

**BEFORE THE  
POSTAL REGULATORY COMMISSION  
WASHINGTON, D.C. 20268-0001**

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**RATE AND SERVICE CHANGES TO  
IMPLEMENT FUNCTIONALLY EQUIVALENT  
NEGOTIATED SERVICE AGREEMENT WITH  
THE BRADFORD GROUP**

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**DOCKET NO. MC2007-4**

**RESPONSE OF BRADFORD GROUP WITNESS GUSTAFSON TO  
COMMISSION INFORMATION REQUEST NO. 1 (QUESTIONS 4 AND 5)**

**(September 28, 2007)**

The Bradford Group hereby provides responses to Questions 4 and 5 of Commission Information Request (“CIR”) No. 1, issued September 14, 2007. These responses are being sponsored by witness Gustafson. The Postal Service will provide responses to CIR No. 1, Questions 1-3.

Respectfully submitted,

Ian D. Volner  
Rita L. Brickman  
Matthew D. Field  
Venable LLP  
575 7<sup>th</sup> Street, NW  
Washington, DC 20004-1601  
(202) 344-4814  
[idvolner@venable.com](mailto:idvolner@venable.com)  
Counsel to Bradford Group

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4. In BG-T-1 at page 4, witness Gustafson states, “[a] current customer could receive up to 40 Standard Mail letter or flat solicitations per year...” (Emphasis in original.)
- a. How much of The Bradford Group’s before-rates Standard Mail volume will be sent to existing or current customers, and how much is expected to be sent to solicit new customers?
  - b. How much of The Bradford Group’s after-rates Standard Mail volume will be sent to existing or current customers, and how much is expected to be sent to solicit new customers?

**Response:**

a & b. At this time, Bradford cannot supply a reliable estimate of the amount of mail that will be sent to existing customers versus the amount that will be sent to solicit new customers at before- and after-rates Standard Mail.

First, there is the problem of distinguishing between “new” and “existing” customers. The Bradford Group consists of several companies that operate relatively independently and maintain separate customer and mailing lists. Oftentimes, one Bradford entity will solicit a customer from another Bradford entity (a process known as “Cross Corporate” mailing). While this customer is an “existing” customer of Bradford, the customer is a “new” customer as far as the individual Bradford entity mailing the solicitation is concerned. Additionally, Bradford mails to lapsed customers (inactive clients) to encourage them to rejoin subscription plans or join new plans. It is unclear whether these customers are “new” or “existing.” Because of these arrangements, Bradford cannot precisely determine the volume of mail sent to existing versus new customers.

Additionally, Bradford does not plan its mailing campaigns far enough in advance to provide a breakdown of mail volume at the level demanded by this question. Based on its current planning, Bradford does not expect a shift in the percentage of mail that it

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sends to solicit from Cross Corporate clients or active or inactive clients. The minimum allowable response rate at the most marginal segment is the same for all three of these lists. File makeup by theme of purchases relative to the product being offered and the strength of the product itself will drive which sub segments of the files qualify for the offer. The mailings are planned based on test responses to sub-segments of the files, and then further segments are added based on the relationship of the historical indices of these sub-segments to each other.

However, file makeups can change quickly based on a number of factors, such as those identified by Bradford witness Ring (BG-T-2 at 4-6). Additional products that generate clients through various media are sometimes identified, or delays in product production might cause delays in mailing opportunities, causing clients to move to inactive status. Products with themes new to a particular business unit could generate more Cross Corporate mailings than mailings to active circulation, or a product with a fresh approach on an old theme could generate more mailings to inactive clients than either of the others.

Finally, as different products are tested every week, the products ultimately selected in the mailing strategy change based on their relative strength to each other and product availability. Combined, the above makes it difficult to state with any certainty, more than a few months out, what the mix of circulation will ultimately be.

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5. Under the Bookspan NSA, Bookspan must “send a continuing series of marketing mail, send products to a list of people who have agreed to purchase some stipulated minimum number of items on a more or less regular basis and use at least one other subclass for merchandise fulfillment.” DMCS § 620.12. In BG-T-1 at page 3, witness Gustafson notes that “[t]he vast majority of offers are for a series or subscription plan.”

a. Please explain what is a “series” and “subscription plan” as used in that sentence.

b. Please identify the types of The Bradford Group’s mailpieces and the number of those mailpieces, if any, that would be eligible for a discount under the proposed NSA that are not part of offers for a “series” or “subscription plan.”

**Response:**

a. A series is a collection of products designed around a specific theme that are sold in a particular order.

A subscription plan is a method of selling a series whereby an offer is sent for the whole collection, with material generally focused on the first product in the series. If a client orders the subscription plan of the series, once they meet the conditions of the subscription plan (which is generally to fully pay for product 1), product 2 is automatically shipped fully deferred without the client having to place another order. Once product 2 is fully paid (and not returned), product 3 automatically ships and so forth until the series is completed.

b. From time to time, Bradford mails solicitations to customers that are already enrolled in a subscription plan advertising items that Bradford believes would be of interest to those customers. These solicitations meet the definition of mail eligible for discounts under the NSA in that they are "letters and flats sent as Standard Mail by Bradford seeking customers for collectibles and gift items," but they might be for products other than an additional series or subscription plan. Because of the array of factors that go into the decision whether to conduct a solicitation campaign, Bradford does not know the precise number of solicitations it will send that would not be part of

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offers for a series or subscription plan. The vast majority of solicitations Bradford sends, however, are for series or subscription plans.