



July 16, 2003

Mr. Don Booth  
Director, Office of Specialized Agencies  
Bureau of International Organization Affairs  
U.S. Department of State  
2201 C Street, N.W., Room 5333  
Washington, DC 20520-0001

Dear Mr. Booth:

This is to follow up on the May 21 meeting at the Department of State regarding how to proceed with the release of the *Final Report* of the Joint Study on Article 43.

At that meeting, the representatives of the Postal Rate Commission (PRC) expressed concerns about the low response rate to the survey which had been conducted to develop and provide a quantitative understanding of the degree to which mailers would engage in remail in response to changes in relevant provisions of the UPU Convention. In view of the low response rate, the PRC cautioned against using the survey as a basis for inferences about the behavior of the larger mailing population. As I recall, the representatives of the Postal Service and the State Department then agreed that, in view of these concerns, the study sponsors should seek agreement on clarifying comments to accompany release of the study advising that inferences to the broader population should be drawn cautiously, taking into account the possibilities of non-response bias and measurement error. The PRC agreed to take the lead in drafting comments and to try to provide them by May 31.

On June 11, I received a fax copy of a letter from PRC Commissioner Goldway to Terry Miller providing the PRC version of a Technical Appendix on the Article 43 mailer survey. This proposed appendix sets forth the PRC concerns about the survey and expresses the unwillingness of the PRC "to endorse any claims that the results of the mailer survey . . . can be used as a basis for inference for any population distinct from the 415 sample respondents."

The Postal Service then provided a copy of the PRC's proposed appendix to National Analysts, the organization that conducted the survey, with a request for comment. Enclosed is a copy of the response provided on June 23. It is in two parts. The first part is offered as an insert to the Overview section of Appendix 5 to the study. It is intended to acknowledge the low response rate and the potential for non-response bias but to provide a more pragmatic perspective on the implications: "Ultimately, inferences to the broader population must be drawn cautiously, in recognition of this possibility." It concludes with the following observation:

"Furthermore, surveys with response rates that are similar to this study are regularly used by leading corporations to make important business decisions (Spaeth, 2002), particularly related to risks of investments."

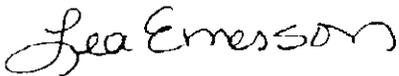
The second part, initially intended to offer a further assessment for Postal Service management, provides a more detailed comment on the perspective offered by the PRC and concludes with the following observation:

"Since the survey demonstrates that the propensity to remail does exist (even if only among survey respondents) and the existing prohibition acts as a restraint, the U.S. Postal Service runs the risk of knowingly jeopardizing its mail volume and financial stability by ignoring the findings or dismissing them as not representative of the broader population."

We understand that, at the conclusion of our meeting on May 21, the three study sponsors (State Department, PRC, and U.S. Postal Service) agreed to add language to Appendix 5 advising those reading the study about the limitations of the survey in providing the kind of quantitative understanding we originally hoped to achieve. The PRC was to take the lead in developing a draft which could be accepted by all the study sponsors. The draft developed by the PRC, however, is written and presented to reflect exclusively the perspective adopted by the PRC. It is far more agnostic regarding the utility of the survey results than the Postal Service believes to be reasonable. Therefore, we could not agree to include it with the publication of the study, unless such publication also includes further balancing comments based upon the input from National Analysts.

Our strong preference would be for the three study sponsors to reach agreement on the kind of clarifying language to accompany Appendix 5 of the study. Absent such agreement, we would agree to publish the study with the Technical Appendix provided by the PRC along with balancing comments from National Analysts. We are prepared to meet with you and with representatives of the PRC to determine how we may proceed.

Sincerely,



for Michael J. Regan

Enclosures

cc: Richard T. Miller, Deputy Assistant Secretary, Department of State  
Ruth Y. Goldway, Commissioner, Postal Rate Commission

**General Response to PRC Letter**  
*(Insert in Appendix 5 Overview Section)*

Of course, concerns over the level of non-response and the potential for non-response bias in the survey results must be considered (i.e., recognition of the fact that mailing locations that did not participate in the survey may be systematically different than the survey respondents in their orientation toward considering ABA remail). While it may be reasonable to assume that the mailing locations that did not participate in the survey would have provided similar responses, given that they have similar mail volume profiles and that the reasons that the majority were excluded involved issues that are not likely to be related to their orientation toward considering ABA remail (i.e., unable to contact due to non-working numbers, non-answers, voicemail, busy signals, etc.), we recognize that the potential for non-response bias may be inherent in the survey results. Ultimately, inferences to the broader population must be drawn cautiously, in recognition of this possibility.

In the absence of information from a non-response follow-up survey or other external sources, it is not possible to conclude that there is bias associated with non-response in the survey, only that the potential exists. To thwart this potential, steps were taken during the construction of the analysis weights for the survey responses to correct for differential non-response by mail class and volume. These factors were identified, during the survey design phase of the project, as the primary factors likely to influence the propensity to consider ABA remail. Nevertheless, in the event that there are other factors affecting non-response that are also related to a respondent's orientation towards remail, the potential for non-response bias remains. Bear in mind, there is a potential, not an absolute certainty that non-response bias exists, and we believe the steps already taken have limited the impact of potential non-response bias, because any other factors would have a less significant impact than the primary ones identified in the research.

Although there are no standard definitions for the calculation of response rates in business surveys (Thomas, 2002), empirical evidence suggests that rates in business surveys are indeed lower than for surveys of the general household population. Moreover, the precipitous decrease in average response rates for survey research across all survey populations and survey modes over the past few years has been documented in many places (Smith, 1999). In business market research, published sources (Paxson, 1995) suggest that rates of between 1 and 20 percent are typical when considering business decision-makers across all survey modes. The U.S. Council for Marketing and Opinion Research (CMOR) publishes (<http://www.cmor.org/>) average response rates for a variety of survey populations and modes for studies submitted by its members. The current average for business-to-business telephone surveys (which corresponds to the telephone survey here) is 20% - which is quite similar to the 17% obtained here. Furthermore, surveys with response rates that are similar to this study are regularly used by leading corporations to make important business decisions (Spaeth, 2002), particularly related to risks or investments.

## Detailed Response to PRC Comments

The primary (or "major") concern that the PRC expressed regarding the survey results stems from the relatively low response rate that was realized. Of course, it must be recognized that there were a number of important reasons why the response rate in this survey does not approximate those typically obtained in household surveys, but are commonplace for those involving business decision-makers. First, it was necessary to complete the data collection in a short time frame, which precluded the luxury of making more than the average of nearly 2 attempts per respondent to gain cooperation over an extended time interval. Second, the nature of the respondent population – senior mailing decision-makers and executives, dictated that there would be difficulty in reaching them and securing their participation (e.g., corporate gatekeepers, voice mail, busy schedules, etc.). Additionally, the rigorous screening criteria (to ensure eligibility and find the most appropriate individual to interview at the mailing location) and the multi-mode nature of the data collection (i.e., telephone recruit to participate in a subsequent Internet survey) lowered the overall response rate.

The PRC indicated that the survey had an overall response rate of 3%, using the estimated size of the eligible population as a base for the calculation. Although we do not dispute the general claim that the response rate for the survey is low, the 3% calculation is incorrect. The size of the eligible population is estimated using the screening portion of the survey, and includes weighting adjustments for coverage (not all business locations on the sampling frame had phone numbers) and sampling (not all business locations with telephone numbers were attempted as part of the screening process for the survey). When calculating response rates for surveys, it is incorrect to include as nonrespondents an estimate of the number of eligible business locations where contact was never attempted. Using the dispositions in Table 2 from Appendix 5 – Mail Survey – Technical Documentation, the screening response rate is approximately 17%, the questionnaire response rate is approximately 30%, and, therefore, the overall response rate is approximately 5%.

The PRC correctly indicated that when response rates are low, the potential for non-response bias increases. However, in the absence of information from a non-response follow-up survey or other external sources, it is not possible to conclude that there is bias associated with non-response in the survey, only that the potential exists. To thwart this potential, steps were taken during the construction of the analysis weights for the survey responses to correct for differential non-response by mail class and volume. These factors were identified during the survey design phase of the project, as the primary factors likely to influence the propensity to consider ABA remail. Nevertheless, in the event that there are other factors affecting non-response that are also related to a respondent's orientation towards remail, the potential for non-response bias remains. Bear in mind, there is a potential, not an absolute certainty that non-response bias exists, and we believe the steps already taken have limited the impact of potential non-response bias, because any other factors would have a less significant impact than the primary ones identified in the research.

To illustrate the potential effects of non-response, the PRC constructed an interval estimate for the percentage of locations with a propensity to remail from the survey. Their interval estimate, 1.7% to 96.7%, is the widest possible interval that could be constructed, given the response rate for the survey. This interval estimate assumes that the survey does not provide any information concerning remail propensities of businesses in the broader population outside the 415 completed

interviews. While this is one perspective, it is not the only perspective, especially in instances where companies need to make important risk-related decisions. The survey responses are weighted under the assumption that there is a strong relationship between primary mail classes and volumes for large mailing locations and the propensity to remain, as noted above. Under this both reasonable and pragmatic assumption, and the assumption that there are no other significant factors influencing non response that are also related to the propensity to remain, the interval estimate included in the summary report (35%, plus or minus 8%) is valid (Sarndal, et. al, 1992).

The PRC also correctly indicated that close attention should be paid to the potential for response error, although no specific evidence is provided to suggest that response error was a problem with this survey, or that efforts to minimize response and other non-sampling sources of error during the development and fielding of the survey were inadequate. In fact, Appendix 5 clearly documents the extraordinary efforts undertaken during questionnaire development, fielding of the survey, and data preparation to ensure that response and other non-sampling sources of error were minimized.

Since the survey demonstrates that the propensity to remain does exist (even if only among the survey respondents) and the existing prohibition acts as a restraint, the U.S. Postal Service runs the risk of knowingly jeopardizing its mail volume and financial stability by ignoring the findings or dismissing them as not representative of the broader population. U.S. Postal Service management must now judge the extent to which they want to test the "non-response bias claim" by eliminating Article 43 and risk the losses noted above, which may not ever be regained.

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Paxson, C., (1995), "Increasing survey response rates," Hotel and Restaurant Administration Quarterly, pp. 66-72.

Sarndal, C.E., Swensson, B., and Wretman, J., (1992) Model-Assisted Survey Sampling, New York: Springer Verlag.

Spaeth, J., (2002), "Is there life after random sampling?," Informed, Vol. 4, No. 5, Advertising Research Foundation.

Smith, T., (1999), "Developing non-response standards," paper presented at the University of Chicago International Conference on Survey Non-response.

Thomas, M., (2002), "Standard outcome codes and methods of calculating response rates in business surveys at the Office for National Statistics," paper presented at the Seventh Government Statistical Service Methodology Conference, London.