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Postal Regulatory Commission
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UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
901 New York Avenue NW, Suite 200
WASHINGTON, DC 20268-0001

Re: Docket No. MT2011-3: Market Test Marketing Mail Made Easy

January 18, 2011

Honorable Commissioners:

I am writing to you with concerns regarding the process the USPS used in implementing a recent rule change for city style flat mailpieces which impacts the current request under docket MT2011-3. The following two paragraphs are from a USPS press release dated December 21, 2010:

"The US Postal Service said December 21 that it will ease its rules on simplified addressing to allow businesses to use the format for city delivery routes. The agency said the move will help it raise revenue and save small businesses money at the same time".

"The decision will lower costs for businesses by reducing mail preparation time and eliminating the need to purchase address lists and on-press printing, said the Postal Service. After the move goes into effect, business mailers will be able to address mailpieces to "postal customer" for complete coverage of postal routes, according to the USPS. The simplified addressing will enable business mailers to use mail delivery route information, instead of exact names and addresses, to reach target customer groups in specific areas as of January 2, 2011. Businesses will be able to use the format for saturation flat-size mail pieces and irregular parcels. Saturation mail is used to reach every address in a geographic area, while flat-size mail includes large envelopes and fliers often used for advertising, according to the USPS".

The December press release was announced to the Industry as a "rule change" and no public comment was made, and it was certainly not fully vetted out in the data and mail community. The rule change was specific to High Density Destination Delivery Unit (HD DDU) Flat and irregular parcel mail. On January 12, 2011 it appears after the change was already implemented, the USPS filed another "change" with the PRC this time coining the acronym for this request as "MMME" for a test period of two years. As noted in the PRC document referenced above, the following criteria will need to be met: The Postal Service explains that MMME is designed to encourage small and medium-sized businesses to utilize the mail to promote and market their businesses at an affordable cost, and with reduced barriers to entry. MMME mail must be prepared according to the simplified address option for Standard Mail saturation: Permits, permit

fees, or annual accounting fees will not be required. The product will be limited to locally-entered and locally-paid mail to be delivered to every household on chosen corresponding local delivery routes, with a daily limit of 5,000 pieces entered per office.

There are many troubling aspects to this filing we wish to ask the Commission to consider requesting the USPS for detailed information, such as:

1. Currently, the Unions are contracted to deliver and carry up to 3 bundles. By definition of this program it is conceivable that more than one business per day will give a local Post Office a bundle up to 5,000 pieces (which can theoretically occur at thousands of Post Offices nationwide on any given day). Who decides which customer's bundle is delivered that day? Certainly it will not default to "extra prices" paid for preference which would have major competitive and rate implications? We cannot see under current rules how any additional bundles can be carried on local routes, so this would have a far greater impact on delivery, pricing and create an unfair advantage to one company over another, which is in contrast to Title 39 USC 3641, b(2).

2. What is the USPS definition of a Small to Medium sized business? Is it number of employees or revenues and where is this criterion coming from? How will the USPS transparently report this activity to an industry that now cannot compete for this business?

3. What is the USPS definition of "currently not in the mail" and who monitors that? Does this include this week not in the mail or never been in the mail? How will this be tracked?

4. Who defined the limit to 5,000 pieces per day? Some City ZIPs far exceed that amount and most small "franchisee businesses" would be targeting a much smaller audience in a given ZIP, so why 5,000?

5. There are companies such as my own company that have targeted the small to medium sized businesses in a direct mail channel as "addressed mail". In fact, the USPS put out an RFP for a test into this market (in Texas) last year and now it appears they have abandoned that test for "another test". Where are the results of the first RFP and test and why the sudden abandonment from addresses?

It is also important to point out in the filing the USPS makes conflicting statements. In two sections it clearly says it is for mailers that are not currently in the mail. "Further, MMME is intended to serve small and medium-sized businesses that do not use current Postal Service products" and "MMME is intended to generate additional volume from potential customers who **do not currently use the mail** (page 3 of their filing)."

However, it also states "Although this product has been designed with small and medium-sized customers in mind, ***all customers, including Mail Service Providers, are eligible to participate in the program,*** provided they meet the following volume, addressing format and physical characteristics requirements" (page 5 of their filing). Which is it - Mail Service Providers who do not mail today, customers that do not mail today or ***all*** customers meeting the criteria set forth in the latter statement defined by volume, addressing format and physical characteristics? There are no definitions of how this criteria is measured either.

To create further industry confusion, on January 13, 2011, the Wall Street Journal published an article that discussed this new rule change, already in effect almost two weeks before this filing was put into the PRC with an added twist: it stated the USPS was making the change for ***all letters, flyers and parcels***, and made no reference to the filing the USPS made on January 12, 2011, nor the one made in late December, 2010, about DDU entered Flat mail and irregular parcels. Furthermore, it also inferred that the USPS was endorsing an "***opt out***" for this type of mail, but without addresses one questions how this would be managed, much less why a business needing revenue would want to restrict mail volume paid for by the sender, not the recipient?

Copied below is the article mentioned above and our concerns are marked in bold specifically the "opt out" and "all mail classes" being included in this "rule change", obvious statements that need dialog and close scrutiny before being released to the general public. What makes this important to note is that this interview was with an officer of the USPS (Paul Vogel, President & Chief Marketing & Sales Officer). Although Mr. Vogel is quoted about the value of direct mail in the article, the message being sent by a senior USPS official in a nationwide newspaper and the subsequent USPS filing seems to take the "marketing aspect" out of the direct mail chain and put the focus on opting out of direct mail. The unfortunate impact this article may have is that the very people wanting to shut down the USPS by implementing Do Not Mail legislation now have a senior official quoted in a nationwide publication who can be seen as endorsing such legislation and this surely would cause "unintended and unlikely consequences and disruptions" to the industry.

Lastly, as a global data provider and trusted entity of consumer data, we question how the USPS came up with the concept that the barrier to entry for this type of mail (small & medium sized local businesses they are targeting in their January 13, 2011, market test of two years) was due to "**buy(ing) pricey mailing lists along with the onerous task of addressing every envelope"?**

In summary, the industry encourages open and transparent dialog on making sound and efficient decisions that better our nation's postal sector. The USPS actions taken in December set a poor tone to the industry in so much as a "fear" going forward that

whenever the USPS deems a change is “rule oriented” (even if it has rate implications and revenue impacts to the USPS which we believe the December change has), the “change” would not require public comment or disclosure as seen in past Federal Register notifications prior to implementation. We encourage the PRC to consider any unlikely disruption in the various businesses and possible loss of mail volumes if this MMME request is leading to “other classes and shapes of mail” to allow future “rule changes” as seen in December 2010. We also emphasize the need for open and transparent dialog with all stakeholders before allowing such unique changes to come into effect, such as what transpired in the December change which was effective on January 2, 2011 now leading to the MMME request. We encourage the PRC to use its rate making authority to make sure no competitive advantage and thus market loss to existing customers of the mail occurs by requesting the USPS define some parts of the plan, such as those questions mentioned above.

We thank you for the opportunity to comment on this filing.

Regards,

Steven W Lopez
Vice President, Postal Affairs

The Wall Street Journal has reported that "Last week, the U.S. Postal Service began easing rules on so-called "simplified addressing" for bulk mail. The move allows marketers to ***send letters, flyers and parcels*** to every home, business and post-office box on a city delivery route—known as saturation mail at the post office, and junk mail by consumers—without using exact names and addresses. While the rates for bulk mail haven't changed, the new rules are expected to reduce costs for smaller businesses by eliminating the need **to buy pricey mailing lists, along with the onerous task of addressing every envelope.** (Before, marketers needed an address, even if the recipient was "Current Occupant" or "Resident.") Until now, the service was only available to government agencies, and on rural or highway routes. The changes come as many small businesses have abandoned traditional direct-mail advertising in favor of cheaper e-marketing and social-media strategies. Even though they aren't named on a letter or parcel***, recipients can opt out of receiving mail with a simplified address by notifying their mail carrier."***

(Online Source: http://online.wsj.com/article/SB10001424052748704803604576078131322160002.html).