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ECONOMIC UPDATE

GDP: 4th quarter 2012: 0.1 percent. 3rd quarter 2012: 3.1 percent.

Unemployment Rate: the unemployment rate was essentially unchanged at 7.9 percent in January.

Consumer Confidence: which had declined in January, rebounded in February. The Index now stands at 69.6, up from 58.4 in January.

MARKETING NEWS

[Mobile Technologies: Bringing New Life to Print](#)

Erik Cagle , Printing Impressions . 2/28/2013

In the constantly-evolving world of hand-held electronics, it is difficult to identify a long-term trend with any certainty. New versions are released every six months, it seems, and anything older than 2010 is considered antiquated.

Ink-on-paper, as the church choir well knows, has been as steady and consistent as the Swallows at Capistrano. Sure, the manner in which ink gets attached to substrate may have taken on various iterations in the last 100 years alone. But, at its core, ink-on-paper is the primary vehicle.

So what happens when the happy feet of electronics collides with the stay-at-home consistency of printing? Printing becomes more dynamic and interactive, and mobile electronics become a greater e-commerce tool. The pairing is anything but smooth, and it is bound to become completely unrecognizable in the next five years. But, the concept that printing and electronics can be catalysts for each other's growth to perpetuate the ultimate goal—delivering messages that are efficient and effective at turning clicks into cash—underscores the belief there is room at the communications table for both channels.

A number of technologies have rumbled across the printing spectrum during the past five years, some of which are fairly common, while others have largely untapped potential. Their history is being written now, and while some of these technologies might not have staying power, they're certain to be replaced in short order.

Keeping an open mind, recognizing profit potential and identifying a point of entry was all the fodder that Quad/Graphics needed to embark on its mobile technologies platform, Interactive Print Solutions (IPS). Actually, it was a direct result of QIC (Quad Idea Catapult)—the company's innovation process management framework—vetting the technologies and creating IPS as a vehicle toward delivering mobile technologies to customers.

It helps that Quad/Graphics CEO Joel Quadracci not only gave the endeavor his full blessing, but acts as an evangelist for the mobile technologies.

"Consumer media preferences are changing rapidly and our customers are trying to keep pace, but it isn't always easy," Quadracci says. "Every day our customers are bombarded with offers to use the latest and greatest app dreamed up by a couple of guys tinkering in a garage. Sure, these apps may look cool, but our customers don't necessarily know what to do with them. They are asking, 'How do I tie this in with my core print vehicle(s) in a way that supports my marketing plan and drives measurable business results?' That's where we come in."

Fortunately, the digital driver took the printed piece along for the ride.

"Our customers were looking at how to take two very meaningful channels—print and electronic—and bring those together. Take discovery and action potential from one and really drive that into the other," explains Matt Kammerait, product manager of Interactive Print Solutions (IPS). "As part of the process, we put together an idea brief of what the opportunity is and what the market looks like around those technologies. At one of our early (status meetings), Joel really saw how that market opportunity could help move print forward. So, he fast-tracked the formation of a more formal team."

By delivering all of the technologies in a cohesive framework within a concentrated division, IPS enables Quad/Graphics to escape any logistical challenges. The four technologies have several elements in common: They are mobile and they seek to expand the reader/customer experience by spurring the users into actions that are measurable and reportable using real-time analytics. It doesn't hurt that they are trendy, even fun applications that take the ink-on-paper experience and add an element of animation. The four components in IPS' toolbelt:

QR Codes: The veteran of the group, the 2D barcode has the data stored in the code itself, making it an open standard. Its best selling points are that it's inexpensive and easy to deploy in a broad variety of contexts. Direct mail has become the home away from home for the QR code, but it also garners plenty of looks in location-based settings (such as retail POP) with heavy foot traffic points.

"Because it's so easy to set up, it's easy to use on a campaign where you have a very low cost per piece that you need to maintain," Kammerait notes.

Another option, vQR (variable Quick Response codes) can be printed by advanced inkjet and digital printing technologies. The variable version allows marketers and publishers to create unique QR codes that personalize destination content, from first-name greetings to prepopulating data fields for one-click purchasing, forms, registration and more.

Image Recognition (IR): Targeted content and mobile shopping is taken to the next level courtesy of IR. By downloading IPS' Actable app (free for Apple iOS and Android platforms), users are able to access content from the image with their phone. Actable automatically opens the user's camera and, by hovering the device over the image and scanning the actual images, users can enjoy the bonus content. IPS' clients have the perk of not requiring a high contrast area with specific data encoding, as is the case with a QR code.

"This opens up the opportunity to do things like retroactively enable images that have already been produced and doesn't require modifications to the print process," Kammerait points out. "We're seeing a lot of neat opportunities."

"On the publication/catalog side, there's a lot of sensitivity toward using real estate to represent the brand faithfully. QR falls really short there as it takes up a portion of the page with high contrast black and white, which takes away from what would otherwise be happening on that page. By being able to scan images already on the page, this gives them the entire page to use."

Augmented Reality (AR): Though Quad has offered all four technologies for several years, IPS didn't launch as an entity until January 2012. The unofficial star of the lineup for the first year might just have been AR, which takes IR and adds the bonus of 3D interactive

content. A 360-degree view transforms a flat catalog into a virtual pop-up book—one that moves, no less—which enhances the user's shopping experience.

"It's being able to layer on or bring that digital content from the cloud down to the page itself and take the digital from being locked in a box and bring it to the immediate point of action that the person's having with the printed piece itself," Kammerait says. "We've seen tremendous opportunities across the verticals."

IPS recently did a large campaign for the Smithsonian that centered on its Ingenuity Award that Kammerait believes really showcased 3D content and the possibilities that Augmented Reality holds. In another eye-catching campaign, IPS worked with Maxim magazine to create a cover featuring noted model Bar Refaeli. When scanned, the magazine's cover lines fall away and Refaeli breaks into a little catwalk-esque posing on the cover. Seconds later, the cover "magically" reappears.

One publication that completely bought into the interactive technologies program was Milwaukee Magazine. Its October 2012 issue included IPS experiences on every editorial and advertising page, from a photo gallery to audio and video, along with data, an interactive element and a giveaway promotion.

Near-Field Communication (NFC): A subset of RFID and a broader range of microchip-based technology. IPS uses a chip and antennae to fashion it into a label. There are other applications: With a fixed tab, for example, devices with NFC-enabled hardware can pass the tag, conduct purchases and take users to digital content without the need for the app infrastructure. Here, Kammerait notes, it is ideal for one-time campaigns that allow the customer and the end user to enjoy a seamless, low-friction experience.

While the hardware deployment was once one of the stumbling blocks, developments in the past 10 months alone have bolstered NFC's viability as a number of handsets, including the highly popular Samsung Galaxy S3 (which recently surpassed the 100 million units plateau), are NFC enabled. That has helped offset Apple's decision not to offer NFC availability on its fifth iteration of the iPhone.

The key facilitator for triggering each of these experiences, from Quad/Graphics Interactive Print Solutions group's point of view, is Actable. This universal discovery app, developed by IPS, enables an Apple iPhone, iPad or Android device to scan Actable-enabled images to trigger these bonus experiences, taking the humble printed piece to new and exciting places—and not putting ink on paper out of business, as most digital technologies were assumed to be doing by the mainstream media.

"We learn something new with every single campaign that we put through Actable," Kammerait says. "We learned a lot in 2012 related to ways to optimize content for different devices. A big challenge for any mobile developer, especially on the Android side, is fragmentation.

"With so many different types of devices, coming up with clever and more sophisticated ways to serve content effectively is one of the challenges. We want to be able to serve sophisticated experiences for the newest class of devices, while not leaving folks who are on older versions in the dust."

Perhaps the true bedrock of IPS' offering lies in the analytics it supplies to customers, according to Kammerait. "Because the analytics are so crucial, every IPS campaign that goes live includes a real-time dashboard of the campaign activity so the client can continue to improve and optimize, even while the campaign is still running," he explains.

"Since the destination content for IPS campaigns is cloud- and/or Web-based, it can be changed on-the-fly as the client sees how consumers or readers are reacting. We can even automate this A/B testing to run multiple versions of the destination content and automatically serve the one that is converting most to show more often."

IPS provides concept and strategy services to its clients, whose experience with the mobile technologies varies. Sometimes Kammerait and the IPS team get in on the ground floor of a project; other times, IPS is brought in much later in the game. And, with more technologies coming down the road, the customer base is destined to have various levels of need when it comes to content, software and project management.

"Overall, the reaction has been enormously positive," he says. "Our clients are surprised and delighted by what is possible. For a lot of folks, QR codes is the only one of the four that they're familiar with, so adding this expansion set to their tool belt has been very positive for them."

There is a buzz of excitement around IPS. Quadracci recently named Mike Gustin to the role of director for Quad's IPS initiatives. Gustin says all indications are that the industry can expect a bevy of new interactive tools to impact the role of the printer and the digital device in heightening the experience for end users.

"Over the next year we expect to see dramatic growth in the use of interactive technologies and experiences in print," Gustin predicts. "IPS will spread across all print categories and will redefine how publishers and marketers deliver content and promote products across channels."

"In the short-term, we're seeing the launch of new mobile device classes. Hardware is coming back with a vengeance. We're seeing Augmented Reality glasses or other wearable computable elements, like the Pebble watch...areas where we're seeing things that we generally don't view as computers, becoming much smarter than they are today. It's a great opportunity for the printing world and the digital world to come together. Ultimately, that is what IPS is all about."

[American Teens Prefer Offline to Online Ads](#)

Staff , Marketing Charts . 2/27/2013

They may be digital natives, but American teens don't fancy everything digital. According to data provided to MarketingCharts from a new study from Research Now and K&A BrandResearch, American teens strongly favor offline over online ads across a variety of measures. The respondents were presented with several statements about ads and asked whether each statement applied more to online ads (such as on Facebook, search engines), more to "real-life" ads (such as those on the TV, radio, posters, and magazines), or whether

the statement didn't apply. The results indicate that online ads have a long way to go in winning over teens.

In terms of likability, offline ads were easily preferred by respondents. For example, when asked which ads really get on their nerves, teens were twice as likely to point to online than offline ads (45% vs. 23%). They were even clearer in their assessment of which ads they try not to pay attention to, with 48% choosing online ads against 21% choosing offline ads. In terms of the ads they like to watch, 37% opted for offline compared to 17% for online.

Teens also believe they're more likely to recall and share offline than online ads, too. When asked which ads they're more likely to remember for a long time, half chose offline ads, while just 12% chose the online option. And for every teen who often talks about online ads with friends, the survey found 2 saying the same about "real-life" ads (32% vs. 16%).

Even on measures of influence, offline ads won out. Asked through which ad types they inform themselves about the advertised product, 39% chose the offline option, compared to 21% who chose the online option. And in perhaps the most telling measure for advertisers, teens were twice as likely to say that offline ads had introduced them to a product they then went on to buy (46% vs. 23%).

Teens are sometimes used as a barometer of future attitudes and behaviors towards products and services, so the results suggest an uphill battle as brands try to reach the next generation of consumers online, particularly as online advertising dollars have been rising quickly.

In general, though, the responses from the teens simply mirror those from adults – and marketers. In a study released in October 2012, Adobe revealed that among ad types, marketers and consumers alike preferred magazines and TV to online sources. Indeed, consumers were most likely to describe online ads as "annoying" and "distracting," and fewer said they pay attention to those ads than ads in a number of traditional channels.

About the Data: The data is derived from a study conducted by Research Now among 2,490 teens averaged 12 to 17. Respondents were recruited directly through their parents who provided consent for their teenager to participate in the study. The survey was designed by K&A BrandResearch. Interviews were conducted via Research Now's youth panel in each of the following four markets: Germany, Poland, the United Kingdom and the United States. To ensure a safe and robust sample, quotas were set on age and gender across all four markets. The sample size among US respondents was more than 600.

[QR Code Scanning Not Yet A Mainstream Activity For US Smartphone Users](#)

Staff , Marketing Charts . 2/28/2013

Nielsen has released a report called "The Mobile Consumer: A Global Snapshot," in which it examines device penetration, activities, and advertising across 10 countries. Among the findings, 24% of American smartphone users surveyed during Q2 2012 reported scanning a barcode or QR code in the previous 30 days. Of the selected commercial activities, that

ranked behind mobile banking (38%) and location-based services/GPS (48%) in use, but far ahead of NFC/mobile wallet use (3%).

The US was ahead of most of the other countries in terms of QR code scanning, behind only South Korea (38%) and China (30%). It's also worth noting that the survey was conducted in Q2 2012, so there may have been some growth in adoption since then. A recent study from Pitney Bowes found that 19% of Americans claim to have used a QR code, putting adoption in the US ahead of the UK (15%), Germany (14%), and France (12%).

The US was more middle-of-the-pack in use of mobile banking and location-based services/GPS, with South Korea also out in front in both activities. But the US was well behind in use of NFC/mobile wallet. With just 3% of smartphone users reporting this activity, the US trailed China (20%) and South Korea (15%) distantly, also well behind Russia and Brazil (each at 11%).

The report notes that the top shopping activities for US smartphone owners are in-store price comparison, online coupons, and purchasing products.

About the Data: The data is derived from Nielsen Global Smartphone Insights, first half of 2012, and Nielsen Mobile Insights, 2012. More detailed methodology regarding the insights for each country can be found in the report.

[Visa's NFC Payment System Will Be Built Into All New Samsung Smartphones](#)

Kit Eaton , Fast Company . 2/26/2013

Bill Gajda, head of mobile at global payment firm Visa, just revealed ahead of a formal press announcement at a Mobile World Congress industry event in Barcelona that Visa has achieved a deal with Samsung to ensure that Visa's payWave contact-free NFC payment system will be built into all future Samsung smartphones. In a move designed to promote all mobile pay, not just using Visa's cards and tech, Visa's system will be able to add cards from other providers too.

Gajda admitted that NFC has been a technology that's been bubbling under the boil for years, and "it was always going to be next year" that the tech achieved breakthrough. Visa has been building its ecosystem for NFC payments for some time, and this move is likely to be one of the more decisive for making contact-free payments more ubiquitous given Samsung's position as the world's top vendor of "smart connected devices."

[Wonderstruck by an Augmented Reality](#)

Ryan Joe , DM News . 2/26/2013

Between QR codes and near field communications (NFC), there are a number of technologies designed to bridge the gap between traditional print and packaging and digital channels. Both are mechanisms for data transfer; scan a code or swipe your device to upload information, like a coupon or a webpage. Both have uses in marketing, though neither—especially QR codes—are particularly sexy.

Augmented reality (AR)—which overlays videos, images, or textual goodies over physical objects—supports some of the flashier applications that connect print with digital. Currently Google is getting a lot of hype because of a recently announced contest that will allow selected people to demo its heavily-anticipated Glass product. And the U.S. Postal Service (USPS) will be particularly bullish this year incenting its business customers to use AR in its mailers. In fact, the agency already built AR into its official app. Hold a phone's viewfinder over an envelope, for instance, and a promotional coupon might show up on-screen that a user can click to store.

CPG brands are also experimenting with the technology. POSSIBLE Labs, the testing bed of interactive agency POSSIBLE Worldwide, is developing a prototype wherein users hold an AR app over an item to get recipes and an ingredients list so they can replicate the fully-prepared meal depicted on a package.

Both the USPS and POSSIBLE Labs use the Aurasma platform, owned by HP, to accomplish this. Commercial applications of the technology began cropping up in 2011—mostly among media companies for campaigns supporting films like Super 8. Since then, Aurasma users include British-based grocery multinational Tesco, clothing retailer Forever 21, and cosmetics company Elizabeth Arden, which began using Aurasma in Spring 2012 to support singer Taylor Swift's Wonderstruck perfume brand. It wasn't Elizabeth Arden's first foray using AR; in February 2012, when someone took a picture of themselves by a Macy's Wonderstruck stand through an app developed by Tribal Technologies, an image of Swift would be placed next to him or her.

"We heard about [Aurasma] from Taylor's team and through the news from SXSW 2012, where they had a huge presence," says Emmy Burns, Elizabeth Arden's global digital and social media marketing manager of global fragrance marketing.

When Wonderstruck launched in the UK, Elizabeth Arden integrated Aurasma's technology with its print ads—three "trigger images" (images that Aurasma platform recognizes to push out supplementary material)—to release behind-the-scenes video.

In December Elizabeth Arden integrated Aurasma in a Twitter campaign called #EnchantedScavengerHunt for Swift's second fragrance brand. Fans used Aurasma to scan gift sets to find clues.

"In reference to our celebrity brands like Taylor Swift, social is crucial element to the 360[-degree] marketing plan because of the nature of our celebrity partner," Burns says. Swift has a huge social media following. Her verified Twitter account has 24 million followers and her Facebook page is liked by 40 million fans. "Our brand voice has to inherently resonate

with the celebrity's voice and audience," Burns says, adding that it also allows direct consumer engagement.

For Elizabeth Arden, the AR abilities provided by Aurasma allows the beauty company to effectively link its mobile, social, and real-life creative.

"You can use it pretty much anywhere. You can use it on packaging, which we've done. You can use it on the print, which we've also done in the U.S. and UK," Burns says. Elizabeth Arden plans to continue using AR and Aurasma, where the opportunities make sense.

In that sense, refining AR's role in marketing campaigns will be determined by the extent to which the technology is embraced by consumers in 2013 and beyond.

"With any new technology, we need to allow time to reach critical mass," Burns says.

PUBLISHING NEWS

[Bloomberg Pursuits Redesigns and Ups Frequency](#)

TJ Raphael , Folio . 2/27/2013

"We're competing in an attention economy—building an audience has never been more difficult," Paul Bascobert, president of Bloomberg Businessweek, said at the 2012 American Magazine Conference in San Francisco this past October.

Now, Bloomberg Markets spin-off and luxury magazine Bloomberg Pursuits is doubling its frequency to four times a year and has redesigned itself—all moves to better compete in the "attention economy."

"The magazine is pretty clean and sophisticated," says Ted Moncreiff, editor of the publication. "It provides a much chicer look and I also think busy people, which our readers are, want something that is clean, restful and easy to navigate. There are magazines that go in for every conceivable bell and whistle, and it works for them. For us, this is a luxury product and it's much more Apple than it is Microsoft."

The editor says that before the redesign, the publication was just as much for the reader as it was about the reader—incorporating editorial profiles of Bloomberg Terminal customers, for example. Now the editorial focus has shifted a bit with a heavier emphasis on culture.

"It's more about their world—art, food, fashion, travel, philanthropy and technology," says Moncreiff. "It's not just the things they're already engaged in. Our job, like that of any magazine editor, is to sift and bring back the good stuff for the reader and that's what we're doing on all sorts of fronts."

The magazine has a rate base of about 375,000, something the title doesn't plan on increasing just yet. The frequency change, says the editor, came as a result of audience demand.

"There was a big appetite for it from the readership and surveys done after the first two issues, though before my time, showed that people were hungry for more and we're eager to give it to them," he says. "There's a history of the Terminal dominating, if that's not too strong a word, their professional lives and this is an opportunity to engage with them outside of their professional lives."

Moncreiff says the company is currently considering upping the frequency of the magazine to six times a year in 2014, though no decision has been finalized. In addition to frequency changes, Moncreiff stopped short of saying the publication would also raise its rate base with a prospective change.

"My sense is no," he said when asked if rate base will increase. "Terminal subscribers opt into it and 90 percent of them do—they don't receive this passively. However, they're still Terminal subscribers and it's a very distinct audience. Could we go on the newsstand? We might. Could we broaden the audience through other means? With this issue we're going on the iPad and you can also subscribe online and I think about 40,000 people do that. But this is really intended for the Terminal subscriber, which is a very interesting and somewhat specific audience. The tension is between growing the rate base and keeping these astounding demographics. In my mind, the demographics are more important than a broad appeal—this isn't intended to be all things to all people, which is a good thing these days."

Moncreiff says the audience is a specific, information hungry group and the magazine's approach and editorial direction is birthed from this niche demographic. By being targeted in their approach, the editor says Bloomberg Pursuits can better compete in this "attention economy."

"Most luxury coverage is pretty superficial," Moncreiff says. "Readers are investing their time, money and emotions in us. In an age when there isn't an unlimited amount of anything—time or money—you want to be investing where you're going to get the greatest return, even if that return is pleasure."

[Girl Scouts to Sell Magazine Subs](#)

TJ Raphael , Folio . 2/26/2013

When Girl Scout troops knock on your door this year, they may have more than just cookies for sale.

Magazine subscription agency M2 Media Group has entered into a licensing agreement with Girl Scouts of the United States of America to provide a new product sales program opportunity for Girl Scout councils nationwide. M2 will partner with local Girl Scout councils to provide members the opportunity to sell magazines and digital subscriptions, utilizing both an online marketplace and face-to-face sales.

"Girl Scouts sell products to raise money. Obviously, the cookie sale is one of the biggest and most beloved fundraising programs in the world," says Michael Donnarumma, vice

president of sales at M2. “But Girl Scouts can now participate in magazine fundraising sales, selling to friends and family to raise money for their troops.”

Donnarumma says when the Girl Scouts’ season starts in the fall—about four months before cookie sales launch—there is a great deal of money needed to get programs running. With this opt-in program, troops will now be able to sell magazines at the beginning of their season to generate start-up funds for their upcoming meetings, allowing local Girl Scout councils to generate additional revenue before the cookie-selling season.

“We’ve created an online marketing program to do it in a simplistic way using the Internet,” he says. “Going door-to-door is something the Girl Scouts are cautious of in this day-and-age, which is the reason we’re utilizing technology as a method to connect with lots of people in a safe way. We’re putting together an online and landed catalog so the girls will have collateral material to sell subscriptions to family members and friends.”

Cookie-selling door-to-door is on the decline due to safety concerns, though some Girl Scouts do still participate in the old tradition when accompanied by their parents or other chaperone. There are 3.2 million Girl Scouts—about 2.3 million girl members and around 890,000 adult members working primarily as volunteers.

In order to work with Girl Scouts of the USA, a company must be a licensed and approved vendor by the organization. There are 112 Girl Scout councils across the country and M2 will work with each interested council individually. Once a council is committed, all local troops within a council can participate if they choose to.

M2 Media Group offers over 1,000 magazine titles through its direct-to-publisher supply network and Donnarumma expects the “full suite of titles” to be available, though the company is still finalizing the details.

“Publishers will work with us to authorize us to carry their titles in this program,” he says. “Once the store is built with all the authorizations, we’ll have online and landed versions for girls to sell. We’re going to create specific online sites for each of the councils. This way we’ll have the ability to track by troop and council—as part of Girl Scouts, each troop gets a portion of the proceeds to keep and we also work on rewards for the girls’ efforts with patches and other things.”

While publishers will be able to determine pricing for these subscriptions, Donnarumma says the rule of thumb will be the standard subscription price currently offered, though the opportunity to bundle subscriptions with other titles at a special price will be available. When it comes to the revenue share, Donnarumma says the Girl Scouts will receive the “greatest portion,” with the remainder to be split between M2 and publishers.

[Barnes & Noble Stores Seen Topping Market Value: Real M&A](#)

Tara Lachapelle & Matt Townsend , Bloomberg . 2/28/2013

For Barnes & Noble Inc. (BKS) founder Leonard Riggio to take his bookstores private, he may need to write a check for more than the entire company's market value.

Riggio said yesterday that he will offer to buy the retail stores and website of the New York-based company he started more than 40 years ago, leaving shareholders with Barnes & Noble's college book and Nook e-reader businesses. The retail chain alone is worth about \$1 billion, according to the average of four analysts' estimates compiled by Bloomberg, more than Barnes & Noble's market capitalization yesterday of \$902 million.

Buying the bookstores would give Riggio the most profitable piece of a company that throws off more cash relative to its share price than 94 percent of North American specialty retailers, according to data compiled by Bloomberg. Barnes & Noble has been dragged down by concerns over the value of Nook, which continues to lose money despite investments from Microsoft Corp. (MSFT) and Pearson Plc (PSON), Credit Suisse Group AG said.

"This is the catalyst we had been expecting for a long time to unlock the value of Barnes & Noble," Albert Saporta, managing director of AIM&R, a Geneva-based alternative investment research firm, said in an e-mail. The chain "can be run profitably as a private company."

Riggio, Barnes & Noble's largest shareholder with about 30 percent of the stock, said yesterday in a filing that the price for the retail business will be negotiated with the board.

Bookstore Value

The stores and website may be valued at \$700 million to \$1.2 billion, according to a range of estimates from analysts at AIM&R, Janney Montgomery Scott LLC, Maxim Group LLC and Credit Suisse. The average estimate is about \$1 billion.

Mary Ellen Keating, a spokeswoman for Barnes & Noble, declined to comment on a potential bid price or valuation of the company's retail assets.

A deal would come as the stock trades at an 88 percent discount to its revenue for the past 12 months, even after climbing yesterday by the most in four months, data compiled by Bloomberg show. That's the second-cheapest among North American specialty retailers larger than \$500 million, which fetch a median ratio of 1.1. Barnes & Noble also had cash from operations in the past year equal to about 11 percent of its stock price, while the industry's median free cash flow yield is less than half that level, the data show.

"It's extraordinarily cheap," John Tinker, a New York-based analyst for Maxim Group, said in a phone interview. Barnes & Noble "is a slowly melting ice cube and one that could be repositioned."

Small Premium

Tinker values the bookstores at \$990 million, or almost \$14 a share using what he calls conservative estimates for cash flow. That's just 2.4 percent higher than the stock's average price in the last 20 days. The shares ended yesterday at \$15.06.

Today, the stock rose 2.7 percent to \$15.46, ending at its highest closing level in more than two months.

Barnes & Noble has been sacrificing profits to invest in its Nook Media business, while battling declining sales as readers spent less at stores and transitioned to digital books. Selling the retail chain and website would leave investors with just Nook Media, which may have losses of close to \$300 million this year, according to Credit Suisse.

"The issue for investors is not whether there is more value than the stock price in Barnes & Noble bookstores," Gary Balter, a New York-based analyst at Credit Suisse, said in a note to clients yesterday. "That is an easy yes. The issue is whether there is positive value in the money-losing and increasingly poorly positioned Nook Media division."

Liberty Stake

Billionaire John Malone's Liberty Media Corp. (LMCA) invested \$204 million in Barnes & Noble in August 2011, allowing the company to spend more on its Nook e-readers to keep up with competitors. The deal gave Liberty Media preferred shares that are convertible into 12 million common shares at \$17 apiece and voting rights.

With \$2.8 billion in cash and no debt, Liberty Media could back Riggio in taking the bookstores private and may have a strategic interest in doing so, Maxim Group's Tinker said. Malone is also chairman of Liberty Interactive Corp. (LINTA), which owns the QVC home-shopping television network. Almost half of QVC's sales now come from its website and Malone could seek to partner it with Barnes & Noble should it want a retail presence quickly, according to Tinker.

Courtnee Ulrich, a spokeswoman for Liberty Media, didn't respond to requests for comment.

Nook Future

"Riggio will win it, with Liberty's backing," he said. "This is someone who has played the game extremely well and who might be backed by the smartest financial engineers in the business -- Liberty. The question then becomes, what does Nook trade for on a standalone basis?"

The Nook business would need to reconsider its strategy because investing that heavily in its own devices won't be sustainable without the profits from the bookstore operations, according to Peter Wahlstrom, an analyst at Morningstar Inc. in Chicago. That could be a good thing, he said.

"I view this as a positive," Wahlstrom said in a phone interview.

POSTAL NEWS

[USPS set to require IMpb barcode on all commercial parcels](#)

Staff , Post & Parcel . 2/27/2013

The IMpb system was first introduced in early 2012 allowing parcels to be tracked through the USPS processing network, replacing existing Delivery Confirmation and Signature Confirmation services.

The code includes customer account information, address routing data, payment information, mail class and service information.

Parcel shippers seeking presort discounts or special pricing for entering parcels directly at a local USPS facility have been required to use the IMpb since 28th January 2013.

But USPS launched a public consultation today in the Federal Register proposing to extend the requirement to all commercial parcels as of 28th July.

The proposal also states that commercial parcel shippers would be required to submit an electronic shipping manifesto along with their shipments.

Only Express Mail parcels entered through an Express Mail Corporate Account would be excluded from the requirements.

The process for registering for the IMpb system can take a minimum of two weeks, with mailers having to request access, enroll in a transition process, sign up to access shipping manifest system and go through printer certification.

Improved service

The Postal Service said that the reward for using the IMpb on commercial parcels was that customers would receive an improved service, and USPS would be able to provide a more efficient service.

Parcel shippers using the IMpb are offered full piece-level visibility on their shipments through processing and delivery, and as well as accurate service reporting, data can help identify and correct any service glitches.

Delivery Confirmation is provided at no extra charge for IMpb users, other than for certain products like certified and registered mail.

USPS said it is currently looking into simplified options for customers sending parcels through its economy Standard Mail service, particularly with a view to direct mailers sending product samples. Alternative processes are being investigated that might allow use of the regular Intelligent Mail barcode used on letters.

The Postal Service promised help for smaller and mid-sized mailers if the IMpb requirements do become mandatory for all commercial parcels.

"The Postal Service intends to provide pre-printed IMpb-compliant tracking barcodes to permit imprint and postage meter mailers for use with non-presorted mailings," USPS said, adding that Merchandise Return Service clients would receive tools to allow their customers to print off compliant shipping labels for returns.

Massachusetts-based Mail software house WindowBook said in its recent white paper on the IMpb that the Postal Service is looking to mandate the barcode because it has an increasing pressure to meet its set delivery standards.

"The only way they can try to improve their process and delivery system is by measuring it, and the IMpb is the most accurate way for them to track the mail as it contains more data than the previous barcode," wrote WindowBook CEO Jeff Peoples in the paper.

"The IMpb will enhance efficiency and delivery standards, add value to its package product line, increase competitiveness, and improve tracking."

[USPS provides 2% postage discount for mobile-linked mail](#)

Staff , Post & Parcel . 2/28/2013

The Direct Mail Mobile Coupon and Click-to-Call promotion runs until April 30, 2013, and aims to encourage mailers to use their physical mailpieces to connect with mobile smartphone and Internet communications.

Emphasizing the potential of hardcopy mail in the digital era, the campaign provides an upfront postage discount for mail that features coupons that can be redeemed via a mobile smartphone.

It also allows the discount for use of Click-to-Call technology – a barcode, chip or tag on a mailpiece that can be scanned by a mobile smartphone to direct a consumer to a website that features a "click to call" link or button, or a barcode that directly brings up a phone number in the user's phone.

Direct mailers have to register for the service at least 24 hours before they can secure the 2% discount on their mailpieces during the promotional period.

Gary Reblin, the USPS vice president of new products and innovation, told Post&Parcel that the promotion was seeking to particularly boost use of First Class Mail, such as among insurance and financial industries.

"This is trying to make people's connection's easier," he said. "The mail links direct to a mobile-optimized website which has a link to connect the mail directly to a telesales team to get people to sign up for a product or service."

Promotional series

"The real success we see is that mailers are going to continue to use this technology"

The Mobile Coupon and Click-to-Call promotion is one of six mail promotions that the US Postal Service is running this year in order to highlight the value of the mail among key customer groups.

Next up will be an incentive encouraging the use of business reply envelopes within mail, in a promotion running from 1st April until the end of June.

USPS is also running promotions highlighting its Picture Permit feature, in which postage marks can be made to resemble desired images or company logos. That promotion runs 1st June to 30th September. A promotion promoting the sending of product samples in the mail runs from 1st May until 30th September, and a promotion for mailers using emerging technologies like NFC connectivity and augmented reality will run from 15th June to 30th September.

Another mobile commerce promotion will be running during the run-up to Christmas, from 15th September to 31st December, along similar lines to the campaign in the 2012 festive run-up.

Reblin said offering discounts had been an “overwhelming success” so far in promoting new ways to use the mail, and new technologies that make the mail a valuable communications channel in the digital world.

Last year’s mobile commerce and personalisation programme, encouraging mail using mobile barcodes to link through to e-commerce websites or personalised web-based information, saw \$13.2m in rebates claimed for 3.17bn Standard Mail pieces.

The summer’s QR code promotion saw mailers applying mobile barcodes to 24% of all Standard Mail pieces, Reblin said.

“We started this two years ago as quite frankly we didn’t see the innovation in mobile that we saw in the rest of the post,” he explained.

“What we have been able to do through this is really push the boundaries of what can happen. We started this in mobile, but we are also hoping the promotion can get people to try new products and use existing ones in new ways.

“The real success we see is that mailers are saying they are going to continue to use this technology after the promotion is over.”

RETAIL NEWS

[Expect big deals in 2013, says BDO](#)

Staff , Retailing Today . 2/27/2013

If the folks at BDO are to be believed, the OfficeMax/Office Depot merger will be just one of many potential deals forged in 2013.

According to a new survey from the advisory firm, nearly all retail CFOs (94%) expect merger and acquisition (M&A) activity will increase or remain steady in 2013. CFOs’ bullish forecasts follow \$324.6 billion in global retail and consumer M&A activity in 2012, which was up 33% over 2011 and the busiest year since 2007, according to Dealogic. A majority of CFOs (68%) expect the U.S. markets to see a majority of deal volume, followed by the Asia-Pacific market (20%) and Latin America market (7%).

Retail CFOs also forecast robust IPO activity in 2013. Following 13 U.S. retail public offerings in 2012 (according to Intrepid Investment Bankers), a vast majority of CFOs (83%) expect to see more or about the same number of retail IPOs this year. When asked what the biggest driver of a company's ability to go public in 2013 is, CFOs point to the strength of the U.S. economy and stock market (42%), as well as strength of brand (24%) as top factors.

"In terms of overall M&A transactions, we've seen the fastest start to the year since 2005, and retail looks to be a bright spot for deal-making this year," says Stephen Wyss, partner in the Retail and Consumer Products practice at BDO USA, LLP. "Steadier markets, renewed interest in international growth and the desire for omni-channel capabilities are fueling the investment rebound in retail and consumer businesses."

These findings are from the seventh-annual BDO Retail Compass Survey of CFOs, which examined the opinions of 100 chief financial officers at leading retailers located throughout the country. The retailers in the study were among the largest in the country. The survey was conducted in January and February of 2013.

[The Conference Board Consumer Confidence Index Rebounds in February](#)

Press Release , Whattheythink.com . 2/27/2013

The Conference Board Consumer Confidence Index[®], which had declined in January, rebounded in February. The Index now stands at 69.6 (1985=100), up from 58.4 in January. The Present Situation Index increased to 63.3 from 56.2. The Expectations Index improved to 73.8 from 59.9 last month.

The monthly Consumer Confidence Survey[®], based on a probability-design random sample, is conducted for The Conference Board by Nielsen, a leading global provider of information and analytics around what consumers buy and watch. The cutoff date for the preliminary results was February 14.

Says Lynn Franco, Director of Economic Indicators at The Conference Board: "Consumer Confidence rebounded in February as the shock effect caused by the fiscal cliff uncertainty and payroll tax cuts appears to have abated. Consumers' assessment of current business and labor market conditions is more positive than last month. Looking ahead, consumers are cautiously optimistic about the outlook for business and labor market conditions. Income expectations, which had turned rather negative last month, have improved modestly."

Consumers' assessment of present day conditions improved in February. Those claiming business conditions are "good" rose to 18.1 percent from 16.1 percent, while those stating business conditions are "bad" decreased to 27.8 percent from 28.4 percent. Consumers' appraisal of the labor market was mixed. Those saying jobs are "plentiful" increased to 10.5 percent from 8.5 percent, while those claiming jobs are "hard to get" edged up to 37.0 percent from 36.6 percent.

Consumers were more optimistic about the short-term outlook this month. Those expecting business conditions to improve over the next six months increased to 18.9 percent from 15.6 percent, while those expecting business conditions to worsen declined to 16.5 percent from 20.4 percent.

Consumers' outlook for the labor market was more positive. Those anticipating more jobs in the months ahead improved to 16.7 percent from 14.4 percent, while those expecting fewer jobs decreased to 21.5 percent from 26.7 percent. The proportion of consumers expecting their incomes to increase rose to 15.7 percent from 13.5 percent, while those anticipating a decrease fell to 19.6 percent from 23.3 percent.

[Gap Inc. ends year with strong earnings growth](#)

Staff , Retailing Today . 3/1/2013

Gap Inc. reported that net sales for the fourth quarter were \$4.73 billion, compared with \$4.28 billion for the same period last year. Same-store sales were up 5% for the quarter, compared with a 4% decrease during the same period last year.

Net income for the quarter was \$351 million, or 73 cents per share on a diluted basis. This compares with net income of \$218 million, or 44 cents per share on a diluted basis, for the same period last year.

For the fiscal year, the company said improved product performance and global expansion helped drive net sales up 8% for the year.

The company reported earnings per share for the fiscal year increased 49% to \$2.33 on a diluted basis, compared with \$1.56 for the same period last year.

"Our results in 2012 were stellar in many ways, and I'm very pleased with how well our product resonated with customers," said Glenn Murphy, chairman and chief executive officer of Gap Inc. "We enter 2013 focused on leveraging our global brands to gain more market share and continuing to increase shareholder value."

[Home Depot's constructive Q4 includes 7% comp](#)

Mike Troy , Retailing Today . 2/26/2013

Fourth quarter same store sales at The Home Depot advanced 7% and profits swelled 29% to \$1 billion, or 68 cents, compared to profits of \$774 million or 50 cents a share the prior year.

The world's largest home improvement retailer reported sales of \$18.2 billion for the 14 week fourth quarter ended February 3, compared to sales of \$16 billion for the 13 week fourth quarter ended January 29, 2012. Without the additional \$1.2 billion in sales caused by the extra week, sales would have increased by a still respectable 6.3% Profit comparisons also benefited from the additional week by approximately seven cents a share.

For the year, sales increased 6.2% to \$74.8 billion and total company same store sales increased 4.6%. Excluding the extra week from the recently ended fiscal year, sales increased by 4.5%. Full year profits increased to \$3 a share compared to \$2.47 and were negatively affected by a 10 cent charge related to the closing of stores in China.

"We ended the year with a strong performance as our business benefited from a continued recovery in the housing market coupled with sales related to repairs in the areas impacted by Hurricane Sandy," said Frank Blake, Home Depot's chairman and CEO. "I'd like to thank our associates for their hard work and dedication."

The company also increased its quarterly dividend by 34% to 39 cents a share and authorized a massive \$17 billion share repurchase program with a target completion date of January 2016. Between dividends and share repurchase activity, Blake said Home Depot has returned \$37.5 billion to shareholders during the past decade.

Looking forward, the company expects sales in the current 52 week fiscal year compared to the just ended 53 week year to increase by 2% through a combination of a 3% same store sales increase and the addition of nine new stores. Capital expenditures are expected to total \$1.5 billion.

Home Depot ended the year with 2,256 stores in the U.S., Canada and Mexico.