



Catalog Marketing 101 Workshop

By

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About This Tutorial

- Our Catalog Marketing 101 Tutorial is intended as an introduction to catalog marketing and is designed to provide a broad overview on the topics we consider to be the most important when creating a catalog as a marketing tool for your business.
- Please keep in mind that each business is unique and its customer profile and customer needs are unique, making the creation of catalogs an interesting challenge no matter the business.

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Catalog Marketing 101

Part 1

Overview & E-Commerce Synergy

Catalog Feasibility Study

- The first step in launching a catalog is doing the catalog feasibility study. It's during this process that critical factors that ultimately determine the success of a catalog are identified.
 - State of purpose and objectives
 - Market analysis
 - Business concept description
 - Financial objectives
 - Problems/risks of entering the business
 - Timetable

Purpose & Objectives

- The 1st step in the feasibility study is to determine what are the purpose, objectives and/or goals of the catalog?
 - To drive retail traffic?
 - To drive traffic to an e-commerce site?
 - A combination of both?
 - To generate new business and new customers? (Front-end Marketing)
 - To increase sales among existing customers?
 - To expose new product lines, offers and services?

Market Analysis

- After defining the purpose and objectives of the catalog, the next step is to conduct a detailed market analysis
 - Market Segmentation (Size, Growth Rates, Trends, etc.)
 - Competitive Analysis
 - Target Consumer Definition (Primary and Secondary)
 - Consumer Needs
 - Problems of Entering the Market
 - Prior Direct Marketing Experience

Business Concept

- The next step is to develop the business concept definition
 - The Product
 - The “Offer”, the “USP”
 - Promotion, Advertising, and Creative Execution
 - Fulfillment
 - Staffing
 - Relationship to the Base Business

Financial Objectives

- The next step is to define the financial objectives and conduct the breakeven analysis for the catalog.
 - Sales
 - Earnings
 - Budgeting
 - Funding Requirements
 - Payout/Payback
 - Return on Investment
 - Breakeven Analysis

Problems, Risks

- What are the problems and risks associated with your launching a catalog?
 - Effects upon the Base Business
 - Inventory Risks
 - Problems / Risks Associated With Missing Your Financial Projections

Timetables

- The final step in conducting the feasibility study is setting up the timetables for
 - Merchandising the Catalog
 - Purchasing Inventory
 - Setting up the Fulfillment Operation
 - Hiring and Training Staff
 - Creative and Photography
 - Production of the Catalog
 - Media Buying and Mailing

Catalog Business Plan

- After doing the catalog feasibility study, the next step is to develop the catalog strategic business plan. Developing this plan is critical to the success of the catalog.
 - Merchandising plan
 - Marketing plan
 - Fulfillment plan
 - Financial plan
 - People plan

Merchandising Plan

- Components of merchandising plan
 - Product Selection (The Method)
 - Inventory Control (Turns, Buying, Rebuying, Projecting)
 - Product Analysis
 - Excessive Inventory Disposal

Marketing Plan

- Components of marketing plan
 - Customer List Development (Name Acquisition)
 - The Creative Image (Niche)
 - Creative Execution (Inside or Outside)
 - Test Plan and Method of Evaluation
 - The Annual Mailing Schedule

Fulfillment / Operations Plan

- Components of fulfillment / operations plan
 - Order Processing
 - Data Processing
 - Warehousing, Picking, Packing and Shipping
 - Customer Service
 - Credit and Controls

Financial Plan

- Components of financial plan
 - Breakeven Analysis
 - Annual Financial Plan
 - Name Flow
 - Order Flow
 - Five Year Financial Plan
 - Cash Flow
 - Return on Sales
 - Return on Investment

People Plan

- The last part of the business plan is setting down the numbers and types of people and specializations that you will need to manage and run your catalog business.
- Where will these people come from? In-house? Outside?
- What of the people functions need to be in-house and what if any can be provided by outside suppliers?
- How many will be needed at each stage to help reach your financial objectives?

Catalog vs. Internet Marketing

- The differences between catalog marketing and Website / Internet marketing that you need to know and keep in mind when you, an Internet marketer are launching your first print / direct mail catalog.
 - Customers will find your website via some kind of search, but they receive your catalog because you targeted them.
 - A consumer spends perhaps only seconds on your web site or any particular page, but could keep your catalog around for weeks or months.
 - Catalog merchandise is arranged in groups on a page or spread which compliments each item with another item, and this is not necessarily so on web sites.

Catalog Internet Synergy

- “In spite of web stores, shopping tools and apps, paper catalogs are still surprisingly effective at selling stuff. More than half of online shoppers said they browse catalogs and almost one-third of people making an internet purchase have a catalog on hand when they click "Buy," according to a new survey by Kurt Salmon , a global retail consultancy. A whopping 86 percent of the survey's respondents bought an item after first seeing it in a catalog.” ([2013-11-08, Retail Online Integration, “Why the Analog Catalog Still Drives Digital Sales”](#))

Catalog Internet Synergy

- New research conducted for the U.S. Postal Service shows that a business doubles its chances of making an online sale by mailing a catalog.
- The Multichannel Catalog Study, which was completed earlier this year, was conducted by comScore Networks Inc., Reston, VA, for the USPS. The results were announced at yesterday's catalog conference in Chicago. (results next two slides)

Multichannel Catalog Study Findings

- Catalog recipients account for 22 percent of traffic to a cataloger's Web site and 37 percent of its e-commerce dollars.
- Catalog recipients make 16 percent more visits to that company's Web site, view 22 percent more pages and spend 14 percent more time at the Web site than those who did not receive a catalog.
- Catalog recipients are twice as likely to purchase online. They also purchase more often and spend more on each purchase occasion.
- The total dollars spent on a Web site by a catalog recipient is \$39 compared to \$18 for consumers who did not receive a catalog.

Multichannel Catalog Study

Findings (cont'd)

- Consumers who received a catalog within the last 30 days are more likely to purchase online and buy more frequently than those who received a catalog more than 30 days ago.
- As the Internet markets got more sophisticated, they felt the need for catalogs was going away, but that's a myth," said Rick Arvonio, manager of product management at the postal service "The reality is that catalogs have never been more important than in the Internet environment."
- Seventy-seven percent of retailers sent out catalogs in 2002, but that number dropped last year to 55 percent "because they felt they were on the Internet, they didn't need the catalog any longer," Arvonio said.

Catalog Website Tie-In

- There needs to be a consistent look and feel between the website and the catalog.
- Screen shots and other promotional techniques should be used in the catalog to drive the customer to the website.
- Products featured in the catalog should also be available at the company's website.

Steps in Catalog Process

1. Define audience
2. Define merchandise / service offering
3. Define catalog positioning / niche
4. Define offer / selling proposition
5. Select target media
6. Develop catalog creative and production
7. Fulfillment
8. Develop database to capture and maintain prospect and customer mailing, response and order data
9. Analysis of catalog results

Types of Catalogs

- There are four types of catalogs:
 - Retail (e.g., Macy's)
 - Full line merchandise (e.g., Sears)
 - Business to business (e.g., ULINE Shipping Supplies)
 - Specialty (e.g., Frontgate, Herrington)
- These can be broken down into
 - Retail vs. direct order
 - Retail (e.g., Macy's, IKEA)
 - Direct order (e.g., Frontgate, Herrington)
 - Index vs. impulse
 - Index (e.g., Staples, OfficeMax, LL Bean)
 - Impulse (e.g., Herrington)

Index vs. Impulse Catalog

- Index catalogs - Function on a predetermined need basis much the same way as retail selling
- Impulse catalogs - entirely different function they tend to be item representation designed to promote an emotional and immediate response. They stimulate a latent or previously unrecognized need on the part of the customer:
 - Good buy
 - Item triggers need not strong enough to generate trip to store
 - No time to shop – convenience
 - Item stimulates a dream or escape
 - Less related to disposable income decisions
 - Largely emotional

Catalog Success

- Have a plan
- Have appropriate financial support
- Have a clear identity/niche
- Know your customer
- Understand the creative nuances of catalogs
- Have solid new customer acquisition plan
- Build a customer list
- Make the catalog profitable
- Have adequate fulfillment / customer service
- Sound inventory control

Catalog Success Factors

- Consumer perception is an important factor in determining the success or failure of a catalog. The four catalog or catalog related characteristics that affect success are:
 - Perceived exclusivity - does the customer have a high level of confidence that the products represented in the catalog cannot be widely or easily found?
 - Perceived authority of offer
 - Perceived value of offer
 - Perceived satisfaction – do the customers feel they will be totally satisfied if they purchase from your offer?

Elements of a Successful Catalog

- A catalog should have most, if not all, of these elements to be successful:
 - Attractive, interesting, useful and solid merchandise
 - Acceptable pricing
 - Merchandise must have a common theme
 - Merchandise must be displayed well
 - Offer a solid money-back guarantee
 - Include testimonials from satisfied customers
 - Make order blank clear and easy to use
 - 800 toll free service
 - Should support web and mobile marketing efforts

Basics for Success

- Right market positioning
- Right merchandise
- Right position and grouping of merchandise
- Right graphics
- Right use of color
- Right size
- Right copy
- Right sales stimulants
 - Overwrap; early order stimulators; toll free number; charge privileges; free trial periods; free gifts or discounts; right order form; right analysis

Targeting for Success

- Make sure you have identified the best target audience for the merchandise and offers being made.
 - Profile your best customers
 - Append demographic (firmographic), psychographic, lifestyle data
 - Develop a ‘customer profile’ (‘buyer persona’) (if this is a new venture who you think your best customer might be)
 - Select list sources that have customers that match your profile (persona)

Catalog Review Checklist

- Catalog concept and positioning
- Creative vendor selection
- In home date and time line creation for project management/lead times
- Print/mailing vendor selection
- Merchandise selection and pagination
 - Initial merchandise orders
- Operations checklist
 - Warehouse, receive, pick, pack, ship, returns
 - Order processing
 - Payment processing
 - Customer service
 - All in place

Catalog Marketing 101

Part 2

Front & Back End Marketing

Know Your Objectives Before You Mail

- Catalog and Internet Marketing Strategies
- Merchandising Strategies
- Creative Strategies
- Operations Strategies

Catalog & Internet Marketing Strategies

1. Reduce prospect circulation
2. Don't mail so deeply to your house file
3. Increase the number of mailings to your best customers
4. Cut back on high cost-per-customer acquisition methods: space ads, Internet banner ads, etc.
5. Decrease promotion activity and tie any promotions to high average order value (AOV)
6. Don't do any non-selling (brand) advertising

Merchandising Strategies

1. Put high contribution items (profitable after the cost of their space) in the key catalog hot spots and spread hot spots.
2. Don't offer a high percentage, more than 25 percent, of new items.
3. Raise your threshold of success in your item analysis.
4. Increase your margin.
5. Increase your AOV with specials, bundles, multiple item discounts, cross sells, etc.

Creative Strategies

- Maximize the use of space.
- Make sure that all high-profit items are given hero status with the right amount of space, call-outs or other attention grabbers.
- Work with the merchants to improve your best selling items.

Operations Strategies

- Increase your shipping and handling charges, especially at the low end of the shipping chart.
- Enforce strict policies on not reducing or eliminating shipping charges to customers who complain, or paying for return shipping.
- Use a lower-cost carrier, such as a USPS consolidator for outbound packages.
- Upsell specials and close-outs on the phone.

Concept of Front vs. Back End

- The concept of front end / back end marketing
- Front end marketing
 - Acquiring new customers
 - Acquiring new customers costs money
 - Many catalogers lose money on first time buyers because of the marketing dollars invested to acquire that name
- Back end marketing
 - Converting 1st time buyers in to multi-buyers
 - Ongoing marketing to existing customers
 - Reactivating former customers who have stopped buying

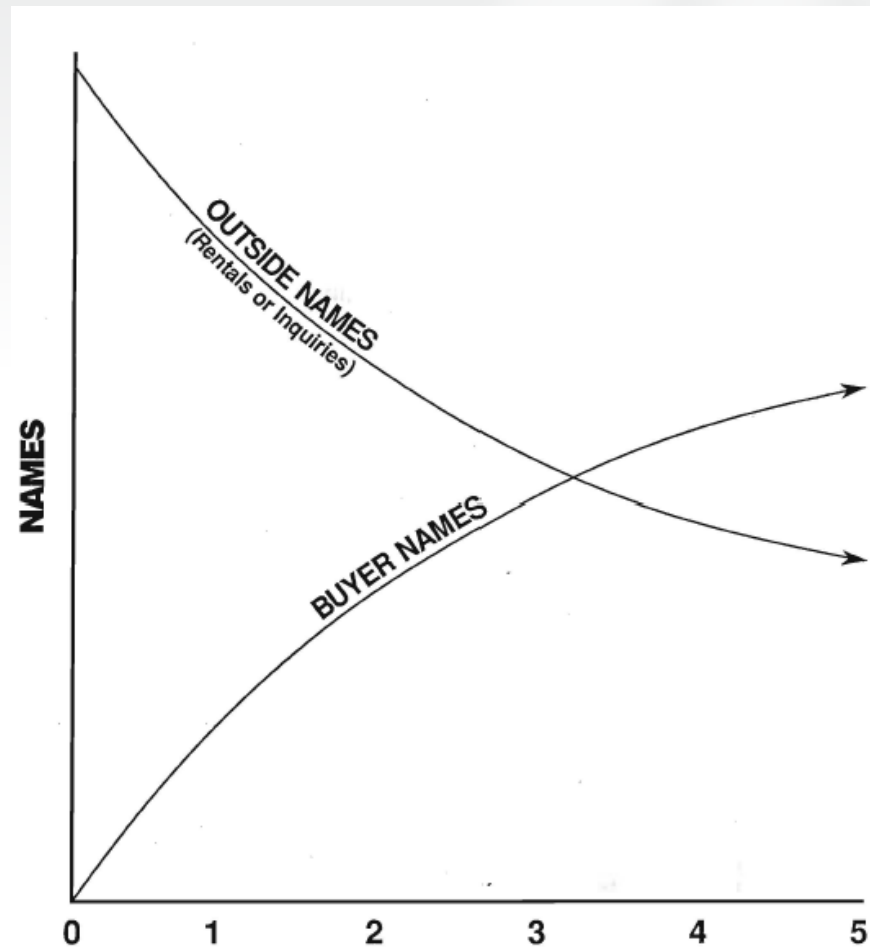
Front End Marketing

Objective	How results are measured
<ul style="list-style-type: none">• Acquire new, first time buyers• Acquire new leads• Acquire new inquiries• Convert leads and inquiries to customers• Minimize cost of building the customer file	<ul style="list-style-type: none">• Cost per customer• Cost per lead• Cost per name• Cost of conversion

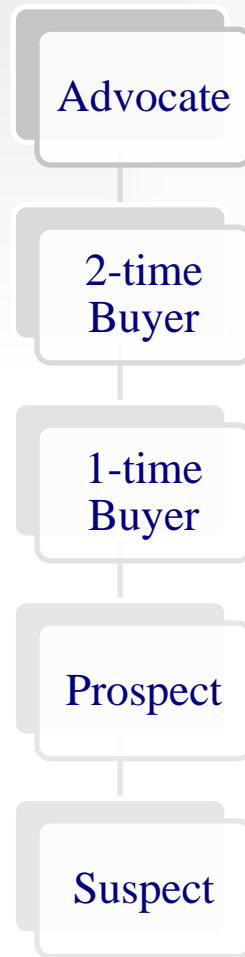
Back End Marketing

Objective	How results are measured
<ul style="list-style-type: none">• Convert 1-time buyers into 2-time buyers• Maximize number of mailings to customer file• Make a profit	<ul style="list-style-type: none">• Growth of multi-buyers• Number of customer mailings per year• Return on investment• Return on sales• Value of customer over 3 years

The Road to Catalog Profitability



The Hierarchy of a Customer



Ways to Build Your Customer File

- List rental
- Customer referrals
- Space advertising
- Newspaper FSI
- Package inserts
- Co-op mailings
- Trade shows
- Co-op catalog shoppers
- Card decks
- Product inserts
- Broadcast (television, radio)
- Internet (website)
- Social media (MySpace, Google+, Facebook, LinkedIn, YouTube)
- Twitter
- Banner ads
- Airlines
- Public relations

3 Vertical Markets in List Industry

- Response lists
- Circulation lists
- Compiled lists

Response Lists

- Best type of list available – best prospects
- Proven catalog order buyers
- Huge universe available for consumer offers
- Large business lists available
- Can match product with offer
- Most expensive
- Good investment

Circulation Lists

- Publication subscribers that can be targeted by their expressed personal or business interests
- Not all paid subscribers
- Can target consumer interests
- May not work well for catalog offer
- Usually less expensive than response lists

Compiled Lists

- List of people and companies put together from governmental, census, telephone, or other publicly available information
- Most basic type of list
- Strong lists for business mailers
- Good for small, local consumer offers
- Good for sampling programs
- Least expensive; may be discounted for volume users

List Strategies

- Keep old buyers, old inquires who you are not mailing and put them into the merge purge.
- Use zip overlays to make subscriber lists work.
- Create a mini-file (match code) record of prior-mailed names (non-responders) and use a suppress file during the merge/purge.
- Pre-qualify a name with a phone call or postcard.
- Track list results with tenacity.
- Target- segment.
- Test.
- Watch seasonality of mailings.

New Customer Acquisition Strategies

- Understand the difference between front end and back end (and middle end)
- Understand the hierarchy of a customer
- Test new alternative ways to build your customer list. .. without using the mail
- Get smarter with your list prospecting
- Improve the tracking of results ... mail, phone, fax
- Know (through careful measurement) what a new customer costs
- Correlate back end (customer) name value with front end name sources
- Turn around catalog requests (inquires) quickly

Your Customer List

- Your buyer list is your most valuable asset.
- Your buyer list is perishable.
- Your buyer list will out pull outside lists by 4 to 10 times.
- How often can your customer list be promoted?
- When should you merge/purge your buyer list?
- Rental of your buyer lists - another way to generate income.

All Customers Are Not Created Equal

- Best customer
 - High \$ value; multi-buyer; last 6 months recency
- Next best customer
 - Medium \$ value; multi-buyer; last 12 months recency
- Average customer
 - Medium \$ value; 1-time buyer; last 18 months recency
- Poor customer
 - Low \$ value; 1-time buyer; last 24 months recency

Customer Segmentation

- Is the use of database information to target your marketing efforts
- Segmentation applications
 - Generally used with customer list
 - Recency, frequency, monetary
 - Regression analysis

Segmentation Factors Tested in Regression Analysis

- Date of last purchase - - by three month segments
- Number of purchases
- Previous products purchased
- \$ spent with catalog
- Matching against outside lists
- Purchased from multiple catalogs of the same company

Mailing Customer More Often

- Most catalogs underutilize their customer list
- Mailing options to mail customer list more frequently
 - Mail totally new catalog
 - Mail catalog with new cover
 - Mail catalog with new cover and outer signature
 - Mail catalog with new format
 - Tabloid
 - Mini-catalog
 - Newsletter

Catalog Circulation Planning Factors

- Number of current customers
- Current house file segments
- Customer acquisition goals
- Sales goals
- In home date
- Print quantity
- Re-mail strategy
- Merge purge strategy
- Break even requirements

House File Management Practices

- Develop a strong relationship with broker and manager
 - Best to have brokerage and management in same company
- List rental income – generate income by renting your list.
- Leverage list for exchanges which lowers cost of acquiring a customer
- Protect mail dates
- Offer non competitive list rental rates
- Offer reduced list rental rate for fundraisers and publishers
- Make use of overlays and appending services to refine selections for users of your file

Customer Loyalty Programs

- Developing customer loyalty programs to support your sales efforts is important to establishing long term customer loyalty. Examples of these programs/offers:
 - Thank you's
 - Discounts
 - Bogo's (Buy 1, get 1 free)
 - Shipment upgrades (e.g., free shipping, express shipping)
 - Extended warranties
 - Free personalization

Customer Reactivation

- Customer reactivation needs to be part of your overall catalog marketing plan. Depending on why a customer stopped purchasing, it is less expensive to reactivate former buyers than acquire new customers.
- Customer reactivation involves putting together marketing programs that get former customers to start purchasing from you again. Examples:
 - Offers
 - Letters
 - Discounts
 - Bogos (buy-one, get-one – e.g. “buy 1, get 1 free”)

Reactivating Inactive Customers

- A major area of opportunity for catalogers
- Build on past loyalty, purchase activity
- Special messages that work
 - We miss you
 - We want you
 - Last chance
- Getting a special message across
 - Outer wrap
 - Sticker on cover
 - Special letter in envelope

Catalog Requests Generation

- Methods of generating catalog requesters:
 - Referrals
 - Space advertising
 - Web site
 - Mobile marketing
 - Radio/television advertising
 - Hang tags
 - Package inserts
 - Catalog/magazine bind in programs
 - Catalog/magazine blow in programs
 - Direct mail
 - Bounce backs in gift recipient shipments

Alternative Revenue Opportunities

- Alternative avenues for generating revenues from your catalogs and catalog customers
 - Package inserts (third party paid)
 - Blow ins (third party paid)
 - Bind ins (third party paid)
 - List rental revenue from renting your house file (customer list) to other marketers

Catalog Mailing Frequency

- How frequently do you mail your entire customer list or segments of your list?
 - The only way to answer this question is to test and analyze.
 - If you don't mail often enough you lose the opportunity to sell merchandise and build the relationship between you and the customer.
 - If you mail too often, the newest catalog will steal sales from the current catalog.
 - It pays to mail more catalogs, more often, to better customers...these customers tend to buy more often.

How to Increase Catalog Sales

- Product/space allocation analysis
- Proper targeting for mailings
- Price point analysis
- Refresh product offering 40% to 60% by removing dogs and testing new or rolling out winners
- Understand value of re-mailing house file and multi-buyers

List Selection Process

- Define your catalog product profile.
- Define your target market.
- Determine which kind of lists are appropriate: response, buyer, mass or compiled.
- Research and collect data on lists available.
- Analyze list histories in order to match your offer.
- Investigate selectivity within list.
- Screen lists which will allow you to mail your catalog.
- Price out lists to fit your budget.
- Determine quantities available.
- Develop your circulation plan.
- Schedule a test.

Customer List Strategies Summary

- Segment your customer list to find your best customers
- Mail your best customers more often
- Build special "perks" for being a customer
- Work at building customer loyalty
- Consider a spin-off catalog to generate additional sales from your customers
- Build a reactivation program

Catalog Offer Design

- What is the offer?
 - It's simply your entire selling proposition to the prospect or customer.
- The offer is the 2nd most important factor
 - Behind list selection and audience targeting, in determining the success of a catalog.
- Important to think of your market as you structure your offer.
 - What's their sex, age, educational level, special interests, and social-economic status?
- How you state your offer counts
 - It both selects and involves the prospects.
 - It determines the quality of the customers who respond.
 - Creatively, it's important to find new ways of stating an existing offer.

Catalog Offer Design (cont'd)

- You need to balance your offer with the products being sold and the customers you want to sell— too much of a good thing can attract the wrong kind of buyers.
- Check that your offer is relevant to both your target audience and the product in question. Mismatching the offer to the audience will make it less attractive and may dissuade fence sitters from responding.
- Before working up your offer look at what your competitors do.
- If you can make offers that do not obviously reduce the price of your product, it is worth trying to do so. If you bring a customer on board at a reduced margin and a special price, there is every chance that they will expect the same come the next time they purchase.

What Makes Up Your Offer?

The products	Any optional features
The price of the products	Any free literature or booklets
The payment terms	Any special fulfillment options – free shipping
The way the offer is worded or pictured	Any quantity limits
Any incentives, bonuses, extras, premiums	Any future obligations
Any time limitations or restrictions	Guarantees

Questions To Ask About Your Offer

- Does it help you meet your financial / marketing objectives?
 - Immediate profit
 - Back-end long term business
 - Developing new market
- Is it the strongest offer you can make?
- Is the offer overstated?
- Would additional incentives help?
- *For more information on offer design and development, see our Direct Marketing Workshop 3 Tutorial – Appeal and Offer Development*

Catalog Call To Actions

- Passive Call to Actions
 - Phone (toll-free number)
 - Website (general site or dedicated landing page)
 - Order form
- Active Call to Actions (e.g.)
 - Free shipping on orders over \$50
 - Order now and receive 1 item free with every 2 ordered
 - Limited quantity
 - Sale ends 09/01/13

Catalog Call to Action - Ordering

- Today, catalog customers can order three basic ways. They can order via (1) Phone, (2) Website or (3) Mail.
- Yes, people still order through the mail and they can be some of the best catalog customers in the world.
- The phone number and website URL should be on the bottom of each page or phone number and URL on alternating pages.
- The mail order form is usually located in the center of the catalog.

Catalog Marketing 101

Part 3

Merchandising

Merchandising

- The primary reason for failure in catalog marketing is the lack of a coherent merchandising strategy.
- Marketers new to catalog marketing should also remember: Merchandising a catalog is not the same as merchandising a store or an Internet retail(e-Commerce) site.
- 50 to 70% of the catalogs success depends on the product!

Catalog Merchandising

- Catalog merchandising involves the following areas:
 - Developing the merchandising concept and mix
 - Having in place the supporting merchandising organization
 - Planning pagination and navigation of merchandise throughout the catalog
 - Selecting the appropriate merchandise categories
 - Establishing product pricing
 - Planning space utilization
 - Determining product revenue and profitability contribution

Merchandising Concept

- The successful merchandising concept must possess the following attributes:
 - Unique and special - The merchandise collection gives the impression that the particular product assortment cannot be found anywhere else.
 - Targeted - The audience can be broad (teens) or specific (Corvette owners), but the concept must target a definable audience large enough to support growth.
 - Authoritative - Customers believe you are an expert and that you have sought out the best products that will support the merchandise concept and suit their needs.
 - Expandable - The concept must have the ability to expand into several categories, offering customers additional reasons to buy. A concept that is too narrow will limit buying potential and ultimately hurt retention.

Communicating Merchandising Concept

- Communicate and reinforce your unique selling concept at every customer touch point. This includes not only your catalog but also your Website, the order telephone call, even the box in which the product arrives
- Covers — front and back — need to consistently present your merchandise concept through the use of product images and taglines.
- Use key hot spots within your catalog (and on your Website) to again tell your story.
- Use catalog spreads to create stories that reinforce your merchandise concept.
- Use relevant “sidebars” or editorial copy to prove that you are an authority.
- Reinforce your concept in less-than-obvious locations.
- At the product level, use every graphic tool available to sell a concept, not just a single product.

Merchandising Strategies

1. Maintain or improve product quality
2. Work on reducing cost of goods while accomplishing #1
3. Continue and strengthen new product efforts
4. Listen to your customer. Research who your customers are and what their needs are
5. Let your product analysis drive your merchandise mix

Merchandising Challenges

- The primary reason for failure in catalog is the lack of a coherent merchandising strategy.
- The challenge catalog marketers face:
 - To develop a merchandising strategy whose goal is not merely to find more profitable product for a program, but, rather to maximize the profit per program and support a marketing strategy aimed at developing and expanding an ongoing business
 - To determine the size of the program the marketer must calculate the optimum number of pages of merchandise or product offers in their program that will generate the largest profit and sales.

Merchandising Leadership Categories

- A successful catalog needs to strive to obtain leadership and dominance in the marketplace and lead in one of the following categories.
- Merchandising leadership can be obtained by
 - Offering the best products
 - Offering the best values
 - Offering the lowest prices on acceptable quality merchandise
 - Offering exclusive or hard-to-find products
 - Offering the best selection of products

Lead-Product Strategy

- Not possible to lead in all categories - The catalog marketer should try to become dominant in one category of merchandise that will attract customers who will buy not only this merchandise, but other products.
- This concept is effective only if the primary product category is desired by a broad segment of the buyer.
- The lead product cannot carry the business but it should be the focus of the business. The catalog marketer must not focus so much on this product category that it fails to develop other product groups.

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Merchandise Selection Factors

Product margins	Refurbishing costs	Comparison with competitive products
Potential market size	Returns factor	Seasonality
Print media translation	Packaging attractiveness	Potential for add-on sales
Potential legal problems	Operating/assembly instructions	Prior history or testing
Product safety	Economical to ship	Cross-salability – encourages sales of other products
Supplier dependability	Stock keeping headaches	Mix fact – too much of one classification
Backup merchandise availability	Availability – delivery lead times	

Winning Product

- What are the attributes of a “Winning Product?”
- On the following slide you will see a list of attributes, factors, or issues that may impact a product’s success.
- Does the product address these issues?
- How many of them is the product on the positive side from a Direct Marketing perspective?
- These attributes may be applied to products in both business-to-business and consumer catalogs. Not all factors apply to products in each type of catalog.

Attributes of a “Winning Product”

Perceived need	Family usage	Proper price and margins
Practicality	Matching or coordinated	Appeals to small market segment with very strong desires for product
Broad appeal	High impulse, creates desire	Makes for interesting copy
Female orientation	Multi-featured, multi-usage	Personalization
Unique, unusual features	Value impression	Exclusivity
Non trendy	Photographic appeal – color, style	Consumable
Brand identification	Emotional appeal, enhances user’s image	Lends itself to repeat business
Piece count - sets	Dream element	Quality
Demonstrability		

Merchandise Pricing

- You don't have to be the cheapest, but your pricing has to offer value in the customer's mind.
- Bundling products in sets or packages can obfuscate individual item pricing which may be highly competitive and/or price sensitive.
- Lower ticket products will require higher markups than higher priced products because of the lower margin dollars (not % but \$'s).

Merchant's Product Checklist

- These are the factors that the catalog marketer needs to keep in mind when developing and selecting products for a book.
 - Exclusivity and image
 - Gross Margin considerations
 - Vendor commitment to backups
 - Ability to reorder merchandise beyond initial commitments
 - Complimentary nature of merchandise
 - Timeliness of merchandise
 - Easy to understand
 - Vendor co-op
 - Price points
 - Product features and product information
 - Promotion orientation
 - Returns

Catalog Marketing 101

Part 4

Creative & Design

Creative Strategy

- It is not creative unless it sells. The fundamentals critical to success of a catalog are:
 - The design is to generate sales
 - The marketing/merchandising/creative team must work together with the same goals
 - Maximizing sales and profits
 - Long-term growth of the business

Most Important Locations in Catalog

- Page / location importance in terms of catalog readership attraction / recognition:
 1. Cover
 2. Back Cover
 3. Inside Front Cover
 4. First four pages of book
 5. Order form
 6. Pages facing order form (when a bind-in form is used)
 7. Then starting from page 5 going through the rest of the catalog from front to back

Checklist for Catalog Review

- Use this list to evaluate how well your catalog presentation is pulling together the five elements that contribute to a catalog's success:
- The five elements
 - Image
 - Creative
 - Product
 - Order form
 - Customer service

Element 1 - Image

- More than just presenting merchandise
- Can project through good design and photography
- Can project through personality of founder
- Can use editorial format to tell a story
 - How business started
 - The founder
 - Uniqueness in the market place
- Need to establish identity with customers
- Must distinguish from competition

Element 2 - Creative

- Must project company image
- Don't confuse mood with image
- Must intrigue the customer and close the sale
- Format should meet the needs of displaying and selling product
- Attention to scale of products
- Products must be visible, features must be seen and understood
- Products should be dominant
- Use design techniques to grab customer's attention and have her focus on products
- Copy should be crisp, with good lead, and product benefits
- Keying is important, and should be easy for eye to follow
- Don't make customer hunt for information
- Catalog should convey company's success
- Watch the mood shots, which may slight the products

Element 3 - Product

- Characteristics – should have as many of the characteristics of a winning product as possible.
- Need to concentrate on the company's strengths in merchandising, pricing, assortments, et.
- Pricing needs to be competitive. The issue is value.

Element 4 - Order form

- Often overlooked, but closes the sale
- Don't make it a test of the customer's will to purchase
- Avoid making it a part of the catalog - customers don't like to tear up catalogs
- Positioning for customer name and address should be easy to find
- Test order form design
- Keep the design simple and easy to understand
- Design the form for the customer's ease of use, not order processing

Element 5 - Customer Service

- Use the phone, inbound and out
- Provide online real-time chat support
- Informed operators and service people provide customers with vital information and produce sales
- On-line customer purchase history would be a big help and can be used as a selling tool
- Shipping and handling charges should be keep it low - some people think 7% of items purchase price may be too high
- Give internet and phone orders priority in the system
- Handle complaints quick and courteously
- Make your customers feel important - send them a “thank you” note with their purchase
- Treat order processing and fulfillment as customer service

Concepting

- When developing catalog concept, keep these factors in mind
 - The audience
 - The products
 - The image
 - The graphics and format
 - Reproduction
 - Expense
 - Credibility
 - ROI components

Good Catalog Design Rules - 1

- Appeal to what makes a person buy
- Design for audience
- Make the product the centerpiece
- Use great product photos
- Put important items on “hot spots” and on the outside edges of the page
- Use opportunities to cross sell between products and your website
- Use consistent type styles and limit their number
- Keep the style consistent from issue to issue to reinforce your “brand” image
- Give products the space they need
- Analyze the results
- Design for economy – size of catalog and postage

Good Catalog Design Rules - 2

- Place a strong design element in the upper right corner of each spread.
- Limit the number of typefaces you use and keep the type simple.
- A catalog should still have an order form.
- Develop your "brand image" by using consistent layouts and design.
- Standard catalog formats are more economical.
- Unique formats will attract more attention.
- Individual items sell better than grouped items.
- Four-color catalog performs better than one- or two-color catalogs.

Catalog Design

- Perceived by spreads
- Spacing for products does not have to be equal, drama comes from variation
- Should have a pleasing placement and arrangement of products
- Use white space
- Pacing and pagination
 - Vary the presentation
 - Develop differing spreads so everything doesn't look alike

Catalog Format Influencers

- Overall marketing plan
- Economics of the projects
- Range of formats
- Order form formats
- Merchandise
- Intended image
- Theme

Overall Marketing Plan

- Who is your customer? How did you identify this customer? Are you satisfied that your definition is the result of a disciplined inquiry not simply impressions or a “gut feeling”?
- What type of market have you targeted? How did you arrive at this decision? Have you checked results of competitors in this market?
- What are your products? How did you make your choices? How does your selection fit your target market?
- What specific personality/image do you wish to convey? Are you making a change in the way customers have previously perceived you? And, if you are, how carefully have you considered breaking the mold?

Economics of the Project

- A budget will clearly influence catalog format, and the format and size will, in turn, affect printing costs and paper quantity- significant factors in total investment.
- The complexity of photography and graphics also will influence decisions about format choices and the costs of these items must be tightly calculated as you organize your budget.
- The quality of paper must be carefully considered. Do you intend to use a different quality and or weight for the cover than for the body of the catalog?

Range of Formats

- The size considered as industry standard is 8 ½ by 11 inches – vertical or horizontal. It considered standard size because most printers are equipped to handle the size. And, it's versatile, vertically or horizontally, offering opportunities for a good layout treatment for most types of merchandise.
- But there are lots of other formats to choose from depending on factors such as merchandise, mailing costs, production costs, etc.

Order Form Formats

- The primary concerns in creating an order form-to the exclusion of all other considerations-are simplicity and readability, for both customer ease and for efficiency in order fulfillment.
- Order form formats can vary from a simple, inserted business reply card to a complex, multi-fold unit. You must determine which is needed for your catalog. This may, in large measure, be dictated by the amount of information which you intend to communicate.

Merchandise

- The type(s) of merchandise selected for the catalog will influence its format. Fashion merchandise seems more compatible to a vertical format. Furniture and room settings lend themselves to a wide format. Smaller products can be showcased in a variety of formats.

Intended Image

- Is impacted by the photography, the spread and layouts, the paper, and the graphics.

Theme

- What's the story line? Every catalog should tell a story. It should have a theme a thread of continuity running through the format.
- A theme is not difficult to develop. It can be as simple as you wish, or an elaborate situation involving location photography_ It can involve the full spectrum of products from fashion to table settings. If handled correctly, the merchandise itself can carry the theme.
- The theme can be crucial to the format and to the image you intend to convey.

Catalog Organization

- 12 way to organize your business-to-business or consumer catalog.

By product demand	By merchandise category
By application	By scarcity
By function	By scarcity
By type of equipment	By size
By “system hierarchy”	By model number
By theme	Alphabetically

Determining Page Count

- Break your product line into product categories
- Determine the # of products in each category
- Review the # of products within preset price ranges to uncover price gaps
- Profile the 10 best products to use as a screening guide to help know what to add
- Profile the 10 worst products to know the types of items to avoid.
- Use square-inch analysis to know which items to keep, drop or add to the catalog

Catalog Size

- How big should the catalog be?
 - The best way to evaluate the optimum catalog size scientifically would be to mail catalogs of several sizes to a random split of names in your list and the compare responses.
 - Keep expanding the catalog until further expansion will not increase your total profit.
 - Expand your catalog gradually
 - By no more than 50% as a rule – go from 16 to 24 pages, 24 to 48 pages
 - One benefit of going to a larger catalog is that “half-life” during which the catalog will continue to be used will be longer with a bigger catalog.
 - A bigger catalog creates more customers who will be purchasing from catalogs in the future.

How Much Space for an Item

- The more profitable an item, the more space you should give it.
- As a rule of thumb, you should try to apportion space so that the ratio of gross profit (revenue minus cost of goods) based on projected sales to the cost of that much space is the same for each item.

Checklist of Pagination Factors

- Overall marketing strategy and P & L decisions
- Product emphasis and strengths
- Photographic appeal
- Theme
- Color
- Complexity

Positioning & Grouping

- You should give your better selling items more space.
- You should put your better selling items up front.
- Mixing up the types of merchandise through a catalog will add to the excitement and surprise.

Positioning in a Catalog

- Page strengths in terms of sales potential
 - Front cover
 - Back cover
 - Inside front cover
 - Center spread around order form
 - Order form

The Order of Pagination

- Inside front cover - start with pages 2 and 3. There should be a cross section of all items in the catalog. Get the customer's attention and give an indication of the type and pricing of merchandise in the balance of the offer.
- Pages 4 and 5 - should strongly reflect the reason the catalog exists. Fashion books should show the most fashionable clothing here
- Order form – add impulse items that lend themselves to last minute purchase should be teamed up here to encourage multiple sales
- Inside back cover and back cover - grabbers
- Cover - last page to setup - most important - should reflect what is in the catalog

Catalog Pagination

- The catalog should be the appropriate number of pages for the number of products offered.
- Space allocation for the products should be based on importance of the product, and how much space is required to properly present it.
- The catalog should use things like sprinkling throughout the catalog ideas, letters, cooking instructions, history lessons, receipts and quotes.
- The catalog pagination needs to be well organized and it needs to make sense to the customer as she looks at it.
- There should be a hero product presentation in the book or several to add drama and break up the monotony.
- High impulse products that can fill out the customer purchase should be featured surrounding the order form.

Catalog Pagination (cont'd)

- The back cover of the catalog should feature new products.
- The merchandise needs to be the star of the spreads, the catalog.
- The products need to be well organized, and for a catalog with a lot of product categories and / or a large number of pages, the use of a table of contents will make the catalog easier to shop.
- Page 2 when possible should include important customer information.
- The strongest products should be on the inside front spread and the products should be representative of the rest of the products offered.
- If items are paginated along a theme, they need to be consistent to that theme.
- Unique merchandise should be chosen for feature slots.

Hints for Better Pagination

- Develop worksheets to keep track of where you are
 - Examples
 - Merchandise category listing
 - Price point tally sheet
 - Spread record sheet
 - Catalog summary sheet listing all pertinent product information
- Set up a merchandise presentation room for reviewing merchandise just as it will be presented in the book. Having all photographic samples present will avoid many problems down the road which could result in lost sales and/or expensive catalog revisions.

Catalog Hot Spots

- Best selling positions – catalog “hot spots” are pages in your catalog where any product will sell better.
 - The opening spread
 - The back cover
 - The pages adjacent to a bound-in order form
 - Any page facing a bind-in card
 - The closing spread
 - The front cover – (often not included in this list because most companies do not use the front cover for selling products, but if product is used, it must be available for purchase
 - Not considered a “hot spot” but often a better selling position is the right hand page in a spread. Why? Because most of us read left to right and the eye tends to gravitate to the right hand page.

Hot Spot Featured Products

- Your best selling products should be featured in your catalog “hot spots”.
- Hot spots have a higher percentage of uncommitted viewers than the other pages in your catalog—that's why they're hot, because they're noticed even by people who have little interest in the rest of your catalog.
- Your bestselling products are popular for the same basic reason: they're appealing to the largest possible cross-section of people.

Catalog Design – the Cover

- Must be the hook and must be interesting or it goes in the can
- Guidelines for selecting merchandise for cover
 - unusual not generally found in other catalogs or stores
 - easily photographed
 - representative of the rest of the merchandise in book
 - understandable
- Creative techniques
 - drama should be sought
 - Use people in images where appropriate
 - When using solo product image, add something to shot to create scale
 - Try not to use manufacturer provided art work unless it precisely mirrors the feel of the other artwork

Order Form Style

- There are several styles to choose from, but the two most commonly used:
 - V-mailers – are mailers which have a fold-up envelope on one side and a single sheet or panels on the other side.
 - The advantage is you can use every bit of space on the paper – style is paper efficient.
 - The downside – it requires the customer to do some work.
 - Bind in order forms – can have one or two panels with the perforated envelope that is already glued together.
 - Style is more expensive.
 - It seems to pull a greater response rate.
 - It asks little of the customer and seems to offer enough space for your bare essentials.

Order Form – Bare Essentials

- Is there space to indicate how many, item number or style number, name of item, color if there is a choice, size if there is a choice, imprinting if offered, and the dollar amount?
- Is there sufficient number of lines for listing the items designed?
- It's always advisable to leave space for more than the average number of items ordered as an incentive for ordering more items.
- If a discount is offered for exceeding a minimum order requirement, is it clearly spelled out?

Order Form – Bare Essentials (cont'd)

- Are the terms perfectly clear?
 - If postage, insurance, and handling charges are extra, is the chart clear?
 - If there are taxes to be added, is the percentage specified?
 - If charge card privileges are offered, is there space to give the required identification numbers?
 - If interest charges are applied to installment accounts, does the explanation comply with the Truth in Lending Law?
- If drop shipments are solicited, is space allocated to provide for instructions?

Order Form Placement

- 3 placement points
 - Outside wrapper; form bind-in, and center spread bind-in
 - Offers protection of your catalog through the mail
 - This offers the best chance of capturing your label information correctly
 - The downside is that the catalog is covered up with an outside wrapper
 - Bind-in order blanks between forms
 - Has the advantage of creating four “hot spots” in the catalog
 - The downside is that it can be hard to find the missing side of the order blank
 - Bind-in order forms in center of catalog
 - Is the most popular
 - It creates two valid “hot spots”
 - Is easy to find and use

Order Form Design Checklist – Part I

- Make sure that any merchandise on the order blank (if black and white) lends itself to black and white reproduction.
- Make sure the merchandise offered is priced in the lower-1/3 price point register of all carried merchandise.
- Make sure your merchandise leans toward an impulse buy.
- Make sure your customer is clearly directed. Color should be used sparingly and only to direct and help clarify ordering procedure.
- Make sure you say "Thank you."

Order Form Design Checklist – Part II

- Make sure that your design for the order blank coincides with the sequence of the descriptive copy about the merchandise within the body copy of the catalog. g. Make sure you have your information concerning expiration date on the order blank to encourage promptness in ordering.
- Make sure that you have given your customer an opportunity to give you the names of friends they think would also enjoy receiving your book.
- Make sure that your return policy is stated clearly on the order blank.

Catalog Designer

- Not every company will use an outside agency to do their catalog design, but the same questions should apply when working with an in-house designer.
- Does your designer have expertise in these areas?
 - Pre-production meetings, where each item is discussed and shown
 - Can your designer help with the merchandising? Spread breakdown? Scheduling for deadlines at each phase must be established. Who will do that?
 - Does your designer have enough experience to be a size consultant?
 - In what form will layouts exist?
 - Who will write copy?

Catalog Designer (cont'd)

- Does your designer have expertise in these areas?
 - How will that copy correspond to the order form?
 - Will your designer execute or contract your photography, select models, book models?
 - Will your designer style and prop your shots?
 - Will your designer direct your photographer and for what percentage of the shots will they be hands on?
 - Will your designer go over color as well as corrections with a separator for a per-hour fee or is this included in the design fee?
 - Will your designer lay out the order form, do the mechanicals, and supervise the printing on the order form?
 - Will the designer supervise the printing of the mailing piece? How much does your designer know about printing?

Catalog Marketing 101

Part 5

Copy

Copy Guidelines

- Pick one copy style and stick to it.
- Avoid the use of non-descriptive words like “comfortable,” “beautiful.”
- Write the copy in color, not black and white.
- Keep the copy simple, don’t overcomplicate it.
- Keep the copy clear and understandable. The catalog should have an overall branding message from both a copy and design perspective.
- The catalog needs to have strong headlines, subheads and powerful and descriptive first sentences.
- The copy needs to be spell binding and create an emotional desire that will drive a customer to purchase.
- The catalog should have a tag line on the cover.
- The feature copy needs to be conversational and direct.

Copy Guidelines (cont'd)

- The copy needs to use sentiments to emotionally involve the customer.
- The copy needs to sound like it's coming from a friend or family member in tone.
- The copy and catalog need to invite the customer into a setting or lifestyle that wraps them in an environment they want to be in.
- The copy should speak to the customer's current experiences (demographics) or their desired experiences (psychographics).
- The copy needs to be descriptive not bland, matter of fact in tone.
- The copy should use words that sell.
- The copy should make use of "you" instead of "me" or "we," as much as possible unless you are using the "jes' folks," down home personality" or "I'm the greatest" copy approach.
- The catalog should use a consistent pricing presentation.

14 Kinds of Catalog Copy

1. “Jes’ folk copy
2. “Down home personality copy
3. “You-you-you” copy
4. “Shout” copy
5. “Quietly upscale descriptive” copy
6. “Image all the way” copy
7. “Touchstone” copy
8. “Narrative” copy
9. “Minimalist” copy
10. “All the facts” copy
11. “Information / educational” copy
12. “Snob appeal” copy
13. “I am the greatest” copy
14. “Plain vanilla” copy

Words That Sell

- Free
- Easy
- Guaranteed
- Suddenly
- Now
- Compare
- Last chance
- Offer
- Help
- You
- Love
- Thank you

The Six Types of Headings

- Basic nominative
- Romantic nominative
- Positioned nominative
- Basic descriptive
- Romantic descriptive
- Positioned descriptive

Sell the Benefits

- Sell the benefits, not the features
- The Benefit, Benefit, Benefit Principle - three states of benefit
 1. Make a statement specifying superiority over others.
 2. Relate that superiority to your target-reader.
 3. Tell the target-reader how that superiority will bring dramatic improvement to his/her life, career, business or image.

Effective Catalog Copy

- Is your copy in the right, the best and the most logical order?
- Is the copy persuasive?
- Is the copy complete?
- Is the copy clear?
- Is the copy consistent?
- Is the copy accurate?
- Is the copy interesting?
- Is the copy believable?
- Have you included all the necessary “boilerplate” copy?
- Is it easy to place an order?

B2B Catalog Copy

- When Writing Your Catalog Copy, Keep in Mind These Six Primary Reasons Why Business Customers Buy From Catalogs
 - To save money
 - To be right
 - To make money
 - To get something for nothing
 - To fulfill a need
 - To solve a problem
- Other reasons why businesspeople buy from catalogs: to save time, for convenience, to feel important, to gratify curiosity, to take advantage of opportunities, to avoid effort, to make work easier, to avoid embarrassment, to be the first to try a new product or service, to be exclusive, to avoid salespeople.

B2B Catalog Copy (cont'd)

- A good catalog tells and sells with copy basics
- Use colorful, descriptive language
- Use precise language
- Use specific language
- Use descriptive heads and breakers
- Make it easy to order
- Stress benefits, benefits, benefits

Catalog Marketing 101

Part 6

Catalog Production

Catalog Production Process

Steps 1 - 10 in Process

1. Determine unique selling proposition
2. Determine in-home date preference
3. Define editorial position
4. Determine catalog look
5. Complete square-inch analysis
6. Review continuation products
7. Review new products
8. Prepare product information sheets
9. Review pick-up copy and presentation
10. Paginate and allocate space

Steps 11 - 20 in Process

11. Finalize merchandise selection
12. Present initial design concepts
13. Layout catalog, first draft
14. Design order form.
15. Revise layouts, second draft
16. Write manuscript copy
17. Plan the photo shoot
18. Shoot new photography
19. Revise manuscript copy
20. Finalize pricing, sizing, etc.

Steps 20 - 30 in Process

21. Finalize photo picks.
22. Prepare composed pages, first draft.
23. Proof loose color.
24. Revise composed pages, second draft.
25. Finalize composed pages.
26. Create version changes (if any).
27. Proof composed color and type.
28. Pre-press
29. Printing – initial print run
30. Press check

Steps 31 – 33 in Process

- 31. Printing – final/full print run
- 32. Bindery
- 33. Delivery / Mailing

Selecting a Printer / Mail House

- Select a printer that specializes in printing catalogs
 - Inquire about the possibility of co-mingling with another mailer to save money and time by achieving greater saturation and more direct access to BMC (Bulk Mailing Facilities)
- Commit to printer at least 4 weeks prior to printing to guarantee paper delivery
- The printing, binding and mailing process usually takes about 2 weeks
- Prepare your mailing data in advance of your print date

Catalog Printing Presses / Methods

- Sheet fed press
- Web press
 - Heat-set web press
 - Cold-set web press
 - UV ink cold-set web press

Sheet Fed Press

- This is the traditional low volume press that prints on pre-cut sheets of paper
- It's a much more precise printing method, so it produces the sharpest printing of the three types of presses
- It can print on a wide variety of paper weights
- Because of its slower speed, it's the most expensive printing method – so it's generally used for small runs and catalogs requiring the best printing quality

Heat-set Web Press

- Is the stand catalog and magazine printing press
- The press dries the ink on the paper as it exists the press
- This allows the press to print at high speeds and coated papers, such as gloss
- The presses are large, complicated to setup and require several people to operate and setup
- It's only reasonable to use this type of press for print runs of 10,000 or more catalogs and in increments of 8 pages, preferably 16, which is a full signature
- 99% of all mail-order catalogs are printed on this type of press

Cold-set Web Press

- Because this press does not have a heated drying unit, it can only print on unfinished stock
- They are smaller and simpler than heat-set presses
- Good press for very small quantity catalog print runs starting at 1,000 copies.
- Once the quantity reaches 15 to 20,000, it's more effective to print on a heat-set press

UV Ink Cold-set Web Press

- This is a hybrid of the cold-set press which uses high intensity UV energy to cure the ink on paper
- UV is environmentally friendly and can be used on a variety of paper grades and types from newsprint to gloss coated book stock
- It's an excellent choice for smaller print runs starting at 1,000
- Once the quantity reach 15 to 20,000, it's more effective to print on a heat-set press

Catalog Sizing

- Catalog page size formats (most common)
 - (8 3/8" x 10 7/8") is the most used, and most cost effective size
 - (3/8" x 8 3/8") is the next most common sized used
 - They must also use the standard house paper which is typically 60# no. 3 or 4 quality – these are generally low costs paper
- Page count
 - The normal page counts that are ideal for having a catalog printed using a web press are
 - Standard – 32 page signatures
 - Digest – 64 page signatures
 - The next most cost effective format catalogs use pages counts in increments of 16, such as 48, 64 or 80, etc.

Catalog Printing Formats

- Self-cover format basics
 - Self-cover means that the same paper weight and type is used for all pages of the catalog including the cover
 - More cost effective than “plus cover” format – because the cover pages will print on the same form/signature as the text pages
- Plus-cover format
 - Plus-cover means that the paper stock of the text pages is not common with that of the cover
 - Plus-cover catalogs are more expensive than “self-cover” catalogs because the cover pages must print on a different form/signature than the text

Best Catalog Paper Choices

- Best paper choices for 4-color process printing for text pages
 - 70# gloss or dull text or
 - 80# gloss or dull text
- Best paper choices for 4-color process printing for cover pages
 - 80# gloss or dull cover or
 - 100# gloss or dull cover

Press-efficient Page Counts

- Working in 8 page increments is the most ideal format because all conventional printing presses are designed to deliver 8 page signatures for sheet fed printing presses
- Half-size sheet-fed presses (19" x 25" to 23" x 29")
 - 1 press form yields one 8 page signature (sheet wise) or two 4 page signatures (work and turn)
- Full-size sheet-fed presses (25" x38" to 28" x40")
 - 1 press form yields one 16 page signature (sheet wise) or two 8 page signatures (work and turn)

Page Counts / Trim Sizes

- Most cost-effective Self-cover formats
 - 8 page self cover
 - 16 page self-cover
 - And additional 8 page signatures, thereafter
- Most cost-effective Plus-cover formats
 - 4 page cover + 8 page text
 - 4 page cover + 16 page text
 - And additional 8 page signatures thereafter for text
- The most cost-effective finished page sizes for conventional offset sheet-fed printing presses are
 - 5 ½" x 8 ½" to 6" x 9"; 7" x 10" to 9' x 12"

Catalog Production Factors

- Determining the catalog size
 - Dimensions
 - # of pages
- Selecting paper
- Printing
- Select printer/mailer
- Preparing / Ordering mailing lists
- Postage and mailing
- Co-mailing

Catalog Marketing 101

Part 7

Management, Financials & Analytics

Catalog Performance Analysis

- Developing and using formal and documented tools for analyzing and tracking catalog performance data is key to fine-tuning and improving catalog results. These tools include:
 - Budgeting and analysis
 - Square inch analysis
 - Mailing list response analysis
 - Gross margin analysis
 - Price point analysis
 - Multi-product response analysis

Catalog Post Analysis

- Breaking down a catalog's performance at the end of the promotion cycle is probably one of the most important exercises a cataloger should perform. It is the “closing the loop” activity that can provide a framework and direction for future catalog editions.
- We recommend marking up a catalog showing actual unit and dollar sales per item and a per-page and per-spread summary. Because catalogs work in two-page spreads, they should be judged accordingly.
- Using the sales data, you should prepare a square-inch analysis by page and by spread showing how each item performed, down to the contribution level. The actual profit and loss results for the mailing should be shown, and results of each page and spread can be judged by how they performed against the original sales goal per page.

Catalog Performance Measures

- Sales demand and net per book mailed
- Sales demand and net per square inch
- Gross margin per book mailed
- Cost per book mailed
- Cost per customer acquired
- Response rate
- Sales per page and spread

Elements of Catalog Financial

- Gross merchandise sales
- Returns
- Cancellations
- Net sales
- Gross cost of goods
- Gross margin
- Fulfillment
- Advertising
- Contribution to overhead and profit
- List rental income
- Pretax profit

Typical Tools for Analysis

- Sales contribution by catalog page
- Item and classification ranking
- Sales dollars
- Best selling units
- Gross profits
- Price point analysis
- Prior list usage
- Product space allocation and position analysis
- Catalog order lag pattern analysis
- Merchandise classification lag pattern analysis
- List performance by merchandise category
- Catalog design and creative critique
- Response analysis by list and customer segments

Catalog Analysis Data Requirements

- Item id number
- Item description
- Selling price
- Product cost
- Order processing and fulfillment costs per item
- Returns cost (refurbishing, processing, markdowns, repayments)
- Advertising cost per item taking into account space occupied, the type of page
- Mail quantity
- Mail date
- Page number
- Merchandise class
- Space allocation
- Specific appeal to male, female, either
- Country of origin
- Merchandised as exclusive to the seller
- personalized

Types of Analysis

- Item ranking
- Merchandise class ranking
- Price range analysis
- Graph of sales by price range
- Ranking by page cost categories
- Mailing list source code analysis
- Page and Spread analysis

Benefits of Analysis

- Performing this analysis provides the information for:
 - Determining items which should receive greater or smaller space allocation
 - Categories to be thinned or expanded
 - Rebalancing of offerings by price point within merchandise category
 - Concentration of sales during periods of seasonal strength
 - Evaluation of the performance of items that are repeated in successive catalogs or ads
 - Identification of other factors which impact sales or profit performance

“Squinch” Analysis

- Square-inch, or “squinch” analysis — can help measure contribution or profitability of items, pages, spreads, product categories, and price points.
- Squinch is one of the most productive and telling merchandise analyses that catalogers must perform.
- It reduces all products in your catalog to a common denominator, square inches of space occupied.
- It equitably and precisely compares sales per product and the cost associated with the space each product occupies.
- It ranks your products by sales dollars per inch.
- The goal is to compare the sales per inch for each product both to the book average and to breakeven. Items that are above average should be allocated more space in the next catalog. Items that perform below average should get less space or be deleted entirely.

Mechanics of “Squinch” Analysis

1. Measure how much space each product takes including both image and text.
2. Measure all editorial and white space so you account for every inch of space on page. The editorial and white space is weighted back to each product. Enter the total into one column on a spreadsheet.
3. Place the sales for each product into another column.
4. Divide each product’s sales by the space it takes on the page. For a complete picture of each product, include columns for units sold, profit per item, profit per inch, item number and product description.
5. Include an index column. In this column, divide the sales per inch of each product by the average sales per inch for the entire catalog.

“Squinch” Reporting

- The Square Inch Report, in addition to the basic ranking of products based on sales per square inch, can be resorted to:
 - Rank by item by profit per inch
 - Rank by category by sales per inch
 - Rank by category by profit per inch
 - Rank by page by sales per inch
 - Rank by page by profit per inch

1% Response Rule in Testing

- The 1 Percent Response Rule:
 - If you mail an average-size catalog, with merchandise of average desirability, at average-value price points, to an average selection of response lists, then your average response rate (number of orders received, divided by number of catalogs mailed) will be 1 percent.
- The 1% rule only applies to prospect mailings.
- The 1% rule is why list rentals have a 5,000 name minimum.
 - if you mail 5,000 names and get a 1% response, that means you'll receive 50 orders, and statisticians have mathematically determined that 50 responses is the minimum number of responses needed to make results "statistically significant."

Applying the 1% Response Rule

- If you're launching a startup, use a 1% response rate for your prospect mailings and see what happens to the rest of your projections.
- If you're seeking financial backing for your catalog, and if your actual prospecting rates are below 1%, decide on a response now, before you make your official presentations.
- If you're considering investing in a catalog, you should compare the catalog's prospecting results with the 1% rule.
- If you're already a successful cataloger, the 1% response rule can help improve your business in two different ways:
 - If your sales reports consistently show sub-1% response rates on prospecting mailings, it's time to stop and look at why.
 - If your prospecting response rates are well above 1 percent, take a close look at how far above 1 percent you are, and compare that with where you should be.

The “RFM” Rule

- You'll get higher response rates when you mail to customers who have (a) bought more recently, (b) bought more often and (c) spent more lifetime dollars.
- Conversely, you'll get lower response rates from mailing to customers who have bought less recently, less often and spent fewer total dollars.

How is RFM Measured?

- Date of most recent contact (to measure recency).
 - Typically in 0 to 3, 4 to 6, 7 to 12, 13 to 17, 18 to 24 months, etc..
- Quantity of lifetime purchases (to measure frequency).
 - Typically single or multi buyer
- Total lifetime dollar sales (to measure monetary value.)
 - Typically broken down into groups based on your price spread
 - Actually some catalogers prefer to use only total sales during the last 12 months for this measure, but they are in the minority.
- Some marketers have amended this formula to include the type of merchandise purchased.

Creative Modifications Based on Analysis

- By reviewing the marked-up catalog and squinch, the creative team — which must be part of the post-analytical review — can draw conclusions as to such design, copy, and photo issues as:
 - Is the proper amount of space being allocated to each item?
 - Could the overall pagination be improved to boost sales?
 - Are the spreads dense enough? Too dense?
 - Has the photography helped or hurt product sales?
 - Is the copy adequate to close the sale? Are sufficient benefits shown?
 - Has the eye flow on the spread helped or hindered sales?

Sales Planning & Forecasting

- Some of the other tools used for planning and forecasting catalog sales include:
 - Mailing list response analysis
 - Availability of suitable target audience quantities
 - House file segmentation and analysis
 - Customer acquisition strategy
 - Prospect mailings
 - Catalog request programs
 - Catalog request segment performance
 - Customer reactivation strategy
 - Price point analysis
 - Category/classification analysis

Catalog Marketing 101

Part 8

Operations & Fulfillment

Overview

- Perhaps the most important part of your business.
- All the marketing in the world cannot save your business if operations and fulfillment are not adequate.
- Your customers will simply not return if they are not having good experiences with your company.
- Test your competition by calling, texting, writing, emailing, ordering and returning - - everything - - just to see what you are up against. You are in competition with everyone in your space and must be better than them all.
- Because there are so many sources for each product or service, companies must distinguish themselves from the herd, and superior customer service is one way to do so.

Customer Service

- A cataloger should provide these services to customers to maintain good relations:
 - 24/7 operations
 - #800 inbound phone service
 - Well trained multi tasking agents
 - Real time access to everything
 - Live chat
 - Unconditional merchandise guarantee
 - Price uniformity across all channels
 - Fast accurate pick/pack/ship
 - Fast returns processing – refunds and exchanges

Catalog Fulfillment

- This is a list of the primary catalog operations in fulfillment:
 - Receiving
 - Quality Control
 - Warehousing
 - Pick/Pack/Ship
 - Returns processing
 - Refurbish and restock; Exchanges; Return to vendor
 - Order processing
 - Inbound telephone; Web; Mobile
 - Catalog request fulfillment
- The most important factors of catalog fulfillment are having the fastest service with the least amounts of errors.

Fulfillment Standards

- The standard fulfillment expectations for the catalog industry
 - Orders for in-stock merchandise shipped within 48 hours
 - Returns processed within 72 hours of receipt
 - Customer service issues handled within 48 hours of receipt
 - 85% of all phone calls answered within 20 seconds
 - Average wait time for calls to be answered – less than 30 seconds
 - Abandon call rate of less than 3%

Fulfillment Responsibilities

- Key areas - Functional responsibilities are usually broken down by those handled in the warehouse and those handled in the office.
 - In the warehouse
 - Receiving
 - Quality Assurance
 - Returns Processing
 - Inventory Control
 - Picking and Packing
 - Shipping
 - In the office
 - Telemarketing
 - Customer Service
 - Caging
 - Order Entry
 - Computer System
 - Telephone System

Setting Operational Parameters

- This is the planning phase and it involves a series of exercises aimed at understanding your business.
- The exercise involves building financial, operational, and organization models based on revenue forecasts and anticipated characteristics.
- The characteristics known as parameters, represent the building blocks of the operation.
- All your manpower planning and staffing, scheduling and forecasting will be based on the “parameters” that follow.

Parameters List

1. Order volume
2. Hours of operation
3. Order methods
4. Merchandise information
5. Order characteristics
6. Special services

Parameter – Order Volume

- The availability of capital usually dictates your catalog circulation. The number of current customers as well as the availability of appropriate prospect lists will contribute to the development of the catalog circulation plan
- In turn, order volume depends on circulation.
- The entire fulfillment operation—size, components, maybe even location—is dependent on projected order volume.
- Once you know your circulation size, you must anticipate response rates in your market and forecast volume.
 - e.g., if you have a circulation of 500,000 catalogs and can expect a 1.5% response rate, your projected order volume is 7,500

Parameter – Hours of Operation

- Many of your costs are influenced by the hours you are open for business.
- The primary goal here is to be competitive. If your primary competitors offer 24/7 order processing and customer service, you better do so as well, and be much better at the same time.
- Creating an atmosphere that makes it difficult for a customer to consider going elsewhere for their purchases requires that we are positioned competitively with our operation.

Parameter – Order Methods

- Your competitors will dictate what you need to do here, but the best idea is to allow customers to contact you any way they wish and then develop the infrastructure to support your decision.
- The manner in which orders come to you—via 800 lines, toll lines, mail, web, or fax—influences your personnel and equipment requirements.
- Determine which options you're going to provide for your customers and build the associated operation procedures.
- Don't forget to include customer service calls and catalog-request volume in consideration for personnel and phone lines.

Parameter – Merchandise Information

- The main factor here is “accuracy” and “completeness” of the information.
- Your order processing system should reflect “real time” inventory position and create an alert or suggest an order when any item hits a predetermined level indicating reorder is required.
- The number of stock-keeping units (SKUs), line items, sets, inventory turns per year, peak inventory volume, assembly requirements, and the size, stackability, and type (hanging or folded, soft goods or hard goods) of your product greatly influences your warehouse space requirements.
- The computer software system you select dictates your ability to manage the merchandise in the system and in the warehouse.

Parameter – Order Characteristics

- Knowing the percentage of orders that are drop-shipped from manufactures, the percentage of back orders, and the average number of units per order affects warehouse space needs, labor requirements, and demands on your computer system.
- Drop-shipped items eliminate the need for space in your warehouse.
- Back orders put added stress on data processing and productivity. The system must generate 30-day, 60-day, and 90-day Federal Trade Commission notices for back orders.
- Split shipments require duplicated effort in picking and packing time and extra shipping costs.
- Other parameters under order characteristics would include:
 - Average order value \$; Average units per order; Pay type (credit, cash, check, etc.); Gift recipients (any portion of the order being shipped to recipients other than the ordering customer)



Parameter –Special Services

- Offering gift boxes, cards, and wrap requires additional packing time, and depending on volume, additional personnel.
- Customization procedures such as engraving and monogramming require extra space and special skills. You must determine how these special services will be handled.

Shipping & Handling Costs

- Determining shipping and handling cost is a key factor in the success or failure of a catalog.
 - 1st consideration – do you want to make a profit or breakeven on shipping and handling costs?
- Three ways of presenting shipping charges
 - A shipping charge for each piece of merchandise
 - A shipping charge per number of items
 - A shipping charge based on the dollar value of merchandise ordered

Order Processing Requirements

- 24/7
- Qualified agents
- #800
- Web site integration
- Accurate data entry
- Online real time access to inventory and order history
- Accept all pay types

Catalog Inventory Management Factors

- Purchase order management
 - Initial order
 - Replenishment/backup orders
- Accurate and complete receiving documentation
- Accurate demand sales information
- Cycle counts
- Back order processing
- Picking procedures
- Complete documentation on all procedures and guidelines are required.
- Quality control inspections of inbound merchandise should be part of the process of receiving. Inspect for color, size, specifications



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Organization & Function

- Executive
- Operations Management
- Office Operations
- Warehouse Operations

Operations Management

- Operations management people are responsible for the customer experience and are key factors in the creation of long term happy customers and profitability.
- The fulfillment operation typically relies heavily on the office operations manager operating in compliment with the warehouse operations manager.
- Depending on volume, these divisions can be supported by many other management positions.
- Each management position requires a working knowledge of fulfillment techniques and an understanding of data processing support systems.
- The fulfillment function is supported by two operations areas: the office and the warehouse. In most organizations, administration supports both. It is charged with the handling of all accounting, communication, supplies management, budgeting, and personnel.
- While, the two groups interface directly or indirectly with the catalog customer, it is the charter of administration to provide the framework and materials necessary to make the other office areas fail-safe.

Office Operations

- In most companies, the office operations people are responsible for the data entry off all product information into the operating system.
- Order processing
 - Receives and enters all new orders by phone, mail, email, web or fax.
 - Phone operator activity is monitored via the report capabilities of the automatic call distributor (ACD).
 - In the mail/fax order area, the caging and phone order entry functions must be tracked to measure efficiency and establish productivity standards.
- Customer service
 - Handles pending orders and other inquiries as well as complaints.
 - Accurate data capture and quick responses to issues
 - Fast turn around on returns and refunds

Warehouse Operations

- The breakdown of the warehouse functions must include:
 - Receiving and quality assurance checks of new merchandise
 - Returns processing of customer merchandise
 - Inventory control
 - Shipping of parcels to customers
- The warehouse staff is charged with maintaining the merchandise so that the orders may be processed accurately and efficiently.
- Setting up pick area with high volume items easily accessed and order processing system that creates pick tickets in warehouse walk sequence allows for faster fulfillment.
- Make sure pack stations have everything necessary for packing, including any inserts and other marketing material required.

Staffing

- Hiring associates
 - Need to find and hire the right people.
 - Don't underestimate the amount of time the hiring process requires.
 - Match the personalities of your customer service reps with those of your customer base.

Staffing

- Pre-employment screening techniques
 - Company specific employment application and personal interviews
 - Written integrity tests to assess person's character to determine if applicant is prone to violent behavior, dishonesty, or otherwise unsuitable for certain types of employment
 - Medically supervised physicals and drug screening
 - Call and voice test prospective phone reps
 - Make sure that even though the reps and customers speak the same language that their understanding and use of the language is similar
 - Match the personalities of your customer service reps with those of your customer base.
 - Studies show that phone reps and the customer are more comfortable if they share common interests

Staffing

- Start-up personnel
 - Plan to have most of your personnel in place 2 to 4 weeks prior to mailing the catalog
 - Plan an adequate amount of time for training.

Staffing

- Flexible associates
 - Because of the variable volume of orders, it is a good idea to have an organization of permanent part-time employees to compliment your full-time workforce.
 - The profile of the ideal permanent part-time employee is an individual who is not interested in working full-time, but is seeking a supplemental income
 - Look for people who require little notice to work extended hours (e.g., college students, housewives, disabled persons, retirees)
 - If you can afford to work with a reputable employment firm, do it to reduce the initial time to screen for certain positions.

Staffing

- Associate work areas
 - To perform the functions of their job effectively, and efficiently, each associates needs to have sufficient space, a clean environment and the necessary tools.
 - Ergonomic furniture and work stations
 - Adequate supplies, etc.

Training - Procedures

- To assure good customer service, every associate must be familiar with company policies and procedures, as well as receiving job-specific training relative to their job function.
- Some associates require special training and a license to operate equipment such as forklifts.
- Build outside training needs, such as software classes into the process and budget.
- Training takes anywhere from 3 days to 2 weeks for most entry level associates such as mail handlers, receiving and returns clerks, and other associates that cross-train to support another job function.

Training - CSRs

- For CSRs supporting a simple and easy to understand product line, a 3 day training agenda consisting of reviewing the products, policies, and procedures
- 2 ½ days of working on the phone w/ a senior associate
- More complex products require more training and hands on experience
- Develop a catalog product manual for a reference guide for phone reps
 - Create your own product manual by removing the binding of your catalog and putting the sheets in a three-ring binder.
 - Behind each catalog page, provide the detail necessary to support each item displayed: e.g., dimensions, true color, weight, or other features not easily seen in the catalog photograph
 - Or this information can be entered into your catalog management

Training – Management Programs

- There is no formal fulfillment education available, a requisite skills management training program in complement with on the job training and mentoring should be quite effective.
- The classroom should emphasize
 - The marketing side of DM
 - Finance
 - Controlling and measuring fulfillment
 - Working with hourly associates
 - Developing and improving productivity standards
- The DMA offer some course work in this area

Training - Recognition

- A key to guiding your associates toward achieving their peak efficiencies is to train your managers to recognize good performance.
- Encourage managers to get to know their people – monitor progress, reward performance
- Not only should managers be trained to recognize good performance, but upper management and owners should recognize and reward superior performance at every level.

Calculating Productivity

- To determine how your associates are doing, you need to gather and evaluate statistical data on productivity.
- To calculate productivity, 1st identify each labor task as a measurable unit.
- By dividing the total units of output by the total labor hours associated with the activity, you have a current performance statistic for a given task
- Another method is to set performance standards and calculate their associated labor costs. Over time after accumulating output and cost data on each task, you can summarize the information into the total labor cost per unit of output for the fulfillment operation.
- Communicate the productivity standard for each task to your associate and measure individual performance against it.

Inventory Control Factors

- Everything that touches inventory can also mess it up.
- Accuracy and standardized procedures can help, but nothing is more important than associates paying attention to what they are doing and striving for accuracy.
 - Inventory Management System
 - Order Entry/Customer Service
 - Orders Out, Ship Confirmation
 - Product Vendors
 - Receiving
 - Stock Status
 - Ancillary Costs
 - Impact on Nonwarehouse Functions

Inventory Control Management System

- Perpetual real time information is critical to the successful operation.
- The computer system handles repetitive inventory tasks, such as counting merchandise and compiling daily demand
- The system should update records instantly so that the merchandise is immediately available and orders can be filled quickly.
- This provides a perpetually current listing of what and how much merchandise is in your warehouse.

Inventory Control

Order Entry/Customer Service

- The ability to access inventory records as an online resource enhances your level of customer service
- The CSR can advise the customer if the merchandise is in stock; or if a back order situation exists, when the next shipment is due
- The system should also offer substitute and cross-sell opportunities from existing inventory

Inventory Control

Orders Out / Ship Confirmation

- System controlled inventory in conjunction with bar-code technology and a manifest system can tell you exactly when the merchandise is out the door.
- Emailing a shipment confirmation keeps the customer informed about the status of their orders.
- When possible, a tracking number should be communicated so that customers can track their own orders.

Inventory Control

Product Vendors

- Since each SKU originates with a purchase order and a vendor, you should maintain a complete history of all product-related transactions with your suppliers.
- To simplify the receiving process, instruct your vendors to mark inbound shipments with a purchase order number.
 - The PO triggers the system to call up the vendor record, a listing of all pending transactions.
 - Your receiver may then compare the details of the goods received with the PO and note any discrepancies.

Inventory Control

Receiving

- When new merchandise is received, the system should assign an SKU number and select the appropriate prime or bulk storage location, taking into account such product specifics as size, weight, storage requirements, and sales forecast.
- Depending on demand, replenishment goods should go directly to a prime location.
- Backordered merchandise should bypass storage and be sent directly to the packing area so that pending orders may be immediately expedited.
- The SKU is an internal tracking number and the system must automatically cross-reference each SKU to one or more merchandise catalog numbers.
- To further assist inventory control, some systems generate identification stickers with a product description and SKU imprinted both alphanumerically and in a bar code.

Inventory Control

Stock Status

- Some systems reconcile inventory against all SKU activity from a beginning position, weekly, monthly, or cumulative to a time fixed by the cataloger.
- The system should list on the report every transaction that affects your inventory status – by SKU and reason code
- Your sorting parameters should include specific activity categories such as receivable, returns, damaged, defective, outbound orders, and goods returned to vendors.
- You may want to further define your stock activity in adjunct reports by volume (SKUs with the most activity listed first) and/or revenue (SKUs with the highest dollar value.)

Inventory Control

Ancillary Costs

- Inventory costs include inputs above and beyond the price of purchased goods.
- Besides handling costs, there are holding costs such as taxes, insurance, and storage space.
- With better inventory control techniques, you can reduce these ancillary costs

Inventory Control

Impact on Nonwarehouse Functions

- The data associated with an inventory control system provides accurate trend and point in time information on stock availability to marketing and merchandising. As a result demand and product reception in the marketplace can be analyzed daily as well as over time to assure more accurate and timely purchasing and forecasting.
- The system should update the cataloger's book inventory to subtract goods/orders shipped and add receipts and returns for the days.
- The daily system reconciliation process should include back orders, held orders by reason, and in the warehouse (packed and labeled but not shipped) packages.
- As a direct result of the inventory control process the system provides an audit trail to accurately represent a day's revenue activity.

Fulfillment Technologies

- Technology has made the fulfillment function easier and almost mistake proof.
- With these technologies, the associate time and related expense to perform warehouse functions is reduced, thus reducing the actual number of people required to perform the activity.
- The customer's order can be accommodated more quickly and accurately
- The selection of a core software system is one of the most important decisions you will make
- Determining your catalog policies and fulfillment procedures will be easier with an understanding of the system's capabilities.

Fulfillment Technology

- The technologies – bar coding, computerized inventory control, electronic purchase orders, system generated pick lists and customer packing slips
 - Bar codes have significantly expedited the shipping process
 - Wandering bar code at shipping dock triggers several simultaneous things in the system
 - The customer record is updated to show that the merchandise has shipped
 - The physical inventory and book inventory are revised
 - An electronic data transfer (EDT) advises the credit processing company of the transaction so that the proper payment is issued to the cataloger
 - The shipping manifest is printed automatically

Systems Support

- Picking your fulfillment software system is of supreme importance
 - Do your homework, check with other users of the system before purchasing
- The same applies to the selection of an automatic call distributor (ACD) telephone system
- Make sure there are active, vendor sponsored user groups when deciding about fulfillment, telephone, or any system. These groups of active users are very valuable resources for trouble shooting.

Space Requirements

- Once you know your projected order volume, the number of SKUs, the average number of items per order, the peak inventory level, the number of phone vs. mail orders, the type and size of your products, you are on to determining your facility's space requirements.
- Order entry/customer service
- Merchandise storage and handling

Building Supplier Relations

- Credit authorization
 - The majority of transactions today are credit card, so be sure your computer system is able to communicate electronically and transmit information back and forth to the authorization company.
- Check validation
 - It will be more cost effective to use an outside check-verification company

Building Supplier Relations (cont'd)

- Transportation
 - You need to establish good relationships with shipping companies.
 - The most commonly used are USPS, UPS and FedEx in the United States
 - Whichever carrier you chose as your primary carries, you will need to develop a computerized manifest system to track the shipment of each order.
 - Perform a cost analysis to forecast your shipping costs per year. This will help you determine customer shipping & handling.
 - You can also save money on your inbound transportation – you should calculate your annual shipping requirements and based on these compilations, negotiate volume discounts with no less than three carriers. You may save as much as 20%.

Building Supplier Relations (cont'd)

- Consultants
 - If you need help with your fulfillment operation, seek out a consultant familiar with the direct marketing industry and the characteristics of your catalog segment.
 - The consultant can provide estimates on key metrics – such as % of back orders, returns, and mail vs. phone orders, based on the customers you're targeting and the product you're marketing

Third-Party Fulfillment

- Keeping up with the latest technology is expensive and time consuming, so you may want to consider third-party fulfillment as a viable alternative to running your own in-house operation.
- Economies of scale enable them to provide quality service below the cost of an in-house operation.
- Choosing a third-party fulfillment operation – you will need to know all of your operating parameters and costs to compare them to the third-party supplier to aid the selection process.

Partial 3rd Party Fulfillment

- Outsourcing the inbound telemarketing is often a good way to reduce costs while maintaining high levels of customer service and avoiding the inevitable issues associated with doing everything in house.
 - Overflow
 - Avoid overstaffing
- Drop shipping - Drop shipping, results in having the orders for particular items transmitted directly to the manufacturer or “source” for shipment directly to the customer.
 - This reduces the amount of work and costs necessary for all warehousing, buying, inventory management and disposal.

End of Catalog Marketing 101 Workshop

Our complete Catalog Marketing 101 Workshop series can be conducted via webcast or in person depending on our preference. For more information about this workshop, others and our consulting services, contact DWS Associates today at 651-315-7588 or info@dwsassociates.com