

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

SIX-DAY TO FIVE-DAY CARRIER DELIVERY  
AND RELATED SERVICE CHANGES, 2010

Docket No. N2010-1

RESPONSES OF UNITED STATES POSTAL SERVICE WITNESS  
ELMORE-YALCH TO INTERROGATORIES OF  
NATIONAL NEWSPAPER ASSOCIATION,  
NNA/USPS-T8-5, 7-11  
(July 12, 2010)

The United States Postal Service hereby files the responses of witness Elmore-Yalch to the following interrogatories of National Newspaper Association, NNA/USPS-T8-5, 7-11, filed on June 7, 2010.

Each interrogatory is stated verbatim and followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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OF NATIONAL NEWSPAPER ASSOCIATION

**NNA/USPS T8-5**

Please refer to the questionnaire for the “updated Screener for New York and Atlanta.”

- a. You asked business participants whether they used direct mail for advertising, including use of shared mail programs such as ValPak.
  - i. Were you aware that users of shared mail programs do not directly pay postage, but rather pay a price for their messages to appear in a package of advertising?
  - ii. If so, were these types of mail participants included to calculate the possible effect upon lower participation in shared mail programs, as an indirect way of forecasting whether those programs would be weakened or cause companies like ValPak to change their mailing behavior? If your answer is no, please explain why these types of “mailers” were included?
  - iii. If participants advertised through newspapers traveling at Standard mail rates or any other mail rates, where they also pay a price for their messages to appear in a package of advertising, were they represented in this portion of the evaluation? If not, why not?

**RESPONSE:**

a.i.) Yes I am aware that users of shared mail programs do not pay postage directly.

a.ii.) The qualitative research was not designed to do any calculations or forecasting. Results from qualitative research cannot be quantified reliably. Objectives for the qualitative research are stated in my testimony on page 3.

a.iii.) Questions regarding the types of advertising small businesses undertake through the mail were not this specific. Hence the research neither addressed the advertising identified in the question nor was it excluded. One could review the focus group transcripts (USPS-LR-N2010-1/12) to determine whether such advertising was mentioned in focus group discussion.

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**NNA/USPS T8-7**

Please refer to the description of the Postal Service's financial situation, used for in depth business interviews, beginning on p 76.

- a. Why did the explanation of the Postal Service's situation exclude any mention of labor costs?
- b. Did respondents seem to be aware of any aspect of the Postal Service's labor costs, such as the percentage such costs contribute to overall costs, the manner in which compensation is set, the degree of control USPS has over layoffs or any other aspect of the USPS labor component?
- c. Did any respondent inquire about any of the elements in part b or [sic] this interrogatory? If so, please describe how the interviewer responded.

**RESPONSE:**

a) The explanation of the Postal Service's financial condition used in the qualitative research was developed to provide a general overview of the issues contributing to the Postal Service's financial situation and was not meant to be all inclusive. It was designed to be read by the moderators to initiate participant discussion of the situation to see what participants recommended / suggested in response.

b-c) Participants in some groups did discuss the Postal Service's labor costs. A review of the focus group transcripts at USPS-LR-N2010-1/12 can be used to identify specific participant comments on those elements outlined in response to part (b) of this interrogatory.

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**NNA/USPS T8-8**

Please refer to p. 80 of your testimony when consumer interviewees were asked to think about the mail they receive.

- a. Please explain why newspapers were not included in the list.
- b. Please confirm that by excluding newspapers, these interviews were unlikely to detect consumer reactions to receiving newspapers after expected delivery dates.
- c. If you assume that in a 5 day delivery scheme, local newspapers with a Saturday publication date would not reach recipients on Saturday unless through Express Mail or a PO Box, did any aspect of your research gauge consumer reaction to this change?

**RESPONSE:**

- a) The list included the primary types of mail that most Postal Service customers send and receive. The list was not meant to be inclusive of all types of mail Post Service customers send and receive. Unlike magazines, most individuals receive their newspapers through home delivery services, retail purchases, or other means. Therefore, magazines as an example were better suited to initiation of discussion the types of publications consumers and small businesses receive in the mail.
- b) Not confirmed. Nothing was specifically excluded from the discussion. Participants addressed other examples of items they send and receive through the mail than those included in the page 80 list. As time permitted, the moderator often closed this discussion by asking if there were other things that participants send and receive through the mail not already discussed.
- c) Respondents and participants had no difficulty understanding that delivery would not occur on Saturdays in a five-day delivery scenario except via Express Mail or a P.O. Box. In fact the document provided to all participants (Appendix D,

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Part 1, page 84) for review and subsequent discussion clearly stated this..

Therefore it can be reasonably assumed that qualitative research participants understood the potential impact of five-delivery on newspapers received by mail.

**NNA/USPS T8-9**

Please refer to the penultimate paragraph on p. 80. When referring to the advertising consumers receive, why were shopper, Penny-saver or similar publications not included?

**RESPONSE:**

Participants were asked to describe the types of advertising they receive at home. Very general examples – catalogs, flyers, coupons, etc. – were given to help initiate the discussion. Participants then indicated the types of advertising they received which could have included those items listed in the interrogatory and others as well. No types of advertising were excluded from the discussions nor was it the intention within the time constraints of the focus groups to include discussions of every single type of advertising.

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**NNA/USPS T8-10**

Please confirm that no research, qualitative or quantitative, was conducted under your auspices to gauge the impact of 5 day delivery upon newspaper publishers, except for two national newspapers included in the national or premier account lists. If you confirm, please explain why.

**RESPONSE:**

The research includes publishers thus encompassing magazine or newspaper publishers. The intent of the qualitative research was to include a mix of 12 broad industry categories; publishers were one such industry group. While no newspaper publishers participated in the small business focus groups, several book and catalog publishers were included thus satisfying our goal of including this broad industry grouping in the market research. Specific efforts were made in the in-depth interviews to ensure inclusion of a newspaper publisher.

The quantitative research included a total of 163 surveys completed with magazine and newspaper publishers. While it is not possible to tell how many of these surveys represented magazines versus newspapers (or both at once), one can assume, given the sampling plans for National Accounts, Premier Accounts, Preferred Accounts and Small Businesses (described in detail on pages 14 through 23), that newspaper publishers included in the final sample were roughly proportionate to their incidence in the populations of respective business segments.

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**NNA/USPS T8-11**

Please confirm that no research, qualitative or quantitative, was conducted under your auspices [sic] to gauge the impact of 5 day delivery upon newspaper readers, except for any incidental reactions that may have resulted from discussion of Periodicals mail that also included magazines. If you confirm, please explain why.

**RESPONSE:**

Not confirmed. The qualitative research explored the general impact of five-day delivery on consumers and businesses. Participants in the qualitative research would therefore include newspaper readers to the extent they exist in the general population.

The focus of the quantitative questionnaires was to obtain reliable estimates of the impact a change to five-day delivery would have on the volume of mail consumers and businesses would **send**. Therefore, publishers would have provided data on the volume of periodicals they would send under the two scenarios – current delivery schedule and with a five-day delivery schedule. This data would accordingly include volumes for both magazines and newspapers.