

AUSTRALASIAN CATALOGUE ASSOCIATION

Industry Insights
White Paper 2015

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INTRODUCTION

The Australian Catalogue Association was formed in 1992 and in 2014, with the inclusion of New Zealand, rebranded to Australasian Catalogue Association (ACA).

It represents the producers and distributors of catalogues. The ACA also provides a forum for the promotion of catalogues as an effective advertising medium on its own merits or part of an effective multi-channel communication marketing mix.

To support and promote the effectiveness of catalogues as a communication medium, the ACA measures and builds metrics across Audience Reach, Distribution Volume, Market Segmentation, Value, Effectiveness and ROI. This report forms part of the ACA's communication suite to raise awareness and promote catalogue and letterbox marketing throughout Australian and New Zealand markets.

The ACA endeavours to enhance public knowledge and awareness of catalogues as a valuable and sustainable advertising channel across both Australia and New Zealand. The metrics presented within this report have been compiled over the past five (5) years from a collection of sources including independent research, research commissioned by the ACA, the ACA research team and affiliated bodies.

All research and reference material is made available on the ACA website: www.catalogue.asn.au/research



AUDIENCE REACH



In FY2015 catalogue Audience Reach was 19.8 million¹ Australians.

No other media compares with the reach of letterbox marketing. Increased housing, population and strong letterbox distribution networks have been key contributing factors in ensuring catalogue readership performs well.

- Television (Free-to-air) (13.6M)²
- Television (Subscription TV) (8M)³
- Magazines (13.8M)⁴
- Commercial Radio (10.1M)⁵
- Newspapers (16.4M)⁶

Whilst each channel has its strengths, when compared with other channels, Letterbox (19.8M)¹ holds a dominant position:



1. Delivery point data (Letterbox and Post Office Box) for those accepting advertising material has been supplied by Australia Post in 2015. The ABS Household and Family Projections 2001–2026 report 2.5 people per household. Post Office Boxes Business Addresses and Other have been extracted and entered as single units.

4. Magazine Publishers Australia, Roy Morgan December 2012, FIPP World Trends.

5. Commercial Radio Australia, 2014.

6. The Newspaperworks, emmaTM, 2014.

All data has been quantified against PMP Limited and Salmat distribution delivery points across Australian distribution networks.

AUSTRALASIAN CATALOGUE ASSOCIATION (ACA)

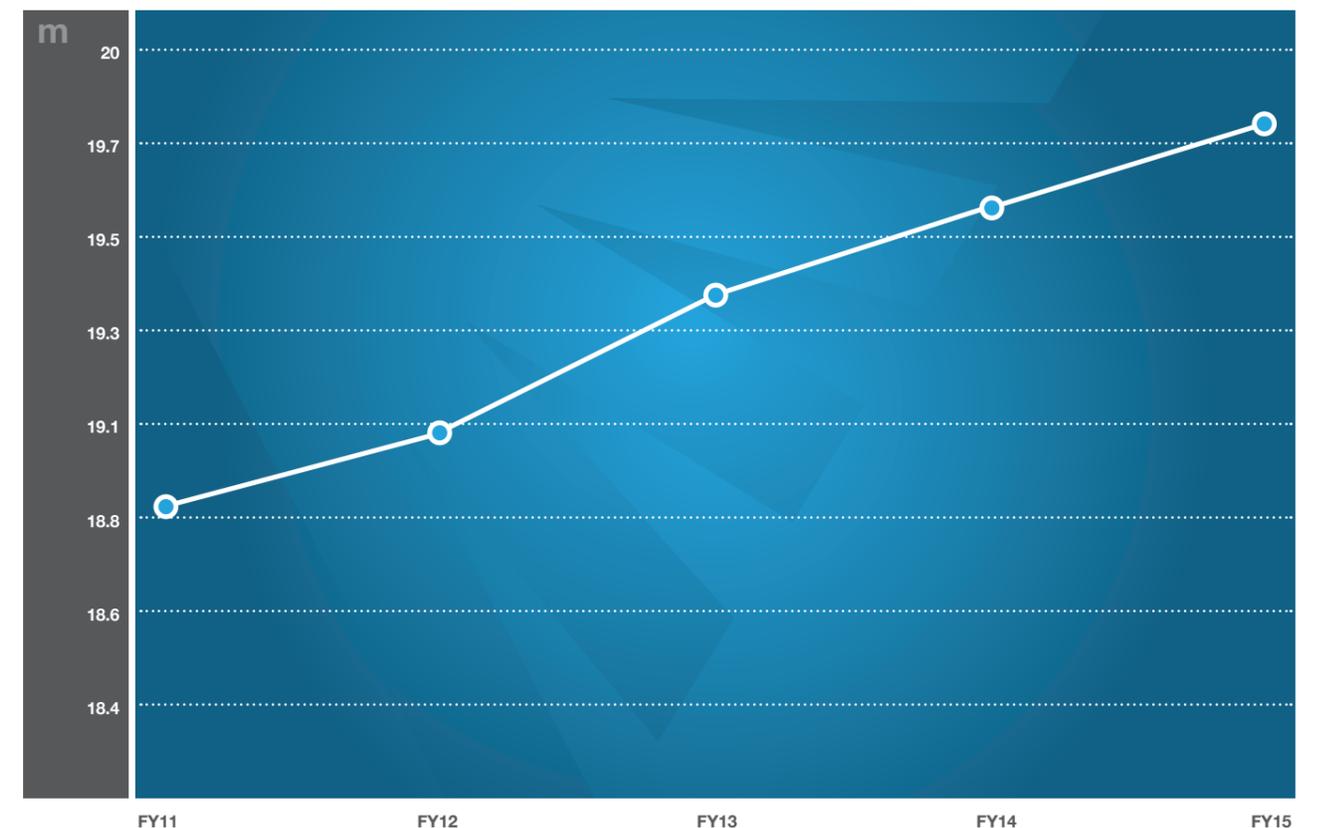
2. As sourced by Free-To-Air, OzTAM and RegionalTAM, 5 cap cities, 6 aggregated regional markets, 01 January – 31 December 2014, all people, all day, metro and regional daily reach figures are combined to form a national estimate, excludes spill, total commercial free-to-air only (Free TV), consolidated data.

The ACA works with four (4) of the largest distributors across Australia and New Zealand – Australia Post, PMP Limited, Reachmedia and Salmat. Data is collected regularly and analysed against Retail Index Figures, Seasonal Trends, the Australian Dollar, Market Segments and more. The data reported outlined the collective industry performance and trends to promote and raise awareness of the strength and effectiveness of catalogue and letterbox marketing.

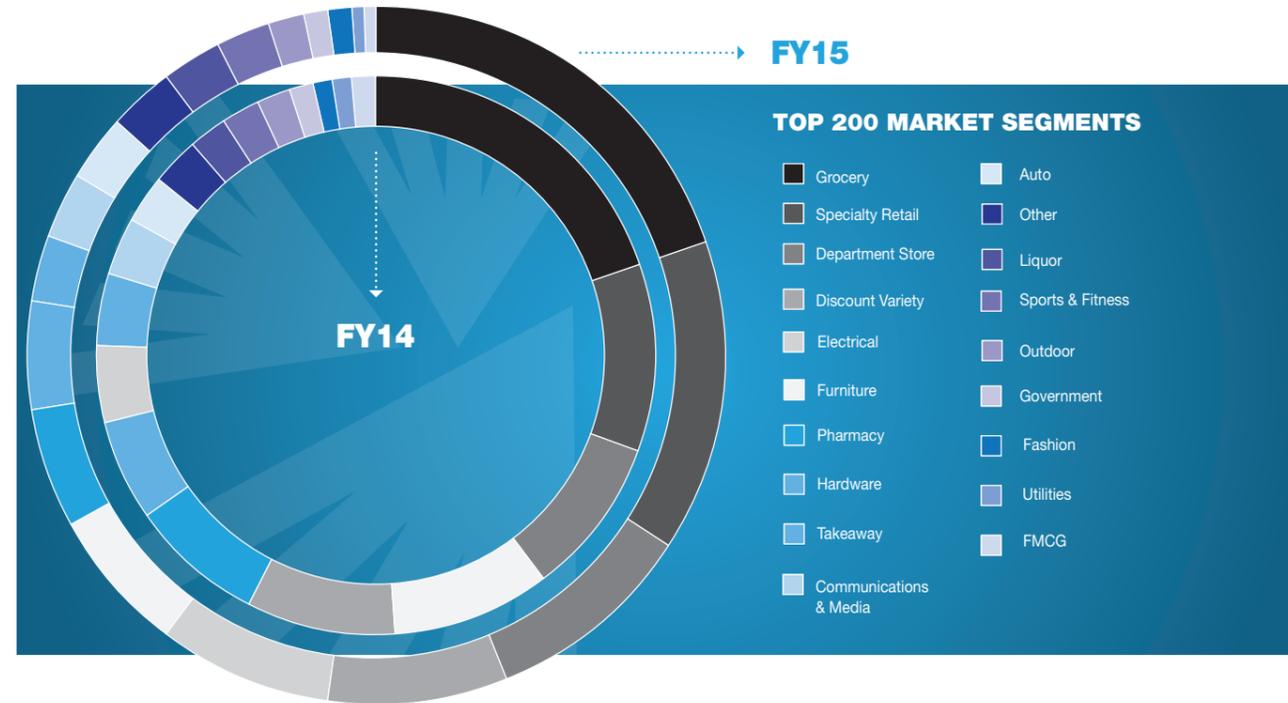
www.catalogue.asn.au

3. ASTRA Subscription Media, 2014 and ABS Population Clock – 8 September 2014 at 03:18:53 PM (Canberra time), the resident population of Australia is projected to be: 23,591,448. Approximately one third is considered the audience reach of PayTV.

AUDIENCE REACH ACROSS AUSTRALIA



MARKET SEGMENTATION



Market Segmentation provides a snapshot of the Top 200 customers investing in Letterbox Marketing.

Displayed above as a percentage, this chart demonstrates which segments are dominant users, trends, and shifts in volume investments. Despite shifts in formats and distribution windows, the market segmentation and investment remains stable across all segments. The five (5) largest increasing segments include Specialty Retail, Pharmacy, Hardware, Liquor and Communications & Media.

Source: Australasian Catalogue Association, 2015.

SEGMENT	UNITS	SEGMENT	UNITS
Grocery	1,473,897,457	Auto	225,002,831
Specialty Retail	1,059,459,003	Other	223,483,579
Department Store	719,325,106	Liquor	193,281,859
Discount Variety	598,062,615	Sports & Fitness	189,332,093
Electrical	376,039,764	Outdoor	119,011,520
Furniture	613,564,907	Government	86,551,870
Pharmacy	501,832,084	Fashion	74,136,772
Hardware	401,382,058	Utilities	61,003,898
Takeaway	230,019,551	FMCG	10,327,336
Communications & Media	225,833,660		

% change from previous year

- <10%
- >10%
- >20%

Across the Top 200 customers the market segmentation indicates solid growth across seven (7) of the nineteen (19) segments. Of which three (3) realised more than 20% increase from FY14 figures, two (2) more than 10% and two (2) less than 10%.

Nine (9) segments continue to drive growth as each of these segments increase both campaign and production volumes.

Source: Australasian Catalogue Association, 2015.

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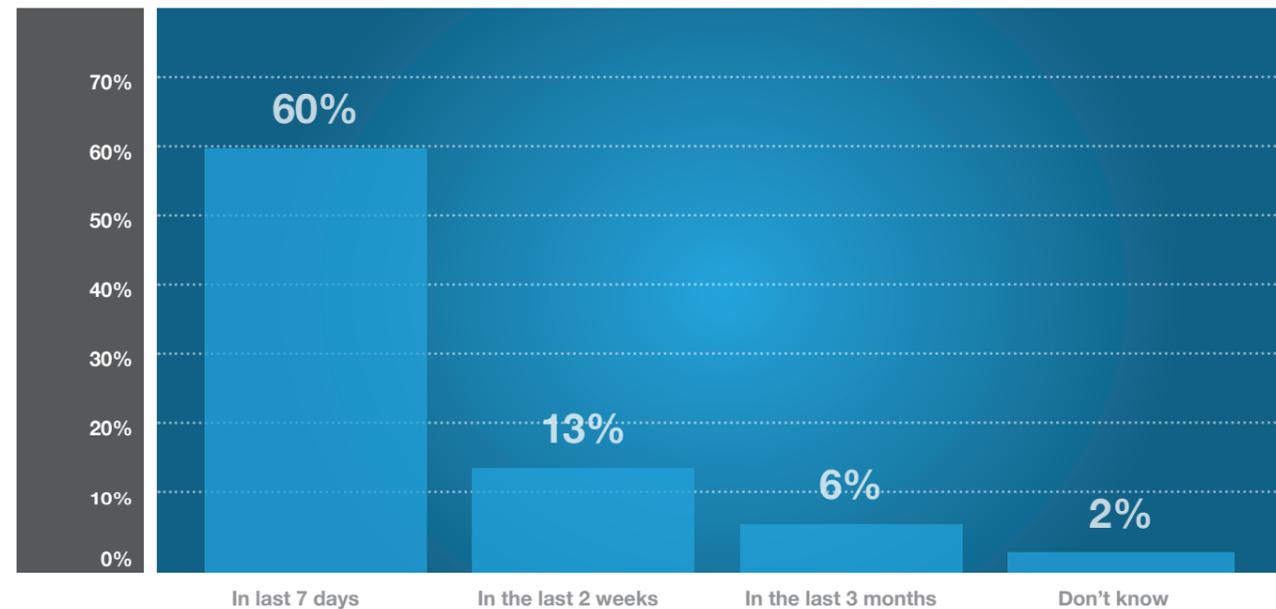
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www.catalogue.asn.au

CAMPAIGN REACH



WHEN DID YOU LAST SEE A CATALOGUE, BROCHURE OR LEAFLET INSERTED INTO A NEWSPAPER?



Catalogues, leaflets and brochures delivered inside newspapers produce strong campaign results, especially for retailers. This style of advertising provides a platform to win customers by presenting compelling content and imagery on high quality paper.

A nationally representative survey of 500 consumers commissioned by The Newspaper Works shows that direct marketers can gain efficiencies and increase campaign reach by adding their collateral to newspapers.

INCREASE REACH WITH NEWSPAPERS

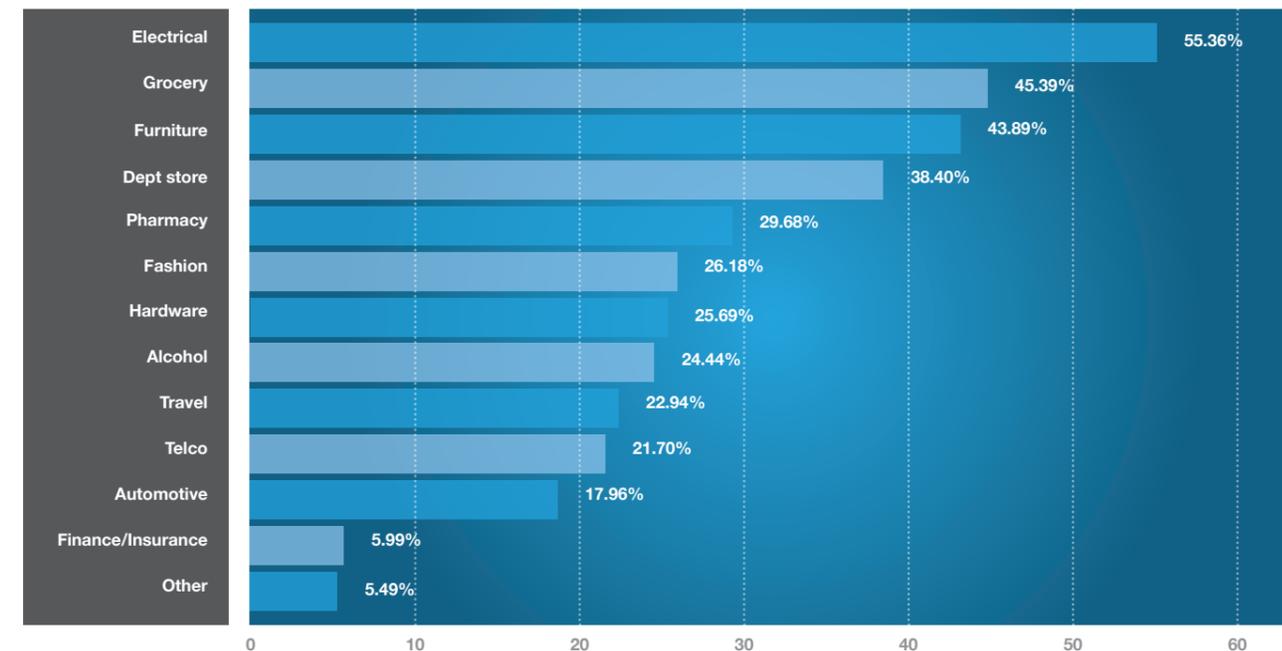
- 60% of consumers have seen a newspaper insert in the last seven (7) days, this rises to three (3) in four (4) (73%) consumers over a two (2) week period.

CATALOGUE INSERTS IN NEWSPAPERS

- 5.3 million say the last catalogue, brochure or leaflet they read was found in a newspaper or magazine.¹

¹. emma, 12 months to June-15

CONSUMER RECALL OF CATEGORIES ADVERTISED IN NEWSPAPER INSERTS



Inserting marketing collateral in newspapers helps brands to stand out from competitors.

Advertisers from a variety of categories, from retail to automotive, finance to travel, are successfully using newspaper inserts to stand out from competitors.

55.36% of consumers recall Electrical brands with marketing collateral inserted into newspapers followed by Grocery (45.39%), Furniture (43.89%) and Dept. store (38.40%).

THE NEWSPAPER WORKS

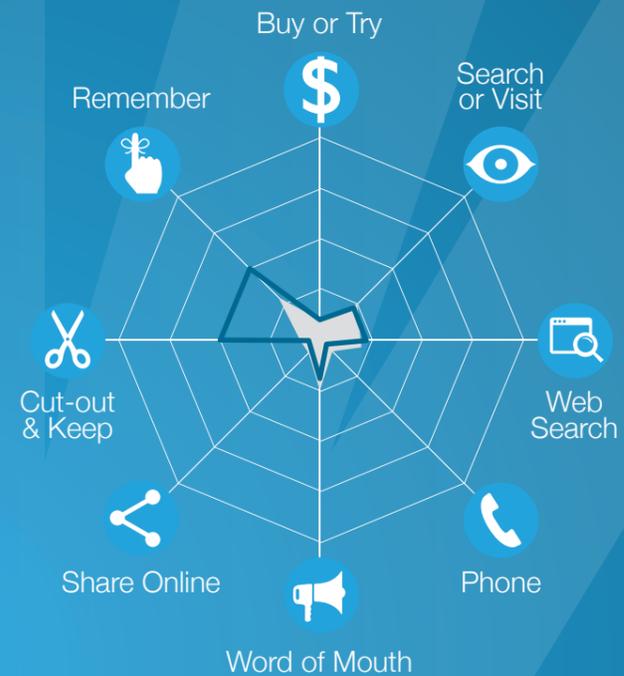
The Newspaper Works advocates across a spectrum of commercial and editorial areas on behalf of the news publishing industry. In August 2015, a questionnaire was administered online to a research panel of Australians drawn from all states and territories. Research was undertaken by Research Now, a third party market research agency. A nationally representative sample of 500 consumers aged 18+ were interviewed. Data was weighted to reflect the distribution of the Australian population based on ABS census data.

www.thenewspaperworks.com.au/put-gloss-on-a-campaign

CAMPAIGN REACH



As shown in the RoleMap™, including catalogues in newspapers drives short-term sales and creates connections with readers.



As shown in the ActionMap™, catalogues trigger consumer action, driving them in-store or online, encouraging enquiries, prompting word of mouth or making a purchase.

CATALOGUES IMPROVE BRAND ATTITUDES

- 31% of consumers who viewed a newspaper insert said the content gave them fresh information about a brand.
- 11% said catalogues increased brand affinity by encouraging them to think positively about the advertiser.
- Brochures and similar styles of advertising can extend and support TV advertising, with one (1) in ten (10) saying that a newspaper advertisement reminded them of a TV commercial for the same brand.
- One (1) in five (5) (22%) said this genre of promotion encouraged them to take further action.

CATALOGUES DRIVE ACTION

- One (1) in four (4) consumers kept a catalogue, brochure or leaflet.
- 24% said they clearly remembered an offer advertised, more than double the recall of the average newspaper advertisement.
- One (1) in ten (10) shoppers went online to look for more information on a product or service advertised while a further 10% visited a store to further investigate an offer.
- The more engaging the catalogue, the more it drives sales. 22% of readers who said a catalogue gave them a good feeling about a brand went on to try or buy it.

THE NEWSPAPER WORKS

The Newspaper Works advocates across a spectrum of commercial and editorial areas on behalf of the news publishing industry. In August 2015, a questionnaire was administered online to a research panel of Australians drawn from all states and territories. Research was undertaken by Research Now, a third party market research agency. A nationally representative sample of 500 consumers aged 18+ were interviewed. Data was weighted to reflect the distribution of the Australian population based on ABS census data.

www.thenewspaperworks.com.au/put-gloss-on-a-campaign

MEDIA CONSUMERS



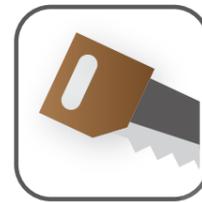
TOP 5 CATALOGUE CONTENT BY SEGMENT



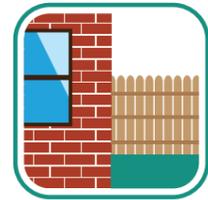
LEADING LIFESTYLES
High income families, typically own their own home in the inner suburbs.



GETTING BY
Young parents or older families with children still at home, outer suburbs, bargain hunters.



BATTLERS
Mostly Aussie-born, these struggling young families, single mums & retirees are focused on making ends meet. Many are welfare dependent.



TODAY'S FAMILIES
Young families in the outer suburbs, living up to their above-average incomes. Their beloved gismo enriched home is the nucleus of their family.



METROTECHS
Young, single, well educated, inner city professionals with high incomes, typically renting apartments. Cultured, connected, clued-in & cashed up.



GOLDEN YEARS
Conservative, risk-averse retirees focused on health, security and maintaining an income from investments or the pension, even if they're mortgage-free.

TOP 5 CATALOGUES BY HELIX COMMUNITY

Helix Personas is Roy Morgan's unique consumer segmentation and data integration tool that combines sophisticated psychographic and behavioural data to classify the Australian population into 56 Personas and 7 Communities. This allows effective targeting of catalogue readers within different industry segments. Helix Personas gives a deeper understanding of catalogue readers, providing insight into what drives consumers from page to store. These slight personality differences are absolutely essential to advertisers in determining the who, how, when and why for any brand and channel.

ROY MORGAN

Founded in 1941, Roy Morgan Research has built a reputation for providing meaningful, insightful, actionable information to assist marketers, the media, government and institutions make better, more informed decisions. Australia's largest, independently owned market research company, Roy Morgan Research offers a suite of both quantitative and qualitative research services.

Utilizing the proven accuracy of face-to-face interviewing Roy Morgan's Single Source survey also incorporates multi-mode data capture including a self-completion media diary and consumer poll as well as web-assisted interviewing. Single Source's approximately 50,000 respondents per year are asked about a broad range of topics including their attitudes, media consumption, brand and product usage, purchase intentions, financial information and leisure activities to obtain fully rounded profiles of Australian consumers.

www.roymorgan.com.au

TOP 5 HIGH REACHING CATALOGUES INTO THE HELIX COMMUNITIES

(Ranked on reach, ix>120)

100	200	300	400	500	600	700
Leading Lifestyles	Metrotechs	Today's Families	Aussie Achievers	Getting By	Golden Years	Battlers
Myer	Ikea	Big W	Myer	Big W	IGA	IGA
David Jones	David Jones	Coles	Officeworks	Kmart	Spotlight	Harvey Norman
Dymocks	Vintage Cellars	Woolworths	BCF	Target	Mitre 10	The Reject Shop
1ST Choice Liquor	Virgin	Target	Michael Hill	JB Hi-Fi	Rivers	Best & Less
Domayne	National Pharmacies	Kmart	Masters	Chemist Warehouse	Target Country	Supercheap Auto

The table above shows the Top 5 Catalogues read in the last four (4) weeks by each of the seven (7) Helix communities, showing that there is a catalogue that appeals to all the different types of Australian consumers. The above also highlights how many catalogues have a wide appeal to multiple segments or pockets of Australian society.

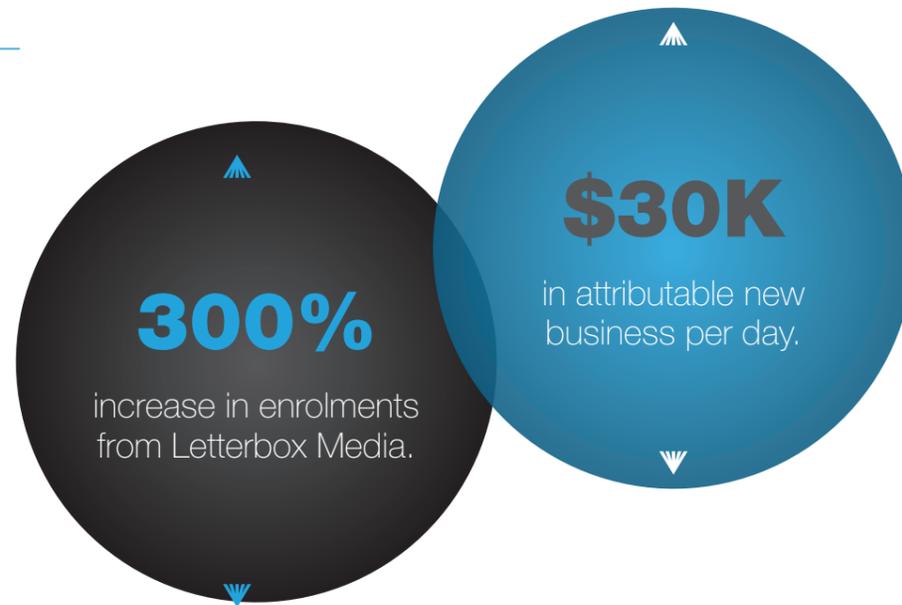
When reviewing the top reaching catalogues in the Helix communities, the country's largest catalogues such as Coles and Woolworths have a high reach into all communities across Australia, but looking more specifically at a combination of high reaching catalogues with an above average propensity, this is where each of the communities can be differentiated, based on catalogue readership.

Catalogues as a whole have extensive reach into all Australian consumer segments, with differing categories of catalogues appealing to widespread Australian consumer groups.

The Today's Families segment for example, has a focus on discount department stores and supermarkets, no surprise given this group comprises of high income young families living comfortable lives in outer suburbs. They tend to be thrifty shoppers residing in their gismo-enriched homes.

CASE STUDY - EDUCATION

Tertiary education –
300% increase in
enrolments from
letterbox media



THE CHALLENGE

Holmesglen Institute were looking at additional channels to increase enrolments of both their industry/community short courses and accredited qualifications.

The channel needed to effectively target their primary target audience, be cost effective, be scalable and repeatable, and reach the goal of creating cut-through to their 18-39 year old target audience.

THE SOLUTION

Using precise targeting capabilities, a highly targeted Letterbox Media campaign allowed Holmesglen Institute to capture not only geo-targeted locations, but also matched client data to target those areas that had the highest percentage of conversions.

The campaign was distributed quarterly to over 150,000 homes.

The catalogue included digital call to actions like - social and web assets and QR integration.



THE OUTCOME

Holmesglen Institute measured an uplift of 300%.

In the weeks without Letterbox Media the call centre averaged 50 daily contacts, this shifted to 150 when distribution was implemented.

An additional 100 calls a day equates to an additional \$30,000 in business for Holmesglen Institute, far above their safeguarded Letterbox Media investment figures.

Holmesglen Institute now roll out a quarterly dispatch with this uplift being matched throughout the campaign.

Source: Australasian Catalogue Association, 2015

BIBLIOGRAPHY & ACKNOWLEDGEMENTS



The Australasian Catalogue Association would like to extend our sincere thanks to all the contributors to this report and to those companies providing additional research, resources and expertise.

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Further thanks to the ACA Board and Members for their ongoing support of the industry:

AIW Printing	PMP Limited
Australian Paper	Reachmedia
Australia Post	Salmat
DIC Australia	SAPPI Trading Australia
Fairfax Media	Stora Enso
Flint Group	UPM Kymmene
Franklin Web	Webstar
Inkwise	Wellcom
IPMG	Creative:
Norske Skog	Sierra Delta
Paragon Design Group	



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