Creating connections that matter:
How Australians want to hear from brands

Contents

Marketers now have access to an increasing number of channels through which they communicate with customers. This presents new opportunities to engage, inspire, interact with and assist consumers at every stage in the customer relationship.

However, with the new opportunities arise new complexities. How do marketers ensure that they use the correct channels to not only reach their target audience but also deliver on customers' expectations and needs?

To achieve true customer-centric marketing, the preferences of the customer must be front and centre. Organisations need to understand which channels are appropriate for different message types and how generational differences can alter how individuals like to be communicated with. We are no longer in a world of "one size fits all". Each customer is unique and the key to successful marketing is to treat them as such.

This research study commissioned by Australia Post unveils some of the science behind marketing and provides a unique insight into effective channel usage and how to truly engage with audiences. It is clear from the results that not all channels are created equal – however, all have a role to play in customer communications, albeit for different audiences, purposes and contexts. It is our job as marketers to translate this new knowledge into a successful multichannel marketing mix.

I am also delighted to see that the research starts to dispel some of the myths that are currently influencing marketing decisions in Australia and around the globe. I would like to think that results will challenge marketers to think differently about the channels they use to communicate with customers and how they allocate their marketing budgets to reach their audiences.

This study provides a significant step forward in assisting Australian marketers to deliver customer-centric marketing and create connections that matter.

Jodie Sangster
Chief Executive Officer, ADMA

Like many of our customers, Australia Post has been challenged by the emergence of digital communications and their impact on the habits and behaviours of Australian consumers. So it's not surprising that we're keenly interested in both traditional and emerging communications channels available to individuals and businesses today.

One of the great advantages of digital channels is their enhanced measurability and the data they can generate. However, when marketers are considering open rates, listenership figures or clicks, it can be easy to lose sight of the customer perspective – their view of your business, your messages and the methods you use to stay in touch with them.

It was this desire to get back to basics and find out what customers really think that led us to canvass more than 9,000 Australians. We wanted to find out how they view advertising, what they feel are the most effective channels for promotional messages, and which channels they find useful when interacting with businesses.

The findings are reassuring, thought-provoking and, perhaps, surprising for some marketers.

Customers have embraced multiple channels to get to know brands better and make informed decisions about products and services. For customers, it's all about choice: if you are not currently using a multichannel marketing mix, you could be missing out on an opportunity to connect with different target audiences along the path to purchase.

I hope this research report gives you some new marketing avenues to explore and helps you connect better with the right audience, on the right platforms, at the right time.
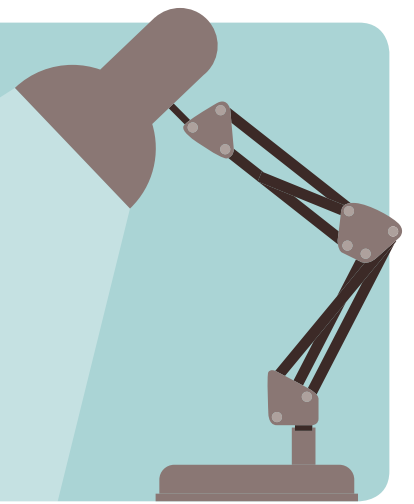
Tracey Fellows
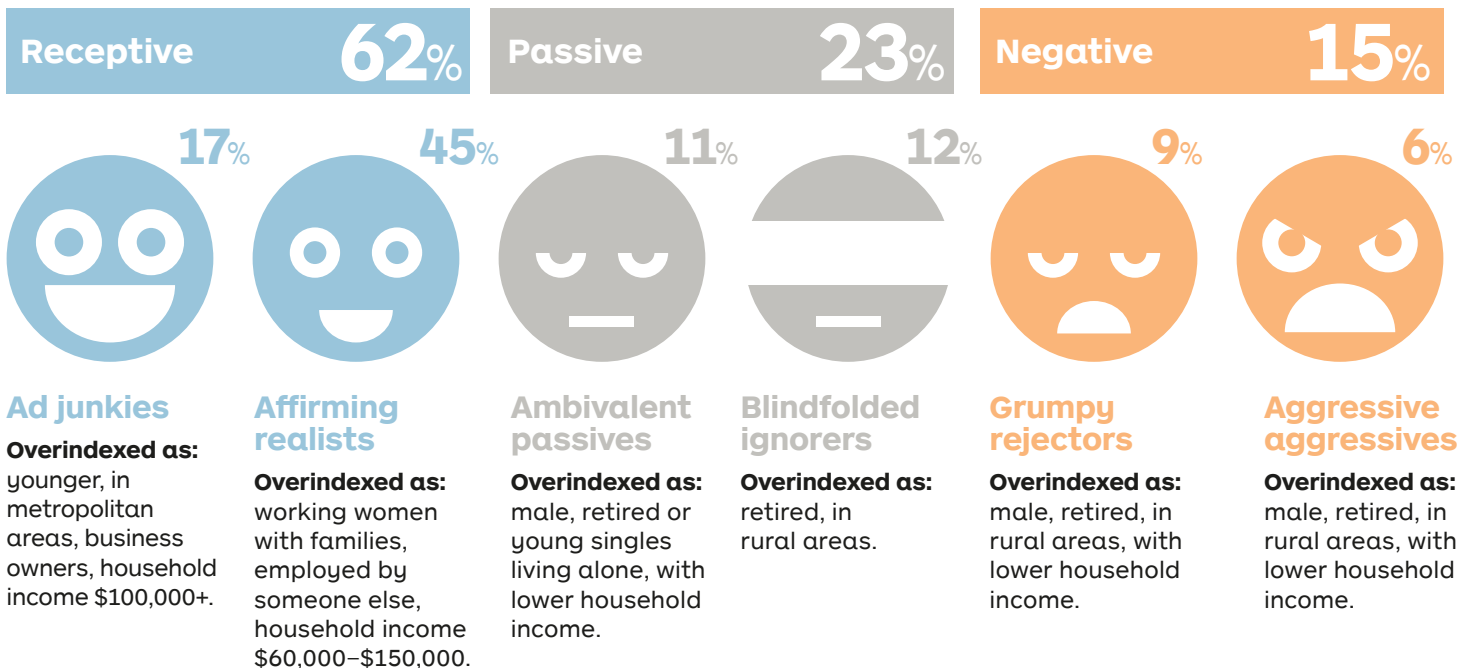EGM, Communication Management Services, Australia Post

Creating connections that matter:

How Australians want to hear from brands

How do Australians view advertising, and what do they see as the most effective advertising and most useful channels when interacting with a business? In July 2013, Australia Post surveyed more than 9,000 Australians. Here are the key take-outs.

How do Australians feel towards advertising?

Receptive	62%	Passive	23%	Negative	15%

17%

Ad junkies

Overindexed as: younger, in metropolitan areas, business owners, household income $100,000+.

45%

Affirming realists

Overindexed as: working women with families, employed by someone else, household income $60,000–$150,000.

11%

Ambivalent passives

Overindexed as: male, retired or young singles living alone, with lower household income.

12%

Blindfolded ignorers

Overindexed as: retired, in rural areas.

9%

Grumpy rejectors

Overindexed as: male, retired, in rural areas, with lower household income.

6%

Aggressive aggressives

Overindexed as: male, retired, in rural areas, with lower household income.

The channels Australians seek out

Which channels do Australians consider most useful when they are making a purchase or interacting with a business?
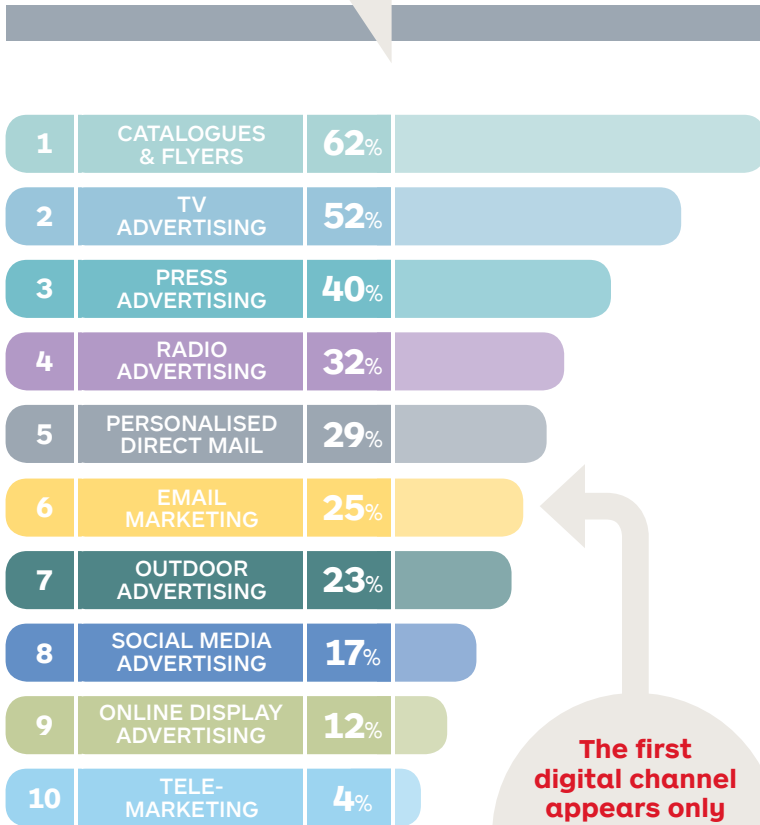
We investigated 45 real-life scenarios across 10 industries:

BANKING AND FINANCE
SUPERANNUATION
INSURANCE
TELECOMMUNICATIONS
UTILITIES
FASHION & DEPARTMENT STORES
SUPERMARKETS
AUTOMOTIVE
CHARITIES
PUBLIC SERVICES
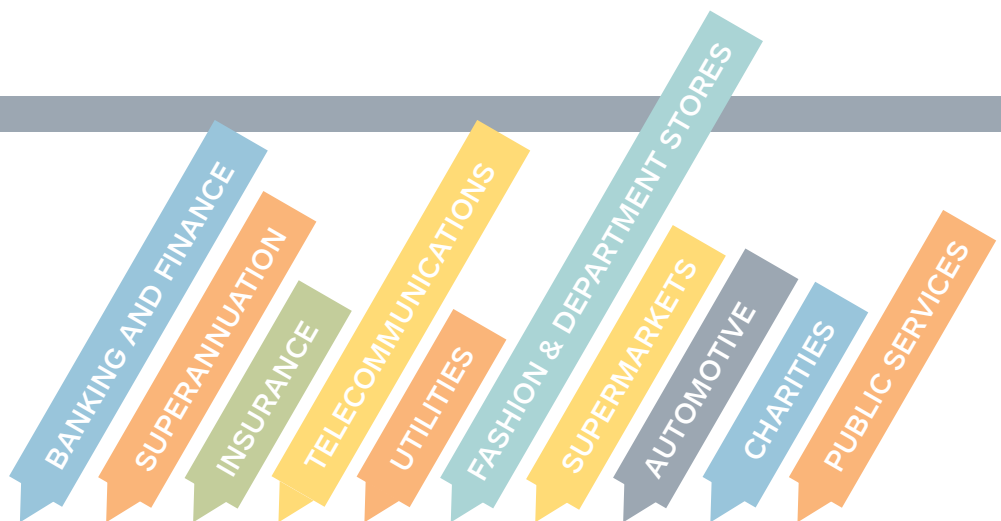
Message received:

The top 10 most effective advertising channels

All demographics agreed: the so-called traditional channels are the most effective advertising media.

1	CATALOGUES & FLYERS	62%
2	TV ADVERTISING	52%
3	PRESS ADVERTISING	40%
4	RADIO ADVERTISING	32%
5	PERSONALISED DIRECT MAIL	29%
6	EMAIL MARKETING	25%
7	OUTDOOR ADVERTISING	23%
8	SOCIAL MEDIA ADVERTISING	17%
9	ONLINE DISPLAY ADVERTISING	12%
10	TELE-MARKETING	4%

The first digital channel appears only at number six in the effectiveness rankings.

Winners & losers:

Media spend

% 0.2 6 3 14

Going up

- TV ADVERTISING[1]
- OUTDOOR ADVERTISING[1]
- RADIO ADVERTISING[1]
- ONLINE DISPLAY ADVERTISING[1]

Going down

- CATALOGUES & FLYERS[2]
- PERSONALISED DIRECT MAIL[1]
- PRESS ADVERTISING[1]
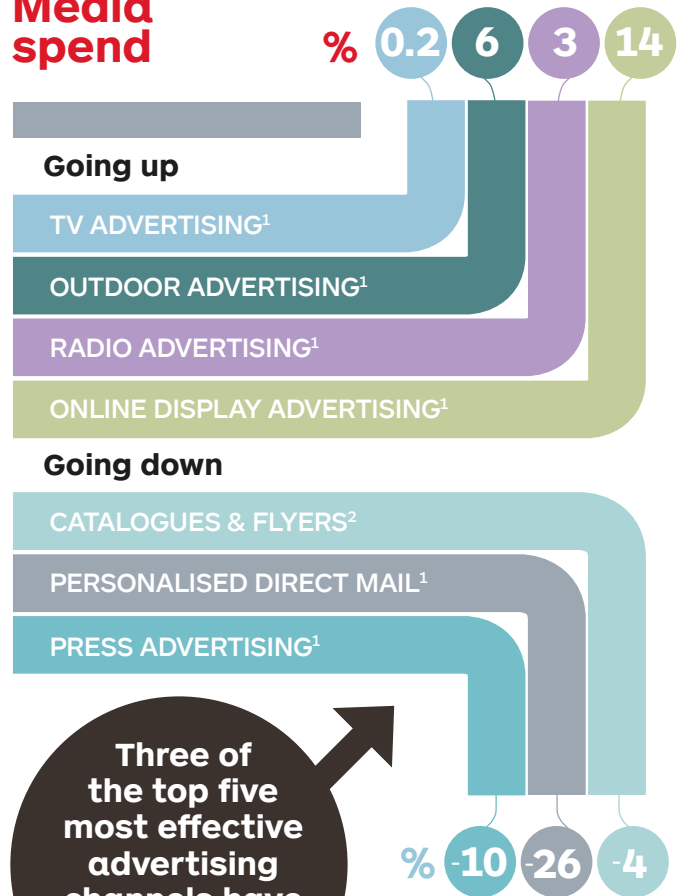
Three of the top five most effective advertising channels have seen a drop in spend!

% -10 -26 -4

1. Nielsen AIS data, July 2011 – June 2013
2. *Annual Catalogue Industry Report 2012/2013* – Australian Catalogue Association. Figures rounded to nearest whole number.

Make yourself useful!

People seek out advertising on different channels,

depending on where they are on the path to purchase and the industry sector.
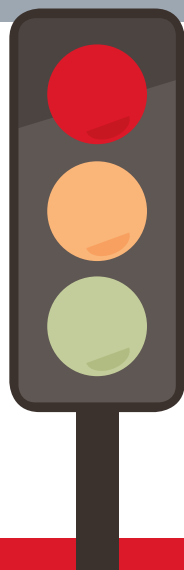
Switching customers

Considering options:
Websites, direct mail, TV advertising.
Making a final decision:
Websites, direct mail, TV advertising.

Existing customers

Cross-sell:
Websites, direct mail, TV advertising.
Retention:
Direct mail, email marketing, websites.

New customers

Considering options:
Websites, TV advertising, catalogues and flyers.
Making a final decision:
Websites, TV advertising, direct mail.

Executive summary

Once upon a time...

At the turn of the 21st century, there were only 7.62 million internet users in the Oceania region.[3] Facebook didn't exist. Advertising planning was a simple matter of empirics: a reach and frequency equation that revolved around four or five key channels, with the consumer a passive recipient.

Fast-forward 13 years and the tables have turned. For starters, there are almost 24.3 million internet users in the Oceania region.[4] Consumers are in control, with a smorgasbord of online and off-line channels and advertising formats to choose from, leaving advertisers in hot pursuit.

I'm spending, but is it working?

According to Nielsen[5], Australian advertisers spent almost $9.6 billion in the year to 30 June 2013. However, media fragmentation has been accompanied by growing confusion over which channels are most effective at connecting with the target audience and most likely to give you a solid return on investment.

Marketers and planners are bombarded with statistics about the reach of different channels, with many of the digital channels boasting enhanced measurability and consequently steadily attracting a greater share of the marketing budget. Despite increased data and analytics, it's often far from clear how effective each advertising channel really is and which channels your target audience actively chooses to interact with.

Straight from the horse's mouth

Instead of asking media owners about the selling points of their various channels, this research goes direct to the people marketers want to know and influence: Australian consumers.

This research asks the questions:

What do Australians think of advertising?

What do consumers consider the most effective advertising channels for your marketing messages?

If people are evaluating options, making a final purchase decision or getting rewards or information from a product or service provider, which channels do they consider to be most useful to them?

By addressing these questions, this study aims to give marketers insight into how people view different channels, help identify gaps and opportunities in a marketer's current channel mix, and allocate spend to the channels most appropriate for engaging and influencing target segments.

3. Internet World Stats, 31 December 2000 (internetworldstats.com)
4. Internet World Stats, 30 June 2012 (internetworldstats.com)
5. Nielsen AIS data, July 2012 – June 2013

10 key research findings

1 Six out of 10 Australians are **receptive** to advertising messages.

2 The top five channels consumers consider to be most effective for advertising messages are: **catalogues and flyers, TV advertising, press** (newspapers and magazines), **radio advertising** and **personalised direct mail.**

3 Consumers' top channel preferences are remarkably **consistent across demographics.** However, variations further down the rankings can help marketers **target a multichannel mix** most effectively.

4 **Current marketing spend doesn't match** the consumer channel preferences reported. Three of the top five most effective channels experienced a **drop in advertising spend** in the past year.

5 For industries such as banking and finance and utilities, when consumers are evaluating options, they consider **websites and TV advertising** to be the **most useful channels.**

6 For the fashion and supermarket sectors, **catalogues and flyers** are considered the most useful channel for considering new purchases.

7 For industries such as superannuation, utilities and telecommunications, **websites, TV advertising and direct mail** are considered the three most useful options when making a final purchase decision.

8 For cross-sell, consumers consider **websites and direct mail** the two most useful channels.

9 As existing customers, consumers view **direct mail and email marketing** as the two most useful channels through which to be kept informed.

10 When considering their options for switching and making a final decision, consumers consider **websites and direct mail** as the most useful channels.

Methodology

This study was commissioned by Australia Post and conducted by an independent research company, Quality Online Research (QOR).

Initially, **nine focus groups** were conducted with a wide cross-section of Australians to help uncover prevailing attitudes to advertising and communication channels.

A **survey** was then used to canvass advertising preferences and gauge information channel usefulness, based on a sample of **9,641 Australians nationally.** It was conducted online in July 2013.

Sample quotas were used and weightings applied to ensure that the overall sample was **representative of the Australian population,** based on age, gender and location.

The survey investigated how useful people found various communication channels across **45 different real-life scenarios.** These scenarios addressed aspects of product evaluation, purchase decision-making, customer retention, switching, cross-sell, loyalty and rewards communications in the following **10 industry sectors:**

- **Banking and finance**
- **Superannuation**
- **Insurance**
- **Telecommunications**
- **Utilities**
- **Fashion retail and department stores**
- **Supermarkets**
- **Automotive**
- **Charities**
- **Public services (local council and political parties).**

Each respondent was randomly assigned **six of the scenarios,** so each one was completed by a sample of at least **1,000 respondents.**

Audience segments

The following audience segments were identified within the total sample group
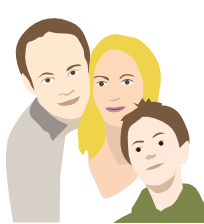
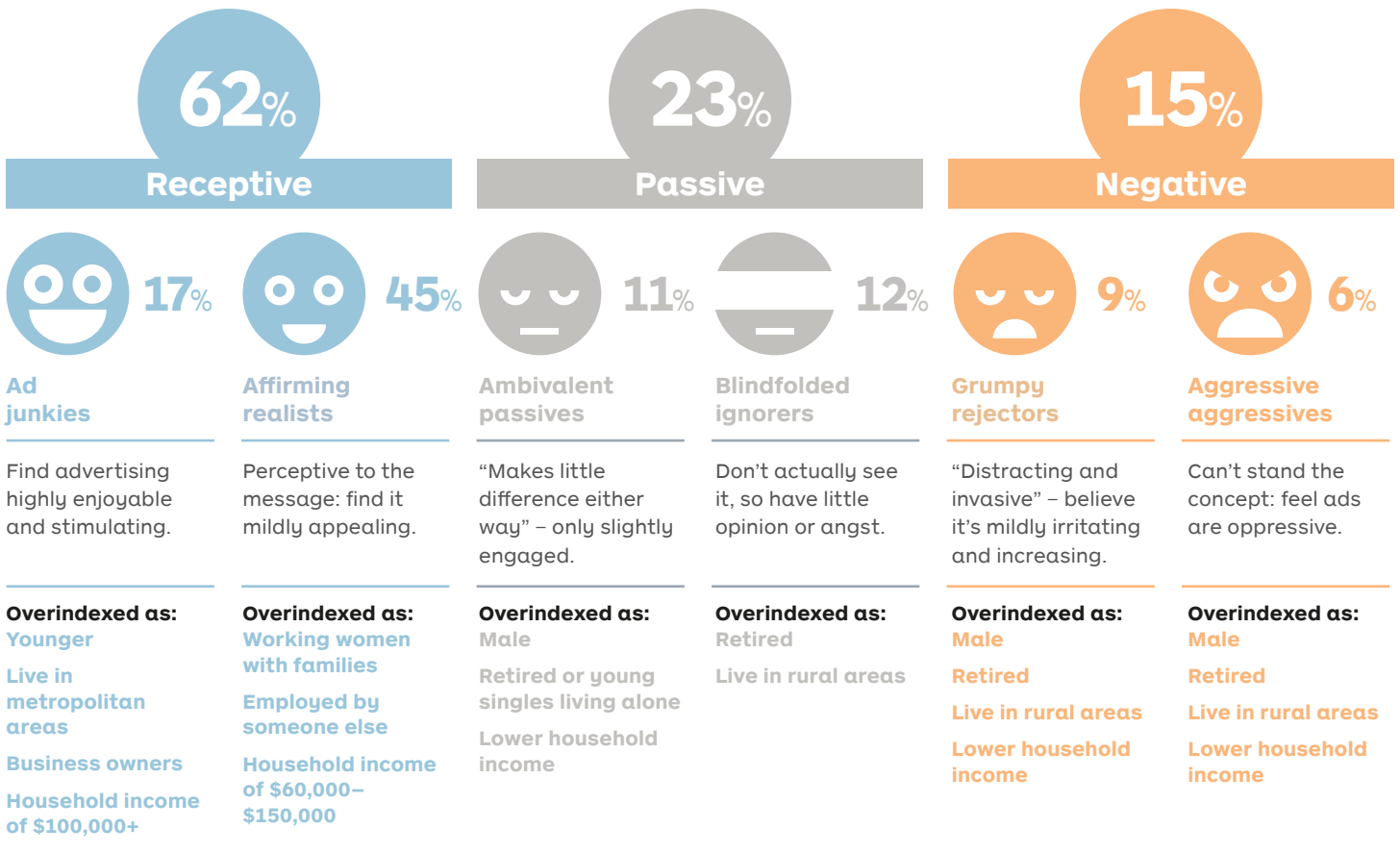| Youth	Younger professionals	Younger families	Older families	Home duties	Older professionals	Retirees
Under 25 years old.	No children.	Dual-income household, with children under 10 years.	Dual-income household, with children over 10 years.	Most likely to have small children.	Over 40 years old.	Over 65 years old.
Many university students or part-time workers.	Household income: $50,000–$150,000.	Household income: $50,000–$150,000.	Household income: $50,000–$150,000.	Household income: under $50,000.	Household income: $150,000+.	Household income: under $50,000.

Good news!

Around six in 10 Australians are **generally positive** towards advertising and receptive to its messages.

Around a quarter of consumers are **ambivalent** towards advertising, believing that it "makes little difference either way". Often, members of this segment just try to "ignore it".

A minority is **negative** towards advertising – either overwhelmed by the "noise" of it, or finding it annoying and distracting.

Six discrete segments, from "ad junkies" to "aggressive aggressives", are illustrated below.

62% Receptive

17%

Ad junkies

Find advertising highly enjoyable and stimulating.

Overindexed as:
Younger

Live in metropolitan areas

Business owners

Household income of $100,000+

45%

Affirming realists

Perceptive to the message: find it mildly appealing.

Overindexed as:
Working women with families

Employed by someone else

Household income of $60,000–$150,000

23% Passive

11%

Ambivalent passives

"Makes little difference either way" – only slightly engaged.

Overindexed as:
Male

Retired or young singles living alone

Lower household income

12%

Blindfolded ignorers

Don't actually see it, so have little opinion or angst.

Overindexed as:
Retired

Live in rural areas

15% Negative

9%

Grumpy rejectors

"Distracting and invasive" – believe it's mildly irritating and increasing.

Overindexed as:
Male

Retired

Live in rural areas

Lower household income

6%

Aggressive aggressives

Can't stand the concept: feel ads are oppressive.

Overindexed as:
Male

Retired

Live in rural areas

Lower household income

Demographic characteristics of the attitude segments

The research suggests that those **most receptive** to advertising tend to be younger in age, women with families, living in metropolitan areas with higher household incomes.

Those **least receptive** to advertising tend to be male retirees, living in rural areas with lower household incomes.

Naturally the segment attributes are **likelihoods** rather than absolute descriptions of each member of an attitudinal segment.

Mythbusters!

People are migrating from traditional media to online channels.

The top five most effective advertising channels are all so-called traditional media! When it comes to channel effectiveness, the first digital channel in the rankings is email marketing, at number six.

Yes, but the younger demographics are online, aren't they?

Younger demographics do rank social media advertising, online display advertising and email marketing more effective than older demographics do, but still nowhere near as effective as catalogues and flyers, TV advertising, press, radio and direct mail as advertising channels.

I thought press and direct mail were for older demographics.

As it turns out, they work for all demographics. However, online channels have cross-demographic appeal too! When presented with real-life scenarios in different industries, all segments (including older professionals and retirees) ranked websites in their top three most useful channels for evaluating options and making a final purchase decision.
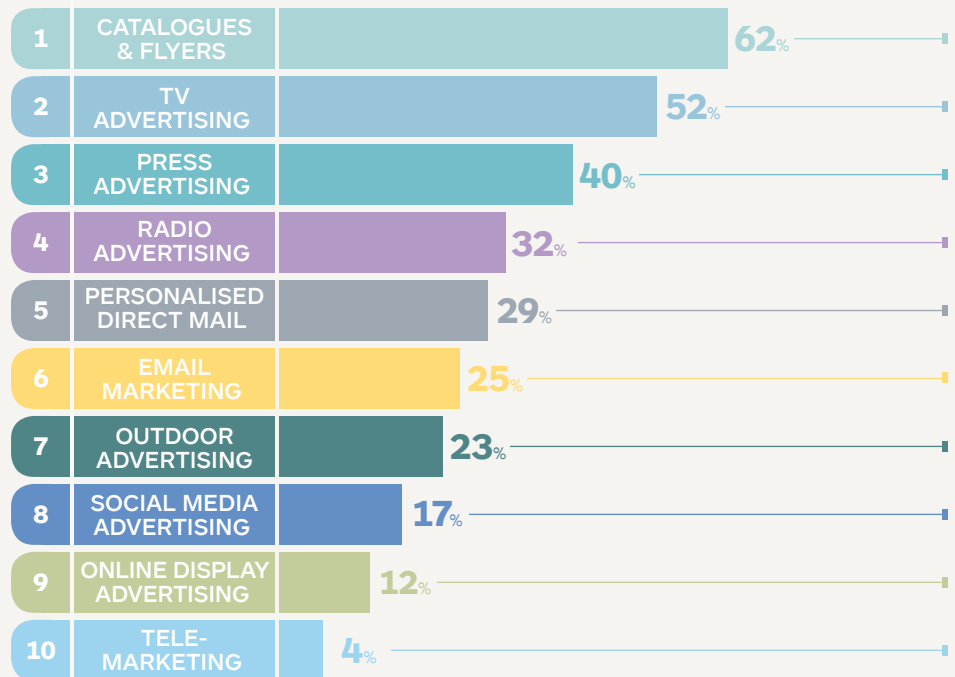
The most effective channels for advertising

Which advertising channels do consumers believe are more effective in influencing their purchase decisions?

The findings debunk the modern advertising myth that connections made via digital channels are all that matter. On the contrary: **catalogues and flyers, TV, press, radio and direct mail all ranked above digital channels** in the minds of consumers when it came to perceived effectiveness.

Across the board, channels that were ranked lower in effectiveness were social media advertising, online display ads and telemarketing.

Rank	Channel	%
1	CATALOGUES & FLYERS	62%
2	TV ADVERTISING	52%
3	PRESS ADVERTISING	40%
4	RADIO ADVERTISING	32%
5	PERSONALISED DIRECT MAIL	29%
6	EMAIL MARKETING	25%
7	OUTDOOR ADVERTISING	23%
8	SOCIAL MEDIA ADVERTISING	17%
9	ONLINE DISPLAY ADVERTISING	12%
10	TELE-MARKETING	4%

Q: How effective at influencing you, when considering products and services, do you find the following forms of advertising?

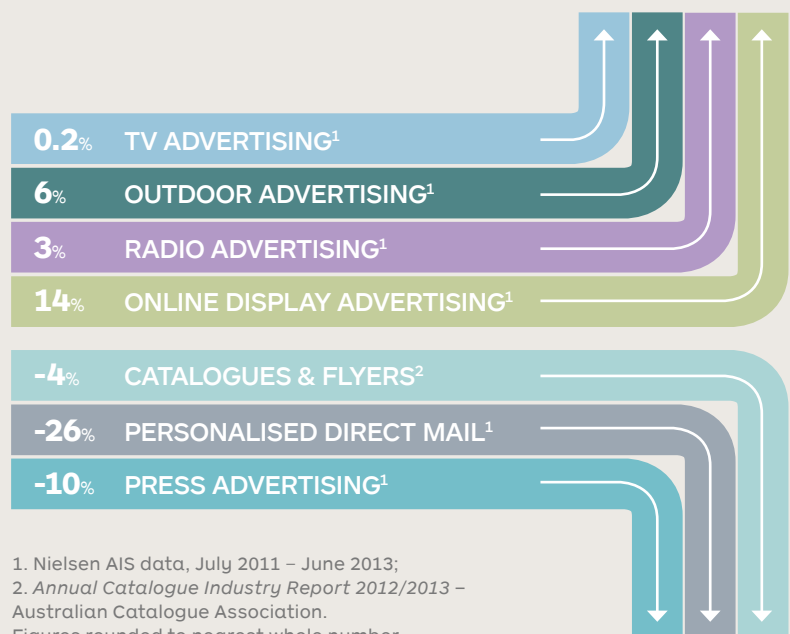## What channels are marketers investing in?

The **consumer rankings** of various promotional channels run counter to trends in **media spend.**

This chart depicts the effectiveness ranking of particular channels and the **relative growth or decline of media commitment** to those channels.

The top four channels have experienced an **increase in spend,** year-on-year; the bottom three have seen a **drop in spend.** There are no spend figures available for the channels omitted.

Three of the top five channels that consumers report are most effective have seen a drop in spend.

While some channels might perform well on reach and are consequently seeing more investment from marketers, the research results suggest that consumers do not necessarily consider them effective, so this **reach may not translate automatically into sales.**

%	Channel
0.2%	TV ADVERTISING[1]
6%	OUTDOOR ADVERTISING[1]
3%	RADIO ADVERTISING[1]
14%	ONLINE DISPLAY ADVERTISING[1]
-4%	CATALOGUES & FLYERS[2]
-26%	PERSONALISED DIRECT MAIL[1]
-10%	PRESS ADVERTISING[1]

1. Nielsen AIS data, July 2011 – June 2013;
2. *Annual Catalogue Industry Report 2012/2013* – Australian Catalogue Association.
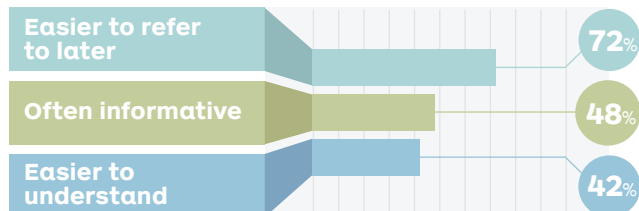Figures rounded to nearest whole number.

In the following pages we'll explore each channel in more detail, looking at how different demographics respond to them. We'll also examine the attributes consumers say make a particular advertising channel more effective or ineffective. For marketers, these attributes could help you identify the right platforms for your particular advertising content.
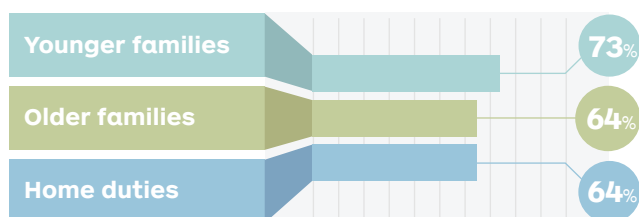
Catalogues and flyers

Australian consumers rank catalogues and flyers as the most effective advertising channel.

Top three attributes

Easier to refer to later	72%
Often informative	48%
Easier to understand	42%

Considered most effective by:

Younger families	73%
Older families	64%
Home duties	64%

For those who reported catalogues and flyers as effective; n=5,994.

Respondents who consider catalogues and flyers to be effective advertising channels claim that catalogues are easier to refer to later, often informative and easier to understand. These attributes reflect the **tangible nature of print,** as well as the fact that recipients can take their time absorbing catalogue and flyer content and they can keep them on hand for future reference or even take them along when they visit the store.

We all love catalogues!
As you might expect, Australians who feel favourably towards advertising in general feel particularly positive about this channel. However, what's interesting is that **catalogues and flyers appear to resonate strongly with those who claim to dislike advertising.** The two most ad-negative groups (aggressive aggressives and grumpy rejectors) are both significantly more likely than passive groups and ad lovers to say that catalogues and flyers are effective because they are more relevant.
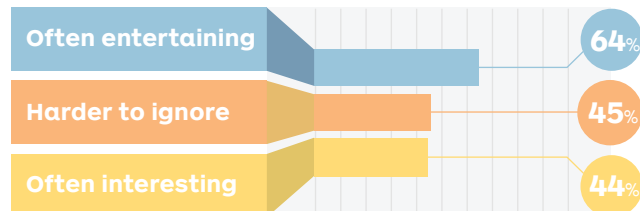
Age and channel attributes

Those aged 18 to 40 are more likely to view catalogues and flyers as often entertaining, while the **40+ demographics are more likely to consider this channel effective because of its relevance** and the fact that catalogues and flyers are **often informative** and **easier to refer to later.**
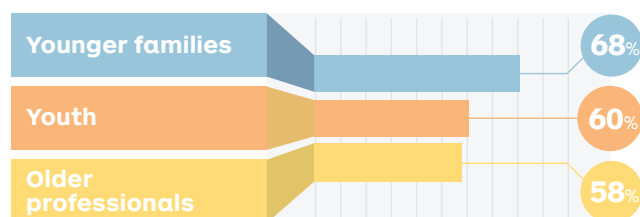

#2

TV advertising

The second most effective advertising channel, according to consumers, is TV.

Top three attributes

Often entertaining	64%
Harder to ignore	45%
Often interesting	44%

Considered most effective by:

Younger families	68%
Youth	60%
Older professionals	58%

For those who reported TV advertising as effective; n=4,928.

What becomes immediately apparent is that **TV appeals to different consumer segments, and for very different reasons.** While catalogues and flyers are considered most effective because they are easier to refer to later and informative, TV advertising is valued because people consider it to be entertaining and harder to ignore.

Attitudinal segments

Whereas catalogues and flyers are still fairly positively viewed by people who claim not to like advertising, **TV loses ground with those who are passive or negative towards ads.** The three most negative groups are less likely to consider TV advertising effective because it's entertaining (43% vs 64% total sample), or interesting (21% vs 44% total sample).

Age and channel attributes

Those aged 18 to 40 are less likely to say TV advertising is effective because it's informative (30% vs 38% total sample), in contrast to people aged 50+ (53%). Conversely, **18 to 40s are more likely to consider TV easier to remember** (42%), compared with people aged 40+ (30%).
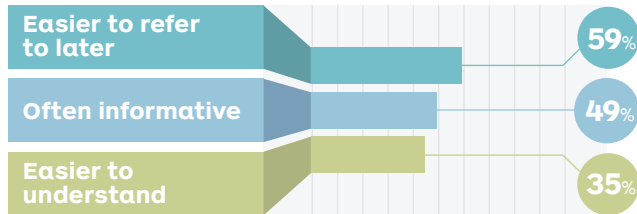
Tune in to gender differences
Women are more likely than men to say TV is effective because it's **entertaining** (66% vs 62%), while men are more likely to say it's effective because it's **easier to understand** (30% vs 25%).
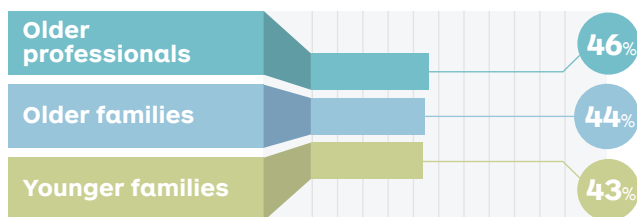
#3 Press advertising
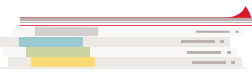
Australian consumers rank newspapers and magazines as the third most effective advertising channel.

Top three attributes

Easier to refer to later	59%
Often informative	49%
Easier to understand	35%

Considered most effective by:

Older professionals	46%
Older families	44%
Younger families	43%

For those who reported TV advertising as effective; n=3,842.

The attributes that consumers say make press advertising effective are the same ones that work for catalogues and flyers. Press and other print collateral are tangible, portable and credible. **All these print media are considered effective by families** – a key target market for many businesses.

Attitudes to advertising

While catalogues are viewed quite favourably by ad-negative groups, press doesn't perform as well. The three most ad-negative groups are more likely to say press is not entertaining (8% vs 16% total sample). However, as consumers view press as more effective because of its informative attributes rather than its entertainment value, a lower entertainment score may not undermine the channel's overall effectiveness.

Is age just a number?

25–29 year olds are more likely to say press advertising is effective because it's entertaining (24%) and harder to ignore (23%). The same group is less likely to say that press is informative (37%) or easier to refer to later (42%) – **going against the mainstream view** on the attributes of press. The **50+ age group** is more likely to say press is easier to refer to later (71% vs 59% total sample).
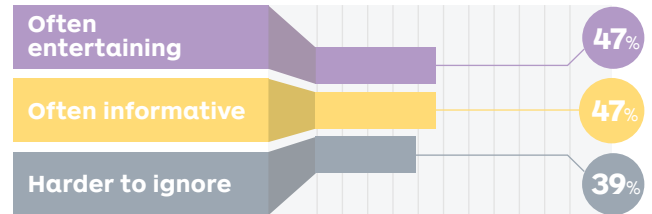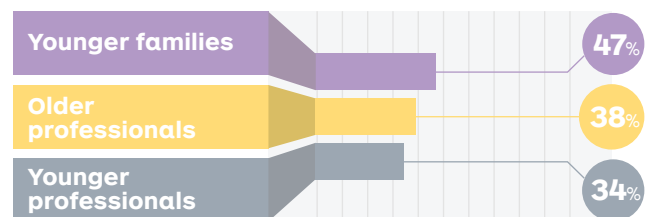
2 8 6 1 5
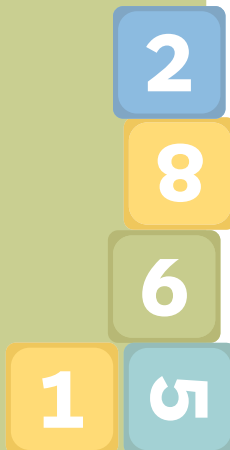
#4 Radio advertising

Australian consumers rank radio as the fourth most effective advertising channel.

Top three attributes

Often entertaining	47%
Often informative	47%
Harder to ignore	39%

Considered most effective by:

Younger families	47%
Older professionals	38%
Younger professionals	34%

For those who reported radio advertising as effective; n=3,010.

The attributes that consumers claim make radio advertising effective are a **combination of the attributes of TV advertising (more entertaining and harder to ignore) and the successful print advertising channels (often informative)**. As you would expect from an aural channel, radio advertising isn't considered easier to refer to later, which is one of the key attributes of number one ranked channel catalogues and flyers.

Interestingly, while the top three most effective channels elicit fairly consistently positive views across most demographics, **radio seems to be a more polarising channel,** with stronger and more varied views on what makes it effective and ineffective.

Radio: a polarising channel

While ad junkies are more positive about radio, interestingly the second most ad-positive group (affirming realists) considers radio **less believable** (10%). Perhaps, for them, seeing is believing? The most negative group (aggressive aggressives) is **less likely to consider radio entertaining** (29% vs 47% total sample) – which is one of the top three attributes other respondents say is likely to make radio more effective.
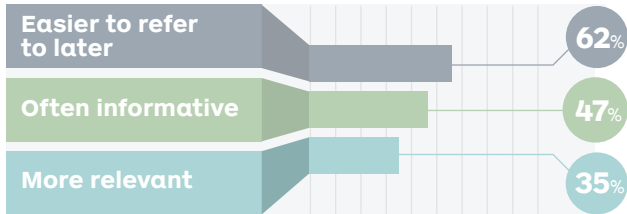
Age

18 to 24 year olds are less likely to ascribe radio's effectiveness to being informative (38% vs 47% total sample), while people who are aged 40+ are more likely to consider it informative (57%).
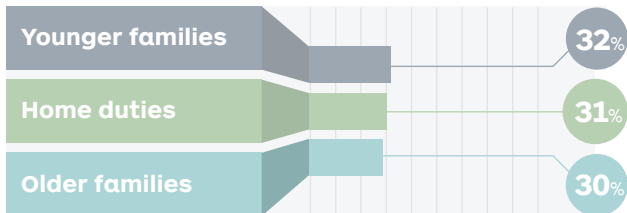
Personalised direct mail
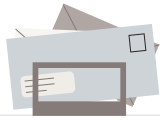
Australian consumers rank personalised direct mail as the fifth most effective advertising channel.

Top three attributes

Attribute	
Easier to refer to later	62%
Often informative	47%
More relevant	35%

Considered most effective by:

Segment	
Younger families	32%
Home duties	31%
Older families	30%

For those who reported personalised direct mail as effective; n=2,777.

Personalised direct mail has **two of the top three characteristics** of the advertising channel that consumers rank as most effective – **catalogues and flyers.** All these items are tangible and easy to take with you, show to others or file, plus direct mail can also be personalised – **tailoring the message to the recipient.**

Attitudinal segments

Ad junkies find direct mail more entertaining, more interesting, and easier to remember than other attitude groups do.

Channel credibility with youth

Youth is significantly more likely to consider personalised direct mail effective because it's **trustworthy** (22% vs 15% total sample).
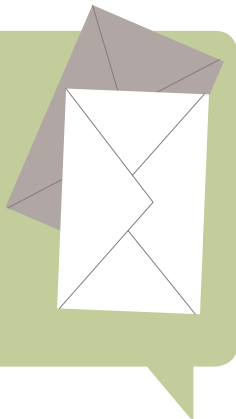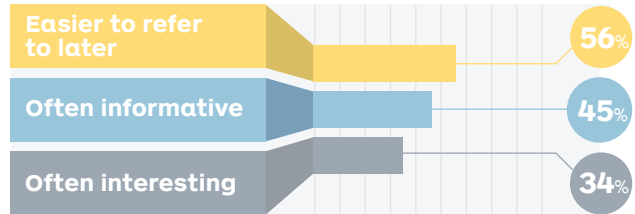
Gender and direct mail

Men consider direct mail more trustworthy, relevant and believable than women do.
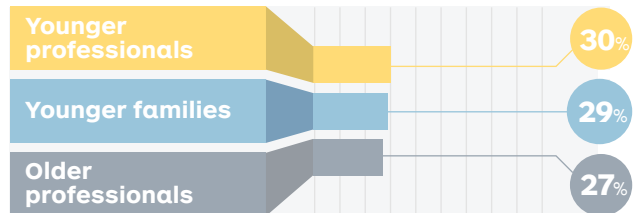

Email marketing

Australian consumers rank email marketing as the sixth most effective advertising channel. This is also the first digital advertising channel to appear in the rankings.

Top three attributes

Attribute	
Easier to refer to later	56%
Often informative	45%
Often interesting	34%

Considered most effective by:

Segment	
Younger professionals	30%
Younger families	29%
Older professionals	27%

For those who reported email marketing as effective; n=2,342.

Email's effectiveness is ascribed to the **same top three attributes** that consumers say make **catalogues and flyers** an effective advertising channel.

One of the advantages of this channel is that **recipients are already online, so a website with more information is just a click away.**

This channel also **ranks well with both younger and older professionals**, two segments who will likely be regular users of email in the workplace.
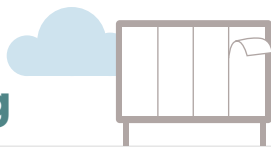
Email for all!

Interestingly, **retirees** are more likely than any other segment to say email is effective because it's **often interesting** (53% vs 34% total sample) and **informative** (60% vs 45% total sample).
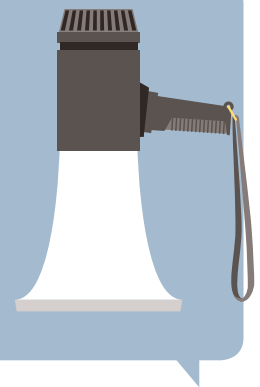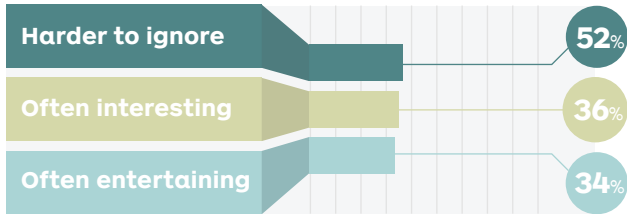
Gender

Men are more likely than women to say email is **trustworthy and believable.**
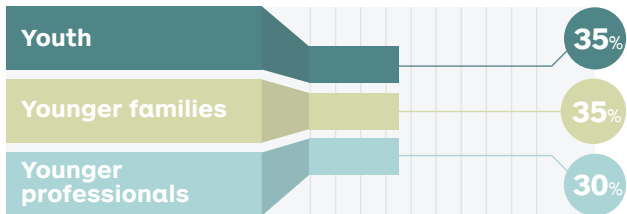

#7 Outdoor advertising

Australian consumers rank outdoor and billboard advertising as the seventh most effective advertising channel.

Top three attributes

Harder to ignore	52%
Often interesting	36%
Often entertaining	34%

Considered most effective by:

Youth	35%
Younger families	35%
Younger professionals	30%

For those who reported outdoor advertising as effective; n=2,043.

Outdoor advertising is a **high-impact channel** that must stand out to get cut-through. Because it typically uses short messages and bold colour and design, unsurprisingly consumers find outdoor advertising **interesting and consider the messages to be harder to ignore.**

Engaging younger audiences
While it's worth bearing in mind that outdoor advertising only comes in at number seven in the overall rankings, it is considered more effective by the **younger segments** than older segments. As with TV, outdoor is considered effective because it's **entertaining and interesting.**
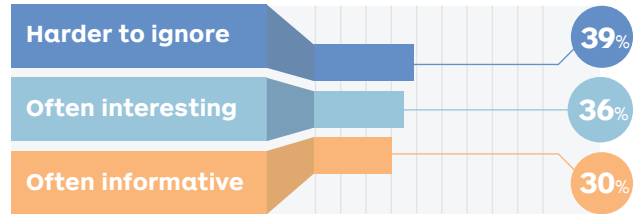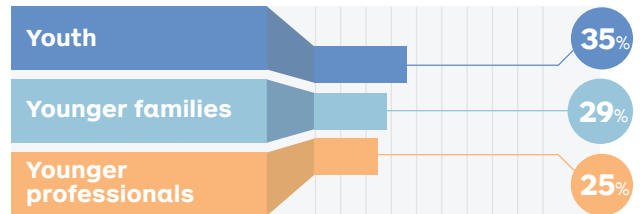
#8 Social media advertising

The eighth most effective advertising channel, according to consumers, is social media advertising.

Top three attributes

Harder to ignore	39%
Often interesting	36%
Often informative	30%

Considered most effective by:

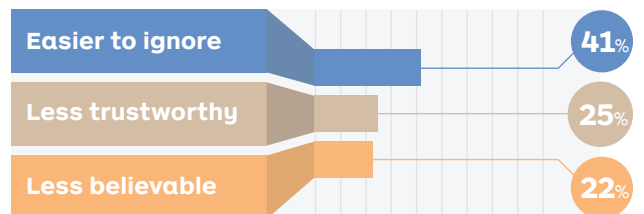|	
Youth	35%
Younger families	29%
Younger professionals	25%

For those who reported social media advertising as effective; n=1,459.

Respondents who consider social media advertising to be effective say that it may work because it's **harder to ignore** and **often interesting** (both of which feature in **TV advertising's top three attributes**). They also say it's **often informative** – perhaps reflecting the fact that social media advertising draws on previous online activity for its messages.

While most other channels are considered more effective at influencing the purchase decisions of **younger demographics,** if social media advertising is effective for anyone, it's effective for them.

Attributes making ineffective

Easier to ignore	41%
Less trustworthy	25%
Less believable	22%

For those who reported social media advertising as ineffective; n=5,192.
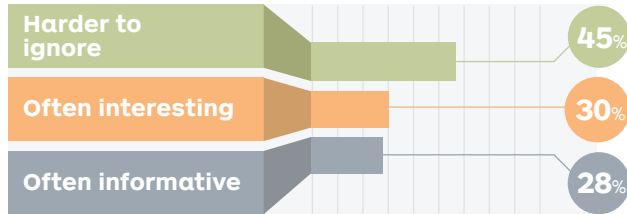
A question of trust

Social media advertising is considered **ineffective by 52% of respondents**. Marketers may have to consider how **trustworthy and believable** advertising on this channel is considered to be.
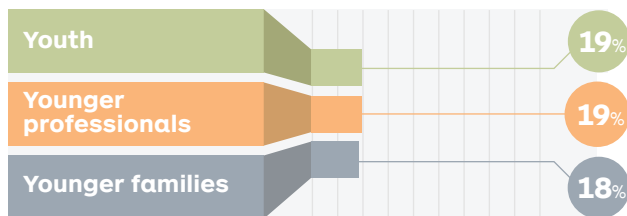
#9 Online display advertising

The ninth most effective advertising channel, according to consumers, is online display advertising.

Top three attributes

Harder to ignore	**45**%
Often interesting	**30**%
Often informative	**28**%

Considered most effective by:

Youth	**19**%
Younger professionals	**19**%
Younger families	**18**%

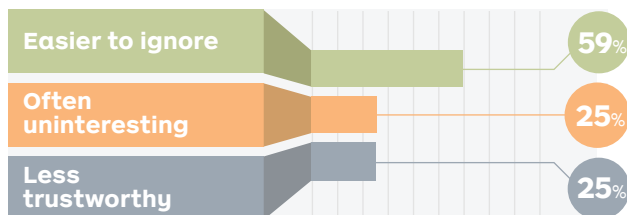For those who reported online display advertising as effective; n=1,039.

According to the small number of respondents who consider online display advertising to be effective, this channel has the same attributes that are likely to make **social media advertising** effective.

Analytics don't make a channel work

The low ranking for online display advertising demonstrates how **enhanced measurability** doesn't necessarily translate into greater effectiveness.

As with social media advertising, online display advertising isn't considered effective by many Australian consumers. **Younger demographics** are more likely than consumers aged 40+ to consider it effective.

Attributes making ineffective:

Easier to ignore	**59**%
Often uninteresting	**25**%
Less trustworthy	**25**%

For those who reported online display advertising as ineffective; n=5,370.
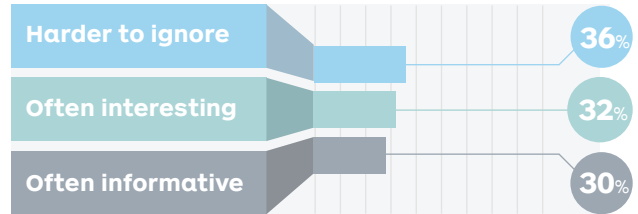
Online display advertising is considered **ineffective** by 54% of respondents.
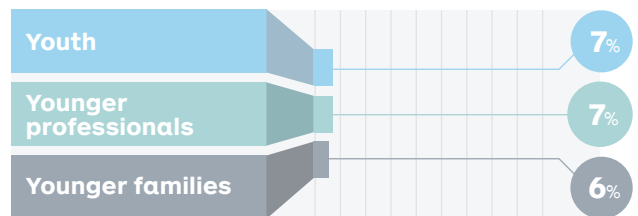
#10 Telemarketing

Consumers considered telemarketing to be the least effective advertising channel, with only 4.4% overall considering it effective in influencing their purchase decisions.

Top three attributes

Harder to ignore	**36**%
Often interesting	**32**%
Often informative	**30**%

Considered most effective by:

Youth	**7**%
Younger professionals	**7**%
Younger families	**6**%

For those who reported telemarketing as effective; n=384.

The top three attributes respondents claim may make telemarketing effective are the same ones that people feel **work for TV advertising**. However, the percentage scores for TV advertising for these attributes are **almost double those for telemarketing.** Perhaps this makes sense, if we consider that TV advertising is both a visual and an aural medium – unlike telemarketing, which is purely aural. In addition, people choose to turn on the TV, while **telemarketers initiate the call to potential customers.**

As with social media advertising and online display advertising, **telemarketing isn't considered effective by many Australian consumers**, but **younger demographics** are more likely to consider it effective than consumers aged 40+.

Attributes making ineffective:

Less trustworthy	**52**%
Less believable	**34**%
Often boring	**30**%
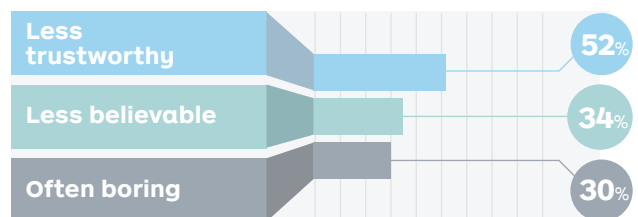
For those who reported telemarketing as ineffective; n=7,661.

The question of how **trustworthy and believable** advertising on this channel is may need to be considered by marketers. It's also often accused of being **intrusive,** disrupting family time.

Top five most effective advertising channels for each demographic segment

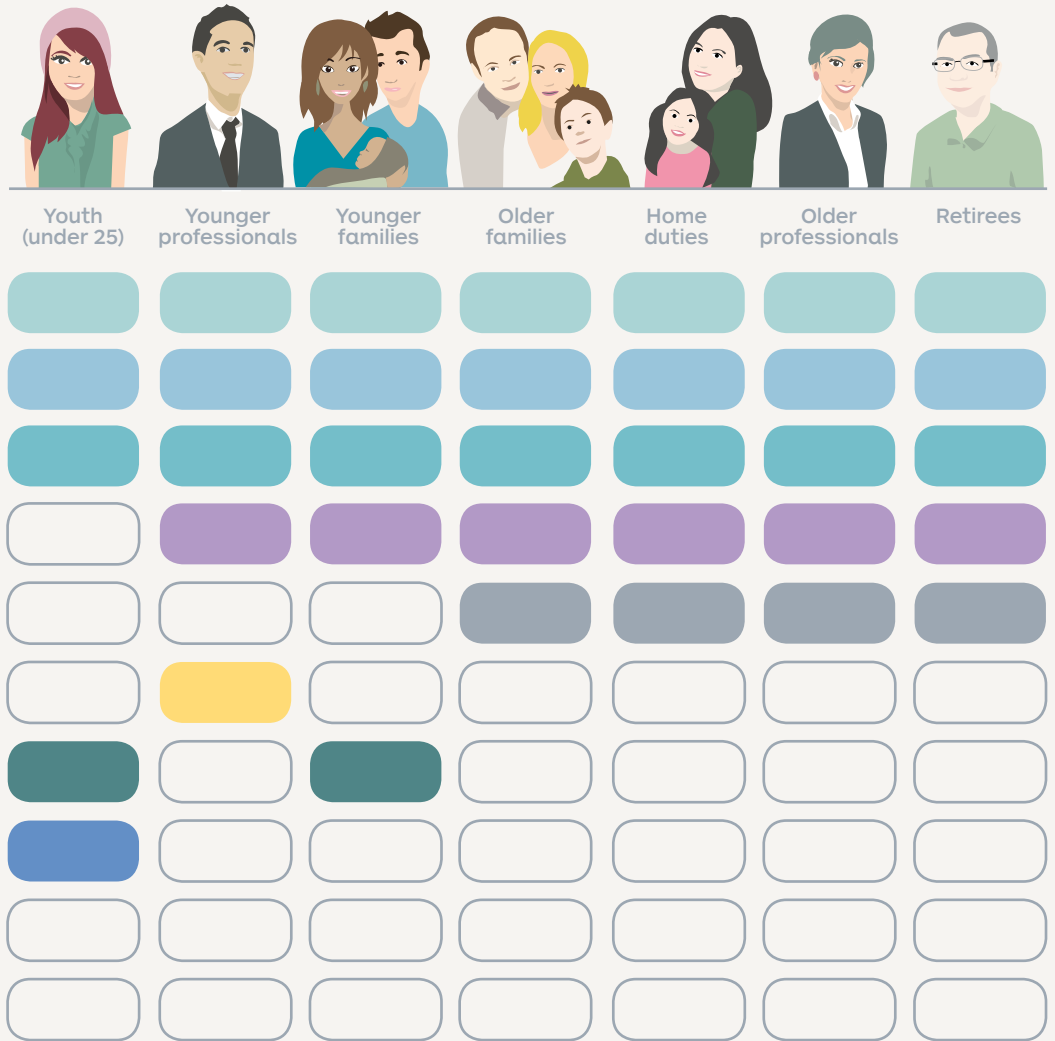| Channel	Youth (under 25)	Younger professionals	Younger families	Older families	Home duties	Older professionals	Retirees
CATALOGUES & FLYERS	●	●	●	●	●	●	●
TV ADVERTISING	●	●	●	●	●	●	●
PRESS ADVERTISING	●	●	●	●	●	●	●
RADIO ADVERTISING		●	●	●	●	●	●
PERSONALISED DIRECT MAIL				●	●	●	●
EMAIL MARKETING		●					
OUTDOOR ADVERTISING	●		●				
SOCIAL MEDIA ADVERTISING	●						
ONLINE DISPLAY ADVERTISING							
TELE-MARKETING							

The table above summarises the findings by showing the **top five most effective channels for each demographic segment.** While **catalogues and flyers, TV advertising** and **press advertising** are considered the most effective advertising channels by **all segments**, a one-size-fits-all approach doesn't apply.

As we move beyond people's top three channel preferences, there are variations that can help marketers to create a **multichannel mix to target key audiences most effectively.**

The table also highlights the disparity between the top-performing and low-performing channels, according to consumers.

While catalogues and flyers, TV advertising and press advertising are considered the most effective advertising channels by all segments a one-size-fits-all approach doesn't apply.
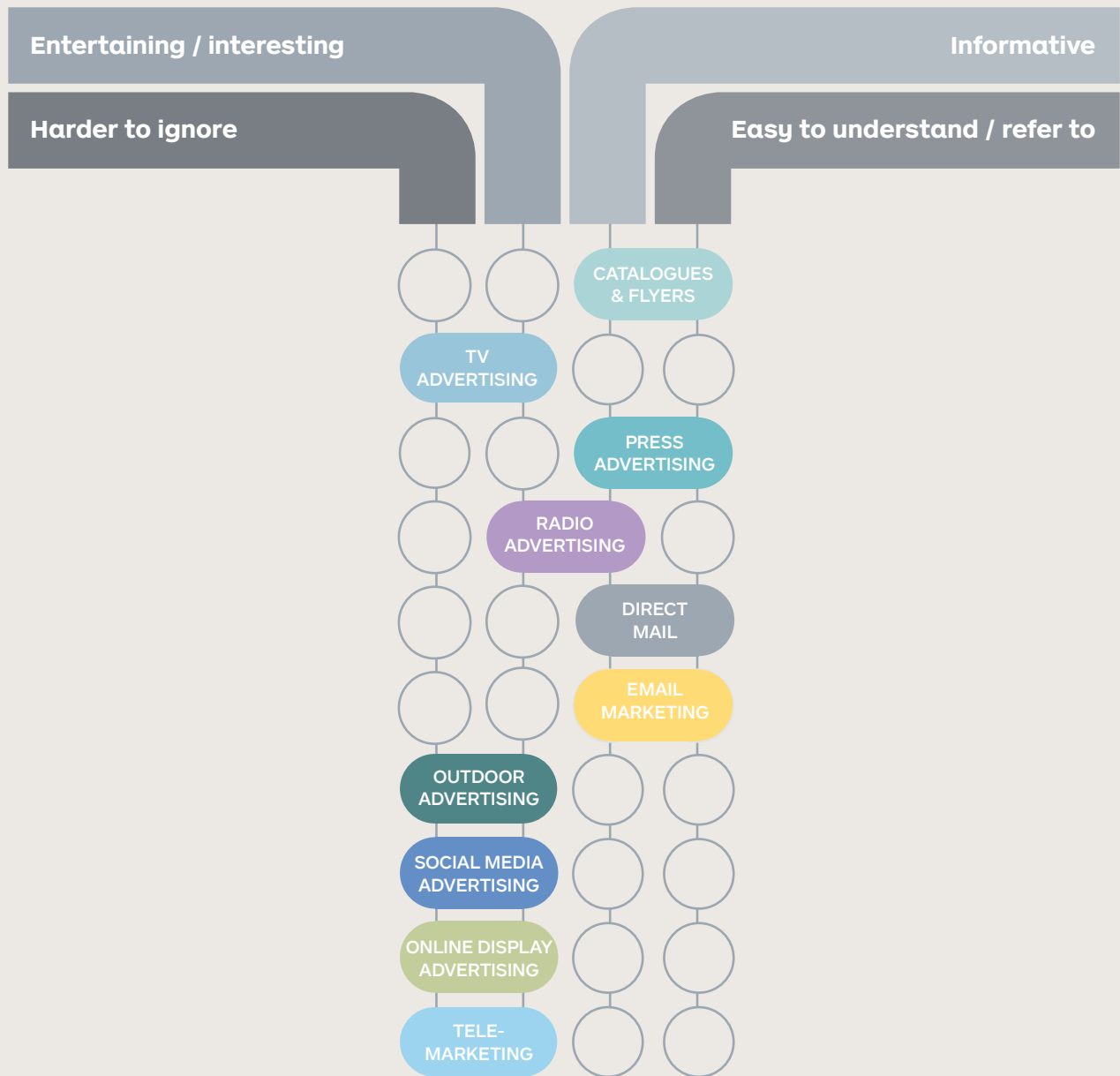
Using the right platform for your advertising

Entertaining / interesting   Informative

Harder to ignore   Easy to understand / refer to

CATALOGUES & FLYERS

TV ADVERTISING

PRESS ADVERTISING

RADIO ADVERTISING

DIRECT MAIL

EMAIL MARKETING

OUTDOOR ADVERTISING

SOCIAL MEDIA ADVERTISING

ONLINE DISPLAY ADVERTISING

TELE-MARKETING

As we've seen, when respondents were asked which advertising channels they consider effective in influencing their purchase decisions, they were also asked **which attributes they believed make channels effective.**

The diagram above shows **which characteristics consumers associate with different advertising channels,** based on the top three ranked attributes identified by those respondents who reported channels as effective.

For marketers, a **multichannel strategy** may be the best approach for your advertising messages, depending on the product, your target audience and the **type of creative concepts** you use.

For example, our research suggests that respondents find **TV, radio and outdoor advertising effective because they consider it entertaining.** If marketers are looking for cut-through or strong recall with **entertaining or humorous content,** these

channels may be a good platform for their advertising.

In a similar vein, many consumers consider **catalogues and flyers, press, radio and direct mail** to be more effective advertising channels because they are **informative and easy to refer to later.** If your advertising messages take an **educational, informative approach,** these tangible, credible channels may be the best fit for your advertising.

Channels and the path to purchase

We know that most consumers feel positive towards advertising, and that they view the various media channels as more or less effective when it comes to influencing their purchase behaviour. The next factor to consider is **which channels consumers seek out and consider most useful** as they navigate the path to purchase.

People travel a path to purchase from **discovering** a product or brand, to **considering and evaluating** it, making a **final decision,** then purchasing a product or service. If the experience is a good one, marketers hope to convert these first-time customers into **repeat, loyal customers.**
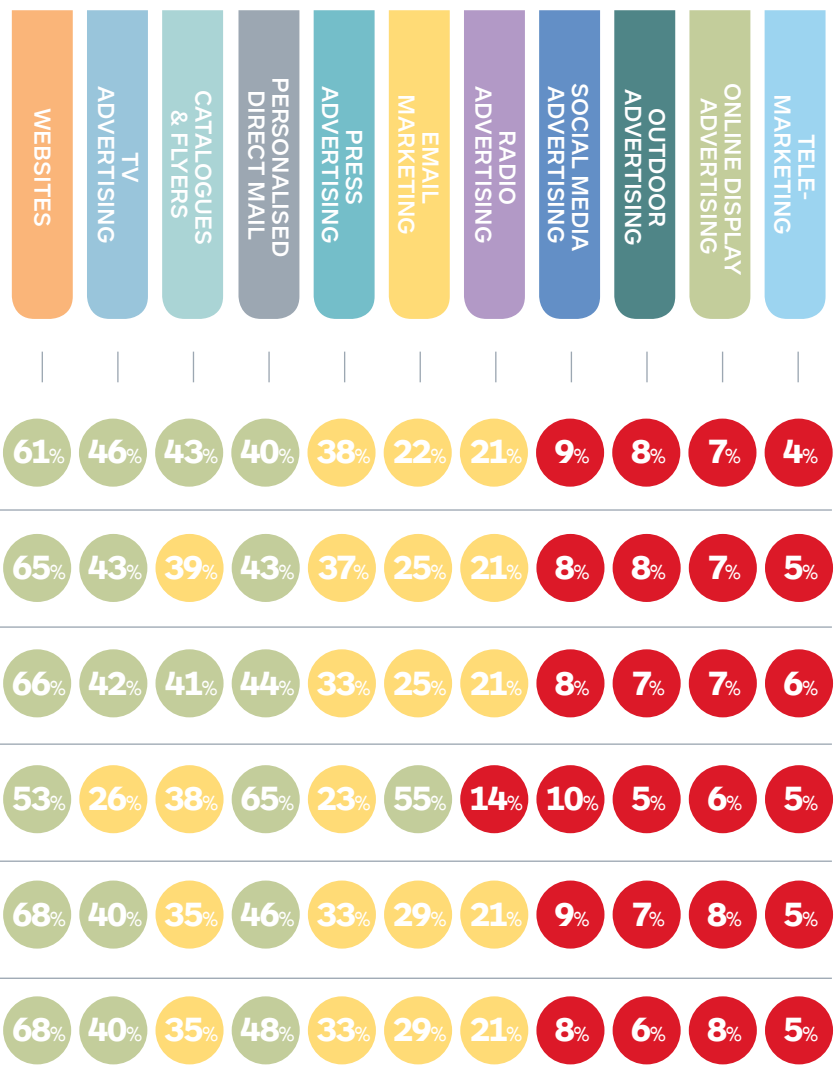
However, the path to purchase doesn't stop there. Existing customers are still open to encountering, evaluating and purchasing **additional products** from the same provider (cross-sell), buying **better or more expensive products** (up-sell), or being **lured away by a competitor** (switching).

When people are considering purchasing a product or service, they may **actually seek out information and advertising.** In order to make the research conversations real, we looked across different industries and found people who had recently experienced certain stages in the path to purchase – considering a new service, or finding out more information from an existing provider. We asked people **where they looked for information** and **which channels they found to be useful** as they went through different stages.

What channels are consumers using on the path to purchase?

Australians say that certain types of messages and communication channels may be **more useful at particular points in the path to purchase.**

The most effective mix may also **vary according to the industry** delivering the message – what consumers report works for banks may not be the best mix for a department store or a supermarket.

	WEBSITES	TV ADVERTISING	CATALOGUES & FLYERS	PERSONALISED DIRECT MAIL	PRESS ADVERTISING	EMAIL MARKETING	RADIO ADVERTISING	SOCIAL MEDIA ADVERTISING	OUTDOOR ADVERTISING	ONLINE DISPLAY ADVERTISING	TELE-MARKETING
NEW CUSTOMER – CONSIDERING OPTIONS: Websites considered most useful when evaluating options (61%), followed by TV advertising (46%).	61%	46%	43%	40%	38%	22%	21%	9%	8%	7%	4%
NEW CUSTOMER – MAKING FINAL DECISION: Websites (65%) considered most useful, followed by TV advertising (43%) and direct mail (43%).	65%	43%	39%	43%	37%	25%	21%	8%	8%	7%	5%
EXISTING CUSTOMER – CROSS-SELL: Websites (66%) considered most useful, followed by direct mail (44%).	66%	42%	41%	44%	33%	25%	21%	8%	7%	7%	6%
EXISTING CUSTOMER – RETENTION: Direct mail (65%) considered most useful, followed by email marketing (55%).	53%	26%	38%	65%	23%	55%	14%	10%	5%	6%	5%
SWITCHING CUSTOMER – OPTIONS: Websites (68%) considered most useful, followed by direct mail (46%).	68%	40%	35%	46%	33%	29%	21%	9%	7%	8%	5%
SWITCHING CUSTOMER – MAKING FINAL DECISION: Websites (68%) considered most useful, followed by direct mail (48%).	68%	40%	35%	48%	33%	29%	21%	8%	6%	8%	5%

Based on the top three ranked useful channels, identified by those respondents who reported channels as useful.

Banking and finance

While local banks have adapted to the post-GFC norms of slower credit growth, low interest rates and stricter regulation, **competition and pressure to grow earnings are intense.**

Consequently, the finance sector is a hotly contested marketplace of deals, offers and tailored packages which, served by digital channels, has transformed from a purely "relationship" business into a "convenience" business.

Marketers are tasked with helping people **differentiate between the banking institutions**, especially the big four, and **encouraging cautious consumers to borrow money** – in the form of home loans and credit cards.

Top advertising channels in terms of spend

Between 1 July 2012 and 30 June 2013, the sector spent approximately $564 million on advertising.[6]

- TV: $215.8mil
- NEWSPAPERS: $105.4mil
- ONLINE: $98mil
- OUTDOOR: $58.7mil
- DIRECT MAIL: $31.5mil
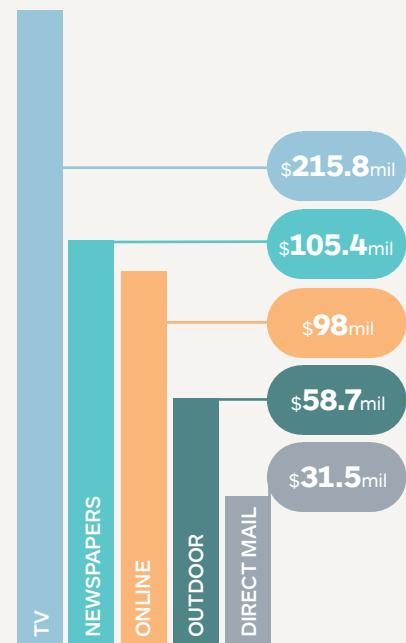
*6. Nielsen Expenditure by Media report, 1 July 2012 – 30 June 2013.*

Research findings: channels most useful to consumers

Acquisition

When it comes to **evaluating options and making a final decision** related to financial services, Australian consumers say the three most useful channels are: **websites, personalised direct mail** and **TV advertising.**

The biggest variations can be observed in the **youth segment,** for whom TV advertising (60%) is almost as important as websites (68%) and social media advertising (24%) is more important than direct mail (22%).

Top three channels considered most useful when making a final decision about applying for a credit card.

- WEBSITES: 66%
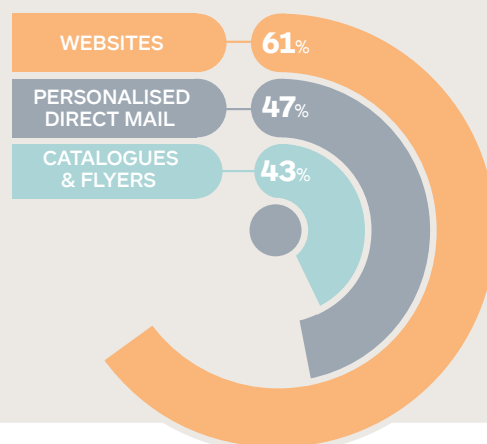- PERSONALISED DIRECT MAIL: 46%
- TV ADVERTISING: 43%
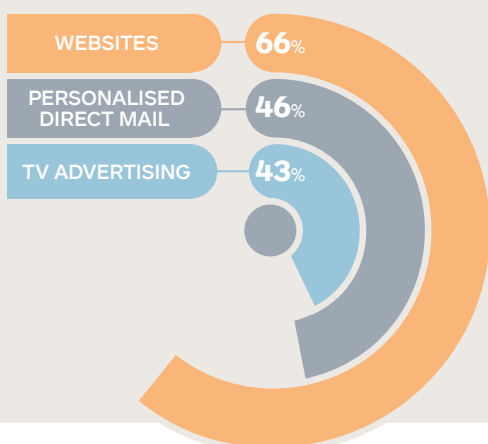
Cross-sell

How does new customer acquisition differ from marketing to **existing customers?**

When a consumer is looking at obtaining information on products or services a bank might provide **in addition to the existing services** they use, **websites, personalised direct mail** and **catalogues and flyers** are the channels they consider to be the most useful.
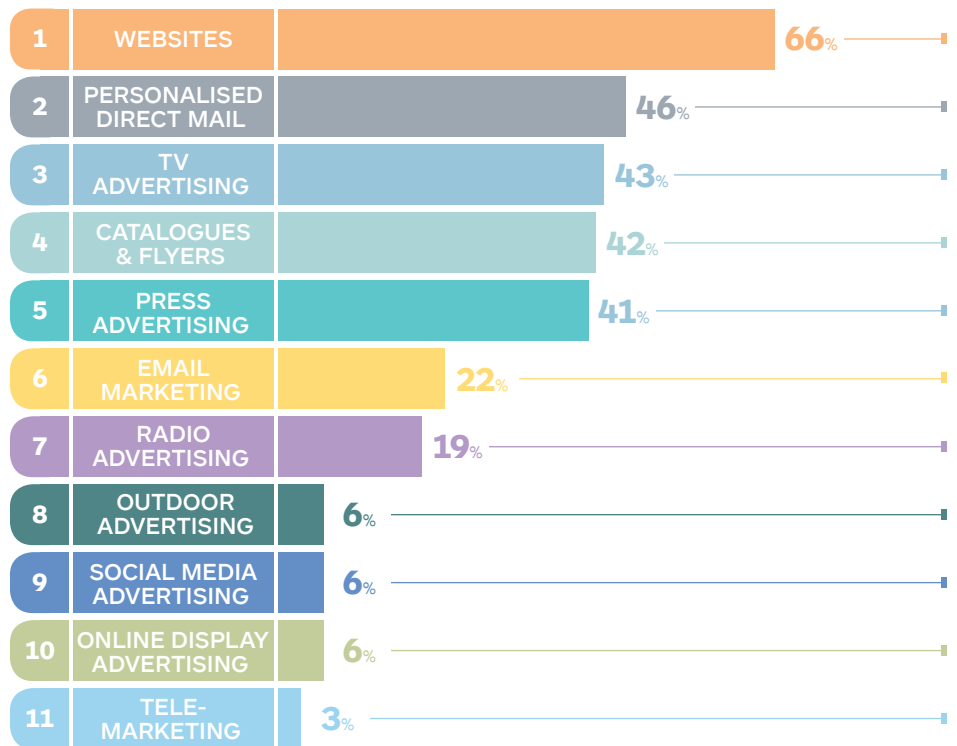
Top three channels considered most useful when obtaining additional products / services from a bank.

- WEBSITES: 61%
- PERSONALISED DIRECT MAIL: 47%
- CATALOGUES & FLYERS: 43%

Consider this:

Getting a credit card.

1	WEBSITES	66%
2	PERSONALISED DIRECT MAIL	46%
3	TV ADVERTISING	43%
4	CATALOGUES & FLYERS	42%
5	PRESS ADVERTISING	41%
6	EMAIL MARKETING	22%
7	RADIO ADVERTISING	19%
8	OUTDOOR ADVERTISING	6%
9	SOCIAL MEDIA ADVERTISING	6%
10	ONLINE DISPLAY ADVERTISING	6%
11	TELE-MARKETING	3%

Who looks to press advertising?

While **retirees and older families** rank websites and direct mail first and second in their top three most useful channels, these two segments are also more likely (48% and 47% respectively, vs 40% total sample) to rank **newspapers and magazine advertising** in their top three channels to help them make a final decision when applying for a credit card.

Keen to target older families with further information about your banking products?

This audience demographic is almost 51% more likely than youth to rank **personalised direct mail** as the most useful channel.

Want to connect with the younger market?

Youth customers rate **TV advertising** as more useful than the rest of the population does, although TV ads are seen by this group as less useful than websites.

While traditional forms of media rank as the most useful to assist consumers in finding out more about frequent flyer programmes and encouraging them to join, youth (22%) is significantly more likely than retirees (3%) to rank **social media advertising** as more useful.

Getting a credit card: and the channels consumers seek out

Across all life stages, five channels dominate credit card evaluation and decision-making: **websites, personalised direct mail, TV advertising, catalogues and flyers, and press advertising.**

Younger families (71%), youth (69%) and younger professionals (72%) find **websites** more important for decision-making than those in any other demographic groups (66% total sample).

Five channels dominate credit card evaluation and decision-making: websites, personalised direct mail, TV advertising, catalogues and flyers, and press advertising.

Superannuation

KPMG[7] reports that by June 2011, Australia had the **fourth-largest pool of retirement fund assets** in the Organisation for Economic Co-operation and Development (OECD). The Australian Superannuation Fund Association says that the nation's total estimated assets (including those of self-managed super funds) reached a record $1.62 trillion by 30 June 2013.

KPMG notes, however, that Australians' **retirement savings are failing to keep pace with the country's economic prosperity.** While the increase in super contributions that began in July 2013 may begin to address this, Australians may need **more education and encouragement** from super funds.

The industry is also gearing up to start implementing the new, **stringent reporting requirements** in 2014, which has put pressure on the industry and will make the administration of employer super contributions more onerous for many Australian businesses and SMSFs.

Marketers need to communicate the individual and business-related **changes to super,** communicate the funds' **performance** to existing customers, and also encourage people to **consolidate their super savings** into one fund.

7. Evolving Superannuation Industry Trends (KPMG, November 2012); www.kpmg.com.au
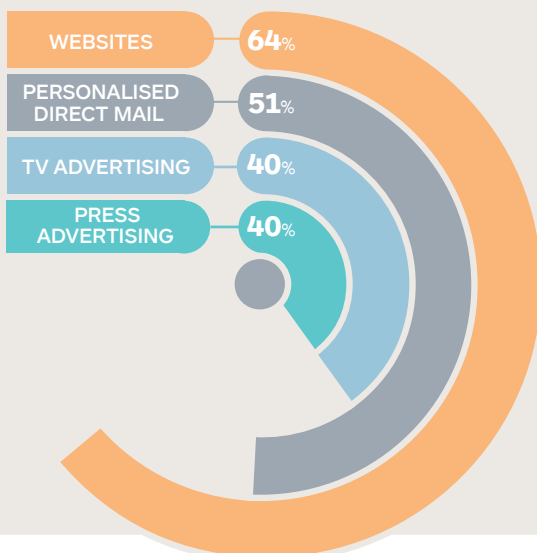
Personalised direct mail is considered the most useful channel for people wanting to keep in touch with the performance of their nest egg.

Research findings: channels most useful to consumers

Acquisition

The four channels most useful when considering a **new super fund,** say Australian consumers, are **websites, personalised direct mail, TV advertising** and **press advertising.**
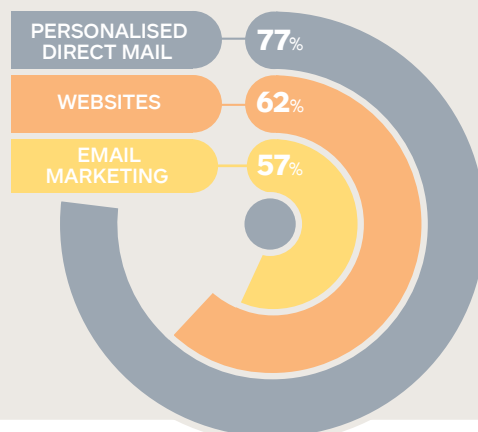
Top four channels considered most useful when considering becoming a new member of a super fund.

WEBSITES	**64**%
PERSONALISED DIRECT MAIL	**51**%
TV ADVERTISING	**40**%
PRESS ADVERTISING	**40**%

Retention

The channels most useful for updates and contact from an **existing super fund,** as reported by consumers, are **personalised direct mail, websites** and **email marketing.**
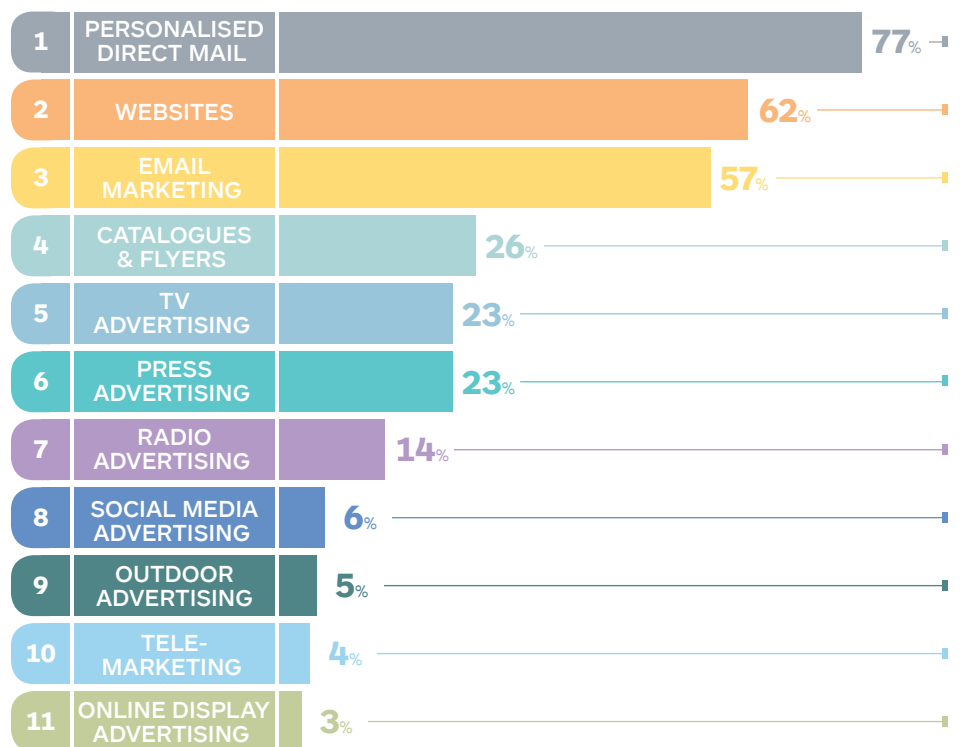
Top three channels considered most useful for being kept informed on the performance of your existing super investments.

PERSONALISED DIRECT MAIL	**77**%
WEBSITES	**62**%
EMAIL MARKETING	**57**%

Consider this:

Keeping super fund members informed.

#	Channel	%
1	PERSONALISED DIRECT MAIL	77%
2	WEBSITES	62%
3	EMAIL MARKETING	57%
4	CATALOGUES & FLYERS	26%
5	TV ADVERTISING	23%
6	PRESS ADVERTISING	23%
7	RADIO ADVERTISING	14%
8	SOCIAL MEDIA ADVERTISING	6%
9	OUTDOOR ADVERTISING	5%
10	TELE-MARKETING	4%
11	ONLINE DISPLAY ADVERTISING	3%

Acquiring customers

With superannuation, the channels consumers rate most highly when it comes to evaluation and decision-making with respect to fund offerings mirror the rankings of channels with respect to the **finance and banking sector.** These channels were rated most useful to first-time super fund clients and **those considering making a switch.**

Aggregator and comparison sites help potential purchasers to understand, compare and evaluate various super options.

How to connect with families

When considering becoming a new member of a super fund, the **home duties** segment ranks **catalogues and flyers** (at 45%) within their top three channels of preference, **higher than any other demographic** (45% vs 40% total sample).

When the average Australian is making the final decision to become a new member of a super fund, **younger families** rank **TV advertising** (at 49% vs 40% total sample) within their top two channels of preference, following websites (65%).

The picture changes when it comes to keeping in touch with existing super fund members.

Informative channels like personalised direct mail, email marketing and websites consistently dominate the channels people rank in their top three as useful channels when receiving updates, information and statements from their super fund.

Personalised direct mail (77%) is considered the most useful channel for people wanting to keep in touch with the performance of their nest egg, significantly out-ranking websites (62%).

Older families and retirees are more likely to **rank personalised direct mail higher** than the average population (84% and 92% respectively vs 77% total sample).

Older professionals rank email marketing almost equal to websites (in third place). Further down the channel usefulness tail, **younger families** rank **TV advertising** ahead of catalogues and flyers.

Insurance

According to IBISWorld[8], the insurance industry earns revenue from two major sources: from **insurance-policy sales** and from **investing its premium reserves in bonds, stocks and other assets.** More than **95% of the industry's premium income is derived from policy renewals.**

Consumers looking for insurance have never had it so good. Not only are suppliers providing an array of tailored products and packages, intermediaries are now **aggregating options** to help consumers find the best deals.

For most, however, **insurance remains a purchase that people make but hope never to use** – and when they do have to make claims, things can get very confusing.

The challenge for marketers is to **make insurance look like a smart, simple investment,** while the key to retaining existing customers lies with the **customer service team providing a great experience** if a customer has to make a claim or enquires about their cover following a trigger event like an accident.

8. *General Insurance in Australia: Market Research Report* (IBISWorld, July 2013); www.ibisworld.com.au

Top advertising channels in terms of spend

Between 1 July 2012 and 30 June 2013, the Australian insurance sector spent approximately $341.5 million on advertising.[9]
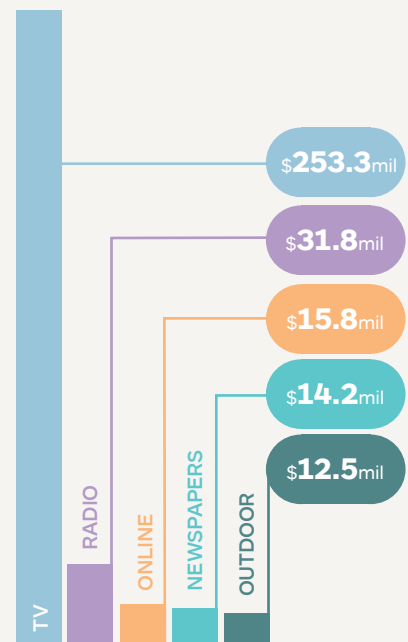
Channel	Spend
TV	$253.3mil
RADIO	$31.8mil
ONLINE	$15.8mil
NEWSPAPERS	$14.2mil
OUTDOOR	$12.5mil

Research findings: channels most useful to consumers

Acquisition

The three channels Australian consumers regard as the most useful when considering **purchasing new insurance cover** are **websites, TV advertising and personalised direct mail.**
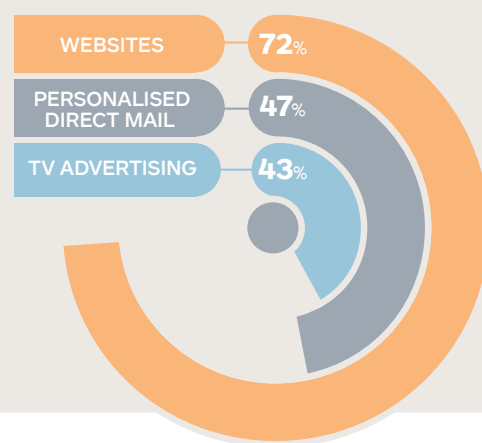
Top three channels considered most useful when making a final decision on taking out new car, health or household insurance.

Channel	%
WEBSITES	68%
TV ADVERTISING	44%
PERSONALISED DIRECT MAIL	43%
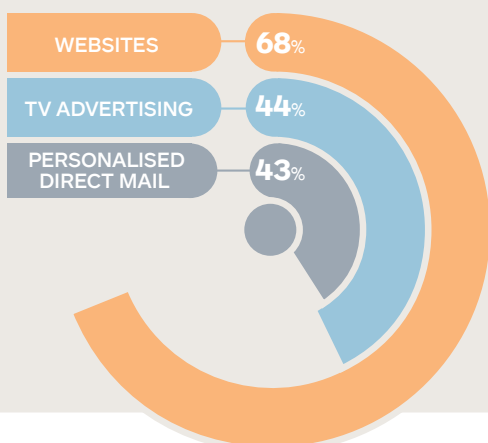
Retention

When it comes to **retaining a customer's business** or someone's health insurance is expiring soon and they are looking at switching or renewing, **personalised direct mail** moves up the rankings in people's top three most useful channels.
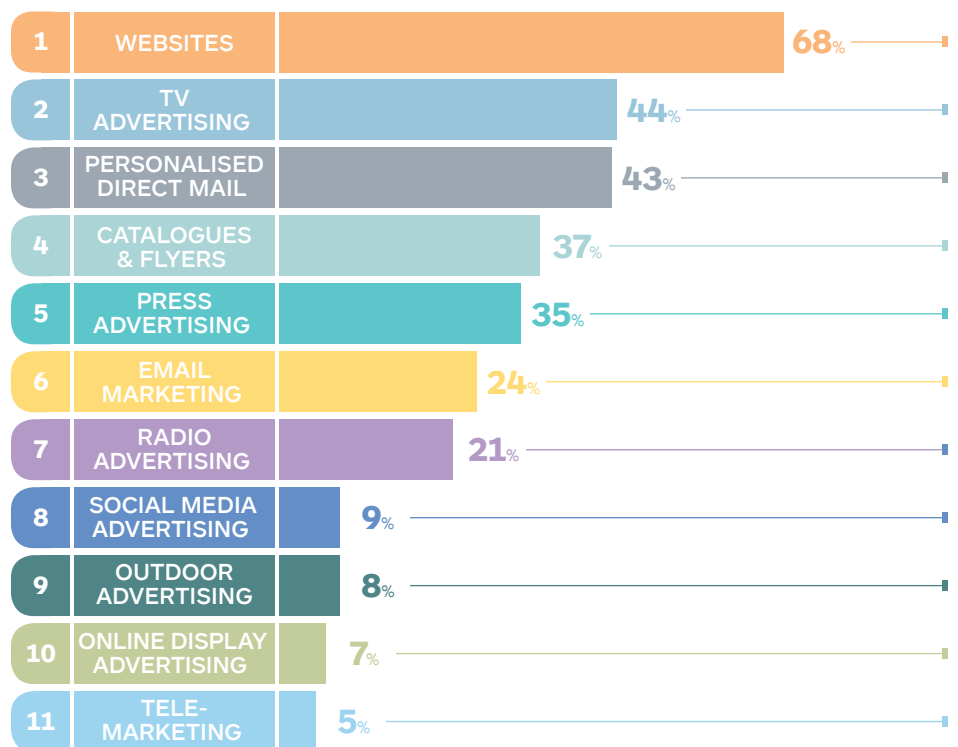
Top three channels considered most useful when making a final decision about renewing insurance with existing provider or switching to another company.

Channel	%
WEBSITES	72%
PERSONALISED DIRECT MAIL	47%
TV ADVERTISING	43%

Consider this:

Making a final decision on insurance.

1	WEBSITES	68%
2	TV ADVERTISING	44%
3	PERSONALISED DIRECT MAIL	43%
4	CATALOGUES & FLYERS	37%
5	PRESS ADVERTISING	35%
6	EMAIL MARKETING	24%
7	RADIO ADVERTISING	21%
8	SOCIAL MEDIA ADVERTISING	9%
9	OUTDOOR ADVERTISING	8%
10	ONLINE DISPLAY ADVERTISING	7%
11	TELE-MARKETING	5%

A consistent top three across the path to purchase

Whether they are considering taking out a new policy, checking an existing policy or switching vehicle, home or health insurance, the most useful channels are **consistent across the whole buying process:** websites, personalised direct mail and TV advertising comprise the top three most useful channels.

Consumers deem **websites** very useful when it comes to evaluating their insurance options and making final purchasing decisions, especially for health insurance products. Websites can help consumers to acquire quotes quickly, compare several options easily, or even use insurance comparison services to do the work for them.

What about telemarketing?

While telemarketing isn't a high-ranked channel overall, **people who own their own business** (10%) are twice as likely as people who work for someone else (4%) to rank telemarketing more useful in making a final decision when their health insurance is expiring soon.

When making a final decision to **take out car, home and contents or health insurance,** the most useful channels align with other acquisition-related channels. Websites rank more often in the top three channels, 20% ahead of TV advertising and personalised direct mail.

The role of press

Retirees are more likely than any other demographic to rank **press advertising** (44%) along with websites (64%) and direct mail (58%) within their top three most useful channels. **TV advertising** is ranked the third most useful channel by other demographic segments.

Considerations for a multichannel mix

Other variations can be observed according to the location and age of the target audience.

Personalised direct mail is considered more useful by **people in rural areas** (47%) than those in metro areas (41%).

When adding home and contents insurance to their existing cover, **youth and younger families** rank **TV advertising** higher in usefulness than the rest of the population (55% and 52% respectively, compared with 45% total sample).

When adding home and contents insurance to their existing cover, youth and younger families rank TV advertising higher in usefulness...
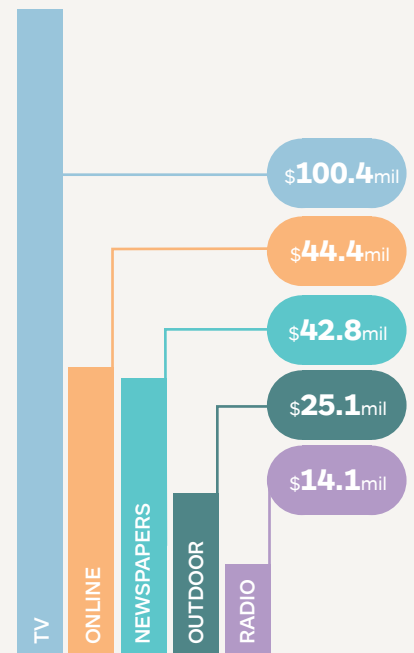
Telecommunications

It's clear that the Australian telecommunications industry has its work cut out keeping up with **burgeoning demand for interconnectivity,** especially wireless connectivity, and innovations in communications, such as cloud computing. With the new Australian Government in place, there's a keen interest in the **implications for the NBN project** and how it will affect current telecommunications companies.

Because of the **technical nature** of telecommunications products and services, this category bristles with options, deals and cross-sell opportunities. Indeed, the industry is characterised by a plethora of plans, caps, hardware inclusions and bonuses, creating a maze of **difficult-to-navigate options** for consumers.

For marketers, the challenge is to **communicate complex product features in the simplest way,** so that people can compare offerings and make an informed decision.

Top advertising channels in terms of spend

Between 1 July 2012 and 30 June 2013, the communications sector as a whole spent approximately $249.6 million on advertising.[10]

- TV — $100.4mil
- ONLINE — $44.4mil
- NEWSPAPERS — $42.8mil
- OUTDOOR — $25.1mil
- RADIO — $14.1mil

Research findings: channels most useful to consumers

Acquisition

When consumers are making their **final decision** regarding a new telecommunications product or service, they deem the three most useful channels to be **websites, catalogues and flyers** and **TV advertising.**
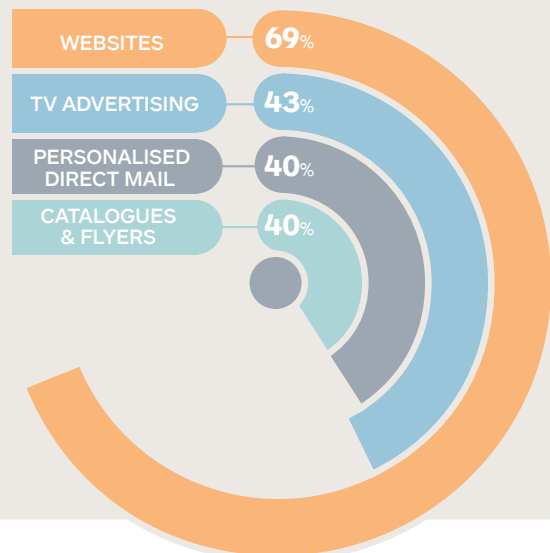
Top three channels considered most useful when making a final decision on taking out a new mobile phone contract.

- WEBSITES — **70**%
- CATALOGUES & FLYERS — **43**%
- TV ADVERTISING — **42**%
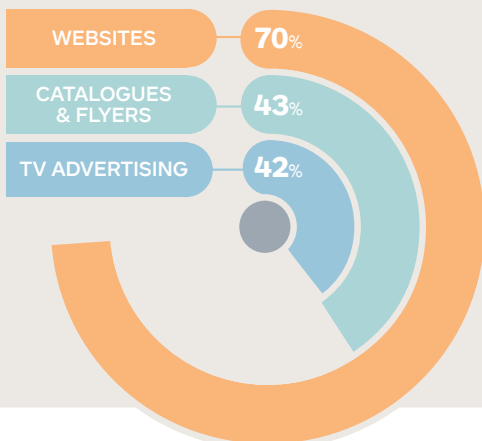
Cross-sell

When it comes to retaining their business and **cross-selling** telecommunications products and services, consumers say the four most useful channels are **websites, TV advertising, personalised direct mail** and **catalogues and flyers.**

Top four channels considered most useful when considering getting broadband from current and alternative telecommunications providers.
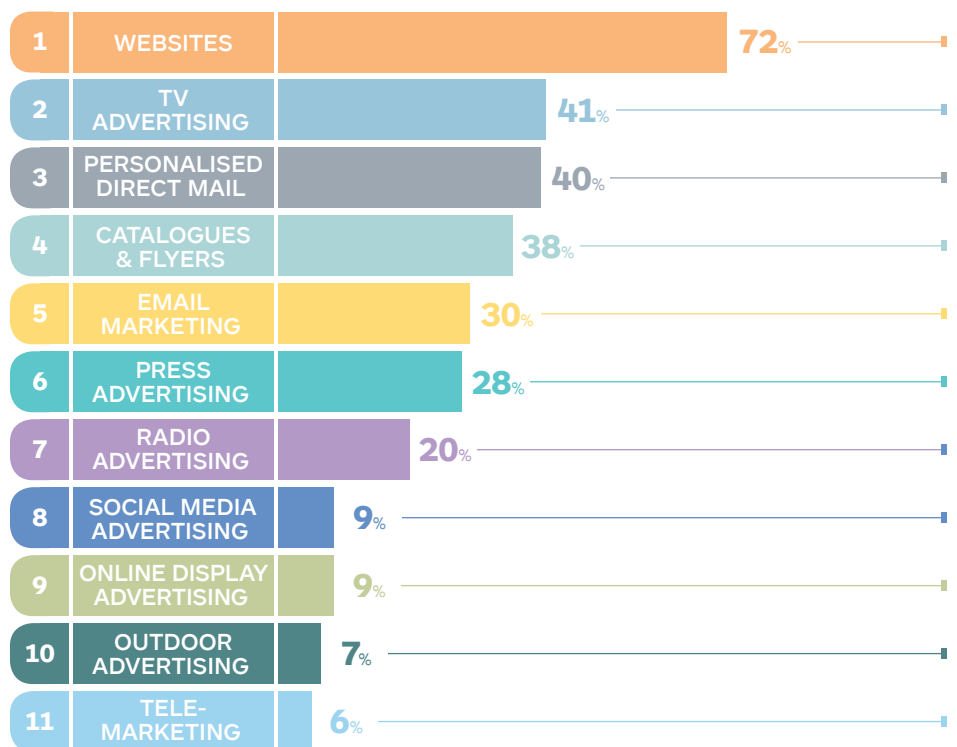
- WEBSITES — **69**%
- TV ADVERTISING — **43**%
- PERSONALISED DIRECT MAIL — **40**%
- CATALOGUES & FLYERS — **40**%

Consider this:

Evaluating broadband options.

1	WEBSITES	72%
2	TV ADVERTISING	41%
3	PERSONALISED DIRECT MAIL	40%
4	CATALOGUES & FLYERS	38%
5	EMAIL MARKETING	30%
6	PRESS ADVERTISING	28%
7	RADIO ADVERTISING	20%
8	SOCIAL MEDIA ADVERTISING	9%
9	ONLINE DISPLAY ADVERTISING	9%
10	OUTDOOR ADVERTISING	7%
11	TELE-MARKETING	6%

Websites lead the way

Websites dominate all phases of the sales conversion process, with over 67% of the Australian population ranking them in the top three most useful channels. This might be seen as almost a **natural state of order,** given the symbiosis between the telecommunications category and consumers' 24/7 reliance on the internet.

Driving customers online

While an **easy-to-navigate website** is the key tool enabling effective evaluation and decision-making, **direct mail, TV advertising** and **catalogues and flyers** play supporting roles. They can help to **trigger interest and supply more detailed information** to customers or direct prospective purchasers towards relevant URLs.

Information-gathering channels (websites, direct mail and catalogues and flyers) are considered especially useful for **new customers** trying to make sense of the myriad options and combinations available.

What about social media advertising?

Looking further down the tail of channel options, **people who have their own business** are twice as likely (at 21%) as people who work for someone (11%) to find social media advertising helpful when evaluating options to take out a new mobile phone contract.

Across all life stages, five channels dominate broadband deal evaluation: websites, personalised direct mail, TV advertising, catalogues and flyers, and email marketing.

Websites are consistently ranked significantly higher than any other channel.

Keen readers

Retirees are more likely to rank **personalised direct mail** in their top three most useful channels (56% vs 40% total sample).

Outdoor advertising and youth

While **youth** ranks websites, catalogues and flyers and TV advertising as the top three most useful channels, this segment is also over twice as likely as the average Australian to rank **outdoor advertising** as a useful channel when evaluating options to upgrade data allowances or renewing contracts (16% vs 7% total sample).

Utilities

According to Ernst and Young[11], utilities companies internationally are working to **improve environmental performance and maintain reliable systems** while keeping costs down for customers.

In Australia, a lack of investment in transformation before the 2011 regulations came into force means that companies have been forced to **invest heavily in intelligent electricity infrastructure** in the last two years, resulting in **steep electricity price increases.**

With switching already a challenge for the industry, **online aggregator sites have made it easier for consumers to compare deals** with utilities providers in their area, leaving companies searching for **ways to add value,** rather than competing purely on price.

Marketers have a number of communications tasks, from communicating the **pricing of different plans** to demonstrating the utility business's **environmental responsibilities** and investment in innovation, and sharing tips on **how consumers can save energy.**

11. Ernst and Young online:
http://www.ey.com/AU/en/Industries/Power---Utilities

Top advertising channels in terms of spend

Between 1 July 2012 and 30 June 2013, utilities companies spent $145.7 million on advertising.[12]

$**43.5**mil — TV

$**35.5**mil — NEWSPAPERS

$**30**mil — ONLINE

$**12**mil — DIRECT MAIL

$**10**mil — RADIO
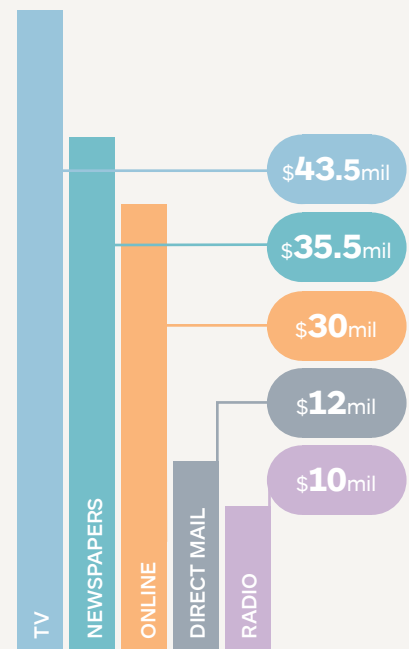
12. Nielsen Expenditure by Media report, 1 July 2012 – 30 June 2013.

Research findings: channels most useful to consumers

Acquisition

The three channels most useful in causing **new customers** to sign up for utilities products and services, say Australian consumers, are **websites, personalised direct mail,** and **catalogues and flyers**.
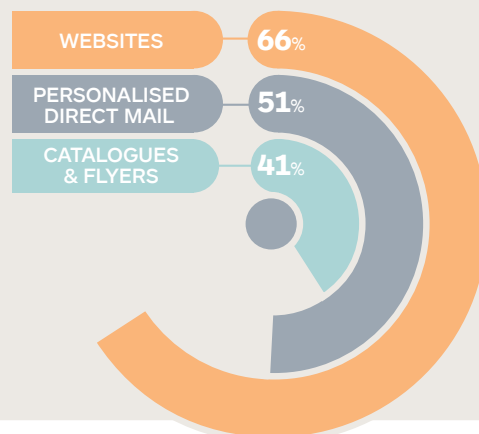
Top three channels considered most useful when making a final decision on a utilities provider when moving house.

WEBSITES	**70**%
PERSONALISED DIRECT MAIL	**46**%
CATALOGUES & FLYERS	**42**%
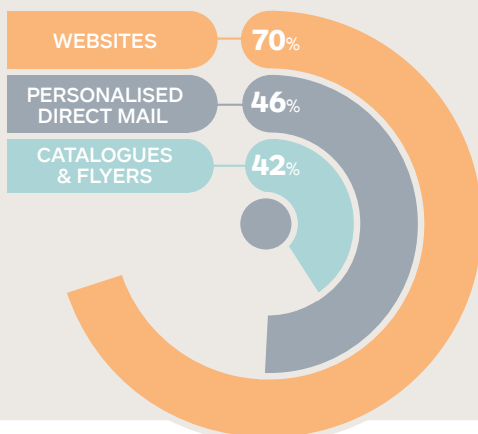
Retention and switching

When **existing customers** are receiving information from their **current utilities provider** or considering their options, the channels most likely to be useful are also **websites, personalised direct mail,** and **catalogues and flyers.** Websites lose some of their share to TV advertising (38%).
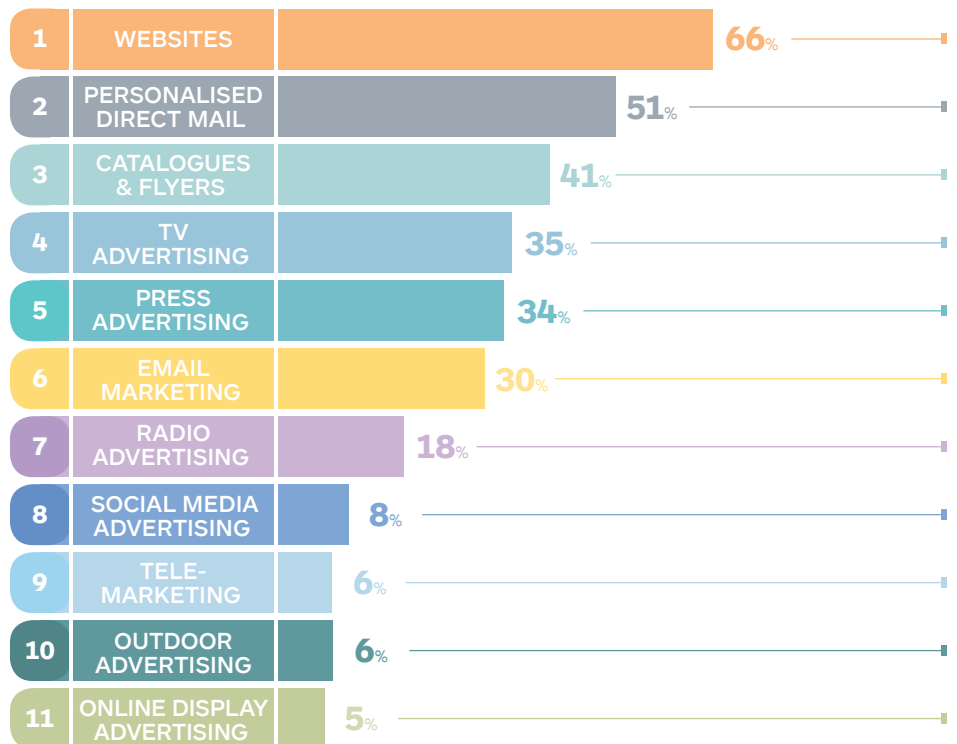
Top three channels considered most useful when considering whether to remain with an existing provider or change providers.

WEBSITES	**66**%
PERSONALISED DIRECT MAIL	**51**%
CATALOGUES & FLYERS	**41**%

Consider this:

Switching utility providers.

#	Channel	%
1	WEBSITES	66%
2	PERSONALISED DIRECT MAIL	51%
3	CATALOGUES & FLYERS	41%
4	TV ADVERTISING	35%
5	PRESS ADVERTISING	34%
6	EMAIL MARKETING	30%
7	RADIO ADVERTISING	18%
8	SOCIAL MEDIA ADVERTISING	8%
9	TELE-MARKETING	6%
10	OUTDOOR ADVERTISING	6%
11	ONLINE DISPLAY ADVERTISING	5%

New home owners

When people **move house,** an array of information typically needs to be acquired. This ranges from **which utilities suppliers service the area** to **how to get connected** and, importantly, **what deals are on offer. Informational channels,** supported by feeder channels such as TV advertising, lead the way.

Looking to target key suburbs?

Personalised direct mail and **catalogues and flyers** are a targeted way to help make people aware of the utilities providers in their local area.

As most people will set up utilities before moving in, this channel may be particularly useful for **customers still in the cooling-off period** or for **people considering switching providers.**

Educating customers about energy effeciency

When it comes to **sharing tips on energy efficiency,** Australian consumers consider websites (69%), direct mail (46%) and catalogues and flyers (41%) as the most useful channels.

The channels consumers consider the most useful when considering switching utilities providers are websites, personalised direct mail, and catalogues and flyers.

Targeting older families?

Older families consider **personalised direct mail** more useful than the rest of the population does (61% vs 51% total sample).

What's the role of email marketing?

With 30% of the average population ranking email marketing useful, the groups most likely to rank this channel highly are **older professionals** (38%), **youth** (37%) and even those who are negative towards advertising: the **aggressive aggressives** (38%).

Fashion retail

According to IBISWorld[13], **lower levels of disposable income and cautious consumer spending** have made the last five years since the GFC tough ones for the Australian fashion retail industry. Add to this **higher rents and competition from international retailers,** including pure-play online retailers, and the ongoing pressures on revenue become clear.

A **weaker Australian dollar** is making fashion more affordable for Australians and international shoppers, **driving bricks-and-mortar operations to get online.** The Council of Textiles and

Fashion Industries says that while figures show that, at present, less than 10% of Australian retail sales take place online, the figure is growing fast, by 20% a year.

For marketers in the fast-paced fashion environment, long-term communications objectives are to **create brand awareness and positioning.** Short-term objectives are to make sure **consumers see the latest looks and how to wear them,** creating a sense of urgency around **buying and wearing current trends.**

13. *Clothing Retailing in Australia: Market Research Report* (IBISWorld, September 2013); www.ibisworld.com.au

Top advertising channels in terms of spend

Between 1 July 2012 and 30 June 2013, $107.2 million was spent on advertising clothing.[14]

- MAGAZINES $57.8mil
- TV $18.2mil
- OUTDOOR $10.5mil
- NEWSPAPERS $8.5mil
- DIRECT MAIL $6.7mil
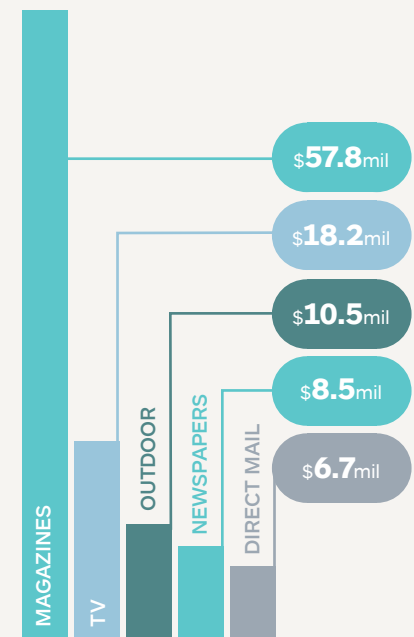
14. *Nielsen Expenditure by Media report, 1 July 2012 – 30 June 2013.*

Research findings: channels most useful to consumers

Acquisition

The three most useful channels when considering **buying new fashion items,** report Australian consumers, are **catalogues and flyers, websites** and **TV advertising.**
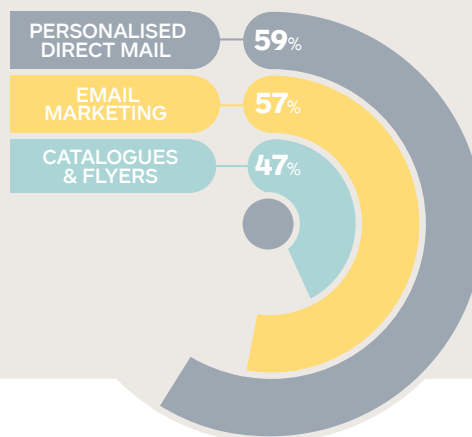
Top three channels considered most useful when evaluating where to buy new items to update your wardrobe.

- CATALOGUES & FLYERS 65%
- WEBSITES 48%
- TV ADVERTISING 46%
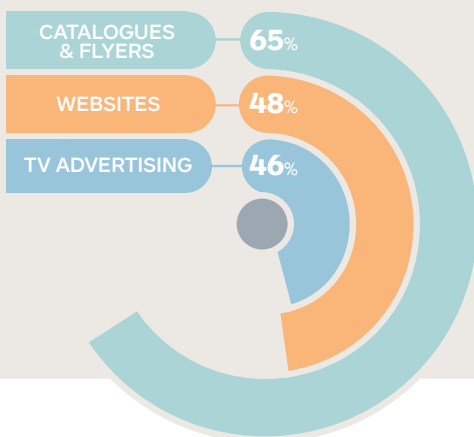
Loyalty through rewards

The three most useful channels for **generating loyalty to a particular store or brand through a rewards programme,** consumers say, are **personalised direct mail, email marketing,** and **catalogues and flyers.** We'll look at this in more depth on page 30.
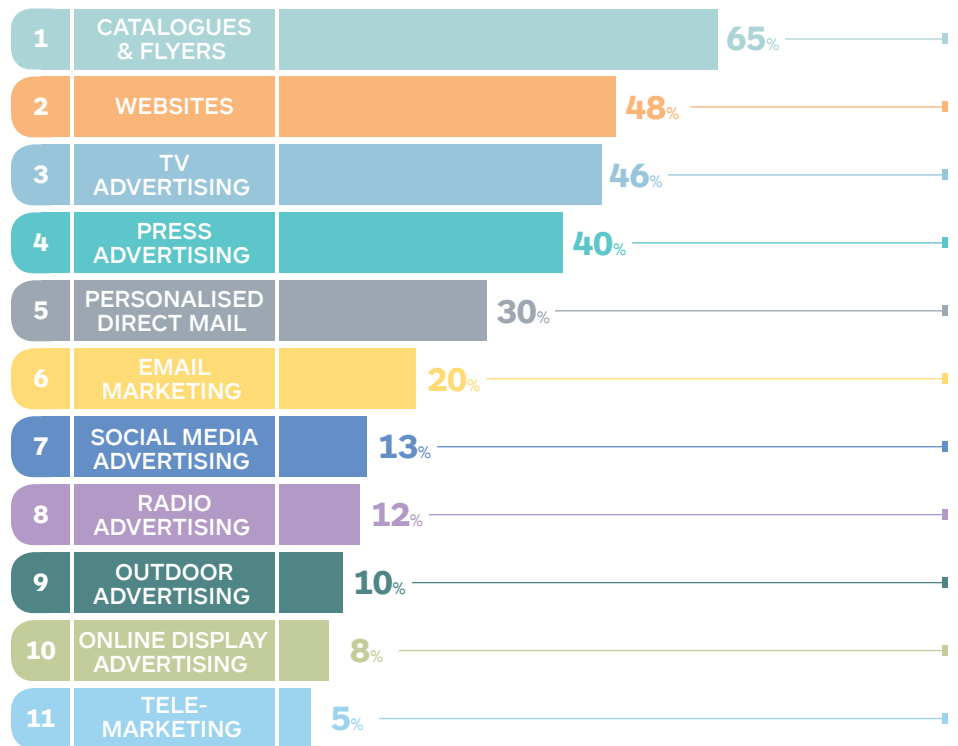
Top three channels considered most useful when keeping informed of opportunities to earn more rewards or redeem points with an existing rewards programme card.

- PERSONALISED DIRECT MAIL 59%
- EMAIL MARKETING 57%
- CATALOGUES & FLYERS 47%

Consider this:

Evaluating new clothing purchases.

#	Channel	%
1	CATALOGUES & FLYERS	65%
2	WEBSITES	48%
3	TV ADVERTISING	46%
4	PRESS ADVERTISING	40%
5	PERSONALISED DIRECT MAIL	30%
6	EMAIL MARKETING	20%
7	SOCIAL MEDIA ADVERTISING	13%
8	RADIO ADVERTISING	12%
9	OUTDOOR ADVERTISING	10%
10	ONLINE DISPLAY ADVERTISING	8%
11	TELE-MARKETING	5%

65% of average Australians find **physical, printed catalogues and flyers** a key tool when buying new clothes to update their wardrobes. In particular, **older families** rank catalogues as their clear preference (76%).

Targeting youth

When it comes to evaluating their fashion options, the **youth** segment rates **websites** (56%) the most useful channel, ahead of catalogues (48%). This behaviour likely reflects the availability of **e-commerce options** among youth-focused fashion brands.

If you're looking for other channels to include in the marketing mix for **18-to-24 year olds,** youth is also more likely than any other demographic to find **social media advertising** useful in evaluating options for purchasing new clothes (30% vs 13% total sample).

65% of average Australians find physical, printed catalogues and flyers a key tool when buying new clothes to update their wardrobes.

Work wear? Additional channels to consider for the marketing mix

Websites and TV advertising remain highly useful channels, with **younger professionals** significantly more likely that the average population to rank websites in their top three (61% vs 48% total sample).
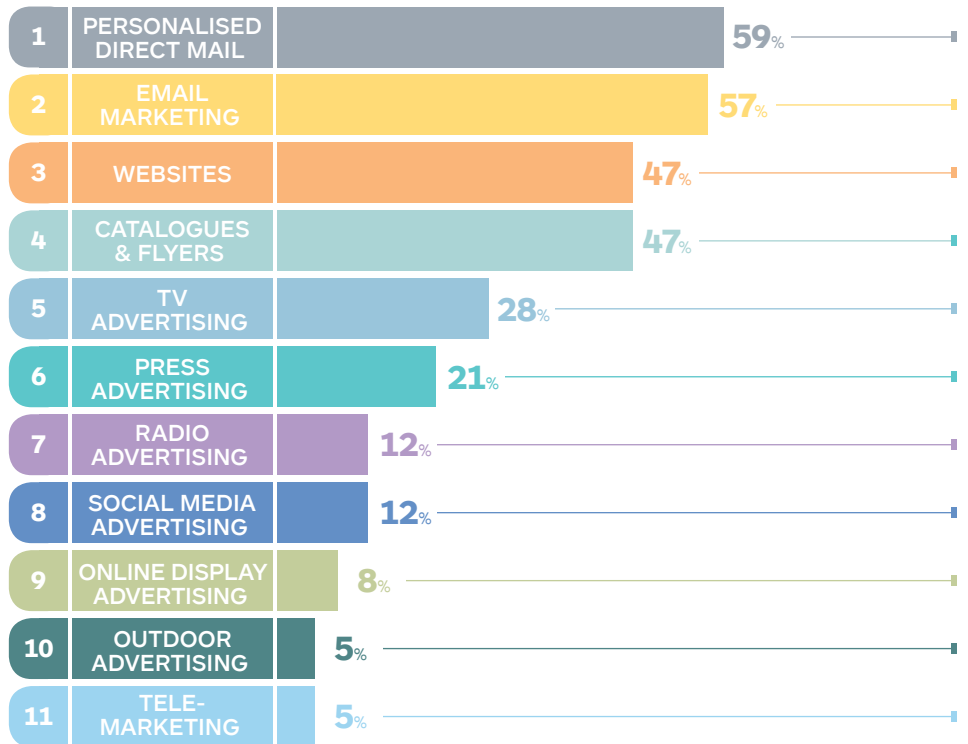
The most useful channels are significantly different for fashion purchase evaluation than for other categories.

See next page for findings on department store rewards programmes.

Consider this:

Top three channels considered most useful when keeping informed of opportunities to earn more rewards or redeem points with an existing rewards programme card.

Keeping informed regarding store rewards.

	Channel	%
1	PERSONALISED DIRECT MAIL	59%
2	EMAIL MARKETING	57%
3	WEBSITES	47%
4	CATALOGUES & FLYERS	47%
5	TV ADVERTISING	28%
6	PRESS ADVERTISING	21%
7	RADIO ADVERTISING	12%
8	SOCIAL MEDIA ADVERTISING	12%
9	ONLINE DISPLAY ADVERTISING	8%
10	OUTDOOR ADVERTISING	5%
11	TELE-MARKETING	5%

Department store rewards: increasing retention and loyalty

Customers love to be **rewarded for their loyalty** and they value opportunities to earn more rewards and redeem points. The most useful communication channels are those that can deliver more **personalised communications** and be **tailored to individual preferences.**

Not surprisingly, for keeping members informed, **personalised direct mail** and **email** are considered two of the most useful channels for department store loyalty programme communications.

Targeting older families with teenage children?

Older families rank **email marketing** in their top three more often than other life stages (64% vs 57% total sample).

Turn on the radio!

While **personalised communications channels** are clearly important for marketers in this space, there are additional channels to bring into the mix, depending on your target audience.

Men (16%) are almost twice as likely as women (9%) to consider **radio advertising** useful in keeping them informed of opportunities to earn reward points.

The most powerful communication channels are those that can deliver more personalised communication and be tailored to individual preferences.

Supermarkets

According to IBISWorld[15], the Australian supermarket industry is being shaped by a number of influences: more **price-conscious consumers** post-GFC, growth in **private-label supermarket brands** and the **battle for market share.**

While some consumers will simply shop at the supermarket with the best specials in any particular week, there are some sophisticated **reward programmes** in the market, offering a wide range of discounts and rewards beyond just supermarket offerings to encourage loyalty.

Marketers need to **communicate specials,** promotions and loss leaders to attract bargain seekers. However, **creating a brand that shoppers resonate with** and selling the features and **benefits of a rewards programme** can help create a loyal customer base that won't simply follow the lowest price.

15. *Supermarkets and Grocery Stores in Australia: Market Research Report* (IBISWorld, August 2013); www.ibisworld.com.au

Acquisition

The three most useful channels in **communicating supermarket specials,** according to consumers, are **catalogues and flyers, TV advertising** and **press.**

Consumers **planning their regular grocery shop** and seeking information regarding specials rank **catalogues and flyers, TV advertising** and **press advertising** as the most useful channels.

Catalogues and flyers remain central to grocery shopping behaviour because they are **easily transportable,** especially within the shopping environment. Consequently, they are yet to be challenged by promotions in the digital space.

While 43% of Australians rank **press advertising** as one of the most useful channels in learning about specials, **older families** (49%) rank this channel twice as useful as **younger professionals** do (24%).

Top three channels considered most useful when learning about supermarket specials on offer.

CATALOGUES & FLYERS **79**%
TV ADVERTISING **48**%
PRESS ADVERTISING **43**%
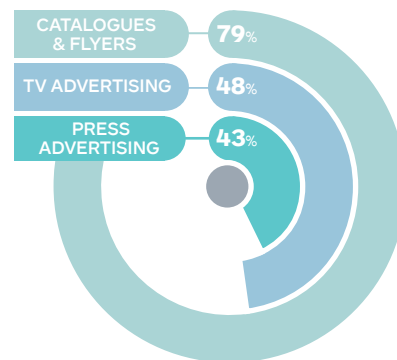
Loyalty

The channels deemed most useful in fostering **loyalty to supermarkets** in the form of loyalty programmes are **email, personalised direct mail,** and **catalogues and flyers.**

Top three channels considered most useful when keeping informed of opportunities to earn more rewards or redeem points with an existing supermarket rewards card.

EMAIL MARKETING **59**%
PERSONALISED DIRECT MAIL **58**%
CATALOGUES & FLYERS **51**%
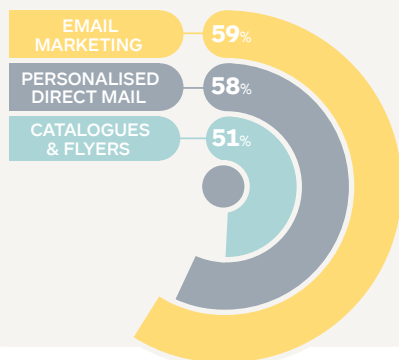
Supermarket rewards

Supermarket rewards programmes are the fuel for retaining customers and boosting customer yield. **Personalised communications** help reinforce the feeling of being **part of a club,** with recognition given for members' loyalty.
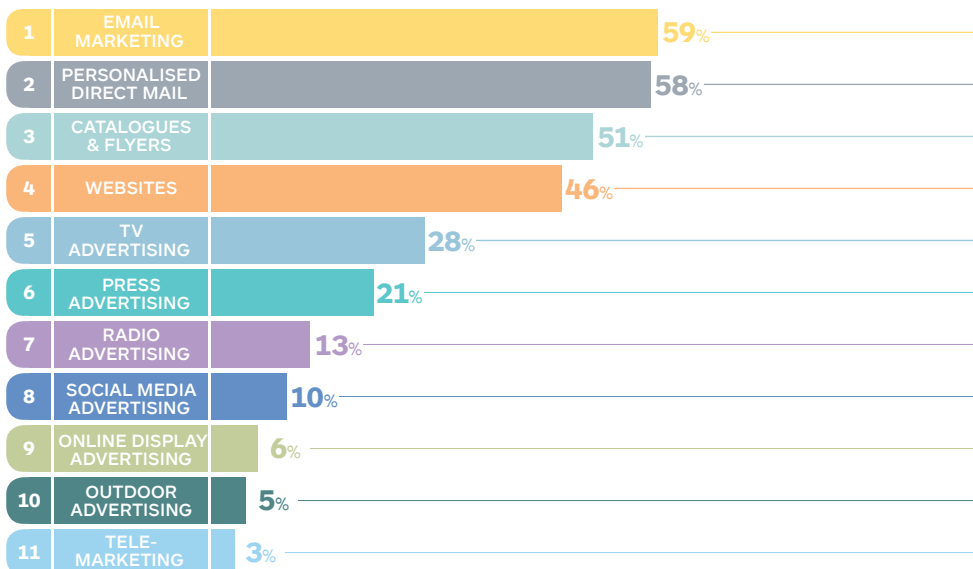
Supporting channels in the marketing mix

50-to-59 year olds are more likely to rank **email marketing** in their top three most useful channels (69% vs 59% total sample).

Consider this:

Keeping informed about supermarket rewards.

Top three channels considered most useful when keeping informed of opportunities to earn more rewards or redeem points with an existing supermarket reward card.

#	Channel	%
1	EMAIL MARKETING	59%
2	PERSONALISED DIRECT MAIL	58%
3	CATALOGUES & FLYERS	51%
4	WEBSITES	46%
5	TV ADVERTISING	28%
6	PRESS ADVERTISING	21%
7	RADIO ADVERTISING	13%
8	SOCIAL MEDIA ADVERTISING	10%
9	ONLINE DISPLAY ADVERTISING	6%
10	OUTDOOR ADVERTISING	5%
11	TELE-MARKETING	3%

Automotive

While Australia still manufactures new cars, there have been some well-publicised plant closures and the industry faces **a number of challenges ahead.**

Despite the turbulence, in the year to July 2013, the industry experienced **4.6% growth in new-car sales.**
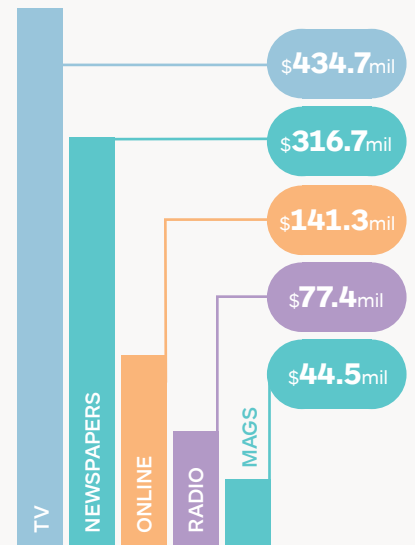
Buying a car is a **significant purchase for most Australians,** with consumers choosing a model based on a **complex consideration set** including price, features, lifestyle fit and brand reputation.

For marketers, the challenge is to make sure **a particular model is part of the consideration set.** This involves ensuring that people are **aware of a marque** and what it stands for, plus **new or upgraded models** and **special deals.**

Top advertising channels in terms of spend

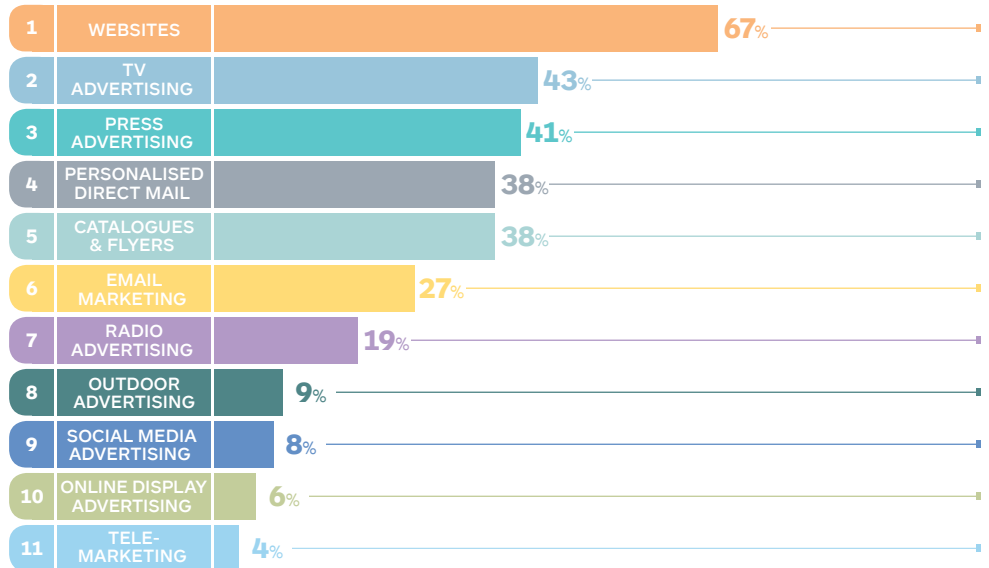Between 1 July 2012 and 30 June 2013, $1.07 billion was spent on motor vehicle advertising.[16]

- TV — $**434.7**mil
- NEWSPAPERS — $**316.7**mil
- ONLINE — $**141.3**mil
- RADIO — $**77.4**mil
- MAGS — $**44.5**mil

Consider this:

Understanding vehicle upgrade options.

Top three channels considered most useful when understanding your options when upgrading a car.

#	Channel	%
1	WEBSITES	67%
2	TV ADVERTISING	43%
3	PRESS ADVERTISING	41%
4	PERSONALISED DIRECT MAIL	38%
5	CATALOGUES & FLYERS	38%
6	EMAIL MARKETING	27%
7	RADIO ADVERTISING	19%
8	OUTDOOR ADVERTISING	9%
9	SOCIAL MEDIA ADVERTISING	8%
10	ONLINE DISPLAY ADVERTISING	6%
11	TELE-MARKETING	4%

Acquisition

The three channels consumers find most useful when **considering buying a new car** are **websites, TV advertising and press (newspapers and magazines).**

Top three channels considered most useful when making a final decision about buying a new car.

- WEBSITES — 67%
- TV ADVERTISING — 46%
- PRESS ADVERTISING — 45%
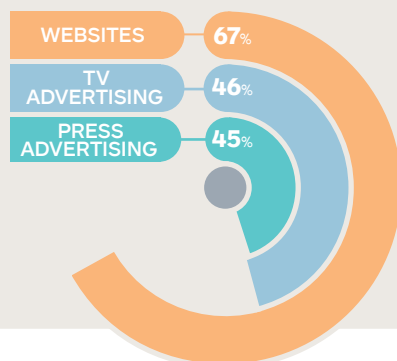
Upgrading models

The channels most useful for consumers who are **considering upgrading their existing model** are the same: **websites, TV advertising and press.**

Top three channels considered most useful when understanding your options when upgrading a car.

- WEBSITES — 67%
- TV ADVERTISING — 43%
- PRESS ADVERTISING — 41%
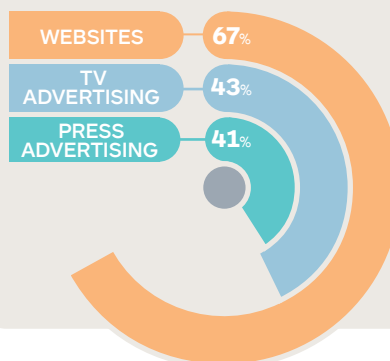
Websites are the clear leader among new customers and with existing customers considering upgrading a vehicle. A highly integrated website is a critical investment for automotive brands.

Older professionals are more likely to rank **websites** in their top three most useful channels (76% vs 67% total sample).

What is email's role in upgrading models?

Younger professionals are more likely than the rest of the population to rank **email marketing** highly (43% vs 27% total sample).

Charities

Australia was ranked number one in the World Giving Index in 2012. According to the NAB Charitable Giving Index[17], **Australians each donate $291 annually.** There are approximately 45,000 charities and not-for-profits in Australia, and around 6.4 million Australians volunteer.

In order to encourage people to start donating to a charity, marketers need to demonstrate that **each donation is being used wisely and makes a difference.**

17. NAB Giving Index, February 2013: http://business.nab.com.au/nab-charitable-giving-index-indepth-report-february-2013-3196/

Donors are increasingly **aware of what charities spend on administration.** This means not-for-profits must balance two imperatives: the need to advertise to raise awareness and to raise funds; and the need to keep current donors satisfied that the **bulk of the money is going towards the good work** of the charity, rather than administrative costs.

Retention

The three channels Australians regard as most useful in **retaining their loyalty** to a particular charity are **personalised direct mail, websites** and **email marketing.**

Keeping loyal supporters informed

Donors like to **stay involved with their charities,** to understand how their donations are being spent and what initiatives they're contributing to.

Personalised direct mail (65%) is the most useful tool in a charity marketer's arsenal. This **tangible medium** provides more **intimate, personalised recognition** for involvement and helps bring an important sense of belonging and community to donors.

While **youth** considers direct mail the most useful channel in keeping informed about the charity they donate to, this segment is also more likely than other demographics to be receptive to **email** (56% vs 48% total sample).

Top three channels considered most useful when keeping informed of how your donations are being spent.

PERSONALISED DIRECT MAIL — 65%
WEBSITES — 57%
EMAIL MARKETING — 48%
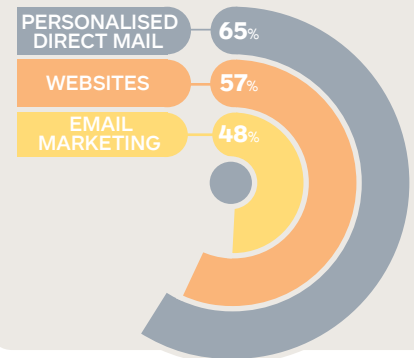
Switching

Websites, direct mail and TV advertising are the three channels that Australians consider most useful when they are deciding whether to **switch** their loyalty.

Top three channels considered most useful when deciding whether to donate to a different charity.

WEBSITES — 61%
PERSONALISED DIRECT MAIL — 47%
TV ADVERTISING — 39%
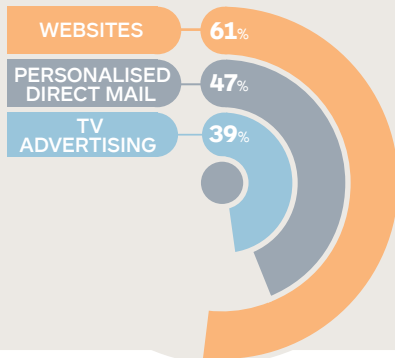
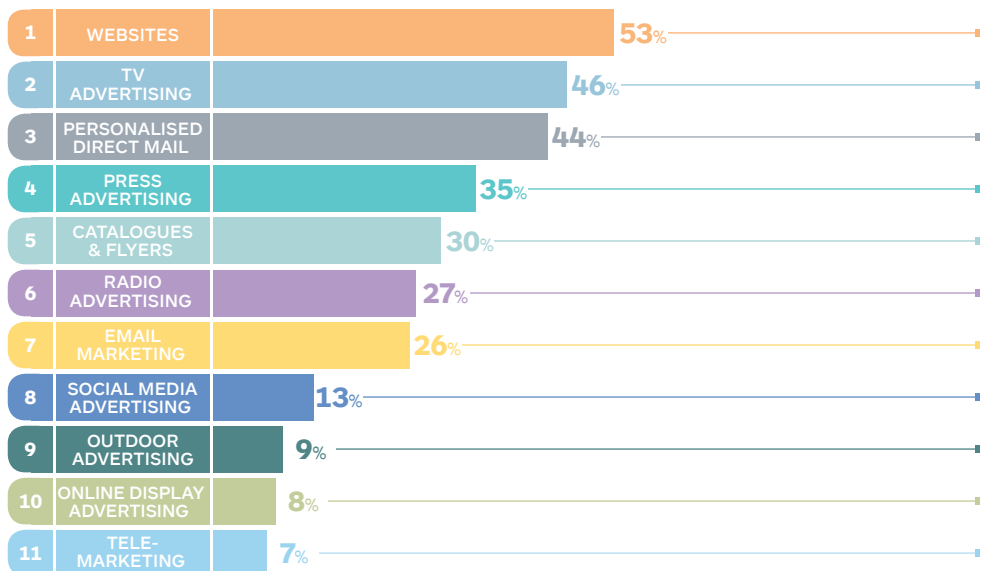## Selecting a new charity to support: additional channels for the marketing mix

Women are more likely than men to nominate **websites** in their top three most useful channels (59% vs 48% respectively).

As with many other decision-making scenarios, while **social media** still ranks low overall, the **youth** segment is more likely to rank social media higher in terms of usefulness (31% vs 13% total sample).

Consider this:

Donating to a new charity.

Top three channels considered most useful when deciding which new charity to donate to.

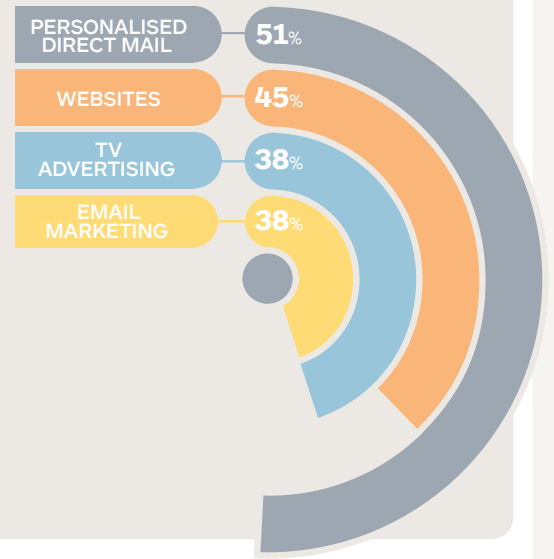| #	Channel	%
1	WEBSITES	53%
2	TV ADVERTISING	46%
3	PERSONALISED DIRECT MAIL	44%
4	PRESS ADVERTISING	35%
5	CATALOGUES & FLYERS	30%
6	RADIO ADVERTISING	27%
7	EMAIL MARKETING	26%
8	SOCIAL MEDIA ADVERTISING	13%
9	OUTDOOR ADVERTISING	9%
10	ONLINE DISPLAY ADVERTISING	8%
11	TELE-MARKETING	7%

Public services

The newly elected federal government will be looking to communicate its policies to the Australian public, and local MPs will need to connect with their electorates and campaign in upcoming state elections.
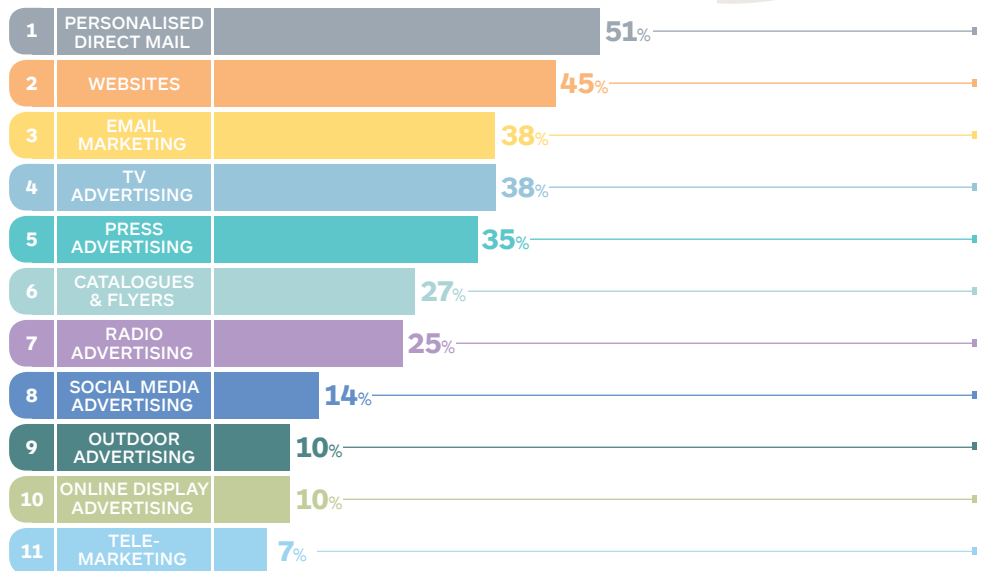
Research findings: channels most useful to consumers

The four most useful channels for **engaging and retaining political support,** say Australian consumers, are **direct mail, websites, TV advertising** and **email marketing.**

PERSONALISED DIRECT MAIL	51%
WEBSITES	45%
TV ADVERTISING	38%
EMAIL MARKETING	38%

Politics is personal and party supporters clearly prefer the personalised, tactile nature of direct mail.

Top three channels considered most useful when keeping informed of political party policies and upcoming events.

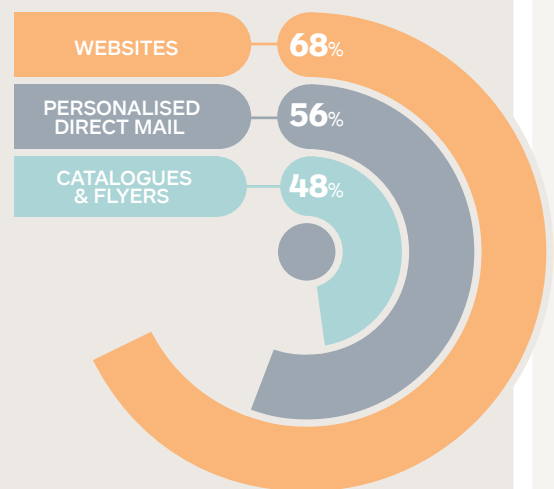| Rank	Channel	%
1	PERSONALISED DIRECT MAIL	51%
2	WEBSITES	45%
3	EMAIL MARKETING	38%
4	TV ADVERTISING	38%
5	PRESS ADVERTISING	35%
6	CATALOGUES & FLYERS	27%
7	RADIO ADVERTISING	25%
8	SOCIAL MEDIA ADVERTISING	14%
9	OUTDOOR ADVERTISING	10%
10	ONLINE DISPLAY ADVERTISING	10%
11	TELE-MARKETING	7%

Providing local council information

When it comes to **acquiring information about local council services** such as waste collection days and recreational facilities, the three most useful channels, report Australian consumers, are **websites, personalised direct mail,** and **catalogues and flyers.**

Who loves websites most?

Older families and **affirming realists** are more likely to rank **websites** as useful (75% and 74% respectively, vs 68% total sample).

Serving older Australians

Councils seeking to provide information about **aged-care services, special-interest groups and University of the Third Age** should factor in to their marketing strategies the finding that **retirees** show a greater preference for **personalised direct mail** (66% vs 56% total sample).

WEBSITES	68%
PERSONALISED DIRECT MAIL	56%
CATALOGUES & FLYERS	48%

Top three channels considered most useful when finding out local council information.

Government advertising spending

Between 1 July 2012 and 30 June 2013, the government spent $233.4 million on advertising.[18]

$**87.2**mil

$**47.1**mil

$**28.7**mil

$**27**mil

$**18.7**mil

TV

NEWSPAPERS

OUTDOOR

ONLINE

RADIO

Political party advertising spending

Over the same period, $10.8 million was spent on advertising political parties.[19]

$**5.5**mil

$**3**mil

$**1.6**mil

$**341,000**

$**330,000**

TV

DIRECT MAIL

NEWSPAPERS

RADIO

OUTDOOR

Summary

The results of this consumer study have provided some good news and hopefully some food for thought for Australian marketers.

Australians are receptive to advertising messages. Six out of 10 feel generally positive towards advertising.
As always, the pressure is on to deliver entertaining, informative, relevant advertising messages to capture people's attention and engage them.

All demographics consider **catalogues and flyers, TV advertising, press advertising, radio advertising** and **direct mail** to be effective advertising channels to influence their purchase decisions.
Clearly, a multichannel mix is essential, but does your current mix include all of these key channels?

Marketers aren't necessarily investing their spend in the channels consumers consider most effective. *With less investment in three of the five channels that consumers consider most effective, how does your budget measure up?*

As they follow the path to purchase, consumers from all demographics consider **websites, TV advertising and direct mail** to be their most useful channels.
Are these three channels part of your marketing mix? If not, they may be part of your competitors' tool kit, giving them the edge with customers.
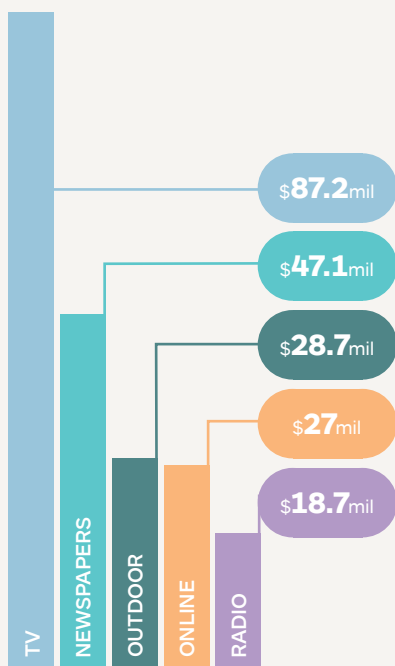
Used well, these insights should give savvy marketers the ideas and tools to modify marketing activity to achieve better results – a win for businesses, channels and consumers.

Keen for more insights?
Contact us at auspost.com.au, call 13 11 18 or speak to your Australia Post Client Account Manager.