



BAC 7710-FW-P

POSTAL REGULATORY COMMISSION

[Docket No. MT2019-1; Order No. 5200]

Market Test of Experimental Product

AGENCY: Postal Regulatory Commission.

ACTION: Notice.

SUMMARY: The Commission is noticing a recently filed Postal Service proposal to conduct a market test of an experimental product called Plus One. This notice informs the public of the filing, invites public comment, and takes other administrative steps.

DATES: *Comments are due:* September 5, 2019

ADDRESSES: Submit comments electronically via the Commission's Filing Online system at <http://www.prc.gov>. Those who cannot submit comments electronically should contact the person identified in the **FOR FURTHER INFORMATION CONTACT** section by telephone for advice on filing alternatives.

FOR FURTHER INFORMATION CONTACT: David A. Trissell, General Counsel, at 202-789-6820.

SUPPLEMENTARY INFORMATION:

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I. Introduction

In accordance with 39 U.S.C. 3641 and 39 CFR part 3035, the Postal Service filed notice of its intent to conduct a market test of an experimental product called Plus One.¹ Plus One is an addressed advertising card that may be mailed as an add-on piece with a USPS Marketing Mail Letters “marriage mail” envelope containing multiple advertising pieces. Notice at 1. Marriage mail is a service provided by third-party mail service providers who combine advertisements from multiple businesses into a single mailpiece. *Id.* The Postal Service intends for the market test to run for two full years beginning on October 1, 2019. *Id.* at 5.

II. Background

On August 13, 2019, the Postal Service filed the Notice proposing the Plus One market test. The Postal Service asserts that it is critical to continue innovating to position mail as an attractive advertising channel because small- and medium-sized businesses with limited marketing budgets may choose from an array of advertising channels to reach potential customers. *Id.* at 1. The Postal Service explains that Plus One will benefit small- and medium-sized

¹ United States Postal Service Notice of Market Test of Experimental Product – Plus One, August 13, 2019 (Notice).

businesses, mail service providers, and the Postal Service. *Id.* at 2. Plus One mailings must meet several requirements described in the Notice. *Id.*

The Postal Service states that it will test four different price points ranging from 8.5 cents to 10.0 cents. *Id.* For purposes of the market test, the Postal Service divided the United States into four geographic areas: West (including Alaska and Hawaii), South, Midwest, and Northeast. *Id.* To the extent practical, each region contains destinating Sectional Center Facilities that serve each of four tiers of population density:

- Large (6,600 to 47,362 individuals per square mile)
- Mid-tier (1,000 to 6,600 individuals per square mile)
- Small (185 to 1000 individuals per square mile)
- Sparse (fewer than 185 individuals per square mile)

Id. at 2-3. Each region has been randomly assigned one of four prices: 8.5 cents (West), 9.0 cents (Northeast), 9.5 cents (Midwest), and 10.0 cents (South). The Postal Service filed an accompanying workbook listing each 3-Digit ZIP Code and its associated price.²

III. Compliance with Legal Requirements

The Postal Service asserts that the proposed market test meets the requirements in 39 U.S.C. 3641 and 39 CFR part 3035. First, the Postal Service explains that Plus One is “significantly different from all products offered by the Postal Service” within the last 2 years as required by 39 U.S.C. 3641(b)(1).

² *Id.* Excel file "NoticeAttachment.xlsx."

Notice at 3. It acknowledges that the inspiration for Plus One arose in part from the Detached Marketing Labels (DML) option developed for flat-shaped USPS Marketing Mail Saturation mailpieces. *Id.* However, the Postal Service asserts that Plus One is different because it is developed for mailers of letter-shaped mailpieces. *Id.* The Postal Service describes several material differences between Plus One and DMLs. *Id.* at 4.

Second, the Postal Service asserts that Plus One “will not create an unfair or otherwise inappropriate competitive advantage for the Postal Service or any mailer” as required by 39 U.S.C. 3641(b)(2). *Id.* It notes that the chosen prices more than cover the costs for Saturation letters and that Plus One will correct any potential market disruption resulting from the availability of DMLs for flat-shaped mailpieces but not for letter-shaped mailpieces. *Id.* It asserts that Plus One will create more advertising opportunities via the mail for small businesses, which will foster a market more responsive to small business needs. *Id.* at 4-5.

Third, the Postal Service states that Plus One is properly categorized as market dominant as required by 39 U.S.C. 3641(b)(3). *Id.* at 5.

IV. Data Collection

To better understand the results of the market test, the Postal Service asserts that it will collect the following data on a quarterly basis: volumes by location, revenue collected from the add-on Plus One piece, number of participating customers, and average size of mailing. *Id.* at 5-6. The Postal Service also states that it will collect data on the attributable costs of Plus One, including administrative costs. *Id.* at 6.

V. Notice of Commission Action

The Commission establishes Docket No. MT2019-1 to consider matters raised by the Notice. The Commission invites comments on whether the Postal Service's filing is consistent with the requirements of 39 U.S.C. 3641 and 39 CFR part 3035. Comments are due no later than September 5, 2019. The filing can be accessed via the Commission's website (<http://www.prc.gov>).

The Commission appoints Gregory Stanton to serve as an officer of the Commission to represent the interests of the general public in these proceedings (Public Representative).

VI. Ordering Paragraphs

It is ordered:

1. The Commission establishes Docket No. MT2019-1 to consider the matters raised by the Notice.

2. Pursuant to 39 U.S.C. 505, Gregory Stanton is appointed to serve as an officer of the Commission to represent the interests of the general public in these proceedings (Public Representative).

3. Comments are due no later than September 5, 2019.

4. The Secretary shall arrange for publication of this order in the **Federal**

Register.

By the Commission.

Darcie S. Tokioka,

Acting Secretary.