



# INTERNET PHILATELIC DEALERS ASSOCIATION

Established 23 February 2002



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## STAMP OF THE MONTH



Iran is not known for being a strong stamp collecting country. Nevertheless, Iranian stamps have done extremely well over the last 20 years from an investor perspective.

The featured stamp (Scott #445) has appreciated from \$100 ten years ago to \$125 five years ago to \$165 today. You can bet that inside Iran it would bring even a better price and here is why. There are many people who have fled Iran over the last 20 years, but most have family back in the country. Many wish to send money back to support them but don't want to use the banking system which is open to government scrutiny to do so.

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## NEWSLETTER December 2017

### EDITOR'S COLUMN

Welcome to the December 2017 Newsletter.

This issue of the IPDA Journal represents the first edition by your new editor, who joined the organization Board of Directors this year at what must have been a low point in its history. Bill Lehr as Chairman, Treasurer, Secretary, APS liaison and regional director appeared to be the one keeping the organization from total collapse, having lost control of its website and having no one to edit the newsletter. We did manage to download most of the pages of the old website, but could never get the previous webmaster to release control of the site. Hence we registered the new domain name [ipdastamp.org](http://ipdastamp.org). The old domain name, [ipdastamps.org](http://ipdastamps.org) was allowed to expire and was subsequently shut down. This proved to be the cheaper alternative to litigating for recovery of the old site.

I have agreed to take on the responsibility of trying to revive the website as well as bring back the newsletter as a vehicle for keeping our members informed of what is happening and what we as an organization can do to improve the stamp industry on the Internet. My company, USID, Inc is the owner of the website [StampFinder.com](http://StampFinder.com) which began as the first multi-dealer sales site on the Internet in 1996. We have since evolved into a stamp information and services organization with the objective of making full use of the power of the Internet to advance philately. I will be reporting on our progress in this regard in this and future issues.

While most newsletters of this sort are designed to provide entertainment, I will be focusing on providing you with information of what is happening in the industry and how you can improve your business through the Internet.

Richard Lehmann



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## NUMERICAL EXPERTISE

There has been a dramatic and explosive change to our hobby that was greatly accelerated due to the introduction of eBay. That change is that now, more than at any time is stamp collecting history, condition matters. It is interesting to note that up until the 1880's, condition played such a small part in our hobby that early stamp albums instructed collectors to tear stamps from their envelopes and glue them into the albums. This didn't much change until some decades later when large quantities of money began to flow into the hobby. The forefathers of philately, like John Luff, King George, Stanley Gibbons and many more, began to spend significant money on stamps. With greater money at stake, buyers wanted better condition.

From an investment standpoint and as a matter of course, "Condition" is a very important factor in all investing. The idea behind high condition (quality) is to remove as many variables from an investment as possible. More extraneous condition elements increase the uncertainty of an investment. The estimated decrease in value of a stamp with thin on a stamp or a corner crease verses a large body crease makes valuation of sub-sound stamps more difficult. This value estimation has always vexed stamp investors as it makes the proper valuation of a given stamp uncertain or impossible.

Let us use a real world example; On eBay let's look at Scott's #73, the eclectic 2 cent Black Jack with an impressive name and an equally iconic face of President, duelist, Indian Fighter and basic "bad ass", Andrew Jackson. Today there are over 3,000 #73's on eBay including mint, used, singles, on cover, off cover, fancy cancels and multiples. Of these 3,000 listing, the poor condition stamps don't sell while nice ones do. Well that isn't entirely true. The sellers what to sell their ugly #73s and so they lower the price until they go away. I have seen faulty #73's regularly sell for less than \$5 (note the catalogue value of the stamp is \$65.00). On the other hand, a #73 with a graded certificate saying it is "Grade 90" sells for \$250 and one in "Grade 98" sells for \$2,500. Again, the catalogue for the stamp is \$65. So the range for this stamp is between \$5 and \$2,500? Based on Grade? Yes.

Numerical grading began with coins in 1985, spread to sports cards, comic books, currency collectors and stamp collecting. Numerical grading is nothing new except for the use of a number. In the past a stamp could be "graded" as "Fine". Today we don't use the word "Fine" we use the number 75. "Very Fine" is now the number 80. I would love to say that the number system is some great breakthrough but really, it is just replacing words with number. There was a breakthrough though. The stamp collecting hobby was rife with people calling damaged stamps "Fine". What the heck does the word Fine mean anyways? The dictionary definition says "Fine" is "High in quality". From a stamp collecting definition this is all but useless. Numerical grading put an iron clad measurable and calculable definition on the word "Fine". For the 150 years of stamp collecting – no one had ever had control or a proper definition of the word "Fine". Today there are expertizing and grading services (no need to trust a person you just met for their opinion anymore). Today a stamp can have a certificate, like a coin or a house or a car, issued from a reputable 3<sup>rd</sup> party service stating its condition. That condition and numerical grade will better define the condition of the stamp than any other means available today and is imperative on stamps of significant cost.

**Submitted by Caj Brejtfus – Professional Stamp Experts – psestamps.com**

## STAMP OF THE MONTH ..... CONT'D

As an autocratic state which sponsors terrorism, receiving money from abroad opens you up to a visit by a government agent who needs a safe haven or mailing address in some city in the world. A relative abroad could be coerced to provide such a shelter in order to protect family members.

Stamps have been an underground currency for many countries for different reasons much as bit coins are now trying to become. What makes this work in Iran is that there are plenty of people in-country who would like to get money out, so a ready resale market is available locally. What makes the subject stamp a good vehicle for such a use is that most high value Iranian stamps have overprints and many of those are forgeries. This stamp is not known forged nor is the effort worthwhile given how easily forged so many others are and how much more profitable dealing in them is.



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## EXPANDING YOUR PRESENCE ON THE INTERNET

I would like to review some of the problems currently ailing philately and just may be hurting our pocket book. While everyone has opinions on what those problems are, I have heard little on how we should solve them. Discussions of our problems and solutions oft turn to platitudes or reciting of past failures with few meaningful proposals.

While our problems are numerous, I believe our principal problem is demographic. In short, at least 4 collectors are dying for every new one embracing it. In addition, new collectors will generally spend years buying the 80% of stamps that are relatively cheap before venturing into more expensive stamps. This is creating what will eventually be a huge excess inventory problem. We already see this through the general decline in stamp prices. This problem is not just in the U.S. but rather, exists in all the highly industrialized countries, i.e. the countries that also make up the bulk of the hobby. Most collectors probably see this as a positive since it allows them to buy at much lower prices. Dealers also like being able to buy at lower prices, but must despair at the declining turnover. But this problem need not be. A solution to the inventory buildup problem lies with the developing nations where 60% of the world's population growth will take place over the next 40 years. These formerly underdeveloped countries have been huge beneficiaries of the two decade boom in world trade which, in the process, has allowed them to grow a significant middle class. This represents a huge body of potential stamp collectors, but which are constrained by the lack of local dealers and in-country inventories of stamps.

We need to migrate large quantities of stamps from the industrial to the developing nations to reverse the slide in prices and excessive build-up in inventories. This requires expanded use of the Internet to make international stamp dealing more of a reality. A universal protocol for tying the various catalog systems together is essential for ongoing support of third world stamp markets. Through my website StampFinder.com, we have developed such a protocol and have made it free to all users. It prefixes any stamp catalog number with a country and section code. Adding such coding to their current inventory database allows a dealer to sell a stamp he inventories by Scott number to any customer worldwide no matter which other catalog the customer may be using. It also allows them to sell to topical collectors since we have coded the universe of stamps by some 800 different topics.

The IPDA Board of Directors has endorsed this identification protocol because it will expand our dealers' market reach and encourage more sophisticated software development. You have no idea what can be achieved. We urge our member dealers to contact us at [mail@stampfinder.com](mailto:mail@stampfinder.com) to get a copy of the Universal Stamp Identifier emailed to you. It is the first step in greatly expanding the global market they will soon be able to serve. More on this in our next issue.

Please give me your feedback on this article which I will share with the IPDA board. E-mail me at [mail@stampfinder.com](mailto:mail@stampfinder.com).

**Submitted by Richard Lehmann – StampFinder.com**



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## MAKING THE INTERNET MORE STAMP FRIENDLY

Philately is an industry, not just a hobby. The Internet has caused explosive growth for industries that took advantage of its power. We can achieve such growth if we modernize how we communicate with collectors. How many of us can still remember how stamps were bought before there was an Internet. I remember that my only occasions for buying stamps was when a stamp show happened nearby or when a shipment of circuit books arrived from the APS. The Internet changed all that. We can now pursue our hobby seven days a week if we want. Buyers can see multiple listings for the same stamp in one place, making competition a greater concern for dealers. Buyers can even see an image of the stamp being offered. This has made topical collecting much more viable and popular. Even the social aspect of the hobby is addressed by the multiple forums and social media pages ready to inform and entertain us. Sure some will say it's not the same, but again, it's there 24/7.

While change comes hard, it is inevitable and should be embraced. Those of us who have seen dramatic change elsewhere can only wonder at what's ahead. I say this because I experienced first-hand and wrote about the revolution in the securities industry and saw how the Internet and technology profoundly changed that industry. I recall in the late 1960's when ten million shares being traded was a busy day. Today, that happens in the first minute of any trading day! This came about because of technology and information transparency. I refer to information transparency because it is exactly where philately is sadly lagging. This is why I started my website, StampFinder.com.

The area in which philately lacks transparency begins with catalogs that don't reflect market pricing. Catalogs rely too much on country specialists to provide them with pricing information even as the Internet has made true market trading information readily available. This means the sell side dominates the pricing information being supplied to the public. While all catalogs inflate true market prices, the degree to which they do so is so varied that it undermines collectors' confidence and thus, reduces overall sales volume i.e. people spend too much of their time bargain hunting. Philately today is still in that ten million share trading mode that the securities markets were in and this need not be. Dealers need to think in terms of increasing their profits through higher turnover volume because experience shows that turnover is the key to profitability. The Internet can be a great resource for doing just that.

One way we can dramatically increase stamp sales is to broaden the market beyond the U.S. borders. To access the world market, however, requires some modification in how stamp inventories are listed. We need to be able to identify any given stamp by whatever catalog system a customer uses. A system that works like those instant website translation programs, a system that asks you which catalog system you would like to see the offerings in and then delivers them by those numbers. Such a system does not exist today because stamp dealers do not code their stamp offerings in a way that allows a cross-indexing system to function. In 1996 StampFinder took the initiative to build a Universal Stamp Identification (USID) protocol for tying the various catalog systems together. It requires a dealer to assign a country code (generally a three letter code, e.g. USA) and a four numeral section code (for the type of stamp), to every listing. With this relatively simple change, dealers will be able to access millions of collectors using dozens of different catalogs and even facilitate buyers to do topical searches of any inventory. StampFinder makes this protocol freely available to all dealers to assure its universal acceptance. We are well along in building the database for providing the cross-indexing capability to support this service, but its benefits to philately starts with the dealers.

The above is just one of many new applications I envision which the Internet can provide dealers and collectors, but it is a critical first step. We cannot trade with he who does not speak the same stamp language. Once this hurdle is passed, a whole list of changes in the labor needed to prepare inventory, how individual stamps are sold, how collections are sold and who will become interested in philately can and will occur.

**Submitted by Richard Lehmann – StampFinder.com**