

Libey Economic Outlook

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Inventory: Stocking versus Drop Ship

Don Libey

Business models change when economic conditions change. Have you considered the case for adjusting the amount of inventory that you stock in the warehouse versus the amount you drop ship? Small shifts in the stock to drop ship ratio can create huge changes in your financial performance. But, be careful: The change can go either direction.

Parallel Ideal Worlds

In an ideal world, you would have one hundred percent of your inventory in stock and available to ship today, preferably from a number of decentralized warehouse locations so you are as close to your customers as possible and the cost of shipment is as low as possible.

In a reverse parallel ideal world, you would own no inventory whatsoever and drop ship every order directly from your suppliers or manufacturers on an EDI, same-day order basis.

Which model works best in a difficult economy? Probably both. In most cases, it is not a matter of one or the other, not a matter of all stocking inventory or all drop ship inventory. It is a mix based upon many product and cost variables. But that mix can work for you or against you. Shifting the ratio of stocking and drop ship inventory one way or the other can substantially alter your financial performance.

The “Carry” Will be Served One Way or the Other

The primary fundamental is the cost of the inventory. You invest in stocking inventory; you do not invest in drop ship inventory. Therefore, if your business requires \$3 million of inventory, you either own it or you don't. You either *spend* \$3 million or you have the *use* of \$3 million of someone else's money. It's that simple.

Of course, there is a cost or a benefit depending on who has to put up the money for the inventory. If you are buying and stocking the products, you will do so at a lower cost because you are taking the monetary risk for the value of the inventory and you are paying the cost of the money. If you are asking the supplier or manufacturer to have inventory available for your use for drop ship orders, there will be a cost for that convenience to you and the risk and inconvenience for the supplier, as well as the supplier's cost of money. You will pay more for the product. Somebody has to pay the “carry.”

Variable Investigation

Clearly, the first investigation in altering the model is the difference in the cost of goods. Here, the cost of goods must take into consideration both the product price *and* the cost of money. If you must borrow money to buy inventory, what does that cost you over the inventory life of the product? Does the lower cost of the product save you money or cost you money when the cost of borrowing money is factored into the equation?

Similarly, what is the cost of the product in the drop ship model? Is it more or less than the combined cost of buying and stocking inventory and paying for the money used to purchase the inventory?

In an economy with low interest rates, it may make more sense to own inventory than to not own inventory; however, this is not always true, and there are many more variables to be considered.

First, if you own and warehouse inventory, what is the cost of that warehousing? You have warehouse space, utilities, labor, and all the other fixed and variable costs of operating a warehouse and fulfillment operation. Allocating those costs to products or product lines or to catalogs or to channels—accurately—is a very difficult proposition. It is made more difficult by the fact that most direct marketing companies do not apply cost accounting to their performance calculations. If we did use cost accounting, we would be able to allocate a precise amount of expense to each and every product—at the time of sale—based on that unique product's costs, time in inventory, costs to stock and ship, proportion of labor, packing materials required, cost of money, cost of obsolescence, and hundreds of other variables. It has always been fairly clear to me why we don't do cost accounting: Most of the time, we are back at square one trying to answer the question, “Hey! Have we got one of these things in stock?” Whether that product takes up \$0.11 of space and uses \$1.78 cents worth of box and tape is somewhat beyond our immediate concerns. Compared to manufacturers, we direct marketers know very little about our *actual* costs.

Second, what are the IT and administrative costs of buying a single product and actually putting it in inventory? We often hear the comment that, “It costs us \$11.47 to

write a check, so why are we refunding \$1.00?” But, we seldom hear that it costs us \$3.56 to buy and put a product *into* inventory. There is product research time to be paid for; merchandisers and buyers salaries; trade shows to be attended; expensive trips to China or Viet Nam to be made; IT systems to be established, maintained and loaded with data; receiving costs; incoming cardboard disposal costs; freight; rebuying costs; credit insurance costs; landing costs; custom broker fees; consolidators fees; forklift fuel, maintenance, lease costs, and training; barcode tag costs, and on and on and on.

Third, what are the IT and administrative costs of selling a single product and actually getting it *out* of inventory? Here, we have to factor in returns and other costs related to the product’s portion of the selling cycle, a calculation that can be quite complex. And what are the precise and allocated costs of taking and processing the order? We know our advertising and marketing costs to the penny, but when it comes to the costs of making and processing the sale, we tend to be a bit fuzzy.

Fourth, I continue to be ‘gob-smacked’ by the amount of obsolete and ‘dead’ inventory I keep finding every time I look in someone’s warehouse. This stuff piles up and apparently breeds in the fall of the year, resulting in a spring *abundanza* of yet more worthless inventory nobody wants. There is a cost for that kind of mismanagement.

If (as I experienced recently) a warehouse is filled with 40 percent ‘dead’ inventory worth \$1.2 million, then every sale has an allocated Obsolete Inventory Cost attached to it; and, as with the ‘carry,’ the ‘dead’ will be served. You can deny dead inventory; you can run from dead inventory; you can even attempt to hide dead inventory; but, it *will* be paid for. That cost is a part of the inventory calculation. In a stocking inventory model, it may be more important than in a drop ship model. I can guarantee it is built into the price of the drop ship model (if not, your supplier probably has a ‘dead’ inventory problem . . . and what does that tell you?).

Pick, Pack & Ship Costs

If we look at the actual pick, pack and ship costs for a stocking warehouse model versus the pick, pack and ship costs charged for a drop ship model, where is the advantage? It is not as simple or straightforward a calculation as it might seem.

Begin with quantity. If you sell 10 items a year in the stocking model versus 10 items a year in the drop ship model, there will be, perhaps, great differences in costs. For you to stock and sell 10 items, the cost may be much higher than 10 drop shipped by a supplier who is selling 1 million of those items of which your 10 are included. The drop shipper’s costs will be much lower and the shipping contract with UPS or FedEx or the USPS may be much more favorable.

Next, consider price. If the item retails for \$10 and you sell 10 a year, the costs are much different than if the item retails for \$25,000. First, you have \$100 versus \$250,000 of inventory cost. All things being equal, I prefer spending the \$100 and letting someone else keep 10 at \$25,000 each in *their* inventory.

Then, consider shipping and freight. When you inventory, you have freight in costs. When you drop ship, the customer pays the shipping; you pay nothing for freight in except as a portion of your cost of the product. Which is less? Different products have

vastly different freight in and freight out costs. These must be known and assigned to each product. Believe it or not, in every combined inventory configuration of stocking and drop ship products, there is an optimal profile for all of these variables. The difficulty is figuring it out and maintaining it over time.

When considering freight or parcel consolidators, in or out to customers; stocking or drop ship, there are trade-offs to be taken into account. Consolidating packages from drop shippers to your customers may require several more days in the shipment pipeline. Will this cause customers to be dissatisfied? Also, a consolidator who has to travel to, say, 400 of your drop ship suppliers, sometimes to pick up one or two packages from one or fifty of them located 30 miles out of the way, is likely to cost you more than you are saving. If all 400 have a truck load, the consolidator is going to give you very attractive rates and be interested in your business. But, if you give them tiny pick-ups from 400 drop shippers, you are going to be classified as a “nose-bleed” and they are going to charge you more and give you less than first-class service, probably less than third-class.

With consolidation of small quantities from multiple drop shippers, there is a tendency for the consolidator to only make three trips a week instead of five, or maybe two trips a week, or—if they can get away with it—one. This can add a week to your delivery time. There is a cost associated with the freight consolidation savings game, often not only the actual cost, but the “Customer Expectation Cost” if the customer perception is negative.

Customer Expectation Costs

Before the stocking versus drop ship question can be answered for each product, the Customer Expectation Cost must be considered. Here, think of Amazon. If I want a product Amazon stocks, I can have it tomorrow, or in two days, or in five days, rarely longer. I choose my expectation and pay accordingly.

If you can match Amazon for shipping, you are likely to have a low Customer Expectation Cost, an allocation of the cost of losing customers due to poor management of customer expectations. If your model results in poor customer satisfaction 10 percent of the time, you must allocate this cost across all orders that involve stocking inventory.

If, however, you have drop ship suppliers who are not EDI-ready and require that you email, fax or mail orders to them, and then they take four days to get the orders processed and shipped, and if the total order time is 12 days and 40 percent of the customers are really disappointed, what is your actual Customer Expectation Cost relative to the drop ship model? In this case, you have a very high Customer Expectation Cost and you may be losing customers and their future purchases faster than you are replacing them with satisfied customers. These costs must be assigned somewhere, because they are real. Customer acquisition is a cost and so is customer attrition.

Consider looking at the concept of Customer Expectation Costs on a customer performance basis. Set up two groups of first-time buyers: 1) those whose orders were successfully fulfilled in less than five days (or whatever period of time you wish); 2) those whose orders were successfully fulfilled in over fourteen days (or whatever). Then, measure the number of customers who made subsequent purchases in each group, and those who did not make subsequent purchases.

You may want to set up two additional groups and look at 1 and 2 above, but for both stocking inventory products and for drop ship products. You may find your slow drop shippers are costing you huge amounts of customer attrition; or you may find that your own slow internal fulfillment is costing you more customer attrition than your fast drop shippers. The point: Do you know? Can you even get close to an answer?

Free Shipping

At some point, you must answer the question, “How much is free shipping costing me?” If you used to make \$1.00 on shipping and handling, it is costing you \$1.00. In fact, it is costing you more because you are training your customers to expect free shipping and handling and you are degrading the customer base.

But, it isn't the \$1.00 that is important. It is the \$14.80 that the customer used to pay that you are now paying. It is an insidious form of margin erosion and margin erosion in any amount is detrimental to earnings. Sometimes, I believe we are actually deluding ourselves into believing that ancient vaudeville quip, “We're losing money on every order, but we're making it up in volume!” Baloney. You're losing money, period. Free shipping has taken us from 12 percent EBITDA to 7 percent EBITDA, and that means *your business is worth a lot less.*

The Critical Ratio

If your inventory was 70 percent stocking and 30 percent drop ship and you decided to shift it to 30 percent stocking and 70 percent drop ship, the impact on the financial performance of the business would be major. Whether it would be positive or negative is the question to be answered. Only a careful and precise financial analysis of all the variables will give you the information you need.

It is, however, fair to state that large changes in the models are almost always dangerous. As with most things, a moderate adjustment is the wisest course. It may be best to shift to drop ship initially for only the bottom 20 percent of your products. Or, it may be wise to look at the top 20 percent of your products and evaluate bringing them in-house for direct fulfillment faster.

There exists a critical ratio of stocking to drop ship for every direct marketing business. At a particular ratio—proved by metrics—the business operates at its optimal performance relative to profitability. This optimal, critical ratio is constantly moving; it is constantly shifting with the fundamentals of the economic forces. At present, it is a ratio that requires careful evaluation. On one side of the critical ratio, you are losing money; on the other side, you are optimizing profits. It all begins with the question: “Where are we?”

The Cost of Technology

It's 2009. Electronic Data Interface (EDI) has been around for several decades. If you have 650 suppliers and everything is being done by telephone and mail, you are stuck in the Dark Ages of Supply Chain Management. You can no longer keep in contact with

650 different suppliers in the time allotted for transactional relationships today. It is not possible.

There are elegant, proven systems that slip between your operating systems and those of your vendors, suppliers and manufacturers. These “bridges” manage the entire buying, ordering, rebuying, verification, shipping, freight, customs, acceptance, returns and anything else having to do with logistics automatically. If you are not familiar with the state-of-the-art today, explore VendorNet and Kewill systems. If you can integrate this type of system, your life will be easier and your costs will be lower. There are actually systems that allow your suppliers to not only invoice you directly, but to make entries in your general ledger and authorize themselves an electronic funds transfer from your bank account.

Companies who have adopted even a fraction of what has been developed for organizations like Wal-Mart, Target, General Electric and others are operating with fewer people, less cost, greater efficiencies, and faster fulfillment cycles for their customers. Plus, they are on top of their 650 suppliers daily and can immediately isolate out-of-stocks, late delivery, and failures to execute.

Yes, there is a cost of such technology, but there is a greater cost involved in not putting it to work in your business. If you could gain a \$2.00 savings per order, what would do for your business annually?

As bizarre as it may sound, there are many companies that still—in 2009—do not have bar code systems to manage their inventory and pick, pack and ship processes. Everything is done with pieces of paper—an endless river of paper that pervades every corner of the business and clogs the arteries of efficiency and productivity with the deadly plaque of denial. For many companies who are struggling with the costs of a difficult economy, they are firmly rooted in the 1980s and can expect no advantage and no outcome other than non-competitiveness and non-profitability.

Yet, those companies who are thinking, evaluating, comparing, measuring and investing in efficiency will move ahead in the difficult economy. Those companies who seek *precision* knowledge about their inventory, their supply chain model, and all aspects of their business will gain a series of small insights and advantages that will allow them to reduce costs and increase profitability. Those companies who invest in their innate skills will take away more of their innate rewards. And those customers who look at the supply chain, the inventory format and model, the technology and all of the related precision measurements as customer satisfaction investments will be competing and succeeding long after their weaker competitors have passed into memory.

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Talent versus Cost

Two schools of thought exist on talent and its cost: 1) There are those who say talent is essential in difficult times; and 2) There are those who say talent is not essential in difficult times. Then, there are those who take the Way of the Whirlwind.

Experience or Talent?

We should ask the question whether experience and talent co-exist? I've seen people with experience; I've seen people with talent; on occasion I have seen people with experience and talent. Experience without talent is often plodding; talent without experience is often naïve; and experience with talent can be a bit of a mixed bag or it can be sensational. On the whole, however, I can make sure that talented people get experience, but I cannot assure that experienced people can develop talent. And so, I tend to look for talented people who have a desire and a foundation for absorbing experience, and often they do so at a fairly fast rate.

In a prolonged difficult economy, one of the first places that costs are cut is with people. The evaluation of who to cut is difficult, but it often comes down to a compromise between wage expense levels and needed savings. And that is where the dilemma begins.

Senior Management Talent and Middle Management Potential

There are four senior managers in most multichannel companies: Chief Marketing Officer; Chief Merchandising Officer; Chief Financial Officer; and Chief Operations Officer. In many companies, two of these employees will be talented and experienced and two will either be untalented or inexperienced. Who do you let go?

Do you keep the valued employee at the higher salary, or do you keep the inexperienced or untalented employee at the lower salary? After all, the issue is earnings and times are tough and difficult decisions have to be made.

Some CEOs and owners look at the question as one of sales or overhead. A CFO, it can be argued, is overhead; a COO is overhead, too; a CMO (marketing) is sales; a CMO (merchandising) is new products and that is future sales. So, we have the ancient division of revenue and cost. If the owner/CEO is a financial wizard, the CFO is likely an expense that can be modified; perhaps a Controller or Managing Accountant will do just as well. If the owner/CEO also understands operations, the COO can be replaced with an Operations Manager at half the cost. Good for up and coming talented people; bad for people who have already come up.

How do you manage the decisions? How do you weigh the positives and the negatives? How do you justify either keeping high cost employees or eliminating wage pressures on the bottom line? Difficult matters; the type of thing that keeps you awake; the type of thing that makes you question your own conscience.

My answer has always been to evaluate each case on its own merits. If I have a semi-productive and semi-talented senior manager, but not a rainmaker, I can afford to

make that change. If, on the other hand, each of my senior managers are highly productive and contribute to a successful bottom line, I cannot afford to make that change. But, I may be able to afford the reduction of several of their staff who are not yet full contributors.

Look: Somebody has to go. If it is the rainmaker, I can do damage to the business. If it is two or three middle managers who do not make rain, I am asking the known quantity—the rainmaker—to pick up the slack and figure out how to adjust. And the rainmakers have the best chance of knowing how to do that. Rainmakers are rare; up and comers are replaceable.

The Ultimate Element of Talent and Experience

There is another potential. If you have all rainmakers in the senior positions, you may be able to consolidate two of those positions, save some money, and bring in a lightning-maker. These are “supercells” of revenue generation. They come in the guise of online wizards, marketing and merchandizing hybrid gods, and the odd CEO who really is worth the cost and who will take the company to levels you have only dreamed about—and do it with twenty percent fewer staff. These people have histories—sustained—as rainmakers, then as lightning-makers, and then, ultimately, as storm-makers.

The storm-makers are expensive, but they can be effective. They represent a serious talent and experience upgrade at a time when you may need it most. The \$350,000 invested here may bring an additional \$10 million in revenues and \$2 million in earnings faster than you thought possible. It happens.

What this requires—to be a viable alternative strategy—is for the owner/CEO to accept that such a person has *more* talent and *more* demonstrated experience than the owner/CEO has, and to give the storm-maker the necessary freedom to do what they do. If they can get past that problem, it might just work. There must be control, communication, and strategic understanding, but there cannot be micro-management of storm-makers, and this is a very difficult thing for most owners. So is giving storm-makers equity. But, if you can . . . Oh, jump back and watch!

The question of talent versus experience reflects many, varied facets when it is examined. It is among the most vexing of all business decisions. However, from experience I can offer that the end result is almost always positive. Companies, like trees, both benefit from pruning and grow stronger as a result. Pruning is almost always good for an organization. Sometimes small shoots and feeders must be cut; sometimes limbs have to be removed; and sometimes a major branch has to be sacrificed for the good of the entire tree and its purpose.

There are times in the constant and repetitive economic cycles of business when you only need to sow seed and water lightly; there are times when you need to fertilize, weed and hoe regularly and deeply; and there are times of drought, searing wind and pestilence when you need to stand in the dark, call up the whirlwind and create a cleansing deluge of rejuvenation.

Sharing Our Good Fortune

From time to time, we are pleasantly surprised by something that comes off as planned. These tend to be fairly rare events, and when one occurs we should share it with others who may benefit from it. However, in all candid disclosure, this is an offer, albeit a good one.

For a long time I have created a detailed and comprehensive listing of multichannel metrics applicable to business-to-business and to business-to-consumers marketing. This is an evolutionary project and requires updating as we come to know more about what needs to be measured in the various channels now employed by direct marketers. It has been worked on steadily since 1989 and has recently been revised to become a very sophisticated protocol for measuring performance. I use this as a basis for improving performance and profitability for those companies where I serve as a member of the board of directors. And, frankly, it works.

I have had the protocol evaluated by software firms and by developers who want to create an integrated metric tool for multichannel marketers. The estimates have ranged from \$50,000 to \$80,000 to do the development resulting in a retail price of at least \$15,000 to \$25,000 for the final software, plus integration and training costs.

I have asked multichannel business owners here, in the UK, and in Europe what they would expect to pay a consultant to develop *only* the guide, just the listing of metrics in all its inherent complexity. Most have said they would pay a consultant up to \$20,000 for this work. That is similar to an architect's fee for designing a small building.

In November, the protocol which is titled *Libey's Uniform Suite of Multichannel Metrics* was awarded a Principal Register Trademark by the United States Patent and Trademark Office. Therefore, it is a proprietary protocol.

I am both pleased and surprised by this action of the trademark office. Rarely are concepts given trademark status; but then I have very good lawyers.

Here is the offer part:

I have decided *not* to enter into the logical and lucrative next step—software development. Even if someone else pays the developmental costs (which they will), and the final software product is priced realistically at, say, \$15,000, it is too much work. I'd rather provide it to those who need it and will use it in its protocol form for a fair cost and let them decide *exactly* which of the thousands of metrics they *can* and *want* to measure. I'd rather sell a plan than a solution.

So, if you want a comprehensive metrics protocol that gives you and your database, IT, marketing, merchandising, fulfillment, customer service, finance and all other departments a plan for solving your eternal metric deficit, then send me an email libey@libey.com .

The one-time licensing fee is \$3,500, paid in advance. You may not share the protocol with anyone else except your staff or with any other business. There is a Confidentiality Agreement covering the use of the protocol.

Obviously, I cannot send you a copy on approval. I can tell you, however, that it has 33 pages of metrics described, has been reviewed and pronounced as “Incredible” and “We could never achieve all this, but we can do 20 percent of it and that alone is 200 percent more than we’ve got now”. . . and many similar responses.

It covers metrics specific to: Revenues; Customers; Circulation; Products; Catalogs; Online; Operations & Fulfillment; Finance; and Management. It’s sort of a PhD in Multichannel Marketing in 33 pages. There has never been one of these created until now. Even the Patent and Trademark Office commented on its immediate benefits:

“For business consultation services and providing business research services, namely, researching, analyzing and evaluating the overall marketing performance of a business for the purpose of improving profitability and business valuation.”

Oh, and I come with it. You can contact me for assistance or interpretation or recommendations for as long as you need to . . . within reason, but I’ve always been a reasonable guy.

There it is. The surprise . . .the decision . . .the sharing . . . and the offer. Contact me. You need this. Start out 2009 by putting your metrics and measurements in order. At \$3,500, it’s a fair and good offer.

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The First Quarter 2009 Economic Outlook

The economic outlook in late December has become even more precarious, to say the least. We continue slipping down the slopes of an unprecedented global economic crisis. The conditions in the U.S., Europe, U.K., the Far East and Asia are extremely volatile and fluid and have deteriorated since the November 2008 newsletter. But, I don’t have to tell you that.

Continuing at the base is a depressing housing situation in the U.S., Europe and the U.K., bank stability and employment in the U.S. and Europe, and additional inflation and production upheavals in China. The outcome is extended—perhaps protracted—period of recession and realignment of the global economies. This will not be a one-year recovery; rather, it could grow into a five to ten year recovery cycle. We have had them before.

The U.S. and U.K. housing markets are still only fifty percent purged and, unfortunately, the spotlight of economic pain is shining on other sectors, specifically the

automobile manufacturers. That means jobs all the way through the general economy, and that is the problem: The deterioration is spreading.

The massive bailouts, as I predicted, have been mismanaged. The Fed and the banks don't know where the money has gone. They forgot to attach rules and strings and—surprise—“We don't know where it all went.

Remember my comment in November: “There are always three trips to the well.” We have seen the first trip and it seems it was mismanaged. Now, we are looking at another trillion dollar rescue and that will no doubt grow to the three trillion dollar level.

There is good news, however. Oil prices have returned to lower levels and appear to be holding. And, the Obama administration is planning on massive infrastructure spending. This will create demand for business-to-business products—real products—like safety equipment, construction supplies, chemicals, tools, and on and on. That is good. In the constant battle of ideologies between tax cuts and jobs spending, I vote for jobs *and* infrastructure because it creates orders for products.

We can but do our best; act as wise stewards of our resources; find efficiencies; and—in the spirit of my worldly guide, Winston Churchill—“Never, never, never, never give up!”

Keep mailing. Keep prospecting. Keep selling and servicing and fulfilling. You get nowhere when you stop.

Signs of Regional Stability or Status Quo

None

Flat or Slower

Region One (CT, ME, MA, NH, RI, VT)

Region Two (NY, NJ, CT, PR, VI)

Region Three (PA, NJ, DE)

Region Four (OH, KY, PA, WV)

Region Five (KY, MD, TN, VA, NC, SC)

Region Six (GA, AL, FL, LA, MS, TN)

Region Seven (IL, IN, MI, WI, IA)

Region Eight (MO, IL, IN, KY, TN, LA, AR)

Region Nine (MN, WI, ND, SD, MT, MI)

Region Ten (KS, CO, MO, NE, NM, OK, WY)

Region Eleven (TX, LA, NM)

Region Twelve (CA, UT, AZ, NM, OR, WA)

The First Quarter 2009

Circulation and Prospecting Recommendations

Synopsis

The short-term economic outlook for the catalog industry in the first quarter of 2009 remains negative. The intermediate-term outlook continues negative for the first and second quarters of 2009 and the long-term outlook for 2009 has become neutral. This is the third month of this shift to the short and intermediate term outlook in seven years.

Within the direct marketing channels, I see overall catalog and mailing performance growth trending to flat and overall online marketing growth at the 2-3 percent level.

Investment Prospecting

Our prior recommendation remains intact: For the first quarter of 2009, we continue to encourage careful review of your investment prospecting plan and a strong recommendation to remain in the market for new customers. If AOV is dropping, make sure you recruit new customers. Assure more than ever that you are doing the thorough, fact-based analyses of financial performance—under a variety of economic scenarios—for 2009 while attempting to remain in the market for new customer acquisitions, especially as the vulnerable competition weakens further.

Looking ahead to the first quarter of 2009, I think results could be muted, but suggest stable prospecting and a stable contact strategy to the customer files. Evaluate all results in probing detail, list by list, segment by segment.

Nation at a Glance

Our recommendation continues for “Normal Mailings” nationwide.

State	Mailings		
		Illinois—North	Normal
		Illinois—South	Normal
Alabama	Normal	Indiana—North	Normal
Alaska	Normal	Indiana—South	Normal
Arizona	Normal	Iowa	Normal
Arkansas	Normal	Kansas	Normal
California	Normal	Kentucky—East	Normal
Colorado	Normal	Kentucky—West	Normal
Connecticut	Normal	Louisiana—North	Normal
Connecticut-Fairfld	Normal	Louisiana—South	Normal
Delaware	Normal	Maine	Normal
District of Columbia	Normal	Maryland	Normal
Florida	Normal	Massachusetts	Normal
Georgia	Normal	Michigan	Normal
Hawaii	Normal	Michigan—Up. Pen.	Normal
Idaho	Normal	Minnesota	Normal

Mississippi—North	Normal	Pennsylvania—West	Normal
Mississippi—South	Normal	Puerto Rico	Normal
Missouri—North	Normal	Rhode Island	Normal
Missouri—South	Normal	South Carolina	Normal
Montana	Normal	South Dakota	Normal
Nebraska	Normal	Tennessee—East	Normal
Nevada	Increase	Tennessee—West	Normal
New Hampshire	Normal	Texas	Normal
New Jersey—North	Normal	Utah	Normal
New Jersey-South	Normal	Vermont	Normal
New Mexico—East	Normal	Virgin Islands	Normal
New Mexico—West	Normal	Virginia	Normal
New York	Normal	Washington	Normal
North Carolina	Normal	West Virginia—East	Normal
North Dakota	Normal	West Virginia—West	Normal
Ohio	Normal	Wisconsin—North	Normal
Oklahoma	Normal	Wisconsin—South	Normal
Oregon	Normal	Wyoming	Normal
Pennsylvania—East	Normal		

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