.
3. Comments by interested persons are due no later than April 20, 2010.
4. The Secretary shall arrange for publication of this Order in the *Federal Register*.

By the Commission.

Shoshana M. Grove
Secretary