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Summer News at CGSM

The Direct Mailbox

Since the inception of **Canterbury Tales** a column called **'The Paper Caper'** has been a stalwart. And while conditions in the overall paper market remain somewhat volatile, the state of the direct mail industry offers a more intriguing subject yet at the same time encompasses paper, manufacturing and postage. Therefore we have replaced The Paper Caper with **The Direct Mailbox**.

Simply stated, **direct mail volume has been substantially reduced overall**. Postage costs continue to rise as the USPS has lost so much first class postage volume – historically the major money maker for the USPS. Since the decline in first class postage volume is expected to continue, advertising mail (known as standard A) could be the area that offers growth potential. Yet the internet and its e-commerce applications have greatly impacted the usage and effectiveness of traditional direct mail. Catalog volume has dropped dramatically as prospecting via catalogs has never been more difficult.

But there are still many marketers prospecting for new leads via direct mail as well as those that are marketing to their house file using direct mail. **Combined with e-mail marketing direct mail continues to be a viable channel.** The USPS has offered a '**Summer Savings**' program to help build mail volume during a traditionally slow time of year. We are seeing our clients look to take advantage of what is a substantial discount. The program came in a little late as most companies plan out their year well in advance. But it's good to see a little proactive marketing from the usually staid USPS.

As for paper and manufacturing, the market for paper seems to be fairly stable looking ahead 6-12 months but all it will take is for one mill to shut down to tighten the supply and cause a shortage that will quickly force prices higher. But for now we are advising our clients that paper should be the **same or perhaps even less expensive** as we finish out 2009. Print manufacturers are also forced to hold the line on pricing despite rising energy and benefit costs. So many good companies have been forced out of business that the universe of print providers is significantly smaller. There appears to be no end in sight to this trend.

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