

October 7th. 2008

"The Difference"

Our commitment to an industry we love: For all Marketsmith projects commissioned by the end of 2008, we will delay payment due until the first 90 days of 2009.

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A LETTER FROM MONICA C. SMITH

Dear Colleagues,

As our final newsletter of the year we go out with nothing less than a fully loaded edition of "The Difference"; it should be called the "Red Meat" edition.

What a year it has been. Unfortunately, our sanguine predictions were dead on and we are looking at a holiday season that will be down as much as 10% over last year and we will have had to say goodbye to certain catalogers that were unable to sustain the cost increases leveled upon them. We saw little if no outrage by the Direct Marketing Association and we see the grave threats to the catalog industry as whole still looming.

For the full year of 2009, we expect flat growth in terms of customer buying segments as a blended whole:

- The community of savvy shoppers who buy only off-price will continue to grow. These buyers love and cherish the Brand but are less concerned with the luxury of the Brand experience. To reach them and win their sales, Brands must focus on quality, easy access, and easy return. Think accessibility in 2009 on all levels.
- Traditional core shopping seasons like Christmas, Back to School, and Spring Fashion will continue to contract. Buyers will be looking for the bargains that follow these seasons. The traditional retail calendar will shift to shorter seasons on full price and longer seasons on off-price. All marketers will need to respond to these changing consumer behaviors.
- The number of households shopping the multichannel world will be flat. Graduates, new marrieds, and divorced couples will continue to create new households, participating in the economy but with a restricted spend. The senior citizen segment is growing and as it moves into retirement, its spending will be constricted, as seniors feel the brunt of this current financial upheaval and try to conserve their funds in its wake.

- The new marketing stratagem for 2009 is regionalizing your contact strategy. Focus on region as a start, then merchandise, and then consumption.

Therefore, 2009 is the year for the sophisticated marketer to rise up, take what marbles are left, and plow forward. Marketers need to use finely honed tools to lead the Brand worlds to the next level irrespective of the revenue size of their organizations or products.

To those industry leaders in all sectors who continue to be mired in the spiral downturn, I say, in the words of the character of Loretta Castorini played by Cher, to Ronny Cammareri played by Nicolas Cage, in the movie *Moonstruck* (the one handed baker in love with his brother fiancé), "Snap out of it!" Stop asking for the dissection of the data, endless hours in a conference room with no windows looking to find marketing spend cutbacks. Search out those individuals and or suppliers who will show you only one thing, and that is, **your customer path to purchase**.

Build your team with those who understand, articulate, and know how to respond to what is happening with the market, the merchandise, and the customer's decision to spend or not spend. Stop surrounding yourselves with those whose fear helmet is so tight it keeps them from being able to see beyond the walls of their offices or their next paycheck. Warriors only need to stick around for the fight.

Many in the direct industry have long believed that customer in/customer out was the mantra of retailers, that they did not know how or really want to understand their customers. Catalog and online marketers like to tell stories of egregious missteps in the work of retail marketing - standard practices of blanketing coupons on door steps with little regard to affinity, poor capture of customer information, lack of understanding of the customer desires, and a world of missed opportunities to cross sell; while gloating that they as direct marketers, had the understanding, the tools and the focus to find their customers and speak to them.

Well... it is a whole new world out there. Say "good-bye" to your old whipping post. This last month I had the chance to attend a multichannel marketing forum held by **Women's Wear Daily** focusing in on multichannel marketing for Brands in all sectors and sizes. A single word, "WOW!" The line-up was filled with impressive speakers - industry leaders who shared their vision, passion, and desire to ensure they are aspirational, relevant, and targeted in a multichannel world by using data, trends, and an obsession with the customers' desire to consume their product.

These leaders were talking growth, big ideas, using target marketing and data to drive the way they deliver value to the customer. They talked of luxury being attainable for all. They described the new luxury which is about incredible, personalized service. Many of the great Brand names discussed the same key directives:

- The desire to have a place in the consumer's life, where the product was a manifestation of shared core values between the company and the customer, creating trust in the Brand.
- The need for both new and old media to be measured and integrated.
- Merchandise wrapped in great service as the foundation for a Brand's growth trajectory.

These speakers all got it - that the customer and how she consumes is paramount. Treating her with respect, understanding what she would love to have next, and making sure she is in love with the experience is mission critical. Retailers are poised for moving to the next level.



At the same time, this year I listened to many catalogers who have lost their passion and understanding of the customer except through what I call RFM on steroids - using pumped up segmentation to cut back circulation to the point that growth is impossible. These marketers have lost their focus on the customer path to purchase as they try quick fixes to respond to the crisis of insanely overpriced United States Post Office costs and the failed and grossly overpriced technology systems. These mailers show a lack of desire to integrate merchandise purchase behavior into the contact chain for relevancy, and consequently have driven response rate down and costs up. There are very few places for these catalogers to turn. My heart breaks for the direct industry community that gave birth to my career. But in 2009 you can no longer linger; every cataloger must move forward with bold steps of action and laser focus on the customer.

So, fear not. In this issue we give catalogers and retailers insights and tools we believe to be game changing in 2009 and show how Marketsmith can take you to the next level of play to read results and optimize advertising spend.

Read on. Look in this edition for the article on merchandise - the lost art/lost revenue, the elusive marketing database - why does it make us angry (because the cost is high and the value is low), more postal points, and finally what Monica would do if she were running your business, *Ask the Marketsmith*.

Additionally, we at Marketsmith have created a game plan for mailers to address the economic uncertainties. If you would like a copy, please let me know and I will send it to you.

Finally, I would be remiss if I did not say that I am eternally grateful to those who have given this newsletter the opportunity to be seen by so many. I greatly appreciate your notes, your forwards and your questions. To you all know that I am humbled by your graciousness and I take seriously the trust you put in me and my staff to deliver beneficial and groundbreaking content and services.

To all of you, your team and your family from me, my team, and my family, please have a wonderful holiday season, keep your chin up, do great and be great in 2009 and beyond.

My Best Always,
M-

WHY DATABASES MAKE US EXECUTIVES MAD

by Monica C. Smith

Recently, we did a comprehensive review of a prominent niche luxury retailer's customer's path to purchase. What does that mean? We identified customer trends over the course of five years in gender, age, and product category purchases. Then we mapped subsequent customer behavior correlating it to what the Brand had done from these three perspectives - marketing communication/content, merchandise introduction (price point/gender), and changes to the originally purchased product line.

We articulated the information on the customer's path to purchase and buying behavior to demonstrate the importance of communication with the customer and keeping track of the different values of customers based on



gender, age, spend, or product purchase. We also added the view point of a customer who bought multiple times versus one time (new to the file).

- While the Brand has focused more on women's product over the last three years, women have shown an increase of 17% in lifetime spend and men's spending has grown at a faster rate, by a 29% lift.
 - **Observation:** The desire to include woman in the Brand worked, but it inspired men more. Men loved the product so much they wanted to buy for women in a Brand they trusted and where they were comfortable. Introducing women's product is complex. Although the needle moved for the business, the goal of increasing women's participation in the Brand was not a great success.
- Three of the top five SKU's purchased by men and women were the same, but the next two were different. However a majority of the sales is coming from the top three SKU's.
 - **Observation:** Again the introduction of female product was successful, but it did not break through to become a significant revenue producer after two years, nor increase the customer base. Did it increase the number of transactions from the current customers? Yes. Did it create new customers? Not likely.
- Time lapsed between purchases was 12.06 months for males and 10.98 months for females.
 - **Observation:** Great improvement.
- As offline contacts increased (by 12%), transactions per customer increased (by 10%).
 - **Observation:** Mailing to customers drove them to the retail stores, to the web, and to the call center. As we see in the following point, increased mailing to customers nearly doubled the percent of customers who repurchased.
- Multi buyer trends showed that with increased contact 27% of customers who bought in 2005 bought again in the same year, but in 2007, 52% bought again in the same year.

The use of this information becomes important in creating the budget and strategy for this client that must tie to the client goals for the next 12 months: the design of the communication, the recognition of the merchandise, ensuring the layout of catalog, store, and web work together as part of an integrated plan to increase traffic and conversion. The data goals are loaded into the contact strategy which includes viable testing opportunities, back up for roll-outs, and continuation of successful store and web traffic drivers. Results are tracked and evaluated to ensure the ball is being moved up field. Critical movement for Brand direction is fed to the top in monthly analytical reports and communicated on the ground for consistency at the customer level.

I give this example to show how far we have come in the past 15 years. We made this presentation to the top Brand executives who want to know how their customers are behaving, what are the multiple paths to purchase for different customer groups, and how can they capitalize on that information. There was a time when data were the province of an IT department and marketers did not know how to access information or even define what they needed, much less ask for it.

When I first started my career at Waldenbooks, the IT department was mammoth, elusive, and filled with individuals who seemed to me, at the time, to spend their time thinking of ways to be obstructionists. I felt as if understanding purchasing history were not a science at all but an endless cycle of ask a question or submit a request, then wait a week, get the report, and discover the question was not asked right and the answer only was only part of a bigger story, unveiling itself much faster than the reports could be spun or interpreted.



On the other hand, I have to admit that the system was amazingly accurate, great at consolidating massive amounts of SKU information through the retail and direct channel, and was the repository for the data from the first customer point of purchase initiative.

So, while working with IT departments can be challenging, since they may be protecting their turf and are sometimes prickly by nature, the reality is that the questions being asked of them are often poorly structured, not thought out, and sometimes the questions themselves are elusive because the answer lies in two different places that can not be linked or joined (Sound familiar?). I look back on those times at Waldenbooks especially and realize that they were very talented folks and I was a very, very green young marketer.

Out of the frustration marketers felt because of their strong need for data, information, and maybe interpretation came the creation of a whole new industry sector: The outsourced marketing database.

My early experiences have led me to understand the critical importance of a marketing database as an underpinning to any healthy and effective marketing strategy.

One of the questions most often asked of me is, "What is a marketing database?"

A marketing database is a repository that allows for customer data to be consolidated, read, and interpreted. The database brings together many data feeds or points of origin (e.g. web, retail transactions, customer service logs, operational systems) into one repository that allows data to be maintained consistently, building a history and picture of customer behavior over time. Not only is it important to have a database, I think it is essential for marketing in today's environment, no matter what your size. It ensures an ongoing and stable record of preferences (e.g. a customer's desire to be communicated to and through what mediums) and provides an integrated record of communication strategies across every channel. It allows you to know exactly how many times each one of your customers was communicated with and how, as well as to know exactly where each customer came from and her/his value to the brand.

The rub. Since very few database service providers actually have their own internal database solution, there is a great deal of third party software/hardware that is being added to the platform as providers try to differentiate themselves. This additional hardware/software has great value to the marketing database but unfortunately little value to the company that does not have the time, the experience, or the plan to use it. This makes executives mad.

The challenge in today's market, especially for those merchants who want to communicate directly with their consumers, is the high cost of a marketing database through the traditional service bureau or an internal demigod IT department. The cost of those solutions is unaffordable or the value too low for those companies with under \$30,000,000 in revenue for the entire Brand or the channel of their focus. The systems are often underused by most marketers. The skill and understanding necessary to use a marketing database to pull out the compelling and game changing answers is elusive and not often taught; consequently business models feel burdened by the cost of the monthly update charges and fees.

So, what is the answer? A low cost, high value alternative. If the mission of your database is clear, there are options to meet your needs and within your budget. If you need help identifying or assessing those, call us.



We use marketing databases to stabilize, unify, and understand data. The database does not solve your business problems; it provides information that gives insight necessary to solve your business problems, if you ask the right relevant questions. Relevant questions include:

1. What is the value of a multichannel customer compared to a single channel customer? Does that value change by season or is it the same year round?
2. How many contacts does it take for a customer to repurchase?
3. Do my males have different purchase behavior than my females?
4. If yes, when and why?
5. When I stop mailing a catalog to a specific persona group, what happens to revenue, how does web traffic hold up?
6. How many retail customers will buy after a catalog has dropped, and for how long? What would happen to the same group if we did not mail them a catalog?
7. How long does it take a subsequent purchase to happen when no catalog is mailed and just email sent?
8. Does our customer spend more or less than the first purchase on his/her subsequent purchase?
9. Do the customers who have opted out of a catalog, but receive emails, buy again with us?
10. How many customers have migrated from retail to web and not returned to retail?

Finally, what do all of these answers look like over time?

Databases can be intimidating and IT folks do not always speak the same language as marketers. But I urge you to persevere.

Databases fail when technology drives the expectations and processes, when we are looking for solutions from them rather than answers. Databases succeed when the Brand expert who understands the brand drives the process, asking the questions and using the answers as the basis for developing a marketing strategy and plan. And the data are reviewed regularly to refine and improve upon the plan.

We find that when we work with companies that do not have a database, in almost every case, the data they have are dirty, and we must fix the data in order to create the most effective strategies. We see files with 20% duplication of which only 5% will be caught by standard matching logic, files where 10% is missing critical elements for a viable address, files of email opt outs that are not part of the core customer file so there is not a complete picture of customer preferences (which can leave the company open to complaints of not honoring preferences).

Every Brand and every organization that sells directly to customers, in my professional opinion, needs to have a marketing database. The database must include different matching algorithms as well as outside sources that cleanse data ensuring the company can have the highest level of confidence in its file of names. That is the starting point for an effective marketing database.

A database can be built to meet the needs of a company with revenue under \$5 million in 60 to 90 days and can serve as the master of a channel that is growing, needs to be understood or driven to a higher level within a larger entity. There is no company today that should not have a form of marketing database if it is looking to move forward.



We believe that a company can and should recover the cost of that database build immediately within the first season after the build, in which **customers** are mailed and not just poorly constructed addresses are selected, merged and mailed. The next clear value point is that month over month indices show changes in customer behavior, opportunity, and weakness.

In this new and improved transparent world where we market, we must be looking at only the clearest view of the customers and their interaction with your Brand. A marketing database provides the insight that allows your Brand to establish a relationship with your customers through understanding their paths to purchase. As can be seen in our opening example, the luxury retailer has been given an articulated profile of its customers, their differences and likenesses, their strengths and weaknesses, what they are buying and what they are staying away from - in the Brand overall and in every channel. The Brand marketers can now act with sight and not from gut. They can celebrate their wins and not repeat what was terribly wrong. No more guessing or confusion, and the darts have been put back on the shelf.

Don't get mad, get smart. Marketsmith can help you evaluate what you need in a database solution or how to use your current database to market most effectively. www.marketsmithinc.com/marketing_database.php

MAKE EVERY PAGE COUNT

Every marketer could use a game changing event in 2009. Here is what we are finding repeatedly: The over circulating of pages is being treated very similarly to a "Hail Mary" pass. We know companies say they do square inch analysis (I don't necessarily believe this to be true); we know that companies are not using circulation techniques on paid search and do not determine spend by contribution; and we know very few if any catalogers look at circulating pages through merchandise down to contribution.

With the seemingly ever rising costs of postage, paper, and printing, plus the consumer concern for excess paper, it is critical to make every page of communication with your customers the most effective and efficient it can be. In planning a catalog or store/web driver mail piece, you want to know - *What is the optimal number of pages to deliver the highest revenue at my target return on investment?*

Let's answer that question looking at the last point first.

All marketing expenditures should have a *target return on investment goal*. What contribution after returns, cancels, cost of goods, marketing expense, fulfillment, and postage in terms of actual dollars and in terms of a percent of gross revenue do you require to justify the marketing spend (creative, paper, printing, postage)?

Today we are seeing healthy companies strive for a 15-20% contribution margin on total demand but many are getting about 5% to 15%.

Next, what does *highest revenue* mean? As we noted above, you want to create a plan that will deliver a target return. This criterion requires that costs must be controlled. The goal is not just to generate top line results. Without a handle on expenses, a company could sell itself into a deficit position. When this loss occurs, it is not always obvious where the revenue leakage is occurring. Striving for the highest revenue must be tempered by using specialized tools to gauge the direct impact on profit and loss by understanding key relationships such as merchandising to circulation.



So, how do you make every page count? We start with the components of a square inch analysis of the most comparable mail piece, usually what was mailed at the same time last year. And we build on those results to determine whether or not a product category breaks even, and with what product mix. The outcome of this analysis gives insight into how many pages should be included in the mailer for each product category, should density be increased or decreased, should products be shown more than once in the catalog, should a product be showcased alone on one page, what other strategies feed in to optimizing pages by category?

Marketsmith has detailed process we employ for our clients to answer these questions.

Below we provide the basic steps in this analysis followed by a discussion of how to use this information to best advantage to improve marketing efficiency, and more importantly, overall marketing effectiveness.

1. Calculate the net profit/contribution for each product in the product category, making sure that you include all relevant costs.
2. Classify every item in the mail piece by its product category. Determine the product categories that comprise all items sold. As mentioned above, the goal is to determine a strategy for each product category.
3. List all products in the category by net profit/contribution and determine a breakeven by product category.
4. Calculate the total space occupied by all of the products up to the point of breaking even. This will tell you how many pages have performed at breakeven or better for this product category.
5. Identify which products have shown a positive contribution or were just at the breakeven point. Calculate the number of pages these products filled in the mail piece.

Now for each product category you can see the total number of pages by count and percent that the product occupied, how many of those pages were above breakeven individually and how many cumulatively.

SPRING 2008 BREAK-EVEN BY CATEGORY			
Category	% of Page	% of Total Above	
		Cume BE	BE
A	0.95%	100%	55%
B	31.97%	100%	58%
C	9.52%	100%	82%
D	14.60%	92%	40%
E	6.97%	100%	61%
F	16.86%	100%	64%
G	6.41%	77%	28%
H	8.05%	84%	41%
I	4.67%	20%	9%
Total	100.00%	92%	53%

This analysis can be used to determine page counts for product categories, determine overall page count for the book, and identify areas where product density should perhaps be increased. In looking at this analysis, several points stand out:

1. While there are five categories where the cumulative breakeven is 100%, four of those show that the actual percentage of pages in those categories that broke even were 55%-65%, meaning that the product category is one that is received positively by customers but that many individual products in fact are not showing a positive contribution. This discrepancy is particularly significant for category B which fills over 30% of the



pages in the mail piece, more than any other category in the book; 13% of total pages showed a loss. The strategy moving forward in this category would be to identify those products close to breakeven and increase the density of their placement in the book and eliminate products with significant losses.

2. Category I does not seem to work for this mailer. We would recommend that it be eliminated all together.
3. If the cataloger were considering increasing pages in this mail piece, we would recommend against it. There appear to be opportunities for fine tuning and consolidating within categories at the current page level. Possibly the total number of pages could be decreased slightly, depending on how much new product the cataloger wants to introduce.

This analysis can also be done for price bands to provide insight into pricing strategy.

SPRING 2008 BREAK EVEN - PRICE BANDS				
Price Bands	% of Page	% of Total Above		
		Cume BE	BE	
\$0-\$10 Total	1.67%	87.22%	33.11%	
\$10.01 - \$25 Total	9.73%	94.29%	31.97%	
\$25.01 - \$45 Total	18.40%	96.46%	31.49%	
\$45.01 - \$75 Total	14.19%	100.00%	50.00%	
\$75.01 - \$100 Total	14.49%	100.00%	42.83%	
\$100.01 - \$150 Total	13.67%	100.00%	47.85%	
\$150.01 - \$200 Total	9.75%	100.00%	42.67%	
\$200.01 + Total	18.10%	100.00%	44.47%	
Grand Total	100.00%	98.58%	41.51%	

Finally, a Brand must always look at where and how it goes after R&D, research and development. There must be a careful and stable approach to R&D around new products. Over circulating pages is one testing method; others include using online venues. Since, at best one in three new products actually breaks even or shows a positive contribution, the merchandise team should have a testing plan and goals which can be measured and evaluated. Goals include conversion of new products by season, by price point and by product category.

We remind mailers that content and real estate should be used in away to promote the web/email/retail, additional SKU's, and a grander product experience, enhancing your customer's interaction with your Brand.

We at MarketSmith believe it is critical that mailers look carefully at the pagination and content of their mail pieces to make sure the mailings are an efficient use of marketing dollars, optimizing both pages and return on investment. Our analysis uses metrics to determine what the customers tell us they are buying. Then creative can be used to put heart into each page and give it a purpose. We work closely with our clients to make sure that every page counts.

If your catalog pages have been creeping up but your bottom line is sinking, contact us and let MarketSmith's evaluation provide the insights and actionable recommendations to reverse the trend.

ASK THE MARKETSMITH

In this issue of the Difference we are inaugurating a column for you, our loyal friends and colleagues. We will answer your questions on the marketplace and multichannel marketing business issues and concerns, drawing on our collective years of intuition, experience and expertise. We are also adding this feature to our website:



www.marketsmithinc.com/askthemarkesmith. If you have a question you would like us to answer, please email it to askthemarkesmith@marketsmithinc.com. We will answer it in our next newsletter or on our website.

Hi Marketsmith,

I have a question. We usually mail a gift catalog in late October, but with election year and economic conditions changing, we are debating between mailing earlier to arrive in early October or later to arrive just after the election. Abacus provided history from 2004 which indicated NOT to plan mailings a week or two just prior to the election - we certainly understand that.

Curious...what would you recommend?

Kind Regards,
G.

Dear G.,

We have a great deal of data around this. Here is what we are telling those who ask, and also what we are doing with our clients:

October is a dead zone, or high risk. Stay away and be in home the day after the election.

Heavy up on emails to supplement contact flow in October. If you have a telemarketing campaign we would keep that in place.

Also expect an economic factor of 6 to 10% depression after the election for Fall/Holiday plans. We are moving off our more aggressive number of 12%, which we called correctly through August. But we see indicators that might move to a single digit downturn versus last year.

As of the end of the summer, we predict a soft recovery in February 2009 and recommend very cautious spend on new channel growth.

Responded to on August 27, 2008

Marketsmith,

We are a services company. What is your opinion on the Catalog Choice program and what are you recommending your clients do?

Thanks,
B.

Dear B.,

Catalog Choice is a Brand/Company and has become a pseudonym for the recognition and management of catalog recipients' preferences, based upon what the individual recipient has opted for.

I can tell you where we stand on both the concept and then the company. There are two realities here, as well as two directives for industry response.



1. First, the concept is the right concept: If an individual has opted not to receive information from you, you want to communicate that you, as a mailer, are a good citizen and will honor that request. There are a number of organizations (Catalog Choice and the DMA among them) currently that are acting as a liaison between the recipients and the catalogers. You want to work with any of those organizations that you feel has represented your Brand and the consumer's wishes accurately.
I think there is a grave misrepresentation of an individual's true intent, but given the apparent consumer outcry, the industry is making the logical and smart decision to over-suppress.
2. Second, however, I am not a fan of the way Catalog Choice conducts or represents itself. I am unsure how its matching logic works to suppress accurately. And I have concerns about how the organization is sustainable long term. Assuming Catalog Choice means no harm to an industry that is working hard to sustain itself, the mission to help the earth is good for all of us.
3. The fact your organization is a service provider and an industry leader, the expectation is for you not only to have a position but also a tool that helps supports a cataloger's ability to manage preferences by the number of contacts, either email or mail. My recommendation is to work directly with any service that poses a threat or a solution to your customers and to your Brand. Be sure you understand its economic impact and its benefits. Then create a solution that shows your organization is not only relevant but demonstrating value to its customers.
4. I recommend you join and become an active sponsor of the ACMA. This organization goes to great lengths to understand and protect against all future and current threats to the catalog community like Catalog Choice and postal hikes. catalogmailers.org

Responded September 17, 2008

POSTAL UPDATE

Last month we sent you a bulletin about upcoming USPS regulations. Here is an update on those issues:

NCOA Processing - A reminder that the **new rule takes effect November 23, 2008**. For all standard mail, the minimum frequency of change-of-address processing will be 95 days instead of 185 days. This requirement applies to all Standard Mail - letters, flats, parcels and Not Flat-Machinables - as well as automation-rate and presort-rate First-Class Mail. This means that on November 23, 2008, any mailing must have addresses that were updated no earlier than August 20, 2008.

Address Location on Flats - This new regulation **takes effect March 29, 2009**. The USPS has created a two page that is very explicit in detailing requirements. It can be accessed at: http://ribbs.usps.gov/files/fss/Presentations_Communication_Resources/Flats_Addressing/Flats_Fact_Sheet_Standard_Mail.pdf.

From the site:

What Are The New Address Requirements?

The new requirements affect address characteristics (how the address looks) and address placement (where the address is located).

- Mailers must address each piece using a minimum of 8-point type. Each character must be at least 0.080 inch high.
- If the mailpiece bears a POSTNET or Intelligent Mail barcode with a delivery point routing code, mailers may use 6-point type in all capital letters. Each character must be at least 0.065 inch high.



- On all automation pieces, the characters in the address must not overlap, the address lines must not touch or overlap, and each address element may be separated by no more than five blank character spaces. (A blank character space can equal the width of the widest letter used in the type.)
- Mailers must place the delivery address in the "top half" of the mailpiece.

How Do I Determine The Top Half Of The Mailpiece

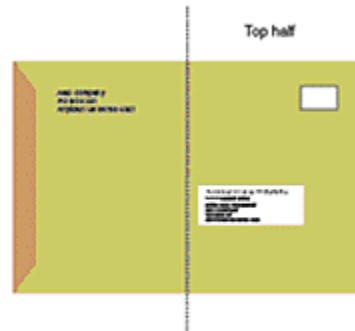
There are several options. For enveloped or polywrapped pieces, and all saturation Carrier Route pieces, the "top" of the mailpiece is either of the shorter edges. For pieces that are not enclosed in envelopes or polywrap, the "top" is the upper edge when the bound edge (or the final fold) is vertical and on the right side of the piece.

Once you choose a top edge, measure halfway down the piece, and that's the top half. Your address (recipient lines, delivery address lines, and city/state/ZIP Code line) must be entirely within the top half. If you have a shorter mailpiece, the address can run into the bottom half if you place it within an inch of the top edge.

You can place the delivery address on the front or the back of the mailpiece, but it must be on the same side as the postage. The address may be parallel or perpendicular to the top edge, but not upside-down as read in relation to the top edge. A perpendicular address can face to the left or the right.



Catalog addressed on back cover. "Top" is the upper edge when the spine is on the right.



Large envelope. "Top" is the left or right edge as viewed in this horizontal orientation. The "top half" could be either the left or right half.

Intelligent Mail Barcodes - In a letter from the Mailing Industry CEO Council which is posted on the postcom.org website, the council strongly urges the USPS offer "a meaningful price incentive in May 2009" so that mailers can know what the benefits of adopting the full service Intelligent Mail Barcode will be before mailers commit expenditures on the changes required to their operational systems, which "may increase the cost of business by as much as 15% for some mailers."

Catalogers must make sure that they understand thoroughly what the IMB requirements are and the changes they will require for how you operate. ribbs.usps.gov/OneCodeSolution

On a more comprehensive level, it is critical that we continue through industry associations such as ACMA (catalogmailers.org) whose lobbying efforts with the USPS are working to find solutions that are win-win for all parties. Otherwise postal services losses next year will exceed the projected \$2.3 billion for this year and more catalogers will succumb to market pressures and decrease their operations or cease altogether.

"The Difference" is a quarterly newsletter produced by Marketsmith, Inc. To receive an electronic copy delivered free to your email box, subscribe today at www.marketsmithinc.com/newsletter.php.

