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WEEKLY INDUSTRY UPDATE

January 21st, 2013

ECONOMIC UPDATE

GDP: 3rd quarter 2012: 3.1 percent.

Unemployment Rate: the unemployment rate was unchanged at 7.8 percent in December.

Consumer Confidence: which had declined slightly in November, posted another decrease in December. The Index now stands at 65.1, down from 71.5 in November.

MARKETING NEWS

The Five Senses of Direct Mail.

Nancy Scott , The Digital Nirvana . 1/17/2013

Direct mail can now deliver sight, sound, smell, touch, and taste. That's all five of the human senses. And guess what? So far, mail is the only marketing medium that can do all that. Likely, for the next few years anyway, direct mail will remain — and vastly improve upon — this full sensory capability.

Sight. Well, that's what direct mail has always been. Something to look at, something to read. Even in its most simple form, direct mail can be amazingly effective.

Sound. If you've received a birthday card in the last year or two, you've probably experienced audio by mail. The technology is commonplace and still evolving.

Smell. The Scent Marketing Institute was founded in 2004, but today the organization sponsors ScentWorld, a worldwide conference coming up February 6-8 in New York City. The organization's "knowledge base" features 160+ articles related to the use of scent in marketing.

Touch. Embossing, irregular shapes, dye cuts, glued on items (magnets, tea bags, coins) metallic finishes, and other "feel-me" attributes give direct mail a touch-me dimension. Set up as a division of ImageWorks Manufacturing in 2003, Shipshapes is just one of the companies that is seeking to refine direct mail touch.

Taste. Yes, you can taste it. First Flavor, Inc. offers direct mailers edible Peel 'n Taste® strips. How might that go down? Mylanta used taste to help prospective customers compare their flavor to competitor, Maalox.

How about some case studies of sensory direct mail? Deliver magazines's article from last fall, which featured TruGreen Lawn Care's use of a scented postcard or a political candidate's use of "old garbage" to demonstrate something "stinky;"

And then there are the sensual combinations. Video first appeared on the printed page in an issue of Entertainment Weekly back in 2009. No, it's not cheap and it may not be in wide use (yet). But if you're into direct mail professionally, you know video is an option right now from technology partners Chicago's Fusion92.

Right now, are American consumers ready for their sensory experiences via direct mail? So far, maybe not so much. But as augmented reality delivers more ways to experience print, the appetites should grow.

Conde Nast Takes on Ad Sales for Delta Air Lines

Nat Ives , Ad Age . 1/14/2013

Conde Nast, the publisher of magazines including Vogue and GQ, has struck a deal to sell ads on Delta Air Lines' website, apps, kiosks at airports and even its boarding passes, the companies said.

Other publishers have increased their reach through partnerships with other sites, but this is the first time Conde Nast is selling ad space it does not own, according to Conde Nast CMO Lou Cona. "The ability for us to add Delta.com to our portfolio increases our footprint dramatically," Mr. Cona said.

Conde Nast also hopes the Delta deal will aid its effort, born of the ad-page plunge a few years back, to get into businesses-like marketing services. "The Delta business is sort of a cornerstone to that marketing-services business, opening up our capability and expertise and know-how and portfolio of clients to a broader group of people -- and really to begin to do more work outside of our media assets," Mr. Cona said.

Marketers are increasingly thinking of themselves as media owners, meanwhile, and their websites are becoming more interesting real estate for other advertisers. Rockbridge Growth Equity said yesterday that it had acquired Triad Retail Media, a company that sells display ads on?Walmart.com, eBay, CVS.com and other retailers' sites.

Conde Nast has talked with Delta about viewing its site as a media owner would, according to Pat Connelly, VP for marketing solutions at the Conde Nast Media Group. "We contributed on a consultative basis, said 'Here's the type of ad units you might want to think about,' had conversations with them about things like the emergence of native advertising," Mr. Connelly said.

Delta is already a media company to some degree by virtue of Delta Sky, its in-flight magazine, which is published by MSP Communications. The magazine is not a focus of the pact with Conde Nast, where executives are looking first and foremost for opportunities to sell on Delta.com.

Delta's site attracted 5.9 million unique visitors in November, according to ComScore. That puts it behind Conde Nast's Wired.com, which got 6.3 million unique visitors, but well ahead of other Conde Nast web properties, including Glamour.com, which had 1.9 million uniques in November; GQ.com, with 1.8 million; BonAppetit.com, with 1.2 million; Vogue.com, with 549,000; and Style.com, with 367,000, according to ComScore.

Conde Nast and Delta declined to discuss the terms of the deal, but similar ad-sales agreements typically involve sharing the resulting revenue.

In a statement, Delta couched the ads that Conde will sell as content. "Our partnership with will enhance the Delta digital experience by providing relevant content wherever our customers choose to engage with us," said Bob Kupbens, VP-marketing and digital commerce at Delta, in an email provided by a spokesman.

TaylorMade Golf makes print ads interactive via augmented reality

Chantal Tode , Mobile Marketer . 1/15/2013

Adidas Group company TaylorMade Golf is giving magazine readers the chance to play with a new club by using augmented reality to interact with the brand's ad.

Readers of Golf Digest and Golf Magazine who download a new mobile application from TayloreMade are able to unlock a virtual experience involving the brand's latest golf club while viewing a print ad appearing in these publications. This is the first time that TaylorMade Golf has leveraged augmented reailty to tell a product story.

"We felt augmented reality allowed the consumer to engage the product in a new/different way," said Brad Holder, senior director of U.S. marketing for TaylorMade, adidas Golf and Ashworth brands.

"The augmented reality platform also allowed us to get this product into consumer hands before its retail date," he said.

"We want to connect to the consumer where they are consuming content and researching new products, and that is happening on mobile. It is a growing part of our media mix."

Immersive experiences

While the R1 driver is not available until Feb. 1, augmented reality enables TaylorMade to provide golf fans with an immersive experience with the driver from their mobile device wherever they are.

Magazine readers who download the R1 mobile app and point a smartphone or tablet device at the print ads will see a virtual golf club on the screen.

Once the R1 comes to life, users can spin the clubhead with a swipe of their finger to view it from all angles, pinch to zoom in as well as virtually tune the driver based on individual needs and preferences by adjusting the loft, face angle and shot shape of the virtual R1.

Users can also select launch conditions and then watch a simulated flight path by selecting the "test swing" option on the app.

The app can be downloaded from the Apple App Store or from Google Play.

Driving awareness

By leveraging augmented reality, TaylorMade is able to drive awareness for the interactive features of its new club with its targeted audience. The new club offers three adjustability technologies allowing it to be tuned 168 different ways.

TaylorMade-adidas Golf Company is headquarters in Carlsbad, CA, and sells golf clubs, balls, clothing and accessories under the TaylorMade, adidas Golf, Adams and Ashworth brands.

"We're learning in the space, trying to create innovative experience, trying to understand the consumer behavior, how they consumer and share," Mr. Holder said.

"Regardless of medium, at the end of the day it's about the golfer going out and trying/buying the product," he said.

Where Google Misses the Mark for Premium Publishers

Jason Young , Folio . 1/16/2013

I love Google. I believe it to be one of the greatest American businesses ever launched. For the last dozen years, I have been a partner as well as competitor to Google. I have seen firsthand the incredible breadth of engineering talent and resources they bring to the market. As a publisher, I was a long-time customer of syndicated Google search advertising as well as embedded, contextual text advertising.

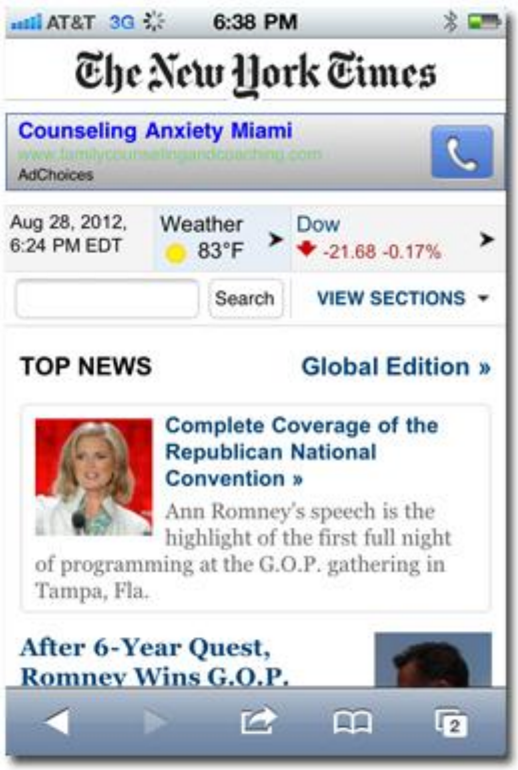
Google is brilliant at serving and monetizing text advertising. Whether done on the search result page or via contextual mapping to page level content into a dedicated module, these are solutions that no publisher can directly offer. These are solutions based on mapping scale of advertisers to scale of potential keywords, something no individual publisher can possibly replicate. The money generated from these placements is incremental and does not compete with the publishers' own direct efforts to sell a similar product.

Display is a different ballgame. A premium publisher's core business is in selling a high-value display placement into their curated environment at a premium price. While programmatic buying is surely challenging the value of this model, it still represents a significant market with hundreds of top-tier brand marketers placing value on the age-old premise of the right ad delivered to the right individual in the right environment.

Google's core display product undercuts this model in damaging ways. Google will serve what its algorithm perceives to be the best possible ad at that given moment. It does not discern the appropriateness of the ad content itself or the economics involved. This often defaults to the lowest common denominator served into a premium display position—a text ad, from a direct response marketer, sold for less than 10 percent of what the publishers' direct sales force is trying (and succeeding) to get for that same inventory.

This is particularly damaging in emerging areas like mobile. Because most premium publishers don't sell their mobile inventory yet, you often see Google text ads appearing in prime display mobile real estate. Because many of these publishers are using DFP as their first party ad server, Google wisely makes it very easy for them to automate their Adsense backfill.

Here is the prime example. This is a screen shot of The New York Times mobile home page from a few months back. The NYT has not sold this position so it defaults to a backfill solution from Google. This is what served:



Now I'm an old digital guy and still view the home page of the NYT as a very premium buy. I see top 50 brands paying top dollar to get that position. Google has done a great service to the Counseling Anxiety in Miami advertiser. I wonder if they even know they owned the homepage of the NYT. For the NYT, this is a horrible result. Never mind the poor quality of the ad content and how that sullies the environment for the reader; I'm not sure how their sales team can go to market selling the exclusivity of the placement to their top-brand advertising partners when this is what's running there.

So what can you do if you're a premium publisher with lots of unsold inventory?

1. Put the right resources in place to sell it yourself, and in the way it needs to be sold—as a high-value, high-impact display unit.

2. Work with specialist networks that focus on premium inventory and premium brands.

3. If you're going to backfill, do it via an SSP (Pubmatic, Rubicon, or even AdMeld, which Google owns), where more competition for the inventory should produce better ads and better economics.

4. If you're going to just run Google ads, then have somebody at the switch watching to make sure there are minimum standards of ad content quality and yield.

Don't get me wrong; Google is a great and critical partner to the publisher and would be the first to point out they give the publisher control to manage their inventory. The reality is that most publishers don't have the resources to do this, so they default to something that in the long run undermines their business.

Be smart. Protect the premium value of your brand and inventory.

PUBLISHING NEWS

Hearst boasts record-breaking March

Emma Bazilian , Adweek . 1/15/2013

After a strong showing in September, Hearst Magazines is looking to clean up again with its March issues on the strength of fashion, retail, luxury and beauty ads. With much to crow about, the company got a jump on its rivals in putting out its numbers for the March issue, which, along with September, are fashion magazines' biggest of the year.

Elle's March issue was up 6 percent to 338 ad pages, with new advertisers including Balmain, Pucci, Ritz Carlton and Hermès. The magazine has grown considerably in the year and a half since publisher Kevin O'Malley took over, increasing overall ad pages 6 percent in 2012, and is now Hearst's second-largest business in the U.S. after Cosmo.

Marie Claire's March issue—its biggest to March date, following last year's record-breaker—marks the full-issue debut of its editor in chief, Anne Fulenwider. The magazine closed (on Sunday night, just in time for its team to fly out to the West Coast to host a Golden Globes party with the Weinstein Company) with 208 ad pages, up 15.3 percent year over year.

Harper's Bazaar closed another record-breaking issue on the 1-year anniversary of its redesign. With 325 ad pages—a 20 percent increase—and new advertisers like Proenza Schouler, Jil Sander, and Giorgio Armani Beauty, it's Bazaar's biggest-ever March.

Cosmopolitan is up 12.6 percent in March with 130 ad pages, its biggest in five years. It will be editor in chief Joanna Coles's first full issue, which includes some editorial content and design tweaks.

Coles also plans to infuse the Cosmo brand with her high fashion bona fides, which, judging from its March covers—three versions are being produced, featuring Miley Cyrus and styled by Rachel Zoe wearing Marc Jacobs, Christian Dior, and Roberto Cavalli—is off to a good start. (At the same time, Coles is giving a nod to the magazine's heritage: The photo featuring Cyrus in a Dior gown is meant to pay homage to legendary editor Helen Gurley Brown's original covers, Coles said.)

Hearst Magazines president, marketing and publishing director Michael Clinton said about half of the company's portfolio will post double-digit gains in March. Those include Seventeen (the March issue, its biggest in 10 years, has new advertisers like Chanel fragrance and Dior beauty), Food Network Magazine, House Beautiful, Elle Décor, and Esquire.

Lucky Gets a New Boss, Promises Expanded E-Commerce Play

Nat Ives , Ad Age . 1/17/2013

Condé Nast has named a general manager to run both editorial and business operations at Lucky as part of an effort to transform its business model, particularly through an expanded e-commerce effort, the company said today.

Gillian Gorman Round, who had been senior VP-brand development at Condé Nast, was named to the newly created general-manager post atop Lucky. Marcy Bloom, who had been publisher since October 2011, is leaving the company, a Condé Nast spokeswoman said. Editor-in-Chief Brandon Holley, the former Jane magazine and Yahoo Shine editor, will now report to Ms. Round instead of Condé Nast Editorial Director Tom Wallace.

"Strategically transforming its business model," as the company said Lucky is doing, does not mean any changes for the print edition, a Condé Nast spokeswoman said. But the editorial staff will play a large role in the brand's growing e-commerce initiatives, she said, including a partnership that's yet to be announced.

Ms. Round said she and Ms. Holley will look at ways to evolve the business everywhere that its readers are. "Actual commerce is going to be a very important part of what we do," she said. "There are various routes we can pursue to do that."

Having Ms. Holley report to Ms. Round instead of Mr. Wallace will help the Lucky brand function efficiently, according to Ms. Round. "We are going to be able to keep everything Lucky within Lucky," she said.

Ms. Round reports to Condé Nast President Bob Sauerberg. "We are confident that the introduction of e-commerce will be a powerful addition to the incredible content Brandon Holley and her team have created," Mr. Sauerberg said in a statement.

Magazine publishers have long wanted retail revenue to significantly augment their ad revenue, partly because advertising has become so unreliable. Ad pages fell 8.2% last year across magazines as a whole and 20.3% at Lucky, according to the Publishers Information Bureau.

Lucky actually introduced an e-commerce platform called MyLucky last August, but it only lets visitors buy a small portion of the clothes and accessories that Lucky editors recommend.

Magazines have a mixed record at best in realizing their e-commerce ambitions. Clad, a website from JC Penney and Esquire, closed after only a few months. Details, a Lucky sibling at Condé Nast, tried selling clothes on Net-a-Porter's Mr. Porter, but the relationship lapsed after a year. Other efforts continue but remain relatively small components of publishers' businesses.

Ms. Bloom did not return a call seeking comment on deadline Wednesday afternoon.

DC Comics Looks to the Library Market in 2013

Calvin Reid , Publishers Weekly . 1/15/2013

In a year that started with an agreement to add Library of Congress Cataloging-in-Publication data to all of its graphic novel collections, DC Comics also reported that overall sales of its graphic novels to the library market grew by "double digits" in 2012 and the publisher is looking to continue that growth in 2013.

In a conference call with DC Entertainment v-p, marketing John Cunningham and v-p, sales Bob Wayne, Cunningham said DC Comics was working to build "a library infrastructure at DC Comics that rivals what you find at a traditional book publishing house."

Cunningham, who worked for years as an associate publisher at St. Martin's Press before joining DC Comics, cited the growth in sales to the library market in 2012. He said that DC is working to make sure its titles are available to librarians via digital galleys and the house has been working to make sure advance copies of its graphic novels are available through the Edelweisse and NetGalley services. DC Comics, Cunningham said, also teams with its distributor to the book trade, Random House Publisher Services, to sponsor parties and events at American Library Association conventions.

He also cited the work of Ailen Lujo, DC Comics marketing director for books, and her work with the ALA and compiling a mailing list of more than a 1000 libraries, as well as the work of Sue Pohja, DC Comics v-p, of book trade sales. Nevertheless, Cunningham acknowledged some areas where DC's library and lending efforts can be improved.

Although digital lending of graphic novels is a very small niche in the library market, several vendors offer the service. Digital library vendor OverDrive offers a limited selection of digital comics to libraries for lending and Iverse Media's Comics Plus: Library Edition and Lerner's Brain Hive K-12 lending service both offer school libraries similar services that allow digital comics and graphic novels to be loaned on a cost-per-checkout basis. Asked whether DC Comics worked with any of these digital lending services, Cunningham acknowledged that DC, "is not yet involved in e-lending. Graphic novels lag behind in the e-lending category but it's an issue that needs to be addressed."

But Cunningham quick to cite the decision in March to include Library of Congress cataloging information in all of its original and collection book editions. "This kind of library information is elemental at a traditional book publisher," Cunningham said, "It was a challenge here at DC but it has worked well and DC really stepped up to get it done."

Small Demons Announces Deal With Penguin; Expands Database Of Books

Press Release , Book Business . 1/16/2013

Small Demons, the innovative start-up that connects all the details of all the books we read into a connected web of information, announced today that it has added a fifth of the big six book publishers with the addition of Penguin to its catalogue. Having already inked deals with Simon & Schuster, Random House, Harper Collins and Hachette. Small Demons now has content deals with five of the big six publishing houses. Many books within the Penguin collection, including bestselling genre fiction and the world's leading classics brand Penguin Classics, will begin to appear on the site over the course of 2013, allowing readers to explore their favorite books and draw surprising connections between seemingly disparate literary worlds: from Jack Kerouac 's jazz legends to Jim Butcher's Chicago wizards, from Jane Austen 's genteel England to Charlaine Harris 's tumultuous Bon Temps, Louisiana.

"Penguin's addition to Small Demons will greatly expand the connectivity of the world of literature by providing readers with access to the fine details found in contemporary fiction like JR Ward to classics like Madame Bovary," said Valla Vakili, the founder of Small Demons. "With the addition of more and more publishers to Small Demons we are getting ever closer to a complete cataloging of all things in all books."

"We're happy to be working with Small Demons to grow a sophisticated web of connections between books," said Molly Barton, Global Digital Director at Penguin. "In today's increasingly digital world, Penguin strongly supports platforms that help readers to engage in adventurous browsing and serendipitous discovery."

In addition to the major publishers, Small Demons has contracts with Perseus, W.W. Norton, and Sourcebooks, with plans to bring even more publishing houses into the fold in the coming year.

"Small Demons is a devilishly ingenious way for book lovers to get lost in books, and book titles to get found online," said Rick Joyce, Chief Marketing Officer at The Perseus Books Group. "I think of Small Demons as a serendipity engine, elegantly powering authentic consumer discovery. Perseus is pleased to have our titles woven into Small Demons."

The data that Small Demons provides publishers grants greater flexibility in merchandising and promoting books while stimulating the literary industry as a whole. With this comprehensive data indexing provided by Small Demons, publishers now have more tools than ever at their disposal to reach consumers.

With Small Demons, avid readers, music connoisseurs, and movie buffs now have the opportunity to fully engage and connect with people, places, events, and the finer details of the stories they love. Small Demons is the first place of its kind where these readers are able to participate with stories outside of their pages and be directed to venues that offer further engagement. The Associated Press referred to Small Demons as "the book world's latest mind game and guilty pleasure and a proving ground that everything is really connected."

Publishing houses like Random House have jumped at the chance to work with Small Demons, as it gives them an opportunity to connect and cross market their books, generating publicity for books through the content people know and love. Publishers can now make books that were once hidden or lost in a sea of media discoverable again, satisfying the urge by consumers to find and interact with new and unique people, places and things.

Small Demons has thus far cataloged a total of 10,000 books and is adding thousands more monthly.

POSTAL NEWS

USPS management given go-ahead to speed up cost-cutting plans

Staff Writer , Post & Parcel . 1/15/2013

After meeting last week, the USPS Board of Governors gave the go-ahead for management to speed up cost-cutting efforts, rethinking a plan adopted last year that had been due to take five years.

And as the Postal Service follows on from the $15bn it has already cut from its annual cost base since 2006, and the 24% cut in its workforce, it appeared yesterday that it will no longer shrink from placing blame for its misfortunes on Congress itself.

USPS issued a statement yesterday stating that a “wide range of accelerated cost cutting and revenue generating measures” were discussed by its governors last week, “in the face of an unprecedented set of financial challenges, heightened by the inability of Congress to pass comprehensive postal legislation”.

The Postal Service said: “Citing the fact that the Postal Service cannot wait indefinitely for legislation, the USPS Board of Governors has directed management to accelerate the restructure of Postal Service operations to further reduce costs in order to strengthen Postal Service finances.”

Congress has already faced much of the blame for USPS financial woes, for setting an accelerated payment scheme back in 2006 for USPS to cover 40 years of retiree healthcare liabilities in the span of just 10 years. That payment scheme was set up just as USPS reached its peak volumes, at a time when it was making healthy profits. Since then, mail volumes have fallen by 25%, and revenues have dropped from around $75bn a year to $66bn.

Cost-cutting plan

Yesterday’s call to arms from the USPS governors puts additional pressure on Congress to enact postal reform following last year’s drawn-out failure, but also recognises that with the Postal Service currently rubbing up against its $15bn government credit limit, while continuing to rack up 11-figure losses each year, something has to give.

Last year's five year business plan at USPS was designed to bring the scale of the US mail networks in line with the fact that mail volumes have fallen by 25% since 2006, and are set to continue to fall.

The plan also looked to contend with the fact that mail volume declines have been particularly steep in First Class Mail, the biggest money-maker of all for USPS, which had accounted for 44% of mail volumes and 66% of mail income.

USPS had planned to cut an additional $20bn from its annual operating costs over the span of five years, but $10bn of that had required Congressional action to achieve, including elimination of Saturday deliveries, restructuring of pension and healthcare funding arrangements and the breaking of union lay-off protections.

The restructuring of the USPS mail processing network under the five-year plan began last summer with the closure of 48 of its 461 Area Mail Processing plants. A further 92 plants are also due to close this month (January 2013) and next month. However, the Postal Service had intended to wait until 2014 to close another 90 plants depending on the state of play with Congressional reforms.

The plant closure programme comes alongside a slowing of the USPS First Class Mail service, so that rather than a mainly overnight service, it becomes a two-to-three day service other than locally around sorting plants.

USPS management had hoped to reduce its work force from the current 546,000 nearer to 400,000, and executives including Postmaster General Patrick Donahoe have previously spoken of a desire to achieve this by attrition or voluntary buy-outs as much as possible, but speeding up the downsizing process could make it more difficult to avoid layoffs.

Yesterday USPS said it would continue to seek legislative reforms, but warned that despite record growth in its package business and "stabilisation" of other revenues, it was still operating with an "inflexible business model that hinders its ability to be self-sufficient".

"The Postal Service continues to seek legislation to provide it with greater flexibility to control costs and generate new revenue, and encourages the 113th Congress to make postal reform legislation an urgent priority," said the Postal Service.

Congress

Congress reconvenes for a new session next week, but the legislative process for any postal bill will have to start from scratch.

Senator Tom Carper, who helped lead postal reform efforts in the US Senate last year, said yesterday that USPS intentions to speed up cost-cutting efforts "shouldn't come as a surprise" given the current situation.

But Carper, who steps up to chair the Senate's influential Homeland Security and Governmental Affairs Committee this year, said he believed without Congressional action, anything USPS was planning would merely be a "piecemeal" response to its current financial problems, and were "likely not enough" to fix the problems on their own.

"Only comprehensive reform of the Postal Service that takes into account its long-term needs can address the severe financial problems that continue to plague this American institution," he said.

Carper again expressed his commitment to pushing for postal reform in Congress this year.

However, the question regarding US postal reform this year on Capitol Hill is less about whether the more conciliatory Senate can pass a postal reform bill, and more about whether the more stubborn House of Representatives can find the time to devote towards meaningful proposals, whether Republican leaders will take a more active role in lawmaking rather than merely acting as a governmental "watchdog" criticising White House policy from the sidelines.

Darrell Issa, the chair of the House Oversight Committee that is responsible for passing postal reform, indicated yesterday that his stance remains to prioritise efforts to cut the federal budget.

He said: "The federal government's out-of-control spending has led us down a dangerous and unsustainable economic path. Washington cannot continue to spend more than it takes in, nor can it tax its way into fiscal balance."

USPS "disappointed" by letter carriers' arbitration deal

Staff Writer , Post & Parcel . 1/14/2013

The deal running through to 20 May, 2016, includes a 1% wage increase in November 2013, 1.5% increase the following year and a 1% increase in November 2015.

There are also seven cost-of-living adjustments up to 2016, with those for 2013 deferred to 2014.

Nevertheless, the Postal Service issued a statement on Friday saying it was "disappointed" with the contract, in continuing to provide layoff protection for NALC's 192,000 mainly urban-based letter carriers.

USPS did not get its wish for a wage freeze and the elimination of cost-of-living adjustments, and had also wanted more flexibility to outsource work and use non-career workers.

"While the decision by the arbitrator includes important and substantial cost-savings provisions that will benefit the Postal Service over the life of the contract and into the future, it does not include all of the changes we sought," said USPS.

"We are disappointed the Award continued limited no layoff protection and restrictions to contracting out."

USPS and NALC have been negotiating a new labor deal since the last contract ran out in November 2011. Arbitration began last April, with the deal reached for 2011 to 2016 being the first NALC contract to go to arbitration since the 1998-2001 contract.

The arbitration panel included a representative from USPS – the Postal Service counsel Robert Dufrek – and one from NALC, the union's general counsel Bruce Simon, along with an independent arbitrator, American Arbitration Association member Shyam Das.

"Win-win"

NALC said its negotiators had worked hard to create a "win-win" bargaining position, and said that ideally agreement would have come through a negotiated settlement.

But NALC president Frederic Rolando said on Friday that the deal reached by the panel met all of the union's primary objectives for negotiation.

"NALC had three primary objectives in this critical round of collective bargaining. First, to protect the jobs and living standards and working conditions of the nation's 180,000 letter carriers. Second, to protect the integrity of our historic institution-the United States Postal Service. And third, to work cooperatively with all stakeholders to enable the USPS to continue to serve the American public, in the internet age, by strengthening our unequalled last mile 'delivery' capacity. This agreement meets all three of those objectives," he said.

With labor representing 80% of its $66bn annual operating expenses, USPS has been keen to find ways to improve the flexibility of its work force, allowing more use of part-time and outsourced resources and reconfiguring healthcare arrangements.

The Postal Service is also looking to downsize its workforce from the current 546,000 towards 400,000 as the company shrinks its network to respond to the 25% cut in mail volumes over the last six years.

The arbitration deal does allow up to 15% of full-time carriers in each district to be non-career "city carrier assistants", who will be first in line for full-time vacancies and eligible for health insurance after one year. It also reduces USPS contributions to healthcare premiums from 80% in 2012 to 76% by 2016.

But NALC won a continuation of the 2006 ban on subcontracting for the delivery of competitive products, while it also secured the no-layoff clause for carriers with at least six years of service.

The Postal Service said on Friday that the way the arbitration deal turned out put added pressure on Congress to reform its operational cost structure. One aspect that was floated last year in postal reform proposals – certainly by the Republican side of the Hill – were potential measures allowing USPS to break union agreements requiring layoff protection.

"Congress needs to enact significant legislative reform to quickly restore the Postal Service to profitability and put the organization on stable, long-term financial footing," the Postal Service said.

RETAIL NEWS

Radio Shack and Target to end mobile partnership

Marianne Wilson , Chain Store Age . 1/15/2013

RadioShack Corp. announced that it is ending its relationship with Target, where it helps operate Target Mobile in 1,500 Target stores, effective April 8.

The RadioShack and Target partnership provided RadioShack access to manage Target's post-paid mobility business. But RadioShack did not manage the prepaid mobility business or the wider range of accessories offered in Target stores.

Since October 2012, RadioShack had been renegotiating the terms of the relationship with Target to establish an agreement that would be profitable to both companies. At that time, RadioShack executed a termination notice that would allow the company to exit the Target business if an agreement could not be reached.

"In order for RadioShack to have continued this relationship, we needed to establish a new agreement that would be financially appealing to both companies," said Telvin Jeffries, RadioShack EVP, chief human resources officer, and general manager of retail services "Ultimately, we amicably agreed to dissolve the relationship."

Meijer appoints new president

Staff Writer , Retailing Today . 1/16/2013

Meijer has appointed J. K. Symancyk as president, just one year after he was named COO for the Grand Rapids, Mich.-based retailer.

Meijer, a pioneer of the one-stop shopping concept, operates 199 supercenters and grocery stores throughout Michigan, Ohio, Indiana, Illinois and Kentucky.

"I am pleased to introduce J. K. as our next company president," said Hank Meijer, co-chairman and CEO. "J. K. has been a key member of our leadership team, including most recently as our COO, and he has played an important role in the growth and success of Meijer since joining us in 2006."

In addition, Meijer has announced the appointment of Mark Murray to the new position of Co-CEO, where he will serve with current CEO Meijer. In the new role, Murray will serve as a partner in the development of future business strategy with Hank Meijer, Doug Meijer and J. K. Symancyk. Murray will also serve as vice chairman of the Meijer board of directors.

As COO, Symancyk had oversight of retail operations, supply chain, manufacturing, merchandising and marketing. As president, he will oversee all day-to-day business of the company and will report to co-CEOs Hank Meijer and Mark Murray. Symancyk will officially begin his new position on February. 3.

Symancyk joined Meijer in 2006 as VP of perishables. He became EVP of merchandising and marketing in 2007 and accepted the role of COO in 2012.

"Having worked with J. K. in his different roles here at Meijer, we are very confident he is the right leader to help continue our path of growth and expansion," Meijer said. "We are also delighted that Mark Murray will remain a valuable partner in the continued growth of Meijer. Mark and his team have done a tremendous job and have positioned Meijer well for the future."

Office Depot unveils See Jane Work spring collection

Staff Writer , Chain Store Age . 1/17/2013

Office Depot has launched the See Jane Work spring collection, featuring stylish organization products and desk accessories, available exclusively at its physical stores and website.

Entrepreneur Holly Bohn-Weiss created the collection, which caters to female customers, because she felt the selection of desk accessories that resonated with her style and personality were limited.

"It helps to have a good system of organization and well-designed products that are as functional as they are beautiful," said Bohn-Weiss. "The new collection for spring is all about providing design options to enhance, improve and brighten women's workspaces."

Available in vintage floral, herringbone, modern stripes or black lace, the new See Jane Work spring collection includes file boxes, magazine files and desktop organizers. The wide selection of home and office solutions range from $1.29 to $24.99.

"The See Jane Work collection, with its fresh visual appeal and affordable prices, further enhances the vast assortment of organizational tools available at Office Depot," said Nicole Lord, senior director, Office Depot Own Brand Products. "We are proud to work with Holly to provide our customers with such chic options, and to see Office Depot's partnership with See Jane Work flourish with the arrival of this exclusive second line."

Target debuts six online-only brands

Vivian Gomez , Chain Store Age . 1/17/2013

Target has debuted six brands that will be available exclusively online.

While continuing to draw people into its physical stores with sales and other incentives, the retailer recognizes the need to change as shoppers' habits change. Target divisional merchandise manager Theresa Schmidt acknowledges that consumers are going online more often to shop from the comfort of their own homes, and the need to not only draw new consumers to its online site but also retain existing online consumers, by offering online-exclusive deals that will set not only the retailer apart from other retailers, but also the website apart from the physical store.

"We're excited about these new brands and how they're helping us further differentiate Target.com from other online retailers," says Theresa Schmidt, a Target divisional merchandise manager. "We know our guests are increasingly connected and are shopping online more, so we wanted to offer guests something new, unique and unexpected."

The six new brands available at Target.com include Labworks, Room 365, Zutano Blue, MudHut, Boho Boutique and TOO by Blu Dot.

Labworks is a contemporary line of women's ready-to-wear apparel available in missy, plus and petite sizes. Room 365 is a home décor collection that features bright colors and prints and modern designs. Zutano Blue is a collection of clothing, bedding and home décor by European designer Uli Belenky that, according to the designer, celebrates the spirit of childhood. MudHut is a collection of bedding, textiles and home accessories that feature textures, hues and motifs of Africa, Asia and Latin America. Boho Boutique features and assortment of bedding, table linens, curtains and shower curtains.

TOO by Blu Dot is a collection of modern décor rooted in simple design. Blue Dot was founded in 1997 by college friends John Christakos, Charles Lazor and Maurice Blanks, who all shared a passion for art, architecture and design. The trio aimed to design products that are useful, affordable, desirable and accessible.

Although TOO by Blu Dot is an online-only collection, Target's five CityTarget locations will have the collection on display so consumers can get a hands-on feel for it and then scan QR codes to either purchase the products or learn more about them.

Walmart makes Latin American leadership change

Staff Writer , Retailing Today . 1/14/2013

The head of Walmart's Chilean operation will assume responsibility for all of Latin America following the retirement of current president and CEO Eduardo Solorzano.

Enrique Ostale, president and CEO of Walmart Chile and an executive with a unique background, will replace Solorzano on March 1 and assume responsibility for Walmart operations in Argentina, Brazil, Chile, Costa Rica, El Salvador, Guatemala, Honduras, Mexico and Nicaragua. Solorzano will remain as chairman of Walmart de Mexico. Filling Ostale's role in Chile is Gian Carlo Nucci, currently EVP and COO of Walmart de Mexico.

The timing of the changes to Latin American leadership is noteworthy as Walmart is in the midst of its own internal investigation and those of outside regulatory bodies relating to allegations of bribery and corruption at its Mexican subsidiary.

"For 27 years, Eduardo has been a champion for our customers in Mexico and across Latin America, and we are pleased he's staying on as chairman of Walmart de Mexico," said Doug McMillon, president and CEO of Walmart International. "Under his leadership, the first Walmart Bank was founded, Central America became part of Walmart de Mexico and the every day low prices strategy extended to Central and South America. Likewise, Enrique's leadership in Chile has been key to both the successful integration of D&S with Walmart following our 2009 acquisition, and also to Walmart Chile's ongoing success. Gian Carlo's experience and record of accomplishments at Walmart de Mexico ensure we will continue to innovate in service to our customers in Chile."

Ostale joined D&S in 1989, serving as the manager of the company's finance division, merchandising division and Lider format division, and then as the CFO. In 2000 Ostale left D&S to serve as CEO of El Mercurio Online, the website for Chile's El Mercurio Newspaper. He later served as dean of the business school of the Adolfo Ibanez University from 2002 to 2006. In 2006, he rejoined D&S as president and CEO and following Walmart's acquisition of D&S in 2009 he led D&S's transformation to Walmart Chile.

Nucci joined Walmart de Mexico in 1993 and served in several roles, including responsibilities for all Sam's Club operations in Mexico, before being named vice president, VIPS Restaurants, in 2003. He then served as vice president, Superama, before being promoted to SVP of Sam's Club and then EVP of specialized formats. He became COO of Walmart de Mexico in January, 2010.

Walmart's operations in Latin American are extensive, with 3,832 retail units now present in Argentina, Brazil, Chile, Costa Rica, El Salvador, Guatemala, Honduras, Mexico and Nicaragua.