New Zealand Edition

2015/16 AUSTRALASIAN CATALOGUE ASSOCIATION INDUSTRY REPORT

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EXECUTIVE SUMMARY

Welcome to our first New Zealand Annual Industry Report 2016. This report provides metrics, research and insights into a vibrant, dynamic and performing media channel.

A strong performing year for catalogues and letterbox marketing with a powerful Audience Reach (3.88M), the industry has consolidated throughout the year to develop stronger targeting and datasets to allow retailers to market specific consumer groups. The entry level buying of our powerful media channel has never been as strong when delivering increased returns on marketing investment.

With 70% of the New Zealand population engaged in catalogues within a four (4) week period, Readership is strong at 18.6% across a wide demographic range of 18-69 years and print keeps coming up trumps over digital, 70% preferring printed catalogues over 13% digital and 88% of unaddressed mail being read, the future is strong for the well-performing media.

Favoured amongst 'Trusted Advisors' big brands such as Michael Hill Jeweller, Life Pharmacy, Pascoes Jewellery, Palmers Gardenworld, Spotlight, Fresh Choice and Harvey Norman are the biggest winners. Their catalogues are fifteen (15) to forty-one (41) times more likely to be read over other catalogues and these brands are realising great cut-through and brand presence with their combination of letterbox and newspaper insert distribution.

In Home Media is a strong positioner for letterbox marketing as we understand more and more consumer actions when reading catalogues. Research has found 88% of New Zealanders take catalogues into the home and 27% report when they receive catalogues they read them as soon as they get inside, with 55% reading them sitting down.

Catalogues drive purchases with 79% of consumers reporting they have made a purchase after seeing it advertised through unaddressed mail. Key attributes of the catalogue drive consumer expectation with the top three (3) attributes being, product information (28%), easy-no pressure, read it in your own time (28%) and see specials / deals (26%).

Results continue to strengthen the media channel across all market segments, traditional and non-traditional. The technology and advancement in targeting and data intelligence is delivering improved return on investment results and we continue to watch the catalogue and letterbox marketing industries out perform in the years ahead.

Kellie Northwood

Kellie

Chief Executive Officer
Australasian Catalogue Association

INTRODUCTION

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

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

To support and promote the effectiveness of catalogues as a communication medium, the ACA measures and builds metrics across Audience Reach, Distribution Volume, Market Segmentation, Value, Effectiveness and ROI. This report forms the first of the ACA's annual industry update for New Zealand and will be supported by regular industry snapshots updating the market.

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

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

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INDUSTRY METRICS

Industry metrics provide a quantitative analysis of the catalogue industry to assist media buyers in understanding the measurements, comparisons and general performance of the catalogue channel. Tracking performance across market segments, volumes, reach, size, value and comparative channel analysis as well as international trends allows marketers to understand the strengths of the catalogue industry.

AUDIENCE REACH ACROSS NEW ZEALAND

In FY2015 catalogue Audience Reach in New Zealand was 3.88 million[1]. No other media compares with the reach of letterbox marketing. Increased housing, population and strong letterbox distribution networks have been key contributing factors in ensuring catalogue readership performs well.

Whilst each channel has its strengths, when compared with other channels, Letterbox (3.88M)[1] holds the dominant position:

- Television (Free-to-air) (3.3M)[2]
- Television (Subscription TV) (2.6M)[2]
- Magazines (3M)[3]
- Commercial Radio (3M)[2]
- Newspapers (3.3M)[3]

AUSTRALASIAN CATALOGUE ASSOCIATION (ACA)

The ACA is the industry association for the raw materials, paper, print and distribution companies. Each quarter the ACA Board companies input production, distribution and order volumes which are collated, de-identified, analysed and assessed against Retail Index figures, Seasonal Trends, the New Zealand Dollar, Market Segmentation and more. The data reported above outlines the collective volume of the market excluding catalogues distributed through publication inserts such as newspapers and magazines.

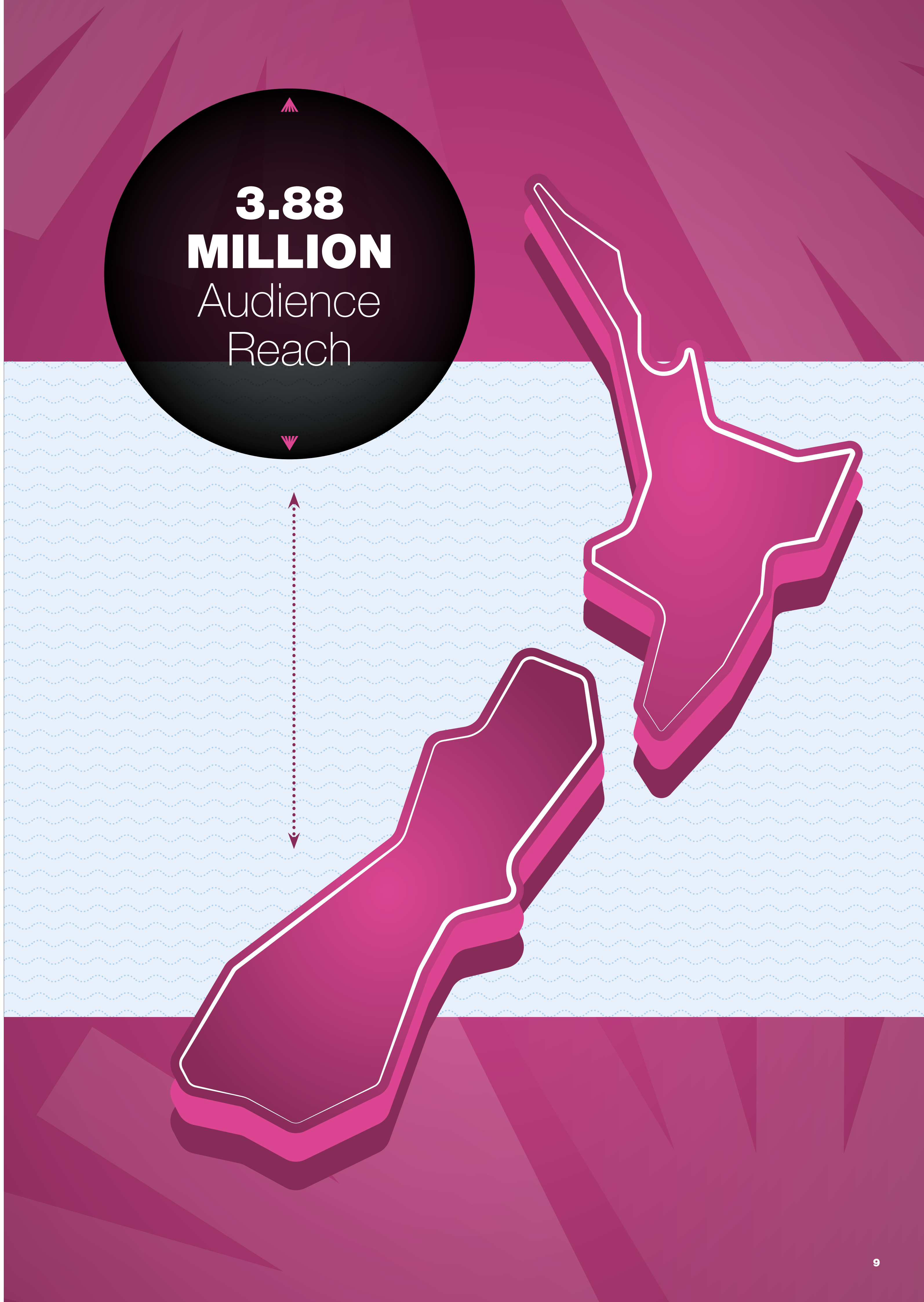
www.catalogue.org.nz

[1] Delivery point data (Letterbox and Post Office Box) for those accepting advertising material has been supplied by Reach Media and PMP New Zealand. The Statistics NZ Household 2013–2038 report 2.64 people per household. Post Office Boxes, Business Addresses and Other have been extracted and entered as single units.

All data has been quantified against Reach Media and PMP New Zealand distribution delivery points across all New Zealand distribution networks.

[2] As sourced by 'Where are the audiences? Benchmark survey of New Zealanders' media consumption', 2014.

[3] Magazine Publishers Association, 2016, New Zealand. Source: Nielsen CMI Q1 15 - Q4 15.



CIRCULATION

Industry volumes remain resilient, and letterbox marketing remains a dominant print media channel throughout FY15.

With industry volumes increasing for a third year, the emerging trends within the volume data show strength in the channel.

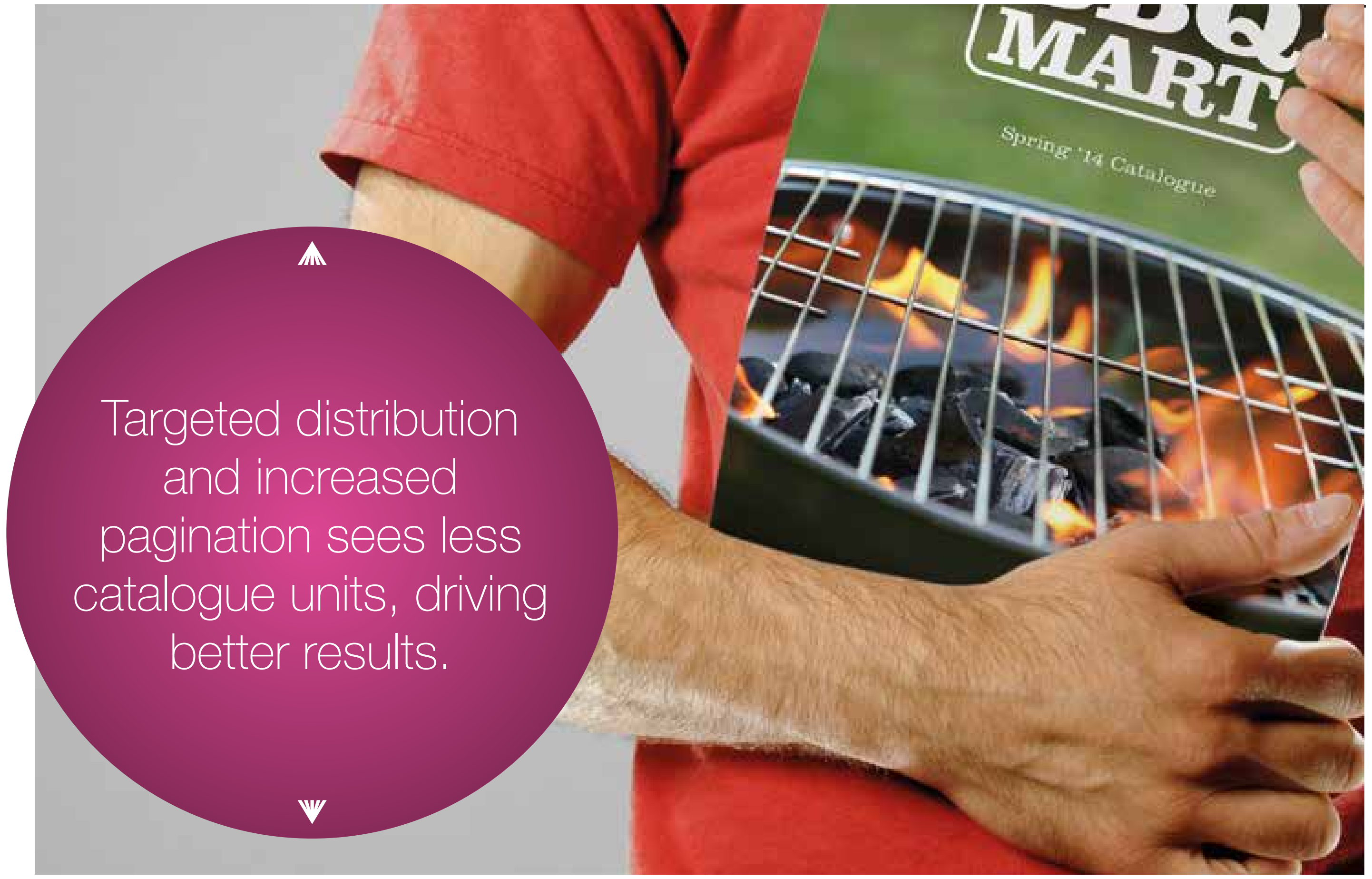
TWELVE (12) MONTH TRENDS INCLUDE:

1. National retailers, the strongest users of catalogue, are increasing pagination and continue to dominate the letterbox presence.
2. Mid-tier retailers continue to place more emphasis on targeting, which results in improved Return on Investment (ROI) and a reduction in wastage volumes Year on Year (YOY).
3. An increase in the number of small and local businesses starting to use letterbox media as the industry providers make it a more accessible media for all business sizes.
4. Media Agency spend in letterbox and catalogue advertising have rapidly increased in recent years as the data and tools that support the scientific nature of letterbox targeting improve.
5. Retailers are adopting a catalogue-everywhere (off and online) approach to maximise the catalogue investment across all channels and devices.

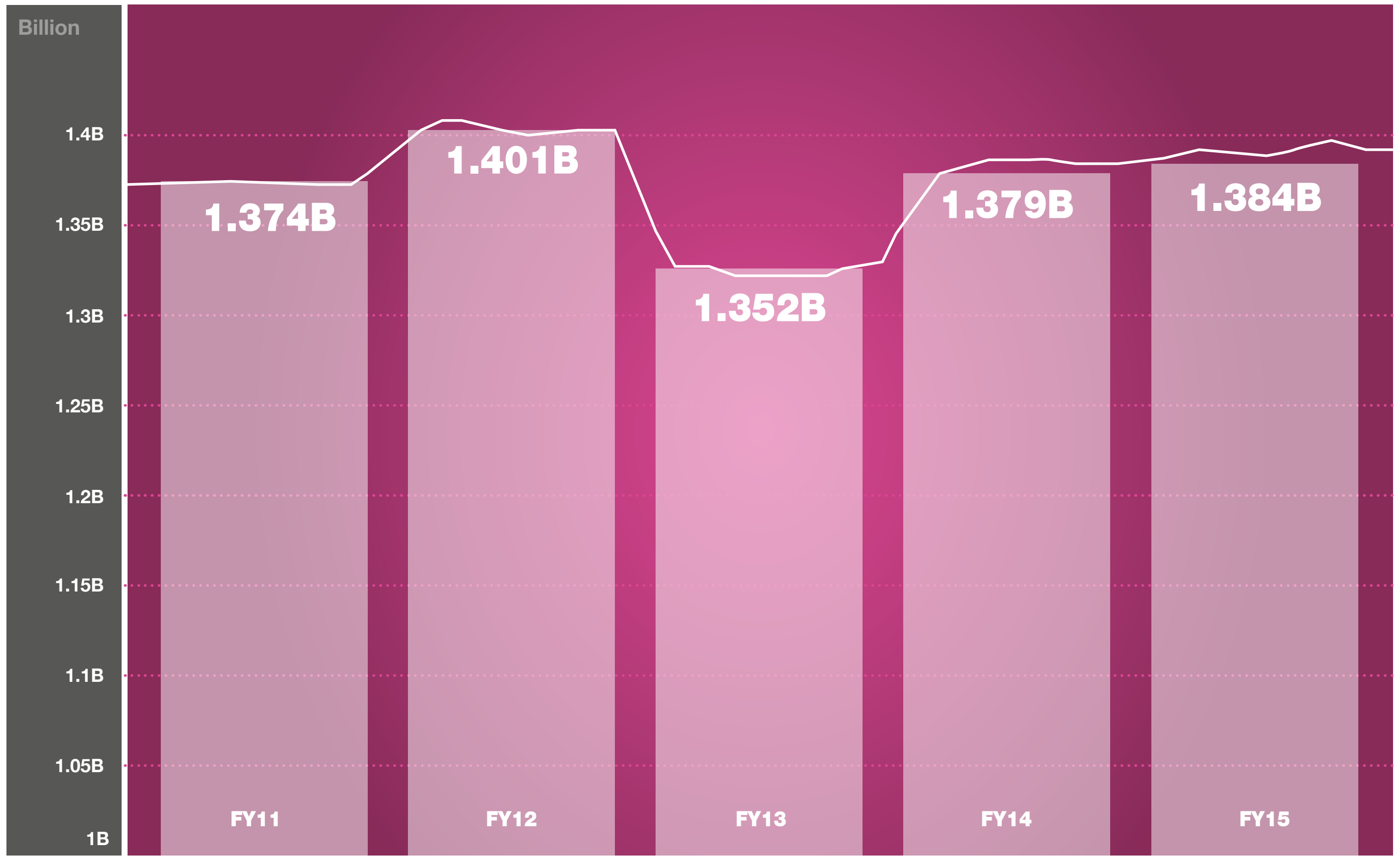
Big data is a trend driving industries and the catalogue industry is no exception. ROI transparency is improving in line with better econometric modelling. This, combined with the ability to utilize any combination of owned or bought data sets to index the audience found at any deliverable area in the country, is driving a more scientific and targeted approach to catalogue than ever before. The effect is as you'd expect; catalogues are driving better results. This is great for the users of the media and great for industry suppliers that are realising the commercial opportunities surrounding data and targeting.

There is a great spectrum when it comes to the targeting utilised by the major users of the catalogue media. At one end of the spectrum, we have mass users like supermarkets that are extracting very significant ROI with every catalogue, regardless of the demographic, life-stage, household expenditure, location in relation to stores, or any other targeting profile that might define the recipient. At the other end of the spectrum are the strategically distributed store networks of niche retailers who need to ensure the areas receiving their catalogue meet very specific targeting criteria and over-index in their likelihood to be a customer. These more niche retailers are saving money by reducing their volumes and being more considered with where they do send their catalogues.

Source: Australasian Catalogue Association, 2015.

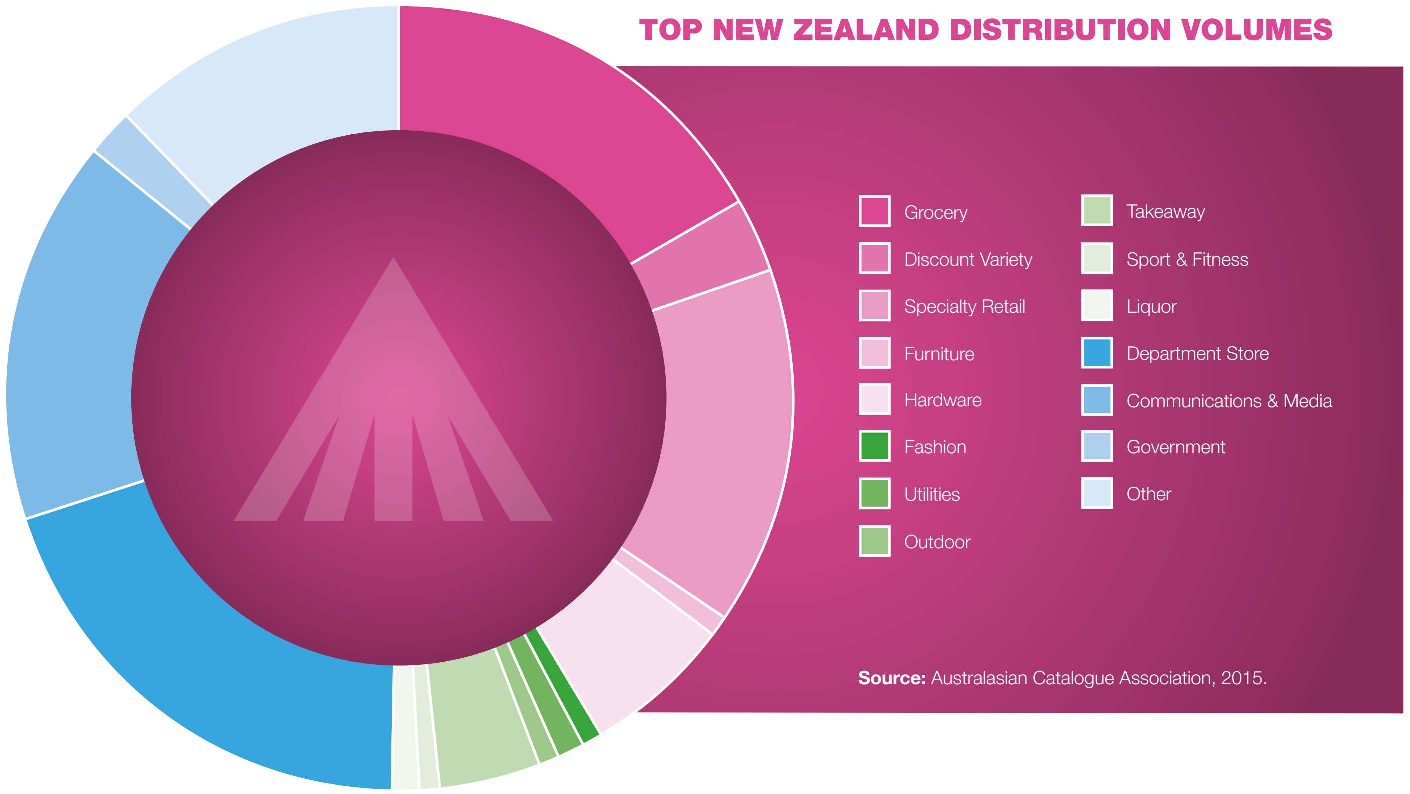


INDUSTRY VOLUMES BY DISTRIBUTION



MARKET SEGMENTATION

TOP NEW ZEALAND DISTRIBUTION VOLUMES



Source: Australasian Catalogue Association, 2015.

Market Segmentation provides a snapshot of the Top 200 customers investing in letterbox marketing.

Displayed above as a percentage, this chart demonstrates which segments are dominant users in volume investments.

Across the top clients of Reachmedia and PMP NZ the market segmentation indicates Department Store, Grocery and Specialty Retail segments hold the highest campaign and production volumes at 34%, 12% and 11% respectively.

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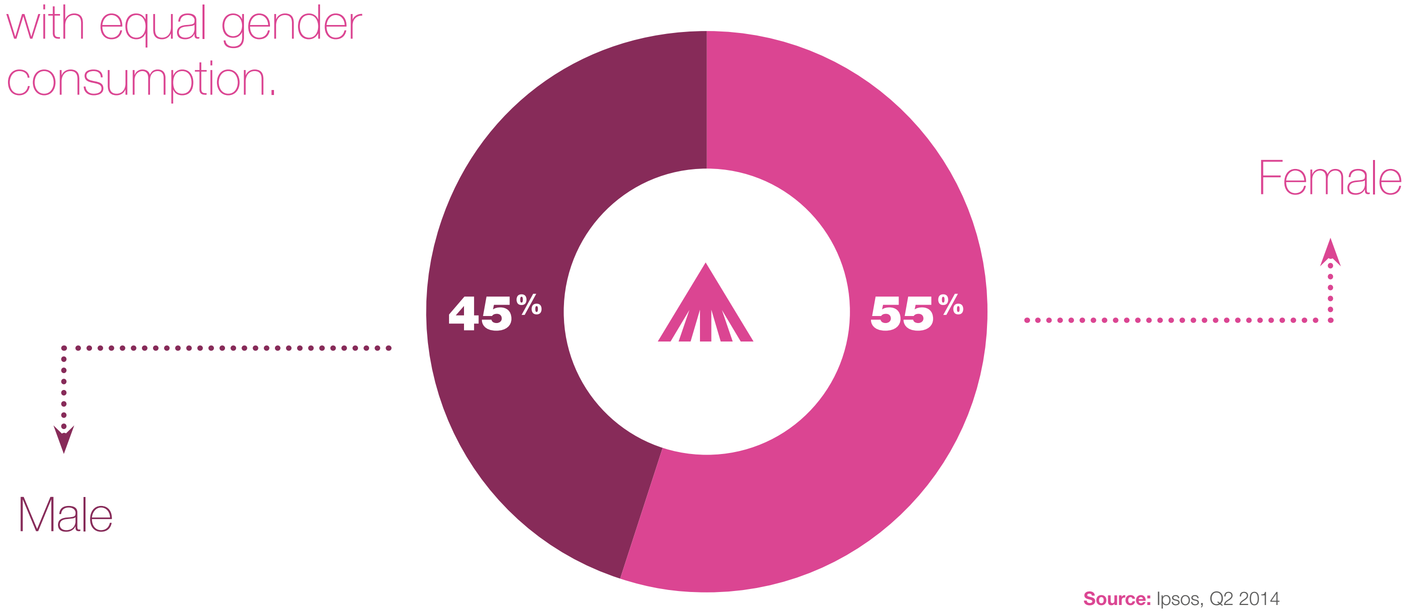
www.catalogue.asn.au

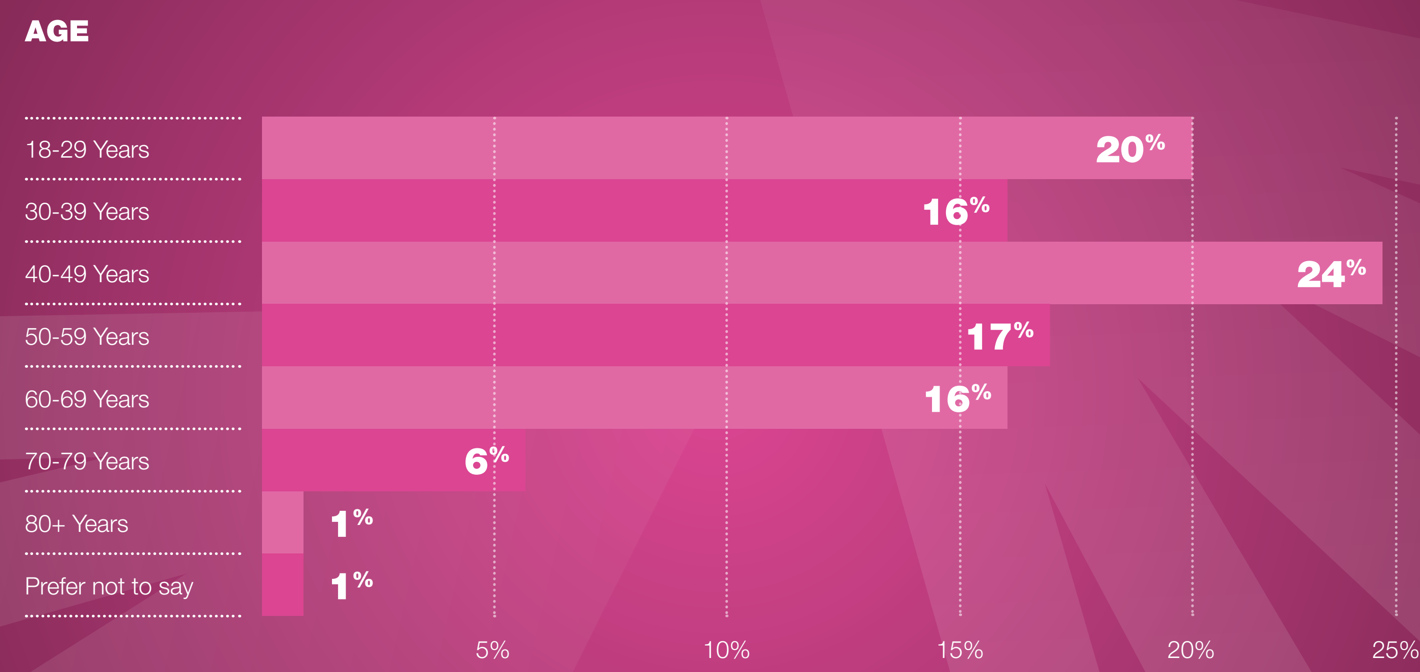
READERSHIP

Strong readership levels across powerful buying groups with 18-69 age readership with equal gender consumption.

The highierst readership group sits at 24% for 40-49 year olds, who are a well funded consumer group. 18-29 year olds rank second at 20% challenging the myth that younger demographics do not engage with print.



Source: Ipsos, Q2 2014



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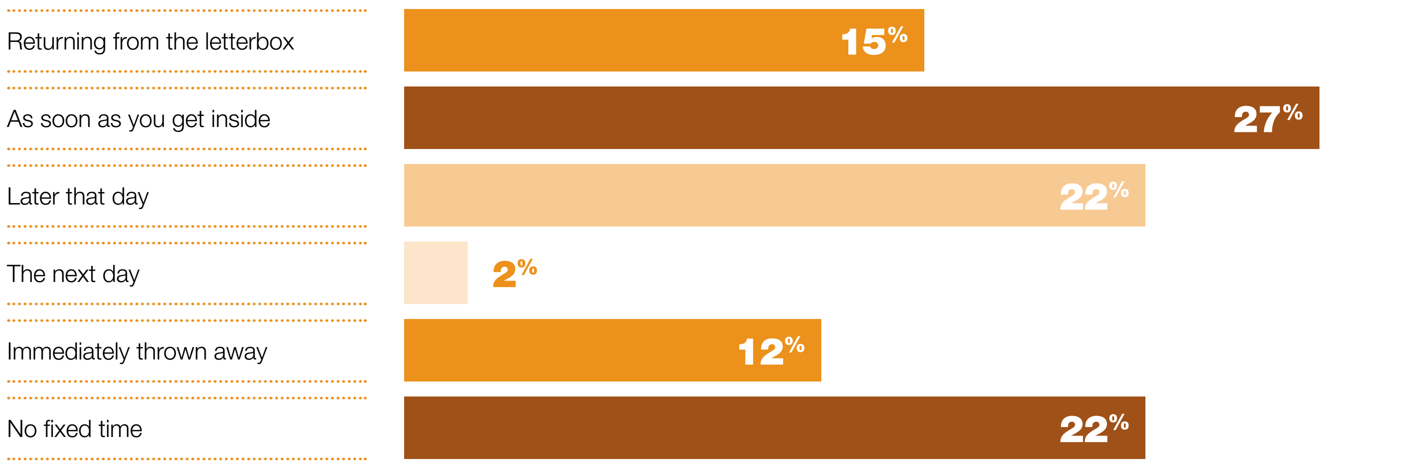
ENGAGEMENT

Engaging the consumer and holding a conversation for a period of time allows companies to develop strong relationships with potential customers. Insight into which consumer groups read catalogues and how long they spend reading them or interacting with them is important in understanding the power of the catalogue. Whether offering a comprehensive product range, brand positioning, new store or product offering, engaging your customers is critical when communicating your messages.

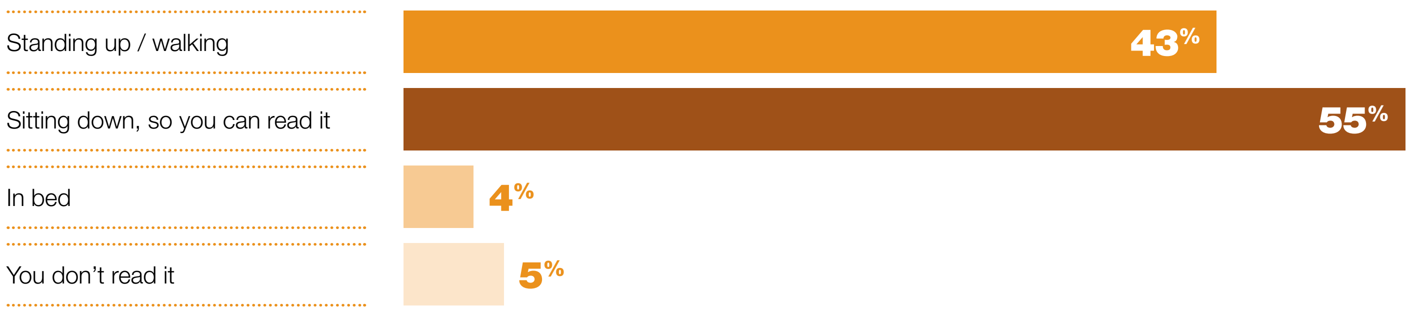
WHO READS & LIKES UNADDRESSED MAIL?

WHEN IS UNADDRESSED MAIL READ?



Source: Ipsos, Q2 2014

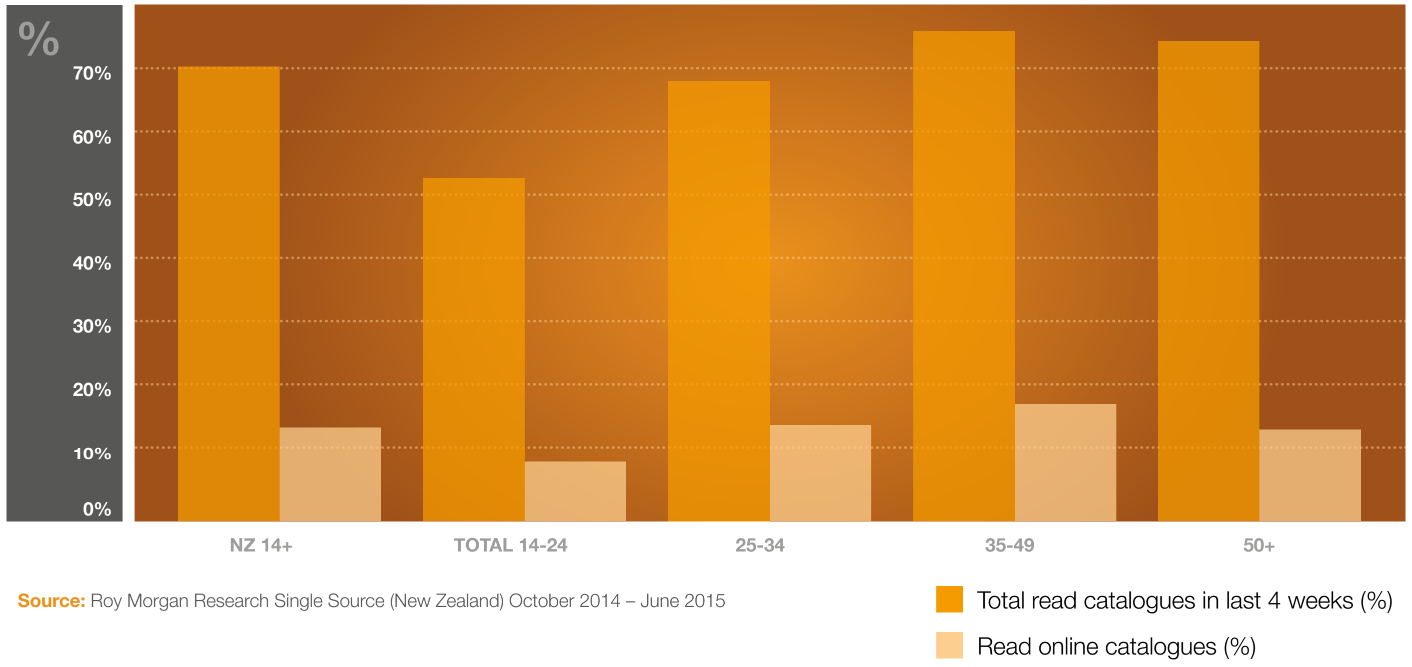
HOW IS UNADDRESSED MAIL READ?



Source: Ipsos, Q2 2014

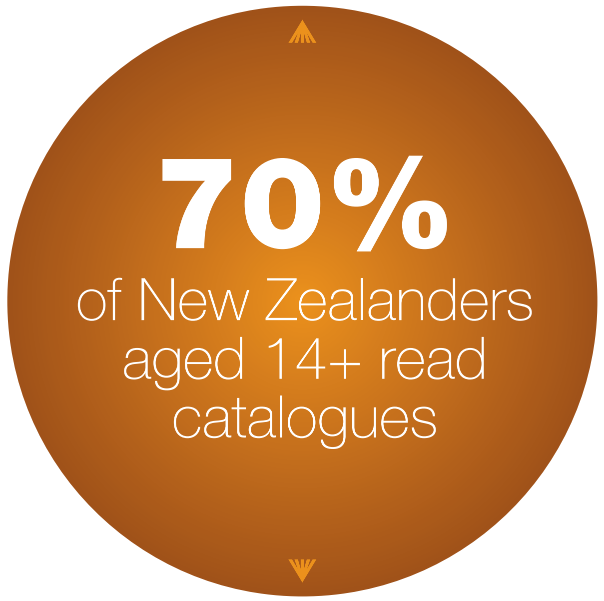
CATALOGUES PREFERRED OVER DIGITAL

CATALOGUE READERSHIP PRINT VS ONLINE



Source: Roy Morgan Research Single Source (New Zealand) October 2014 – June 2015

- 70% of New Zealanders aged 14+ read printed catalogues in an average four (4) week period.
- 69% of 25-54 year olds, a powerful consumer market, read printed catalogues compared to 12% reading online.
- Three quarters of New Zealanders 35+ have read printed catalogues, with 16% of 35-49 year olds having read online catalogues and 13% of 50+.
- Most powerfully are 14-24 year olds continuing to dispel the myth they prefer digital communication method with a strong 52% reading printed catalogues.



WOMEN & MAIN HOUSEHOLD SHOPPERS ENGAGE THE MOST

Females 20-59 and Main Household Shoppers with Kids 0-14 engage the most with Catalogues.

CATALOGUE STATEMENTS FROM COMMON TARGETS

UAM = Unaddressed Advertising Material

	Index	Read UAM in last month	Read UAM in last 24 hours	Happy to receive UAM because more relvant	UAM preferred way to hear about new products / services	UAM preferred way to hear about sales/ promos	UAM great way to compare prices	Very often buy something seen in a catalogue	Very often keep UAM for future reference
Index	100	100	100	100	100	100	100	100	100
Female 20-59	100	107	120	**130**	135	140	**133**	**151**	**163**
Main household shopper with kids 0-14	100	**115**	**130**	127	**137**	**146**	130	119	111
Main household shopper	100	103	116	108	118	120	111	107	124
Lifestage 3: Adults with young children	100	113	128	129	133	137	126	111	106

Source: Nielsen, Consumer Media Insight Survey, Q2 2014 - Q1 2015

- Main Household Shoppers with Kids (0-14) are 15% more likely than the average New Zealander to have read Unaddressed Advertising Material (UAM) in the last month and 30% more likely to have read UAM in the last twenty-four (24) hours.
- Main Household Shoppers with Kids (0-14) are 37% more likely to say catalogues are their preferred way to hear about new products and services, and are 46% more likely to say catalogues are their preferred way to hear about sales and promotions.
- Females aged 20-59 are 30% more likely than the average New Zealander to be happy to receive UAM due to its relevance and 33% times more likely to use catalogues as a great way to compare prices.
- Females aged 20-59 are 51% more likely than the average New Zealander to very often buy something seen in a catalogue and 63% more likely to very often keep UAM for future reference.

NIELSEN

With presence in 106 countries, Nielsen's mission is to provide clients with the most complete understanding of what consumers watch and buy. The consumer's world is changing at an unprecedented speed where media and commerce are colliding. We are focused on innovating to stay ahead of evolving market trends, allowing us to provide our clients with usable, practical and meaningful tools that help them make strategic business decisions every day. Nielsen is uniquely positioned to drive performance management solutions for our clients around the globe.

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PRINTSPACE CASE STUDY

INTRODUCTION

The ACA commissioned an independent case study with an Online Retailer who had never marketed via catalogues, the results were impressive.

BACKGROUND

Printspace® is a boutique label producing unique art and stationery. Locally created designer art prints and stationery are inspired by all things modernist with a strong appreciation of their favourite design era – the mid 20th century.

Printspace® is an Online Retailer with limited store front distribution.

METHODOLOGY

Printspace® being an Online Retailer and having never produced or distributed catalogues via Letterbox Distribution embarked on a catalogue campaign for their business.

“We have always understood the importance of communicating who we are to the market, however we weren’t sure how to approach Letterbox Distribution”, Nicholas Girling, Printspace®.

An 8pp full colour catalogue was designed with a Discount Code offering Free Shipping. The campaign ran for three (3) months, May to July 2014.

140,000 catalogues were printed for distribution in selected zones.

Zone selection was based upon demographic knowledge of the specified target market.

The specified target market was based on existing data of the twenty-five (25) highest spending suburbs in Melbourne, VIC. Based on individual purchases. It was determined from existing data that it was quite rare to have more than one (1) purchase from different suburbs. The statistics on historical sales did not show any specific grouping of suburbs and therefore a cross-demographic market was selected based on previous demographics rather than geographical positioning.

> “We discussed and considered the Call to Action at length. We determined in-house that we did not want to de-value our product too much as we recognised that the catalogue would be kept for a period of time and our design was an investment in brand awareness as well as a tool to drive sales,”
>
> Nicholas Girling, Printspace®.

DISCOUNT OFFERED

The offer was ‘Free Shipping’ for customers who referenced the special code provided.

During the campaign, a second promotion was run to ask customers to join the email newsletter and enter a competition to win a limited edition print to the value of $450.00.

> “A customer at an external market advised that they had kept the catalogue which they received in the letterbox. It is our expectation that as our product is gift based and people will keep the catalogue and use it for when they need a gift. This is not always reflected in the immediate data,”
>
> Nicholas Girling, Printspace®.

RESULTS AND FINDINGS

In the three (3) month window of data collection revenue, order value and traffic into store realised significant increases.

The strength of applying technologies on paper were also identified. Printspace® is fluent in digital data management and was surprised by the market engagement with the catalogue. From this they determined that applying augmented reality technologies to their catalogue could deliver higher sales results and direct connection to their sales portals.

“There has been a 65% increase from June 2013 and June 2014 of customers using mobiles and tablets to view the site. Using AR or a QR code is an opportunity we would consider for other catalogue campaigns in the future”, Nicholas Girling, Printspace®.

The campaign window May to July 2014 delivered the following strong results:

- Revenue increase of 65.96%
- Order volume increase of 11.64%
- Average order value up 48.66%

Specific Product Lines also realised recorded increases across two (2) main product lines – Personalised Products and Limited Edition Products.

PERSONALISED PRODUCTS

Personalised products include personalised Birth Posters, Name Prints and other customised print and stationery. This product category saw significant results as follows:

An increase in Order Volume by 38.10%, and a revenue increase in personalised products by 48.38%.

LIMITED EDITION PRODUCTS

Limited Edition product line is the highest value and profit line for the business. This product line realised a staggering 788.06% increase in Revenue throughout the catalogue campaign window. This pushed the average order value up 48.66%.

CONCLUSION

Printspace debriefed the entire campaign and determined building an offer around a specific product line or a specific product category would be considered in a future campaign. In this way, a special offer could stimulate a transaction of a particular product line at a discounted rate, or loss leader, and the other product lines price offering remains consistent with other pricing. Other tactics relating to incentives for customers joining our email newsletter would also be considered as part of a print promotion – rather than solely being communicated online.

Supporting on-going business initiatives, 85 email addresses were also collected from the Limited Edition competition offer. Printspace® has marketed the brand via social media, local exhibition, market circuits and newspaper inserts through buying groups. This was the first catalogue promotion conducted and delivered higher results than expected. Future consideration has been given on how to further increase results, technology on paper, linking the catalogue campaign to other media channels and longer campaign windows.

3

INDUSTRY INSIGHTS

Industry insights provides a snapshot of what is trending, delivering results as well as an opportunity to think outside the four walls of your marketing strategy workshops. Whether your goal is brand awareness or loyalty, sales and marketing targets, growth or communicating product range, a new store or even a product launch, achieving campaign goals and innovation often comes from exploring the journey of others. This is of significant importance when reaching for that extra idea or understanding the learnings of others.

LIQUOR - CATALOGUES DRIVE SALES

22% of consumers use catalogues as the main media for deciding which liquor outlet to visit.

871,000 Kiwis use unaddressed mail as a main media choice to decide where to go when purchasing liquor.

The next most popular media used are Internet research (14%), Daily Newspaper (13%) and Lift-outs or flyers contained in newspapers or magazines (11%).

MAIN MEDIA USED TO DECIDE WHICH LIQUOR OUTLET TO VISIT

Totals	Daily Newspaper	Direct Mail	Free Community Newspaper	Internet Online Advertising
100	12.91	2.38	8.32	4.36
Internet Research I do	**Lift-outs or flyers contained in newspapers or magazines**	**Magazine**	**Outdoor Advertising**	**Radio**
14.01	11	2.8	2.52	4.29
Sunday Newspaper	**Television**	**Unaddressed Mail Circulars / Flyers**		
2.4	9.99	**22.54**		

USE UAM TO DECIDE WHERE TO SHOP FOR LIQUOR

UAM = Unaddressed Advertising Material

Age	Unaddressed Mail Circulars / Flyers
Index	100
10-19 Years	37
20-29 Years	91
30-39 Years	120
40-49 Years	122
50-59 Years	113
60-74 Years	108
75+ Years	120

New Zealanders aged 40-49 are twenty-two (22) time more likely than the average population to use unaddressed advertising material when deciding where to go and buy liquor, and those aged 30-39 and 75+ are twenty (20) times more likely to use unaddressed mail.

USE UAM TO DECIDE WHERE TO GO TO BUY LIQUOR

UAM = Unaddressed Advertising Material

Income	Unaddressed Mail Circulars / Flyers
Index	100
$20,001 - $40,000	96
$40,001 - $60,000	107
$60,001 - $80,000	119
$80,001 - $100,000	124
$100,001 - $120,000	109
$120,001 +	86

Mid-high level income earners are more likely than the average population to use unaddressed advertising material when deciding where to go and buy liquor. New-Zealanders who earn $80,000-$100,000 are the most likely to use unaddressed advertising material, twenty-four (24) times higher than the general population, when deciding where to go and buy liquor.

HARDWARE CHAIN STORES - CATALOGUES DRIVE SALES

Unaddressed advertising material is the number one (1) media channel used to decide where to go for major hardware chain stores.

35% of consumers use catalogues as the main media for deciding which major chain store to visit.

The next most popular media used are Television (23%), Internet research (22%) and Daily Newspaper (17%).

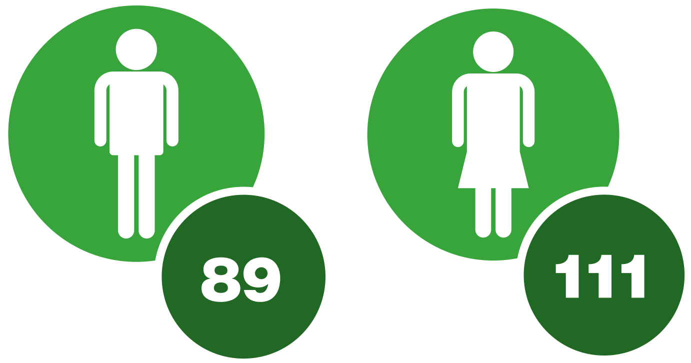
MAIN MEDIA USED TO DECIDE WHERE TO GO FOR MAJOR CHAIN STORE

Daily Newspaper	Direct Mail	Free Community Newspaper	Internet Online Advertising	Internet Research I do
16.72	3.95	9.51	8.42	21.61
Lift-outs or flyers contained in newspapers or magazines	**Magazine**	**Outdoor Advertising**	**Radio**	**Sunday Newspaper**
15.35	3.05	3.40	7.48	3.26
Television	**Unaddressed Mail Circulars / Flyers**			
23.32	**35.74**			

USE UAM AS THEIR MAIN MEDIA

UAM = Unaddressed Advertising Material

Income	Unaddressed Mail Circulars / Flyers
Up to $20,000	111
$20,001 - $30,000	111
$30,001 - $40,000	112
$40,001 - $60,000	108
$60,001 - $80,000	114
$80,001 - $100,000	112
$100,001 - $120,000	102
$120,001 - $160,000	96
$160,001 - $200,000	81
$200,001 - $250,000	55
$250,000 +	92



Age	Unaddressed Mail Circulars / Flyers
10-19 Years	30
20-29 Years	87
30-39 Years	105
40-49 Years	113
50-59 Years	124
60-74 Years	126
75+ Years	131

Source: Nielsen, Consumer Media Insights Survey, Q2 2014 - Q1 2015

4

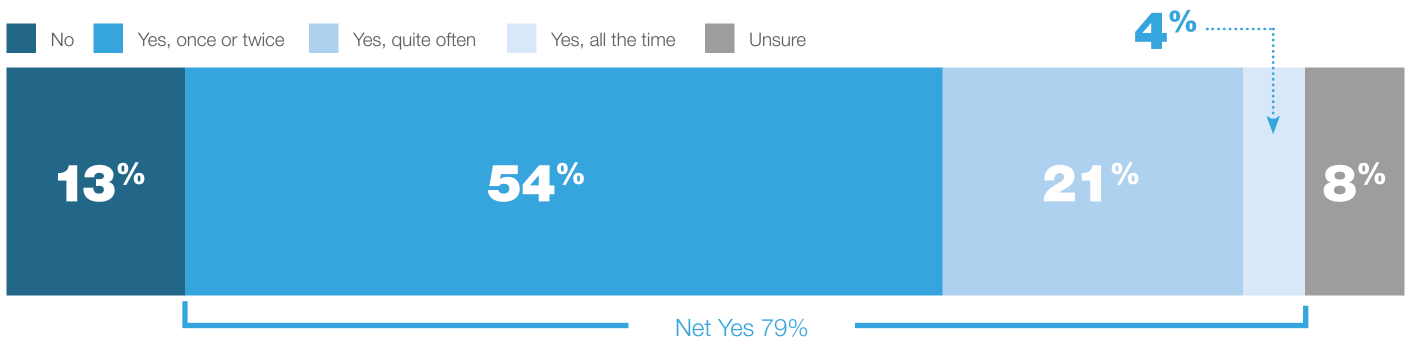
PATH TO PURCHASE

Understanding your customer's path to purchase allows you to refine your marketing campaigns and engagement strategies to deliver optimal results. Understanding your customer's purchasing journey allows you to create the most useful communication campaign for your customers

PURCHASES MADE DUE TO UNADDRESSED MAIL

79% of consumers have purchased something after seeing it advertised through unaddressed mail.

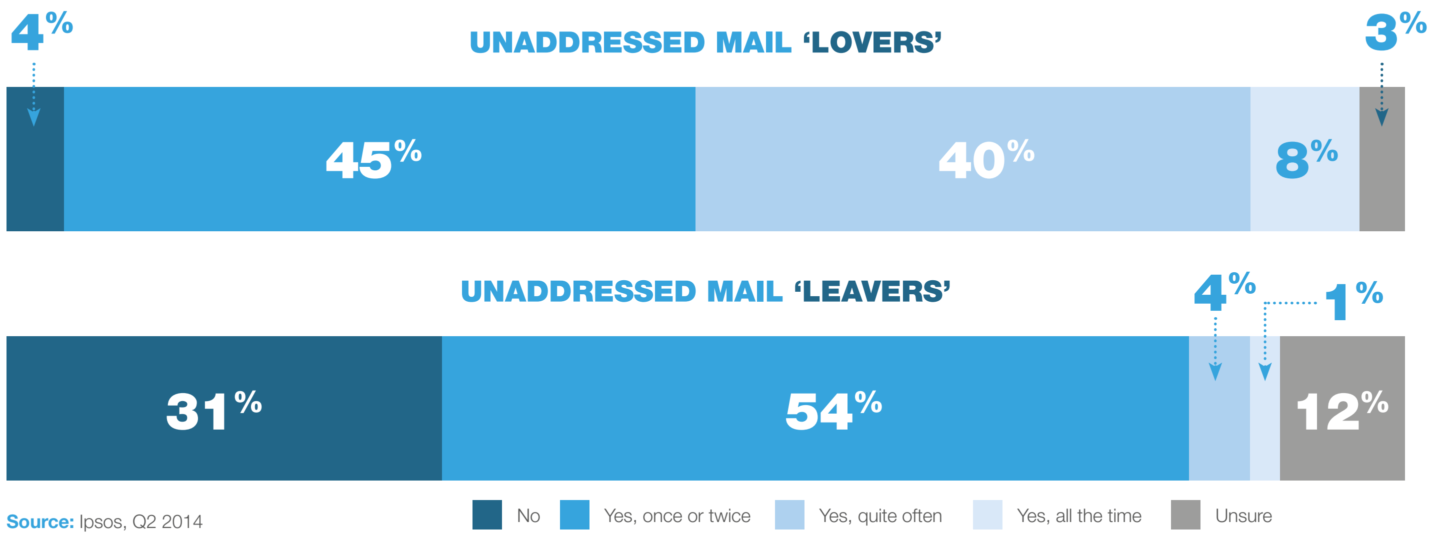
After seeing something advertised in unaddressed mail, 54% have bought something 'once or twice', 21% have bought something 'quite often' and 4% buy something 'all the time'.



A Lover or a Leaver – you can't help but be swayed by a catalogue in the letterbox.

93% of unaddressed mail (UAM) 'Lovers' are more likely to make a purchase when receiving something in the letterbox. Further showing the strength of UAM are the group that says they are 'Leavers' of the media. Even though they don't report being UAM lovers they are still 59% more likely to make a purchase from receiving a piece in their letterbox.

93% of Unaddressed Mail 'Lovers' have bought something after having seen it advertised in a piece of unaddressed mail. Even amongst the surveyed group who suggest they like unaddressed mail the least – the 'Leavers' - still become influenced to make a purchase when receiving Unaddressed Mail. The majority of the 'Leaver' group recalled making purchases due to Unaddressed Mail. In fact, 59% of 'Leavers' have bought something after having seen it advertised in a piece of unaddressed mail.



Source: Ipsos, Q2 2014

ATTITUDES TOWARDS DIFFERENT TYPES OF ADVERTISING

New Zealanders pay less attention to television, radio or pre-roll adverts and commercials.

Consumers regularly avoid advertising and commercials when online, watching TV, or listening to radio.

- 57% of people always skip advertisements that are shown before online videos.
- When television commercials come on 55% of people sometimes and 30% always leave the room or change channels.

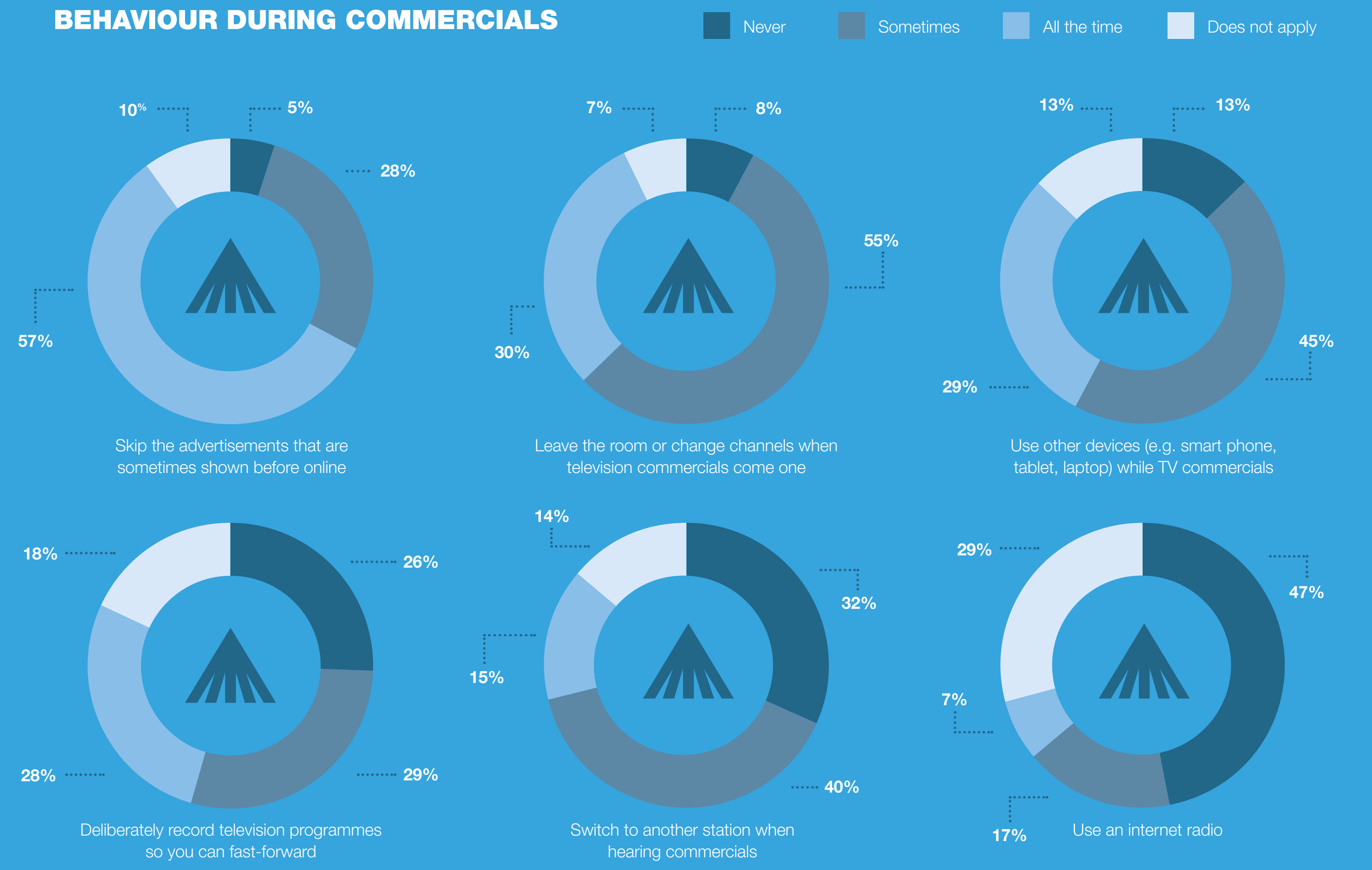
Source: Ipsos, Q2 2014

- 74% sometimes or always use another device (e.g. smartphone, tablet, laptop) when TV commercials are playing.
- 57% sometimes or always record television programs so they can fast-forward through commercials.
- In contrast, consumers are far more likely to read their addressed and unaddressed mail.
- 88% of consumers read unaddressed mail all the time.
- 100% of consumers read their addressed mail all the time.

In contrast, consumers are far more likely to read their addressed and unaddressed mail.

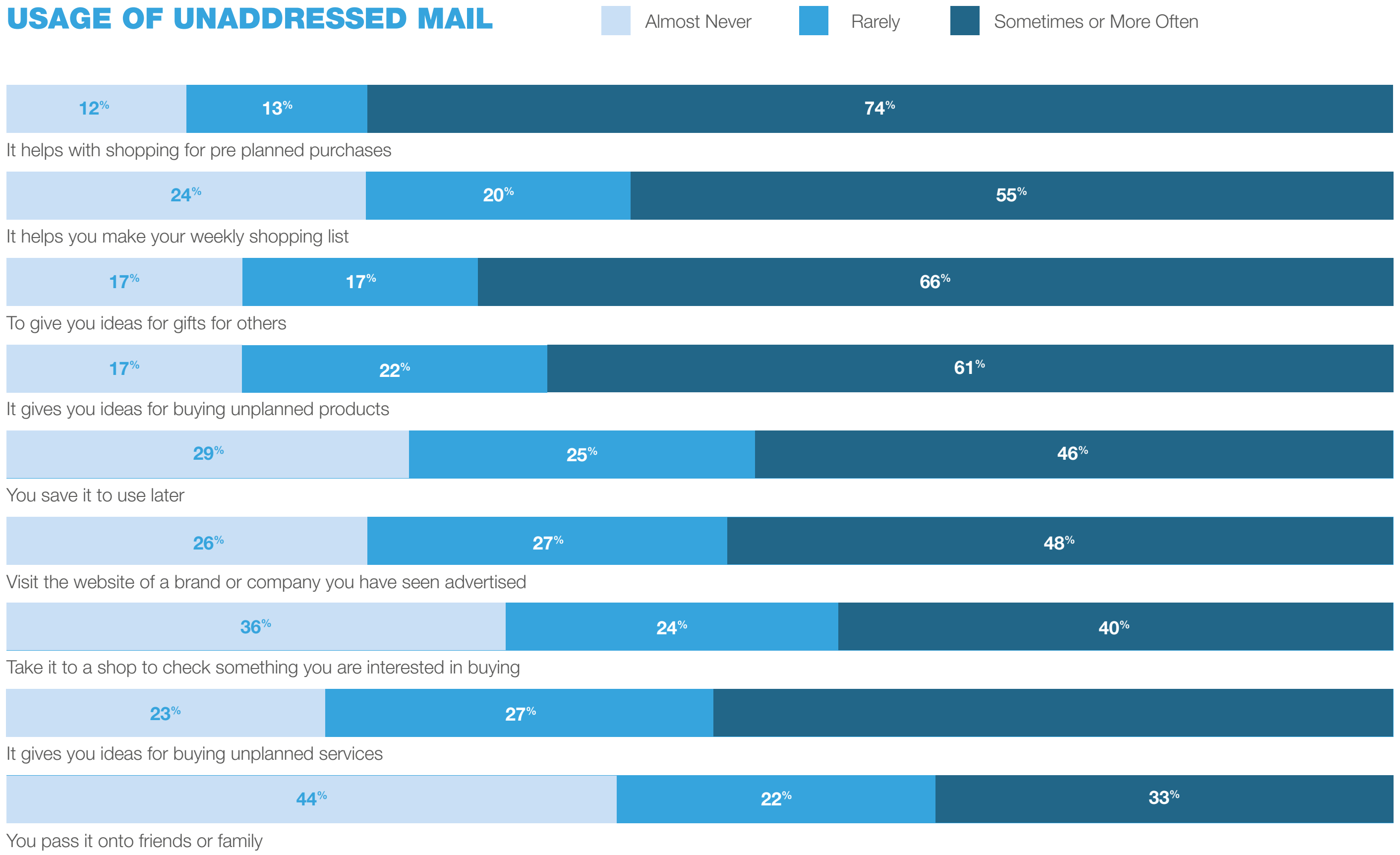
- 88% of consumers read unaddressed mail all the time.
- 100% of consumers read their addressed mail all the time

BEHAVIOUR DURING COMMERCIALS



UNADDRESSED MAIL USAGE

USAGE OF UNADDRESSED MAIL



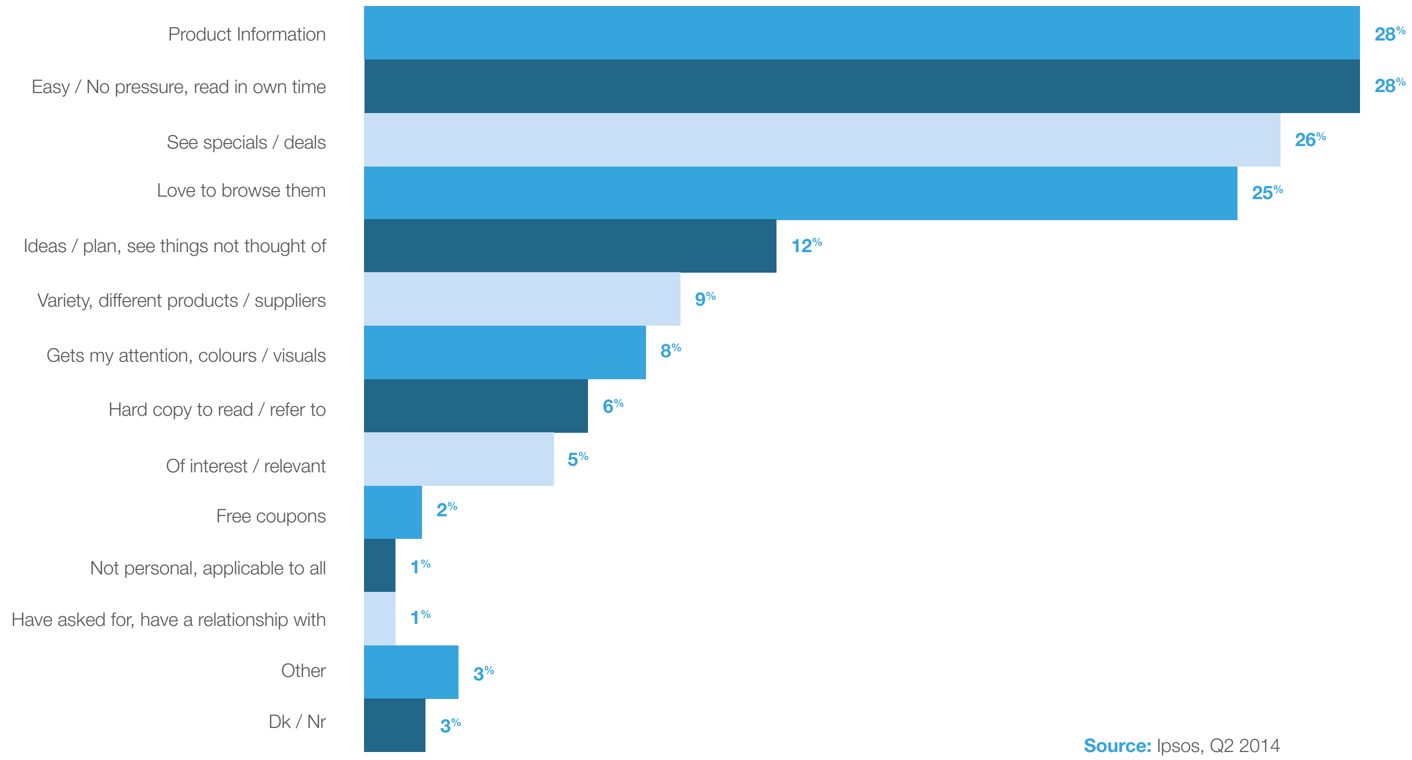
Source: Ipsos, Q2 2014

Unaddressed mail is used for both planned and unplanned purchases of products and services. The three (3) most common reasons consumers sometimes or often use unaddressed mail is for helping with shopping for pre-planned purchases (74%), to give ideas for gifts for others (66%), and give ideas for buying unplanned products (61%).

48% of consumers visit the website of a brand or company they have seen advertised and 40% of consumers take their unaddressed mail to a shop to check something they are interested in buying.

REASONS CONSUMERS READ UNADDRESSED MAIL

WHY IS UNADDRESSED MAIL LIKED



Source: Ipsos, Q2 2014

Useful Product Information (28%) and its Relaxed Nature (28%) are the most appealing attributes of unaddressed mail.

"There is so much competition nowadays with supermarkets. We get a lot of supermarket fliers and we like comparing prices and seeing what the specials are; especially for items that we need."

"All the information is there; pictures; prices; opening hours etc. You can have a thorough look and not miss any details."

"Can browse at your leisure what you want to, and then follow up either online or in store.".

"I can sit down and read it at my leisure and refer back to it."

Consumers also Love to Browse (25%) unaddressed mail and look for Specials/Deals (26%).

"Keeps me in touch with all the specials and new products locally available."

"I enjoy seeing what deals are coming and planning my purchasing; also they are normally for local stores"

MEDIA USEFUL CHANNEL WHEN MAKING PURCHASING DECISIONS

	A used motor vehicle	A new motor vehicle	Car/auto parts and accessories	Real estate	Home improvements or renovations	Home interiors or furnishings	Home entertainment/ electronics
Newspapers	16.5%	13%	5.6%	20.9%	5.8%	4.6%	5.5%
Magazines	2.4%	4.9%	2.4%	5.9%	13.8%	16%	4.7
Catalogues	3.6%	7.6%	15.3%	10.9%	17%	24.6%	30.1%
Radio	0.9%	1.1%	0.7%	0.5%	0.8%	0.4%	0.6%
Television	1%	5.7%	1.7%	0.9%	4.8%	4.3%	6.2%
Internet	65.4%	53.3%	49%	50.9%	38.2%	33.3%	40.3%
Yellow Pages	1.1%	1.3%	6.4%	1.1%	4.6%	2.8%	1.2%

	Large kitchen/ laundry appliances	Small electrical appliances	CDs/DVDs	Books	Toys	Cosmetics & Toiletries	Clothing & Fashion
Newspapers	5.7%	5.2%	3.5%	4.4%	2.8%	2%	3.7%
Magazines	3.8%	3.3%	3.5%	5.4%	3.1%	10.3%	12.2%
Catalogues	32.3%	36.0%	24.9%	20.8%	32.6%	36%	32.4%
Radio	0.7%	0.6%	2.7%	1.6%	0.3%	0%	0.5%
Television	4.5%	3.7%	4.6%	2.4%	5.2%	4%	3.6%
Internet	39.4%	37.4%	42.8%	48.0%	28.5%	26%	32.1%
Yellow Pages	1.6%	1.2%	0.5%	0.7%	0.3%	1%	0.4%

Source: Roy Morgan Research Ltd., Single Source (New Zealand), July 2014 – June 2015.

Catalogues continue to perform as the most useful media when making purchasing decisions, ranking 1st, 2nd or 3rd across twenty (20) of the twenty-eight (28) market segments.

Strongest performers being Groceries (43%), Children's Wear (36%), Small Electrical Appliances (36%), Alcoholic Beverages (36%), Toys (34%) and Cosmetics & Toiletries (33%) all ranking number one over all other channels as the most influential media when making purchasing decisions.

Small Electrical (36%), Large Kitchen/laundry appliances (32%), Home Entertainment/electronics (30%), Home interiors or furnishings (25%), CDs/DVDs (25%), Books (21%), Computers, computer supplies/peripherals (20%), Mobile phones/phone providers (20%), Home improvements or renovations (17%) and Car/auto parts and accessories (15%) all ranked second to Internet, demonstrating opportunity for the two channels to work hand in hand across multi-channel campaign development.

Data was collected from July 2014 - June 2015 with New Zealanders asked what is the most useful media when making purchasing decisions. Catalogues ranked first across six categories, second across ten categories and third across four categories.

CATALOGUES RANK TOP 3 IN 20 OF THE 28 MARKET SEGMENTS

	Children's wear	Groceries	Alcoholic beverages	A home loan or other loans	Finance / Investment products	Insurance	Computers, computer supplies / peripherals
Newspapers	2.7%	11.6%	10.6%	8.7%	8.7%	5.4%	3.7%
Magazines	5.6%	1.7%	2.7%	0.8%	1.3%	1.1%	2.0%
Catalogues	36.4%	43.3%	35.9%	2.8%	3.0%	3.5%	19.7%
Radio	0.4%	1.3%	1.1%	1.1%	1.6%	1.5%	0.6%
Television	3.4%	7.3%	5.0%	8.9%	6.7%	9.6%	4.0%
Internet	26.8%	21.1%	21.4%	51.8%	50%	51.1%	52.8%
Yellow Pages	0.4%	0.2%	0.7%	2.5%	2.7%	4.9%	2.4%

	Mobile phones / Phone providers	Services such as Plumbers, Electricians	Employment Jobs	Entertainment/ Movie Listings	Restaurants	Travel or Accommodation	Health, Wellbeing & Fitness
Newspapers	4%	10.5%	22%	25.3%	10.9%	5.2%	5.5%
Magazines	2%	0.5%	2%	1.4%	3.8%	4.5%	13.8%
Catalogues	20.3%	2.1%	1.1%	1.6%	2.9%	4.2%	6.1%
Radio	0.8%	1.6%	0.8%	1.2%	1.3%	1%	1.3%
Television	6.6%	1.6%	0.9%	2.4%	1.9%	3.1%	4%
Internet	50.1%	35.5%	57.7%	53.5%	52%	68%	48%
Yellow Pages	3%	34.4%	1.2%	0.9%	13.1%	3.9%	3.1%

Source: Roy Morgan Research Ltd., Single Source (New Zealand), July 2014 – June 2015.

1st 2nd 3rd

ROY MORGAN

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

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

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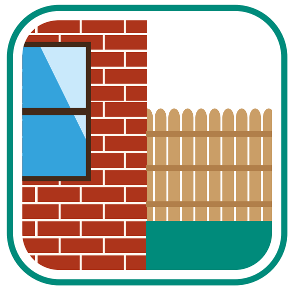
MEDIA CONSUMERS - TOP CATALOGUE RETAILERS

TOP 5 CATALOGUE BY SEGMENT

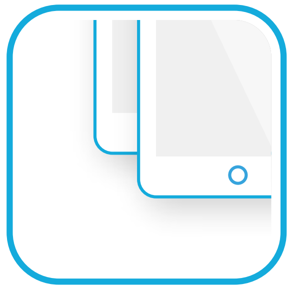
LEADING LIFESTYLES
High income families, typically own their own home in the inner suburbs.

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

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



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



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

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

Helix Personas is Roy Morgan's unique consumer segmentation and data integration tool that combines sophisticated psychographic and behavioural data to classify the New Zealand population into fifty-one (51) Personas and seven (7) Communities. This allows effective targeting of catalogue readers within different industry segments. Helix Personas gives a deeper understanding of catalogue readers, providing insight into what drives consumers from page to store. These slight personality differences are absolutely essential to advertisers in determining the who, how, when and why for any brand and channel.

TOP 5 HELIX PERSONAS RANKED ON REACH WITH AN ABOVE AVERAGE POPULATION PROPENSITY

Jewellers	Homemaker / Furniture	Chemist	Department / Discount / Haberdashery	Hardware / Garden	Electrical	Supermarket
110 Savvy Self-starters	107 Humanitarians	207 Urban Entertainers	306 Average Kiwi	306 Average Kiwi	402 Domestic Jugglers	402 Domestic Jugglers
305 Successful Immigrants	306 Average Kiwi	402 Domestic Jugglers	402 Domestic Jugglers	402 Domestic Jugglers	402 Family First	402 Family First
402 Domestic Jugglers	402 Domestic Jugglers	402 Family First	402 Family First	402 Family First	506 New Kiwis	604 Fringe Dwellers
506 New Kiwis	402 Family First	701 Penny Wise	701 Penny Wise	701 Penny Wise	604 Fringe Dwellers	701 Penny Wise
507 Making the Rent	708 Strugglestreet	705 Real Working Class	707 New Beginnings	707 New Beginnings	701 Penny Wise	705 Real Working Class

- 100 Leading Lifestyles
- 200 Metrotechs
- 300 Today's Families
- 400 Aussie Acheivers
- 500 Getting By
- 600 Golden Years
- 700 Battlers

The table above shows the Top 5 Helix personas or consumer groups, who are most likely to read catalogues by market segment. A community featuring heavily across all segments are the Kiwi Achievers. As the quintessentially average community, Kiwi Achievers show just how diverse and multifaceted 'ordinary' can be: leaders and followers, conservatives and progressives, up-to-the-minute or out-of-the-loop, loud-mouthed or tight-lipped, over-the-top or under-the-radar—this is the heartland. Whatever their personal situation, attitudes or goals, Kiwi Achievers are busy, busy, busy. They want to own their own home with a backyard big enough for cricket with the kids (and then grandkids) so they'll work hard to pay off the large mortgage. Covering the gamut of national life, Kiwi Achievers are overall the closest to the national average on their values and segmentation.

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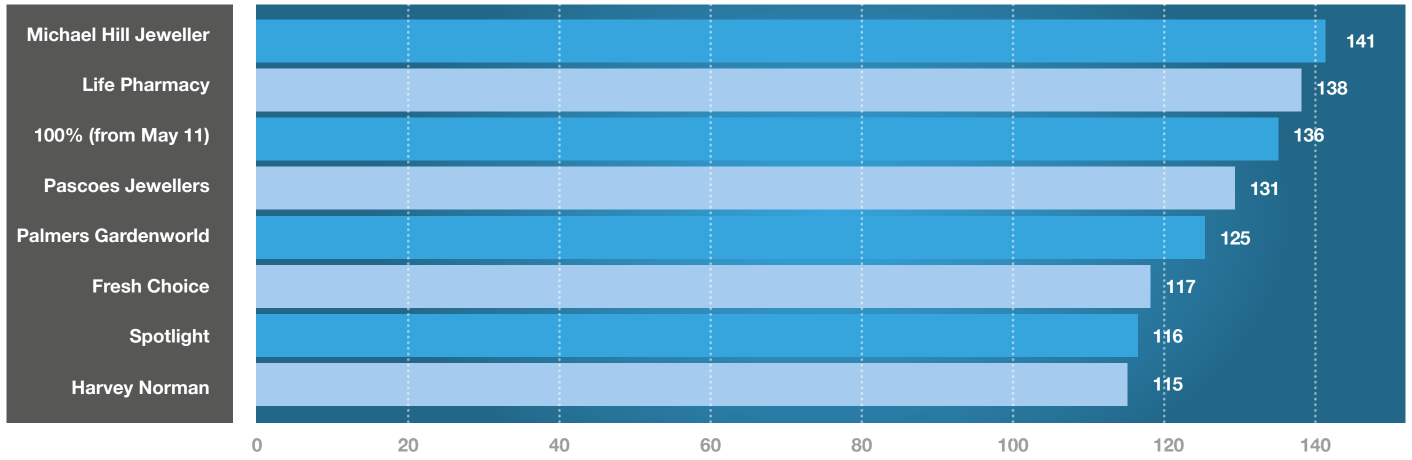
TRUSTED ADVISORS 20 TIMES MORE LIKELY TO READ ASPIRATIONAL CATALOGUES

CATALOGUE READERSHIP INDEX



Source: Roy Morgan Research Single Source (New Zealand) October 2014 – June 2015

A TRUSTED ADVISOR IS SOMEONE WHO FRIENDS AND FAMILY GO TO FOR ADVICE.

The Index above refers to the propensity of the Trusted Advisor group to take action and read certain types of catalogues in the last four (4) weeks.

Any records over 100 (100 = base) is more likely than the average. Therefore Trusted Advisors (listed in the table above) are 41% more likely to read the Michael Hill Jeweller catalogue than the average New Zealander.

The above figures across these high performing catalogues for Trusted Advisors, show that the top catalogue categories carry little wastage in advertising to Trusted Advisors and provide Michael Hill Jeweller, Life Pharmacy, 100% Appliances, Pascoes Jewellers, Palmers Gardenworld, Fresh Choice, Spotlight and Harvey Norman the ability to deliver highly successful word of mouth and marketing outcomes.

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5

SUSTAINABILITY

The sustainability of any media channel must be assessed across three areas: environment, social and economic impact. Understanding industry employment figures, committment to the environment and economical sustainabilty is an important measure when understanding an industry's sustainable credentials.

THE PAPER STORY

The New Zealand paper and print industry produces items that are essential to our everyday living. From newspapers to magazines and office printing to letters, paper is integral to our lives. The paper and print industry has transformed over two decades of cooperation, environmental transparency and industry innovation to drastically reduce their environmental impacts. This major industry sector now has one of the lowest environmental footprints in New Zealand.

With the recent trend towards digital communications, many marketers assume wrongly that digital media is always the more sustainable and environmentally friendly option.

However, when assessing a media channel's total environmental impact it is essential to look at more than simply the energy used to send and receive the message. Determining the environmental impact of each media channel enables marketers to assess which is the most effective medium for their particular needs and sustainability goals.

NEW ZEALAND PAPER FORUM – PAPER STEWARDSHIP SCHEME

The NZ Paper Forum is the industry body for organisations operating in the paper sector. Its purpose is to share ideas, promote the industry and encourage continuous improvement amongst members.

http://nzpaper.printnz.co.nz/

THE KEY POINTS

- Paper is a part of life. It's the morning newspaper, your child's favourite book, a school textbook, the packaging your cereal comes in, a treasured family photo. You can touch paper – it is real.
- No native trees are used to make paper or paper-related products in New Zealand.
- All newsprint in New Zealand is made from residues from sustainable softwood (radiata pine) resources or recycled paper. Residues are by-products of the building trade.
- The NZ paper industry gets up to 80% of its energy from renewable sources including biomass (wood processing residues), geothermal, and NZ's electricity grid - with its naturally high renewable component. This means that fewer fossil fuels are burned which, in turn, reduces carbon dioxide emissions. Energy in New Zealand 2015, Ministry of Business, Innovations & Employment
- With 1.1 percent of the world's greenhouse gas emissions, the value chain of pulp, paper and print is the lowest major industry sector emitters.[1]
- Producing paper from recovered fibre consumes 50 per cent less energy than manufacturing paper from virgin pulp, and the process also consumes 90 per cent less water.[2]
- Water used per tonne of production has reduced by approximately 63% since 1990, with water being used on average up to five (5) times in the process.[3] – Two Sides
- Paper can be added to compost, particularly where rich nutrient wastes (such as kitchen scraps) need to be balanced by materials with a high organic content – The Paper Story
- Only 11% of the wood extracted from the world's forests goes to the paper industry (www.twosides.info) and no native trees are used to make paper or paper-related products in New Zealand - The Paper Story]
- The vast majority of paper manufacturers supplying the New Zealand market operate under internationally accredited schemes such as the FSC and PEFC

Sources:
1. APIA, 2014
2. http://www.si.cm.uwa.edu.au/programs/recycling/paper/facts
3. http://twosides.org.au/download/Do-you-know-which-resources-are-sustainable-and-which-ones-aren-t.pdf

DELIVERER PROFILE: MARTIN DADY, AUCKLAND

Martin has been delivering pamphlets for many, many years. He loves it. It has become a significant part of his daily routine for the last 25 years. Martin is in his 40's and has an intellectual disability. He lives at home with his mum who supports his emotional and day to day needs.

Martin says he delivers pamphlets as a great way to get out and about for some fresh air and exercise and to earn a bit of extra money to supplement his invalids benefit to support his passion of riding all different forms of public transport all around Auckland. Unfortunately the downsides of deliveries are the heavy pamphlets and delays when it is raining!

It takes Martin around four hours to deliver to the 200 homes on his runs. Martin's Mum helps him collate the pamphlets and put them into his delivery pack. Normally such a run would take about 1 ½ hours , however Martin is quite happy taking his time. Speaking with Martin's Mum she says that delivering pamphlets has been very beneficial in giving Martin a routine. He is well known and well liked around the neighbourhood, and delivering pamphlets gives Martin the social connections he would not otherwise get.

Martin is representative of a large number of "special needs" deliverers that work in the industry delivering pamphlets. Many of them would be in circumstances very similar to Martin. They are often supported by caregivers through special needs care groups, or their parents. They do a terrific job and we thank each and every one of them, including Martin, for their commitment and dedication to a job that delivers to them and to homes throughout New Zealand.

Name:

Martin Dady

Years Distributing:

Twenty-five years

Rounds:

200 runs

Drops:

Twice weekly

Likes:

Being outside, routine and sunshine

Dislikes:

Rain

DELIVERER PROFILE: JENNY THOMSON, FRANKSTON

Jenny has been delivering catalogues throughout the Frankston area for twelve (12) years, delivering five rounds twice weekly her stories range from the practical logistics to the highly amusing.

"The most time-consuming part of the job is the collating, I have a lovely high bench and I spread all the catalogues out into delivery piles of no more than ten catalogues, it's too bulky otherwise. Sometimes it can take 30 minutes, sometimes two hours and the whole time I am hoping like heck the driver has delivered enough of each one," says Jenny.

"I have a good driver and he's never not dropped the right amount, but I always fret."

Jenny didn't plan on becoming a Walker, it's her kids fault. Her eldest boy wanted to earn money to go on an overseas trip with the school. He saw an advertisement in the paper and applied. Jenny knew he needed some support and decided to help him. She thought it was a good way for her son to raise the money he needed and she felt helping him with collating, sorting and delivering was for a good cause.

His (and his mother's) hard work paid off and he saved enough money for his overseas trip.

His older brother soon recognized this was something he could benefit from and also signed up. The two boys growing up through their teenage years paying for their mobile phones, branded sneakers and then their own cars all from walking.

"I saw pretty quickly that the boys were learning some good values. It has taught them to be great savers and manage their money. They've gone overseas, entered school programs, bought their own cars, expensive toys and phones. Things we couldn't have afforded along with everything else," says Jenny.

Occupational hazards do exist and aggressive dogs and poor weather conditions have had Jenny on the run on occasion. She explains, "Last year I put the catalogue in the letterbox and the dog grabbed the catalogues from my hand, I just dropped them and ran. I got a real fright!"

Slippery driveways, mud, pebbles and uneven footpaths are all things to be cautious of, however Winter is the hardest slog as the mornings and nights are cold and dark. Then again, Jenny says in the warmer weather with longer daylight hours, it's really peaceful to do a drop.

According to Jenny, "all Walkers are fans of Daylight Savings!" as the balmy evening distribution drops everyone enjoys it more – "even the dog!"

In the main, the job is "a bit of extra pocket money, it's good exercise and the dog gets a good walk. Nothing is really bad about it, in twelve years I've only really had two bad experiences and in the main people are really friendly. I have some homes where the people are waiting for me to deliver and we always have a nice chat, that and signing off the last delivery on the round always gives me a sense of satisfaction, there are people I know working big jobs who don't get the same satisfaction I get from my job – there's something in that I think."

And we think Jenny may well be right.

Name:

Jenny Thomson

Years Distributing:

Twelve years

Rounds:

Five rounds

Drops:

Twice weekly

Likes:

Exercise, pocket money and life lessons it taught her boys

Dislikes:

Aggresive dogs and slippery driveways

6

BRAINS TRUST

The Brains Trust collates some of the key unique strengths Unaddressed Mail possesses through this Industry Report. Take a glimpse at some of the facts and stats around why Unaddressed Mail is one of the most effective marketing mediums of New Zealand.

TOP TEN TAKEOUTS

1.

87% of 1.69 million New Zealand households receive unaddressed mail.

This means unaddressed mails reaches 3.88 million adults.

70% of New Zealanders aged 14+ read printed catalogues in an average four (4) week period.

2.

88% of Unaddressed Mail is read.

The highest readership of unaddressed mail sits at 24% for 40-49 year olds, who are a well-funded consumer group.

18-29 year olds rank second at 20% challenging the myth that younger demographics do not engage with print.

3.

Unaddressed Mail is amongst the most positively regarded advertising channels.

27% of consumers read unaddressed mail as soon as they get inside and 55% of consumers sit down to read it.

4.

Main Household Shoppers with Kids (0-14) are fifteen (15) times more likely than the average New Zealander to have read Unaddressed Advertising Material (UAM) in the last month.

They are also thirty-seven (37) times more likely to say catalogues are their preferred way to hear about new products and services, and are forty-six (46) times more likely to say catalogues are their preferred way to hear about sales and promotions.

5.

79% of consumers have purchased something after seeing it advertised through unaddressed mail.

93% of Unaddressed Mail 'Lovers' have bought something after having seen it advertised in a piece of unaddressed mail.

6.

Unaddressed mail is used for both planned and unplanned purchases of products and services.

Around 60% use Unaddressed Mail for unintentional purchases, ideas for gifts etc.

Two thirds use it to help with planned purchases.

7.

Most consumers recall making at least one purchase after seeing something advertised in Unaddressed Mail, a further quarter make these purchases more often.

48% often visit a website when prompted by Unaddressed Mail.

8.

Useful Product Information (28%) and its Relaxed Nature (28%) are the most appealing attributes of Unaddressed Mail.

Consumers also Love to Browse (25%) Unaddressed Mail and to for look for Specials/Deals (26%).

9.

Catalogues continue to perform as the most useful media when making purchasing decisions, ranking 1st, 2nd or 3rd across twenty (20) of the twenty-eight (28) market segments.

10.

Through cooperation, environmental transparency and industry innovation, the New Zealand paper and print industry has one of the lowest environmental footprints in New Zealand.

5

REFERENCES

The Australasian Catalogue Association would like to extend our most sincere thanks to all contributors, sponsors of the New Zealand Industry Report 2015. Further thanks to the ACA Board and Members group for their ongoing support of the industry.

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PMP Limited

Reach Media

Salmat

SAPPI Trading Australia

Stora Enso

UPM Kymmene

New Zealand

Inkwise

PMP New Zealand

Reach Media

Webstar

SPECIFICATIONS

Creative: Sierra Delta, Richmond, Melbourne 3121.

Print: Webstar - Passionate about print.