

IndustryFeedback

From: Scott Schuh <scottschuh@lscmarketing.com>
Sent: Wednesday, January 01, 2014 10:52 PM
To: IndustryFeedback
Subject: Requested Action/Request for an Advisory Opinion Concerning LoadLeveling

Follow Up Flag: Follow up
Flag Status: Flagged

As a mail industry veteran of over 35 years, I continue to be amazed and equally disappointed at the USPS's solutions that are not customer friendly. It is obvious that many retailers desire their mail to be delivered at the first of a week to maximize their marketing investment, yet the USPS wants to spread out this delivery timeline over multiple days. In an advertising marketplace where timing is a key component in generating a positive ROI, major media channels like digital, TV, radio, etc can target their messaging to the day if not the hour desired... a very important thing to many advertisers. If it is the postal services desire to **CONTINUE** to put new policies in place that make mail **LESS RELEVANT** to their customers, then keep running your customers off via inane new regulations that either don't meet your customer's needs or make it so hard to do business with you that they give up on your channel of marketing.

I do realize the USPS is under extreme financial pressures and not getting the support from our useless Congress in driving real postal reform including getting a handle on the huge labor issue/expense that is further dragging the Postal Service down. But keep putting policies in place that are counterproductive to your customers' needs and it really won't matter anymore.

Thank you for asking my opinion.

Scott Schuh

C. Scott Schuh cmaqcs
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IndustryFeedback

From: Brad Chrysler <BradC@commercial-letter.com>
Sent: Thursday, January 02, 2014 10:42 AM
To: industryfeedback@usps.com
Subject: Feedback on proposed changes on service standards

Follow Up Flag: Follow up
Flag Status: Flagged

1-2-2014

RE: Service Standards for Destination Sectional Center Facility Rate Standard Mail

As a mailer that relies on a partnership with the USPS for timely mail delivery, the new proposal seems like a very short-sighted, bad idea. One of the largest sectors using the mail today is the retail industry. For this group, a very popular marketing tool is the limited time event. The direct marketing for these events is timed precisely, relying heavily on drop-ship SCF entry. Many of these mailings are timed to hit SCFs on Monday for the next weekend's events. Why? Very simply put, if consumers get the mailer an extra week before, they have too much advance notice or get confused on what Saturday to come to the store, and they are more likely not to come at all. If they get it late in the week, they feel rushed, already having planned their week, and they are less likely to come to the store. This theory has been proven time after time. Early mail and late mail does not work. If something doesn't work, then companies will not use it.

As companies are now exposed to an endless list of ways to spend their marketing dollars, I think the USPS should strive to be part of the marketing mix, not implement new regulations that will push away even more volume. By suggesting to mailers and businesses that the USPS will take its time to deliver mail if entered during a busy time, companies will take their business elsewhere. We are already facing unprecedented postal increases as the new year starts. Add in a caveat that oh, by the way we are going to delay your delivery...it will be an unfortunate decision if passed.

Brad Chrysler
President
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IndustryFeedback

From: Tammy Patrick - RISCX <tpatrick@risc.maricopa.gov>
Sent: Thursday, January 02, 2014 12:05 PM
To: 'industryfeedback@usps.com'
Cc: dlewis@electioncenter.org; LavineJ@saccounty.net
Subject: 39 CFR Part 121

Follow Up Flag: Follow up
Flag Status: Flagged

Regarding the Delivery Volume Leveling proposal:

I enquired at the last MTAC meeting regarding how this would impact Official Election Material Mailings, green-tagged Ballot mailings, and the red-tagged campaign mailings (although this is less of my concern). Many jurisdictions mail out millions of ballots and other voting materials at the Standard rate and it will be imperative to know if the live, official ballots will be set-back for later delivery and what security would be in place for those ballots. The MTAC presentation included photographs of trailers of mail awaiting processing in a yard which could create public uncertainty in the security of the voting-by-mail process and potentially disenfranchise voters who request their ballots near the end of the voting period if a jurisdiction does not shift their class of mailing to First Class.

Thank you for your consideration,

Tammy Patrick
Federal Compliance Officer
Maricopa County Elections
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Phoenix, AZ 85003

tpatrick@risc.maricopa.gov



Please consider the environment before printing this e-mail.

IndustryFeedback

From: ACCUGRAPHICS <accu@cableone.net>
Sent: Thursday, January 02, 2014 1:00 PM
To: IndustryFeedback
Subject: service standards for a limited segment of Standard Mail

Follow Up Flag: Follow up
Flag Status: Flagged

I have been a mailing agent since 1997. You have just about decimated my business with your jacking up rates and reducing services. You have killed any spirit of mine as far as trying to tell people they should mail. In the last few years I have been subjected to

- 1) post offices closing
- 2) public meetings to get customer input when decisions are made before the meeting is held
- 3) higher rates because of general increases
- 4) loss of discounts because sortation centers have been closed
- 5) forced to buy \$45,000 of equipment and additional software because you change the requirements
- 6) loss of business because you have reduced discounts and raised rates until my customer can go buy radio or tv cheaper than mailing to advertise
- 7) loss of business because no one can depend on when you will deliver the mail
- 8) more undelivered mail because it passes through more places and is hauled around on more trucks instead of staying at the post office where the carriers that are going to deliver it work out of (entire trays and pieces of mail are lost in processing) This causes a loss in future business to me.

In summary you are proposing another case of reduces service while raising prices.

Let me tell you how commerce works. If you see a loss of business, you INCREASE customer service, INCREASE services offered and possibly DECREASE costs to customers YOU ARE DOING THE OPPOSITE.

WAKE UP AND SMELL THE ROSES BEFORE YOU PUT YOURSELF AND ME OUT OF BUSINESS!

Nelda Knight
AccuGraphics



382 Channel Drive
Port Washington, New York 11050
516- 883-5432

January 27, 2014

Manager, Industry Engagement and Outreach
United States Postal Service
475 L'Enfant Plaza SW Room 4107
Washington DC 20260-4107

RE: Service Standards for Destination Sectional Center Facility Rate Standard Mail – Proposed Rule
Federal Register Notice of January 3, 2014; Requested Comments by February 3, 2014

Manager, Industry Engagement and Outreach,

Being a large USPS customer and mail owner, Publishers Clearing House would like to share our concerns about the USPS plan to elongate the Service Standards for DSCF entered letters and flats as part of a "load leveling" effort. PCH has already cut back 2014 advertising (letter) volumes as a result of the exigent price increase and the continued threat of a loss of Saturday delivery. **Combining this proposed reduction in service on the heels of a steep price increase creates a recipe for an even faster decline in mail volumes.**

First and foremost, by adding a day to the Service Standard for Standard Mail entered into DSCFs by the CET on Friday and Saturday, **the predictability of delivery and thus the value of mail will be weakened.** Mail owners have various reasons for wanting to be in-home on given days of the week. It is recognized that Standard Mail is deferrable. However, the industry has been able to more effectively manage advertising campaigns and responses based on the improved predictability and service level gains achieved by the Postal Service in the last two years. The USPS has long acknowledged a desire to improve predictability in effort to meet market needs. It is disappointing that following such an achievement, the Postal Service now plans to take a step backwards. The value of the mail improves when delivery is more predictable. The proposed change flies in the face of Postal Service attempts to prove that mail is still relevant and valuable. **Under the proposed standards, improved on-time service performance (to be measured against a 4-day window as opposed to a 3-day window) does NOT equate to improved predictability.** An added day by definition adds to greater variability.

From participation in MTAC, it is known that this load leveling effort is being undertaken primarily due to the high volume of flat mail DSCF entered on Friday for Monday delivery and the bottleneck/carrier expenses associated with that. It is unfair to penalize letter mail owners as part of this goal.

The capability of the postal network should be adjusted to address market needs, as opposed to the market being forced to adjust to the postal network, especially when it has more flexibility (e.g. a larger non-career labor pool) than ever before.

By adding a postal service day for Thursday entries after 1600 through Saturday, weekly mailer production schedules are squeezed by a day for those who desire the same delivery window experienced today. This is

another strike against the attractiveness of mail. And since some can adjust their production schedules to enter a day earlier to retain Monday delivery, the effectiveness of the load leveling will be lessened.

Unfortunately, rather than applying company resources on means to grow our mail, e.g. taking advantage of some of the USPS promotions for early 2014, we have spent the first month of the year strategizing on how to limit the damage from the exigent price filing, potentially more damaging legislative bills, and now the proposed load leveling service degradation.

Publishers Clearing House urges the USPS to reconsider making this service change and look further into options on how to modify the network capabilities, without additional burdens (service or cost) to mail users, to meet the needs of the market place and to preserve the service improvements that have been achieved.

Respectfully,

A handwritten signature in black ink that reads "Wendy C. Smith". The signature is written in a cursive style with a long horizontal line extending to the right.

Wendy C. Smith
AVP Fulfillment & Postal Affairs.

SMC

Donna E. Hanbery, Executive Director
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HANBERY@HNCLAW.COM

Saturation Mailers Coalition

January 28, 2014

VIA FIRST CLASS MAIL AND EMAIL

**COMMENTS ON SERVICE STANDARD FOR DESTINATION SECTIONAL
CENTER FACILITY RATE STANDARD MAIL**

Manager, Industry Engagement and Outreach
United States Postal Service
475 L'Enfant Plaza, SW, Room 4107
Washington, DC 20260-4107

Dear USPS:

These comments are submitted on behalf of the Saturation Mailers Coalition, a coalition which represents mailers that use the mail as a distribution vehicle for shared mail packages, coupon magazines and free papers or shoppers reaching each home in a designated geographic area. Our membership includes individual mailers, as well as trade associations representing free community papers. They range in size from businesses with mailed circulation of under 10,000 to large regional and national concerns with circulations exceeding 60 million per week. We also represent mailers of monthly saturation programs.

When the Postal Service announced in November 2011, that it would no longer honor mailer requested in-home dates, our members became gravely concerned about their ability to serve the needs and demands of local retailers for weekly distribution of print advertising. Businesses such as grocers, family restaurants, and pharmacies use circulars, or ROP advertising, in papers or shared mail programs, for announcements of weekly sales and promotions. Weekly advertisers demand a reliable and predictable in-home date window for the delivery of sales circulars.

Between November 2011 and May 2012, we worked with the Postal Service and achieved a Customer Service Ruling dated June 2012 on the subject of Non-Machinable, Non-Barcoded Mail with Requested In-Home Dates Policies. That ruling provides, in part, "in order to meet customer expectations, the US Postal Service will honor requested in-home dates for non-machinable, non-barcoded letters and flats that are entered at the DSCF or DDU as Saturation, High Density, or basic carrier route. Eligible mailings will include a designator label affixed adjacent to the routing placard to identify the mail as non-machinable and specify requested in-home dates."

Manager, Industry Engagement and Outreach
January 28, 2014
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Prior to obtaining this ruling, our members had experienced severe problems, primarily with mail being delivered too early, before advertisers were prepared to fulfill sales and promotions. Since the ruling, the service and operations partnership between saturation program mailers and the Postal Service in terms of achieving a 2-day window of in-home dates has worked very well.

We are requesting that any modification in the service standards for Destination Sectional Center Facility Rate Standard Mail preserve and incorporate the June 2012 Customer Service Ruling for Non-Machinable, Non-Barcoded Mail with Requested In-Home Dates entered at the DSCF or DDU as Saturation Mail. We are not making this request on behalf of High Density mail, as we understand that the Postal Service may be striving to automate some of that mail. But we note many of the same business and policy reasons for meeting advertiser expectations would apply to High Density mailings.

In support of this request, we note a number of important facts for the Postal Service's consideration:

- Saturation flats have a high mark-up and unit contribution. The mark-up for saturation flats is approximately 242%, with a unit contribution exceeding 10 cents. This is not "high cost" mail for the USPS to handle.
- It is worth the Postal Service's time, effort, and resources to preserve and maintain the current operations and delivery environment under the June 2012 CSR for this type of mail. The collective volume of saturation program mail is believed to exceed the total volume of all Periodicals and other Standard flats. It is greater than the volume of all carrier route.
- This mail is not automatable, and it is not foreseeable in the near future that the high cost of FSS automation equipment, and the current cost effective way of handling Saturation Mail as a third bundle, will change.
- The "problem" that load leveling and the proposed service standard is designed to handle does not exist with this type of mail. In a recent survey of our members, where we received 26 responses from companies with combined weekly or monthly circulation of over 133,000,000 pieces, we received responses showing that weekly mailers went to the SCF approximately 15% of the time with the remaining deliveries brought direct to the DDU. For monthly programs, the mailings brought to the SCF and the DDU were more evenly divided. The in-home date window chosen by most saturation program mailers is Tuesday/Wednesday (68%). The remaining program mailers have a Thursday/Friday or Friday/Saturday in-home date and is the next largest combined proportion (25%). Only 7% chose a Monday/Tuesday in-home date window. The "problem" the USPS seeks to solve, is not being driven by this type of mail.

Saturation program mail is highly competitive. The weekly advertisers that participate in these programs include grocery, fast food, and mass merchandisers. They demand a reliable and predictable in-home date window. If program mailers, and the Postal Service, cannot meet these

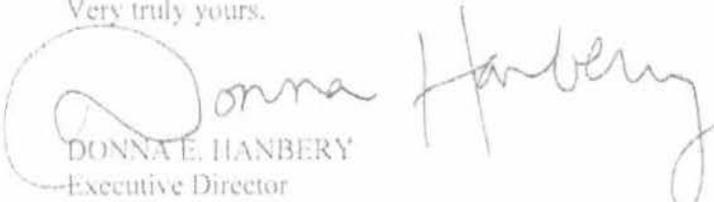
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needs, they can and will take their marketing and advertising distribution dollars somewhere else - to traditional newspapers, private delivery programs, or other media buys.

We appeal to the USPS to preserve, and build into any new service standard, the June 2012 Customer Service Ruling providing "the US Postal Service will honor requested in-home dates for non-machinable, non-barcode letters and flats that are entered at the DSCF or DDU as saturation" program mail.

For further information about SMC or its members, or this request, please contact the undersigned.

Very truly yours,


DONNA E. HANBERY
Executive Director

Enclosure

cc: Saturation Mailers Coalition Steering Committee



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29 January 2014

Manager, Industry Engagement and Outreach
 U.S. Postal Service
 475 L'Enfant Plaza SW, Room 4107
 Washington, DC 20260-4107

To whom it may concern:

This letter is in response to the proposed rule to alter service standards for Standard Mail, as published in the 3 January 2014 Federal Register. We do not think the standard should be changed.

As a mail service provider and publisher of our own weekly Standard Mail advertising piece, we value—and appreciate—the delivery speed which the Postal Service is often able to achieve, and recognize that this reliable delivery is of huge importance to our customers. We suggest to our customers that while Standard Mail is not moved with the same expeditiousness as First Class mail, it is a valuable way to reach consumers and is not “junk mail”. We believe that relaxing the service standard will cheapen Presorted Standard mail, in the eyes of the customer. Delivery could become less reliable even as postage rates go steadily upward. Then, choices will be made by your—and our—customers which will further cause your—and our—revenues to decline as a result of further overall reduction in your—and our—mail volume.

Second, redefining the task in order to achieve higher scores on the metrics is not an appropriate approach. Just as the job of a teacher is to provide an excellent education to his or her student, the job of a postal worker is to provide excellent delivery of a mailpiece. If the teacher or postal worker's performance is to be measured by how the student performs on a test—or the number of days it takes the mail to be delivered—the response of dumbing down a test or lengthening a service standard is superficial, and does nothing to improve the underlying value of the service being provided.

The service standards are “standards”, not guarantees. We understand this, and would prefer to have postal resources spent on achieving excellent delivery of the mail, rather than monkeying with performance metrics.

Sincerely,


 Jean Wallace
 Database Support Specialist



February 2, 2014

To: Manager, Industry
Engagement and Outreach, United
States Postal Service, 475 L'Enfant Plaza
SW., Room 4107, Washington, DC
20260-4107,

From: Association for Mail Electronic Enhancement

Subject: Federal Register / Vol. 79, No. 2 / Friday, January 3, 2014 / Proposed Rules
Revisions to Standard Mail Service Standards for select DSCF Standard Mail.

As requested in Federal Register / Vol. 79, No. 2 / Friday, January 3, 2014 the Association for Mail Electronic Enhancement (AMEE) appreciates the opportunity to provide comments regarding implementation of new Standards for Domestic Mailing Services. As background, AMEE's member companies represent mailers, associations, and supporting vendors who have a primary interest in increasing the value and utility of First Class Mail and are engaged in developing and/or promoting technology in the area of mail electronic enhancement. We thank the Postal Service for providing this advanced notification seeking comments from the industry and hope the Postal Service will provide its full consideration to our comments and concerns.

In its filing the Postal Service is seeking comment regarding its proposal to revise the Standard Mail service standards for pieces that qualify for a DSCF rate and are accepted before the day zero CET at the proper DSCF on Friday or Saturday, to enable a more balanced distribution of Standard Mail volume across delivery days. While AMEE has a number of concerns regarding this proposal, we applaud the Postal Service use of intelligent mail data to identify cost saving opportunities as well as its industry outreach efforts to explain the concept. Many of our members attended the industry webinar on January 10, 2014, and have reviewed the presentation.

As noted, AMEE and others in the mailing industry support fact-based total cost reduction efforts across the mail supply chain, balancing cost, price and service performance. In this case, the USPS has used a small test sample to support savings for itself at the cost of significant service reductions and/or potential changes in production and transportation for both mail owners and mail service providers. For your consideration the following comments from AMEE members (in no particular order) are offered:

1. It is good for the USPS to seek cost saving opportunities, but to reduce service with no corresponding rate reduction is a de facto rate increase. Mailers might change mailing habits to reduce total system costs, if they are properly incented. Appropriate discounts should be applied to load-leveling mailings, similar to the seasonal discounts discussed over the years. Full service intelligent mail data is now offers a valid process for select discounts.
2. By including service degradation for standard letters the USPS, which says 'letters aren't a problem', is setting a dangerous precedent. The justification for this service reduction was that service standards are shape- based, and letters had to be included. Again, it would seem that full service technology now provides an accurate method to measure service. It also appears that any time providing service levels

which are 'hard' or expensive, the USPS can arbitrarily change the standards via 'business rules', without oversight or accountability. In representing first class mailers, who already experienced dramatic service standard declines in July 2012, AMEE is concerned that similar selective reductions may be imposed on first class mail standards.

3. While proposing to change standards for select mailings, the definition, timing and process of determining when mail is actually 'received/entered' may be problematic and lack both consistency and oversight.
4. Industry seems to have little influence on USPS direction even though they have significant investments and supporting infrastructure. The Postal Service appears to decide a course of action, solicits opinion feedback and ideas, and often pays little attention to the results.
5. The proposal could drive an increase in logistics costs and make it challenging to further target in-home dates, which is already difficult – resulting in either early or late mail. It could also shift the USPS peak to another day as mailers try to adjust their schedules to meet their in-home targets, compounding service delays. Changes in delivery patterns may make it more difficult to forecast staffing needs in call centers, and the 'uneven workload and extraordinary allocations of resources' identified in the FRN now shifted to the mailing industry.
6. The USPS made a determination to change a Service Standard without fully testing to ensure and understanding of the impact and the benefit, especially in light of the March 24, 2014, implementation date. The USPS doesn't appear to have a good approach for fully testing concepts and ensuring that all rigors are worked through before they try to push changes to a production mode. With the diversity of the mailing industry and USPS sites – it should be clear that testing in one site is not adequate to make a final ruling.
7. The USPS doesn't appear to be forthcoming in their approach with the mailing industry – evidenced that this change was announced without a full understanding and alignment with the MTAC #157 workgroup members. This may impact trust relationships within the supply chain.
8. The 5- day service change is still pending and it isn't clear how this change will be affected under that service standard model.

Again, AMEE thanks the USPS for the opportunity to respond. We look forward to continued dialogue as we work together to face both the opportunities and challenges within the mailing industry. If you have any questions or require additional information, please let me know.

John Sexton
President, Association for Mail Electronic Enhancement
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February 3, 2014

Manager
Industry Engagement and Outreach
United States Postal Service
475 L'Enfant Plaza, SW, Room 4107
Washington, DC 20260-4107

RE: Service Standards for Destination Sectional Center Facility Rate Standard Mail, Proposed Rule, C.R. Vol. 79, No. 2, 376-378 [2013-31442]

Dear Sir or Madam,

On behalf of Quad/Graphics, Inc., I am responding to the Postal Service's proposed rulemaking for changes to the service standards for Destination Sectional Center Facility Rate Standard Mail published in the *Federal Register* on January 3, 2014. As such, I'd like to highlight a few issues that are of concern to us and our clients.

- 1) This is a reduction in service while at the same time the USPS is increasing prices for our clients above CPI. Either one of those scenarios will have a negative impact on our clients, and therefore the printing industry. But in combination, the results will be compounded.
- 2) Despite the accusations of the United States Postal Service, the printing and logistics industry, and Quad/Graphics specifically, do not spend our week accumulating mail to dump on the Postal Service so that we can bump up our profits at the expense of the USPS. Transportation planning and dropship appointments are based on mail being delivered on the days that our catalog and direct mail clients require. That is planned within the service standards that have been developed and agreed to by the USPS and the mailing industry. The required in-home delivery dates are used to build the entire production and distribution schedule.
- 3) Since a large segment of our Standard Mail client base requires Monday delivery within the current service standards, it requires a large volume of mail entering the USPS through dropship on Fridays. That means our peak loading time for trailers is Wednesday and Thursday. It requires us to have more staffing on hand during that time. In a perfect world, we would much rather be able to spread that out throughout the week to easily manage our labor...you might call that load leveling. Unfortunately, that's not how a real competitive business operates. Instead, we utilize a flexible workforce that can be scheduled for those peak periods. That allows us to meet our clients' expectations while at the same time manage our cost.



- 4) The production process can and usually does include commingling of letter mail, comailing of flats, and dropship of both flats and letters on the same transportation. Those processes have become part of the normal production process. When a new standard is proposed for delivery, our clients respond in many ways dependent on their business needs. If all clients who participate in any of the aforementioned processes would be acceptable to the proposed changes, this becomes a non-issue. However, if our clients are split on acceptance of the proposal and some decide to change their schedules to achieve delivery as is happening today, they would lose the opportunity to participate in the same "pools" (commingle, comail and/or dropship). The result could be higher production and transportation costs because there may be more equipment needed to produce and distribute the mail, and higher postage costs because postal savings from the "pools" are gained by being part of a larger volume of total mail. So there is a cost to the mailing industry, either the mutual clients of the USPS and Mail Service Providers (MSPs), or it will be a cost that MSPs will have to bear because it can't be passed on to our clients. That is not managing to the "lowest combined costs".
- 5) This will also increase the costs of the Postal Service. If the volume of mail in commingling and comail pools is reduced, the net result will be less efficient mail being handed off to the USPS...reduction in carrier route and/or 5 digit percentages and finer level pallets (i.e. – SCF). That can also impact the volume of mail that would qualify for dropship at the SCF level, potentially moving mail back to the NDCs.
- 6) This proposal becomes another inconvenience to mailers and service providers who have production schedules and businesses built around delivery that includes Monday in the current service standards. It gives mailers another reason to question the use of the mail, and to move more of their marketing into other channels. It sends the message that while we want your business, we just don't want it on Monday. Combine that with the continuing effort to eliminate Saturday delivery, and the message to catalogers and direct mailers is that you have a 4-day a week product if you use the mail. What is the plan or what can mailers expect to happen if the USPS is allowed to eliminate Saturday delivery? What will happen to delivery and service standards in those weeks that include a Monday holiday?
- 7) Since there is constant consolidation in the printing and mailing industry, more mail is coming into the USPS from fewer service providers. Why didn't the Postal Service initiate discussions with the largest companies to explain the issue, open discussions and determine whether there was a reasonable way to resolve it? Why did the Postal Service not consider discussing and using incentives (workshare or NSAs) to achieve resolution to the perceived problem? Instead of trying to reduce the amount of mail that should be delivered on Monday, maybe incentives would create load leveling by adding more volume to the other weekdays...volume growth instead of shift.
- 8) Quad/Graphics has been actively involved with the Mailers Technical Advisory Committee (MTAC) for more than 25 years through work group leadership and participation and as Industry Chair on 2 separate occasions. Our commitment to working with the Postal Service through MTAC and individually as one of the largest mailers in the country cannot be questioned. However, we are very disappointed in the way the USPS manipulated MTAC Work Group 157 in order to serve your purpose,



which apparently was to move forward with service standard changes regardless of feedback from work group members and the mailing industry. And as we heard on the January 10 webinar, regardless of the Advisory Opinion of the Postal Regulatory Commission (PRC). By taking this approach, the Postal Service is creating an environment that is less conducive to open and honest discussions which could limit the effectiveness of MTAC.

- 9) From a pure marketing and sales perspective, how do you encourage more Standard Mail volume from existing clients with the aforementioned message related to Standard Mail being a 4-day a week product? More importantly, how does the USPS sales force take that message to companies that currently don't use the mail, and expect them to move from other channels that are 24/7?

It's important that the answers to questions and concerns such as these are considered before the USPS moves forward with the proposed load leveling plan. Thank you for the opportunity to express our concerns.

Sincerely,

Joseph E. Schick

Joseph E. Schick
Director of Postal Affairs
Quad/Graphics, Inc.

Cc: Dave Riebe, President Quad Logistics/Distribution
Jeff Kruepke, Executive Director Quad Transportation Services
Jeff Henke, Executive Director Postal Solutions
Phil Thompson, Manager Business Resources



Association for Postal Commerce

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February 3, 2014

Ms. Elizabeth Dobbins
Manager, Product Classification
U.S. Postal Service
475 L'Enfant Plaza, SW, RM 4446
Washington, DC 20260-5015

RE: Service Standards for Destination Sectional Center Facility Rate Standard Mail, Proposed Rule, C.R. Vol. 79, No. 2, 376-378 [2013-31442]

Dear Ms. Dobbins,

The Association of Postal Commerce (PostCom) is responding to the Postal Service's proposed rulemaking for changes to the service standards for Destination Sectional Center Facility Rate Standard Mail published in the *Federal Register* on January 3, 2014. Our membership is made up of direct marketing firms, printers, letter-shops, suppliers, logistic companies, mail owners, parcel delivery firms and others who either use or support the use of mail and parcels for business communication and commerce.

PostCom is greatly disheartened by the process with which the Postal Service followed regarding the announcement of its load leveling plan to both industry and the Postal Regulatory Commission. Although PostCom neither supports nor opposes the proposed plan; it does question the Postal Service's motives as well as its understanding of the mailing industry. Predictability, reliability, transparency, and competitive rates are key elements the mailing industry needs from its national postal infrastructure. Anything else calls into question the Postal Service's ability to meet the needs of the postal marketplace.

I. PREDICTABILITY IS KEY

PostCom believes that the Postal Service through various operational and technological initiatives has provided the mailing industry with predictable and reliable mail service. With the USPS' proposed load leveling plan, this predictability is being called into question.

Although Standard Mail is a deferrable product by definition, this does not mean that the predictability of the delivery is any less important than for First-Class Mail or Periodicals. Mailers, specifically advertisers of all industry segments, use predictable, reliable mail delivery to help run their internal operations. These operations will be greatly affected if this predictability is not maintained in a manner in which satisfies the need of advertisers.

The USPS cannot predict what mailers will do to adapt their mailing plans to achieve mailing dates that work best for them. The Postal Service should not make assumptions about what they think mailers will do or that they will accept a different in-home day forced upon them.

Standard Mail having a 1-4 day service standard, will greatly affect how mailers respond to this proposed plan. For mailers who want to maintain Monday delivery, they most likely will enter mail a day earlier in accordance with how the USPS has changed its color coding system. Will the USPS honor its new color code system and hold mail? Or will it deliver this mail early? What happens during the summer months when volumes are historically lower? Problems begin to arise when the Postal Service then delivers this mail on Saturday. Although the USPS met its service standards, it does not meet the need of the mailing customers, cancelling out all of the mailers' efforts to staff call centers, advertise sales, etc.

The mailing industry is made up of many types of mailers. Some need specific in-home dates to assist in their marketing efforts. Although not every mailer may need specific mail dates, all mailers need consistent, predictable service. PostCom members focus greatly on their own ability to effectively plan mailing schedules to hit targeted in-home dates. There are still many questions within the industry on how the USPS will maintain its predictable service consistently while implementing and following its proposed load leveling plan.

II. A HIDDEN PRICE INCREASE?

PostCom believes that this change will greatly disrupt the current mail flow through the USPS system to an extent that the Postal Service cannot imagine which will in turn have a serious impact on meeting the delivery expectations of mailers. Our members believe that there will be an increase in overall logistical costs to meet in-home dates, at the same time as some mailers change behavior that causes comingle pool volumes to drop, thus forcing higher rates on the all mailers. Those that change dates no longer have the ability to qualify for comingle or copallet opportunities, thus increasing their cost, while the mailers that stay with current mail schedules see an increase in cost from lesser volumes that will be presorted or dropshipped deeper into USPS operations. The USPS could see an increase in cost as mail no longer meets qualification for dropship entry and mail moves upstream to more costly operations, additional transportation to transport mail downstream, as well as increased labor costs associated with handling mail upstream.

There are various outcomes that could arise from this unforeseeable change in mailer behavior that does nothing but increase the overall cost of mail. The only party benefitting from this plan is the Postal Service. This service reduction comes at the same time the industry has been hit with an exigent increase, making mail a less attractive medium compared to other advertising channels. The hidden price increase surrounding this proposed plan will only continue to drive mail out of the system.

III. OTHER ISSUES EXIST THAT NEED TO BE ADDRESSED

PostCom would like the Postal Service to clarify if any of the Standard Mail parcels are included in its load leveling plan. In the USPS' regulatory filing, it identified what qualifies for a DSCF rate, but did not specifically say which of those products were subject to its load leveling plan.

PostCom believes that the Postal Service needs to be more forthcoming in its approach to the mailing industry. This change was announced without an understanding and alignment with the MTAC #157 workgroup which the USPS had formed to discuss its load leveling plan. There were many questions and issues still outstanding on the load leveling test conducted by the USPS that were never answered or addressed prior to the filing at the Postal Regulatory Commission.

The USPS has established the end of its processing day or the Critical Entry Time (CET) of 4:00 PM which has reduced the hours in a day to enter and process mail. The ability for mailers to get FAST appointments around 4:00 PM has become increasingly difficult, which forces mail service provider to enter mail much earlier in the day causing issues within their internal operations and at times, increased costs. The proposed change load leveling will take away another 24 hours from an already shortened and tight schedule.

The Postal Service also needs to improve testing for concepts/ideas that ensures that all aspects of a proposal are pursued and worked through before pushing changes to a production mode. The USPS' request for an advisory opinion from the Postal Regulatory Commission came while mailers and the Postal Service were still in discussions about the impact and awaiting results of a subsequent test that was initiated by mailers because of the inadequate initial test done in New Jersey. In the filing, the USPS used company names and insinuated that mailers, while not in complete agreement, were not going to be harmed by changes related to load leveling. With the diversity of the mailing industry and USPS sites it should be clear to the Postal Service that testing in one site is not adequate to make a final ruling. More testing is needed to ensure a negative impact will not occur.

There are many questions around the impact of the USPS' 5-day mail delivery proposal. Although pending legislation does not allow the USPS this flexibility, if things were to change, the mailing industry needs to fully understand the potential impacts and shortcomings in order to make adequate mail scheduling changes to try and maintain current service expectations. Has the Postal Service considered the impacts of five-day mail delivery on this schedule? What about three-day weekends? Should Standard Mailers continue to expect less service as their Tuesday delivery would be deferred to Friday giving them only three days of mail delivery? Answers to questions such as these need to be considered before the USPS moves forward with both its proposed load leveling plan, as well as 5-day mail delivery.

We appreciate this opportunity to communicate our concerns and considerations.

Sincerely,



Jessica Dauer Lowrance
Executive Vice President



February 3, 2014

Manager
Industry Engagement and Outreach
United States Postal Service
475 L'Enfant Plaza, SW, Room 4107
Washington, DC 20260-4107

Re: *Federal Register* vol. 79, number 2,
39 CFR Part 121 (January 3, 2014)
Proposed rule: Service Standards for
Destination Sectional Center Facility
Rate Standard Mail

Dear Sir or Madam:

ACMA appreciates the opportunity to comment on Postal Service changes to regulations and policies. We are responding to the proposal published in the *Federal Register* on January 3, 2014, to change the Standard Mail service standards on mail dropped to the appropriate DSCF to reduce the peak unloads on Fridays, sometimes referred to as "load leveling."

While we have not seen any specific details, we understand there are substantial cost savings resulting from this change. Our operating experience informs us that whenever peak shaving and trough filling can be accomplished to level load work across assets and work centers, cost savings result. As you know, catalogs are highly sensitive to price in establishing circulation volumes and the industry has yet to recover fully from large postage increases effective in 2007. ACMA supports all reasonable efforts to reduce the cost of handling our types of mail that will moderate or reduce the actual price paid by catalog companies. Provided adequate notice is made to consider impact on mailing and production schedules, many ACMA members can make required adjustments if it results in lower costs for the Postal Service, higher reported cost coverages, and the opportunity to use the "savings" to moderate price increases and provide more promotional opportunities that stimulate catalog mailing.

Overall, transparency and predictability are of prime importance to catalog marketers. Catalog marketers synchronize their marketing efforts to be synergistically reinforcing;

all channels reinforce the marketing message(s) and call to action to make a purchase. The ability of mail to be predictable enhances the value of mail to the marketer. Catalog marketers who mail frequently also carefully plan the cadence and timing of the arrival of each successive mailpiece to maximum effect. Generally speaking, provided it is known in advance, many catalogers can adjust to virtually any reasonable schedule.

Following a member poll completed early 2013, ACMA determined that some catalogers do not want Monday delivery, *per se*, but are targeting a specific week. ACMA surveyed 40 separate catalog marketers, representing total annual circulation volume of 2.5 billion catalogs. Ten companies representing 1.1 billion books *did* indicate a preference for Monday delivery. Thirteen marketers representing volume of 500 million catalogs preferred Tuesday. Six firms generating 625 million catalogs variously preferred Wednesday, Thursday or Friday, while eleven companies with over 300 million in circulation said they had no specific preference. Upon follow up discussions, no marketer was aware of a systematic study tying day of week in-home with response rate. A majority indicated a preference for their catalogs to be delivered on a different day than their competitors. Virtually all catalog marketers indicated they do not want their entire mail drop to arrive in-home nationwide on the same exact day because it spikes call volume in call centers and order demand in fulfillment operations. All those surveyed indicated that being able to predict the timing of arrival is paramount for both the operations and marketing reasons described above.

ACMA feels more work is required to understand both the impact of load leveling across the entire supply chain, its impact on response rates and how response might be improved by more precisely managing the day of the catalog's arrival in homes and workplaces.

We understand that the high percentage of unloads occurring on Fridays are principally a result of the rapid growth in co-mail, co-palletization and shared transport to postal facilities. While we are still consulting with supply chain partners to understand the full impact across the entire catalog supply chain, we are concerned that catalogers not face additional costs due to any USPS change designed to level loads. ACMA seeks to make sure any additional costs are dwarfed by USPS savings and that a mechanism to transfer this additional cost to the Postal Service side of the equation be put in place so that total delivered cost improves, not worsens.

Since much of the impact depends on what individual mailers (catalog and others) decide to do with their schedules due to load leveling, it is hard to anticipate all the implications in advance. Certainly this has the potential to add additional complexity, but that should be manageable. To the extent mailers make decisions that bifurcate the mailstream from a given service provider, this may introduce costs, reduce scale economies or have other implications. For this reason, ACMA urges the USPS to roll out changes after additional testing has occurred in which the mailing industry is a full participant.

ACMA members are committed to continuous improvement in the lowest delivered cost for their catalogs. We seek changes that result in real gains to the total system-wide

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cost of catalog mailings and not cost shifting from one party to another. We anticipate that incentives and other pricing signals may be required to capture no less than 100% of the additional cost so the lowest combined cost does not go up.

The actual impact may not be known fully in advance. For instance, if some proportion of mailers adjust their schedules to drop on a Thursday in an attempt to be in-home on Monday, this could result in bifurcating the mail flow with decreased efficiencies at plants and increased transport costs. These changes must be accounted for in planning load leveling; or the changes made by the Postal Service may represent additional price increases that are not compliant with the rate cap.

Accordingly, should we identify that the high volume of Friday unloads is an efficiency promoting tool at MSPs or that it enables a greater amount of comingled processing upstream of the Postal Service then the impact on total delivered cost must be assessed. It might be important to re-evaluate the total cost-benefit of this change and to provide appropriate incentives to offset the incremental mailer/MSP cost so as to *not* have this change represent a cost shift and *de facto* rate increase counterproductive to re-stimulating the vibrant catalog sector.

Another aspect of the present discussion deserves comment. There was a series of miscommunications and miscues that does not represent optimum communication and partnership between all parties involved. Due to the complex and tightly integrated supply chain operated by various parties, including the USPS, there are many benefits to a collaborative, collegial approach. We noted that postal managers felt they had done exactly this as the load leveling discussions unfolded over a period of several quarters. Some mailers, on the other hand, felt railroaded and were told this was a *fait accompli* after one test with little real sharing of results and not enough discussion of implications across the supply chain. This experience points to the need to improve communications and involvement in proposed changes in the future.

We appreciate the opportunity to offer our input on this matter and look forward to further developments to capture the cost savings without degrading the value of mail or imposing other costs elsewhere in the system.

Sincerely,



Hamilton Davison
President & Executive Director
American Catalog Mailers Association

February 3, 2014

TO: Manager, Industry Engagement and Outreach
U. S. Postal Service
475 L'Enfant Plaza SW, Room 4107
Washington, DC 20260-4107

FROM: IDEAlliance

SUBJECT: Federal Register / Vol. 79, No. 2 / Friday, January 3, 2014
Proposed Rules Revisions to Standard Mail Service Standards
for Select DSCF Standard Mail

As requested in Federal Register / Vol. 79, No. 2 / Friday, January 3, 2014 the International Digital Enterprise Alliance (IDEAlliance) is providing comments regarding implementation of new Standards for Domestic Mailing Services. We thank the U S Postal Service for providing this advanced notification seeking comments from the industry and hope the Postal Service will provide its full consideration to our comments and concerns. In its filing the Postal Service is seeking comment regarding its proposal to revise the Standard Mail service standards for pieces that qualify for a DSCF rate and are accepted before the day zero CET at the proper DSCF on Friday or Saturday, to enable a more balanced distribution of Standard Mail volume across delivery days.

As background, IDEAlliance focuses on the total mail supply chain with cross-industry membership of catalog and direct marketers, equipment manufacturers, fulfillment companies, list management, logistic companies, mail preparers, mail owners, manufacturers, printers, publishers, software developers, and transportation carriers. Our prime objective is greater productivity and efficiencies throughout the total process of mail preparation, handling, and delivery and lowering total combined cost. The customers and its mail and print service providers in the IDEAlliance membership represent more than 2/3 of the flats mailed in the U.S.

The following are key comments from IDEAlliance for your consideration:

IN-HOME DATES OF CLIENTS DICTATE INDUSTRY'S PRODUCTION/DISTRIBUTION SCHEDULES

1. Industry drops mail to USPS facilities based upon customer requirements. Customers base their required in-home dates on response patterns, which determine their staffing and inventory planning. Friday turns out to be the logical drop date to meet customer requirements, which results in mail being delivered predominantly Monday/Tuesday. (aligned with current USPS service standards)
2. To meet customer requirements, Industry uses a flexible work force on days leading up to the Friday drop spike. Industry has no luxury to level this out because they are bound to meeting customer needs. Why doesn't the USPS operate this way?
3. Changing the service standard through load leveling does not change customer delivery requirements.

LOAD LEVELLING IS REALLY A SERVICE STANDARDS CHANGE THAT HURTS INDUSTRY

1. A reduction in service levels while significantly increasing prices over CPI. Historically, both factors alone cause mail volumes to drop. Together, creates even a greater risk.
2. If service levels are being reduced, why aren't prices being reduced?
3. Even if the USPS did not raise prices but lowered service levels, it devalues the mail channel for customers seeking specific delivery windows.

USPS HAS NOT PROVEN THE CURRENT FRIDAY DROP VOLUME HAS CAUSED THE INCREASE OF CARRIER OVERTIME

1. Over the last 5 years, the proportional volume of Standard Mail being drop-shipped on Friday has not changed, yet the USPS measured overtime on Monday has increased steadily. We request the USPS provide the volumes by day over the last 5 years to determine if there is actually a correlation.
2. Number of collective USPS decisions, converging over the last 5 years, could be contributing factors to the increased overtime:
 - a. Routes Consolidation = More deliveries per route (Integrated Route Adjustment Plan)
 - b. Network Consolidation = Stretching the processing capabilities
 - c. Parcel volume increase = Increased stress on network
 - d. Extended casing time
 - e. Carrier arriving later to office

USPS SOUTH JERSEY TEST NOT VALID TO RATIONALIZE A NATIONAL SERVICE STANDARD CHANGE

1. USPS used only a small test sample to support savings for itself – not total combined cost or savings across the mail supply chain – and then construing cost of significant service reductions and/or potential changes in production and transportation for both mail owners and mail service providers.
2. Methodology of the test did not mirror realistic mail processing/operating plans. For example, staged trucks were used to hold mail at levels that exceed normal operating environment. This artificially shielded the mail from operation...holding the mail.
3. One facility cannot be a statistically valid case to rationalize a national service standard change.
4. An additional site test was conducted by the USPS but the results were not published. Why?
5. Was the HUB networks improvement to downstream mail entry factored into the results?

USPS STUDY FACTORS OF THE UNINTENDED CONSEQUENCES OF LOAD LEVELLING

1. Has the USPS worked with industry to measure how much Friday dropped mail will simply move back to Thursday? This would keep the Monday spike.
2. Forcing a Thursday drop for Monday in-home compresses the Industry's production/distribution schedule by 20%. That could significantly increase industry costs.

THIS IS ONLY ONE PIECE OF DISTRIBUTION WHEN OTHER KEY FACTORS SHOULD BE CONSIDERED

1. What will happen to mail delivery when Monday holidays come into play?
2. With the elimination of Saturday delivery still a priority for the USPS, what impact would that have if and when implemented?

Again, IDEAlliance appreciates the U.S. Postal Service providing an opportunity to respond. We look forward to continuing our discussions and working together. If you have any questions or require additional information, please let me know.

Sincerely,



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February 4, 2014

**Manager, Industry Engagement and Outreach
United States Postal Service
475 L'Enfant Plaza SW., Room 4107
Washington, DC 20260-4107**

**Re: Service Standards for Destination Sectional Center Facility Rate Standard Mail
CFR Part 121 Vol. 79, No. 2 / Friday, January 3, 2014 / 376-378**

The following responses to the aforementioned Service Standards for Destination Sectional Center Facility Rate Standard Mail reflect R. R. Donnelley & Sons Company's opinions and comments on the subject.

Though RR Donnelley is sympathetic to the USPS' financial situation and the need to consider all reasonable ways to control costs, we believe it equally important to seek and consider impacts of its proposals on industry and its diverse customer base before launching a course of action that may adversely affect both.

In its request for an advisory opinion from the PRC, the USPS notes Linda Malone's testimony regarding its "consultations with mailers regarding the load leveling issue and its collaboration with mailers in designing and conducting a test of the Load Leveling Plan..." We agree that Workgroup 157 established a dialog on this subject and considered field testing worthwhile.

However, we believe that the USPS' unilateral actions following the test were premature and fell short of its obligation to "plan, develop, promote, and provide adequate and efficient postal services at fair and reasonable rates and fees" under 39 U.S.C. 403(a). We base this conclusion on the following:

1. The March 2014 implementation date allows insufficient time for industry to prepare. We believe that the USPS should defer a change of this magnitude for a year to allow Mail Service Providers time to analyze and respond to potential negative impacts, which may include:
 - a. Disruption of co-mail schedules due to differing customer delivery needs;
 - b. Difficulty in modifying customer schedules, which are typically established on an annual basis, and cannot readily be changed due to other scheduled work;
 - c. A potential domino effect on the mail supply chain that includes planning, designing, manufacturing, and drop-shipping.
2. The USPS has made no visible effort to determine why the workload imbalance developed in the first place. They have not taken into account that marketing plans of certain mailers – particularly in the retail sector – rely on Monday deliveries. For these mailers, a probable increase in deliveries either on Saturday or on Tuesday may lessen the impact of their mailings, in which case the value to cost equation is likely to result in reduced mail volumes.

3. We believe that the USPS should consider ways to meet the needs of those customers targeting Monday delivery - **possibly** by allowing mailers to mark their pallets accordingly. Given the fact that Mail Owners will pay extra for the extra flagging, it's likely that this practice would be undertaken only by the mail owners for whom the importance of Monday delivery justifies the expense.
4. The USPS has not addressed concerns that future initiatives could produce compounded negative impacts. For example, a dialog with industry is needed to identify impacts of the Load Leveling Plan in Monday holiday scenarios, and in the possible 5-day delivery scenario.
5. The USPS surprised industry and mail owners by including Standard Mail parcels in the proposed rule. This creates a risk that small Standard Mail parcels included in consolidated loads could delay delivery of other parcels in those loads due to the general rule of handling a container according to the lowest service standard of any of its contents. Other parcel mailers shipping time-sensitive content (such as pharmaceuticals) could find this unacceptable, triggering general disruption to parcel shipping arrangements.
6. Industry members of Workgroup 157 supported field tests, but were surprised when the USPS moved forward on the basis of the single, tightly controlled test in New Jersey. We believe that additional testing under more realistic field conditions should be conducted in advance of decision making. Furthermore, the USPS should consider the likelihood that mailers will adapt to the Plan by moving high delivery volume to Thursday, reducing the USPS' ability to spread work into Tuesday, while mailers would see more mail delivered on Saturday than desired. Neither party would achieve desired results.

Based on the above considerations, we are unable to agree that Load Leveling, as presently proposed, will "enhance the value of postal services to both senders and recipients" as the USPS concluded in its request for the PRC's advisory opinion. On the contrary, it would degrade the value of mail to many mailers, allowing for improved USPS performance statistics under cover of a lowered service standard. A better approach would be for the USPS to explore and understand its customers' needs and to find ways to meet those needs on peak days using non-career employees and other process adjustments. At the very least, Load Leveling should be implemented over a longer time frame and only with mitigations worked out through a **reconvened** collaborative effort.

Thank you for considering our comments and concerns. Please do not hesitate to contact us if you have questions or need further explanation.

Sincerely,



Robert J Lindsay

Director of Postal Affairs and Business Solutions; RR Donnelley; Business: 630-226-6206

CC: Charles Fattore; John Ward; Anita Pursley;