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## **Thinking Outside the Deliver Box**

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Remember those weeks in 2005 when parcels piled up from Amazon.com Inc. and other shippers during the holiday shopping season of 2005? Remember chucking all those ad inserts to get at what was inside?

Well, you weren't thinking outside the box that day.

The light bulb did not click on immediately either for the founders of Zadspace Inc., according to CEO Jeff Giordano, who leads the company following its relocation from California to Norwalk last year after securing funding from Connecticut Innovations.

After discarding several ideas, Zadspace founders Todd Outten and James Ho settled on a business of printing ads to run on shipping labels, an otherwise mostly blank slate and one that promised to grab attention like few other direct-mail pieces targeting households for specific product pitches.

People are looking for that box, the argument goes – even more so than the catalog from which they ordered it – and so a “Zad” will have a better chance at making an indelible impression. The readiest analogy Giordano he can draw to mind is Catalina Marketing, the St. Petersburg, Fla.-based company that pioneered systems to print targeted coupons on receipts as grocery shoppers check out.

“A lot of catalogers are spending more to ship packages out the door,” Giordano said. “They are looking for ways to do free shipping; to offset their distribution costs.”

Zadspace's system not only allows targeted ads to be attached to parcel shipments, but also promotion codes allowing marketers to track the effectiveness of those ads as orders roll in.

If a simple idea, it is not easy in practice.

“Most of our partners control their own distribution,” Giordano said. “They are used to doing other things at fulfillment (like) putting promotions



inside the package. Most distribution centers are equipped to do a variety of tasks and functions around the box.”

Additionally, many are not equipped for full-color printing – a needed capability to make advertising most effective. Zadspace is addressing that by connecting fulfillment centers with color printer manufacturers.

Zadspace’s solution has caught the eye of at least one manager at Norwalk-based Xerox Corp., itself a major manufacturer of color printers. Christa Carone, Xerox chief marketing officer, who reportedly highlighted

Zadspace’s system while addressing an audience at the DMA 2011 conference in November sponsored by the Direct Marketing Association.

Peter Longo, president of Connecticut Innovations, cites Zadspace as the best example of his organization drawing a startup with major growth potential from another state.

“Connecticut Innovations ... provided more than simply capital,” Giordano said. “They ... helped us establish an infrastructure that includes accountants and lawyers. They have been a major backstop for us.”

Giordano also credits both Connecticut’s tax credit for angel investors on any startup investments totaling \$25,000 or more; and Fairfield County’s pocket of companies expert at reaching consumers, including Norwalk-based Priceline.com Inc. and Synapse Group Inc.. Synapse knows a thing or two about mailboxes – the Stamford-based company bills itself as the largest marketer of magazine subscriptions in the country, and counts Amazon among its customers.

“We are (in) an area where Priceline grew up, where Synapse grew up,” Giordano said.