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NEWS RELEASE

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DAILY NEWSPAPERS INCREASE SPENDING WITH U.S. POSTAL SERVICE

Arlington, Va. – The nation’s daily newspapers are spending nearly \$1 billion on postage for services from the U.S. Postal Service, according to a national survey by the Newspaper Association of America. According to the survey, newspapers spent more than \$972 million in 2006 compared with \$901 million in 2004 and \$700 million in 2002.

“Collectively, daily newspapers are a leading customer of the U.S. Postal Service and many of our member newspapers are the largest mailers in their local markets,” said John F. Sturm, president and CEO of the Newspaper Association of America. “Along with door-to-door delivery, on-street boxes, specialty publications and digital transmission, mail is one of many different platforms newspapers use to guarantee an audience to their advertising customers. We value our customer relationship with U.S. Postal Service, and we applaud the hard-working postal employees for their commitment and efficiency.”

Newspapers use the mail to deliver newspapers and other publications to subscribers and advertising mail products (including preprints) to non-subscribers. Newspapers historically have relied on First-Class mail because a large majority of subscriber and advertising invoices and remittance go through that distribution channel.

The NAA survey found that the greatest growth in newspaper postage spending came in Standard Mail, where daily newspapers spent nearly \$785 million in 2006 compared with \$713 million in 2004. Newspapers use Standard Mail to deliver Total Market Coverage advertising mail products to non-subscribers in local markets. Daily newspapers also use Standard Mail for new-subscriber solicitations and renewals, and a growing number of newspapers provide direct mail services for local and national advertisers.

The national survey also found that 47 percent of the Standard Mail products mailed by daily newspapers—principally newspapers’ Total Market Coverage product – are entered at local post offices called Destination Delivery Units. These products are equally distributed through both high-density and saturation rates. The findings reinforce the importance of local entry and the partnership newspapers have with local postal delivery units to ensure that advertising products are delivered in a timely and efficient manner to meet the needs of a newspaper’s advertising customers.

Survey methodology

A total of 1,990 surveys were distributed to NAA member daily newspapers via fax, interactive PDF and e-mail methodology with a unique URL link provided for Web-based entry. Surveys were fielded May 15-July 31, 2007. The survey was closed for tabulation with 16.1 percent response rate. Information shared in

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this study is leveraged with that of daily newspapers across the United States to form the most complete analysis of circulation benchmarking data. Click [here](#) for survey results.

NAA is a nonprofit organization representing the \$55 billion newspaper industry and nearly 2,000 newspapers in the U.S. and Canada. Most NAA members are daily newspapers, accounting for 87 percent of the U.S. daily circulation. Headquartered in Arlington, Va., the association focuses on six key strategic priorities that affect the newspaper industry collectively: marketing, public policy, diversity, industry development, newspaper operations and readership. Information about NAA and the industry may be found on the association's Web site at www.naa.org.



NAA 2007 Postal Survey Results

Introduction

- The findings in this report are based on a survey sponsored by NAA on behalf of the Public Policy Department. The 2007 Postal Survey is the second study done over the past 4 years.
- This study provides daily newspaper spending on postage, as well as, examines daily newspaper experience with the distribution of non-subscriber products through the mail.

Methodology

- A total of 1,990 surveys were sent out to NAA member daily newspapers.
- Surveys were sent out using a **fax** survey methodology, **interactive PDF** survey methodology and **e-mail** methodology **with a unique URL link** provided for **Web-based entry**.
- Surveys were fielded starting on May 15, 2007 and accepted through July 31, 2007.
- The survey was closed for tabulation with **318 usable responses**- a **16.1% response rate**. The higher the response rate, the lower the probability of estimation errors due to non-response.
- Information shared in this study is leveraged with that of daily newspapers across the United States to form the most complete analysis of circulation benchmarking data.

	Survey Respondents		U.S. Daily Newspaper Universe*		<u>survey % of universe</u>
	#	%	#	%	
Under 25,000	168	52.8%	1043	72.6%	16.1%
25,001-50,000	59	18.6%	188	13.1%	31.4%
50,001-100,000	32	10.1%	102	7.1%	31.4%
100,001-250,000	36	11.3%	68	4.7%	52.9%
250,000+	23	7.2%	36	2.5%	63.9%
TOTAL	318	100.0%	1437	100.0%	22.1%

*Source: Editor and Publisher International Yearbook 2007

1. Please provide your average daily circulation for your newspaper:

	2006 (n=318)	2004 (n=293)
	<u>% of total</u>	<u>% of total</u>
25,000 & Under	52.8%	43.3%
25,001-50,000	18.6%	22.3%
50,001-100,000	10.1%	17.4%
100,001-250,000	11.3%	11.7%
250,001+	7.2%	5.2%

2. In fiscal year 2006, how much did your newspaper spend on: (*Projections for Daily Newspaper Industry*)

	<u>2006</u>	<u>2004</u>
1a) First Class Postage (including Priority and Express Mail)	<u>\$ 80,571,033</u>	<u>\$ 95,247,321</u>
1b) Periodical Postage	<u>\$ 96,988,342</u>	<u>\$ 93,220,835</u>
1c) Standard Mail Postage (Non-Subscriber Product) (combined with Other Standard Mail Postage Such as Solo Ad Mail and Subscriber Solicitations)	<u>\$771,823,227</u>	<u>\$712,692,251</u>
TOTAL	<u>\$949,382,602</u>	<u>\$901,160,408</u>

Projected Newspaper Spending for Each Circulation Group by Year

	<u>First class</u>		<u>Periodical</u>		<u>Standard</u>	
	<u>2006</u>	<u>2004</u>	<u>2006</u>	<u>2004</u>	<u>2006</u>	<u>2004</u>
25,000 & under	\$21,406,229	\$21,410,737	\$50,254,243	\$50,175,690	\$ 83,774,858	\$ 86,825,328
25,001-50,000	\$11,786,540	\$12,334,317	\$21,752,709	\$20,888,939	\$ 36,895,783	\$ 45,155,813
50,001-100,000	\$10,380,600	\$12,989,783	\$10,249,326	\$ 8,024,826	\$ 70,966,993	\$ 61,994,777
100,001-250,000	\$11,352,151	\$19,139,128	\$ 7,224,482	\$ 7,969,292	\$148,900,341	\$134,423,486
250,001+	\$25,645,513	\$29,373,356	\$ 7,507,582	\$ 6,162,089	\$431,285,251	\$384,292,847

3. Does your newspaper produce and distribute a **nonsubscriber** product?

2006 - 83.9% Yes (n=317)
2004 - 88.5% Yes (n=287)

4. Please provide the following information for your **nonsubscriber** product(s).

4a) How many nonsubscriber products per week do you have?

	2006 (n=261)	2004 (n=258)
	<u>% of total</u>	<u>% of total</u>
1	71.3%	72.1%
2	14.9%	16.7%
3	6.1%	6.6%
4 or more	7.7%	4.7%

4b) How many households receive each product in an average week?

	<u>2006</u>		<u>2004</u>	
	Median	n	Median	n
1st Product	22,500	256	27,000	251
2nd Product	17,724	75	20,000	74
3rd Product	11,322	31	19,837	29

5. If you have a competitor (e.g. Advo) in your market, are your nonsubscriber mailings typically:

	<u>1st Product</u>		<u>2nd Product</u>		<u>3rd Product</u>	
	<u>2006</u>	<u>2004</u>	<u>2006</u>	<u>2004</u>	<u>2006</u>	<u>2004</u>
Heavier than your competition	68.8%	68.9%	60.4%	70.8%	64.7%	73.7%
Lighter than your competition	20.5%	20.2%	27.1%	22.9%	35.3%	15.8%
Same weight as competition	10.8%	10.9%	12.5%	6.3%	0.0%	10.5%

6. Where do you rank among Standard Mailers in your market?

	<u>Rank in top 4</u>	
	<u>2006</u>	<u>2004</u>
1 st	63.0%	70.9%
2 nd	23.5%	16.5%
3 rd	8.6%	10.1%
4 th	4.9%	2.5%
n	81	79

7. What percent of your Standard Mail distribution was entered at:

	<u>1st Product</u>		<u>2nd Product</u>		<u>3rd Product</u>	
	<u>2006</u>	<u>2004</u>	<u>2006</u>	<u>2004</u>	<u>2006</u>	<u>2004</u>
Bulk Mail Center (BMC)	26.5%	25.8%	24.8%	25.5%	20.1%	18.9%
Sectional Center Facility (SCF)	26.4%	26.9%	28.5%	28.6%	13.3%	25.9%
Destination Delivery Unit	47.0%	44.6%	46.7%	45.9%	66.6%	55.2%
n	121	170	28	40	15	15

8. What percent of your Standard Mail distribution was entered with a:

	<u>1st Product</u>		<u>2nd Product</u>		<u>3rd Product</u>	
	<u>2006</u>	<u>2004</u>	<u>2006</u>	<u>2004</u>	<u>2006</u>	<u>2004</u>
Carrier route (only) discount	33.5%	31.9%	26.5%	31.9%	27.8%	48.8%
High density discount	30.5%	30.6%	24.5%	17.8%	18.5%	23.5%
Saturation discount	36.1%	37.5%	49.0%	50.3%	53.6%	27.7%
n	111	152	28	33	15	14