

UNITED STATES OF AMERICA  
POSTAL REGULATORY COMMISSION  
WASHINGTON, D.C. 20268-0001

Valassis NSA

Docket No. MC2012-14

Valassis NSA

Docket No. R2012-8

CHAIRMAN'S INFORMATION REQUEST NO. 1

(Issued May 11, 2012)

To clarify the basis of the Postal Service's request to add the Valassis negotiated service agreement to the market dominant product list, the Commission requests the Postal Service to provide written responses to the following questions. Answers should be provided as soon as possible, but no later than May 18, 2012.

1. Please refer to the definition of "Eligible Mailer" provided in the "Mailing and Volume Commitments" provision in the proposed Mail Classification language (Attachment C), which limits eligibility to a "Standard Saturation Flat mailer who has the demonstrated capability to provide a broad multi-market shared mail program, as evidenced by shared mail volumes of at least 400 million pieces annually mailed to 50 percent of existing SCF areas."
  - a. Other than Valassis, how many mailers currently would satisfy these eligibility criteria set forth in Attachment C?
  - b. Please provide the rationale for the requirement that an eligible mailer must have a minimum annual shared mail volume of at least 400 million pieces.
  - c. Please provide the rationale for the requirement that an eligible mailer must mail annually to 50 percent of existing SCF areas.

2. At page 6 of the Notice, the Postal Service states that the new shared saturation mail programs shall be limited to the carriage of advertising of “durable and semi-durable goods retail providers with a physical retail outlet presence in 30 or more states.”
  - a. Please provide examples of retail providers whose advertisements will and will not qualify. In addition, please respond to the following questions:
  - b. Define “durable and semi-durable goods.”
  
3. Compare the language in the Notice to Section IV.D of the actual NSA between Valassis and the Postal Service at Attachment B, and to the “Mailing and Volume Commitments” provision of the proposed Mail Classification Schedule language in Attachment C. The Attachment B and C language both state that new mail programs under the agreement are “limited to the carriage of advertising of national retail advertisers, defined as retailer providers *primarily* offering durable and semi-durable goods...” (Emphasis added.)
  - a. Explain what is meant by “primarily.”
  - b. Would a national retailer of goods such as Walmart, which sells groceries in many of its stores, be considered a “retail provider primarily offering durable and semi-durable goods”?
  - c. How will the Postal Service enforce this provision and what standards will it apply in doing so?
  - d. Are retailers that do not meet the criteria of durable/semi-durable goods and physical presence in at least 30 states completely excluded from the program?
  - e. Would a national grocery store chain that sells snow shovels during the winter be considered a “national retail advertiser”?

- f. Would a retail durable goods business that operates through local franchises be considered a “national retail advertiser”?
    - g. Are realtors and auto dealers considered to be selling 'durable goods'?
- 4. Consider an insert that includes more than one advertiser, such as a package that is stapled or bound together, or a preprint bearing ads from two advertisers.
  - a. Would such a multi-advertiser item count as one or as multiple “advertising inserts” for purposes of the “Eligible Mail” definition in the proposed Mail Classification language (Attachment C)?
  - b. Is there any minimum percentage of the ads in such a multi-advertiser item that must be of “durable or semi-durable” goods in order to qualify for the new program?
- 5. Please refer to the provision in the “Mailing and Volume Commitments” provision in the proposed Mail Classification Schedule language (Attachment C) that provides that Valassis “must initiate new shared saturation mail programs within 90 days” under the NSA in “markets where it has maintained an existing Standard Mail Saturation mailing program on at least a monthly basis during the 2 years preceding execution of this NSA.”
  - a. Please provide the rationale for the requirement that Valassis have made mailings in markets on a monthly basis for the past two years.
  - b. Does this provision require Valassis to initiate within 90 days a new program in every market in which it has maintained an existing shared Saturation mail program? Please explain.

6. Please refer to the Notice at page 4 and the “Mailing and Volume Commitments” provision in the proposed Mail Classification Schedule language (Attachment C) where it is stated that Valassis must “maintain its preexisting shared mail program for the duration of this agreement.”
  - a. What does it mean to “maintain its preexisting shared mail program”?
  - b. Must Valassis maintain the current average weight of the mailpieces in its existing shared mail program in each of its markets in which it initiates a second mailing pursuant to the NSA?
  - c. Must Valassis maintain the current frequency of the mailings in its existing shared mail program in each of its markets in which it initiates a second mailing pursuant to the NSA?
  - d. Must Valassis maintain the current average number of advertising inserts in its existing shared mail program in each of its markets in which it initiates a second mailing pursuant to the NSA?
7. Please refer to the “Statement of Supporting Justification” (Attachment E to the Notice). At page 5, it is stated that the “new saturation shared mail programs contemplated by this agreement are viewed as an alternative and supplement to existing distribution channels.” What are the “existing distribution channels” to which this refers?
8. Please refer to the Notice at page 6 and to the “Mailing and Volume Commitments” provision in the proposed Mail Classification Schedule language (Attachment C) which states that Valassis is to “give the Postal Service 30-day advance notification of its initial mailing date and schedule and its desired in-home delivery date.”

- a. Has the Postal Service provided Valassis with any assurances, promises, or commitments to provide that delivery will occur on the desired “in-home delivery date”?
  - b. Has the Postal Service provided, or will it provide, any instructions, directions, or advice to local postmasters regarding the handling and delivery of the new shared mail program on the desired in-home delivery date?
9. Please refer to the “Mailing and Volume Commitments” provision in the proposed Mail Classification Schedule language (Attachment C), second paragraph, which states that Valassis “can not migrate advertising circular business from the USPS solo mail stream into the new saturation shared mail program.”
  - a. How often must an advertising circular have used the Postal Service solo mail stream in order to be ineligible for the new program?
  - b. How recently must an advertising circular have used the Postal Service solo mail stream in order to be ineligible for the new program?
  - c. Is this eligibility test applied on a market-by-market or on a nationwide basis? For example, assume that an advertising circular uses solo mail this month in a market not served by Valassis. Would it be eligible for the new program?
10. Please refer to the “Eligible Mail Rebates and Thresholds” provision in the proposed Mail Classification Schedule language (Attachment C). Please confirm that the DDU and SCF rates indicated in the 6.5 to 9 ounces and the 9.0 to 11 ounces lines are the net (post-rebate) postage rate, and not the amount of the rebate itself. If not, please explain.

11. The NSA requires minimum mailpiece dimensions of at least 6.125” by 11.5” by 0.25.” Please explain if the 0.25” thickness requirement can be satisfied by folded pieces?
  
12. Are shared mail packages mailed by members of the Advo National Network Extension eligible for rebates under the proposed NSA?

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