

Article 43 Joint Study Hybrid Focus Group/Mailer Survey

-- Mailer Survey Summary Report --

prepared for

**U.S. Postal Service/U.S. State Department/
Postal Rate Commission**

December 17, 2001



NATIONAL ANALYSTS
RESEARCH & CONSULTING

©2001 National Analysts, Inc.
An unpublished work
All rights reserved

Table of Contents

	<u>PAGE</u>
I. Objectives & Methodology	1
II. Characteristics of High Volume Mailers	3
A. Organizational Characteristics & Mailing Volumes	3
B. Characteristics of Domestic Mailings.....	4
C. Mail Preparation & Production Costs	6
D. Current ABA Remail Activity	8
III. Potential Reactions to ABA Remail Alternatives	9
A. Interest in Remail Alternatives & Characteristics of Potential Remailers.....	9
B. Potential Timeframe for Engaging in Remail	11
C. Anticipated Remail Service Characteristics	11
IV. Potential Remail Volumes	12
A. Potential Remail Volumes (by Mail Class).....	13
B. Effect of Non-Economic Factors on Remail Volume (e.g., Indicia, Drop Ship Availability, Points of Entry, etc.)	14
C. Implications of Country/Region on Remail Attractiveness	15
D. Uncertainty of Remail Volume Estimates	15
V. Impact of UPU Provisions on Potential Remail Volumes.....	16
A. Awareness of Restrictions on Remail.....	16
B. Perceived Effectiveness of Existing UPU Provisions Governing Remail	16
Appendices	18

I. OBJECTIVES & METHODOLOGY

In July and August of 2001, a hybrid study involving focus groups and a mailer survey was conducted among major U.S. mailers. The primary purpose of the study was to gain an in-depth, quantitative understanding of the degree to which major mailers would engage in ABA remail, if Article 43 were eliminated (but assuming Article 49 provisions remain in place). Additionally, there was a desire to identify the extent to which certain liabilities associated with remail (e.g., foreign indicia, limited points of entry, etc.) would curb demand. Finally, information on mailers' awareness of current UPU restrictions, and their perspectives on the effectiveness of these restrictions in preventing remail, was sought.

All mailing locations included in the USPS CBCIS file (major mailers paying postage via USPS permits, meters, or pre-cancelled stamps) that generate annual mail volumes over 300,000 pieces (of either First-Class, Standard A, or Periodicals) were eligible to participate in the survey.* (A minimum volume threshold was established to ensure that high volume mailers, who would presumably have the greatest financial incentive to consider remail, were the focus of the survey.) Mail volumes associated with such locations account for 97%, 89%, and 84% of total USPS First-Class (excluding single-piece letters and cards), Standard A, and Periodical Mail, respectively. Telephone screening was used to identify the individual responsible for selection of mail carriers and mailing practices at the location, and to verify that the location met the minimum volume requirements established. The responsible individual was then provided a unique identification number and directed to a designated Website to complete the survey.

The survey covered a wide range of topics related to remail potential. Information on current mail volumes, mailing practices, and mailing costs was obtained. Each participant was also asked about their interest in engaging in ABA remail (and the portion of their mail pieces that they would consider sending) under various (hypothetical) implementation scenarios. Additionally, mailers' awareness of remail restrictions was measured, as well as their perceptions of the impact of these restrictions on curbing remail behavior. The complete text of the screening form and questionnaire is included in the Appendix.

A total of 415 eligible mailers participated in the Web survey. As indicated in Table 1, some of these respondents were responsible for multiple mail classes. In such cases, the mailer was asked detailed questions about two of the mail classes (First-Class, Standard A, or Periodicals) for which they were responsible.

* A mailing location was defined as a physical site corresponding to the address of the records listed in the CBCIS file. Only mail generated/owned by the location was eligible for inclusion in the survey (i.e., mail sent on behalf of other locations or organizations was not eligible). This restriction was established to prevent double counting of mail generated by organizations and, subsequently, processed by a printer/publisher or consolidator.

Table 1
Mailer Survey Participants by Mail Class

Mail Class	# Participants
First-Class Only	103
Standard A Only	141
Periodicals Only	52
First-Class/Standard A Mail	73
First-Class/Periodicals Mail	9
Standard A/Periodicals Mail	19
First-Class/Standard A/Periodicals Mail	18
Total	415

Additionally, 25 of these respondents participated in focus group discussions that were held in Chicago and New York.* The purpose of the focus groups was to discuss the nature of these individuals' responses to the survey questions, and to explore in greater depth their reactions to, and reservations about, ABA remail options. Results of these focus groups are summarized in a separate report; details pertinent to interpretation of the mailer survey results are included herein.

Survey results were weighted to project to the total population of eligible mailing organizations and the mail volumes represented on the CBCIS file. Each individual respondent was assigned a weight for each mail class, using "raking" techniques to ensure total volume targets were achieved. During this process, the final weights of respondents within each mail class were constrained so that no individual respondent represented more than 10% of the weighted volume.

Demand for remail was estimated using a "conjoint" model, a prominent market research technique for modeling demand as a function of product or service attributes. In the conjoint portion of the survey questionnaire, respondents were shown a variety of remailing scenarios characterized by brand of remail carrier, indicia, undeliverable mail handling, net mailing costs, time-in-stream, and mail production/preparation location. Under each scenario, respondents were asked to allocate their mail volume for a specific mail sub-class (First-Class flats, First-Class cards and letters, Standard A flats, Standard A cards and letters, and Periodicals) between the U.S. Postal Service and the remail options presented. Scenarios in the conjoint experiment were chosen using a fractional factorial design algorithm that was tailored to the number and characteristics of the remail attributes defined in the survey, and the share allocation nature of the choice task.

* Participants for the focus groups were recruited (randomly) from the list of eligible mailers in the New York and Chicago areas.

Results of this conjoint analysis were used to model remail volume under alternate implementation scenarios. The model had a sequential structure; attributes identified in the qualitative interviews as being of primary concern (i.e., net cost, indicia, mean time-in-stream) determined the base level of remail. The remaining, secondary attributes were used to modify (increase or decrease) this base level of remail to reflect the nature of respondents' conjoint answers. Actual preference parameters were estimated using a hierarchical Bayesian model, for each level of the model. Modeling using this hierarchical structure (as opposed to traditional, unconstrained conjoint models) allowed us to impose logical constraints concerning the economic profitability of remail on the demand forecasts. More specifically, remail demands estimated from the first stage of the model were constrained to be zero for any situation where there was no net cost advantage of remail and the mean time-in-stream was equivalent to, or worse than, perceived current USPS performance levels.

A detailed description of the weighting, analysis, and modeling approach is provided in the Appendix.

II. CHARACTERISTICS OF HIGH-VOLUME MAILERS

A. Organizational Characteristics & Mailing Volumes

A combination of non-profit and commercial organizations participated in the survey, as shown in Table 2. While a large number of publishing and printing organizations were included, the mail volumes reported by these organizations included only mail that they generated internally, not mail sent on behalf of other organizations.

Table 2
Industry Classification of Major Mailers

Business Type	% of Locations
Publishers/Printers	27
Other "For-Profit"	53
Non-Profit	20

A detailed breakdown of mailer characteristics is provided in Table 3. The business locations that send over 300,000 pieces of mail annually are often part of multi-site organizations; the median number of locations falls between two and five for these companies. Median employee size falls between 50 and 99 employees per location. The majority of companies operate on a local basis; however, a sizable portion operates regionally or nationally, and 18% also operate foreign locations. First-Class mailers send an average of 6.5 million First-Class pieces annually, while Standard A mailers send 8.5 million pieces of Standard A mail each year. Periodical mailers tend to send somewhat lower volumes, averaging 1.5 million pieces of Periodicals mail per year.

Table 3
Organizational Characteristics by Mail Type

	Total	Respondent Category		
		Send First-Class Mail	Send Standard A Mail	Send Periodicals Mail
Location Characteristics				
Median Number of Company Locations	3.1	4.6	2.7	3.2
Median Number of Employees at Location	95	189	89	130
Median Number of Employees in Total	228	>1,000	206	209
Overall Mail Volumes (millions pieces/year)				
Mean First-Class Location Volume	3.4	6.5	2.6	0.8
Mean Standard A Location Volume	5.7	5.5	8.5	1.4
Mean Periodicals Location Volume	0.6	0.3	0.3	1.5
Eligible Mail Classes				
% of Locations with Eligible First-Class Volume	50	100	39	27
% of Locations with Eligible Standard A Volume	64	55	100	33
% of Locations with Eligible Periodicals Volume	23	7	11	100
Geographical Scope of Organization*				
% Local	58	39	58	62
% Regional	13	19	14	8
% National	29	42	29	30
Types of Organizations*				
% that are Printing/Publishing Organizations	27	14	26	50
% that are Other For-Profit Organizations	53	67	51	29
% that are Non-Profit Organizations	20	19	23	21
Foreign Operations				
% with Foreign Locations	18	21	17	22
% with Foreign Headquarters	0.4	3	0	0
(Base)	(415)	(199)	(244)	(91)

B. Characteristics of Domestic Mailings

Details on the shape, contents, preparation practices, and perceived delivery characteristics of mail sent by these high-volume mailers is presented in Table 4. The majority of these mailers pay for their mailings using their own permit, although other forms of payment (e.g., postage meters) are often used by First-Class mailers. As the table indicates, the vast majority of mailers engage in worksharing; roughly three out of four pieces receive discounts for both automation and presorting. Slightly over one-half of the Standard A and Periodicals mail tendered by these mailers also receives a discount for entry at a DBMC, DSFC, or DDU.

* Numbers do not sum to 100% due to rounding.
Source: Q.1-1, Q.1-2a, Q.1-4, Q.1-5, Q.1-6, Q.1-7, Q.2-1a

Table 4
Mail Characteristics
(Among Mailers Sending Indicated Type of Mail)*

	Mail Type		
	First-Class	Standard A	Periodicals
Mail Shape (% of total pieces)**			
Flats/Packages	15	36	N/A
Cards/Letters	85	64	N/A
Periodicals	N/A	N/A	100
Payment Option (% of total pieces)			
Organization's Own Permit	37	90	92
Third Party Permit	8	7	6
Other Form of Payment	55	3	2
Worksharing Volume (% of total pieces)			
Non-Worksharing	16	11	9
Presorted/Non-Automation	10	14	20
Presorted and Automation	75	75	71
Entry Discounts (% of total pieces)**			
Volume Receiving Discount	N/A	55	52
Mail Contents (% of total pieces)**			
Transactional Mail	53	N/A	N/A
Advertising Mail	16	55	N/A
Catalog Mail	4	33	N/A
Other Mail	28	13	N/A
Printing/Production Location (% of total pieces)			
Internal to Company	58	35	25
External to Company	42	65	75
Preparation Location (% of total pieces)			
Internal to Company	79	61	47
External to Company	21	39	53
Primary Mail Destination (% of locations)			
Within City Limits	13	13	13
Outside City Limits but Within State	37	27	28
Outside of State	51	60	59
Delivery Time (days from completed production to delivery)			
Average	3.6	6.7	6.2
Variability (+/-)	2.3	3.7	3.6
(Base)	(199)	(244)	(91)

* Numbers do not sum to 100% due to rounding.

** N/A means "Not Applicable" or "Not Asked."

Source: Q.2-1e, Q.2-2a, Q.2-2b, Q.2-2c, Q.2-2e, Q.2-2f, Q.2-2j, Q.2-2k, Q.2-3a, Q.2-3b, Q.2-3c, Q.2-3d, Q.2-3g, Q.2-3k1, Q.2-4a, Q.2-4b, Q.2-4e, Q.2-4f, Q.2-4h, Q.2-4i

Not surprisingly, transactional mail constitutes the majority of First-Class mail pieces, while advertising mail is the most common type of Standard A mail. Over half of First-Class mailers' mail is printed and produced internally, and nearly 80% is prepared internally. In contrast, Standard A and Periodicals mailers are more likely to have their pieces printed or produced externally; slightly over one-half of Periodicals mailers also outsource their mail preparation.

The primary destination of the mail sent by over half of these mailers is outside of their state; less than 15% send mail primarily within local city limits. Perceived delivery times average between three and four days for First-Class Mail, and between six and seven days for Standard A and Periodicals Mail. Mailers report that they experience between two and four days variability, on average, around these typical delivery times.

C. Mail Preparation and Production Costs

Average costs for mail preparation and production are displayed in Table 5. Not surprisingly, average postage and preparation/production costs for First-Class Mail are higher than for any of the other mail types; production/preparation, and postage costs for Standard A cards and letters are by far the lowest. The ratio between postage and production/preparation costs is nearly equal for First-Class flats. For the other classes and shapes, the production/preparation costs outweigh postage – by a factor of 2 to 1 for Standard A cards/letters and nearly 3 to 1 for Periodicals mail.

Table 5
Mailing Costs by Mail Type*

	First-Class Mail Flats/ Packages	First-Class Mail Cards/ Letters	Standard A Mail Flats/ Packages	Standard A Mail Cards/ Letters	Periodicals Mail
Average Mailing Cost Per Piece (\$)					
<i>Total Cost</i>	2.75	1.74	0.96	0.42	1.60
Postage Cost	1.59	0.30	0.30	0.15	0.42
Production/Preparation Cost	1.16	1.44	0.66	0.27	1.18

Some mailers were also able to provide a detailed itemization of the mail production/preparation costs they incur *by workstep*. As shown in Table 6, a substantial portion of these costs are related to mail piece printing, collating, and inserting. Costs of other activities such as presorting, barcoding, list maintenance, and transportation costs to facilities typically constitute the remaining 25-30% of total costs.

* Volume weight and class weight applied.
Source: Q.2-2d, Q.2-2g, Q.2-2i, Q.2-3f, Q.2-3i, Q.2-3j, Q.2-4c, Q.2-4g

Table 6
Mailing Costs by Mail Type and Workstep

	First-Class Mail Flats/ Packages	First-Class Mail Cards/ Letters	Standard A Mail Flats/ Packages	Standard A Mail Cards/ Letters	Periodicals Mail
Average Mailing Cost Per Piece (\$)					
<i>Total Cost</i>	2.75	1.74	0.96	0.42	1.60
Postage Cost	1.59	0.30	0.30	0.15	0.42
Production/Preparation Cost	1.16	1.44	0.66	0.27	1.18
Production/Preparation Cost Breakdown (% for each Workstep)*					
Printing/Production/Collating	23 (n=35)	39 (n=52)	55 (n=74)	33 (n=63)	49 (n=39)
Inserting	19 (n=39)	33 (n=55)	14 (n=71)	33 (n=66)	19 (n=31)
Presorting	10 (n=46)	6 (n=57)	17 (n=63)	2 (n=61)	15 (n=29)
Barcoding	6 (n=38)	17 (n=46)	2 (n=58)	10 (n=53)	4 (n=23)
List Maintenance	3 (n=28)	4 (n=36)	2 (n=51)	12 (n=53)	4 (n=19)
Transportation	13 (n=33)	2 (n=44)	2 (n=51)	5 (n=48)	8 (n=26)
Other	26 (n=19)	0 (n=21)	7 (n=28)	6 (n=34)	1 (n=18)
Total	100	100	100	100	100

A few respondents were also able to provide itemization of production/preparation costs broken down by individual *cost components*. While the number of respondents providing this level of detail is too small to make broad generalizations, these cost breakouts provide a general indication of the components of cost that mailers consider when making mailing decisions. Not surprisingly, the single largest component is personnel, followed by consumables. Cost information by cost component is provided in Table 7.

* Among those providing cost information for the indicated cost component. Number of respondents answering is indicated in parenthesis. Numbers may not sum to 100% due to rounding. Class weight and volume weight applied. Source: Q.2-2d, Q.2-2g, Q.2-2i, Q.2-3f, Q.2-3i, Q.2-3j, Q.2-4c, Q.2-4g, Q.5-1b, Q.5-2b, Q.5-3b, Q.5-4b, Q.5-5b

Table 7
Mailing Costs by Mail Type and Cost Component

	First-Class Mail Flats/ Packages	First-Class Mail Cards/ Letters	Standard A Mail Flats/ Packages	Standard A Mail Cards/ Letters	Periodicals Mail
Average Mailing Cost Per Piece (\$)					
<i>Total Cost</i>	2.75	1.74	0.96	0.42	1.60
Postage Cost	1.59	0.30	0.30	0.15	0.42
Production/Preparation Cost	1.16	1.44	0.66	0.27	1.18
Production/Preparation Cost Breakdown (% for each Cost Component)*					
<i>External Costs</i>					
Printing	4 (n=28)	55 (n=43)	32 (n=76)	27 (n=67)	42 (n=39)
Other Contracting	1 (n=20)	8 (n=18)	6 (n=50)	14 (n=40)	8 (n=21)
<i>In-House Costs</i>					
Depreciation or Lease Payments	29 (n=18)	4 (n=20)	5 (n=17)	5 (n=24)	3 (n=5)
Maintenance	4 (n=27)	5 (n=34)	2 (n=26)	10 (n=36)	2 (n=15)
Personnel	22 (n=24)	12 (n=36)	23 (n=42)	15 (n=36)	20 (n=12)
Space	3 (n=14)	3 (n=23)	4 (n=20)	5 (n=19)	6 (n=6)
Consumables	35 (n=19)	7 (n=33)	19 (n=31)	6 (n=36)	11 (n=14)
Transportation to Mail Facility	1 (n=25)	3 (n=32)	3 (n=37)	14 (n=26)	5 (n=14)
Administration & Overhead	1 (n=10)	3 (n=20)	5 (n=21)	5 (n=21)	4 (n=11)
Total	100	100	100	100	100

D. Current ABA Remail Activity

Survey respondents did not report that they were currently engaging in ABA remail. This question was phrased carefully, to avoid sensitizing survey participants to the restrictions currently governing ABA remail and, thereby, potentially biasing their responses. Specifically, respondents were asked whether they had sent "...any large volume mailings to recipients in the U.S., similar to those sent via the U.S. Postal Service, which were sent via another carrier and which bore a foreign postmark or indicia."

Several respondents did initially report that they had sent some mail in this manner. However, the majority of these respondents were re-contacted and, in all cases, it was apparent that they had mistaken the meaning of the question, and had reported either volumes of mail sent to foreign locations or domestic mail sent using alternate carriers (non-ABA). Accordingly, the mailer survey does not provide evidence of current ABA remail activity. Qualitative results support this; none of the participants in the qualitative interviews had knowingly engaged in this activity. A few said they knew of others who had sent items in this manner, but their belief was that the practice was rarely used.

* Among those providing cost information for the indicated cost component. Number of respondents answering is indicated in parenthesis. Numbers may not sum to 100% due to rounding. Class weight and volume weight applied. Source: Q.2-2d, Q.2-2g, Q.2-2i, Q.2-3f, Q.2-3i, Q.2-3j, Q.2-4c, Q.2-4g, Q.5-1a, Q.5-2a, Q.5-3a, Q.5-4a, Q.5-5a

III. POTENTIAL REACTIONS TO ABA REMAIL ALTERNATIVES

A. Interest in Remail Alternatives & Characteristics of Potential Remailers

Roughly one-third of the major mailers surveyed indicated they were likely to engage in remail for one or more classes of mail within a 5-year time horizon.* Propensity to remail was somewhat varied across mail classes, with 23%, 35% and 42% of First-Class, Standard A, and Periodicals mailers, respectively, characterized as “likely to remail.” A detailed profile of companies that are likely to remail, compared to those that are not, is provided in Table 8.

Table 8
Organizational Characteristics of Likely Remailers**

	Likely to Send Remail***	Not Likely to Send Remail
Remail Propensity		
Eligible Locations (% of total)	35 (±8%)****	65
Location Characteristics		
Median Number of Company Locations	3.6	2.6
Median Number of Employees at Location	130	79
Median Number of Employees in Total	449	189
Overall Mail Volumes (million pieces per year)		
Mean First-Class Volume of Location	3.6	3.2
Mean Standard A Volume of Location	8.8	4.0
Mean Periodicals Volume of Location	0.8	0.5
Geographical Scope of Organization		
% Local	51	61
% Regional	12	14
% National	38	25
Types of Organizations		
% that are Printing/Publishing Organizations	26	28
% that are Other For-Profit Organizations	55	52
% that are Non-Profit Organizations	19	20
Foreign Operations		
% with Foreign Locations	32	10
% with Foreign Headquarters	0	1
(Base)	(138)	(277)

* Two separate approaches were used in the survey to assess mailers' propensity to engage in ABA remail if Article 43 is removed. First, mailers were asked to indicate their overall likelihood to engage in ABA remail for each mail class, assuming the cost savings would be "substantial." Respondents indicated their likelihood using a scale of "0" to "100"; those providing a rating of 50 or above were categorized as "likely to send remail" for that mail class for subsequent analysis. The second approach used to establish remail propensity was based on respondents' answers to conjoint questions regarding potential remail scenarios. Respondents who indicated they would send remail under at least one of the potential scenarios that were presented were considered to be "likely to remail." Remail propensities under each of these definitions were compared; while the two methods do not correlate perfectly (35% likely to remail using the first definition, and 45% using the latter), there is a substantial degree of overlap and agreement. The former method (based on a likelihood rating of 50 or greater) was used as a basis for categorizing remail propensity in this report.

** Numbers may not sum to 100% due to rounding or due to the inclusion of locations that send multiple mail types.

*** Locations who indicated they were at least 50% likely to send remail in the indicated mail class within a 5-year time horizon.

**** Uncertainty estimates (±) at 90% confidence interval.

Mailers that indicated they would be likely to re-mail (absent restrictions) tend to be higher-volume mailers, with greater numbers of employees. Additionally, companies that operate outside of a local scope, particularly those that have a physical presence in foreign countries, tend to be more favorably disposed to the concept of ABA re-mail. In comparing likely remailers with those not likely to re-mail, there is not a strong difference in the distribution of mailers between profit and non-profit organizations. Some of the latter, however, in the focus group discussions expressed a good deal of anxiety about engaging in re-mail for fear either of legal restrictions or that their clients/customers would find the practice objectionable (e.g., "un-American").

Table 9 provides details on the mail characteristics and mailing procedures of those companies that are most likely to send re-mail. In general, First-Class and Standard A mailers that send advertising mail appear to be more likely to consider ABA re-mail than those sending their mail for other purposes. Companies that currently engage in worksharing (particularly Standard A and Periodicals mailers) are also more prone to consider re-mailing. Additionally, the table shows that companies that send Standard A or Periodicals mail outside of their state have a greater tendency toward re-mail.

Table 9
Mailing Characteristics
(Among Mailers Likely/Not Likely to Sending Re-mail in Indicated Mail Type)*

	Likely to Send Re-mail**			Not Likely to Send Re-mail		
	First-Class	Standard A	Periodicals	First Class	Standard A	Periodicals
Mail Shape (% of total pieces)						
Flats/Packages	10	28	N/A	17	46	N/A
Cards/Letters	90	72	N/A	83	54	N/A
Periodicals	N/A	N/A	100	N/A	N/A	100
Mail Contents (% of total pieces)						
Transactional Mail	33	N/A	N/A	58	N/A	N/A
Advertising Mail	54	68	N/A	6	40	N/A
Catalog Mail	9	24	N/A	2	43	N/A
Other Mail	4	9	N/A	34	17	N/A
Worksharing (% of total pieces)						
Non-Worksharing	24	1	5	13	23	11
Presorted/Non-Automation	27	14	12	5	14	26
Presorted and Automation	49	84	83	81	63	62
Payment Option (% of total pieces)						
Organization's Own Permit	59	92	89	32	87	95
Third Party Permit	3	3	9	9	12	3
Other Form of Payment	38	5	2	60	1	2
Entry Discounts (% of total pieces)						
Volume Receiving Discount	N/A	58	63	N/A	54	44
Primary Mail Destination (% of locations)						
Within City Limits	10	6	7	13	16	17
Outside City Limits but Within State	34	15	5	37	33	44
Outside of State	56	79	88	49	50	38
(Base)	(62)	(78)	(25)	(137)	(166)	(66)

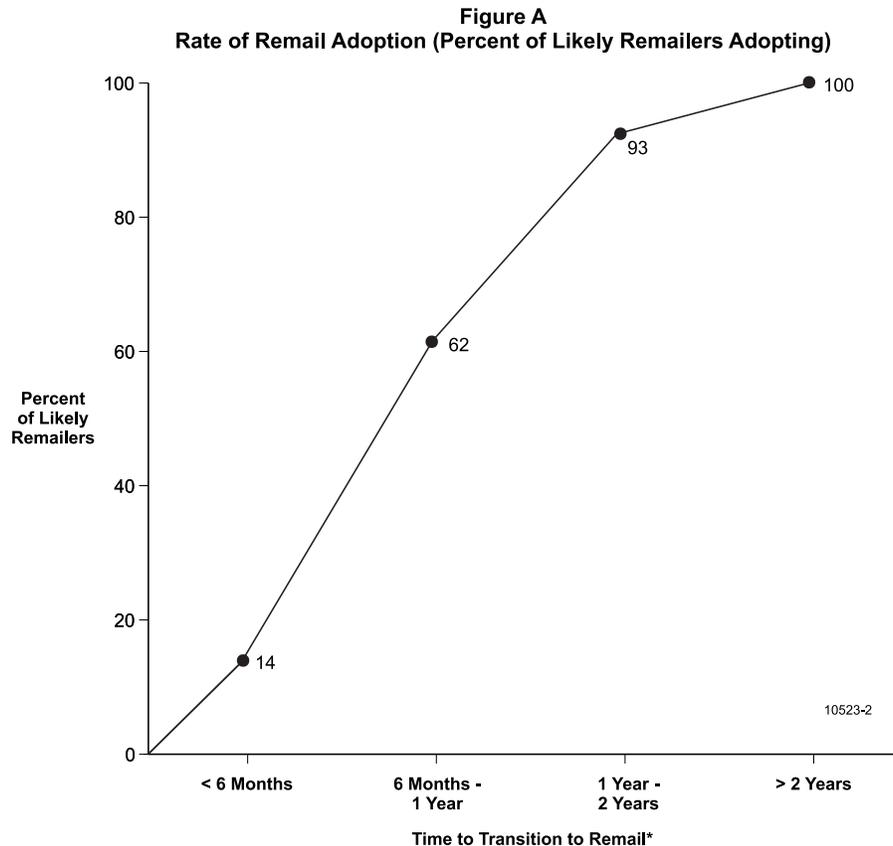
* Numbers may not sum to 100% due to rounding. N/A means "Not Applicable" or "Not Asked"

** Locations who indicated they were at least 50% likely to send re-mail in the indicated mail class within a 5-year time horizon.

Source: Q.2-1e, Q.2-2a, Q.2-2b, Q.2-2c, Q.2-2j, Q.2-3a, Q.2-3b, Q.2-3c, Q.2-3d, Q.2-3k, Q.2-4a, Q.2-4b, Q.2-4h

B. Potential Time Frame for Engaging in Remail

Mailers that are likely to remail expressed a degree of caution with respect to the timeframe with which they would engage in the practice (absent restrictions). Only 14% indicated they would begin remail within the first six months. Over one-half (62%), however, indicated they would initiate remail within the first year. The reported time-trend of remail initiation among likely remailers is shown in Figure A.



C. Anticipated Remail Service Characteristics

The reactions to the concept of ABA remail and projections of future remailing behavior offered by survey respondents are based on their perceptions of the service and quality characteristics that would accompany remail. Since ABA remail does not appear to be widely practiced at the current time, the perceived characteristics of remail are largely based on the expectations that mailers have concerning the countries, carriers, and other agents that would be involved. Information on these expectations was gathered in the survey.

* Among mailers indicating they were at least 50% likely to send remail for one or more classes of mail in the 5-year time horizon.

Source: Q.3-3d

For air delivery into the U.S., mailers expect that ABA remail would take, on average, between 5 and 6 days from the time the mail was ready for introduction into the mail stream in the (B) country until final delivery to U.S.-based recipients. Surface entry (via truck from Mexico or Canada, or via ship, would be expected to take 8 to 10 days, on average. Variability around these average levels is expected to be roughly ± 3 to 4 days. If the mail were first produced in the U.S., and subsequently transported to the foreign (B) country for introduction into that country's mail stream, mailers believe that this step would add roughly one additional week to the process.

Most mailers stated that they would continue to engage in presorting and barcoding of the mail they send via remail. Expectations regarding quality of the produced mail pieces would be somewhat lower if remail is conducted in non-industrialized countries, where most mailers believe that paper and print quality would be inferior to U.S. standards.

IV. POTENTIAL REMAIL VOLUMES

A. Potential Remail Volumes (by Mail Class)

In the survey, mailers indicated the amount of their mail that they would send via remail under a range of hypothetical unrestricted remail scenarios (or “offers”). By analyzing the information that they provided, the amount of mail that would be sent as ABA remail under specified pricing and service conditions can be estimated. Of course, the actual volume of mail that will be sent via ABA remail if Article 43 is removed will be governed by the specific market conditions that arise. Notwithstanding, the survey results can be used to project potential remail volumes under reasonable assumptions regarding pricing, time-in-stream, and service performance.

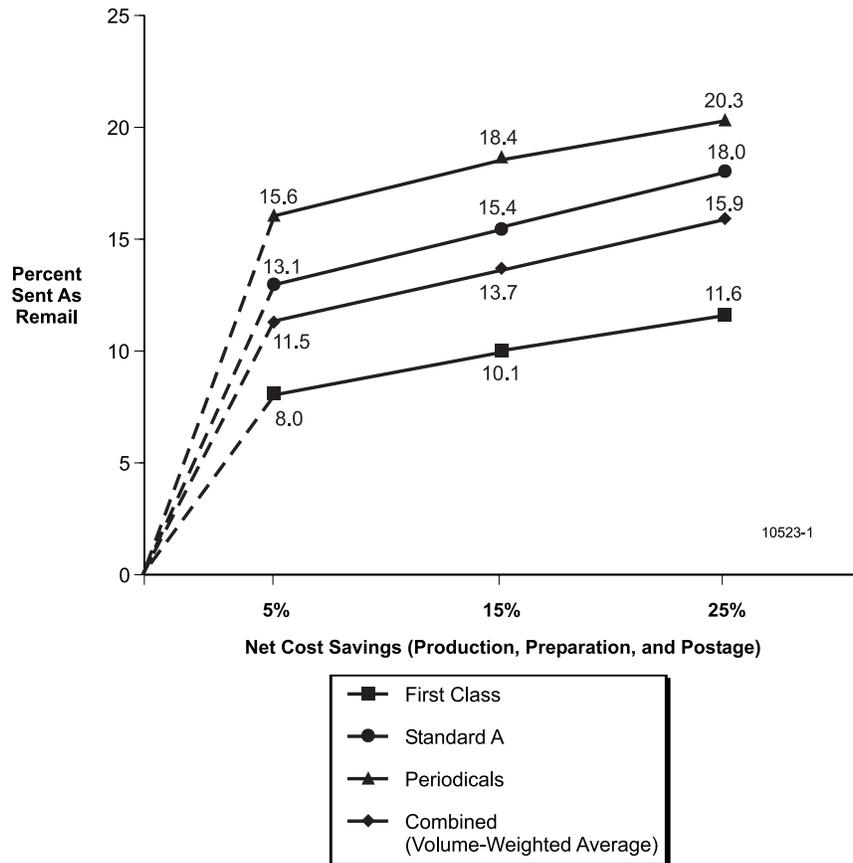
The portion of domestic mail that the survey data indicates could be diverted to ABA remail, over a range of potential cost savings, is shown in Figure B*. *[Note that these estimates are very preliminary, and are provided merely to illustrate the levels of remail demand that could exist over a range of potential net cost savings scenarios. More precise estimates of remail volume at the various levels of arbitrage are available from the RIM (Remail Impact Model) simulator.*

As can be seen, Periodicals and Standard A mail appear to be most vulnerable to remail diversion, where mailers indicate they would divert up to 20% of their mail if net cost savings of 25% are achieved. As the figure indicates, the effect of increasing cost savings on remail volumes is relatively limited over the range of cost savings investigated in the survey. This is supported by the qualitative research finding that many mailers that would consider remail at a relatively low level of cost savings; as savings increase, the amount of mail that these mailers would divert does not appear to

* Percent of total First-Class, Standard A and Periodicals volumes (excluding First-Class single-piece mail).

increase dramatically. In summary, once the decision to engage is made, the amount of mail diverted to remail does not change tremendously as cost savings are increased.

Figure B
Estimated Remail Volumes as a Function of Net Cost Savings*



B. Effect of Non-Economic Factors on Remail Volume (e.g., Indicia, Drop Ship Availability, Points of Entry, etc.)

In the original statement of work, it was postulated that several key considerations (or “risks”) associated with remail might mitigate the degree to which mailers would engage in ABA remail if Article 43 were removed. These considerations include the following:

- Foreign indicia
- Poorer comparative service levels
- The availability of domestic drop ship for domestic mail

* Percent of total First-Class, Standard A, and Periodicals volume (excluding First-Class single-piece mail). Assuming foreign indicia is used, and time-in-stream of six days (from completed production). "Combined" values represent the volume-weighted percentage of First-Class (non-single piece), Standard A, and Periodicals Mail that would be sent. These have an uncertainty of ± 6-9% (absolute) at 90% C.I.

- The limited number of entry points for mail into the U.S.
- Quality control
- Address correction and undeliverable mail handling

Each of these factors could have a relatively minor impact in curbing remail demand, as shown in Table 10. Foreign indicia presents the greatest concern to mailers, potentially curbing remail volume by 1.5% (absolute) below what it might be if a U.S. indicia were allowed. Poorer comparative service levels (i.e., slower time-in-stream) for First-Class Mail, and the economic advantage offered by the availability of dropship for domestic (Standard A and Periodicals) mail which can reduce net mailing costs by roughly 5%, could mitigate potential remail by roughly an additional 1.0% and 0.6%, respectively. Each of the other factors has a less pronounced impact on remail volumes, as shown in Table 10 below.

Table 10
Impact of Remail Considerations on Estimated Remail Volumes

Remail Risk	Net Change in Remail Volume (as a % of Current USPS Volume) *
Foreign Indicia	-1.5% (± 1.0%)
Poorer Comparative Service Levels (increased time-in-stream and delivery variability)**	-1.0% (± 0.8%)
Domestic Dropship Availability (i.e., the effect of lower postage rates for dropship, which effectively reduce remail cost savings)***	-0.6% (± 0.5%)
Limited Entry Points (increased time-in-stream and delivery variability)	-0.5% (± 0.2%)
Quality Control (if U.S.-based production/preparation quality unavailable)	-0.3% (± 0.2%)
Address Correction and Undeliverable Mail Handling (no address correction)	-0.2% (± 0.1%)

* Change in remail volume (percent of total USPS First-Class, Standard A, and Periodicals volume, excluding First-Class single-piece mail) relative to an assumed base remail volume of 15.9% (assuming a 25% net cost savings and 6-day time-in-stream [from completed production]). Uncertainty estimates (±) at 90% confidence interval.

** Realized on First-Class mail only.

*** Estimated among mailers using dropship on 50% or more of their pieces.

C. Implications of Country/Region on Remail Attractiveness

The relative attractiveness of remail in different countries and geographic regions was also measured in the hybrid mailer survey. Four developing countries/regions were explored specifically in the survey, and two industrialized regions. Caribbean/Central/Latin American countries are most preferred among the developing countries/regions investigated. Among industrialized countries, there was no strong preference for Canada relative to industrialized European countries, all other factors equal. Of course, future market conditions in these countries and the price at which remail service is offered would affect the ultimate choice of remail hosts. The results of this survey, however, provide insight into the geographies that would be viewed most favorably by mailers.

Table 11
Country/Region Preferences for Remail Diversion

Country/Region	Mailers Preferring (%)
<i>Developing Countries</i>	
Caribbean/Central/Latin America	38
Asian/Pacific Rim	32
European	17
Mexico	13
<i>Industrialized Countries</i>	
Canada	50
European	50

D. Uncertainty of Remail Volume Estimates

As in any quantitative survey, there is a degree of uncertainty inherent in the mailer survey results that were collected. There are multiple sources of error – sampling error, modeling error, and non-sampling error. “Sampling error” is introduced by surveying only a portion of the eligible mailer population. As such, there is no guarantee that the mailers that participated in the survey are not somehow different than those mailers that did not participate, and sampling error calculations are performed to estimate the potential magnitude of this source of error. Additionally, the modeling techniques used to estimate remail volumes (from survey responses) under specified market conditions also introduce a “modeling error” to remail volume estimates. Lastly, there is "non-sampling error", which includes such items as reporting error by respondents.

With respect to "non-sampling error", steps were taken to minimize it in this survey, including thorough checking of the data, and re-contacting respondents to verify responses, where necessary.

The largest source of quantifiable error in the estimates contained in this analysis is associated with sampling error, given the limited number of mailers (415) participating in the survey. In comparison, modeling error is very small, and was not directly estimated. Estimates of the sampling error are indicated as a "± 90% confidence interval" value on key parameters included in this report.

V. IMPACT OF UPU PROVISIONS ON POTENTIAL REMAIL VOLUMES

A. Awareness of Restrictions on Remail

The vast majority of the mailing decision-makers indicated that they are not aware of any current restrictions on ABA remail. Only 8% (± 3%) of mailers claimed awareness, and of these roughly one-half were not aware of the specific nature of the restrictions. Non-profit mailers reported a marginally higher awareness (19%) than other mailers. Mailers within larger companies (over 500 employees) also report a higher level (16%) of awareness of the provisions governing remail. There are no major differences by mail class or remail propensity. These low awareness figures are consistent with the qualitative (focus group) research results. Typically, no more than one or two individuals, more often non-profit mailers, claimed to know about remail prohibitions.

B. Perceived Effectiveness of Existing UPU Provisions Governing Remail

In addition to Article 43, there are three specific UPU provisions that may deter the practice of ABA remail. These UPU provisions include:

- System Harmonization Mechanism
- Revision Mechanism
- Bulk Mailing Option

A portion of mailers indicated that each of these provisions would curb their propensity to engage in ABA remail. The perceived effectiveness of each provision, and the degree to which they would curb remail intent, is shown in Tables 12 and 13.

Table 12
Perceived Effectiveness of UPU Provisions Among Likely Remainers*

UPU Provision	Perceived As A Strong Deterrent (% of Likely Remainers)
Article 43 Only	69 (±9)
System Harmonization Mechanism Only	30 (±10)
Revision Mechanism Only	26 (±9)
Bulk Mailing Option Only	39 (±9)

As Table 12 indicates, the Article 43 provisions are perceived to be the most effective deterrent to ABA remail; 69% of the mailers indicating they would be likely to remail perceive this restriction to be a “strong deterrent that hardly any mailers would attempt to circumvent.” Further, as Table 13 indicates, the number of mailers indicating that they would be “highly likely” to remail with Article 43 in place (and strictly enforced) is substantially reduced.**

Table 13
Effect of UPU Provisions on Remail Propensity Among Likely Remainers***

UPU Provision	Portion of Likely Remainers that would Remain Highly Likely to Engage in Remail in 5-Year Time Horizon with the Indicated Provisions in Place (%)		
	First-Class	Standard A	Periodicals
Article 43 Only	21	12	7
System Harmonization Mechanism Only	47	27	41
Revision Mechanism Only	45	39	28
Bulk Mailing Option Only	33	15	12
Combined Harmonization Provision, Revision Mechanism, and Bulk Mailing Option	34	14	11

Of the three other provisions, the bulk mailing option is perceived to be the strongest, however, each of these three UPU provisions are perceived to function as strong deterrents by less than half of mailers; the majority of mailers believe that some companies would attempt to circumvent them. More importantly, as indicated in the qualitative interviews, they wonder how these restrictions could be enforced. The harmonization mechanism and revision mechanism are viewed as being particularly ineffective. Between one-third and one-half of likely remailers indicated that they would still be highly likely to engage in remail, even with these prohibitions in place and strictly enforced.

* Among mailers indicating they would be at least 50% likely to send remail for that specific class of mail in the 5-year time horizon.

** Based on the brief description of the statute provided in the survey.

*** Among mailers indicating they would be at least 50% likely to send remail for that specific class of mail in the 5-year time horizon. (Responses predicated on stringent enforcement of the provisions.)

Appendices

- A. Screening Form**
- B. Questionnaire**
- C. Technical Documentation**
- D. Data Tabulations**

NOTE: ALL INSTRUCTIONS TO INTERVIEWERS AND PROGRAMMERS APPEAR IN CAPITAL LETTERS AND BOLD-FACED TEXT. ALSO, RESPONSES THAT APPEAR IN CAPITAL LETTERS ARE NOT TO BE READ TO RESPONDENTS.

Time Screening Began: _____	AM	1
	PM	2
Time Screening Ended: _____	AM	1
	PM	2

Date: _____

Location ID#: _____ Telephone #: _____

Establishment Name: _____

Interviewer Name: _____ Int. ID#: _____

ASK TO SPEAK TO THE MANAGER WHO DECIDES MAILING POLICIES AND VENDORS FOR THE ORGANIZATION'S (PRIMARY MAIL CLASS)

IF BUSINESS LOCATION IS CLASSIFIED AS...	PRIMARY MAIL CLASS IS...
A	First-Class Mail
B	Standard A Mail
C	Periodicals Mail
AB	First-Class (Standard A is secondary)
BA	Standard A (First-Class is secondary)
AC	First-Class (Periodicals is secondary)
CA	Periodicals (First-Class is secondary)
BC	Standard A (Periodicals is secondary)
CB	Periodicals (Standard A is secondary)
ABC	First-Class (Standard A and Periodicals are secondary)
BAC	Standard A (First-Class and Periodicals are secondary)
CAB	Periodicals (First-Class and Standard A are secondary)

ASK TO SPEAK TO THE MANAGER WHO DECIDES MAILING POLICIES AND VENDORS FOR THE ORGANIZATION’S PRIMARY MAIL CLASS (SUCH AS WHETHER TO PRODUCE MAIL PIECES IN HOUSE OR OUTSOURCE THE PRODUCTION, WHAT CARRIERS OR MAIL SERVICES TO USE FOR BULK MAILINGS, ETC.)

POSSIBLE TITLES INCLUDE DIRECTOR/VP OPERATIONS, OPERATIONS MANAGER, CONTROLLER, TRAFFIC MANAGER, PRODUCTION MANAGER, DISTRIBUTION MANAGER, LOGISTICS MANAGER, VP OF MARKETING

IF NECESSARY, SAY: We are conducting a landmark research study being sponsored by several government agencies, including the U.S. Postal Service regarding mail preparation and delivery options.

WHEN CONNECTED, SAY:

INTRODUCTION: Hello, this is _____, representing National Analysts, a research firm in Philadelphia. We are conducting a landmark research study being sponsored by several government agencies, including the U.S. Postal Service regarding mail preparation and delivery options. The actual interview will be conducted later, but we would like to ask you a few questions to see *who* in your organization should be interviewed. This will take just a few minutes.

IF NECESSARY: Your organization has been selected to participate in an important national survey. Your answers will remain confidential. This is not a sales or marketing call.

S.1A. First of all, I would like to confirm that I have reached **(ORGANIZATION FROM SAMPLE FILE)** that does business at **(ADDRESS FROM SAMPLE FILE)**. Is that correct?

SKIP TO Q.S.2D	Yes, or minor change	1
ASK Q.S.1B	Same organization, different address	2
SKIP TO Q.S1C	Different organization, same address	3
TERMINATE	Different organization name & address	4
	REFUSED	9

S.1B. Did (ORGANIZATION FROM SAMPLE FILE) ever do business at (ADDRESS FROM SAMPLE FILE)?

SKIP TO Q.S2D	YES	1
	NO	2
TERMINATE	DK	8
	REFUSED	9

S.1C. Was this business ever called (ORGANIZATION NAME FROM SAMPLE FILE)?

CONTINUE	YES	1
	NO	2
TERMINATE	DK	8
	REFUSED	9

S2D. Does the mail your location sends out **primarily** belong to...

(SKIP TO S3)	Your location,	1
(SKIP TO S3)	Another location of your company, or	2
(CONTINUE)	Some other company or companies?	3
(CONTINUE)	DK (DO NOT READ)	8
(CONTINUE)	REFUSED (DO NOT READ)	9

S2E. Is your company's **primary** business to provide mailing services for other organizations? In other words, is your company a mail house, messenger service, courier service, or mail delivery service?

(THANK AND TERMINATE)	Yes	1
(CONTINUE)	No	2

S.3. Does your organization have more than one location where it conducts business in the United States?

YES	1
NO	2
DK	8
REFUSED	9

Pieces Primary Mail Class

S.4A. **(ASK IF A, AB, AC, ABC)** Approximately how many pieces of **First-Class Mail**, including cards, letters, and flats that weigh 13 oz. or less, did **(IF Q. S3 = 1, 8, 9 THEN SAY this location of)** your organization send during the past 12 months?

RECORD ANSWER _____ pieces

S.4B. **(ASK IF B, BA, BC, BAC)** Approximately how many pieces of **Standard A Mail** weighing less than 16 oz., including Enhanced Carrier Route (ECR) and non-profit Standard Mail, did **(IF Q. S3 = 1, 8, 9 THEN SAY this location of)** your organization send during the past 12 months?

RECORD ANSWER _____ pieces

S.4C. **(ASK IF C, CA, CB, CAB)** Approximately how many pieces of **Periodicals Mail** did **(IF Q. S3 = 1, 8, 9 THEN SAY this location of)** your organization send during the past 12 months?

RECORD ANSWER _____ pieces

Pieces Secondary Mail Classes

S.5A. **(ASK IF BA, CA, BAC, CAB)** Approximately how many pieces of **First-Class Mail**, including cards, letters, and flats that weigh 13 oz. or less, did **(IF Q. S3 = 1, 8, 9 THEN SAY this location of)** your organization send during the past 12 months?

RECORD ANSWER _____ pieces

S.5B. **(ASK IF AB, CB, ABC, CAB)** Approximately how many pieces of **Standard A Mail** weighing less than 16 oz., including Enhanced Carrier Route (ECR) and non-profit Standard Mail, did **(IF Q. S3 = 1, 8, 9 THEN SAY this location of)** your organization send during the past 12 months?

RECORD ANSWER _____ pieces

S.5C. (ASK IF AC, BC, ABC, BAC) Approximately how many pieces of **Periodicals Mail** did (IF Q. S3 = 1, 8, 9 THEN SAY this location of) your organization send during the past 12 months?

RECORD ANSWER _____ pieces

Responsibility

S.6-1A. (ASK IF A, AB, AC, BA, CA, ABC, BAC, CAB AND NUMBER OF FIRST-CLASS PIECES > 0 IN S.4A OR S.5A) Are you the person most responsible for *making decisions* about each of the following with regard to (IF Q. S3 = 1, 8, 9 THEN SAY this location of) your organization’s **First-Class Mail**, including cards, letters, and flats that weigh 13 oz. or less? (READ LIST)

	YES	NO	DK	REF
Whether to <i>produce</i> mail pieces in-house or to outsource production to a vendor?	1	2	8	9
Whether to <i>prepare</i> bulk mailings in-house or to outsource preparation to a vendor?	1	2	8	9
What vendors to use when mail piece production or preparation is outsourced?	1	2	8	9
What, if any, type of work sharing to perform in order to obtain discounts from the Postal Service?	1	2	8	9
What carriers or mail services to use for bulk mailings?	1	2	8	9
How to coordinate international bulk mailings?	1	2	8	9

SKIP REST OF ITEMS ONCE TWO ITEMS HAVE BEEN ANSWERED CODE 1. IF FEWER THAN 2 = CODE 1, SKIP TO NEXT MAIL CLASS

S.6-2A. Approximately what percentage of the **First-Class Mail**, including cards, letters, and flats that weigh 13 oz. or less, sent by (IF Q. S3 = 1, 8, 9 THEN SAY this location of) your organization falls within your job responsibilities? (RECORD ANSWER)

_____ percent

S.6-3A. (ASK IF 6-2A < 50%) Is there someone else who is responsible for making decisions about a larger percentage of the **First-Class Mail** sent by (IF Q. S3 = 1, 8, 9 THEN SAY this location of) your organization?

SKIP TO S7B AND THEN CONTINUE WITH S6-1 FOR NEXT MAIL CLASS CONTINUE	YES	1
	NO	2
	DK	8
	REFUSED	9

S.6-1B. (ASK IF B, AB, CB, BA, BC, ABC, BAC, CAB AND NUMBER OF STANDARD A PIECES > 0 IN S.4B OR S.5B) Are you the person most responsible for *making decisions* about each of the following with regard to (IF Q. S3 = 1, 8, 9 THEN SAY this location of) your organization's **Standard A Mail** weighing less than 16 oz., including ECR and non-profit Standard Mail? (READ LIST)

	YES	NO	DK	REF
Whether to <i>produce</i> mail pieces in-house or to outsource production to a vendor?	1	2	8	9
Whether to <i>prepare</i> bulk mailings in-house or to outsource preparation to a vendor?	1	2	8	9
What vendors to use when mail piece production or preparation is outsourced?	1	2	8	9
What, if any, type of work sharing to perform in order to obtain discounts from the Postal Service?	1	2	8	9
What carriers or mail services to use for bulk mailings?	1	2	8	9
How to coordinate international bulk mailings?	1	2	8	9

SKIP REST OF ITEMS ONCE TWO ITEMS HAVE BEEN ANSWERED CODE 1. IF FEWER THAN 2 = CODE 1, SKIP TO NEXT MAIL CLASS

S.6-2B. Approximately what percentage of the **Standard A Mail** weighing less than 16 oz., including ECR and non-profit Standard Mail, sent by (IF Q. S3 = 1, 8, 9 THEN SAY this location of) your organization falls within your job responsibilities? (RECORD ANSWER)

_____ percent

S.6-3B. (ASK IF 6-2B < 50%) Is there someone else who is responsible for making decisions about a larger percentage of the **Standard A Mail** weighing less than 16 oz. sent by (IF Q. S3 = 1, 8, 9 THEN SAY this location of) your organization?

SKIP TO S7B AND THEN CONTINUE WITH S6-1 FOR NEXT MAIL CLASS CONTINUE	YES	1
	NO	2
	DK	8
	REFUSED	9

S.6-1C. (ASK IF C, AC, CA, CB, BC, ABC, BAC, CAB AND NUMBER OF PERIODICALS MAIL PIECES > 0 IN S.4C OR S.5C) Are you the person most responsible for *making decisions* about each of the following with regard to (IF Q. S3 = 1, 8, 9 THEN SAY this location of) your organization's **Periodicals Mail**? (READ LIST)

	YES	NO	DK	REF
Whether to <i>produce</i> mail pieces in-house or to outsource production to a vendor?	1	2	8	9
Whether to <i>prepare</i> bulk mailings in-house or to outsource preparation to a vendor?	1	2	8	9
What vendors to use when mail piece production or preparation is outsourced?	1	2	8	9
What, if any, type of work sharing to perform in order to obtain discounts from the Postal Service?	1	2	8	9
What carriers or mail services to use for bulk mailings?	1	2	8	9
How to coordinate international bulk mailings?	1	2	8	9

SKIP REST OF ITEMS ONCE TWO ITEMS HAVE BEEN ANSWERED CODE 1. IF FEWER THAN 2 = CODE 1, SKIP TO INSTRUCTIONS BELOW Q.6-3C

S.6-2C. Approximately what percentage of the **Periodicals Mail** sent by (IF Q. S3 = 1, 8, 9 THEN SAY this location of) your organization falls within your job responsibilities? (RECORD ANSWER)

_____ percent

S.6-3C. (ASK IF 6-2C < 50%) Is there someone else who is responsible for making decisions about a larger percentage of the **Periodicals Mail** sent by (IF Q. S3 = 1, 8, 9 THEN SAY this location of) your organization?

SKIP TO S7B CONTINUE	YES	1
	NO	2
	DK	8
	REFUSED	9

A RESPONDENT IS CONSIDERED TO BE A DECISION-MAKER FOR A MAIL CLASS IF S6-1 IS "YES" FOR AT LEAST TWO ITEMS AND (S6-2 > = 50% OR S6-3 IS NO)

FOR SINGLE MAIL CLASS STRATA (A,B,C):

- IF RESPONDENT IS THE DECISION-MAKER AND S4 > = 300,000 FOR CORRESPONDING MAIL CLASS ASSIGN TO THAT MAIL CLASS AND SKIP TO S8.
- IF RESPONDENT IS THE DECISION-MAKER AND S4 < 300,000 FOR CORRESPONDING MAIL CLASS, ASK IF THERE IS ANOTHER LOCATION OF THE COMPANY THAT SENDS 300,000 OR MORE FOR THE CORRESPONDING MAIL CLASS. IF SO, COLLECT THE CONTACT NAME AND TELEPHONE NUMBER. DO NOT CONTACT THE REFERRAL.
- IF RESPONDENT IS NOT THE DECISION-MAKER AND S7B WAS NOT ASKED ALREADY ASK S7A & S7B AND REPEAT SCREENER WITH REFERRAL.

FOR ALL OTHER (MULTIPLE) STRATA:

- IF RESPONDENT IS THE DECISION-MAKER AND (S4 > = 300,000 AND S5 > 300,000 FOR ALL MAIL CLASSES ASKED) ASSIGN TO THOSE MAIL CLASSES AND SKIP TO S8.
- IF RESPONDENT IS THE DECISION-MAKER AND (S4 < 300,000 AND S5 < 300,000 FOR ALL MAIL CLASSES ASKED), ASK IF THERE IS ANOTHER LOCATION OF THE COMPANY THAT SENDS 300,000 OR MORE FOR THE CORRESPONDING MAIL CLASS. IF SO, COLLECT THE CONTACT NAME AND TELEPHONE NUMBER. DO NOT CONTACT THE REFERRAL.
- IF RESPONDENT IS THE DECISION-MAKER AND (S4 > = 300,000 OR S5 > 300,000 FOR SOME MAIL CLASSES ASKED) ASSIGN TO THOSE MAIL CLASSES. ASK S7A AND S7B FOR ANY MAIL CLASSES WHERE RESPONDENT IS NOT THE DECISION-MAKER AND (S4 OR S5 > = 300,000) AND S7B WAS NOT ALREADY ASKED THEN PROCEED WITH S8 (DO NOT CONTACT REFERRAL).
- IF RESPONDENT IS NOT THE DECISION-MAKER FOR ALL MAIL CLASSES ASKED, ASK S7A AND S7B FOR THOSE MAIL CLASSES WHERE RESPONDENT IS NOT THE DECISION-MAKER AND S7B WAS NOT ALREADY ASKED. THEN CONTACT AND REPEAT SCREENER WITH REFERRAL FOR PRIMARY MAIL CLASS.
- IF RESPONDENT IS NOT THE DECISION-MAKER FOR SOME MAIL CLASSES ASKED, AND FOR THE MAIL CLASSES WHERE THE RESPONDENT IS THE DECISION-MAKER S4 AND S5 < 300,000, ASK S7A AND S7B FOR THOSE MAIL CLASSES WHERE THE RESPONDENT IS NOT THE DECISION-MAKER AND S7B WAS NOT ALREADY ASKED. THEN CONTACT AND REPEAT SCREENER WITH REFERRAL FOR PRIMARY MAIL CLASS IF AVAILABLE OR OTHER MAIL CLASS IF PRIMARY IS NOT AVAILABLE.

S.7A. Who is more responsible for making these types of decisions about (IF Q. S3 = 1, 8, 9 THEN SAY this location of) your organization's (MAIL CLASS)?

CONTINUE	YES (there is someone)	1
	NO (there is no one)	2
TERMINATE	DK	8
	REFUSED	9

S.7B. May I have the name, title, and telephone number of this person?

RECORD BELOW	YES	1
	NO	2
TERMINATE	DK	8
	REFUSED	9

Respondent Name: _____ Title: _____

Telephone #: _____

• **NOTE: IF S7B REFERRAL IS AT ANOTHER LOCATION, COLLECT REFERRAL AND CONTACT THE REFERRAL AT THE OTHER LOCATION.**

S.8 Do you have access to the Internet?

TERMINATE	YES	1
	NO	2
	DK	8
	REFUSED	9

S.9. As I mentioned earlier, the purpose of our study is to understand your current mailing practices and to evaluate new delivery options. This is an important study that will help plan for the future of the mailing industry. The questionnaire can be completed at your convenience by logging onto our website. It will take approximately 35 to 45 minutes to complete. If you complete the interview by Thursday, August 2nd, you will receive a \$50 honorarium for your participation.

CONTINUE	YES	1
REFUSED INTERVIEW	NO	2

S.10A. We will send you instructions for logging onto our website via e-mail or fax. Which would you prefer?

ASK Q.S10B	e-mail	1
SKIP TO Q.S10C	Fax	2

S.10B What is your e-mail address so that I can send you these materials?

RECORD AND VERIFY _____

CONTINUE

S.10C. (IF S10A=1, ADD: Just in case there is a problem with the e-mail,) What is your fax number so that I can send you these materials?

RECORD AND VERIFY (____) _____

CONCLUSION: You will receive instructions for logging onto our interview within the next couple of days. Thank you.

Article 43 Quantitative Survey

-- Final Questionnaire --

U.S. Postal Service/U.S. State Department/Postal Rate Commission

July, 2001



NATIONAL ANALYSTS
RESEARCH & CONSULTING

PROPRIETARY INFORMATION

Not for use or disclosure except under written agreement

©2001 National Analysts, Inc.

An unpublished work

All rights reserved

Thank you for accessing our survey website.

This survey is strictly for research purposes. You will not be asked to buy anything, nor will you be contacted by a salesperson as a result of participating in this survey. If you qualify (which will be determined in the first few minutes) and then complete the survey, we will send you a check for \$25 as a thank-you after you have completed the survey. The survey will take about 35 minutes to complete, and we think you will find it interesting and informative. We will be asking you about both your behaviors and opinions.

Note that clicking the "Forward" button will advance you to the next screen (this may take a few seconds). The "Back" button allows you to go back to a previous question and allows you to change your answers if you want. The "Stop" button allows you to stop the survey, so that you may complete it at a later time. You may stop and start as often as you wish, and the program will keep track of the answers you already provided. You will need to use your login ID and password to re-enter the program.



On some screens, you may need to scroll down or to the right to read all of the text. Note: You will not be able to move forward to the next screen until you have answered the questions on the current screen.

Most screens, like this one, will contain specific instructions typed in GREEN. Please remember to read the GREEN instructions carefully before proceeding to the next screen.

If you forget to read the instructions in GREEN, and you make a mistake, an ERROR message will appear on in red at the top of the screen. For example, if you enter a 7, when you were asked to enter a number from 1 to 6, an error message will appear instructing you to change your answer. Don't worry if you make a mistake. Just correct your answer and click on Forward again.

In addition, if you provide an answer that seems like it might be a mistake, a WARNING BOX will appear on the screen. After you read the warning, if you are sure that your answer is correct, just "CLICK" on the "OK" button to go forward to the next screen. "CLICK" on the "Cancel" button to stay on that screen and change your answer.

If at any time you are unsure how the survey is defining a term, you may click on the Glossary button to view a glossary of terms.

In addition, if you have any problems going through the survey, please call 1-800-342-9102 and ask for Kim Cameron. You may click on the Glossary button to view this phone number at any point in the survey.

Section 1. Demographics/Firmographics

A. Are you the person most responsible for *making decisions* about each of the following with regard to the [INSERT mail class(es) based on respondent ID] of this location of your organization?

	<i>(Select All That Apply)</i>
Whether to <i>produce</i> mail pieces in-house or to outsource production to a vendor?	<input type="radio"/>
Whether to <i>prepare</i> bulk mailings in-house or to outsource preparation to a vendor?	<input type="radio"/>
What vendors to use when mail piece production or preparation is outsourced?	<input type="radio"/>
What, if any, type of work sharing to perform in order to obtain discounts from the Postal Service?	<input type="radio"/>
What carriers or mail services to use for bulk mailings?	<input type="radio"/>
How to coordinate international bulk mailings?	<input type="radio"/>
None of these	<input type="radio"/>

1-1. In total, how many **locations** does your company or organization have?

	<i>(Select One)</i>
1 location	<input type="radio"/>
2-5 locations	<input type="radio"/>
6-10 locations	<input type="radio"/>
11-25 locations	<input type="radio"/>
More than 25 locations	<input type="radio"/>

1-2a. Are your organization's locations distributed locally, regionally, or nationally?

	<i>(Select One)</i>
Locally (all are within the same metropolitan area)	<input type="radio"/>
Regionally (all are within a 400 mile radius within the U.S.)	<input type="radio"/>
Nationally	<input type="radio"/>

1-2b. Does your organization have any locations outside of the United States?

(Select One)

Yes	<input type="radio"/>
No	<input type="radio"/>

1-3. Is your work location your organization’s headquarters, a branch facility, or something else?

(Select One)

Headquarters	<input type="radio"/>
Branch facility	<input type="radio"/>
Something else	<input type="radio"/>

1-4. Is your organization’s headquarters based in the U.S. or some other country?

(Select One)

U.S.	<input type="radio"/>
Other country	<input type="radio"/>

1-4a. In which country is your organization’s headquarters?

	(Select One)		(Select One)
Andorra	<input type="radio"/>	Italy	<input type="radio"/>
Australia	<input type="radio"/>	Japan	<input type="radio"/>
Austria	<input type="radio"/>	Liechtenstein	<input type="radio"/>
Belgium	<input type="radio"/>	Luxembourg	<input type="radio"/>
Canada	<input type="radio"/>	Mexico	<input type="radio"/>
Denmark	<input type="radio"/>	Monaco	<input type="radio"/>
Finland	<input type="radio"/>	New Zealand	<input type="radio"/>
France	<input type="radio"/>	Netherlands	<input type="radio"/>
Germany	<input type="radio"/>	Norway	<input type="radio"/>
Great Britain	<input type="radio"/>	Portugal	<input type="radio"/>
Greece	<input type="radio"/>	San Marino	<input type="radio"/>
Iceland	<input type="radio"/>	Spain	<input type="radio"/>
Ireland	<input type="radio"/>	Sweden	<input type="radio"/>
Israel	<input type="radio"/>	Switzerland	<input type="radio"/>

1-5. Approximately how many full-time or full-time equivalent employees (FTEs) (i.e., employees working 36 hours a week or more) are **employed at your work location**?

(Select One)

1-4	<input type="radio"/>
5-9	<input type="radio"/>
10-19	<input type="radio"/>
20-49	<input type="radio"/>
50-99	<input type="radio"/>
100-249	<input type="radio"/>
250-499	<input type="radio"/>
500-749	<input type="radio"/>
750-999	<input type="radio"/>
1000 or more	<input type="radio"/>

1-6. Approximately how many full-time or full-time equivalent employees (FTEs) are employed by **your organization, in total** (including all locations)?

(Select One)

1-4	<input type="radio"/>
5-9	<input type="radio"/>
10-19	<input type="radio"/>
20-49	<input type="radio"/>
50-99	<input type="radio"/>
100-249	<input type="radio"/>
250-499	<input type="radio"/>
500-749	<input type="radio"/>
750-999	<input type="radio"/>
1000 or more	<input type="radio"/>

1-7. Which of the following best describes the principal business or industry conducted by **(IF Q.1-1 NOT=1, THEN INSERT “this location of”)** your organization?

(If more than one applies, select the primary industry).

	<i>(Select One)</i>
Agriculture, Forestry, Wildlife, or Mining	<input type="radio"/>
Banking	<input type="radio"/>
Brokerage	<input type="radio"/>
Business & Professional Services Including Computer or Data Processing Services & Services to Other Businesses	<input type="radio"/>
Construction	<input type="radio"/>
Education	<input type="radio"/>
Hospitality/Entertainment/Tourism/Amusement/Recreation	<input type="radio"/>
Insurance	<input type="radio"/>
Mail Order	<input type="radio"/>
Manufacturing	<input type="radio"/>
Membership Services Including Associations or Religious Organizations	<input type="radio"/>
Personal Services Including Health & Social Services	<input type="radio"/>
Printing Only	<input type="radio"/>
Printing and Publishing	<input type="radio"/>
Publishing Only	<input type="radio"/>
Public Administration or Government	<input type="radio"/>
Real Estate	<input type="radio"/>
Retail Trade	<input type="radio"/>
Telecommunications	<input type="radio"/>
Transportation	<input type="radio"/>
Utilities	<input type="radio"/>
Wholesale Trade	<input type="radio"/>
Other	<input type="radio"/>

Section 2. Current Mailing Behaviors

2-1a In the past 12 months, approximately how many pieces of each of the following types of mail has **(IF Q.1-1 NOT= ROW 1, THEN INSERT “this location of”)** your organization sent in **BULK/LARGE MAILINGS** via the U.S. Postal Service, either directly or using a consolidator/wholesaler or presort/letter shop, to destinations within the United States?

(NOTE: PLEASE INCLUDE ONLY THE NUMBER OF PIECES THAT WERE PART OF LARGE-SCALE SHIPMENTS. ALSO, PLEASE INCLUDE ONLY THE MAILINGS YOU SENT ON BEHALF OF YOUR OWN WORK LOCATION. DO NOT INCLUDE MAILINGS YOU SENT ON BEHALF OF ANOTHER LOCATION OF YOUR ORGANIZATION OR ANOTHER COMPANY (I.E., IF YOU ACTED AS A CONSOLIDATOR OR MAILER OF MAIL ON BEHALF OF OTHER COMPANIES.)

Please enter your response as a number with no commas or letters (e.g., ten million should be entered as **10000000** – NOT 10 million or 10,000,000)

Enter a number in each box

	# of Mail Pieces Sent via the U.S. Postal Service in Large Volume (i.e., Multiple Pieces) During Past 12 Months
First-Class Mail (e.g., transactional mailings including cards, letters, and flats that weigh 13 oz. or less) (Do not include Priority Mail.)	_____
STANDARD A MAIL (WEIGHING LESS THAN 16 OZ., INCLUDING ECR AND NON-PROFIT STANDARD MAIL)	_____
Periodicals Rate Mail	_____

2-1b1 Approximately how many of these mail pieces sent by (IF Q.1-1 NOT=1, THEN INSERT “this location of”) your organization during the past 12 months for destinations within the United States *did you have responsibility for*?

Please enter your response as a number with no commas or letters (e.g., ten million should be entered as **10000000** – NOT 10 million or 10,000,000)

Enter a number in each box

	Total Pieces	Total Number of pieces you had responsibility for in past 12 months
FIRST-CLASS MAIL (INCLUDING CARDS, LETTERS, AND FLATS) THAT WEIGH 13 OZ. OR LESS) (DO NOT INCLUDE PRIORITY MAIL)	(Insert from 2-1a, row 1)	_____
Standard A Mail (weighing less than 16 oz., including ECR and non-profit Standard Mail)	(Insert from 2-1a, row 2)	_____
Periodicals Rate Mail	(Insert from 2-1a, row 3)	_____

2-1B2 IN ADDITION, DID YOU SEND ANY LARGE VOLUME MAILINGS TO RECIPIENTS IN THE U.S., SIMILAR TO THOSE YOU SENT VIA THE U.S. POSTAL SERVICE, WHICH WERE SENT VIA ANOTHER CARRIER AND WHICH BORE A FOREIGN POSTMARK OR INDICIA? IF SO, PLEASE ENTER THE NUMBER OF THESE ADDITIONAL PIECES IN THE SPACE BELOW. IF NOT, ENTER “ZERO” IN THE SPACE BELOW.

	Total number of pieces sent to U.S. via another carrier and with a foreign postmark
MAIL PIECES SIMILAR TO FIRST-CLASS MAIL (INCLUDING CARDS, LETTERS, AND FLATS) THAT WEIGH 13 OZ. OR LESS, SENT VIA ANOTHER CARRIER AND BEARING A FOREIGN POSTMARK	_____
Mail pieces similar to Standard A Mail (weighing less than 16 oz., including ECR and non-profit Standard Mail), sent via another carrier and bearing a foreign postmark	_____
Mail pieces similar to Periodicals Rate Mail, sent via another carrier and bearing a foreign postmark	_____

2-1C FOR THOSE PIECES THAT HAD A FOREIGN POSTMARK, DID YOU PAY ANY ADDITIONAL FEES OTHER THAN POSTAGE?

(Select One)

Yes	<input type="radio"/>
No	<input type="radio"/>

2-1d During the past 12 months, did (IF Q.1-1 NOT=1, THEN INSERT “this location of”) your organization hold a permit or permits with the U.S. Postal Service for each of the following mail classes?

Select an answer for each row

	Yes	No
First-Class Mail	<input type="radio"/>	<input type="radio"/>
Standard A Mail	<input type="radio"/>	<input type="radio"/>
Periodicals Rate Mail	<input type="radio"/>	<input type="radio"/>

2-1e For approximately how many of the pieces that you were responsible for during the past 12 months was postage (IF ANY Q.2-1d = YES “charged to your organization’s permit,”) charged to a consolidator’s, wholesaler’s, presort house’s or some other third party’s permit, or paid in some other way?

Enter a number in each box

	Total Number of pieces you had responsibility for in past 12 months	Your Organization’s Permit	A Third Party’s Permit	Some Other Form of Payment
First-Class Mail	INSERT From Q2-1b1 Column 2, Row 1	_____	_____	_____
Standard A Mail	INSERT From Q2-1b1 Column 2, Row 2	_____	_____	_____
Periodicals Rate Mail	INSERT From Q2-1b1 Column 2, Row 3	_____	_____	_____

2-2a Of the (INSERT # FROM Q.2-1b1, Col 2, row 1) First-Class Mail pieces sent by (IF Q.1-1 NOT=1, THEN INSERT “this location of”) your organization that you were responsible for, approximately how many were flats or small packages, and how many were cards or letters?

Enter a number in each box.

Total First-Class Mail pieces you were responsible for	From 2-1b1, Col 2, row 1
Flats or packages weighing 13 oz. or less	_____
Cards or letters weighing 13 oz. or less	_____

2-2b Of the **(INSERT # FROM Q.2-1b1, Col 2, row 1)** First-Class Mail pieces you were responsible for, approximately how many were transactional mail pieces, such as bills, forms and payments in the shape of cards and letters? How many were advertising/promotional pieces? How many were catalogs or publications? How many were some other type of First-Class mail piece?

Enter a number in each box.

Total First-Class Mail pieces you were responsible for	From 2-1b1, Col 2, row 1
Transactional mail, such as bills, forms and payments in the shape of cards/letters	_____
Advertising/Promotional pieces	_____
Catalogs and Publications	_____
Other	_____

2-2c Of the **(INSERT # FROM Q.2-1b1, Col 2, row 1)** First-Class Mail pieces you were responsible for, approximately how many were sent under each worksharing option?

Enter a number in each box.

Total First-Class Mail pieces you were responsible for	From 2-1b1, row 1
No worksharing (e.g., <i>no</i> presorting, barcoding, etc.)	_____
Presorted but not qualified for automation rates	_____
Presorted and qualified for automation rates (i.e., barcoded)	_____

2-2d What was the average **Postage Cost** of the First-Class Mail pieces that you sent in large mailings using the U.S. Postal Service during the past 12 months? ***Do not include mail production or preparation costs.***

You may specify these amounts using dollars and cents if necessary (e.g., \$1.14)

Enter a number in each box

Average Postage Cost <i>per piece</i> for flats and packages	\$ _____
Average Postage Cost <i>per piece</i> for cards and letters	\$ _____

2-2d1 What were the average **Postage Cost** (IF Q2-1c = YES, INSERT “and any additional fees other than postage”) for the First-Class Mail pieces that you sent during the past 12 months that bore a **foreign postmark or indicia**? *Do not include mail production or preparation costs.*

You may specify these amounts using dollars and cents if necessary (e.g., \$1.14). Enter a number in each box. If this question is not applicable to you, please leave it blank.

	Postage	Additional Fees
Average Cost <i>per piece</i> for flats and small packages	\$ _____	\$ _____
Average Cost <i>per piece</i> for cards and letters	\$ _____	\$ _____

2-2ef Approximately what percentage of the (INSERT # FROM Q.2-1b1, Col 2, row 1) First-Class Mail pieces that you were responsible for during the past 12 months were...

Please do not use decimals when typing percents.

Enter a number in each box

... <i>printed or produced</i> externally (i.e., at a print shop, etc.)?	_____ %
... <i>prepared</i> (i.e., stuffed, labeled, sorted, etc.) by an external company (e.g. a letter shop, etc.)?	_____ %

2-2g What was the **Production and Preparation Cost** for ALL of the *First-Class Mail flats and packages* that you sent during the last 12 months (including BOTH those pieces that were produced/prepared internally and those that were produced/prepared externally)? Please enter either the *Average Per Piece Cost* you incurred or the *Total Cost* you incurred in the table below. Then indicate which type of cost you are reporting by selecting either “Average Per Piece Cost” or “Total Cost”.

If you don’t know, please enter your best estimate. *You may specify these amounts using dollars and cents if reporting Average Per Piece Cost (e.g., \$1.14). However, if you report the Total Cost, please only specify dollars (e.g., \$126000)*

**Production and Preparation Costs
First-Class Flats and Packages**

Cost	Type of Cost
\$ _____	<input type="radio"/> Average Per Piece Cost <input type="radio"/> Total Cost

2-2i What was the **Production and Preparation Cost** for ALL of the *First-Class Mail cards and letters* that you sent during the last 12 months (including BOTH those pieces that were produced/prepared internally and those that were produced/prepared externally)? Please enter either the *Average Per Piece Cost* you incurred or the *Total Cost* you incurred in the table below. Then indicate which type of cost you are reporting by selecting either “Average Per Piece Cost” or “Total Cost”.

If you don't know, please enter your best estimate. *You may specify these amounts using dollars and cents if reporting Average Per Piece Cost (e.g., \$1.14). However, if you report the Total Cost, please only specify dollars (e.g., \$126000)*

Production and Preparation Costs First-Class Cards and Letters	
Cost	Type of Cost
\$ _____	<input type="radio"/> Average Per Piece Cost <input type="radio"/> Total Cost

2-2j Were these (INSERT # FROM Q.2-1b1, Col 2, row 1) First-Class Mail pieces primarily sent within your city, within your state (but outside your city), or outside your state?

(Select one)

Primarily within city	<input type="radio"/>
Primarily outside of city, but within state	<input type="radio"/>
Primarily outside of state	<input type="radio"/>

2-2k Approximately how many days, on average, does it take from the time your First-Class Mail pieces are produced and ready for mailing until they reach their intended recipients? How much variability do you experience around this average level?

	<i>Average Number of Days from Completed Production to Delivery of First-Class Mail Pieces</i>	<i>Typical Variability Around Average Number of Days Experienced for First-Class Mail Delivery</i>
Estimated delivery time	_____ days	+/- _____ days

2-3a Of the **(INSERT # FROM Q.2-1b1, row 2)** Standard A Mail pieces sent by **(IF Q.1-1 NOT=1, THEN INSERT “this location of”)** your organization that you were responsible for, approximately how many were flats and packages, and how many were card and letters?

Enter a number in each box.

Total Standard A mail pieces you were responsible for	From 2-1b1, Col 2, row 2
Flats and packages weighing less than 16 oz.	_____
Cards and letters weighing less than 16 oz.	_____

2-3b Of the **(INSERT # FROM Q.2-1b1, row 2)** Standard A pieces you were responsible for, approximately how many were advertising/promotional pieces? How many were catalogs or publications? How many were some other type of Standard A mail piece?

Enter a number in each box.

Total Standard A mail pieces you were responsible for	From 2-1b1, Col 2, row 2
Advertisements/Promotions	_____
Catalogs and Publications	_____
Other (e.g., product samples)	_____

2-3c Of the **(INSERT # FROM Q.2-1b1, row 2)** Standard A Mail pieces you were responsible for, approximately how many were sent under each worksharing option?

Enter a number in each box.

Total Standard A Mail pieces you were responsible for	From 2-1b1, Col 2, row 2
No worksharing (e.g., <i>no</i> presorting, barcoding, etc.)	_____
Presorted but not qualified for automation rates	_____
Presorted and qualified for automation rates (i.e. barcoded)	_____

2-3d Of the **(INSERT # FROM Q.2-1b1, Col 2, row 2)** Standard A Mail pieces you were responsible for, on what percentage did you receive a destination entry discount for entry at a Destination Bulk Mail Center (DBMC), Destination Sectional Facility (DSCF), or Destination Delivery Unit (DDU)?

Percent of Standard A Mail pieces obtaining entry discount (for DBMC, DSFC, DDU, etc.)	_____%
--	--------

2-3f What was the average **Postage Cost** of the Standard A Mail pieces that you sent in large mailings using the U.S. Postal Service during the past 12 months? *Do not include mail production or preparation costs.*

You may specify these amounts using dollars and cents if necessary (e.g., \$1.14)

Enter a number in each box.

Average Postage Cost <i>per piece</i> for flats and packages	\$ _____
Average Postage Cost <i>per piece</i> for cards and letters	\$ _____

2-3f1 What were the average **Postage Cost (IF Q2-1c = YES, INSERT “and any additional fees other than postage”)** for the Standard A Mail pieces that you sent during the past 12 months that bore a **foreign postmark or indicia**? *Do not include mail production or preparation costs.*

You may specify these amounts using dollars and cents if necessary (e.g., \$1.14). Enter a number in each box. If this question is not applicable to you, please leave it blank.

	Postage	Additional Fees
Average Cost <i>per piece</i> for flats and small packages	\$ _____	\$ _____
Average Cost <i>per piece</i> for cards and letters	\$ _____	\$ _____

2-3g Approximately what percentage of the (INSERT # FROM Q.2-1b1, Col 2, row 2) Standard A Mail pieces that you were responsible for during the past 12 months were...

Please do not use decimals when typing percents.

... <i>printed or produced</i> externally (i.e., at a print shop, etc.)?	_____ %
--	---------

... <i>prepared</i> (i.e., stuffed, labeled, sorted, etc.) by an external company (e.g. a letter shop, etc.)?	_____ %
---	---------

2-3i What was the **Production and Preparation Cost** for ALL of the *Standard A Mail flats and packages* that you sent during the last 12 months (including BOTH those pieces that were produced/prepared internally and those that were produced/prepared externally)? Please enter either the *Average Per Piece Cost* you incurred or the *Total Cost* you incurred in the table below. Then indicate which type of cost you are reporting by selecting either “Average Per Piece Cost” or “Total Cost”.

If you don't know, please enter your best estimate. *You may specify these amounts using dollars and cents if reporting Average Per Piece Cost (e.g., \$1.14). However, if you report the Total Cost, please only specify dollars (e.g., \$126000)*

**Production and Preparation Costs
Standard A Flats and Packages**

Cost	Type of Cost
\$ _____	<input type="radio"/> Average Per Piece Cost <input type="radio"/> Total Cost

2-3j What was the **Production and Preparation Cost** for ALL of the *Standard A cards and letters* that you sent during the last 12 months (including BOTH those pieces that were produced/prepared internally and those that were produced/prepared externally)? Please enter either the *Average Per Piece Cost* you incurred or the *Total Cost* you incurred in the table below. Then indicate which type of cost you are reporting by selecting either “Average Per Piece Cost” or “Total Cost”.

If you don't know, please enter your best estimate. *You may specify these amounts using dollars and cents if reporting Average Per Piece Cost (e.g., \$1.14). However, if you report the Total Cost, please only specify dollars (e.g., \$126000)*

**Production and Preparation Costs
First-Class Cards and Letters**

Cost	Type of Cost
\$ _____	<input type="radio"/> Average Per Piece Cost <input type="radio"/> Total Cost

2-3k Were these (INSERT # FROM Q.2-1b1, Col 2, row 2) Standard A Mail pieces primarily sent within your city, within your state (but outside your city), or outside your state?

(Select one)

Primarily within city	<input type="radio"/>
Primarily outside of city, but within state	<input type="radio"/>
Primarily outside of state	<input type="radio"/>

2-3k1 Approximately how many days, on average, does it take from the time your Standard A Mail pieces are produced and ready for mailing until they reach the intended recipients? How much variability do you experience around this average level?

	<i>Average Number of Days from Completed Production to Delivery of Standard A Mail</i>	<i>Typical Variability in the Number of Days Required for Delivery of Standard A Mail</i>
Delivery time	_____ days	+/- _____ days

2-4a Of the (INSERT # FROM Q.2-1b1, Col 2, row 3) Periodicals pieces you were responsible for, approximately how many were sent under each worksharing option?

Enter a number in each box.

Total Periodicals Mail pieces you were responsible for	From 2-1b, Col 2, row 3
No worksharing (e.g., <i>no</i> presorting, barcoding, etc.)	_____
Presorted but not but not qualified for automation rates	_____
Presorted and qualified for automation rates (i.e. barcoded)	_____

2-4b Of the (INSERT # FROM Q.2-1b1, Col 2, row 3) Periodicals Mail pieces you were responsible for, on what percentage did you receive a destination entry discount for entry at a Destination Bulk Mail Center (DBMC), Destination Sectional Facility (DSCF), or Destination Delivery Unit (DDU)?

Percent of Periodicals pieces obtaining entry discount (for DBMC, DSFC, DDU, etc.)	_____%
--	--------

2-4c What was the average **Postage Cost** of the Periodicals Mail pieces that you sent in bulk or large mailings using the U.S. Postal Service during the past 12 months? *Do not include mail production or preparation costs.*

You may specify these amounts using dollars and cents if necessary (e.g., \$1.14)

Enter a number in each box

Average Postage Cost <i>per piece</i>	\$ _____
---------------------------------------	----------

2-4d What were the average **Postage Cost** (IF Q2-1c = YES, INSERT “and any **additional fees** other than postage”) for the Periodicals Mail pieces that you sent during the past 12 months that bore a **foreign postmark or indicia**? *Do not include mail production or preparation costs.*

You may specify these amounts using dollars and cents if necessary (e.g., \$1.14). Enter a number in each box. If this question is not applicable to you, please leave it blank.

	Postage	Additional Fees
Average Cost <i>per piece</i>	\$ _____	\$ _____

2-4ef Approximately what percentage of the (INSERT # FROM Q.2-1b1, Col 2, row 3) Periodicals Mail pieces that you were responsible for were...

Please do not use decimals when typing percents.

... <i>printed or produced</i> externally (i.e., at a print shop, etc.)?	_____ %
... <i>prepared</i> (i.e., stuffed, labeled, sorted, etc.) by an external company (e.g. a letter shop, etc.)?	_____ %

2-4g What was the **Production and Preparation Cost** for ALL of the *Periodicals* mail pieces that you sent during the last 12 months (including BOTH those pieces that were produced/prepared internally and those that were produced/prepared externally)? Please enter either the *Average Per Piece Cost* you incurred or the *Total Cost* you incurred in the table below. Then indicate which type of cost you are reporting by selecting either “Average Per Piece Cost” or “Total Cost”.

If you don't know, please enter your best estimate. You may specify these amounts using dollars and cents if reporting Average Per Piece Cost (e.g., \$1.14). However, if you report the Total Cost, please only specify dollars (e.g., \$126000).

**Production and Preparation Costs
Periodicals Mail**

Cost	Type of Cost
\$ _____	<input type="radio"/> Average Per Piece Cost <input type="radio"/> Total Cost

2-4h Were these (INSERT # FROM Q.2-1b1, Col 2, row 3) Periodicals Mail pieces primarily sent within your city, within your state (but outside your city), or outside your state?

(Select one)

Primarily within city	<input type="radio"/>
Primarily outside of city, but within state	<input type="radio"/>
Primarily outside of state	<input type="radio"/>

2-4i Approximately how many days, on average, does it take from the time your Periodicals Mail pieces are produced and ready for mailing until they reach the intended recipients? How much variability do you experience around this average level?

	<i>Average Number of Days from Completed Production to Delivery of Periodicals Mail</i>	<i>Typical Variability in the Number of Days Required for Delivery of Periodicals Mail</i>
Delivery time	_____ days	+/- _____ days

2-5a Approximately how many total mail pieces did (IF Q.1-1 NOT= ROW 1, THEN INSERT “this location of”) your organization send to **Foreign Destinations** using each of the following mail carriers or services during the past 12 months?

Enter a number in each box.

Airborne	_____
DHL	_____
FedEx	_____
U.S. Postal Service Global Express Mail (EMS)	_____
U.S. Postal Service Global Express Guaranteed (GXG)	_____
U.S. Postal Service Global Priority Mail (GPM)	_____
U.S. Postal Service International Priority Mail (IPA)	_____
U.S. Postal Service International Surface Airlift (ISAL)	_____
UPS	_____
Wholesalers, consolidators and freight forwarders	_____
Foreign Posts	_____
Other	_____

2-5b Of the (INSERT # OF PIECES IN Q 2-5a row 4 through 8) mail pieces that (IF Q.1-1 NOT= ROW 1, THEN INSERT "this location of") your organization sent to **Foreign Destinations** via the U.S. Postal Service in the past 12 months, approximately what percentage were sent to countries included on the list below?

(NOTE: COUNTRIES INCLUDED ON THIS LIST WILL BE REFERRED TO AS "INDUSTRIALIZED COUNTRIES" IN THE REMAINDER OF THIS QUESTIONNAIRE.

Andorra
Australia
Austria
Belgium
Canada
Denmark
Finland
France
Germany
Great Britain
Greece
Iceland
Ireland
Israel
Italy
Japan
Liechtenstein
Luxembourg
Monaco
New Zealand
Netherlands
Norway
Portugal
San Marino
Spain
Sweden
Switzerland
Vatican

Percent of <i>foreign destination mailings</i> sent via the U.S. Postal Service to the industrialized countries listed above	_____ %
--	---------

**PLEASE CAREFULLY READ THE FOLLOWING DESCRIPTION OF AN
ALTERNATE MAILING OPTION FOR SENDING DOMESTIC MAILINGS**

ALTERNATE MAILING OPTION FOR SENDING YOUR DOMESTIC MAIL

In the future, new options for **bulk mailings** at a reduced cost may become more widely available. Under these new options, domestic mail could either be first routed overseas and then sent back to recipients in the U.S., or could be produced in foreign countries and then sent to recipients in the U.S.

Your overall mailing costs might be reduced, despite potentially higher transportation costs, due to potentially lower production costs and lower postage rates on in-bound mail from these foreign countries (e.g., Costa Rica, the Cayman Islands, Mexico). For those corporations who are not able to set up their own mail production facilities in these foreign countries, the logistics of transporting domestic mail overseas for return to the U.S., or coordinating mail printing and production in these foreign countries could be handled either by foreign postal organizations or international postal wholesalers/consolidators.

3-1A ASSUMING THE COST SAVINGS ASSOCIATED WITH THE ALTERNATE MAILING OPTION DESCRIBED ON THE PREVIOUS SCREEN WOULD BE SUBSTANTIAL, HOW LIKELY WOULD YOU BE TO USE THIS MAILING OPTION FOR AT LEAST A PORTION OF YOUR MAILINGS [IF MORE THAN ONE LEVEL IN Q2-1B1 COL 2 >0, THEN INSERT “IN EACH CATEGORY”] DURING THE NEXT 12 MONTHS AND IN THE 3 TO 5 YEAR TIME HORIZON?

Please type a number from 0 to 100 [IF MORE THAN ONE LEVEL IN Q2-1b1 Col 2 >0, THEN INSERT “in each mail category”], where 0 means “not at all likely” and 100 means “extremely likely” to use this mail option for at least a portion of your mail pieces.

	<i>First-Class Mail Pieces</i>	<i>Standard A Mail Pieces</i>	<i>Periodicals Rate Mail Pieces</i>
Likelihood to use this mail option for at least a portion of your mailings during the next 12 months	_____	_____	_____
Likelihood to use this mail option for at least a portion of your mailings in the 3 to 5 year time horizon	_____	_____	_____

3-1c For what type of mail would you consider using this option?

(Select all that apply)

Transactional mail, such as bills, forms and payments in the shape of cards/letters	<input type="radio"/>
Advertisements/Promotions	<input type="radio"/>
Catalogs or Publications	<input type="radio"/>
Other	<input type="radio"/>

3-2a Assuming this alternate mailing option became available for your use, we'd like to understand the degree to which you would consider using it for your bulk *First-Class mailings*.

On each of the following screens, several descriptions are displayed which outline possible conditions under which this type of mailing option would be available. On each screen, the first Column describes your current USPS service. The second and third Columns describe alternative configurations of this new mailing option, each with its own unique carrier, price, and delivery conditions (e.g., characteristics of the foreign country through which mail is routed, estimated time-in-stream, indicia appearance, etc.). Based on the characteristics of the alternatives presented on each screen, we would like you to answer two questions, for your **(IF Q.2-2a ROW 1 > 0, INSERT "First-Class flats and packages", IF Q. 2-2a ROW 2 > 0, INSERT "First-Class cards and letters", IF Q.2-2a ROW 1 > 0 AND Q. 2-2a ROW 2 > 0, INSERT "First-Class flats and packages and First-Class cards and letters")**:

- First, we would like you to indicate the total number of First-Class pieces you would send, assuming the mailing options described were available. This would be similar to your current mailing volume, unless the new options would induce you to change your mailings' volume or frequency, due, for example, to higher or lower postage or production costs.
- Second, we would like you to indicate the number of these pieces you would send via each of the three mailing alternatives listed.

Of course, on each screen, you can choose to send all of your pieces either under your current USPS service, or under one of the alternatives; or you can choose to divide them among multiple options.

Once you have reviewed each screen, first enter the total number of First-Class pieces **(IF Q.2-2a ROW 1 > 0 AND Q. 2-2a ROW 2 > 0, INSERT "in each shape classification")** that you would send. Then enter the number that you would send via each mailing alternative by entering the numbers in the boxes at the bottom of the appropriate Column. Your entries should sum to the total number of pieces you would send.

3e – Example Screen for First Class

The following screen is provided as an example. You will not be required to provide any answers or inputs. Please briefly review the information that is presented, and then proceed to the next screen.

CARRIER	Option 1 USPS Domestic	Option 2 Foreign posts or affiliates (e.g., Deutsche-Post, AeroMail)	Option 3 Branded non-USPS carrier (e.g., FedEx, Airborne)
“OFFICIAL” COUNTRY OF MAILING ORIGIN	UNITED STATES	MEXICO	DEVELOPING CARIBBEAN/CENTRAL/LATIN AMERICAN COUNTRY (E.G., CAYMAN ISLANDS, COSTA RICA)
INDICIA/RETURN ADDRESS	U.S. INDICIA AND RETURN ADDRESS	INDICIA FROM MEXICO / RETURN ADDRESS IN U.S.	INDICIA AND RETURN ADDRESS FROM LATIN/CENTRAL/LATIN AMERICAN COUNTRY
EST. TIME IN STREAM	CURRENT PERFORMANCE	1 – 7 DAYS / 4 DAY AVERAGE	3-13 DAYS / 8 DAY AVERAGE
ADDRESS CORRECTION/ FORWARDING/ MAIL HANDLING	ADDRESS CORRECTION, MAIL FORWARDED, UNDELIVERABLE MAIL RETURNED	ADDRESS CORRECTION, MAIL FORWARDED, UNDELIVERABLE MAIL RETURNED	ADDRESS CORRECTION, MAIL FORWARDED, UNDELIVERABLE MAIL RETURNED
MAIL PRODUCTION LOCATION	CURRENT U.S. OPERATIONS	FACILITIES IN MEXICO THAT ARE OPERATED BY A LOCAL INDEPENDENT PRODUCER	FACILITIES IN LATIN/CENTRAL/LATIN AMERICAN COUNTRY THAT YOUR COMPANY ALREADY OWNS OR BUYS/BUILDS
MAIL PREPARATION LOCATION	CURRENT U.S. OPERATIONS	FACILITIES IN MEXICO THAT ARE OPERATED BY A LOCAL INDEPENDENT PRODUCER	FACILITIES IN LATIN/CENTRAL/LATIN AMERICAN COUNTRY THAT YOUR COMPANY ALREADY OWNS OR BUYS/BUILDS
NET MAILING COST (FLATS/PACKAGES)	POSTAGE: CURRENT PRINT/PREP: CURRENT NET MAILING COST: CURRENT	POSTAGE: 20% LESS THAN CURRENT PRINT/PREP: 20% LESS THAN CURRENT NET MAILING COST: __% LESS THAN CURRENT	POSTAGE: 50% LESS THAN CURRENT PRINT/PREP: CURRENT (PLUS ANY COSTS FOR BUILDING/BUYING NEW FACILITIES) NET MAILING COST: __% LESS THAN CURRENT
NET MAILING COST (CARDS, LETTERS)	POSTAGE: CURRENT PRINT/PREP: CURRENT NET MAILING COST: CURRENT	POSTAGE: 20% LESS THAN CURRENT PRINT/PREP: 20% LESS THAN CURRENT NET MAILING COST: __% LESS THAN CURRENT	POSTAGE: 50% LESS THAN CURRENT PRINT/PREP: CURRENT (PLUS ANY COSTS FOR BUILDING/BUYING NEW FACILITIES) NET MAILING COST: __% LESS THAN CURRENT

				Number of First-Class pieces you would send by each of the three options described?		
	Number of First Class pieces you <i>currently</i> send:	Total # of Periodicals pieces you would send if the mailing options described above were available	New total amount (specify <u>only</u> if "More than current" is selected in a previous Column)	Option 1 USPS Domestic	Option 2 Foreign posts or affiliates (e.g., Deutsche-Post, AeroMail)	Option 3 Branded non-USPS carrier (e.g., FedEx, Airborne)
Flats / Packages	<u>1,000,000</u>	(Drop down box) Same as current More than current	_____	<u>750,000</u>	____0____	<u>250,000</u>
Cards / Letters	<u>1,000,000</u>	(Drop down box) Same as current More than current	<u>1,100,000</u>	<u>110,000</u>	<u>990,000</u>	____0____

In the example shown above, three hypothetical mailing options were presented:

Option 1: USPS domestic service, provided at your current rates.

Option 2: Mail service by a foreign post or affiliate, with production at facilities in Mexico that are operated by a local independent producer. Compared to USPS domestic service, average time in stream would change (4 days vs. current performance), and predictability would change (+/- 3 days vs. current performance). Postage costs would be reduced by 20%, and printing/preparation costs would be reduced by 20% as well.

Option 3: Mail service by a branded carrier, with facilities that your company already owns or buys/builds in a Latin/Central/Latin American country. Compared to USPS domestic service, average time in stream would change (8 days vs. current performance) and predictability would change (+/- 5 days vs. current performance). Postage costs would be reduced by 50%, and printing/preparation costs would remain unchanged.

As indicated by the entries at the bottom, our "example" mailer chose to send the same number of flats and packages as she currently sends. She would send 750,000 flats and packages via USPS domestic service (Option 1) and 250,000 via Option 3. She chose to increase her total volume of cards and letters by 100,000 pieces. She would send 990,000 pieces of this new total volume of cards and letters via Option 2, and only 110,000 via USPS domestic service (Option 1).

On the following screens, we would like you to indicate how much of the First-Class Mail you sent in the past 12 months you would have sent under each of the alternatives presented, by entering a number in the appropriate Column.

FIRST-CLASS MAIL PIECE ALLOCATION -- EXAMPLE

CARRIER	Option 1 USPS Domestic	Option 2 Foreign posts or affiliates (e.g., Deutsche-Post, AeroMail)	Option 3 Branded non-USPS carrier (e.g., FedEx, Airborne)
“OFFICIAL” COUNTRY OF MAILING ORIGIN	UNITED STATES	MEXICO	DEVELOPING LATIN/CENTRAL/LATIN AMERICAN COUNTRY (E.G., CAYMAN ISLANDS, COSTA RICA)
INDICIA/RETURN ADDRESS	U.S. INDICIA / U.S. RETURN ADDRESS	MEXICO INDICIA / U.S. RETURN ADDRESS	“B” COUNTRY INDICIA / “B” COUNTRY RETURN ADDRESS
EST. TIME IN STREAM	CURRENT PERFORMANCE	1 – 7 DAYS / 4 DAY AVERAGE	8 DAYS (+/- 5 DAYS)
ADDRESS CORRECTION/ FORWARDING/ MAIL HANDLING	ADDRESS CORRECTION, MAIL FORWARDED, UNDELIVERABLE MAIL RETURNED	ADDRESS CORRECTION, MAIL FORWARDED, UNDELIVERABLE MAIL RETURNED	ADDRESS CORRECTION, MAIL FORWARDED, UNDELIVERABLE MAIL RETURNED
MAIL PRODUCTION LOCATION	CURRENT U.S. OPERATIONS	U.S. FACILITIES OWNED BY YOUR COMPANY	FACILITIES THAT WOULD NEED TO BE PURCHASED /CONTROLLED BY YOUR COMPANY IN LATIN/CENTRAL/LATIN AMERICAN COUNTRY (ASSUMING THEY ARE NOT ALREADY AVAILABLE)
MAIL PREPARATION LOCATION	CURRENT U.S. OPERATIONS	U.S. FACILITIES OWNED BY YOUR COMPANY	“B” COUNTRY FACILITIES YOUR COMPANY ALREADY OWNS OR BUILDS/BUYS
NET MAILING COST (FLATS/PACKAGES)	POSTAGE: CURRENT PRINT/PREP: CURRENT NET MAILING COST: CURRENT	POSTAGE: 20% LESS THAN CURRENT PRINT/PREP: 20% LESS THAN CURRENT (PLUS ANY COSTS FOR BUILDING/BUYING NEW FACILITIES) NET MAILING COST: __% LESS THAN CURRENT	POSTAGE: 50% LESS THAN CURRENT PRINT/PREP: SAME AS CURRENT (PLUS ANY COSTS FOR BUILDING/BUYING NEW FACILITIES) NET MAILING COST: __% LESS THAN CURRENT
NET MAILING COST (CARDS, LETTERS)	POSTAGE: CURRENT PRINT/PREP: CURRENT NET MAILING COST: CURRENT	POSTAGE: 20% BELOW CURRENT PRINT/PREP: SAME AS CURRENT NET COST: __% LESS THAN CURRENT	POSTAGE: 50% LESS THAN CURRENT PRINT/PREP: SAME AS CURRENT (PLUS ANY COSTS FOR BUILDING/BUYING NEW

FACILITIES)
NET MAILING COST: ___% LESS
THAN CURRENT

				Number of First-Class pieces you would send by each of the three options described?		
	Number of First Class pieces you <u>currently</u> send:	Total # of Periodicals pieces you would send if the mailing options described above were available	New total amount (specify <u>only</u> if "More than current" is selected in a previous Column)	Option 1 USPS Domestic	Option 2 Foreign posts or affiliates (e.g., Deutche-Post, AeroMail)	Option 3 Branded non-USPS carrier (e.g., FedEx, Airborne)
Flats / Packages	<u>Q2-2a row 1</u>	(Drop down box) Same as current More than current	_____	_____	_____	_____
Cards / Letters	<u>Q2-2a row 2</u>	(Drop down box) Same as current More than current	_____	_____	_____	_____

3-2b [IF NO PRIOR CONJOINT HAS BEEN COMPLETED INSERT “Assuming this alternate mailing option became available for your use, we’d like to understand the degree to which you would consider using it for your *Standard A mailings*.”

On each of the following screens, several descriptions are displayed which outline possible conditions under which this type of mailing option would be available. On each screen, the first Column describes your current USPS service. The second and third Columns describe alternative configurations of this new mailing option, each with its own unique carrier, price, and delivery conditions (e.g., characteristics of the foreign country through which mail is routed, estimated time-in-stream, indicia appearance, etc.). Based on the characteristics of the alternatives presented on each screen, we would like you to answer two questions, for your (IF Q.2-3a ROW 1 > 0, INSERT “Standard A flats and packages”, IF Q. 2-3a ROW 2 > 0, INSERT “Standard A cards and letters”, IF Q.2-3a ROW 1 > 0 AND Q. 2-3a ROW 2 > 0, INSERT “Standard A flats and packages and Standard A cards and letters”):

- First, we would like you to indicate the total number of Standard A pieces you would send, assuming the mailing options described were available. This would be similar to your current mailing volume, unless the new options would induce you to change your mailings’ volume or frequency, due, for example, to higher or lower postage or production costs.
- Second, we would like you to indicate the number of these pieces you would send via each of the three mailing alternatives listed.

Of course, on each screen, you can choose to send all of your pieces either under your current USPS service, or under one of the alternatives; or you can choose to divide them among multiple options.

Once you have reviewed each screen, first enter the total number of Standard A pieces (IF Q.2-3a ROW 1 > 0 AND Q. 2-3a ROW 2 > 0, INSERT “in each shape classification”) that you would send. Then enter the number that you would send via each mailing alternative by entering the numbers in the boxes at the bottom of the appropriate Column. Your entries should sum to the total number of pieces you would send.

(IF PRIOR CONJOINT HAS BEEN COMPLETED) Next we’d like to understand the degree to which you would consider using the alternate mailing options for your *Standard A mailings*.

On each of the following screens, we would like you to indicate the total number of Standard A pieces (IF Q.2-3a ROW 1 > 0 AND Q. 2-3a ROW 2 > 0, INSERT “in each shape classification”) that you would send, and the number of (IF Q.2-3a ROW 1 > 0, INSERT “Standard A flats and packages”, IF Q. 2-3a ROW 2 > 0, INSERT “Standard A cards and letters”, IF Q.2-3a ROW 1 > 0 AND Q. 2-3a ROW 2 > 0, INSERT “Standard A flats and packages and Standard A cards and letters”) that you would send via each of the available alternatives. Of course, on each screen, you can choose to send all of your pieces under a single alternative, or divide your pieces among multiple alternatives.

Once you have reviewed each screen, first enter the total number of Standard A pieces (IF Q.2-3a ROW 1 > 0 AND Q. 2-3a ROW 2 > 0, INSERT “in each shape classification”) that you would send. Then enter the number that you would send via each mailing alternative by entering the numbers in the boxes at the bottom of the appropriate Column. Your entries should sum to the total number of pieces you would send.

3E – Example Screen for Standard A

The following screen is provided as an example. You will not be required to provide any answers or inputs. Please briefly review the information that is presented, and then proceed to the next screen.

CARRIER	Option 1 USPS Domestic	Option 2 Foreign posts or affiliates (e.g., Deutsche-Post, AeroMail)	Option 3 Branded non-USPS carrier (e.g., FedEx, Airborne)
“OFFICIAL” COUNTRY OF MAILING ORIGIN	UNITED STATES	MEXICO	DEVELOPING LATIN/CENTRAL/LATIN AMERICAN COUNTRY (E.G., CAYMAN ISLANDS, COSTA RICA)
INDICIA/RETURN ADDRESS	U.S. INDICIA AND RETURN ADDRESS	INDICIA FROM MEXICO / RETURN ADDRESS IN U.S.	INDICIA AND RETURN ADDRESS FROM LATIN/CENTRAL/LATIN AMERICAN COUNTRY
EST. TIME IN STREAM	CURRENT PERFORMANCE	1 – 7 DAYS / 4 DAY AVERAGE	3-13 DAYS / 8 DAY AVERAGE
ADDRESS CORRECTION/ FORWARDING/ MAIL HANDLING	ADDRESS CORRECTION, MAIL FORWARDED, UNDELIVERABLE MAIL RETURNED	ADDRESS CORRECTION, MAIL FORWARDED, UNDELIVERABLE MAIL RETURNED	ADDRESS CORRECTION, MAIL FORWARDED, UNDELIVERABLE MAIL RETURNED
MAIL PRODUCTION LOCATION	CURRENT U.S. OPERATIONS	FACILITIES IN MEXICO THAT ARE OPERATED BY A LOCAL INDEPENDENT PRODUCER	FACILITIES IN LATIN/CENTRAL/LATIN AMERICAN COUNTRY THAT YOUR COMPANY ALREADY OWNS OR BUYS/BUILDS
MAIL PREPARATION LOCATION	CURRENT U.S. OPERATIONS	FACILITIES IN MEXICO THAT ARE OPERATED BY A LOCAL INDEPENDENT PRODUCER	FACILITIES IN LATIN/CENTRAL/LATIN AMERICAN COUNTRY THAT YOUR COMPANY ALREADY OWNS OR BUYS/BUILDS
NET MAILING COST (FLATS/PACKAGES)	POSTAGE: CURRENT PRINT/PREP: CURRENT NET MAILING COST: CURRENT	POSTAGE: 20% LESS THAN CURRENT PRINT/PREP: 20% LESS THAN CURRENT NET MAILING COST: __% LESS THAN CURRENT	POSTAGE: 50% LESS THAN CURRENT PRINT/PREP: CURRENT (PLUS ANY COSTS FOR BUILDING/BUYING NEW FACILITIES) NET MAILING COST: __% LESS THAN CURRENT
NET MAILING COST (CARDS, LETTERS)	POSTAGE: CURRENT PRINT/PREP: CURRENT NET MAILING COST: CURRENT	POSTAGE: 20% LESS THAN CURRENT PRINT/PREP: 20% LESS THAN	POSTAGE: 50% LESS THAN CURRENT PRINT/PREP: CURRENT (PLUS ANY

CURRENT
NET MAILING COST: ___% LESS
THAN CURRENT

COSTS FOR BUILDING/BUYING
NEW FACILITIES)
NET MAILING COST: ___% LESS
THAN CURRENT

				Number of Standard A pieces you would send by each of the three options described?		
	Number of Standard A pieces you <u>currently</u> send:	Total # of Periodicals pieces you would send if the mailing options described above were available	New total amount (specify <u>only</u> if "More than current" is selected in a previous Column)	Option 1 USPS Domestic	Option 2 Foreign posts or affiliates (e.g., Deutsche-Post, AeroMail)	Option 3 Branded non-USPS carrier (e.g., FedEx, Airborne)
Flats / Packages	<u>1,000,000</u>	(Drop down box) Same as current More than current	_____	<u>750,000</u>	____0____	<u>250,000</u>
Cards / Letters	<u>1,000,000</u>	(Drop down box) Same as current More than current	<u>1,100,000</u>	<u>110,000</u>	<u>990,000</u>	____0____

In the example shown above, three hypothetical mailing options were presented:

- Option 1: USPS domestic service, provided at your current rates.
- Option 2: Mail service by a foreign post or affiliate, with production at facilities in Mexico that are operated by a local independent producer. Compared to USPS domestic service, average time in stream would change (4 days vs. current performance), and predictability would change (+/- 3 days vs. current performance). Postage costs would be reduced by 20%, and printing/preparation costs would be reduced by 20% as well.
- Option 3: Mail service by a branded carrier, with facilities that your company already owns or buys/builds in a Latin/Central/Latin American country. Compared to USPS domestic service, average time in stream would change (8 days vs. current performance) and predictability would change (+/- 5 days vs. current performance). Postage costs would be reduced by 50%, and printing/preparation costs would remain unchanged.

As indicated by the entries at the bottom, our "example" mailer chose to send the same number of flats and packages as she currently sends. She would send 750,000 flats and packages via USPS domestic service (Option 1) and 250,000 via Option 3. She chose to increase her total volume of cards and letters by 100,000 pieces. She would send 990,000 pieces of this new total volume of cards and letters via Option 2, and only 110,000 via USPS domestic service (Option 1).

On the following screens, we would like you to indicate how much of the Standard A Mail you sent in the past 12 months you would have sent under each of the alternatives presented, by entering a number in the appropriate Column.

STANDARD A MAIL PIECE ALLOCATION -- EXAMPLE

CARRIER	Option 1 USPS Domestic	Option 2 Foreign posts or affiliates (e.g., Deutsche- Post, AeroMail)	Option 3 Branded non-USPS carrier (e.g., FedEx, Airborne)
“OFFICIAL” COUNTRY OF MAILING ORIGIN	UNITED STATES	MEXICO	DEVELOPING LATIN/CENTRAL/LATIN AMERICAN COUNTRY (E.G., CAYMAN ISLANDS, COSTA RICA)
INDICIA/RETURN ADDRESS	U.S. INDICIA / U.S. RETURN ADDRESS	MEXICO INDICIA / U.S. RETURN ADDRESS	“B” COUNTRY INDICIA / “B” COUNTRY RETURN ADDRESS
EST. TIME IN STREAM	CURRENT PERFORMANCE	1 – 7 DAYS / 4 DAY AVERAGE	8 DAYS (+/- 5 DAYS)
ADDRESS CORRECTION/ FORWARDING/ MAIL HANDLING	ADDRESS CORRECTION, MAIL FORWARDED, UNDELIVERABLE MAIL RETURNED	ADDRESS CORRECTION, MAIL FORWARDED, UNDELIVERABLE MAIL RETURNED	ADDRESS CORRECTION, MAIL FORWARDED, UNDELIVERABLE MAIL RETURNED
MAIL PRODUCTION LOCATION	CURRENT U.S. OPERATIONS	U.S. FACILITIES OWNED BY YOUR COMPANY	FACILITIES THAT WOULD NEED TO BE PURCHASED /CONTROLLED BY YOUR COMPANY IN LATIN/CENTRAL/LATIN AMERICAN COUNTRY (ASSUMING THEY ARE NOT ALREADY AVAILABLE)
MAIL PREPARATION LOCATION	CURRENT U.S. OPERATIONS	U.S. FACILITIES OWNED BY YOUR COMPANY	“B” COUNTRY FACILITIES YOUR COMPANY ALREADY OWNS OR BUILDS/BUYS
NET MAILING COST (FLATS/PACKAGES)	POSTAGE: CURRENT PRINT/PREP: CURRENT NET MAILING COST: CURRENT	POSTAGE: 20% LESS THAN CURRENT PRINT/PREP: 20% LESS THAN CURRENT (PLUS ANY COSTS FOR BUILDING/BUYING NEW FACILITIES) NET MAILING COST: __% LESS THAN CURRENT	POSTAGE: 50% LESS THAN CURRENT PRINT/PREP: SAME AS CURRENT (PLUS ANY COSTS FOR BUILDING/BUYING NEW FACILITIES) NET MAILING COST: __% LESS THAN CURRENT
NET MAILING COST (CARDS, LETTERS)	POSTAGE: CURRENT PRINT/PREP: CURRENT NET MAILING COST: CURRENT	POSTAGE: 20% BELOW CURRENT PRINT/PREP: SAME AS CURRENT NET COST: __% LESS THAN CURRENT	POSTAGE: 50% LESS THAN CURRENT PRINT/PREP: SAME AS CURRENT (PLUS ANY COSTS FOR BUILDING/BUYING NEW FACILITIES) NET MAILING COST: __% LESS THAN CURRENT

				Number of Standard A pieces you would send by each of the three options described?		
	Number of Standard A pieces you <u>currently</u> send:	Total # of Periodicals pieces you would send if the mailing options described above were available	New total amount (specify <u>only</u> if "More than current" is selected in a previous Column)	Option 1 USPS Domestic	Option 2 Foreign posts or affiliates (e.g., Deutsche-Post, AeroMail)	Option 3 Branded non-USPS carrier (e.g., FedEx, Airborne)
Flats / Packages	<u>Q2-3a row 1</u>	(Drop down box) Same as current More than current	_____	_____	_____	_____
Cards / Letters	<u>Q2-3a row 2</u>	(Drop down box) Same as current More than current	_____	_____	_____	_____

3-2c [IF NO PRIOR CONJOINT HAS BEEN COMPLETED INSERT “Assuming this alternate mailing option became available for your use, we’d like to understand the degree to which you would consider using it for your *Periodicals mailings*.

On each of the following screens, several descriptions are displayed which outline possible conditions under which this type of mailing option would be available. On each screen, the first Column describes your current USPS service. The second and third Columns describe alternative configurations of this new mailing option, each with its own unique carrier, price, and delivery conditions (e.g., characteristics of the foreign country through which mail is routed, estimated time-in-stream, indicia appearance, etc.). Based on the characteristics of the alternatives presented on each screen, we would like you to answer two questions, for your Periodicals mailings:

- First, we would like you to indicate the total number of Periodicals pieces you would send, assuming the mailing options described were available. This would be similar to your current mailing volume, unless the new options would induce you to change your mailings’ volume or frequency, due, for example, to higher or lower postage or production costs.
- Second, we would like you to indicate the number of these pieces you would send via each of the three mailing alternatives listed.

Of course, on each screen, you can choose to send all of your pieces either under your current USPS service, or under one of the alternatives; or you can choose to divide them among multiple options.

Once you have reviewed each screen, first enter the total number of Periodicals pieces that you would send. Then enter the number that you would send via each mailing alternative by entering the numbers in the boxes at the bottom of the appropriate Column. Your entries should sum to the total number of pieces you would send.

(IF PRIOR CONJOINT) Next we’d like to understand the degree to which you would consider using the alternate mailing options for your *Periodicals mailings*.

On each of the following screens, we would like you to indicate the total number of Periodicals pieces that you would send, and the number of Periodicals mail pieces that you would send via each of the available alternatives. Of course, on each screen, you can choose to send all of your pieces under a single alternative, or divide your pieces among multiple alternatives.

Once you have reviewed each screen, first enter the total number of Periodicals pieces that you would send. Then enter the number that you would send via each mailing alternative by entering the numbers in the boxes at the bottom of the appropriate Column. Your entries should sum to the total number of pieces you would send.

3E – Example Screen for Periodicals

The following screen is provided as an example. You will not be required to provide any answers or inputs. Please briefly review the information that is presented, and then proceed to the next screen.

CARRIER	Option 1 USPS Domestic	Option 2 Foreign posts or affiliates (e.g., Deutsche-Post, AeroMail)	Option 3 Branded non-USPS carrier (e.g., FedEx, Airborne)
“OFFICIAL” COUNTRY OF MAILING ORIGIN	UNITED STATES	MEXICO	DEVELOPING LATIN/CENTRAL/LATIN AMERICAN COUNTRY (E.G., CAYMAN ISLANDS, COSTA RICA)
INDICIA/RETURN ADDRESS	U.S. INDICIA AND RETURN ADDRESS	INDICIA FROM MEXICO / RETURN ADDRESS IN U.S.	INDICIA AND RETURN ADDRESS FROM LATIN/CENTRAL/LATIN AMERICAN COUNTRY
EST. TIME IN STREAM	CURRENT PERFORMANCE	1 – 7 DAYS / 4 DAY AVERAGE	3-13 DAYS / 8 DAY AVERAGE
ADDRESS CORRECTION/ FORWARDING/ MAIL HANDLING	ADDRESS CORRECTION, MAIL FORWARDED, UNDELIVERABLE MAIL RETURNED	ADDRESS CORRECTION, MAIL FORWARDED, UNDELIVERABLE MAIL RETURNED	ADDRESS CORRECTION, MAIL FORWARDED, UNDELIVERABLE MAIL RETURNED
MAIL PRODUCTION LOCATION	CURRENT U.S. OPERATIONS	FACILITIES IN MEXICO THAT ARE OPERATED BY A LOCAL INDEPENDENT PRODUCER	FACILITIES IN LATIN/CENTRAL/LATIN AMERICAN COUNTRY THAT YOUR COMPANY ALREADY OWNS OR BUYS/BUILDS
MAIL PREPARATION LOCATION	CURRENT U.S. OPERATIONS	FACILITIES IN MEXICO THAT ARE OPERATED BY A LOCAL INDEPENDENT PRODUCER	FACILITIES IN LATIN/CENTRAL/LATIN AMERICAN COUNTRY THAT YOUR COMPANY ALREADY OWNS OR BUYS/BUILDS
NET MAILING COST (PERIODICALS)	POSTAGE: CURRENT PRINT/PREP: CURRENT NET MAILING COST: CURRENT	POSTAGE: 20% LESS THAN CURRENT PRINT/PREP: 20% LESS THAN CURRENT NET MAILING COST: __% LESS THAN CURRENT	POSTAGE: 50% LESS THAN CURRENT PRINT/PREP: CURRENT (PLUS ANY COSTS FOR BUILDING/BUYING NEW FACILITIES) NET MAILING COST: __% LESS THAN CURRENT

				Number of Periodicals pieces you would send by each of the three options described?		
	Number of Periodicals pieces you <u>currently</u> send:	Total # of Periodicals pieces you would send if the mailing options described above were available	New total amount (specify <u>only</u> if "More than current" is selected in a previous Column)	Option 1 USPS Domestic	Option 2 Foreign posts or affiliates (e.g., Deutche-Post, AeroMail)	Option 3 Branded non-USPS carrier (e.g., FedEx, Airborne)
Periodicals	<u>1,000,000</u>	(Drop down box) <u>Same as current</u> More than current	_____	<u>750,000</u>	_____0_____	<u>250,000</u>

In the example shown above, three hypothetical mailing options were presented:

Option 1: USPS domestic service, provided at your current rates.

Option 2: Mail service by a foreign post or affiliate, with production at facilities in Mexico that are operated by a local independent producer. Compared to USPS domestic service, average time in stream would change (4 days vs. current performance), and predictability would change (+/- 3 days vs. current performance). Postage costs would be reduced by 20%, and printing/preparation costs would be reduced by 20% as well.

Option 3: Mail service by a branded carrier, with facilities that your company already owns or buys/builds in a Latin/Central/Latin American country. Compared to USPS domestic service, average time in stream would change (8 days vs. current performance) and predictability would change (+/- 5 days vs. current performance). Postage costs would be reduced by 50%, and printing/preparation costs would remain unchanged.

As indicated by the entries at the bottom, our "example" mailer chose to send the same number of periodicals as she currently sends. She would send 750,000 periodicals via USPS domestic service (Option 1) and 250,000 via Option 3.

On the following screens, we would like you to indicate how much of the Periodicals Mail you sent in the past 12 months you would have sent under each of the alternatives presented, by entering a number in the appropriate Column.

PERIODICALS MAIL PIECE ALLOCATION -- EXAMPLE

CARRIER	Option 1 USPS Domestic	Option 2 Foreign posts or affiliates (e.g., Deutsche-Post, AeroMail)	Option 3 Branded non-USPS carrier (e.g., FedEx, Airborne)
“OFFICIAL” COUNTRY OF MAILING ORIGIN	UNITED STATES	MEXICO	DEVELOPING LATIN/CENTRAL/LATIN AMERICAN COUNTRY (E.G., CAYMAN ISLANDS, COSTA RICA)
INDICIA/RETURN ADDRESS	U.S. INDICIA / U.S. RETURN ADDRESS	MEXICO INDICIA / U.S. RETURN ADDRESS	“B” COUNTRY INDICIA / “B” COUNTRY RETURN ADDRESS
EST. TIME IN STREAM	CURRENT PERFORMANCE	1 – 7 DAYS / 4 DAY AVERAGE	8 DAYS (+/- 5 DAYS)
ADDRESS CORRECTION/ FORWARDING/ MAIL HANDLING	ADDRESS CORRECTION, MAIL FORWARDED, UNDELIVERABLE MAIL RETURNED	ADDRESS CORRECTION, MAIL FORWARDED, UNDELIVERABLE MAIL RETURNED	ADDRESS CORRECTION, MAIL FORWARDED, UNDELIVERABLE MAIL RETURNED
MAIL PRODUCTION LOCATION	CURRENT U.S. OPERATIONS	U.S. FACILITIES OWNED BY YOUR COMPANY	FACILITIES THAT WOULD NEED TO BE PURCHASED /CONTROLLED BY YOUR COMPANY IN LATIN/CENTRAL/LATIN AMERICAN COUNTRY (ASSUMING THEY ARE NOT ALREADY AVAILABLE)
MAIL PREPARATION LOCATION	CURRENT U.S. OPERATIONS	U.S. FACILITIES OWNED BY YOUR COMPANY	“B” COUNTRY FACILITIES YOUR COMPANY ALREADY OWNS OR BUILDS/BUYS
NET MAILING COST (PERIODICALS)	POSTAGE: CURRENT PRINT/PREP: CURRENT NET MAILING COST: CURRENT	POSTAGE: 20% LESS THAN CURRENT PRINT/PREP: 20% LESS THAN CURRENT (PLUS ANY COSTS FOR BUILDING/BUYING NEW FACILITIES) NET MAILING COST: __% LESS THAN CURRENT	POSTAGE: 50% LESS THAN CURRENT PRINT/PREP: SAME AS CURRENT (PLUS ANY COSTS FOR BUILDING/BUYING NEW FACILITIES) NET MAILING COST: __% LESS THAN CURRENT

			Number of Periodicals pieces you would send by each of the three options described?			
	Number of Periodicals pieces you <u>currently</u> send:	Total # of Periodicals pieces you would send if the mailing options described above were available	New total amount (specify <u>only</u> if "More than current" is selected in a previous Column)	Option 1 USPS Domestic	Option 2 Foreign posts or affiliates (e.g., Deutsche-Post, AeroMail)	Option 3 Branded non-USPS carrier (e.g., FedEx, Airborne)
Periodicals	<u>Q2-1b1 row 3</u>	(Drop down box) Same as current More than current	_____	_____	_____	_____

(Note: You are approximately 65% of the way through the survey)

3-3a Suppose that under this new option you *produced your mail in a foreign country*, and it could be entered into the U.S. mail stream at each of the points of entry listed in the table below. Under each of the options listed, how long do you expect it would take, on average, from the time the mail was produced and ready for introduction into the mail stream in the foreign country until it reached the recipient in the U.S.? How much variability would you expect around this time in-stream? Assume that once the mail is processed at the point-of-entry, it would be delivered by the USPS according to First-Class standards.

Please enter a number in each box

Point-of-Entry into United States*	<i>Expected Number of Days from Completed Production to Delivery</i>	<i>Typical Variability in the Number of Days Required for Delivery</i>
1) Air entry at any major U.S. city airport	_____ days	+/- _____ days
2) Air entry only at New York (JFK Airport), Miami, or San Francisco only	_____ days	+/- _____ days
3) Air entry only at New York (JFK Airport), Miami, San Francisco, Chicago, Dallas, or LA	_____ days	+/- _____ days
4) Surface entry (truck) to Houston, Phoenix, or LA (from Mexico only)	_____ days	+/- _____ days
5) Surface entry (truck) to Seattle, Detroit, Buffalo, or Minneapolis (from Canada only)	_____ days	+/- _____ days
6) Surface entry (ship) into New York or Oakland	_____ days	+/- _____ days

* (Note: Where multiple cities are listed, please answer for the city that you would most likely use for your mailings.)

3-3b How many more days do you expect it would take, on average, from the time the mail was produced until it reached the recipient in the U.S. if, *instead of producing the mail in a foreign country, you produced it in the U.S. and then transported to the foreign country for reshipment to the U.S.*? How much variability would you expect around this additional time in-stream?

<i>Expected Number of Additional Days from Completed Production to Delivery</i>	<i>Variability in the Number of Additional Days Required for Delivery</i>
_____ days	+/- _____ days

3-3c Next, consider the paper and print quality that you would expect to receive from various printing and production facilities that would be available under this new mailing option. Please indicate which level of quality control you feel best describes what you would expect to receive from each of the printing/preparation options listed below.

(Please select one option for each Column)

	<i>Industrialized foreign country facilities operated by foreign post affiliate or consolidator/wholesaler</i>	<i>Industrialized foreign country facilities operated by a local independent company</i>	<i>Facilities in other foreign countries operated by foreign post affiliate or consolidator/wholesaler</i>	<i>Facilities in other foreign countries operated by a local independent company</i>
1) Paper and print quality/stiffness/dimensions <i>equivalent</i> to U.S. production quality	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
2) Paper and print quality/stiffness/dimensions <i>inferior</i> to U.S. quality – potential to occasionally <i>have an adverse impact on delivery service quality</i>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
3) Paper and print quality/stiffness/dimensions <i>inferior</i> to U.S. quality – potential to occasionally <i>have an adverse impact on delivery service quality and recipient perceptions of professionalism</i>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

3-3c1 If this type of mailing option were available for your use (and you were inclined to use it for at least a portion of your mailings), which of the following describes the level of worksharing (e.g., presorting, barcoding, etc.) that you would perform on the mail pieces that you send using the new option?

Please select one option for each mail class shown

	First-Class Mail	Standard A Mail	Periodicals Mail
No worksharing (e.g., no presorting, barcoding, etc.)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Presorting only	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Presorting and barcoding	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

3-3d Finally, if this type of mailing option were available for your use, and you were inclined to use it for at least a portion of your mailings, **how soon** would you be able to transition at least a portion of your bulk mailings to this mailing options?

Check one box

Within 6 months	<input type="radio"/>
Between 6 months and 1 year	<input type="radio"/>
Between 1 and 2 years	<input type="radio"/>
Longer than 2 years	<input type="radio"/>

SECTION 4. AWARENESS OF AND REACTION TO RESTRICTIONS/CONSTRAINTS

POTENTIAL RESTRICTIONS/CONSTRAINTS ON THESE TYPES OF MAILING OPTIONS

Postal administrations, including the U.S. Postal Service, might impose restrictions/constraints on the type of mailing options that you have just evaluated. These constraints could reduce or take away the cost incentives for routing mail in this manner, and thereby protect the postal administration from losing domestic revenue. These constraints could take several different forms. We would like you to read descriptions of four potential constraints and identify what impact, if any, they might have on your likelihood to use these types of mailing options.

Restriction 1

If a mailing from a U.S.-based company is detected entering as foreign origin mail, the U.S. Postal Service could attempt to Collect additional postage equal to First-Class single piece postage rates for delivery of the mail. Failing Collection of additional postage, the U.S. Postal Service could deny delivery of such mail to U.S. recipients, return the mail to the foreign country, and Collect redirection costs. This provision would apply to individual mailings and could affect the cost of mailing after the fact.

4-1a If Restriction 1 were placed on this form of mailing and were stringently enforced, how likely would you be to use this mailing option for at least a portion of your mailings [IF MORE THAN ONE LEVEL IN Q2-1b1 Col 2 >0, THEN INSERT “in each category”] in the **3 to 5 year time horizon**?

Please type a number from 0 to 100 [IF MORE THAN ONE LEVEL IN Q2-1b1 Col 2 >0, THEN INSERT “in each mail category”], where 0 means “not at all likely” and 100 means “extremely likely” to use this mail option for at least a portion of your mail pieces.

	<i>First-Class Mail Pieces</i>	<i>Standard A Mail Pieces</i>	<i>Periodicals Rate Mail Pieces</i>
Likelihood to use this mail option for at least a portion of your mailings in the 3 to 5 year time horizon if Restriction 1 were in place	_____	_____	_____

Restriction 2

If the weight of the total mail volume from a developing country to the U.S. exceeded a threshold agreed upon by the countries’ postal administrations, the developing country would have to pay a higher delivery charge to the U.S. Postal Service. For First-Class Mail, the postage rate would still be approximately 50% lower than U.S. First-Class single piece domestic postage (not including transportation or production costs). For Standard A and Periodicals Mail, this rate would likely be higher than U.S. domestic postage. The penalties under this restriction would apply to the developing country’s postal administration; individual mailers would not be affected except insofar as the developing country chose to increase rates or fees for bulk mailings.

4-1b If Restriction 2 were placed on this form of mailing and were stringently enforced, how likely would you be to use this mailing option for at least a portion of your mailings [IF MORE THAN ONE LEVEL IN Q2-1b1 Col 2 >0, THEN INSERT “in each category”] in the **3 to 5 year time horizon**?

Please type a number from 0 to 100 [IF MORE THAN ONE LEVEL IN Q2-1b1 Col 2 >0, THEN INSERT “in each mail category”], where 0 means “not at all likely” and 100 means “extremely likely” to use this mail option for at least a portion of your mail pieces.

	<i>First-Class Mail Pieces</i>	<i>Standard A Mail Pieces</i>	<i>Periodicals Rate Mail Pieces</i>
Likelihood to use this mail option for at least a portion of your mailings in the 3 to 5 year time horizon if Restriction 2 were in place	_____	_____	_____

Restriction 3

For mailings from a developing country to the U.S., in which the number of mail pieces per pound exceeded a limit agreed upon by the postal administrations, the Postal Service could charge the foreign country a higher delivery charge to partially compensate for the higher cost associated with delivering many lightweight pieces. The penalties under this restriction would apply to the developing country's postal administration; individual mailers would not be affected except insofar as the developing country chose to increase rates or fees for bulk mailings.

4-1c If Restriction 3 were placed on this form of mailing and were stringently enforced, how likely would you be to use this mailing option for at least a portion of your mailings [IF MORE THAN ONE LEVEL IN Q2-1b1 Col 2 >0, THEN INSERT “in each category”] in the **3 to 5 year time horizon**?

Please type a number from 0 to 100 [IF MORE THAN ONE LEVEL IN Q2-1b1 Col 2 >0, THEN INSERT “in each mail category”], where 0 means “not at all likely” and 100 means “extremely likely” to use this mail option for at least a portion of your mail pieces.

	<i>First-Class Mail Pieces</i>	<i>Standard A Mail Pieces</i>	<i>Periodicals Rate Mail Pieces</i>
Likelihood to use this mail option for at least a portion of your mailings in the 3 to 5 year time horizon if Restriction 3 were in place	_____	_____	_____

Restriction 4

If mailings from a single mailer in a developing country consisting of 1,500 or more pieces in a single day or 5,000 or more pieces over a two-week period were detected, the developing country's postal administration would have to pay a higher rate, which, in turn, might be passed on to the company that tendered the mail to the administration and possibly even to the mailer. The higher rates are roughly equivalent to one-half of U.S. First-Class single piece domestic rates. For Standard A and Periodicals Mail, this rate would likely be higher than U.S. domestic postage.

4-1d If Restriction 4 were placed on this form of mailing and were stringently enforced, how likely would you be to use this mailing option for at least a portion of your mailings [IF MORE THAN ONE LEVEL IN Q2-1b1 Col 2 >0, THEN INSERT “in each category”] in the **3 to 5 year time horizon**?

Please type a number from 0 to 100 [IF MORE THAN ONE LEVEL IN Q2-1b1 Col 2 >0, THEN INSERT “in each mail category”], where 0 means “not at all likely” and 100 means “extremely likely” to use this mail option for at least a portion of your mail pieces.

	<i>First-Class Mail Pieces</i>	<i>Standard A Mail Pieces</i>	<i>Periodicals Rate Mail Pieces</i>
Likelihood to use this mail option for at least a portion of your mailings in the 3 to 5 year time horizon if Restriction 4 were in place	_____	_____	_____

Combined Restrictions (Restrictions 2, 3, and 4 in Combination)

Restriction 2 (described previously)

If the weight of the total mail volume from a developing country to the U.S. exceeded a threshold agreed upon by the countries' postal administrations, the developing country would have to pay a higher delivery charge to the U.S. Postal Service. For First-Class Mail, the postage rate would still be approximately 50% lower than U.S. First-Class single piece domestic postage (not including transportation or production costs). For Standard A and Periodicals Mail, this rate would likely be higher than U.S. domestic postage. The penalties under this restriction would apply to the developing country's postal administration; individual mailers would not be affected except insofar as the developing country chose to increase rates or fees for bulk mailings.

Restriction 3 (described previously)

For mailings from a developing country to the U.S., in which the number of mail pieces per pound exceeded a limit agreed upon by the postal administrations, the Postal Service could charge the foreign country a higher delivery charge to partially compensate for the higher cost associated with delivering many lightweight pieces. The penalties under this restriction would apply to the developing country's postal administration; individual mailers would not be affected except insofar as the developing country chose to increase rates or fees for bulk mailings.

Restriction 4 (described previously)

If mailings from a single mailer in a developing country consisting of 1,500 or more pieces in a single day or 5,000 or more pieces over a two-week period were detected, the developing country's postal administration would have to pay a higher rate, which, in turn, might be passed on to the company that tendered the mail to the administration and possibly even to the mailer. The higher rates are roughly equivalent to one-half of U.S. First-Class single piece domestic rates. For Standard A and Periodicals Mail, this rate would likely be higher than U.S. domestic postage.

4-2 Next, consider the effect that **Restriction 2, Restriction 3, and Restriction 4 (but not Restriction 1)** would have **in combination**. If Restrictions 2, 3, and 4 were each implemented, how likely would you be to use these alternative mailing options for at least a portion of your mailings [IF MORE THAN ONE LEVEL IN Q2-1b1 Col 2 >0, THEN INSERT "in each category"] in the **3 to 5 year time horizon**?

Please type a number from 0 to 100 [IF MORE THAN ONE LEVEL IN Q2-1b1 Col 2 >0, THEN INSERT "in each mail category"], where 0 means "not at all likely" and 100 means "extremely likely" to use this mail option for at least a portion of your mail pieces.

	<i>First-Class Mail Pieces</i>	<i>Standard A Mail Pieces</i>	<i>Periodicals Rate Mail Pieces</i>
Likelihood to use this mail option for at least a portion of your mailings in the 3 to 5 year time horizon if Restrictions 2 through 4 (but not Restriction 1) were in place	_____	_____	_____

4-3 How effective do you believe these restrictions would be in terms of their ability to deter corporate and institutional mailers from engaging in this type of mailing?

(Please select one box for each restriction)

	Restriction 1	Restriction 2	Restriction 3	Restriction 4
This restriction would be a very strong deterrent; hardly any mailers would attempt to circumvent it	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
This restriction would deter some mailers, but many mailers would still engage in this type of mailing	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
This restriction would not effectively deter this type of mailing practice	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

4-4 Are you aware of any specific restrictions that prevent this type of mailing option currently?

(Select one)

Yes	<input type="radio"/>
No	<input type="radio"/>

4-5 If so, what is the name of the restriction or statute that prevents this?

(Type answer)

Note: You're very close to finishing the survey. There are only a few screens left.

We just have a few additional questions regarding your current preparation and production costs that we would like to ask. These include a detailed, **line-item breakdown** of your costs by cost component and by task.

We understand that you may not be able to provide answers for each item listed. If that is the case, you have the option to select “**Don’t Know**” for the items that you are unsure of.

5-1a PLEASE THINK ABOUT THE FIRST-CLASS MAIL FLATS AND PACKAGES THAT YOU SENT DURING THE LAST 12 MONTHS

Earlier you indicated that your Total Production and Preparation Costs for the *First-Class Mail flats and packages* that you sent during the last 12 months was \$ _____ [insert value from Q2-2g] [IF Average Per Piece Cost button selected in Q2-2g INSERT “Per Piece”].

What was the average cost for *each component* of **Production and Preparation Costs** for the *First-Class Mail flats and packages* that you sent during the last 12 months? In the first Column of the table below, enter either the *Average Per Piece Cost* you incurred or the *Total Cost* you incurred for each cost component. (If you did not incur a particular type of cost, enter 0). In the second Column, indicate which type of cost you are reporting. In the third Column, enter the percentage of your First-Class flats and packages for which each cost component was relevant. (For example, if you only used external printers for 80% of your pieces, then you would enter 80% in the last Column of the *Printing* row)

IF YOU DO NOT KNOW THE COST YOU INCURRED FOR A COMPONENT, THEN LEAVE THE 1ST COLUMN BLANK, SELECT “DON’T KNOW” IN THE 2ND COLUMN, AND LEAVE THE 3RD COLUMN BLANK

You may specify these amounts using dollars and cents if reporting Average Per Piece Cost (e.g., \$1.14). However, if you report the Total Cost, please only specify dollars (e.g., \$126000)

**Production and Preparation Costs by Cost Component
First-Class Flats and Packages**

	Cost Item	Cost	Type of Cost	% of Total First-Class Mail flats and packages for Which Cost Component is Relevant
Outside Supplier Costs:				
a.	<i>Printing</i> (costs charged by outside printers who produce your mail pieces)	\$ _____	<input type="radio"/> Average Per Piece Cost <input type="radio"/> Total Cost <input type="radio"/> Don't Know	_____ %
b.	<i>Other Contracting</i> (costs such as list hygiene, etc., charged by any other outside vendors for producing or transporting your mail pieces)	\$ _____	<input type="radio"/> Average Per Piece Cost <input type="radio"/> Total Cost <input type="radio"/> Don't Know	_____ %
In-House Costs:				
a.	<i>Depreciation or Lease Payments</i> (include the annual depreciation or lease payments on printers, inserters, computer equipment and software, and any other equipment used for <i>printing</i> mail pieces)	\$ _____	<input type="radio"/> Average Per Piece Cost <input type="radio"/> Total Cost <input type="radio"/> Don't Know	_____ %
b.	<i>Maintenance</i> (include the cost to service and upkeep printers, inserters, computer equipment and software, and any other equipment used for printing/preparing mail pieces, including service contracts)	\$ _____	<input type="radio"/> Average Per Piece Cost <input type="radio"/> Total Cost <input type="radio"/> Don't Know	_____ %
c.	<i>Personnel</i> (include the total cost of supervisors, technical operators, and any additional personnel involved in the production and preparation of the mail pieces)	\$ _____	<input type="radio"/> Average Per Piece Cost <input type="radio"/> Total Cost <input type="radio"/> Don't Know	_____ %
d.	<i>Space</i> (include the cost for the square feet for the personnel, equipment, and inventory required to produce the mail pieces)	\$ _____	<input type="radio"/> Average Per Piece Cost <input type="radio"/> Total Cost <input type="radio"/> Don't Know	_____ %
e.	<i>Consumables</i> (include the cost of items such as envelopes, paper, toner, etc. which can be tied directly to the mail pieces sent)	\$ _____	<input type="radio"/> Average Per Piece Cost <input type="radio"/> Total Cost <input type="radio"/> Don't Know	_____ %
f.	<i>Transportation to Mail Facility</i> (include the transportation personnel, fuel, and vehicle costs associated with transporting the mail pieces to the mail facility)	\$ _____	<input type="radio"/> Average Per Piece Cost <input type="radio"/> Total Cost <input type="radio"/> Don't Know	_____ %
g.	<i>Administration and Overhead</i> (include any administration and overhead costs associated with production of the mail pieces)	\$ _____	<input type="radio"/> Average Per Piece Cost <input type="radio"/> Total Cost <input type="radio"/> Don't Know	_____ %

5-1b Earlier you indicated that your Total Production and Preparation Costs for the *First-Class Mail flats and packages* that you sent during the last 12 months was \$ _____ [insert value from Q2-2g] [IF Average Per Piece Cost button selected in Q2-2g INSERT “Per Piece”].

What was the average cost for *each task* of **Production and Preparation Costs** for the *First-Class Mail flats and packages* that you sent during the last 12 months? In the first Column of the table below, enter either the *Average Per Piece Cost* you incurred or the *Total Cost* you incurred for each task. (If you did not incur a particular type of cost, enter 0). In the second Column, indicate which type of cost you are reporting. In the third Column, enter the percentage of your First-Class flats and packages for which each task was relevant. (For example, if you only barcoded 80% of your pieces, then you would enter 80% in the last Column of the Barcoding row.)

IF YOU DO NOT KNOW THE COST YOU INCURRED FOR A TASK, THEN LEAVE THE 1ST COLUMN BLANK, SELECT “DON’T KNOW” IN THE 2ND COLUMN, AND LEAVE THE 3RD COLUMN BLANK

You may specify these amounts using dollars and cents if reporting Average Per Piece Cost (e.g., \$1.14). However, if you report the Total Cost, please only specify dollars (e.g., \$126000)

**Production and Preparation Costs by Task
First-Class Flats and Packages**

	Cost Item	Cost	Type of Cost	% of Total First-Class Mail flats and packages for Which Task is Relevant
a.	Printing / Production / Collating	\$ _____	<input type="radio"/> Average Per Piece Cost <input type="radio"/> Total Cost <input type="radio"/> Don't Know	_____ %
b.	Inserting	\$ _____	<input type="radio"/> Average Per Piece Cost <input type="radio"/> Total Cost <input type="radio"/> Don't Know	_____ %
c.	Presorting	\$ _____	<input type="radio"/> Average Per Piece Cost <input type="radio"/> Total Cost <input type="radio"/> Don't Know	_____ %
d.	Barcoding	\$ _____	<input type="radio"/> Average Per Piece Cost <input type="radio"/> Total Cost <input type="radio"/> Don't Know	_____ %
e.	List Maintenance	\$ _____	<input type="radio"/> Average Per Piece Cost <input type="radio"/> Total Cost <input type="radio"/> Don't Know	_____ %
f.	Transportation	\$ _____	<input type="radio"/> Average Per Piece Cost <input type="radio"/> Total Cost <input type="radio"/> Don't Know	_____ %
g.	Other	\$ _____	<input type="radio"/> Average Per Piece Cost <input type="radio"/> Total Cost <input type="radio"/> Don't Know	_____ %

5-2a PLEASE THINK ABOUT THE FIRST-CLASS MAIL CARDS AND LETTERS THAT YOU SENT DURING THE LAST 12 MONTHS

Earlier you indicated that your Total Production and Preparation Costs for the *First-Class Mail cards and letters* that you sent during the last 12 months was \$ _____ [insert value from Q2-2i] [IF Average Per Piece Cost button selected in Q2-2i INSERT “Per Piece”].

What was the average cost for *each component* of **Production and Preparation Costs** for the *First-Class Mail cards and letters* that you sent during the last 12 months? In the first Column of the table below, enter either the *Average Per Piece Cost* you incurred or the *Total Cost* you incurred for each cost component. (If you did not incur a particular type of cost, enter 0). In the second Column, indicate which type of cost you are reporting. In the third Column, enter the percentage of your *First-Class cards and letters* for which each cost component was relevant. (For example, if you only used external printers for 80% of your pieces, then you would enter 80% in the last Column of the *Printing* row)

IF YOU DO NOT KNOW THE COST YOU INCURRED FOR A COMPONENT, THEN LEAVE THE 1ST COLUMN BLANK, SELECT “DON’T KNOW” IN THE 2ND COLUMN, AND LEAVE THE 3RD COLUMN BLANK

You may specify these amounts using dollars and cents if reporting Average Per Piece Cost (e.g., \$1.14). However, if you report the Total Cost, please only specify dollars (e.g., \$126000)

**Production and Preparation Costs by Cost Component
First-Class Cards and Letters**

	Cost Item	Cost	Type of Cost	% of Total First-Class Mail flats and packages for Which Cost Component is Relevant
Supplier Costs:				
a.	<i>Printing</i> (costs charged by outside printers who produce your mail pieces)	\$ _____	<input type="radio"/> Average Per Piece Cost <input type="radio"/> Total Cost <input type="radio"/> Don't Know	_____ %
b.	<i>Other Contracting</i> (costs such as list hygiene, etc., charged by any other outside vendors for producing or transporting your mail pieces)	\$ _____	<input type="radio"/> Average Per Piece Cost <input type="radio"/> Total Cost <input type="radio"/> Don't Know	_____ %
In-House Costs:				
a.	<i>Depreciation or Lease Payments</i> (include the annual depreciation or lease payments on printers, inserters, computer equipment and software, and any other equipment used for <i>printing</i> mail pieces)	\$ _____	<input type="radio"/> Average Per Piece Cost <input type="radio"/> Total Cost <input type="radio"/> Don't Know	_____ %
b.	<i>Maintenance</i> (include the cost to service and upkeep printers, inserters, computer equipment and software, and any other equipment used for printing/preparing mail pieces, including service contracts)	\$ _____	<input type="radio"/> Average Per Piece Cost <input type="radio"/> Total Cost <input type="radio"/> Don't Know	_____ %
c.	<i>Personnel</i> (include the total cost of supervisors, technical operators, and any additional personnel involved in the production and preparation of the mail pieces)	\$ _____	<input type="radio"/> Average Per Piece Cost <input type="radio"/> Total Cost <input type="radio"/> Don't Know	_____ %
d.	<i>Space</i> (include the cost for the square feet for the personnel, equipment, and inventory required to produce the mail pieces)	\$ _____	<input type="radio"/> Average Per Piece Cost <input type="radio"/> Total Cost <input type="radio"/> Don't Know	_____ %
e.	<i>Consumables</i> (include the cost of items such as envelopes, paper, toner, etc. which can be tied directly to the mail pieces sent)	\$ _____	<input type="radio"/> Average Per Piece Cost <input type="radio"/> Total Cost <input type="radio"/> Don't Know	_____ %
f.	<i>Transportation to Mail Facility</i> (include the transportation personnel, fuel, and vehicle costs associated with transporting the mail pieces to the mail facility)	\$ _____	<input type="radio"/> Average Per Piece Cost <input type="radio"/> Total Cost <input type="radio"/> Don't Know	_____ %
g.	<i>Administration and Overhead</i> (include any administration and overhead costs associated with production of the mail pieces)	\$ _____	<input type="radio"/> Average Per Piece Cost <input type="radio"/> Total Cost <input type="radio"/> Don't Know	_____ %

5-2b Earlier you indicated that your Total Production and Preparation Costs for the *First-Class Mail cards and letters* that you sent during the last 12 months was \$ _____ [insert value from Q2-2i] [IF Average Per Piece Cost button selected in Q2-2i INSERT “Per Piece”].

What was the average cost for *each task* of **Production and Preparation Costs** for the *First-Class Mail cards and letters* that you sent during the last 12 months? In the first Column of the table below, enter either the *Average Per Piece Cost* you incurred or the *Total Cost* you incurred for each task. (If you did not incur a particular type of cost, enter 0). In the second Column, indicate which type of cost you are reporting. In the third Column, enter the percentage of your First-Class *cards and letters* for which each task was relevant. (For example, if you only barcoded 80% of your pieces, then you would enter 80% in the last Column of the Barcoding row.)

IF YOU DO NOT KNOW THE COST YOU INCURRED FOR A TASK, THEN LEAVE THE 1ST COLUMN BLANK, SELECT “DON’T KNOW” IN THE 2ND COLUMN, AND LEAVE THE 3RD COLUMN BLANK

You may specify these amounts using dollars and cents if reporting Average Per Piece Cost (e.g., \$1.14). However, if you report the Total Cost, please only specify dollars (e.g., \$126000)

**Production and Preparation Costs by Task
First-Class Cards and Letters**

	Cost Item	Cost	Type of Cost	% of Total First-Class Mail cards and letters for Which Task is Relevant
a.	Printing / Production / Collating	\$ _____	<input type="radio"/> Average Per Piece Cost <input type="radio"/> Total Cost <input type="radio"/> Don't Know	_____ %
b.	Inserting	\$ _____	<input type="radio"/> Average Per Piece Cost <input type="radio"/> Total Cost <input type="radio"/> Don't Know	_____ %
c.	Presorting	\$ _____	<input type="radio"/> Average Per Piece Cost <input type="radio"/> Total Cost <input type="radio"/> Don't Know	_____ %
d.	Barcoding	\$ _____	<input type="radio"/> Average Per Piece Cost <input type="radio"/> Total Cost <input type="radio"/> Don't Know	_____ %
e.	List Maintenance	\$ _____	<input type="radio"/> Average Per Piece Cost <input type="radio"/> Total Cost <input type="radio"/> Don't Know	_____ %
f.	Transportation	\$ _____	<input type="radio"/> Average Per Piece Cost <input type="radio"/> Total Cost <input type="radio"/> Don't Know	_____ %
g.	Other	\$ _____	<input type="radio"/> Average Per Piece Cost <input type="radio"/> Total Cost <input type="radio"/> Don't Know	_____ %

5-3a PLEASE THINK ABOUT THE STANDARD A MAIL FLATS AND PACKAGES THAT YOU SENT DURING THE LAST 12 MONTHS

Earlier you indicated that your Total Production and Preparation Costs for the *Standard A Mail flats and packages* that you sent during the last 12 months was \$ _____ [insert value from Q2-3i] [IF Average Per Piece Cost button selected in Q2-3i INSERT “Per Piece”].

What was the average cost for *each component* of **Production and Preparation Costs** for the *Standard A Mail flats and packages* that you sent during the last 12 months? In the first Column of the table below, enter either the *Average Per Piece Cost* you incurred or the *Total Cost* you incurred for each cost component. (If you did not incur a particular type of cost, enter 0). In the second Column, indicate which type of cost you are reporting. In the third Column, enter the percentage of your *Standard A* flats and packages for which each cost component was relevant. (For example, if you only used external printers for 80% of your pieces, then you would enter 80% in the last Column of the *Printing* row)

IF YOU DO NOT KNOW THE COST YOU INCURRED FOR A COMPONENT, THEN LEAVE THE 1ST COLUMN BLANK, SELECT “DON’T KNOW” IN THE 2ND COLUMN, AND LEAVE THE 3RD COLUMN BLANK

You may specify these amounts using dollars and cents if reporting Average Per Piece Cost (e.g., \$1.14). However, if you report the Total Cost, please only specify dollars (e.g., \$126000)

**Production and Preparation Costs by Cost Component
Standard A Flats and Packages**

	Cost Item	Cost	Type of Cost	% of Total Standard A Mail flats and packages for Which Cost Component is Relevant
Supplier Costs:				
a.	<i>Printing</i> (costs charged by outside printers who produce your mail pieces)	\$ _____	<input type="radio"/> Average Per Piece Cost <input type="radio"/> Total Cost <input type="radio"/> Don't Know	_____ %
b.	<i>Other Contracting</i> (costs such as list hygiene, etc., charged by any other outside vendors for producing or transporting your mail pieces)	\$ _____	<input type="radio"/> Average Per Piece Cost <input type="radio"/> Total Cost <input type="radio"/> Don't Know	_____ %
In-House Costs:				
a.	<i>Depreciation or Lease Payments</i> (include the annual depreciation or lease payments on printers, inserters, computer equipment and software, and any other equipment used for <i>printing</i> mail pieces)	\$ _____	<input type="radio"/> Average Per Piece Cost <input type="radio"/> Total Cost <input type="radio"/> Don't Know	_____ %
b.	<i>Maintenance</i> (include the cost to service and upkeep printers, inserters, computer equipment and software, and any other equipment used for printing/preparing mail pieces, including service contracts)	\$ _____	<input type="radio"/> Average Per Piece Cost <input type="radio"/> Total Cost <input type="radio"/> Don't Know	_____ %
c.	<i>Personnel</i> (include the total cost of supervisors, technical operators, and any additional personnel involved in the production and preparation of the mail pieces)	\$ _____	<input type="radio"/> Average Per Piece Cost <input type="radio"/> Total Cost <input type="radio"/> Don't Know	_____ %
d.	<i>Space</i> (include the cost for the square feet for the personnel, equipment, and inventory required to produce the mail pieces)	\$ _____	<input type="radio"/> Average Per Piece Cost <input type="radio"/> Total Cost <input type="radio"/> Don't Know	_____ %
e.	<i>Consumables</i> (include the cost of items such as envelopes, paper, toner, etc. which can be tied directly to the mail pieces sent)	\$ _____	<input type="radio"/> Average Per Piece Cost <input type="radio"/> Total Cost <input type="radio"/> Don't Know	_____ %
f.	<i>Transportation to Mail Facility</i> (include the transportation personnel, fuel, and vehicle costs associated with transporting the mail pieces to the mail facility)	\$ _____	<input type="radio"/> Average Per Piece Cost <input type="radio"/> Total Cost <input type="radio"/> Don't Know	_____ %
g.	<i>Administration and Overhead</i> (include any administration and overhead costs associated with production of the mail pieces)	\$ _____	<input type="radio"/> Average Per Piece Cost <input type="radio"/> Total Cost <input type="radio"/> Don't Know	_____ %

5-3b Earlier you indicated that your Total Production and Preparation Costs for the *Standard A Mail flats and packages* that you sent during the last 12 months was \$ _____ [insert value from Q2-3i] [IF Average Per Piece Cost button selected in Q2-3i INSERT “Per Piece”].

What was the average cost for *each task* of **Production and Preparation Costs** for the *Standard A Mail flats and packages* that you sent during the last 12 months? In the first Column of the table below, enter either the *Average Per Piece Cost* you incurred or the *Total Cost* you incurred for each task. (If you did not incur a particular type of cost, enter 0). In the second Column, indicate which type of cost you are reporting. In the third Column, enter the percentage of your *Standard A* flats and packages for which each task was relevant. (For example, if you only barcoded 80% of your pieces, then you would enter 80% in the last Column of the Barcoding row.)

IF YOU DO NOT KNOW THE COST YOU INCURRED FOR A TASK, THEN LEAVE THE 1ST COLUMN BLANK, SELECT “DON’T KNOW” IN THE 2ND COLUMN, AND LEAVE THE 3RD COLUMN BLANK

You may specify these amounts using dollars and cents if reporting Average Per Piece Cost (e.g., \$1.14). However, if you report the Total Cost, please only specify dollars (e.g., \$126000)

**Production and Preparation Costs by Task
Standard A Flats and Packages**

	Cost Item	Cost	Type of Cost	% of Total Standard A Mail flats and packages for Which Task is Relevant
a.	Printing / Production / Collating	\$ _____	<input type="radio"/> Average Per Piece Cost <input type="radio"/> Total Cost <input type="radio"/> Don't Know	_____ %
b.	Inserting	\$ _____	<input type="radio"/> Average Per Piece Cost <input type="radio"/> Total Cost <input type="radio"/> Don't Know	_____ %
c.	Presorting	\$ _____	<input type="radio"/> Average Per Piece Cost <input type="radio"/> Total Cost <input type="radio"/> Don't Know	_____ %
d.	Barcoding	\$ _____	<input type="radio"/> Average Per Piece Cost <input type="radio"/> Total Cost <input type="radio"/> Don't Know	_____ %
e.	List Maintenance	\$ _____	<input type="radio"/> Average Per Piece Cost <input type="radio"/> Total Cost <input type="radio"/> Don't Know	_____ %
f.	Transportation	\$ _____	<input type="radio"/> Average Per Piece Cost <input type="radio"/> Total Cost <input type="radio"/> Don't Know	_____ %
g.	Other	\$ _____	<input type="radio"/> Average Per Piece Cost <input type="radio"/> Total Cost <input type="radio"/> Don't Know	_____ %

5-4a PLEASE THINK ABOUT THE STANDARD A MAIL CARDS AND LETTERS THAT YOU SENT DURING THE LAST 12 MONTHS

Earlier you indicated that your Total Production and Preparation Costs for the *Standard A Mail cards and letters* that you sent during the last 12 months was \$ _____ [insert value from Q2-3j] [IF Average Per Piece Cost button selected in Q2-3j INSERT “Per Piece”].

What was the average cost for *each component* of **Production and Preparation Costs** for the *Standard A Mail cards and letters* that you sent during the last 12 months? In the first Column of the table below, enter either the *Average Per Piece Cost* you incurred or the *Total Cost* you incurred for each cost component. (If you did not incur a particular type of cost, enter 0). In the second Column, indicate which type of cost you are reporting. In the third Column, enter the percentage of your *Standard A cards and letters* for which each cost component was relevant. (For example, if you only used external printers for 80% of your pieces, then you would enter 80% in the last Column of the *Printing* row)

IF YOU DO NOT KNOW THE COST YOU INCURRED FOR A COMPONENT, THEN LEAVE THE 1ST COLUMN BLANK, SELECT “DON’T KNOW” IN THE 2ND COLUMN, AND LEAVE THE 3RD COLUMN BLANK

You may specify these amounts using dollars and cents if reporting Average Per Piece Cost (e.g., \$1.14). However, if you report the Total Cost, please only specify dollars (e.g., \$126000)

**Production and Preparation Costs by Cost Component
Standard A Cards and Letters**

	Cost Item	Cost	Type of Cost	% of Total Standard A Mail cards and letters for Which Cost Component is Relevant
Supplier Costs:				
a.	<i>Printing</i> (costs charged by outside printers who produce your mail pieces)	\$ _____	<input type="radio"/> Average Per Piece Cost <input type="radio"/> Total Cost <input type="radio"/> Don't Know	_____ %
b.	<i>Other Contracting</i> (costs such as list hygiene, etc., charged by any other outside vendors for producing or transporting your mail pieces)	\$ _____	<input type="radio"/> Average Per Piece Cost <input type="radio"/> Total Cost <input type="radio"/> Don't Know	_____ %
In-House Costs:				
a.	<i>Depreciation or Lease Payments</i> (include the annual depreciation or lease payments on printers, inserters, computer equipment and software, and any other equipment used for <i>printing</i> mail pieces)	\$ _____	<input type="radio"/> Average Per Piece Cost <input type="radio"/> Total Cost <input type="radio"/> Don't Know	_____ %
b.	<i>Maintenance</i> (include the cost to service and upkeep printers, inserters, computer equipment and software, and any other equipment used for printing/preparing mail pieces, including service contracts)	\$ _____	<input type="radio"/> Average Per Piece Cost <input type="radio"/> Total Cost <input type="radio"/> Don't Know	_____ %
c.	<i>Personnel</i> (include the total cost of supervisors, technical operators, and any additional personnel involved in the production and preparation of the mail pieces)	\$ _____	<input type="radio"/> Average Per Piece Cost <input type="radio"/> Total Cost <input type="radio"/> Don't Know	_____ %
d.	<i>Space</i> (include the cost for the square feet for the personnel, equipment, and inventory required to produce the mail pieces)	\$ _____	<input type="radio"/> Average Per Piece Cost <input type="radio"/> Total Cost <input type="radio"/> Don't Know	_____ %
e.	<i>Consumables</i> (include the cost of items such as envelopes, paper, toner, etc. which can be tied directly to the mail pieces sent)	\$ _____	<input type="radio"/> Average Per Piece Cost <input type="radio"/> Total Cost <input type="radio"/> Don't Know	_____ %
f.	<i>Transportation to Mail Facility</i> (include the transportation personnel, fuel, and vehicle costs associated with transporting the mail pieces to the mail facility)	\$ _____	<input type="radio"/> Average Per Piece Cost <input type="radio"/> Total Cost <input type="radio"/> Don't Know	_____ %
g.	<i>Administration and Overhead</i> (include any administration and overhead costs associated with production of the mail pieces)	\$ _____	<input type="radio"/> Average Per Piece Cost <input type="radio"/> Total Cost <input type="radio"/> Don't Know	_____ %

5-4b Earlier you indicated that your Total Production and Preparation Costs for the *Standard A Mail flats and packages* that you sent during the last 12 months was \$ _____ [insert value from Q2-3j] [IF Average Per Piece Cost button selected in Q2-3j INSERT “Per Piece”].

What was the average cost for *each task* of **Production and Preparation Costs** for the *Standard A Mail cards and letters* that you sent during the last 12 months? In the first Column of the table below, enter either the *Average Per Piece Cost* you incurred or the *Total Cost* you incurred for each task. (If you did not incur a particular type of cost, enter 0). In the second Column, indicate which type of cost you are reporting. In the third Column, enter the percentage of your *Standard A cards and letters* for which each task was relevant. (For example, if you only barcoded 80% of your pieces, then you would enter 80% in the last Column of the Barcoding row.)

IF YOU DO NOT KNOW THE COST YOU INCURRED FOR A TASK, THEN LEAVE THE 1ST COLUMN BLANK, SELECT “DON’T KNOW” IN THE 2ND COLUMN, AND LEAVE THE 3RD COLUMN BLANK

You may specify these amounts using dollars and cents if reporting Average Per Piece Cost (e.g., \$1.14). However, if you report the Total Cost, please only specify dollars (e.g., \$126000)

**Production and Preparation Costs by Task
Standard A Cards and Letters**

	Cost Item	Cost	Type of Cost	% of Total Standard A Mail cards and letters for Which Task is Relevant
a.	Printing / Production / Collating	\$ _____	<input type="radio"/> Average Per Piece Cost <input type="radio"/> Total Cost <input type="radio"/> Don't Know	_____ %
b.	Inserting	\$ _____	<input type="radio"/> Average Per Piece Cost <input type="radio"/> Total Cost <input type="radio"/> Don't Know	_____ %
c.	Presorting	\$ _____	<input type="radio"/> Average Per Piece Cost <input type="radio"/> Total Cost <input type="radio"/> Don't Know	_____ %
d.	Barcoding	\$ _____	<input type="radio"/> Average Per Piece Cost <input type="radio"/> Total Cost <input type="radio"/> Don't Know	_____ %
e.	List Maintenance	\$ _____	<input type="radio"/> Average Per Piece Cost <input type="radio"/> Total Cost <input type="radio"/> Don't Know	_____ %
f.	Transportation	\$ _____	<input type="radio"/> Average Per Piece Cost <input type="radio"/> Total Cost <input type="radio"/> Don't Know	_____ %
g.	Other	\$ _____	<input type="radio"/> Average Per Piece Cost <input type="radio"/> Total Cost <input type="radio"/> Don't Know	_____ %

5-5a PLEASE THINK ABOUT THE PERIODICALS MAIL THAT YOU SENT DURING THE LAST 12 MONTHS

Earlier you indicated that your Total Production and Preparation Costs for the *Periodicals Mail* that you sent during the last 12 months was \$ _____ [insert value from Q2-4g] [IF Average Per Piece Cost button selected in Q2-4g INSERT “Per Piece”].

What was the average cost for *each component* of **Production and Preparation Costs** for the *Periodicals Mail* that you sent during the last 12 months? In the first Column of the table below, enter either the *Average Per Piece Cost* you incurred or the *Total Cost* you incurred for each cost component. (If you did not incur a particular type of cost, enter 0). In the second Column, indicate which type of cost you are reporting. In the third Column, enter the percentage of your *Periodicals* for which each cost component was relevant. (For example, if you only used external printers for 80% of your pieces, then you would enter 80% in the last Column of the *Printing* row)

IF YOU DO NOT KNOW THE COST YOU INCURRED FOR A COMPONENT, THEN LEAVE THE 1ST COLUMN BLANK, SELECT “DON’T KNOW” IN THE 2ND COLUMN, AND LEAVE THE 3RD COLUMN BLANK

You may specify these amounts using dollars and cents if reporting Average Per Piece Cost (e.g., \$1.14). However, if you report the Total Cost, please only specify dollars (e.g., \$126000)

Production and Preparation Costs by Cost Component
Periodicals

	Cost Item	Cost	Type of Cost	% of Total Periodicals for Which Cost Component is Relevant
Supplier Costs:				
a.	<i>Printing</i> (costs charged by outside printers who produce your mail pieces)	\$ _____	<input type="radio"/> Average Per Piece Cost <input type="radio"/> Total Cost <input type="radio"/> Don't Know	_____ %
b.	<i>Other Contracting</i> (costs such as list hygiene, etc., charged by any other outside vendors for producing or transporting your mail pieces)	\$ _____	<input type="radio"/> Average Per Piece Cost <input type="radio"/> Total Cost <input type="radio"/> Don't Know	_____ %
In-House Costs:				
a.	<i>Depreciation or Lease Payments</i> (include the annual depreciation or lease payments on printers, inserters, computer equipment and software, and any other equipment used for <i>printing</i> mail pieces)	\$ _____	<input type="radio"/> Average Per Piece Cost <input type="radio"/> Total Cost <input type="radio"/> Don't Know	_____ %
b.	<i>Maintenance</i> (include the cost to service and upkeep printers, inserters, computer equipment and software, and any other equipment used for printing/preparing mail pieces, including service contracts)	\$ _____	<input type="radio"/> Average Per Piece Cost <input type="radio"/> Total Cost <input type="radio"/> Don't Know	_____ %
c.	<i>Personnel</i> (include the total cost of supervisors, technical operators, and any additional personnel involved in the production and preparation of the mail pieces)	\$ _____	<input type="radio"/> Average Per Piece Cost <input type="radio"/> Total Cost <input type="radio"/> Don't Know	_____ %
d.	<i>Space</i> (include the cost for the square feet for the personnel, equipment, and inventory required to produce the mail pieces)	\$ _____	<input type="radio"/> Average Per Piece Cost <input type="radio"/> Total Cost <input type="radio"/> Don't Know	_____ %
e.	<i>Consumables</i> (include the cost of items such as envelopes, paper, toner, etc. which can be tied directly to the mail pieces sent)	\$ _____	<input type="radio"/> Average Per Piece Cost <input type="radio"/> Total Cost <input type="radio"/> Don't Know	_____ %
f.	<i>Transportation to Mail Facility</i> (include the transportation personnel, fuel, and vehicle costs associated with transporting the mail pieces to the mail facility)	\$ _____	<input type="radio"/> Average Per Piece Cost <input type="radio"/> Total Cost <input type="radio"/> Don't Know	_____ %
g.	<i>Administration and Overhead</i> (include any administration and overhead costs associated with production of the mail pieces)	\$ _____	<input type="radio"/> Average Per Piece Cost <input type="radio"/> Total Cost <input type="radio"/> Don't Know	_____ %

5-5b Earlier you indicated that your Total Production and Preparation Costs for the *Periodicals Mail* that you sent during the last 12 months was \$ _____ [insert value from Q2-4g] [IF Average Per Piece Cost button selected in Q2-4g INSERT “Per Piece”].

What was the average cost for *each task* of **Production and Preparation Costs** for the *Periodicals Mail* that you sent during the last 12 months? In the first Column of the table below, enter either the *Average Per Piece Cost* you incurred or the *Total Cost* you incurred for each task. (If you did not incur a particular type of cost, enter 0). In the second Column, indicate which type of cost you are reporting. In the third Column, enter the percentage of your *Periodicals* for which each task was relevant. (For example, if you only barcoded 80% of your pieces, then you would enter 80% in the last Column of the Barcoding row.)

IF YOU DO NOT KNOW THE COST YOU INCURRED FOR A TASK, THEN LEAVE THE 1ST COLUMN BLANK, SELECT “DON’T KNOW” IN THE 2ND COLUMN, AND LEAVE THE 3RD COLUMN BLANK

You may specify these amounts using dollars and cents if reporting Average Per Piece Cost (e.g., \$1.14). However, if you report the Total Cost, please only specify dollars (e.g., \$126000)

Production and Preparation Costs by Task
Periodicals

	Cost Item	Cost	Type of Cost	% of Total Periodicals for Which Task is Relevant
a.	Printing / Production / Collating	\$ _____	<input type="radio"/> Average Per Piece Cost <input type="radio"/> Total Cost <input type="radio"/> Don't Know	_____ %
b.	Inserting	\$ _____	<input type="radio"/> Average Per Piece Cost <input type="radio"/> Total Cost <input type="radio"/> Don't Know	_____ %
c.	Presorting	\$ _____	<input type="radio"/> Average Per Piece Cost <input type="radio"/> Total Cost <input type="radio"/> Don't Know	_____ %
d.	Barcoding	\$ _____	<input type="radio"/> Average Per Piece Cost <input type="radio"/> Total Cost <input type="radio"/> Don't Know	_____ %
e.	List Maintenance	\$ _____	<input type="radio"/> Average Per Piece Cost <input type="radio"/> Total Cost <input type="radio"/> Don't Know	_____ %
f.	Transportation	\$ _____	<input type="radio"/> Average Per Piece Cost <input type="radio"/> Total Cost <input type="radio"/> Don't Know	_____ %
g.	Other	\$ _____	<input type="radio"/> Average Per Piece Cost <input type="radio"/> Total Cost <input type="radio"/> Don't Know	_____ %

Technical Documentation

The following provides additional technical information concerning three aspects of the Article 43 mailer survey: 1) sampling and weighting, including variance estimation; 2) conjoint design; and 3) conjoint parameter estimation.

1. Sampling, Weighting, and Variance Estimation

- *Sampling*

The sampling frame for this study was an extract from the CBCIS file provided by the Postal Service. The file provided to us contained mail volumes and revenues for FY2000 and FY2001 (year-to-date) for USPS customers who are permit holders, have meters, or are government agency sites, and had some First-Class Mail, Standard A Mail, or Periodicals Mail volume or revenue in FY2000 or FY2001.

Prior to sampling, the frame was truncated to include only those businesses with over 300,000 annual FY2000 mail volume in First-Class, Standard A, or Periodicals. (*Note that the 300,000 annual piece threshold applied to each mail class separately.*) This was done to improve sampling efficiency, by concentrating on those businesses where the economic incentives for remail are deemed to be large. Mail volumes associated with such locations account for 97%, 89%, and 84% of total USPS First-Class (excluding single-piece letters and cards), Standard A, and Periodicals Mail, respectively.

Prior to sampling, locations were stratified into one of 11 mutually exclusive categories before data collection began. Descriptions of sampling strata and counts of locations from the sampling frame are included in Table 1.

Table 1 - Sampling Frame Counts of Locations*

Stratum	# Locations
Low First-Class Only	2,586
High First-Class Only	586
Low Standard A Only	11,297
High Standard A Only	2,268
Low Periodicals Only	2,121
High Periodicals Only	500
Low First-Class/Standard A	2,641
High First-Class/Standard A	584
First-Class/Periodicals	22
Standard A/Periodicals	348
First-Class/Standard A/Periodicals	62
Total	22,953

* Secondary stratification by volume within certain primary strata was included in the design to provide better representation of mail volumes within these strata. A common procedure for choosing stratum boundaries in this instance is to use the cumulative square root of frequency rule (Cochrane, pp. 128-132). In this case, we employed this rule with a stratum-level measure of size reflecting the sum of eligible stratum-level mail volumes above the truncation threshold to defined "high" and "low" mail volumes within each stratum. In combination with appropriate sample allocations, this improved the efficiency of statistical estimates of relevant mail (and remail) volumes.

- *Weighting*

There were four basic steps in the creation of final analysis weights for this survey. First, information from responses to the survey screener was used to estimate the population of eligible locations within the set of locations on the sampling frame. Second, a set of base analytic location weights was constructed that weighted the survey responses up to the population of eligibles. Third, base analytic location weights were calibrated (or “raked”) to known control totals for annual mail volumes for First-Class, Standard A, and Periodicals. Fourth, this process was repeated to construct a set of mail-class-specific weights, one for each of the three mail classes. Mail-class-specific weights were required because the unit of analysis for the survey was a location, yet the respondent could not always respond for all mail classes for which the location was eligible to be surveyed. This happened for two reasons: 1) in locations with three eligible mail classes, two mail classes were subsampled to reduce respondent burden,** and 2) at some locations, different individuals had responsibility for separate mail classes, and the respondent could not reliably report on mail volumes for the classes for which he or she was not responsible. The class-specific weights were used to weight class-specific survey responses, including conjoint responses, up to the proper universe of eligible locations by class, and the appropriate volume within that class, as estimated by the final analytic location weights. The class-specific weights were the primary weights that were used in the analysis.

- **Step 1: Estimate Eligible Population**

Eligibility rates were calculated for each sampling stratum using screener respondents with identified eligibility (either eligible or ineligible) as the base. To be eligible for the survey, a location had to send annual mail volume that was "owned" by their organization (i.e., businesses that were exclusively remailers were excluded) above the truncation threshold of 300,000 pieces per year in at least one mail class. Given the small number of locations in the bottom three strata in Table 1, these strata were collapsed into one for estimated eligibility and subsequent weighting. The estimated population of eligibles is included in the following table.

Table 2 - Estimated Size of Eligible Population

Stratum	# Frame Locations	Eligibility Rate	Estimated Eligible Population
Low First-Class Only	2,586	63.64	1,646
High First-Class Only	586	78.57	460
Low Standard A Only	11,297	52.16	5,891
High Standard A Only	2,268	59.84	1,357
Low Periodicals Only	2,121	62.46	1,325
High Periodicals Only	500	69.35	347
Low First-Class/Standard A	2,641	77.23	2,039
High First-Class/Standard A	584	100.00	584
First-Class/Periodicals, Standard A/ Periodicals, & First-Class/Standard A/ Periodicals	432	63.64	275
Total	22,953		13,924

** Qualitative pre-testing research suggested that questionnaires requiring responses to three mail classes were much too long to be answered reliably by survey respondents.

– **Step 2: Calculation of Base Analytic Location Weights**

Base location weights within sampling strata were defined as e_i / n_i where e_i is the number of eligibles and n_i respondents in each stratum respectively. These base weights are included in Table 3 below.

Table 3 - Base Analytic Location Weights

Stratum	Estimated Eligible Population	Number of Interviews Used in Analysis	Base Analytic Location Weight
Low First-Class Only	1,646	51	32.27
High First-Class Only	460	19	24.21
Low Standard A Only	5,891	180	32.73
High Standard A Only	1,357	44	30.84
Low Periodicals Only	1,325	36	36.81
High Periodicals Only	347	11	31.55
Low First-Class/Standard A	2,039	45	45.31
High First-Class/Standard A	584	8	73.00
First-Class/Periodicals, Standard A/ Periodicals, & First-Class/Standard A/ Periodicals	275	21	13.10
Total	13,924	415	

– **Step 3: Calibration To Known Control Totals**

Base analytic location weights were then “calibrated” or “raked” so that weighted estimates of volume for each mail class matched known FY2000 control totals for the entire population defined on the (truncated) sampling frame. During the raking process, the final weights of respondents were constrained so that no respondent represented more than approximately 10 percent of the weighted volume in each mail class.

– **Step 4: Calculation of Mail-Class Specific Weights**

Mail-class-specific location weights were derived from final analytic location weights using the same general procedure as above. More specifically, the size of the eligible mail-class-specific location population was estimated from the final analytic location weights. For a location to be eligible for the survey, the location needed to qualify as the “owner” of mail above the 300,000 annual volume threshold in at least one of the mail classes where they were sampled. As a result, the total mail volume in each mail class that was estimated from the final analytic location weight exceeded (slightly) the weighted estimate of the volume above the truncation threshold in each mail class because eligible locations in one mail class may have had volumes below the thresholds in other mail classes. Only locations with self-reported mail volumes above the truncation threshold responded to the mail-class-specific survey questions and received a mail-class-specific weight.

During the raking process, the final weights of respondents within each mail class were constrained so that no respondent represented more than approximately 10 percent of the weighted volume in each mail class. For First-Class, one additional set of raking targets was included. Information concerning the method of payment for the entire CBCIS was obtained from the USPS. The questionnaire provided detail on three possible methods of payment: 1) own permit, 2) third party permit, and 3) other. Information concerning the percentage of First-Class own/third party (45%) versus other (55%) forms on the entire CBCIS file was also used as a target in the raking procedure.

- *Variance Estimation*

Since the sample for this survey involved stratification with disproportionate allocations across sampling strata, sample-design-consistent variance estimates must be used to make inferences regarding characteristics of the population under study. Variance calculations from standard software that are appropriate for simple random samples will provide incorrect variance estimates when applied to data from complex sample surveys. Special purpose software such as SUDAAN, STATA, or PROC SURVEYMEANS in SAS must be used to properly calculate variance estimates for statistics of interest in this survey.

Variance calculations for this survey are complicated somewhat further because the base analytic weights have been raked to ensure that estimated volumes in each subsample match known control totals. Variance estimation becomes even more complicated when raking has been employed. For this survey, stratum sizes were included as raking targets to ensure that the raking procedure did not produce weights that deviated substantially from the distribution of base analytic weights across strata. As a result, it is possible to view the final analysis weights as arising from a stratified sample with unequal final weights (rather than equal base weights) within strata. Relative to the variance estimate that would arise if the raking procedure were completely reflected in the calculations, the estimates presented here will be slightly conservative (i.e. slightly too large), in the sense that they ignore the fact that weighted volume sums for each control total are known.

It is also important to note that the variance calculations above refer exclusively to sampling error. A conjoint exercise was also included in the survey to allow us to model responses to hypothetical remail scenarios, and the predictions from the model are subject to modeling error for which there is also additional uncertainty. We have not attempted to quantify this source of uncertainty and combine it with the sampling variability for several reasons. Perhaps most important, a relatively large proportion of the respondents in the survey did not choose a positive remail amount for any scenario. For these individuals, there is no modeling error by assumption, since we assume that they will not engage in remail under any scenario. However, the number of businesses and the quantity of mail represented by this group of respondents is estimated in the survey and subject to sampling error. For those respondents who displayed a positive propensity to remail in the conjoint exercise (in the sense that they allocated remail to at least one option under one scenario), the conjoint model provides an estimate of the quantity of remail under any scenario that is subject to both sampling and modeling error. Conjoint parameter estimates were constructed using a hierarchical Bayesian (HB) model, and while it is possible to construct a Bayesian measure of forecast uncertainty within this framework, it is not really possible to combine the Bayesian measure of forecast uncertainty and the classical measure of sampling variability in a mathematically consistent fashion. However, it is possible to gauge, in the traditional classical sense, measures of goodness-of-fit for the model. More specifically, traditional within-sample R-squared measures range between 80 and 90 percent for all respondents across mail types, indicating that the conjoint predicts individual remail choices

fairly accurately within sample. From this perspective, the classical measure of sampling variability applied to predicted values from the conjoint model should provide a reasonable approximation as to the uncertainty underlying the remain estimates. Finally, it is also important to remember that there may be additional non-sampling sources of error (e.g., over- or understatement of remain intentions, reporting omissions, etc.) that contribute to uncertainty regarding the remain estimates.

2. Conjoint Design

In traditional conjoint analysis, a series of experimentally controlled combinations of attribute levels for a product or set of products are presented to respondents for evaluation (ratings or rankings). A multiple regression model (at the individual respondent level) is then used to model ratings as a function of the experimental design variables. In almost all studies, the number of different combinations of attributes and levels is very large, and it would be impossible (and extremely burdensome) to obtain ratings from each individual regarding all possible combinations. A conjoint design selects a subset of the overall number of possible combinations of attribute levels to be evaluated by the respondent, and the conjoint model allows predictions to be made concerning ratings for combinations of attributes and levels that are not explicitly included in the design. This section of the documentation provides some background on procedures for developing experimental designs that select a fraction of the possible combinations of attribute levels to be used in a conjoint study. This section also provides details on the specific procedures that were employed to develop the conjoint design used in this study. The next section of the documentation provides more detail on the modeling.

The conjoint design employed in this study displayed multiple service scenarios on each screen, and respondents were asked to allocate their mail volume within a specific mail class across these options. When multiple product or service combinations are displayed at one time for evaluation by respondents, the experimental design is a *choice set* design. The use of choice sets in conjoint studies was first suggested by Louviere and Woodworth (1983)*. There are a variety of manual and computer-assisted approaches for generating experimental designs for choice sets.* For this study, a computer-assisted design approach was employed, utilizing the experimental design software resident in SAS procedures FACTEX and OPTX, and choice set design macros developed in Kuhfeld (2000).** Table 4 provides information concerning the attributes and levels used in the conjoint design.

* Louviere, Jordan J. and George Woodworth (1983) "Design and Analysis of Simulated Consumer Choice or Allocation Experiments: An Approach Based on Aggregate Data," *Journal of Marketing Research*, **20** (November) pp. 350-67.

* THESE DIFFERENT APPROACHES ARE DISCUSSED IN CHRZAN, K., AND B. ORME (2000) "AN OVERVIEW AND COMPARISON OF DESIGN STRATEGIES FOR CHOICE-BASED CONJOINT ANALYSIS," 2000 SAWTOOTH SOFTWARE CONFERENCE PROCEEDINGS. A MORE DETAILED DESCRIPTION OF THE DESIGN APPROACH ADOPTED HERE IS PROVIDED IN KUHFIELD, WARREN, RANDAL D. TOBIAS AND MARK GARRATT (1995) "EFFICIENT EXPERIMENTAL DESIGNS WITH MARKETING RESEARCH APPLICATIONS," *JOURNAL OF MARKETING RESEARCH* **31** (NOVEMBER), 545-57.

** KUHFIELD, WARREN F. (2000) *MARKETING RESEARCH METHODS IN THE SAS SYSTEM, VERSION 8 EDITION*, SAS INSTITUTE.

Table 4 - Attributes and Levels

Brand of Remail Carrier	
1)	Foreign posts or affiliates (e.g., Deutsche-Post, Aero-Mail, Global Mail, etc.)
2)	Branded non-USPS carrier (e.g., FedEx, Airborne, etc.)
3)	Wholesaler/consolidator (e.g., Save-On-Mail, etc.)
4)	USPS Domestic (fixed as first option of each screen)
Official Country of Mailing Origin	
1)	Industrialized European country, such as France or Belgium
2)	Developing European country, such as Hungary, Poland, Czech Republic
3)	Mexico
4)	Canada
5)	Developing Caribbean, or Central/Latin American country
6)	Developing Asian/Pacific-rim country such as Hong Kong, Indonesia, or Thailand
7)	United States (fixed as first option of each screen)
Indicia / Return Address	
1)	U.S. indicia and return address
2)	Generic international indicia (no specific country name); U.S. return address
3)	Indicia bearing the name of "B" country; return address in U.S.
4)	Indicia bearing the name of "B" country; return address in "B" country
Mean Time-in-Stream	
1)	2 day average
2)	4 day average
3)	8 day average
4)	14 day average
5)	22 day average
Variability of Time-in-Stream	
1)	± 1 day
2)	± 3 days
3)	± 5 days
4)	± 10 days
Address Correction/Forwarding/Mail Handling	
1)	Address correction available, mail forwarded, undeliverable mail returned
2)	No address correction available, mail forwarded, undeliverable mail returned
3)	No address correction available, mail forwarded, undeliverable mail not returned
4)	No address correction available, mail not forwarded, undeliverable mail not returned
Mail Production Location	
1)	Facilities that your company owns in the U.S.
2)	Facilities in the "B" country that your company owns or would need to purchase/build
3)	Facilities in the U.S. that are operated by a third party producer
4)	Facilities in the "B" country that are operated by an international company
5)	Facilities in the "B" country that are operated by a local independent producer

**Table 4 - Attributes and Levels
(Continued)**

Mail Preparation Location	
1)	Facilities that your company owns in the U.S.
2)	Facilities in the "B" country that your company already owns or would need to purchase/build
3)	Facilities in the U.S. that are operated by a third party preparer (i.e. presort house etc...)
4)	Facilities in the "B" country that are operated by an international company (e.g., foreign post, wholesaler, etc.)
5)	Facilities in the "B" country that are operated by a local independent preparer
Postage Expense	
1)	50% savings vs. current postage expense
2)	20% savings vs. current postage expense
3)	10% savings vs. current postage expense
4)	Current postage expense
Mail Production/Preparation/Transportation Expense	
1)	50% savings vs. current expense
2)	20% savings vs. current expense
3)	Current printing, production, and transportation expense
4)	20% increase vs. current expense

WHILE TABLE 4 PRESENTS ATTRIBUTES AND LEVELS AS MAIN (OR MARGINAL) EFFECTS, THE DESIGN WAS CONSTRUCTED TO SUPPORT THE ESTIMATION OF AN INTERACTION (I.E. CROSS-EFFECT) BETWEEN MEAN TIME AND VARIABILITY OF TIME-IN-STREAM. FOR LOW MEAN TIME-IN-STREAM, THE EFFECT OF HIGHER VARIABILITY IS ASYMMETRIC (I.E. WITH A MEAN OF 2 DAYS, ± 5 DAYS WAS INTERPRETED AS PROVIDING AN ANTICIPATED DELIVERY WINDOW OF 1-7 DAYS), SUGGESTING THAT AN INTERACTION MIGHT BE APPROPRIATE. BOTH THE SIMPLER MAIN EFFECTS MODEL AND THE MORE COMPLICATED MODEL WITH INTERACTIONS WERE ESTIMATED AND COMPARED.

DURING THE SURVEY, RESPONDENTS WERE ASKED TO PROVIDE CONJOINT RATINGS FOR AT MOST TWO MAIL CLASSES. OUR EXPERIENCE SUGGESTED THAT AN UPPER BOUND ON THE NUMBER OF CONJOINT CHOICE SETS THAT AN INDIVIDUAL WILL RELIABLY EVALUATE DURING ELECTRONIC DATA COLLECTION WAS APPROXIMATELY 10. A DESIGN WITH 5 GROUPS OF 10 CHOICE SETS WAS THEREFORE DEVELOPED. FOR EACH MAIL CLASS, AN INDIVIDUAL DESIGN WAS CHOSEN FROM ONE OF THE 5 GROUPS. WITHIN EACH GROUP, THE ORDER OF THE CHOICE SETS PRESENTED IN THE INTERVIEW WAS ROTATED ACROSS RESPONDENTS TO PREVENT ORDER BIASES. IN SITUATIONS WHERE THE RESPONDENT WAS ELIGIBLE FOR MORE THAN ONE MAIL CLASS, 5 CHOICE SETS FROM TWO MAIL CLASSES WERE SHOWN, FOR A TOTAL OF 10 CHOICE SETS. IN SITUATIONS WHERE THE RESPONDENT WAS ELIGIBLE FOR BOTH FLATS/PACKAGES AND CARDS/LETTERS, THE RESPONDENT ALLOCATED FLATS VOLUME AND CARDS VOLUME SEPARATELY ACROSS EACH OPTION OF THE CHOICE SET. THE OVERALL NUMBER OF CHOICE SETS WAS CHOSEN TO ENSURE ADEQUATE DESIGN EFFICIENCY (I.E. RELIABILITY OF ESTIMATES), AS MEASURED BY CONVENTIONAL D-EFFICIENCY CRITERIA FOR LINEAR DESIGNS. GROUPING OF THE CHOICE SETS IS PREFERABLE TO RANDOMLY SELECTING CHOICE SETS FROM THE ENTIRE DESIGN SPACE BECAUSE IT ALLOWS FOR MANUAL ADJUSTMENT OF THE COMPUTER-GENERATED DESIGNS FOR LEVEL BALANCE. WITHOUT THIS STEP, AN INDIVIDUAL RESPONDENT MIGHT SEE SETS THAT WERE BIASED TOWARDS SPECIFIC LEVELS FOR CERTAIN ATTRIBUTES, AND THE RESULTING PREFERENCE ESTIMATES WOULD BE SKEWED.

DURING CONSTRUCTION OF THE DESIGNS SEVERAL PROHIBITIONS WERE IMPOSED THAT PREVENTED ILLOGICAL COMBINATIONS OF LEVELS FROM BEING DISPLAYED. MORE SPECIFICALLY:

- *Mail Production Location:*
 - Mail Production Location levels in the "B" country (levels 2, 4 or 5) were prohibited from being displayed with Mail Preparation Location levels in the U.S.
 - Mail Production Location levels in the US (levels 1 or 3) were prohibited from being displayed in combination with a Mean Time-In-Stream level of 2 days.
- *Mail Production/Preparation/Transportation Expense:* If Mail Production Location and Mail Preparation Location were both set at levels in the US (levels 1 or 3), then Mail Production/Preparation/Transportation Expense levels were only allowed to take "current" and "20% increase" values.

3. Conjoint Parameter Estimates

- *Preference Parameters*

Estimates of preference parameters were constructed from the conjoint data using a Hierarchical Bayesian (HB) modeling approach. The HB approach for modeling preference parameters in conjoint research has become very popular in recent years. This popularity has stemmed primarily from evidence that predictions from models estimated using this approach are more accurate than predictions from models estimated using other approaches. In addition, recent advances in Bayesian computing including Gibbs Sampling and Markov Chain Monte Carlo (MCMC) have allowed for the application of these techniques for problems of reasonable size (i.e. numbers of attributes and levels). Prior to these developments, Bayesian methods were only really computationally feasible for small problems.

Under the HB approach, preference parameters are assumed to be distributed randomly in the population with a common mean. Estimates of the posterior means of the preference parameters or partworths are constructed using a Gibbs sampling algorithm. National Analysts has developed a suite of proprietary software to generate estimates of partworths from conjoint data using HB modeling techniques. The software routines are written in GAUSS, and are based on Gibbs sampling routines originally developed by Peter Lenk and Greg Allenby.

The power in the Bayesian approach stems directly from the hierarchical model. In a traditional conjoint model, the number of preference parameters to estimate is large, often approaching the number of conjoint ratings per individual. In this situation, traditional regression-based estimates are very imprecise. The HB estimates, on the other hand, are a mixture of the mean over all respondents and the individual classical regression estimate, with the mixing proportion reflecting the relative precision of the individual classical regression estimates, the sample mean over all respondents, and the difference between the individual estimate and the sample mean. Imprecise individual-level parameter (classical) regression estimates are "shrunk" towards an estimate of the population mean in the Bayesian approach. In tests of out-of-sample predictive performance, the Bayesian estimates typically dominate other approaches by a wide margin.*

* Lenk, P. J., DeSarbo, W. S., Green P. E. and Young, M. R. (1996) "Hierarchical Bayes Conjoint Analysis: Recovery of Partworth Heterogeneity from Reduced Experimental Designs," *Marketing Science*, 15, 173-191.

Prior to developing the estimates of preference parameters, three specific cleaning steps were employed to ensure that conjoint response data were appropriate for estimation. First, there were a number of respondents who never selected remail under any scenario, instead allocating 100 percent of their mail volume to the USPS in each case. These individuals were excluded from the conjoint estimation data file; and in the model simulations the brand partworth for these individuals was set to ensure 100% USPS volume allocation under any scenario. Second, examination of response patterns and choice task timing information by screen that is collected as a diagnostic during interviewing suggested that 6 respondents had ignored the exercises and rated all remail options equally, regardless of their characteristics. These individuals were excluded from the conjoint estimation data file as well, and in the model simulations the partworths for these individuals were imputed using the average partworth for their mail type (First-Class Flats, First-Class Cards, Standard A Flats, Standard A Cards, Periodicals). Third, on a relatively small number of screens (less than 4%), some respondents allocated positive remail amounts to options where their net mailing cost was higher than current, and where the mean time to deliver was not faster than their current service with the USPS. In contrast, results of the qualitative interviews conducted among mailers during this project (focus group and individual depth interviews) indicate that remail would not be pursued if neither net cost nor time-in-stream benefits were available. Accordingly, for modeling purposes, the remail volume associated with these options was treated as a respondent input error for these screens and set to zero, with the remaining allocations rescaled to sum to 100%.

- ***Model Development and Parameter Estimates***

The preference model that was estimated had a sequential structure. Attributes of primary economic importance (net cost, indicia, mean time-in-stream, and variability in time-in-stream) determined the base level of remail. The remaining secondary attributes modified the base level of remail obtained by the first level. Modeling using this hierarchical structure allowed us to impose logical constraints concerning the economic profitability of remail on the demand forecasts. More specifically, remail demands estimated from the first stage of the model were constrained to be zero for any situation where there was no net cost advantage to remail, if the mean time-in-stream was equivalent to or slower than perceived current USPS performance levels. In the absence of this constraint, traditional unconstrained conjoint models could generate illogical results.

With respect to the experimental design, only main effects were included in the final model. (During the analysis, interactions between *mean* time-in-stream and *variability* in time-in-stream were initially reviewed, but their inclusion did not prove to enhance the predictive performance of the model.) In addition, a "net cost" variable was used that combined postage and mail preparation/pricing/production expenses rather than the separate main effects. In the actual conjoint exercise, respondents were presented with actual levels for postage and mail preparation/pricing/production expenses. In addition, a weighted average net cost change was constructed, where the weights were derived from the self-reported proportions of the two respective cost elements (production/preparation vs. postage) in the respondents' total costs. A categorical representation of the net cost variable was then constructed with four levels (35-50% net cost reduction, 10-35% reduction, 0-10% reduction, and "increased net cost"); midpoints of these ranges were used to define the four levels of this net cost variable in the simulator (see below) that was developed, and serve as the basis for interpolation of net cost reduction values in the simulation analysis.

In the first level of the model, the share allocations from the conjoint were estimated using an HB generalized two-limit Tobit that recognized the fact that remail shares could not be greater than 100% or less than zero. In the second stage, the residuals from this were used in an exponential HB regression with the remaining attributes included as main effects. In the first stage regression, order restrictions were imposed on the price partworths to ensure that remail demands decreased as net cost increased. Separate sets of parameter estimates were constructed for each mail class and type.

The conjoint models provide predictions at the individual level of the share of mail (by mail type) that an individual respondent would allocate to remail, given specified levels of USPS service performance and the characteristics of the remail options. An estimate of the total volume of mail allocated to each remail is then constructed using the respondent's total volume by mail type, and the final mail-class-specific analysis weight. For each mail type, a spreadsheet simulator was developed to streamline these calculations.

In order to ensure that remail demands estimated by the simulator were constrained to be zero for any situation where there was no net cost or time-in-stream advantage to remail (see above), a constant adjustment was made to the preference parameter estimates for each respondent. Since adjusting preferences in this fashion would reduce the attractiveness of remail at all net costs (not just near zero), the constant adjustment was gradually added back (over the range of 0% to 5% net cost reduction) using a piecewise linear function. At net cost reductions greater than 5%, the estimated remail share reflects the original preference estimates with no adjustment.

Within each simulator, remail scenarios were provided as input for 36 separate options representing electronic and surface mail options in 6 different country groups and 3 branded remail carriers. As a result, there were 37 ($= 2 \times 6 \times 3 + 1$) mail options overall, when the USPS was included. Since the number of remail options displayed in the conjoint exercise was much smaller than this, an adjustment factor was required to ensure that individual remail shares were not distributed across all 36 remail options. For the share calculations in each simulator, an individual's share of remail was calculated using the most attractive remail option for that individual as the only remail option. Since each respondent only saw a limited number of remail options in each choice set, this adjustment ensured that estimated shares more closely matched stated shares from the conjoint exercise. When aggregated across all respondents, this approach also allocated remail across a larger number of relatively attractive remail options.