



Landmark Media Enterprises, LLC

Michael G. Abernathy
President
Landmark Publishing

May 23, 2012

Valassis NSA

Docket No. MC2012-14

Formal Comments from Landmark Publishing

Docket No. R2012-8

Ruth Goldway, Chairman
Postal Regulatory Commission

Subject: Objections to the Valassis Direct Mail Negotiated Service Agreement filing

I am writing as the President of Landmark Publishing, which consists of the 56 Periodicals-mailed community newspapers in 13 states, 33 Standard Mail CRS shoppers or free newspapers, seven college sports Periodical magazines, and metro newspapers in Norfolk and Roanoke, VA, Greensboro, NC, and Annapolis, MD. Three of the four metro papers also produce shoppers to nonsubscribers which the company has moved, or will be moving, from mail to home delivery carriers this year. I am also a member of the board of the Newspaper Association of America, and our community newspapers belong to the National Newspaper Association.

We moved three metro TMC (Total Market Coverage) shoppers outside the mail not only to save money, but also because of the increasing difficulty of doing business with the Postal Service. They don't treat us as valued customers, but instead make us jump through hoops. Postal personnel act like detectives looking for violations. Our changes will cause the Postal Service over \$3 million in Standard CR mail revenue. Yet we had to make this decision for business reasons. The Valassis NSA filing, if approved, pressures us to stay out of the mail to help assure our competitiveness for ad inserts, despite the obvious attraction of being in the mailbox.

Our community newspaper group continues to mail 33 Standard Mail CR shoppers or free newspapers. The majority of these are Saturation DDU-entry publications on another day of the week from the non-daily newspaper to present full-coverage of advertising to match advertiser preference. Other newspaper TMC publications and shoppers sent to our nonsubscribers are often thought to be High-Density price publications, but we actually have a high amount of Saturation price copies in these mailings.

We oppose the Valassis NSA proposal. We believe it is unfair for the Postal Service to permit agreements that so harm competitive markets. It is also unwise, given the money that will be left on the table that is needed to sustain the Postal Service.

Based on the filing, Valassis could start new marriage mail package programs in existing markets, and with discounts varying from 20-32%, pirate advertising supplement business from our publications

paying full-price Saturation or High-Density and instead carry the mail at the lower prices granted. This would only cost USPS revenue via price-switching and migration from one customer to another. This sort of migration damages postal customers, unfairly hobbles competitors and puts the Postal Service's revenue at greater risk. Nearly half of our 61 newspaper markets already compete with the Valassis Red Plum packages or Mail South, a similarly-situated marriage mailer. Our community papers mail Standard CR totaling over 400,000 weekly pieces that face this unhappy prospect.

Whether advertising is distributed by newspapers and their choice of mail or home-delivered packages, I find it a very disturbing and anti-competitive prospect that the Postal Service would use its mail monopoly to interject itself into this competitive marketplace on the side of one business against other customers.

In this time of upheaval in mail delivery, new complications in our business relationship with USPS and the great uncertainties emanating from postal reform in Congress, an NSA proposal like this one simply adds insult to injury. I believe it will cause newspapers to take other Standard Mail Saturation/High-Density shoppers out of the mail to alternate delivery in frustration and anger, and to stay competitive on pricing against this NSA. This will increase the Postal Service's downward spiral and deprive the communities of options, as well as news, because most newspaper TMCs provide modest news or feature coverage as well as other features to attract readers, such as classifieds.

One likely outcome of this NSA, if accepted, is that Valassis will not use it to produce new mail volume but will simply employ the NSA as a lever for lower rates in newspapers. Valassis places Free-Standing Inserts and coupon packages into newspapers across the land. Whether it succeeds in winning the business out of the newspaper or not, the strong possibility is that the combination of anger and competitive reaction will cause the newspapers to retain this business, move it outside the mailstream and keep it out. The net to USPS will be neither new Valassis advertising nor maintenance of existing newspaper advertising now in the mailstream. For both the newspapers and the Postal Service, then, the result will be a lose-lose proposition with the only gainers being national advertisers that have figured out how to leverage a government monopoly to its advantage.

The proposal certainly shows that USPS has turned its back on its historical newspaper customers using both Periodicals and Standard Mail and sided with larger-volume aggregators while discriminating against smaller customers. I hope the commission will use wiser judgment and deny this proposal.

A handwritten signature in black ink that reads "M. G. Abernathy". The signature is written in a cursive, slightly slanted style.

Michael G. Abernathy