



AMERICAN
CATALOG MAILERS
ASSOCIATION
www.catalogmailers.org

December 11, 2007

Dear Members and Friends,

New Member to ACMA: A big welcome to our newest ACMA member, Day-Timers. We are delighted to have this fine company on our membership schedule!

Message to Members only: Please contact us at once if you are not receiving member-only communications with catalog-specific news and information you will want to have.

ACMA studies the Do Not Mail issue: Wow! Issues related to “do not mail” are certainly getting traction in the media. Catalog Choice alone is getting a large number of ‘pick-ups.’ The busy mailing season is also spurring stories of “too many catalogs.” Is it due to growing environmentalism combined with the public perception that catalogs are *not* environmentally friendly? Is it a growth in consumerism where American’s want more say over what arrives in their mailbox? Does this concern you? It should. These issues are not going away.

The ACMA Board recently directed that we study these issues from a purely catalog perspective and develop a position. There are many groups already involved and more are ramping up. How do we fit in and what should we do? What is truly in the best long term interest of those who use catalogs as an essential part of their marketing mix? How much of a problem would it be if catalogs were severely restricted? Do consumers view catalogs the way they view other types of advertising mail? Obviously, both as an industry and as individual companies, we must figure out what the consumer really wants and how can we deliver that to them.

These issues will shape our future on a variety of levels and are too important for the catalog industry to neglect. We must articulate the catalog position and work beyond the rhetoric to find solutions that meet our needs. To that end, we have formed a task force to study the issue and make a policy recommendation to the ACMA Board.

DMA says “No” to Catalog Choice: The Direct Marketing Association’s John Greco recently sent a notice to the catalog community to “just say no” to third party suppression lists, indicating that for 36 years, the DMA has been giving consumers an outlet for do not mail requests. Despite this, Catalog Choice has certainly gained a media following and continues to grow. Here is the problem we see. When the consumer opts out of your catalog and then continues to receive it, who are they going to blame: Catalog Choice, the DMA or you?

Although this issue is too complex to deal with here, as noted above, our ACMA task force will look at this issue carefully, and define the issues and alternatives from a cataloger's perspective. Stay tuned!

USPS Board of Governors Says "No" to a Last 'Old Style' Rate Case: We have reported for some months our assessment that the USPS was not likely to file one last "old style" rate case prior to the PAEA-imposed rate caps kicking in next year. Recently, USPS Governors made this official, committing publicly to have future "rate adjustments" governed by the new rules.

What does this mean for catalogers? While the first rate increase may well track CPI across the board, future rate increases for catalogers may not be confined to CPI, as the PAEA ensures only that *averages* across an entire class not exceed CPI. As a result, unless catalogers stay vigilant, we could see increases well above CPI after this first "plain vanilla" rate case. The Postal Service pushed hard before passage of the new Act to ensure that it had the flexibility to raise some mailers rates above CPI and lower others, and it is very likely that it will use that flexibility within a class of mail after it gets past the first rate case.

Please note: the CPI cap applies at the "class level" only. If a variety of constituencies make up a class, as they do in Standard Mail, it is entirely possible that some mailers will see below CPI increases while others may experience increases well above the CPI. So, while the law offers some protection against the kind of dramatic postages we saw in R2006-1, it does not mean we are out of the woods. Some continue to argue that catalogs are expensive mail to deliver, and cost remains an input to rate making even as we shift to more market-based pricing.

The real issue is what may happen over the next several years. The details behind ratemaking are still being worked out, and, as any business person knows, application of theory establishes how things *really* work. Interactions with and precedent set by Postal Officials in the coming years will establish the status quo for decades. Always sensitive to political and customer-driven concerns, the USPS will be buffeted by mailers seeking to establish *their* mail as *most important* for the future. As these interests jockey for favorable treatment, the precedent thus established will become "cemented in" as the S.O.P. of rate making.

Will the catalog voice be heard? That is up to us--all of us--the catalog industry. We must work together to make sure we communicate with a single, clear and persuasive voice as the "jump ball" created by massive change settles into "business as usual" for the years to come. Now is the time for hyper-vigilance. Now is the time for setting rules of engagement that will drive rate decisions for the next ten years. Remember, it took 12 years of concerted effort to prevail upon Congress to pass PAEA ... and *three decades* after Congress last considered postal law.

Some would have catalogers believe that all is now settled, that the intra- and inter-class warfare of the past is dead and buried, that catalogers no longer need fear postal rate making, and that, as a result, they do not need to be specifically involved in the process. Doubtless, you have heard these sentiments: "The traditional players will look out for our interests." "We don't need engage in postal policy now that we have rate caps."

Those that forget history are doomed to repeat it.

What is ACMA doing? Aside from our work to continue to unite the industry behind a single catalog voice in Washington, we are actively discussing the future of catalogs in the mail with those who matter: the USPS and its regulator, the PRC. We have swallowed the bad news, now we are looking for positive developments, and to make the case to the USPS that catalog mail is important not only to our future, but to theirs as well.

We have groups deployed in rates, policy and technical mailing issues--all actively working on behalf of the industry.

Have you made your commitment to a brighter catalog future today?

ACMA in the News: ACMA has succeeded in establishing a clear catalog voice in the national postal policy debate as witnessed by the significant increase in media mentions of ACMA. This fulfills one of our primary goals: to be considered by the media as the authoritative voice of catalog industry issues.

We'd love to have your help. ACMA needs a little help and a little money from *every* catalog company. Please give us a call and get involved.

Sincerely,



Hamilton Davison
Executive Director

PS: As I was finishing this to send to you, the following came across my desk: "**Do Not Catalog.**" It gives me the willies.

Check it out: <http://www.marketwatch.com/news/story/15-minute-tip-keeping-catalog-avalanche/story.aspx?guid=%7BD4910615-F2C7-41A4-9FFA-21F30A41D8C3%7D>

Look for a special update from ACMA on this topic to be released shortly....