

Purchases in print



By Deborah Jackson

Catalogues remain one of the last vestiges of the analogue world to still have relevance, but digital is not far behind.

Despite an obvious decline in most forms of print media, catalogues continue to be a quiet achiever, providing the greatest reach and highest level of influence on shopper purchases in Australia.

So what makes the \$1.5 billion catalogue industry so effective?

Kellie Northwood, executive director of the Australian Catalogue Association (ACA), says the most successful catalogue campaigns are those that take a multi-channel approach.

"Retailers are very shrewd marketers and they don't use media that isn't going to bring them results, and catalogues working with digital I think give the best results," Northwood said.

A typical 24 page printed catalogue can feature around 300 products. No other channel can deliver this range of products in a single consumer interaction.

"Nielsen reported last year that on average we're spending 26 to 30 minutes a week reading catalogues, whereas digital medias tend to be two to three second screen grab opportunities. Using digital to engage people in a long conversation on catalogues has been really beneficial with retailers. I think that's their effectiveness and power, and why they're still experiencing growth."

Daniel Salter, national sales director for Salmat, one of Australia's largest catalogue

creators and distributors, says a growing trend is retailers integrating catalogues into their e-commerce engines.

Catalogues combined with the directness and immediacy of online shopping can increase the effectiveness of both mediums, while tracking purchases via personalised URLs printed in the catalogue.

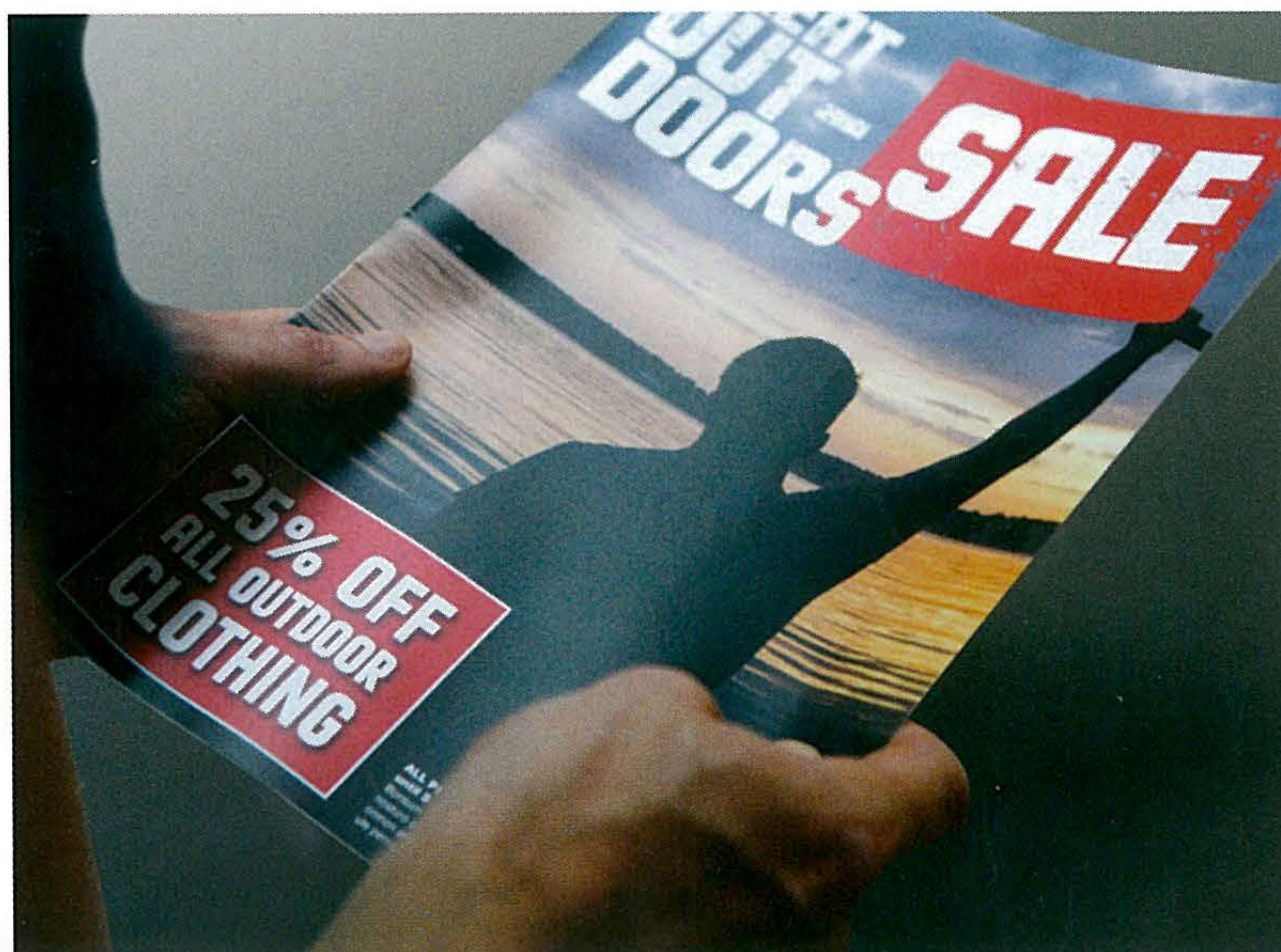
“From a digital catalogue perspective, Target is a great example.”

"From a digital catalogue perspective, Target is a great example. They integrate their catalogue into their e-commerce store, so as inspiration happens for a consumer when they're going through the digital version, it's really easy for the consumer to add to cart and then check out, so I think we're going to see more of that," said Salter.

According to a study by GfK, digital catalogues are actively sought out by more than two million people every month, up 12 per cent since 2012. Astoundingly, seven out of every 10 views results in a purchase.

A growing trend is connecting the mobile experience to what is happening in a physical catalogue.

Salter predicts that in the





next one to two years, bringing technology to paper will be a key area of growth and we will start to see more technologies, such as QR codes or short message codes, that consumers can scan from within the physical catalogue and be directed to a retailer's online store or app to make an immediate purchase.

"A thing retailers have always struggled with is how does that online activity actually drive instore sales, because realistically, 90 to 95 per cent of sales are still happening at the bricks and mortar retailers, so it's hard to quantify that unless there is a unique offer or coupon that's redeemable instore. The ones that are doing well are the ones that are really starting to blur the lines between what's a digital promotion and how that drives instore behaviour," he said.

GfK says digital catalogues drive instore traffic, with 75 per cent of readers visiting or buying from a physical store as a result of reading a digital catalogue.

Roy Morgan research indicates 62 per cent of the Australian population aged 14 and above have read a catalogue in the past week compared to an average of 29 per cent across other types of print media.

Market segmentation has remained fairly consistent over the years, with supermarkets,

department and discount stores, furniture, electrical, and homewares at the forefront of catalogue production.

A surprise entrant to the catalogue domain is online retailers producing catalogues to push customers to their online store.

"I've had a chat with a couple of online retailers about why they've gone into it and their view is that they are a store, whether it be a bricks and mortar or virtual storefront, they will use any media channel that works - and catalogues work," said ACA's Northwood.

“Magalogues are difficult to produce weekly. They require a richer content base that takes time to produce.”

Content

By all accounts, the keys to a successful catalogue campaign are content and distribution.

Northwood suggests that

catalogues continue to evolve as retailers compete aggressively with one another in the space.

Although not a new trend, the magalogue - a magazine-style catalogue - has been adopted by major retailers.

"Coles and Woolworths both produce their own magalogues and they're the highest circulated food publications in Australia," said Salter.

The benefit of magalogues to retailers is the opportunity to communicate brand values and engage consumer loyalty.

"Dan Murphy's did an exceptional job last year with their liquor guides by segment where they did really informative pieces, which positioned Dan Murphy's experts talking about the products that they're selling, but in a much more informative and intelligent way. I think consumers are connecting with that, because you'll sit and read that style and format without feeling that it's all about 'buy me, buy me, buy me', there's actually an outlet for brands to be able to share information with their customers, and customers are able to engage with that sharing," said Salter.

Magalogues are difficult to produce weekly. They require a richer content base that takes time to produce and collate to have real value, whereas a catalogue provides



the opportunity to connect with consumers on a weekly basis.

Communicating a retailer's brand values is critical to the success of a catalogue campaign. These can be communicated through imagery, paper quality, language, and content.

"Content will remain king in 2015. With retail catalogues, we've seen retailers move towards seasonal stylebooks, product guides, and celebrity ambassadors filling the catalogue with information and page turning content," said Northwood.

"Certainly your first focus is on your front cover, your imagery, your layout. If you spend 70 per cent of

your time on your front cover and back cover you'll get people to turn your page," she said.

Engaging consumers' imagination and inspiring them to purchase through photography that's relevant and interesting is important.

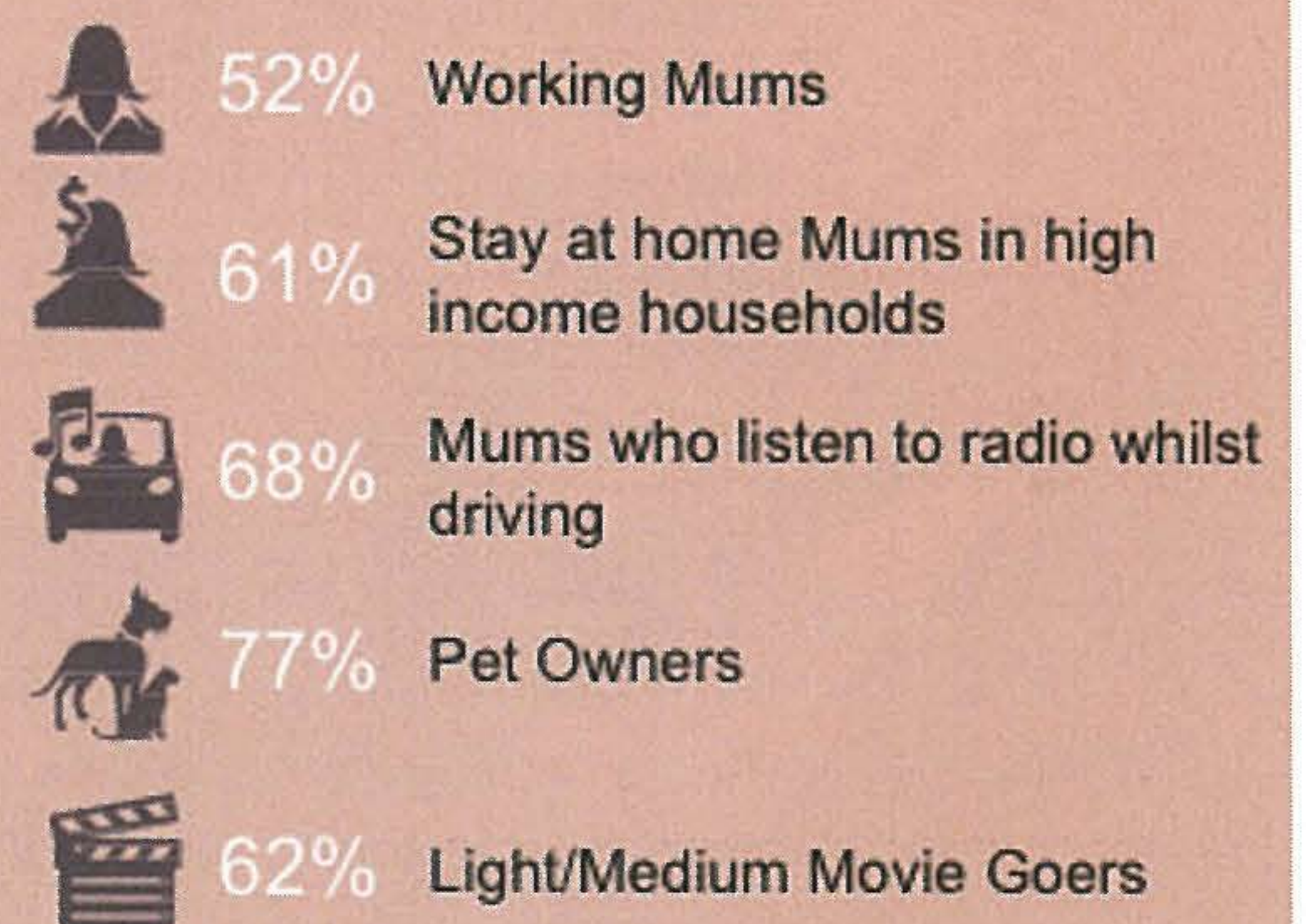
“ A catalogue is a visual piece, so engage it that way. ”

"A catalogue is a visual piece, so engage it that way. From a practical perspective, have a good deal, a good incentive to turn the page, whether it's a sale item or a coupon or free delivery, which a lot of the online retailers are using. Have a good incentive to create a response, or on each page the idea is to incentivise to turn the next page."

Says Salter: "All the data pointing to [digital catalogues] says they are just as effective [as physical catalogues], which I think aligns with the younger generation. We're pushing the catalogue into where they're consuming media and integrating things like video and more interactive capabilities into

Those with kids and a busy house

Mums read more Letterbox Media every week



the catalogue, so we're pushing the message to places where they're spending their time.

"I think that will continue, but it's always going to be an addition to what's happening from a physical sense."

Distribution

In Australia, distribution methods include mass letterbox drops, direct mail, unaddressed mail, instore, or digitally.

"It's all data now, it's not just hope," says Northwood.

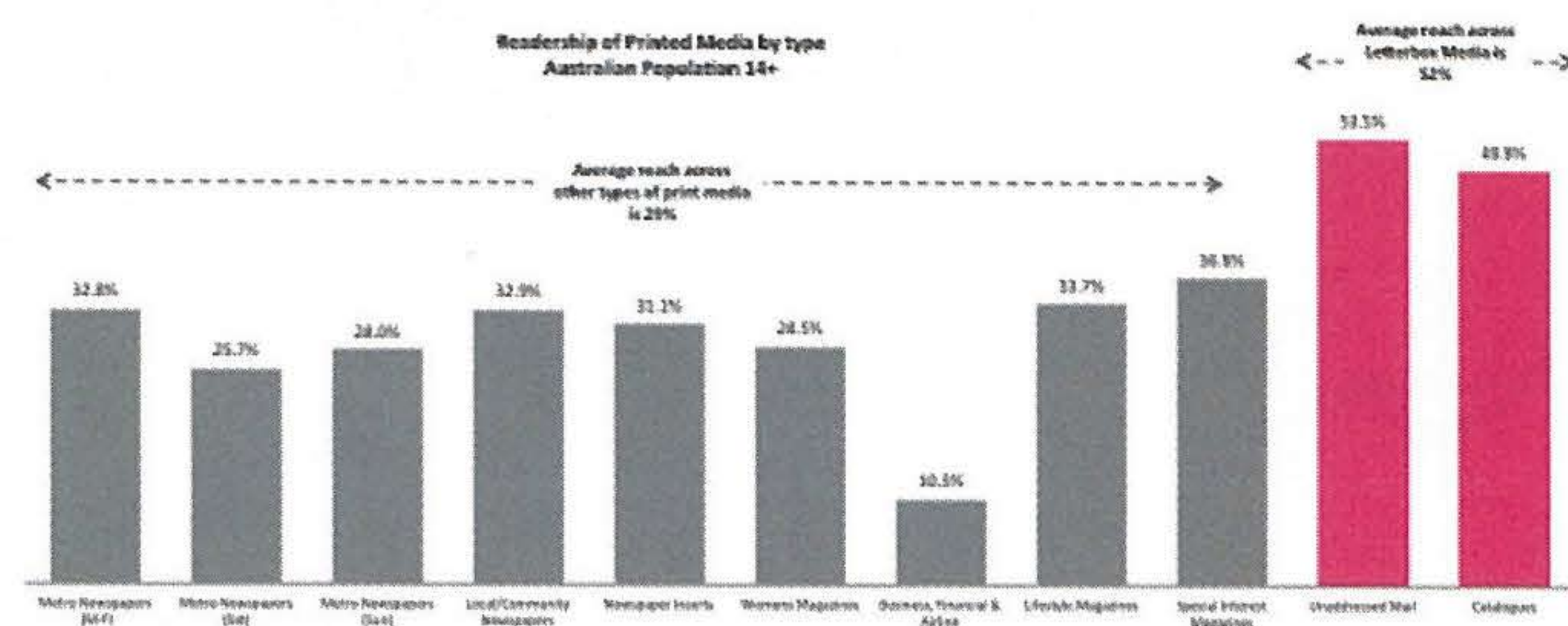
"We distributed just under 7.6 billion catalogues via letterbox last year. Add to that, we estimate, in conjunction with the newspaper guys, about half a billion distributed via publication inserts, the remaining, which we think is approximately about a billion, is sitting at instore level," she said.

Nielsen research shows that 46 per cent of consumers will buy something featured after reading



The truth? Pretty much everyone...

More people love letterbox than any other type of print media





exercise for a key retail period, now they can start to distribute that catalogue content across a wider audience, whether that's an audience across the Google content network, whether it's an audience consuming content through Facebook, there's always new, innovative ways to push that marketing method to them, so the more data they get on these people, the more targeted those messages can be," he said.

“Catalogues can deliver a greater product range on more pages than a 30 second TV ad.”

Cost

Northwood says the cost of producing a catalogue has remained fairly stable at around 19 cents per unit, inclusive of print and distribution. When aligned with the statistics on effectiveness, it's an impressive return on investment (ROI).

Research from the University of Sydney investigated the effects of varying the products featured in a catalogue for 95 variety discount stores.

For every \$1 spent on advertising a product in the catalogue, an additional \$14.70 in sales was generated, showing an ROI for the campaign exceeding 310 per cent. This excluded the increase of instore traffic generated by the catalogue.

"Catalogues have a longer engagement period and they can have a longer conversation. They can deliver a greater product range on more pages than a 30 second TV ad, and that's whether it's TV, digital, radio, or any other media," said Northwood.



letterbox media, while 24 per cent will visit a website, and 44 per cent will visit a store.

"It used to just be mass production and mass distribution, but now all of our distributors are very sophisticated in data and targeting," said Northwood.

Salter says: "What we're finding is, particularly with the more sophisticated retailers that have

a good understanding of the attribution of their different marketing channels and how that's working for them, they see how effective the catalogue content is, and then they might start to run targeted display advertising campaigns around that catalogue content.

"Whereas historically they may have just done a branding