

BUSINESS COSTS

Some companies face double-digit postage increases this year. Others, however, will see smaller rises or even declines. The overall May 12 rate hike can't exceed 2.9%, but the Postal Service will use selective increases as incentives to promote automation.

Hard hit: Firms that don't code packages for machine processing or mail envelopes, catalogs or magazines that are irregular or bulky.

But proactive businesses can take steps to trim their costs. To reduce a 15% hike to 5%, use standard-size envelopes with bar codes. Presorting invoices can turn a 9.4% rate jump into a 4.4% price cut. Small businesses should consider bundling mail with nearby companies.

A huge wave of price bump-ups for steel products is on the way. Machinery, auto, construction and tool manufacturing firms, among others, will pay 25% more in April than they did for the same goods in January. Hot-rolled steel will climb to \$730 a ton as cold-rolled hits \$830, on average. By June, prices will increase to \$800 and \$900, respectively. They'll ease this summer but overall will still average 20% above 2007.

For users of stainless steel, though, relief is finally at hand. Plunging prices for nickel, a key ingredient, will bring a 15% drop in stainless. It'll average \$3900 a ton, down from \$4585 in 2007.

Also bucking the inflation trend: Cell phone service.

With near saturation of the market, mobile phone carriers are battling with each other to steal customers. That means offering more for less.

Expect more package deals of unlimited voice and Internet, with text and photo messaging and no roaming or long-distance fees... all for \$100 a month, a good deal for businesses, which use more minutes.

The news isn't so good for beer drinkers. Malting barley prices are setting records at twice the usual level because of grain shortages. And hops, the other main ingredient, is running up to 25 times the norm.

Higher prices haven't hit supermarkets yet, but they soon will. Big brewers won't be hurt too much because they buy well in advance, but small producers that rely on spot markets are starting to up prices.

INTERNET SELLING

Online retail sales will soar 16% in 2008 to about \$200 billion. Then growth will slow, leveling off at 10% per year by 2012.

The number of shoppers will rise only 2% a year, but they'll buy more... some, much more. Half of online shoppers account for two-thirds of sales.

Big gainers in the next few years: Luxury goods, such as jewelry.

Competition will get tougher as retailers dress up Web sites to improve presentation and create a distinctive shopping experience. More will feature demonstration videos and three-dimensional photos.

One way to boost your online sales: Focus on abandoned carts. It's a big issue for retailers that do a good job of luring customers and getting them to fill their carts but then fail to complete the sale.

Fewer than 3% of online shoppers actually buy when they visit. The majority put products into their carts but then leave them there.

Experts say better Web design can quadruple the closing rate. Some helpful moves: Use software that takes shoppers to product reviews and gives shipping info...pop-ups offering discounts when the shopper is taking too long to commit...and instant messaging to answer questions.

Small firms may want to get help from ready-made analytic tools, such as Google Analytics, Ion Interactive, Coremetrics or WebTrends.

