

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

Before Commissioners:

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

Market Test of Experimental Product—
Mail Works Guarantee

Docket No. MT2011-4

NOTICE AND ORDER CONCERNING THE MARKET TEST
OF AN EXPERIMENTAL PRODUCT—MAIL WORKS GUARANTEE

(Issued April 19, 2011)

Background. On April 15, 2011, the Postal Service filed a Notice, pursuant to 39 U.S.C. 3641, announcing its intent to conduct a test of an experimental market dominant product identified as Mail Works Guarantee.¹ The Postal Service asserts that the test offers the potential for it to tap a greater share of advertising media expenditures, while offering participating mailers the possibility of postage refunds if qualifying advertising campaigns (consisting of First-Class or Standard Mail) are not successful. *Id.* at 1.

¹ Notice of the United States Postal Service of Market Test of Experimental Product—Mail Works Guarantee, April 15, 2011 (Notice).

Terms; duration. The test will initially be offered to 16 companies who spend at least \$250 million annually on advertising, but do not include mail as a large part of their advertising mix.² *Id.* at 1. The test may be expanded to include more mailers. *Id.* at 7. The Postal Service and each participant will jointly develop a set of unique metrics for purposes of evaluating the success of a test Direct Mail campaign, along with a mutually agreed upon percentage increase in the unique metric that will serve as the basis for determining a campaign's success. *Id.* at 2. Each participant will be expected to mail a minimum of 500,000 pieces up to a maximum of 1 million pieces of First-Class Mail or Standard Mail. *Id.* The test will begin on or shortly after May 16, 2011 and continue for up to 2 years. *Id.* at 6.

Refunds. In the event a campaign does not meet established metrics, as verified by a Postal Service representative, the Postal Service will provide a refund of postage paid during the market test, up to a total of \$250,000, in the form of a credit to the appropriate Centralized Account Payment System account. Production and printing costs for the campaign are not refundable. *Id.* at 2-3.

Consistency with statutory criteria. The Notice addresses why the Postal Service believes the market test satisfies the section 3461 criteria for market tests, including why it is a significantly different product and is unlikely to cause disruption within the advertising mail market. *Id.* at 3-5. It also discusses why the Postal Service believes the test complies with 39 U.S.C. 403, which prohibits undue discrimination against (or an undue preference for) any mailer and is correctly characterized as a market dominant product. *Id.* at 5.

Volume and revenue; data collection. Exact volumes and revenues for Mail Works Guarantee will depend on customer participation and the amount of mail each customer enters under the test. At a maximum, the Postal Service anticipates that the test, as currently structured, can generate no more than 16 million new pieces and

² Among the group of companies that spend \$250 million annually on advertising, postage represents less than 0.36 percent of total advertising spending.

therefore no more than \$10,000,000 in any fiscal year. *Id.* at 6. The Postal Service has prepared a data collection plan and says it can report the results to the Commission upon request. *Id.*

Docket information. The Commission establishes Docket No. MT2011-4 for consideration of matters this Notice raises. It encourages interested persons to review the Notice for additional details. It also invites interested persons to 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 29, 2011. Reply comments are due no later than May 6, 2011. The filing can be accessed via the Commission's website (<http://www.prc.gov>). The Commission encourages interested persons to review the Notice in its entirety.

The Commission appoints Kenneth E. Richardson to serve as Public Representative in this docket.

It is ordered:

1. The Commission establishes Docket No. MT2011-4 for consideration of the matters raised in this Notice.
2. Pursuant to 39 U.S.C. 505, Kenneth E. Richardson is appointed to serve as officer of the Commission (Public Representative) to represent the interests of the general public in this proceeding.
3. Comments by interested persons are due no later than April 29, 2011.
4. Reply comments are due no later than May 6, 2011.
5. The Secretary shall arrange for publication of this Order in the *Federal Register*.

By the Commission.

Ruth Ann Abrams
Acting Secretary