

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

SEMI-PERMANENT EXCEPTIONS FROM
PERIODIC REPORTING OF SERVICE
PERFORMANCE MEASUREMENT

Docket No. RM2010-11

**UNITED STATES POSTAL SERVICE NOTICE OF FILING SUPPLEMENTAL
INFORMATION**
(July 9, 2010)

The United States Postal Service (Postal Service) hereby gives notice of filing supplemental information regarding the difficulties in establishing a service performance measurement system for Within County Periodicals. In its initial comments in Docket No. RM2009-11, the Postal Service advised that it had contracted with an external supplier to conduct a special measurement of community newspaper performance to develop a baseline estimate of service performance for that significant portion of Within County Periodicals, and that the Postal Service would share the study results.¹ In its initial filing in this proceeding, the Postal Service again referenced the study and indicated that its results support the conclusion that an adequate measurement system cannot be established for Within County Periodicals feasibly and without undue burden on the relevant mailers.² The Postal Service further informed the Commission that the study results would be filed soon.³

¹ United States Postal Service Comments in Response to Order No. 292, Docket No. RM2009-11, November 2, 2009, at 35.

² United States Postal Service Response to Order No. 465 and Request for Semi-Permanent Exceptions from Periodic Reporting of Service Performance Measurement, Docket No. RM2010-11, June 25, 2010, at 9.

³ *Id.* at 9 fn.20. Although the Postal Service had indicated that the results would be accompanied by an application for non-public treatment, further review has resulted in the conclusion that such measures are not necessary.

Today's filing presents the community newspaper study results as indicated previously. It should be noted that the study results, regarding the prohibitive expense to small newspaper mailers, reinforce comments by the National Newspaper Association detailing such mailers' difficulties in adopting new service measurement processes.⁴

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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⁴ Comments of National Newspaper Association on Service Performance Measurement Systems for Market Dominant Products, Docket No. PI2008-1, January 18, 2008.



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Global Business Services

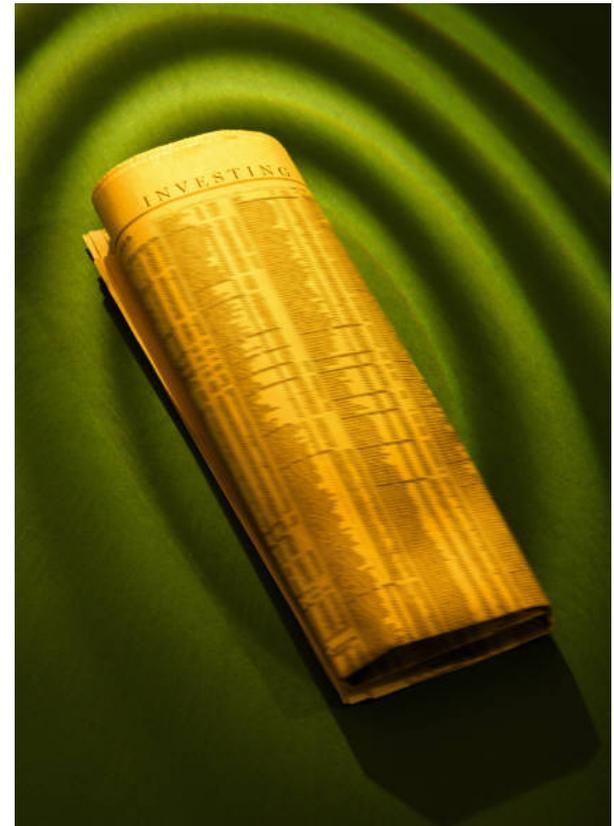


Community Newspapers Study Highlights

May 10, 2010

Agenda

- Background
- Baseline Results
- Comparison with Periodicals Results:
 - Combined Red Tag and Del-Trak Periodicals Results
 - BMEU Seeding Data



Background – why measure Community Newspaper Mail?

- In 2008, the Postal Regulatory Commission expressed concern that some segments of the Market Dominant Product population would not be measured with the IM™ solution - including community newspapers
- In 2008, the USPS and IBM met with the National Newspaper Association (NNA) to discuss measurement options for community newspapers
 - We discussed using sampling data, a proxy, or customer complaint data as well as the idea of conducting an external measurement study
 - External Measurement had the most opportunity for accuracy and representativeness, so the USPS, NNA and IBM agreed to collaborate
 - Baseline results could be compared with the existing Periodicals results
- Before we could conduct a study, we needed source data for the design
 - We had ODIS RPW 2008 Periodicals data, but no details for Community Newspapers:
 - In-County Periodicals = 8.4%
 - Non Automation = 7.4%
 - We conducted a survey with NNA members in the fall of 2008 to gather data about their Periodicals mailings and to determine how many would participate in a study in the future

Background – baseline study

- We conducted this baseline study from July 11th to September 25th to measure the on-time performance of community newspapers
- Service was measured end-to-end using
 - Newspaper reported entry dates and times to start-the-clock
 - Reporter reported receipt dates to stop-the-clock
 - Periodicals Service Standards
- We used 5PM as the Critical Entry Time
 - This allows for entry in a nearby facility that may not be the Delivery Unit
- Results were not weighted by mail volumes due to various issues with limited source data and a very small sample of pieces
- Study participants
 - There were 103 newspapers in 100 originating 3-digit ZIP Codes in 63 PCs
 - We used EXFC reporters to receive and report the pieces across 125 destinating 3-digit ZIP Codes in 64 PCs

Study Design

- The study was designed based on the national level statistics from the NNA survey we conducted in 2008
- We aimed to have the same ratios on frequency and Within/Outside County mailings across each Area

Area Level Goal
1 Daily
2 Two-Three Times/Week
9 Weeklies

National Goal / Actual	Frequency			County Type*	
	Daily (5 or more days)	2-3 Times / Week	Weekly	Within County	Outside County
Goal	12.5%	20.0%	67.5%	65%	35%
Actual	14.1%	19.7%	66.1%	56.5%	43.5%

* Design was based on the county of the mailer's address; whereas, the study results were based on the county of the postal facility where the mailer entered the mail, for the most part

Community Newspapers On-Time Results and Mail Variance Results

Performance for Community Newspapers

Baseline Study Conducted between July 11, 2009 - September 25, 2009

Area	Volume	Ontime		Percent Within + 1-day	Percent Within + 2-days	Percent Within + 3-days
		Percent On Time	+/- Range			
Capital Metro Area	640	77.85	3.92	89.05	92.82	94.57
Eastern Area	685	83.63	2.96	92.78	96.31	97.27
Great Lakes Area	676	66.36	4.44	77.71	85.09	88.90
New York Metro Area	677	65.62	4.80	77.53	85.28	90.89
Northeast Area	671	80.74	4.32	89.10	94.02	96.72
Pacific Area	626	58.00	6.17	70.03	81.08	86.30
Southeast Area	634	55.41	6.27	76.27	84.56	90.84
Southwest Area	654	75.62	3.12	87.25	91.90	94.40
Western Area	795	84.88	3.05	93.11	95.29	97.61
Nation	5,425	72.48	1.50	83.98	89.81	93.22

Notes:

- Performance results are unweighted.
- A Critical Entry Time of 5:00 pm was applied to all entries.
- 103 Publications were included covering 100 originating 3-digit ZIP Codes in 63 Performance

* The sum of the Area volumes will not equal the national volume

Community Newspapers National Results by Frequency and County Type

Performance for Community Newspapers
Baseline Study Conducted between July 11, 2009 - September 25, 2009

Frequency	Combined Origin/Destination								
	Within County			Outside County			Total		
	Volume	Percent On-Time	+/- Range	Volume	Percent On-Time	+/- Range	Volume	Percent On-Time	+/- Range
Daily	276	71.74	4.63	490	61.84	4.30	766	65.40	3.91
Two-Three Times	737	92.40	1.78	334	55.09	4.42	1,071	80.77	1.93
Weekly	2,051	79.67	2.54	1,537	60.64	2.33	3,588	71.52	1.90
Total	3,064	82.02	1.88	2,361	60.10	2.01	5,425	72.48	1.50

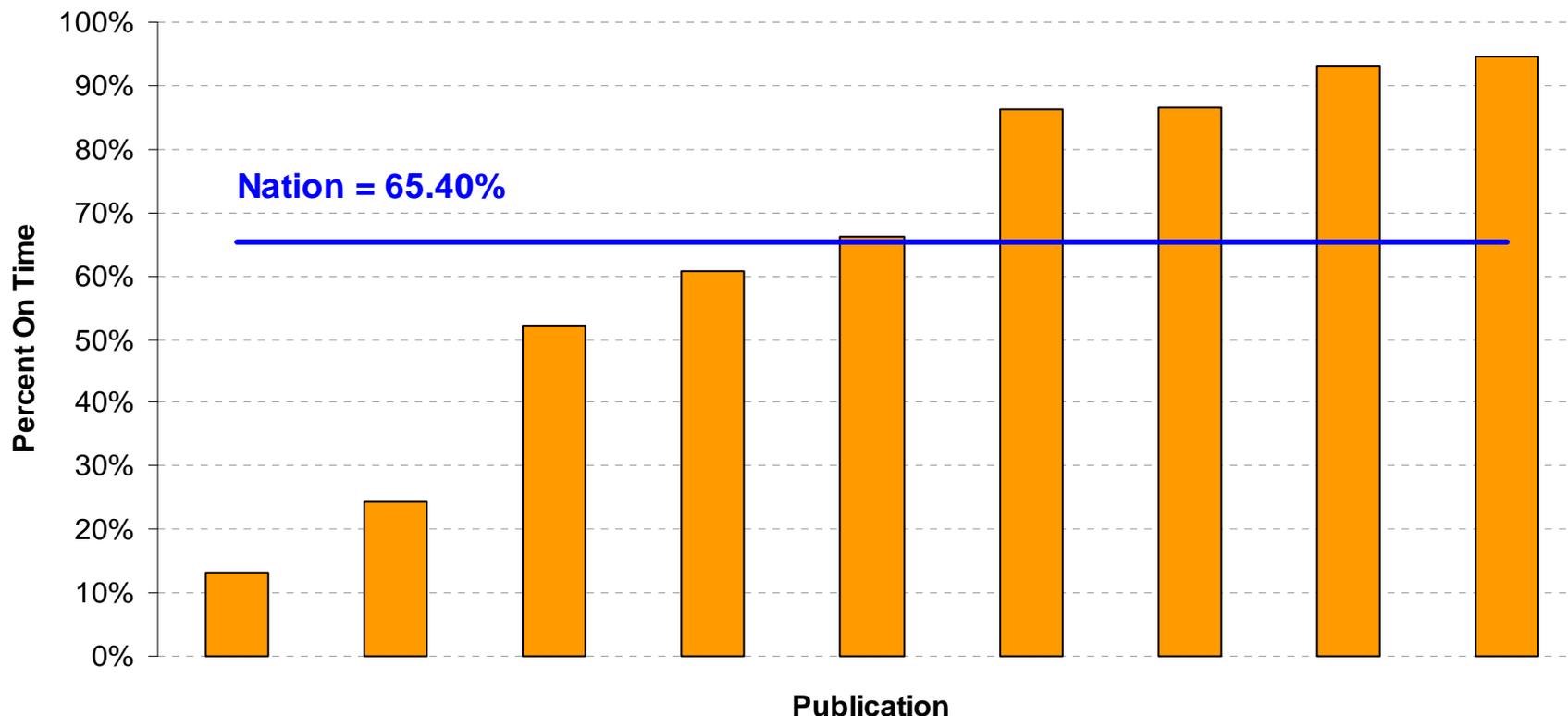
Notes:

- Performance results are unweighted.
- A Critical Entry Time of 5:00 pm was applied to all entries.
- 103 Publications were included covering 100 originating 3-digit ZIP Codes in 63 Performance Clusters (PCs) and 125 destinating 3-digit ZIP Codes in 64 PCs.

** For the most part, Within County was determined based on entry location and not the rate that the newspaper actually received*

Distribution of on-time results by mailer within frequency group (Daily)

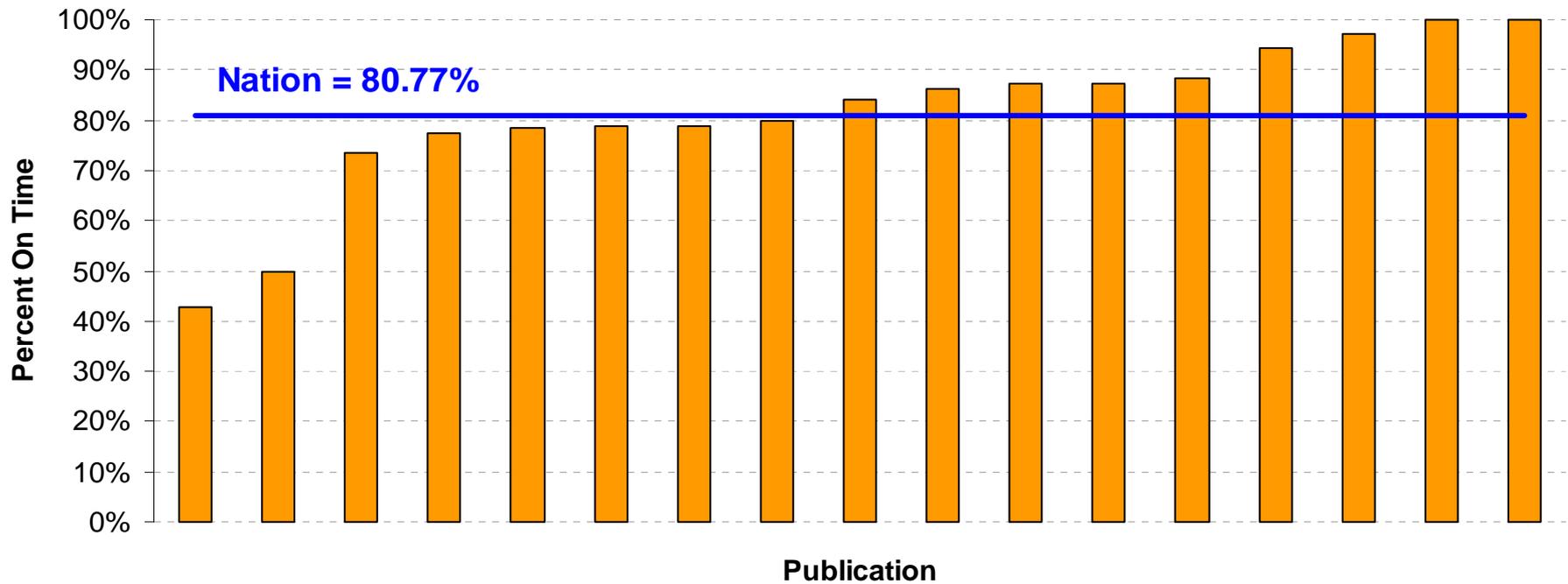
Community Newspapers On-Time Performance By Mailer - Daily



- The NNA Daily newspapers that participated had a relatively low circulation volume delivered by mail

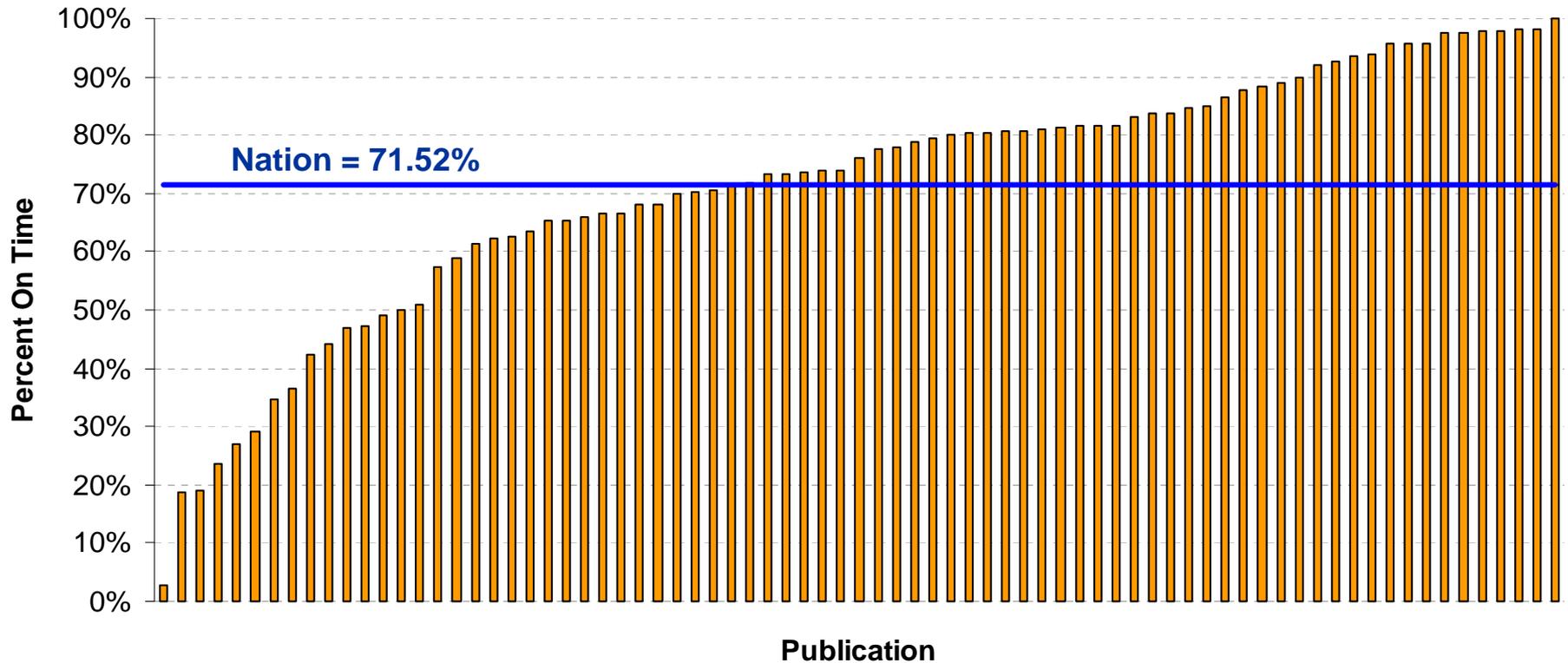
Distribution of on-time results by mailer within frequency group (Two-Three Times per Week)

Community Newspapers On-Time Performance By Mailer - Two-Three Times Per Week



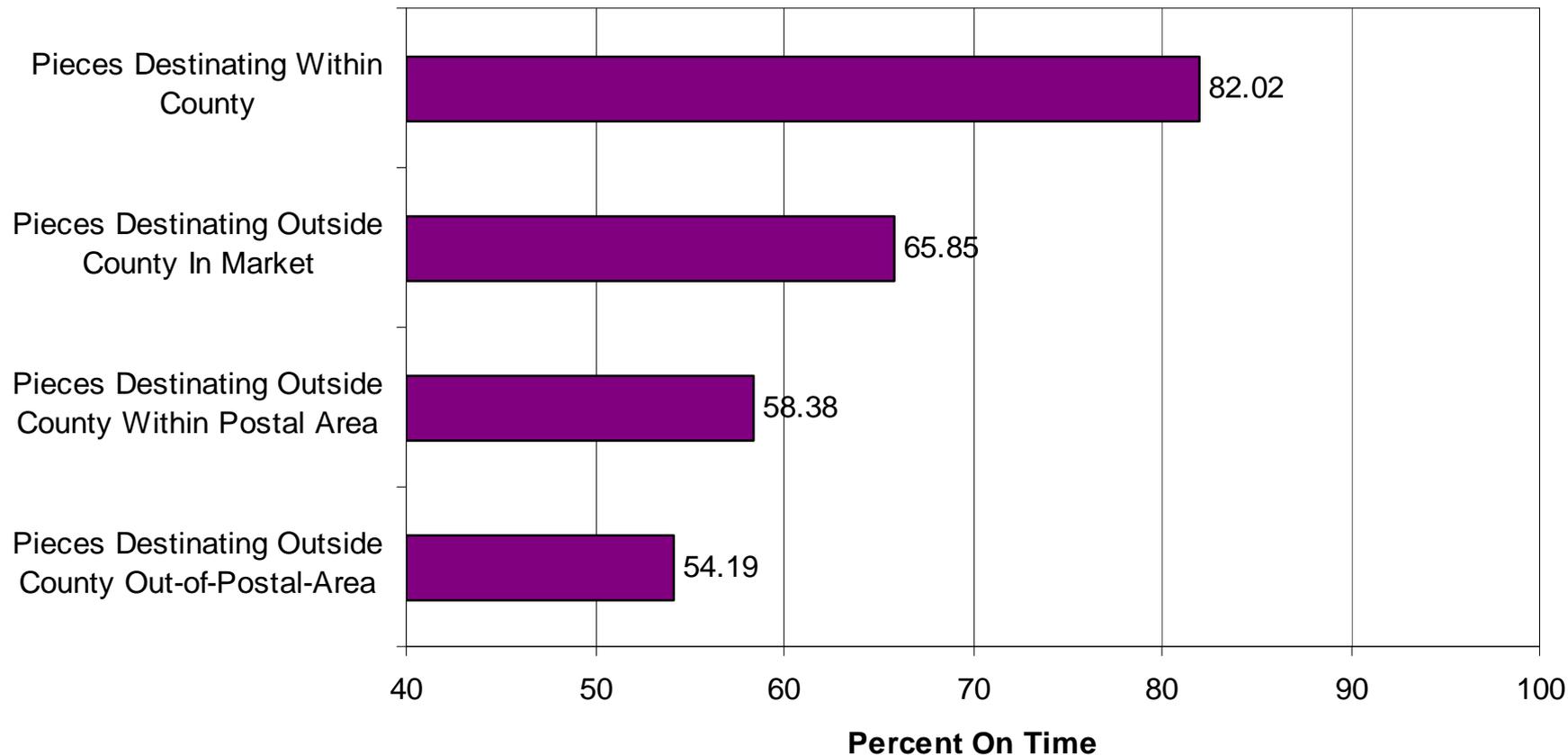
Distribution of on-time results by mailer within frequency group (Weekly)

Community Newspapers On-Time Performance By Mailer - Weekly



Analysis of on-time performance by county type

Comparison of Community Newspapers Performance by County Type



** For the most part, Within County was determined based on entry location and not the rate that the newspaper actually received*

Need to understand whether mail preparation affects performance results

- We contacted the newspapers that participated to understand:
 - Whether the newspapers is rolled or flat
 - What type of container they use to enter their mail



We contacted 68 of the 103 participating mailers; here are some anecdotes

- In terms of Flat vs. Rolled
 - 58 (85%) enter it as a flat (half fold)
 - Nine (13%) enter it as a quarter fold
 - One (2%) enter it rolled

 - *The performance of the 58 flats varied; however the nine quarter fold and rolled newspapers tended to perform at or below the national average*

- The types of containers used had more variation:
 - 9 (13%) entered it in a flat tray/tub
 - 34 (50%) entered it in a sack
 - 25 (37%) entered it in multiple types of containers including flat tubs, sacks, pallets and/or skids based on the requirements of the local postal facilities

 - *There were not clear patterns to the performance results based on type of container used*

How important is time of entry?

- We established a cut off time of 5 PM; however newspaper mailers enter their mail at a variety of times
- To understand the impact of entry time, we conducted the following analyses:
 - Volume of Early Pieces
 - Breakdown of Entry Times



Larger proportions of two-three times per week and weekly newspapers were delivered early

Community Newspapers Mail Delivered Early

Frequency	County Type	Combined Origin/Destination
		Percent Delivered Early
Daily	Within County	16.67
	Outside County	15.51
Two-Three Times	Within County	62.28
	Outside County	22.16
Weekly	Within County	23.45
	Outside County	32.79
Total	Within County	32.18
	Outside County	27.70

Notes:

Performance results are unweighted.

A Critical Entry Time of 5:00 pm was applied to all entries.

* Early is defined as pieces delivered before the expected receipt day

What time were the baseline study newspapers entered?

Entry Time	Pieces	Percent of Total	Cumulative Percent	Percent Ontime
0:01 - 1:00	227	4.2	4.2	84.1
1:01 - 2:00	87	1.6	5.8	90.8
2:01 - 3:00	295	5.4	11.2	69.2
3:01 - 4:00	148	2.7	14.0	75.0
4:01 - 5:00	388	7.2	21.1	42.3
5:01 - 6:00	350	6.5	27.6	64.6
6:01 - 7:00	195	3.6	31.1	79.5
7:01 - 8:00	115	2.1	33.3	73.0
8:01 - 9:00	270	5.0	38.2	56.7
9:01 - 10:00	295	5.4	43.7	75.9
10:01 - 11:00	266	4.9	48.6	68.8
11:01 - 12:00	170	3.1	51.7	65.3
12:01 - 13:00	240	4.4	56.1	76.7
13:01 - 14:00	437	8.1	64.2	75.5
14:01 - 15:00	507	9.4	73.5	71.6
15:01 - 16:00	428	7.9	81.4	84.1
16:01 - 17:00	405	7.5	88.9	79.8
17:01 - 18:00	105	1.9	90.8	89.5
18:01 - 19:00	70	1.3	92.1	98.6
19:01 - 20:00	55	1.0	93.1	74.5
20:01 - 21:00	35	0.7	93.8	71.4
21:01 - 22:00	83	1.5	95.3	79.5
22:01 - 23:00	83	1.5	96.9	56.6
23:01 - 0:00	171	3.2	100.0	84.8

What time were the baseline study newspapers entered?

Frequency	12:01am - 6:00am	6:01am - 12:00pm	12:01pm - 6:00pm	6:01pm - 12:00am
Daily	23.37	29.63	41.51	5.48
Two-Three Times	43.98	20.63	23.25	12.14
Weekly	23.55	24.05	43.34	9.06

- Daily and Weekly newspapers showed similar volumes across buckets
- Two-Three times had larger volume of early morning entries

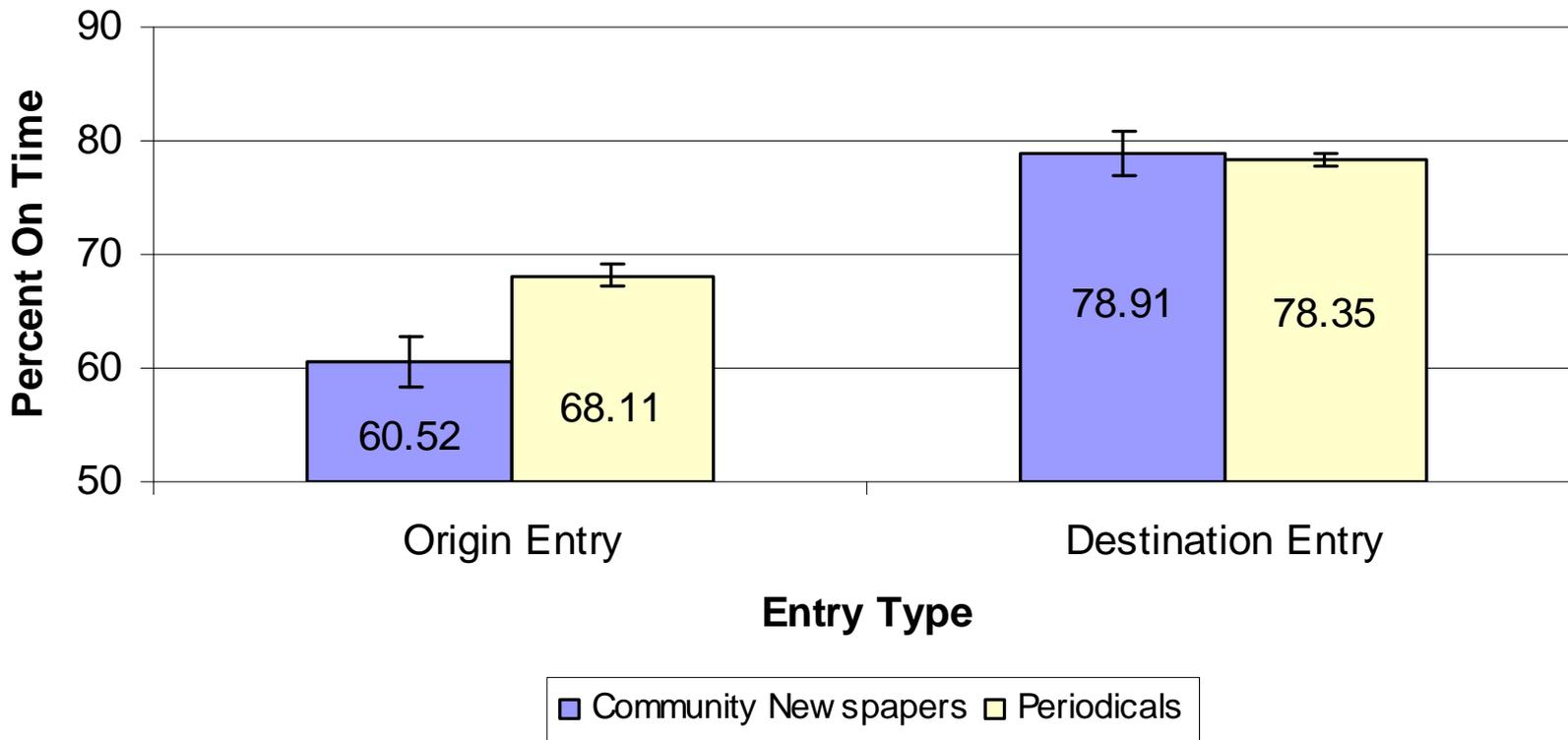
How similar are the Community Newspapers results to the Periodicals results?

- One of the purposes of this baseline study was to see how similar Community Newspapers performance was to the combined Red Tag and Del-Trak Periodicals results
- To compare the two, we analyzed performance in the following ways:
 - Performance by entry type
 - Trend graph



Nationally, destination entry results were similar, whereas there was a larger gap for origin entry mail

National Comparison of Community Newspapers and Periodicals Results by Entry Type from July 11 through September 25, 2009

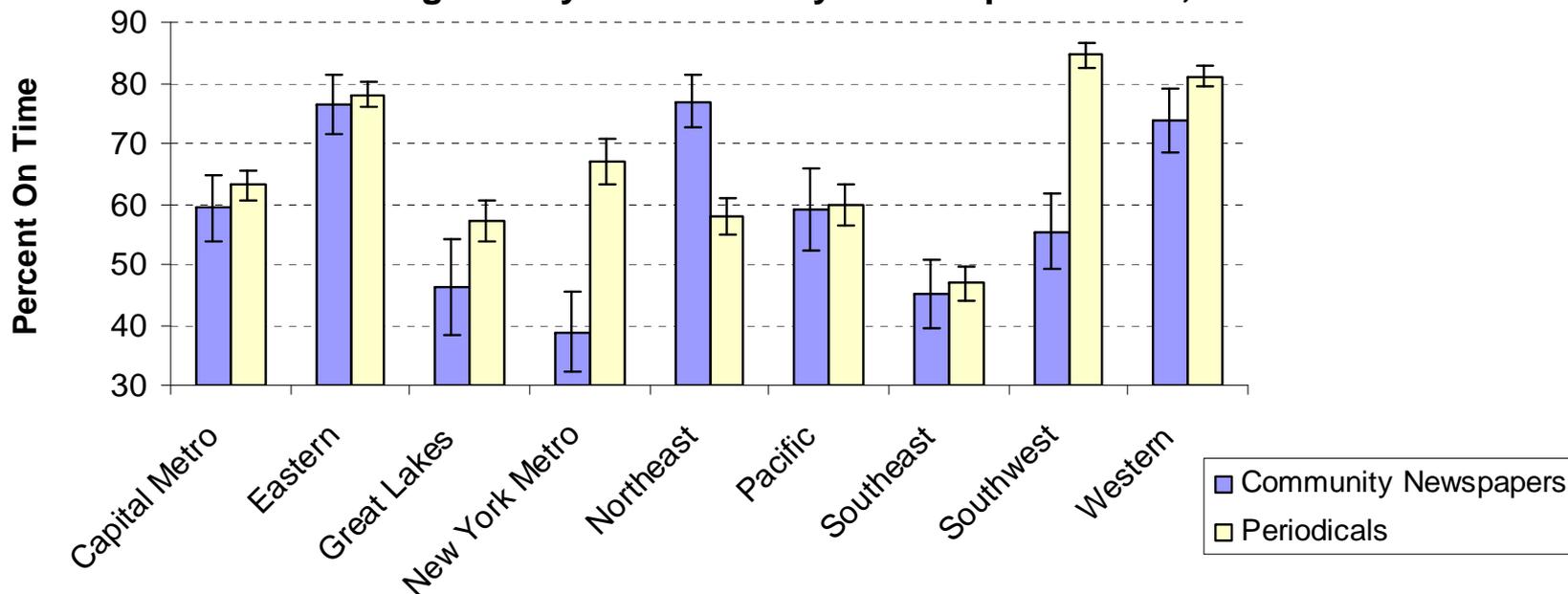


* We considered a piece to be destination entry if it was placed in the appropriate BMC, ADC, or SCF or if the originating and destinating 3-digit ZIP Codes are the same.

No significant difference for origin entry mail in five Areas

Category	Score Difference	Areas
Community Newspapers score was higher	19.09	Northeast
No significant difference	-	Capital Metro, Eastern, Great Lakes, Pacific and Southeast
Periodicals score was higher	7.22	Western
	28.25	New York Metro
	29.06	Southwest

**Comparison of Periodicals and Community Newspapers
Results for Origin Entry Mail from July 11 to September 25, 2009**

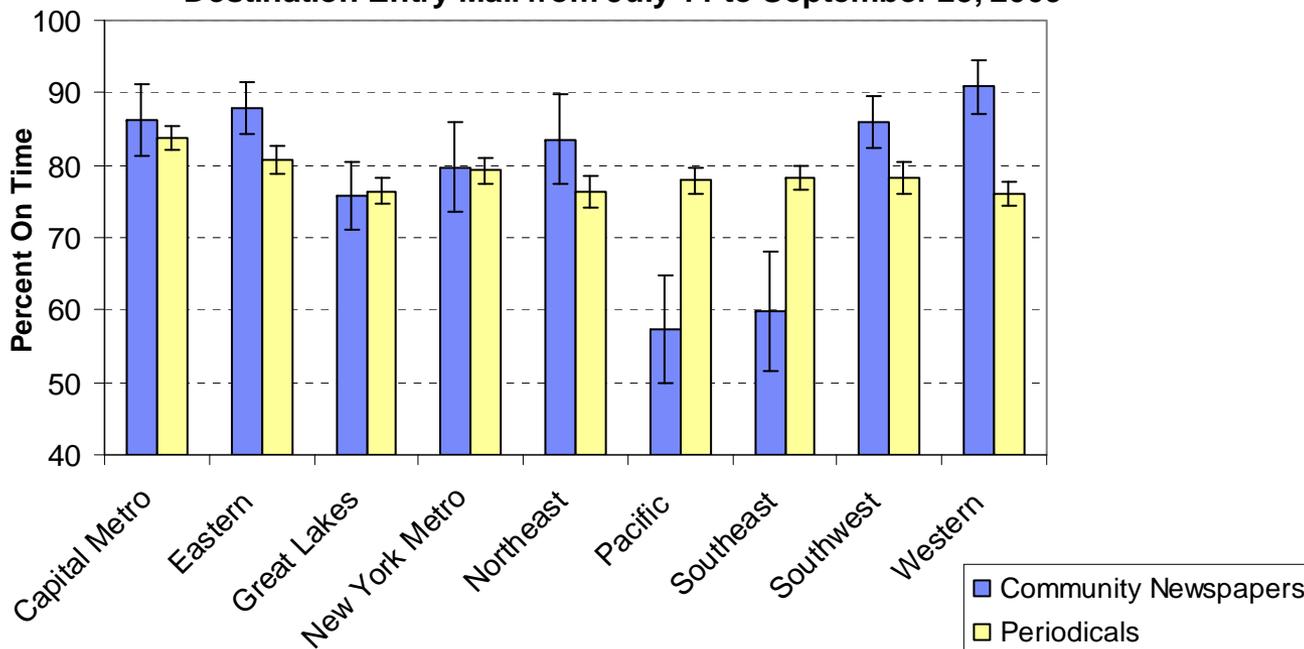


•We considered a piece to be destination entry if it was placed in the appropriate BMC, ADC, or SCF or if the originating and destinating 3-digit ZIP Codes were the same.

No significant difference for four Areas destination entry results

Category	Score Difference	Areas
Community Newspapers score was higher	14.78	Western
	7.77	Southwest
	7.13	Eastern
No significant difference	-	Capital Metro, Great Lakes, New York Metro and Northeast
Periodicals score was higher	18.56	Southeast
	20.61	Pacific

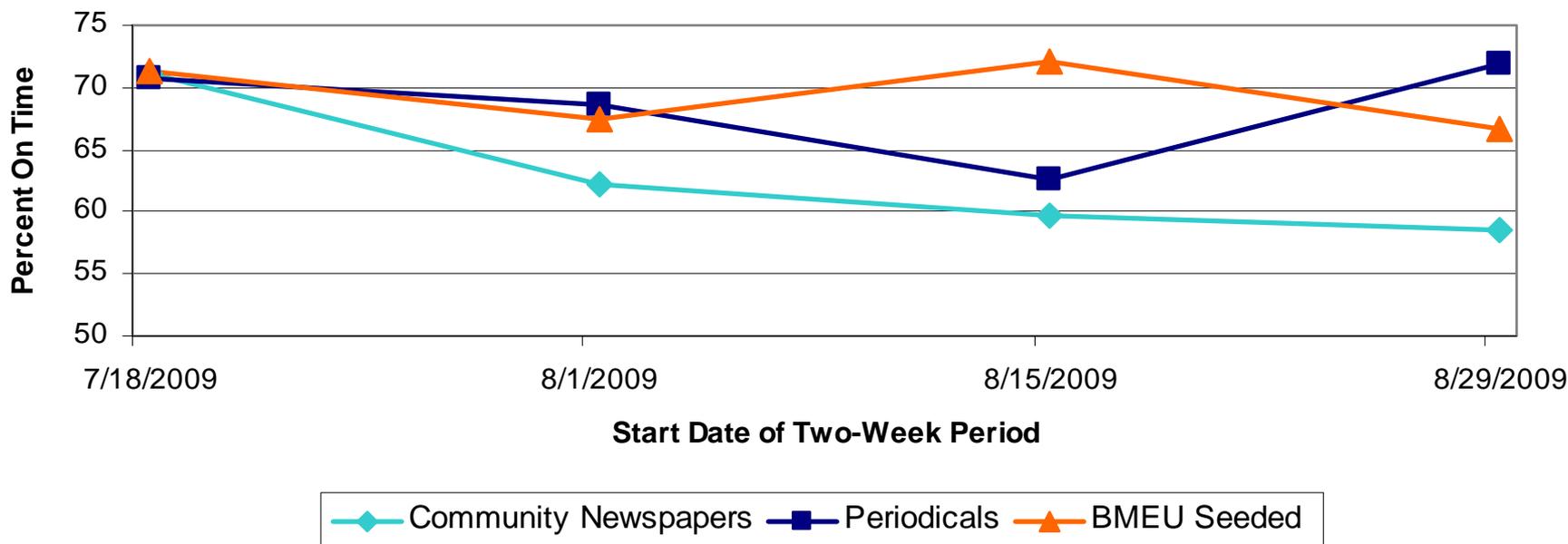
Comparison of Periodicals and Community Newspapers Results for Destination Entry Mail from July 11 to September 25, 2009



• We considered a piece to be destination entry if it was placed in the appropriate BMC, ADC, or SCF or if the originating and destinating 3-digit ZIP Codes were the same.

Comparison of Community Newspapers results to other Periodicals results

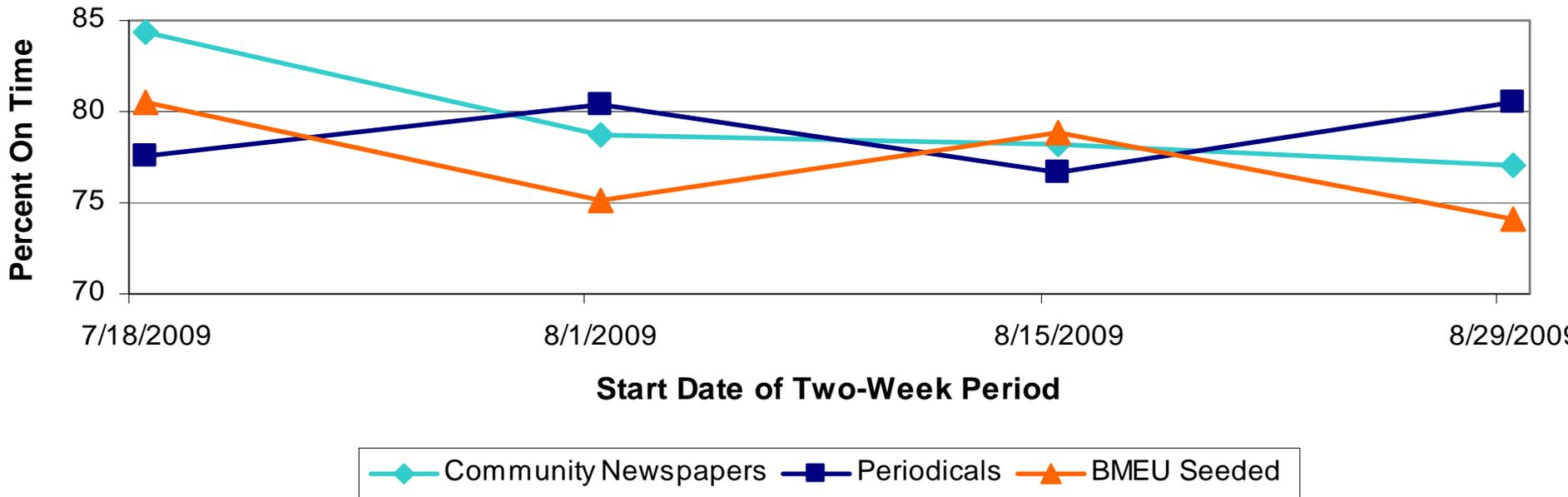
Two-Week Trend Chart Comparing Periodicals, Community Newspapers and BMEU Seeded Origin Entered Mail



* The BMEU data is unweighted; BMEU Origin Entry is represented by pieces receiving more than a Two-Day Service Standard.

Community Newspapers and BMEU Seeded data had similar patterns for destination entered mail

Two-Week Trend Chart Comparing Periodicals, Community Newspapers and BMEU Seeded Destination Entered Mail



* The BMEU data is unweighted; BMEU Dest. Entry is represented by pieces receiving an Overnight or Two-Day Service Standard.

Recommendations

- The Community Newspapers national result of 72.48 percent was comparable to the Periodicals result of 75.44 percent for the same period
 - For Destination Entry, Community Newspapers outperformed Periodicals for the same time period with a gap of 0.56 percent
 - For Origin Entry, Periodicals results exceeded the Community Newspapers results by 7.59 percent

- It is not practical to conduct ongoing measurement
 - It would be difficult for the newspaper mailers to participate based on our experience with the baseline study
 - Ongoing costs for subscriptions and conducting the study may outweigh value

- Results are similar enough that Periodicals could be considered as a proxy for Community Newspapers Mail
 - Consider conducting another study in a few years to verify that results are still similar

- Additional performance improvements may be possible by working with community newspaper mailers and the local post offices on more consistent mail preparation and entry