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COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20548

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B-114874

JUN 25 1974

The Honorable Alan Cranston
United States Senate

Dear Senator Cranston:

Your letter of November 15, 1973, requested that we investigate several areas of the operations of the United States Postal Service. It was agreed that separate reports would be issued as our work on the various matters was completed. This report deals with the need for the Service's \$3.8 million advertising campaign explaining its services.

By agreement with your office, our work was limited to obtaining information on the program, the Service's plans for evaluating its effectiveness, and our observations on the program.

DESCRIPTION OF THE PROGRAM

On October 23, 1973, the Service launched a nationwide advertising program to answer questions of major public interest about postal services and to provide information to postal customers on how to use postal products and services to their best advantage. The campaign, according to Service officials, was not intended to raise revenues.

The program provides for running advertisements in all daily newspapers printed in the 323 cities that have Postal Service Sectional Center Facilities--a mechanized mail-handling facility for processing incoming and outgoing mail for peripheral local post offices in a designated service area. In cities having newspapers with a daily circulation of 100,000 or more copies, the plan is to run 12 insertions in each such paper during fiscal year 1974. In cities having newspapers with smaller circulations, the plan is to run six insertions.

Needham, Harper & Steers Advertising, Inc., is providing the advertising services. An existing contract with that firm was modified by increasing the funding by \$3,835,000 for the cost of the program. Media costs are expected to account for \$3,435,000 of the total program expense.

The advertising campaign was prompted by the results of a study conducted for the Service by Burke Marketing Research, Inc., and complaints received about service from postal users. As part of the Burke study, respondents were asked about the job being performed by both the Service and, as a comparison, the telephone company in providing general information to the public about the use of their services

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and in answering questions raised by the public about these services. The study showed that those queried thought the telephone company was performing better in both areas.

The study was based on probability sampling techniques. Burke selected 119 primary sampling areas throughout the contiguous 48 states. The sample was based on population and was obtained by using randomly generated telephone dialing sheets to dial into each sampling area. One thousand interviews were conducted.

Service records show that approximately 2 million complaints were received at postal field facilities and an additional 29,418 complaints were received by the Service Headquarters' Consumer Advocate during fiscal year 1973. A Service analysis categorizes the complaints by major subject, such as delayed mail, lost articles, damaged mail, and personnel. A Service official informed us that many complaints about delayed mail can be attributed to a lack of consumer understanding of the various classes of mail and their respective service standards. We selected some consumer complaints and noted that the information required to answer them was generally of the type contained in the Service's recent newspaper insertions.

To date, 6 of the 12 planned insertions have appeared in daily newspapers. Service officials advised us that, in the near future, they plan to conduct a study similar to Burke's to evaluate the effectiveness of the advertising program.

OUR OBSERVATIONS ON THE PROGRAM

We agree that the Service should educate customers on its services. However, the program has created adverse public reaction because it coincided with a postage rate increase. Because of the limited scope of our work, we have not determined whether the Service's program represents the most effective method of educating customers.

Regarding the advertising program, the Service is not unique in spending money to educate consumers on its services. Public utilities--which face only limited competition--also do so.

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As requested, we have not obtained the Postal Service's comments on this report. We do not plan to distribute this report further unless you agree or publicly announce its contents.

Sincerely yours,


Acting Comptroller General
of the United States