Australasian Catalogue Association

2017 INDUSTRY REPORT

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Executive Summary

Welcome to our fourth ACA Industry Report 2017. As with previous editions this report highlights industry metrics and forecasts, case studies, consumer patterns by sector, local and international trends and more. A snapshot of a media advertising channel that is showing its strength through its resilience and ongoing effectiveness results. Catalogue and letterbox marketing continues to deliver results and in a world with ever-increasing pressure to ensure every marketing dollar delivers a high return catalogues hold their own.

Letterbox marketing continues to dominate Audience Reach at 20.1M Australians every week, this channel claims the crown over all other channels year after year. In-home advertising is not only becoming more targeted in its distribution, but also holding increasing Readership and stamping its position as the strongest performer across many sectors in the consumer's Path to Purchase journey.

Readership across Discount Department Stores sits at a high number with 2.2M Australians for the catalogue delivered less frequently and 3.6M for that distributed more often. These Readership statistics across sector are interesting to watch, as some retailers have reduced frequency and increased pagination their Readership has dipped asking the question as we consider our seasonal schedules.

Electrical features prominently in this year's report with high readership across all demographics and leadership performance in Path to Purchase. Electrical sector research into the customer's purchasing journey shows catalogues performing best of all media channels across Recognition: Ad Recall, Research: Price, Specifications and Where to Buy and Forming a Shortlist: Price and Specifications. With total in-area readership at 2.6M Australians it is no wonder Electrical is a growing catalogue marketing sector.

This years report also includes case studies, showing a clear trend of customized catalogue marketing with Myer and Maybelline delivering content rich collateral to customers and benefiting from the sales results and brand appreciation. Brandzines or magalogues continue to grow as brands become more powerful than ever within the publishing sector producing and distributing their own 'Magalogues' throughout the country. Three major brands come to mind, David Jones 'JONES' achieving their highest circulation from Issue 1 when moving from subscription paid advertising to their own publication and direct customer engagement. This move achieved an increased circulation of over 140,000 direct and 240,000 in-store. RACQ increased share of wallet developing 11 editions distributed to an existing loyal customer base achieving a 20% spike in customer bookings and of course the ongoing success of supermarket magalogues is seen in Coles 'Coles' publication increasing its production to 1.6M due to store and customer demand. That figure takes Coles to the highest circulated publication within its category across the country – all from a simple, but genius, catalogue versioning approach to publishing.

Whether aiming for reach, readership or path to purchase, catalogues and letterbox marketing hold an enviable position and the research continues to show the strength of a proven and well-established advertising channel. With growing Circulation results this year, we are only looking upward at the ACA to 2018 and beyond. Our strategic plan remains committed to working with our partners, Retailers and Agencies, and continue delivering powerful, agile and responsive catalogue and letterbox marketing campaigns that form a perfect foundation to the overall campaigns being executed. Of course, as an established channel, catalogues demonstrate their relevance as they integrate at each point with other channels delivering the ultimate ROI and customer engagement.

I hope you enjoy the report, consider the results and how they can be aligned to your brand or company's catalogue or letterbox marketing initiatives. It goes without saying both mine and the ACA's door is always open, come have a coffee and we can share more research and more trends to assist your campaigns.

Kellie

Kellie Northwood
Chief Executive Officer
Australasian Catalogue Association

The ACA endeavours to enhance public knowledge and awareness of catalogues and letterbox marketing as a valuable and sustainable advertising channel across both Australia and New Zealand.

Introduction

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

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

To support and promote the effectiveness of catalogues and letterbox marketing as an effective media channel, the ACA measures and builds metrics across Audience Reach, Circulation, Market Segmentation, Value, Effectiveness and Path to Purchase. This report forms the fourth of the ACA's annual industry update and will be supported by regular industry snapshots updating the market.

The metrics presented within this report have been complied over the past nine (9) years from a collection of sources including independent research, research commissioned by the ACA, the ACA research team and affiliated bodies.

All research and reference material is made available on the ACA website:

www.catalogue.asn.au/report

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 and letterbox marketing 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 sector.

CATALOGUES REACH FAR & WIDE

SYDNEY | AUSTRALIA

Audience Reach

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

Whilst each channel has its strengths, when compared with other channels, Letterbox (20.1M)[1] holds a dominant position:

- » Television (Free-to-air) (14M)[2]
- » Television (Subscription TV) (3.08M)[3]
- » Magazines (12.5M)[4]
- » Commercial Radio (18M)[5]
- » Newspapers (16.8M)[6]

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 Australian Dollar, Market Segmentation and more. The data reported outlines the collective volume of the market.

www.catalogue.asn.au

1. Delivery point data (Letterbox and Post Office Box) for those accepting advertising material has been supplied by Australia Post. The ABS Household and Family Projections 2001-2026 report 2.5 people per household. Post Office Boxes Business Addresses and Other have been extracted and entered as single units. All data has been quantified against PMP Limited and Salmat distribution delivery points across Australian distribution networks.

2. As sourced by Free-To-Air, OzTAM and RegionalTAM, 5 capital cities, 6 aggregated regional markets, 01 January – 31 December 2015, all people, all day, metro and regional daily reach figures are combined to form a national estimate, excludes spill, total commercial free to air only (Free TV), consolidated data.

3. ASTRA Subscription Media, 2016. FY15 Correction: Recorded as 8M however should have been 2.7M.

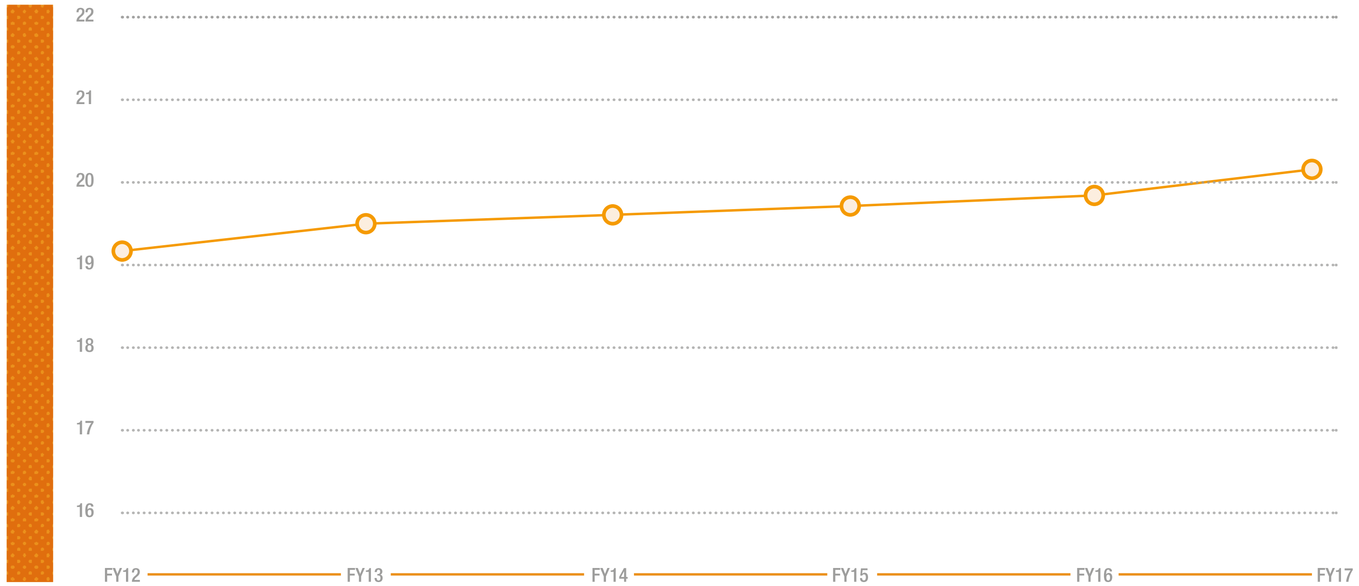
4. Magazine Publishers Australia, Roy Morgan Research 2016.

5. Commercial Radio Australia 2016.

6. NewsMediaWorks, emmaTM, 2016

20.1 million Australians

AUDIENCE REACH ACROSS AUSTRALIA



Source: Australasian Catalogue Association, 2017.

Circulation

Industry volumes remain resilient, and catalogue marketing has again proven to be a dominant retail media channel. With steady industry volumes, the emerging trends within the volume data are interesting to review against other media investments.

Whether established or new, media channels are experiencing shifts of investment from marketers as readership, path to purchase and return on investment become more critical than ever. Television advertising spend has seen a -6.6% decrease in adspend over the past twelve (12) months, Radio performed stronger with a 5.5% increase and despite slowing from earlier investments, Digital continues to hold double digit growth at 12%.

Catalogues also hold strength in volume and stability as the channel becomes more targeted the volume investment continues to hold indicating new entrants and campaigns rather than reduced activity.

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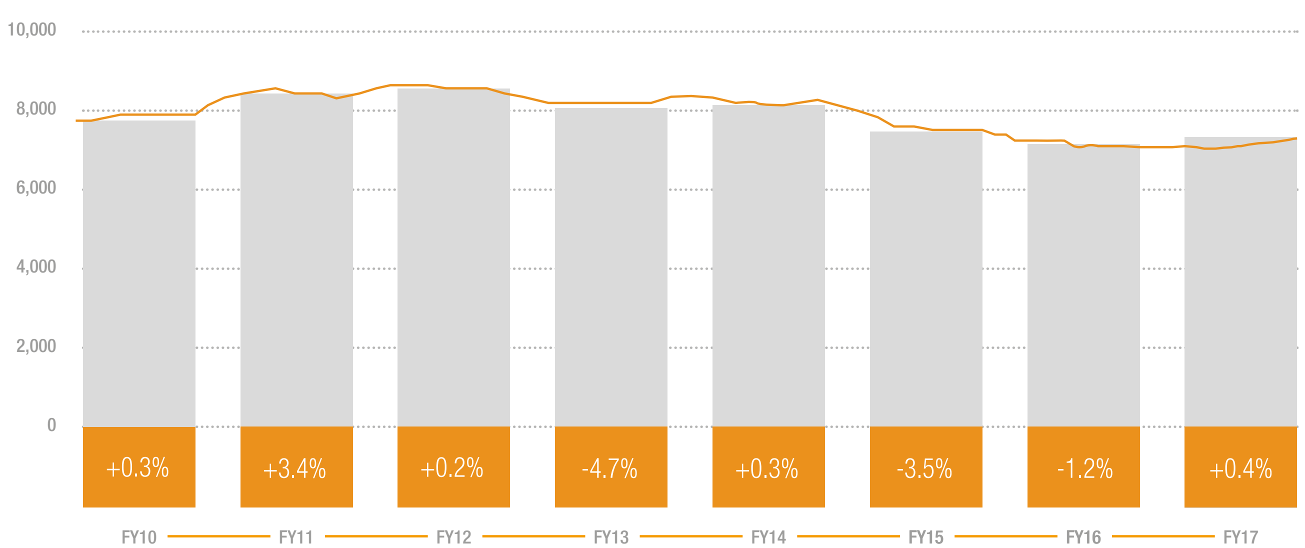
INDUSTRY VOLUMES BY DISTRIBUTION



Source: Australasian Catalogue Association, 2017.

Industry Metrics

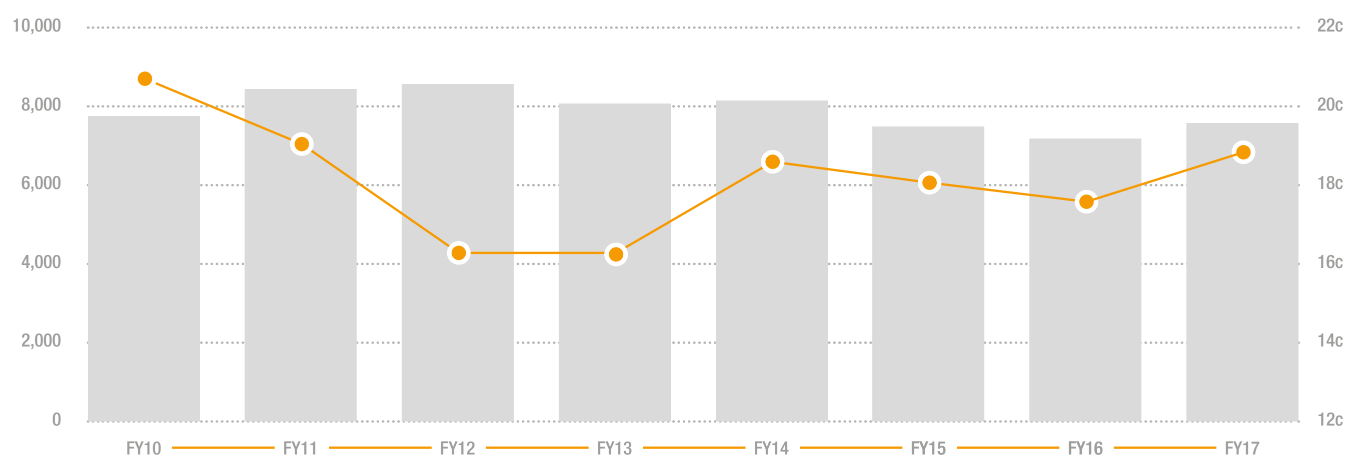
ACA Industry Report

Market Value

MOST COST EFFECTIVE MEDIA WHEN COMPARED TO ALL OTHER CHANNELS

With a 19c entry point for catalogue production and distribution, catalogue and letterbox marketing is the most cost effective media buying in the country. With an Audience Reach of 20.1M, Readership at 69%~ and Unit Price of 19c, catalogues deliver the strongest return on marketing investment.

CATALOGUE UNIT COST BY MARKET SIZE



Source: Australasian Catalogue Association, 2017.

Market Segmentation

Market Segmentation provides a snapshot of the Top 200 customers investing in catalogue and letterbox marketing. This chart demonstrates which segments are dominant users.

Despite shifts in formats and distribution windows, the market segmentation and investment remains stable across all segments.

Grocery (ALDI, Coles, Woolworths) and Specialty Retail (David Jones, Myer, Harris Scarfe and Harvey Norman) are the most significant sectors, followed by Discount Variety (Big W, Kmart, Target).

Electrical is a rapidly growing sector and one that is sought after by customers. Catalogues ranked as the highest performer across all other media channels throughout the customer's path to purchase in recent research commissioned by NewsMediaWorks (Refer Electrical Goods research, p42).

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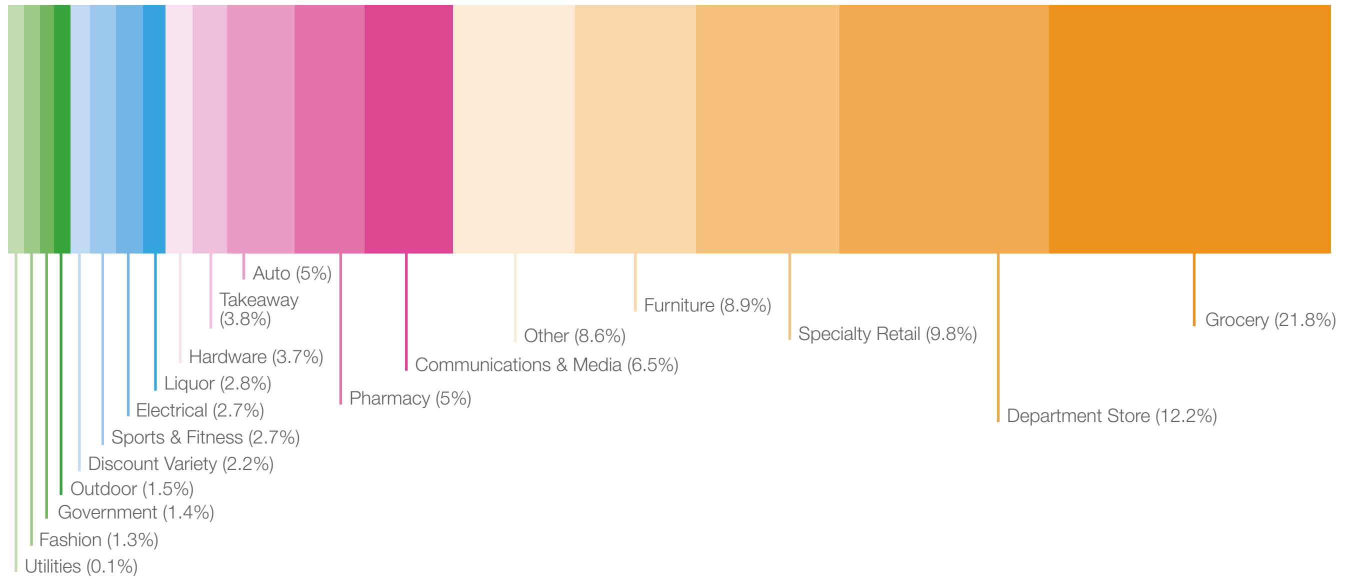
TOP 200 MARKET SEGMENTS



Source: Australasian Catalogue Association, 2017.

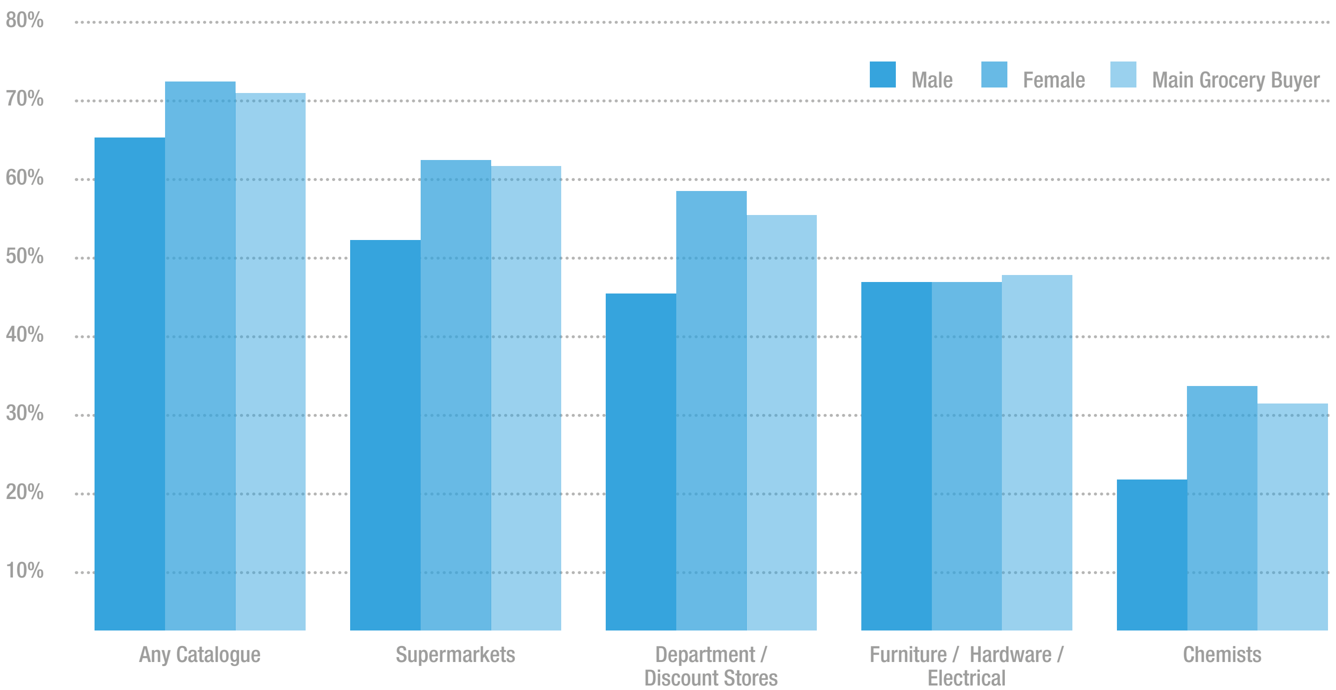
Engagement

Engaging the consumer and holding a conversation for a period of time allows brands 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 catalogues and letterbox marketing. Whether offering a comprehensive product range, brand positioning, new store or product offering, engaging your customers is critical when communicating your messages.

CATALOGUES REACH FAR & WIDE	
PERTH	AUSTRALIA

Catalogue readership strong

ACROSS GENDER & MAIN GROCERY BUYER



Source: Roy Morgan Single Source (Australia), October 2015 – September 2016.

Catalogues continue to demonstrate effectiveness in shopper's decision making process. A key ingredient for the path to purchase. Catalogues keep shopper's informed, aware and remain the strongest media influence when making household purchasing decisions.

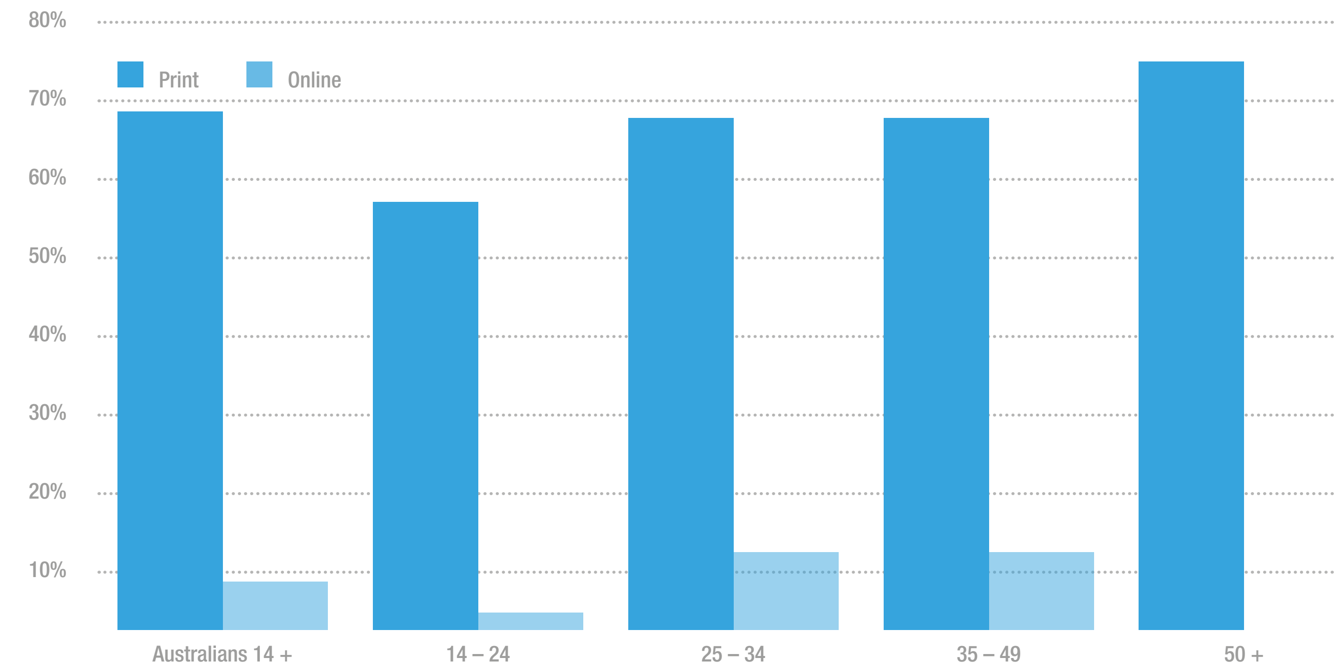
ROY MORGAN

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

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

www.roymorgan.com.au

Catalogues preferred over digital



Source: Roy Morgan Single Source (Australia), October 2015 – September 2016.

With digitalisation influencing all industries, the physically and tactile in home relationship shoppers have with catalogues dominates preference. Whilst digital catalogues held value in some sectors, the digitalised future will need to expand on the physical experience to enhance the brand and advertising connectivity, rather than replace it.

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Retail Marketing

With the rise of omni-channel experiences, growth of new technologies and the changing nature of retail competition, there is no surprise that the retail industry is undergoing disruption. Combined with the ever-savvy consumer increasingly expecting more, brands now must make smart marketing decisions to ensure maximum impact and return on investment.

To do this retailers are looking at each marketing channel at their disposal to ensure each one is working as hard as it can for them. Recent trends amongst tech retail brands, companies who have built their businesses using digital platforms, are now turning to print to grow their customer base – and it's working. Global retail brands such as Apple launching its Apple watch using press ads and e-commerce player Net a Porter launching a glossy magazine to reach its upmarket consumers are strong performing examples.

Retailers locally pushing TVC to catalogue, online to offline or the other way around are examples of how the strengths of each channel are leveraged for optimal results by the retail industry.

Printed catalogues remain a stable and effective channel for retailers, brandzines are also becoming more and more popular and in-store point-of-sale capture the impulsive shopper.

We explore how brands use print as part of their multi-channel marketing strategy to overcome digital disruption and competition, forging stronger connections with consumers and increasing shopper engagement.

DIGITAL TO PRINT

"With recent years having seen the media conversation dominated by digital and online content, there has been a strong shift toward recognising the role of print in the broader marketing mix," says Sean Sands, Managing Director of the ACRS, Monash Business School. Retailers are beginning to understand the reach and impact that print has on target audiences, including Millenials. With 82% of Millenials reading direct mail from retail brands and more than half (54%) looking forward to receiving hard-copy retail catalogues in the mail, it's hard for these brands not to engage with this channel.

Tapping into the effectiveness of print, "brands will increasingly seek to develop innovative, personal and curated content, with the objective of providing inspiration," furthered Sands.

"The Harris Scarfe customer LOVES to shop and she needs regular, constant reminders of the in-store bargains to keep her interested. Print is vital to both these clients and many more"

Annie Price
Creative Director, JWT

Engagement

PERSONALISATION TREND

Retailers cannot solely rely on traditional marketing and mass distribution methods to reach customers anymore.

"We are already seeing catalogue production and distribution shift from 'one size fits all' to a more segmented and tailored approach. Personalisation is the key to the future, and brands that can ask the right questions as well as understand and articulate who their customers are will have the most success," says Chelsea Hinchliffe, Publications Manager at Dan Murphy's.

The capability to tailor different versions of print to different customer segments is accessible now more than ever with evolving production and printing technologies having taken the cost and complexity out of versioning. This allows brands to offer personalisation beyond just a first name.

"It has evolved to pagination by geography and demographics or image personalisation by gender or audience group. Retailers now know that in order to capture their customers' attention, they must have relevant content," says Kellie Northwood, CEO, ACA.

"Personalisation is a trend that will dominate retail more in the year ahead, and a clever tactic to engage and speak one-on-one to consumers," says Annie Price, Creative Director, J. Walter Thompson Melbourne. "Although, with this trend or any trend, retailers must use it wisely and only when appropriate, not just because it's a new trend. So if you're going to personalise, make it an integral part of the overall creative concept and brand experience."

1. **Sean Sands**
   Managing Director / ACRS
2. **Chelsea Hinchliffe**
   Publications and Public Relations Manager / Dan Murphy's
3. **Kellie Northwood**
   CEO / ACA
4. **Annie Price**
   Creative Director / J Walter Thompson Melbourne

ACA Industry Report

BRAND EQUITY AND ENGAGEMENT

Along with leveraging personalisation, "retailers have discovered that print can be used for high quality content marketing. High-touch print pieces filled with the product journey, luxury images, profiles of brand ambassadors and room layouts or food and beverage spreads have proven to be excellent ways to convey brand ethos and express brand personality," says Northwood.

"There is opportunity for print to be a desirable object that's part of an aspirational lifestyle. A new breed of publications that will even become keepsakes, rather than disposable commodities for some consumers," says Sands.

Price agrees. "For our retail clients, print plays a huge role in providing both emotional connection and speed to market. For Jetstar, our job is always twofold. We need to remind people of the pure joy of travel and also deliver the incredible price point that makes it possible."

"For Harris Scarfe, print is vital to continue to deliver their value story. The Harris Scarfe customer LOVES to shop and she needs regular, constant reminders of the in-store bargains to keep her interested. Print is vital to both these clients and many more," says Price.

"We have seen some Retailers reduce the frequency of their print campaigns and this has led to consumers 'switching off' or worse turning to another brand. Retailers often don't realise their mistake for 8-12 weeks when sales figures drop. To keep your customers engaged, regular and relevant printed communications is key," furthered Northwood.

As brands continue to innovate and add value, they inject new life into print and demonstrate how this form of media remains relevant. Those brands who can harness the power of print and blend the offline with the online will be the big winners, creating a seamless, omni-channel shopping experience directly catering to the tailored experience consumers crave.

Source: Quad/Graphics. Millenials: An Emerging Consumer Powerhouse. 2016.

CASE STUDY

Myer Xmas 2016 Personalised Content

THE WHAT

1 **Bring to life a personalised Christmas catalogue**

2 **Increase engagement, loyalty and spending from Myer's top tier customers**

3 **Amplify Myer's wider Christmas campaign**

THE HOW

1 **Provide Myer with strategic advice and guidance on unique and innovative approaches to personalisation**

2 **Create 40,000 catalogues, each with five unique personalisation points**

3 **Develop an extensive delivery schedule and quality control processes**

Engagement

THE FULL STORY

Myer wanted to kick-start the 2016 Christmas shopping season with a special, personalised catalogue for top tier loyalty customers.

Production specialists assessed campaign needs and advised Myer on the most innovative solutions to maximise the strategic impact of the activity. The personalised catalogue brought to life in highest quality print, Myer's wider 'Giftorium' campaign.

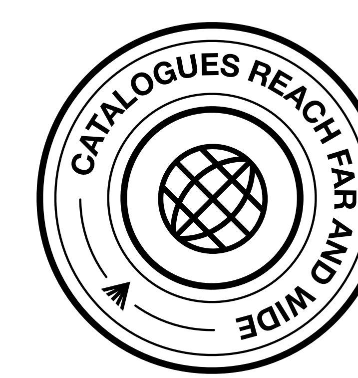
The name of selected Myer One customers appeared on the front and back covers, while their local store appeared on the inside cover. Two further points of personalisation also featured in prime locations elsewhere within the catalogue. Once the materials were printed, 40,000 personalised catalogues were delivered to individual customers. Unique barcodes were applied to individual products, deliveries were accurately tracked and triggered secondary marketing communication points.

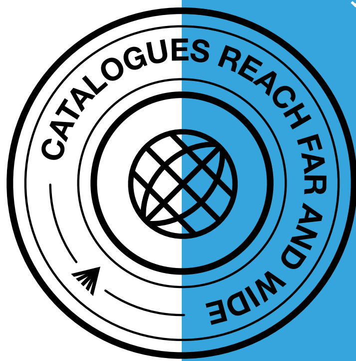
THE OUTCOME

The 2016 Myer Christmas catalogue delivered outstanding customer feedback from premium Myer One members and increased spending during the campaign period.

The catalogue, with multiple points of personalisation, gave Myer a strong point of difference in the saturated Christmas retail market and created a two-way loyalty perception between the business and its top customers.

Source: IPMG, 2016.





CASE STUDY

Maybelline NYC Beauty Guide
Digital push to physical

Bridging print with digital media

THE PROBLEM:

Females had more than 6 brands of cosmetics in their handbag. Maybelline NYC wanted to expand share of wallet and all 6 products.

THE GOAL:

» Increase sales and brand loyalty.

THE SOLUTION:

» Created 5000 sample packs for the campaign.

» Target audience of 5,000.

» Grew to 55,000 due to social media, blogs, makeup forums.

» Created an online Micro site.

» Use Facebook for viral activity.

» Everyone who registered had to answer some questions – Maybelline were then able to upsell 30,000 of these people to a better product due to their answers.

THE WHAT

» Engage using mass and social media first.

» Interact – digitally, gathering make up related personal characteristics.

» Follow up with a Direct Mail of a personal 'user guide' for make up with Maybelline, including personalized coupons for trackability.

» Customer registration included 12 questions about eye, colour, skin shade, skin condition, eye shape, hair colour, age and level of cosmetic expertise.

THE HOW

» Once data had been collected and customers invited to be 'part of' the Maybelline journey, personalized covers were printed. A series of full colour and fully personalized 20 page text catalogues containing cosmetics lessons, personal product recommendations and trackable discount coupons were created. The catalogue included a how to guide, daytime vs night-time, look recommendations, how to apply foundation and more.

» Each personalized catalogue included trackable coupons triggering second response marketing opportunity for Maybelline.

THE RESULTS

» 20 times lift over previous static campaign.

» 75% of Buyers used other Maybelline brands.

» Increased brand appreciation, brand metrics and brand recommendation statistics sky-rocketed.

» Personalised quarterly catalogues based on skin types, products bought, fashion tips etc. continued to build the customer database with information rich content.

» Overall tremendous impact – more sales, more trials, more customers.

Source: XMPie, A Xerox Company, 2017.

MASS

DIGITAL

PRINT

ACTION

Effectiveness

Effectiveness 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.

CATALOGUES REACH FAR & WIDE	
BRISBANE	AUSTRALIA

CASE STUDY

Furniture Retailers

Catalogues perform well for furniture advertising recall. When exploring the Top 5 Furniture Retailers in Australia, catalogues ranked first as the most influential media channel. Respondents were asked which channels were most influential, inspiring or easy to recall and catalogues were a strong performer when dominating influences.

Given the low cost entry point of 19c and ability to showcase a wider product range, catalogues and letterbox marketing delivers strong Return On Investment for Retailers.

Q: Which advertisement influenced you most when shopping for furniture?

	FURNITURE RETAILER 1:	FURNITURE RETAILER 2:	FURNITURE RETAILER 3:	FURNITURE RETAILER 4:	FURNITURE RETAILER 5:
Television	6	11	4	12	13
Radio	0	3	1	3	3
Newspaper	1	6	2	4	6
Magazine	1	4	4	4	4
Outdoor	0	1	2	2	2
Printed Catalogue	33	17	18	16	30
Online Catalogue	6	6	8	8	9
Online	0	6	2	3	8
Direct Email	1	3	7	3	5
WOM (inc. social media)	5	7	7	6	4

PRINTED CATALOGUES DOMINATE INFLUENCES FOR ALL SHOPPERS WITH CATALOGUES RANKING HIGHEST OF PAID MEDIA CHANNELS FOR THE TOP 5 FURNITURE CHANNELS.

Source: BDA Marketing Planning, 2016.

Advertising Recall

Q: Which advertisement do you recall seeing over the past four (4) weeks?

	RETAILER 1:	RETAILER 2:	RETAILER 3:	RETAILER 4:	RETAILER 5:
Television	52	53	42	61	58
Radio ad	6	3	4	10	6
Newspaper	6	8	5	14	5
Magazine	3	4	6	4	2
Outdoor	3	5	8	3	1
Printed Catalogue	**46**	**32**	**29**	**51**	**43**
Online Catalogue	3	2	6	5	3
Online	2	3	4	1	3
Direct Email	4	6	14	4	2
WOM (inc. social media)	4	4	4	2	2

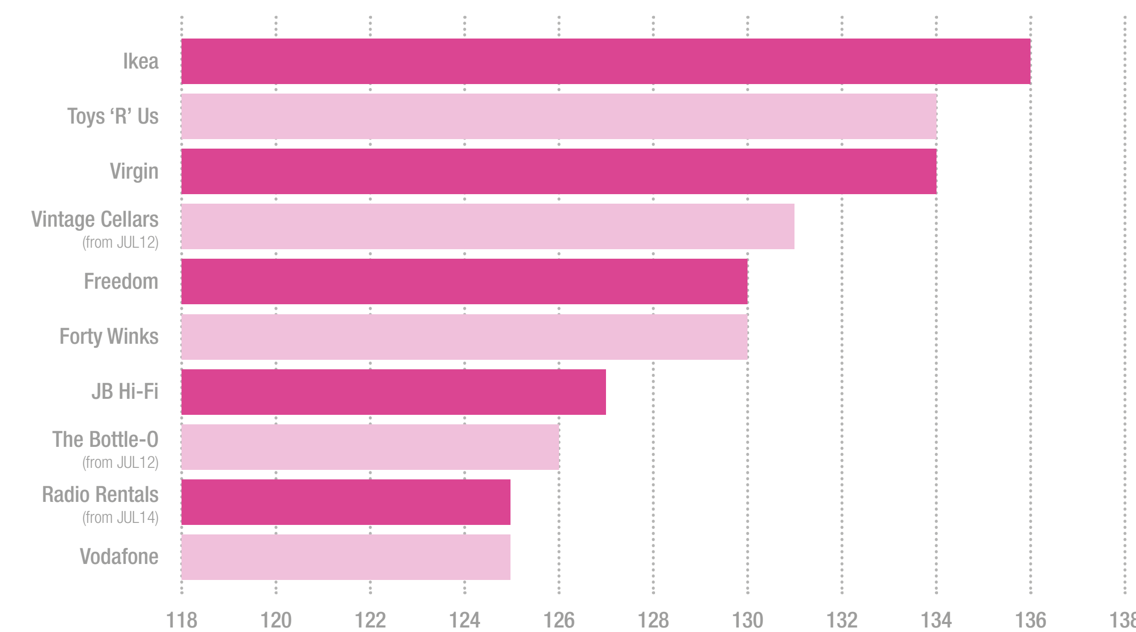
OF THE FURNITURE RETAILER BRANDS SEEN OR HEARD OVER THE LAST FOUR WEEKS, CATALOGUES RANK SECOND, FOR ADVERTISING RECALL.

Source: BDA Marketing Planning, 2016.

Trusted Advisors

20 TIMES MORE LIKELY TO READ CATALOGUES

ALL CATALOGUES READ OR LOOKED AT IN THE LAST 4 WEEKS
Trusted Advisor 5+ Categories



A 'Trusted Advisor' is someone who influences purchasing decisions, a key stakeholder for marketers to engage.

Trusted Advisors like catalogues and some more than others.

IKEA has always been a strong performer, holding number one position for the last two years, however this year has improved their Index positioning from 127 to 136. An impressive result.

Toys R Us has also seen improved movement from 123 to 127 and this year 134, they are producing highly effective catalogues to drive sales in-store and online.

Freedom has returned to catalogue marketing with a strong result of 130, closely matched with Forty Winks who are also performing well.

Source: Roy Morgan Research, 2016.

CASE STUDY

Liquor

HOW AUSTRALIA'S TOP LIQUOR RETAILERS USE CATALOGUES TO IMPROVE CUSTOMER EXPERIENCE

Liquor retailing is a $17.7 billion industry in Australia and marketing within the liquor sector is highly competitive and ever-changing. What was once television and outdoor media dominated, catalogue marketing has grown in this sector with great results.

CATALOGUES ARE THE NUMBER ONE MEDIA MOST USEFUL WHEN MAKING A PURCHASING DECISION FOR LIQUOR.

Leading liquor retailers are engaging consumers using all channels to inform and advise. **Dan Murphy's** have developed a multi-tiered approach to their catalogue campaigning offering tabloid sales driven catalogues to market regularly supported by more specialised, informative and content rich 'Buyers Guides'.

The 'Buyer's Guide' is positioned to educate customers about product ranges, regions and/or countries that may not be known of or understood. This story-telling positions the Dan Murphy's brand into one of authority and connects with customers emotionally with well-considered content.

First Choice Liquor also holds strong with their tabloid format catalogue delivering week on week transactional sales uplifts, with the greatest sales achieved for front and back page product placements. First Choice Liquor recognize the value of local area marketing for their catalogue customization aligning product range with distribution areas closest to stores.

P.A.L.S Seasonal Liquor Guide gained strength in building a guide that demonstrated product range from selective Rum lines to Wine and Liqueur ranges. This sees P.A.L.S picking up one of the catalogue key attributes and one that pushes the dialogue with customer's to and fro physical to online and vice versa. Online being a quick and specific message pushing to catalogues provides the opportunity for a longer conversation and allows customers to explore product range.

Vintage Cellars have taken learnings from other market sectors exploration into brands releasing 'Cellar Press' in a magazine format catalogue. Vintage Cellars offer their loyalty program, 'The Wine Club' customers' early access to high quality, yet great value, products by engaging cellar masters and winemakers to build information rich content.

Liquor catalogues are well read in Australia with a 22 per cent readership every four weeks. Some 34 per cent of readers also buy something featured in a liquor catalogue every week seeing catalogues working hard for their investment.

Reported by Roy Morgan as the Media Most Useful when making a Liquor purchasing decision by 42 per cent of Australians, the catalogue in whichever form working for the Liquor retailers across the country is here to stay and here to deliver both sales to retailers and value to the customers.

Source: Liquor World Magazine, 2016.

5.3M Australians have read a catalogue and bought alcohol in the last four weeks.

UP FROM 2.7M IN 2015

Liquor

of the 5.3M, 63% live in Capital Cities

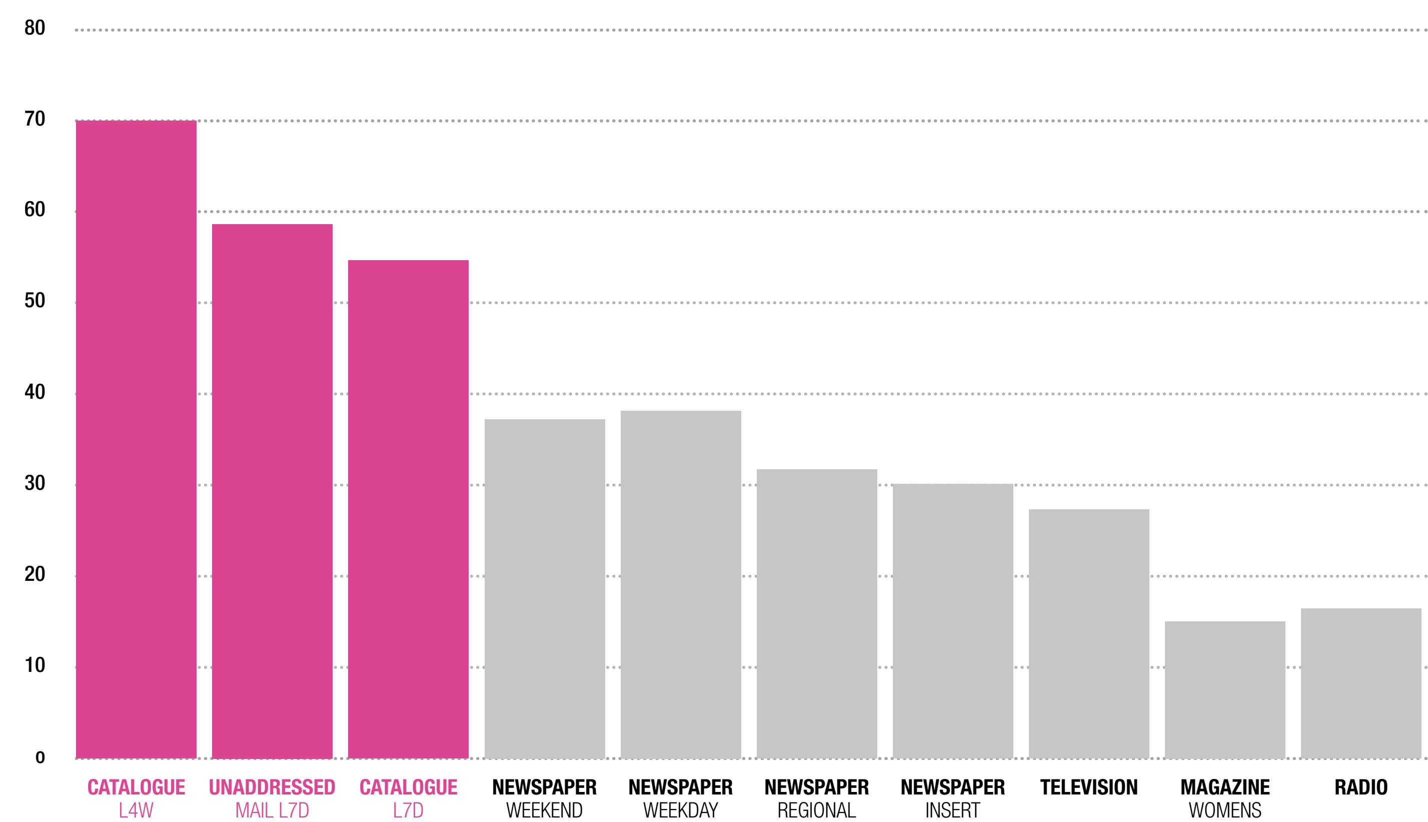
48% of customers are women

Average age is 49

44% are BIG Spenders

35% of Australians 18+ who have read or looked into a Liquor Retailer catalogue in the last 7 days have bought from one of their catalogues in the last 7 days.

ALCOHOL BUYERS L7D (%)



Source: Roy Morgan Research Single Source (Australia 18+): January 2016 - December 2016

CASE STUDY

RACQ
Integrated Solution

RACQ were looking for ways to leverage their existing member database and expand their offering by appealing to members with a broader range of interests. They wanted to actively promote awareness of their lifestyle bundle and reach their audience both regionally and in major cities, to do this they created a magazine style outlining their entire offering for their most loyal customers.

THE FULL STORY

With over 100 years of service and more than 1.6 million members, RACQ provides motoring, advocacy and travel services for members in QLD and Northern NSW. They provide value to customers with 24-hour roadside assistance, insurance, shopping discounts, offers, events, restaurants and finance.

RACQ was looking for ways to leverage their existing member database and expand their offering by appealing to members with a broader range of interests. They wanted to actively promote awareness of their lifestyle bundle and reach their audience both regionally and in major cities.

An integrated solution that incorporated creative concept, design, production, distribution and the development of print and online solutions to successfully deliver the new 'EntertainMe' catalogue in market, drove strong results and campaign expansion.

Source: IPMG, 2016.

20% SPIKE
in customer bookings

THE WHAT

- Create awareness for RACQ's lifestyle program
- Increase lifestyle member numbers
- Fast, cost-efficient, quality printing
- Creation of a product easy to deliver in market

THE HOW

- One-stop solution that incorporated creative concept, design, production, distribution and print
- Expand on a 20 year relationship with RACQ

THE OUTCOME

- 20% spike in customer ticket bookings for RACQ lifestyle offers
- Increase in page numbers and copies home delivered
- Up to 11 regionalised editions created for the future

Early success has provided RACQ the confidence to dramatically increase the page production and print run for the 'Entertain Me' hub.

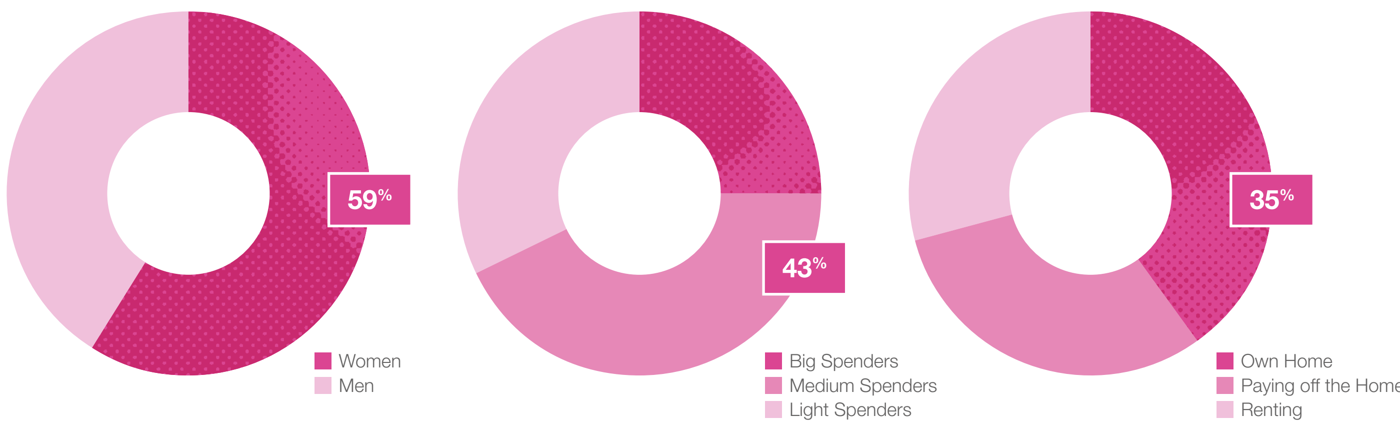
The first edition enjoyed an audited circulation of 455,000 copies and then grew by a further 200,000 copies for the second. On top of this, content grew by a further four pages.

Plans are now afoot to increase the print run to over one million copies and deliver up to 11 regionalised editions so that individual RACQ members are afforded the most compelling offers for their market.

From day one, the catalogue delivered more than a 20% spike in customer bookings for featured offers.

Discount Department Store #1

HIGH FEMALE READERSHIP

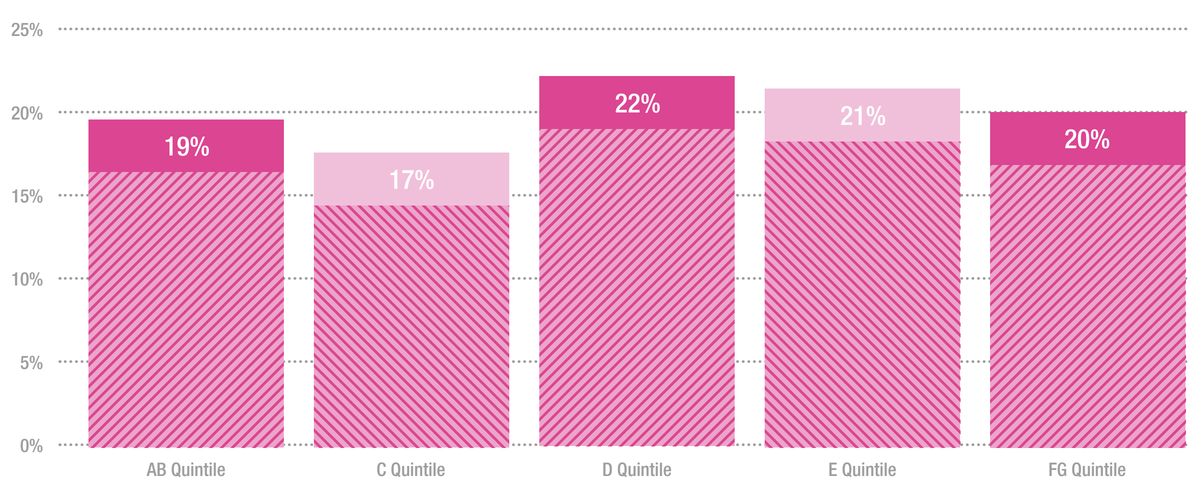


READERS BY NUMBERS	
14–17	6%
18–24	16%
25–34	15%
35–49	30%
50–64	18%
65+	15%

KEY STATISTICS

» Total in-area Readership	2,214,000
» Have Diploma or Degree	40%
» Total with children U18 in HH	51%
» Professionals/Managers	17%
» TOTAL $50000 or more income	34%

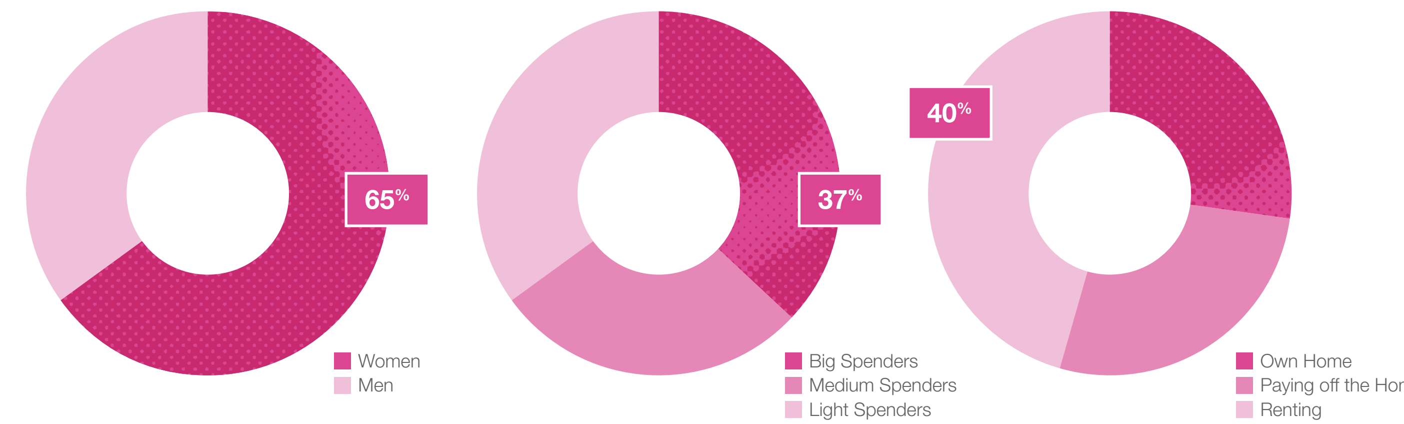
READERSHIP SOCIO-ECONOMIC STATUS



Source: Roy Morgan Single Source (Australia), July 2016 - October 2016.

Discount Department Store #2

STRONGER READERSHIP THROUGH HIGHER FREQUENCY

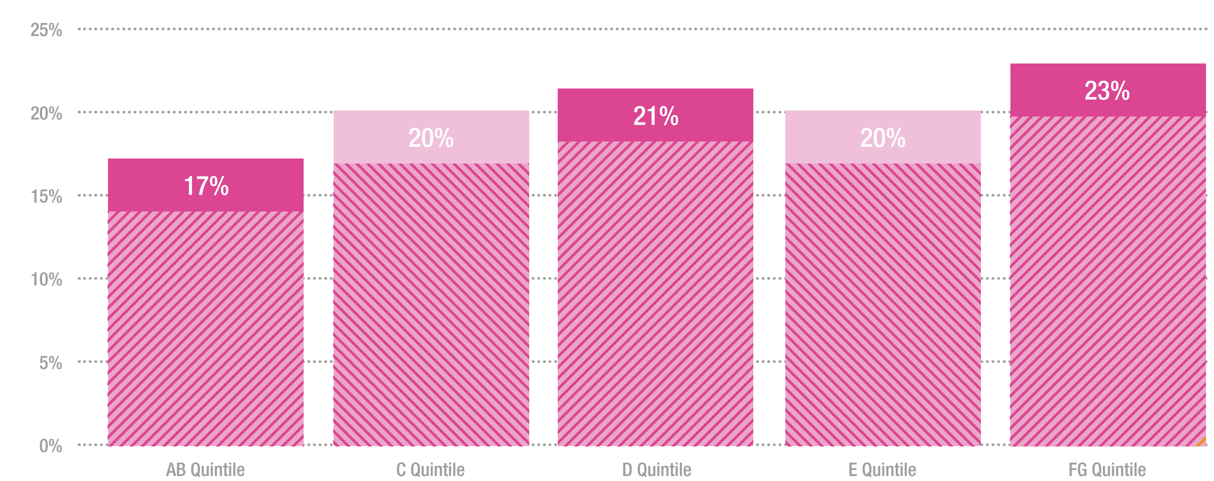


READERS BY NUMBERS	
14–17	5%
18–24	8%
25–34	22%
35–49	32%
50–64	19%
65+	14%

KEY STATISTICS

» Total in-area Readership	3,671,000
» Have Diploma or Degree	42%
» Total with children U18 in HH	54%
» Professionals/Managers	13%
» TOTAL $50000 or more income	31%

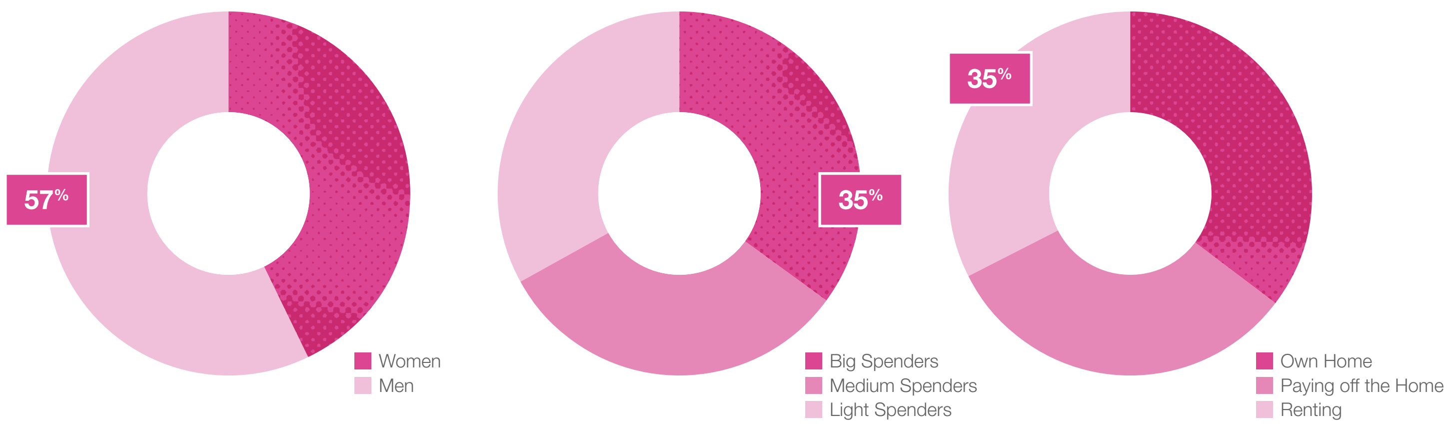
READERSHIP SOCIO-ECONOMIC STATUS



Source: Roy Morgan Single Source (Australia), July 2016 - October 2016.

Electrical

HIGH READERSHIP ACROSS ALL DEMOGRAPHICS

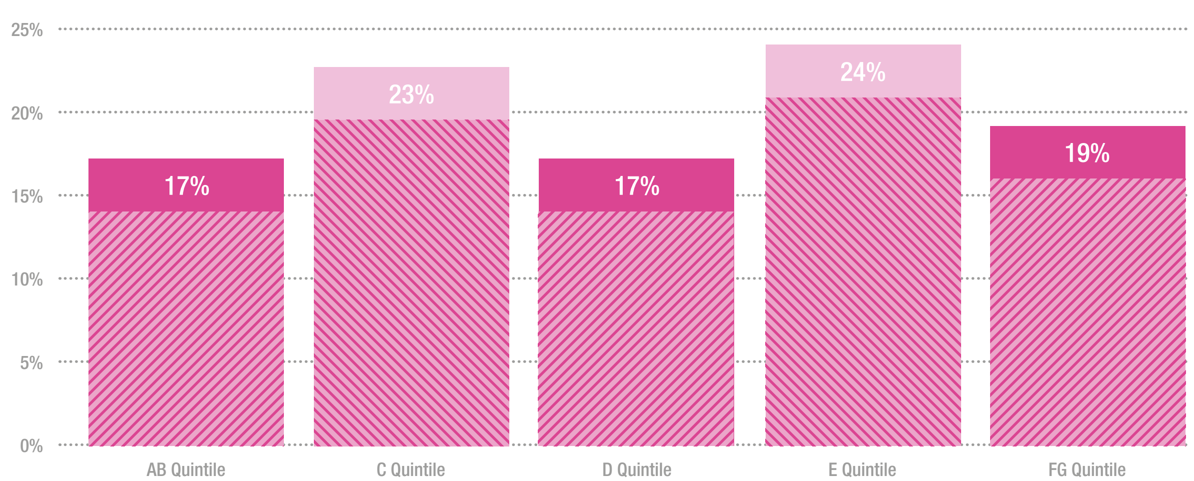


READERS BY NUMBERS	
14–17	8%
18–24	12%
25–34	18%
35–49	26%
50–64	23%
65+	14%

KEY STATISTICS

» Total in-area Readership	2,611,00
» Have Diploma or Degree	43%
» Total with children U18 in HH	45%
» Professionals/Managers	13%
» TOTAL $50000 or more income	40%

READERSHIP SOCIO-ECONOMIC STATUS



Source: Roy Morgan Single Source (Australia), July 2016 - October 2016.

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.

CATALOGUES REACH FAR & WIDE

BAROSSA VALLEY | AUSTRALIA

Electrical Goods

Research commissioned by NewsMediaWorks has examined the role media channels play within the path to purchase of Electrical purchases.

Examining three media areas – Paid, Owned and Earned – understanding that today's consumer engages with a range of paid, owned and earned media channels, the study gauges the influence of media on Buyers at each phase of the path to purchase.

Media Categories

PAID MEDIA

- Newspapers
- Catalogues
- Digital news media
- TV
- Radio
- Outdoor
- Magazines
- Paid Search
- Online display
- Online video
- Social media

OWNED MEDIA

- Manufacturer website
- Retailer website
- Social media

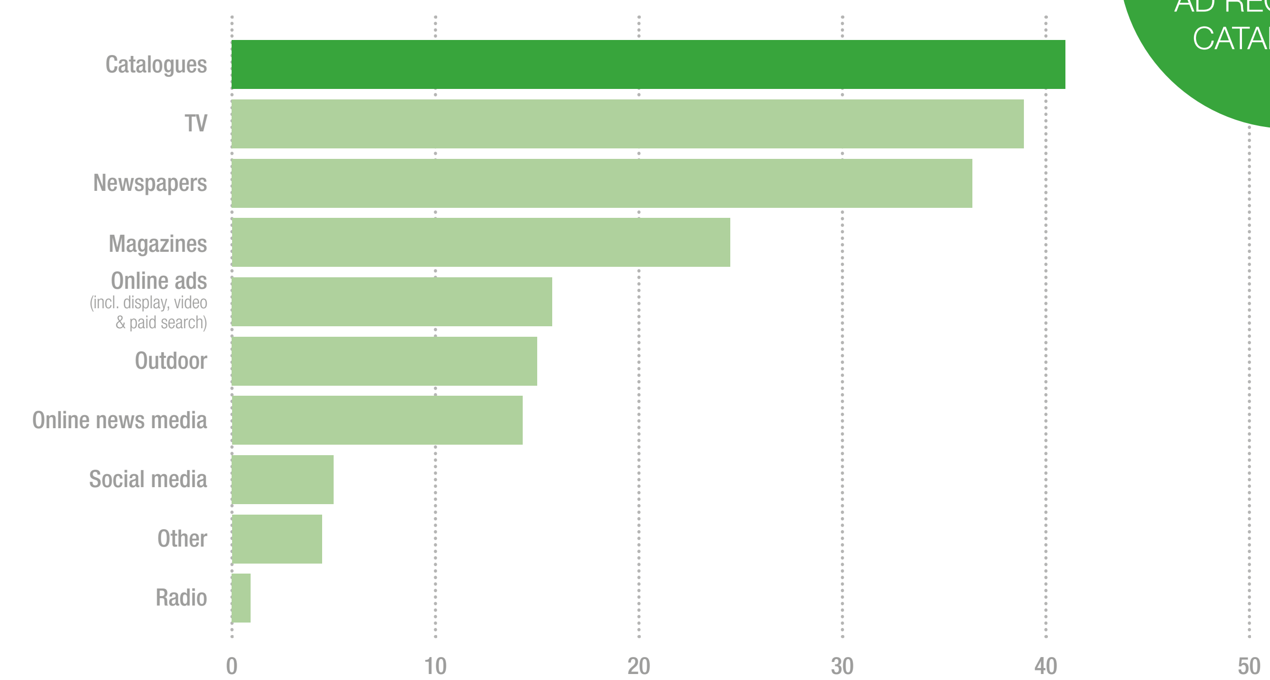
EARNED MEDIA

- Organic search
- Word of mouth
- Retailer visitation
- Comparison websites
- Editorial in newspapers
- Editorial in magazines
- Online review sites

Phase One: Recognition

41%
AD RECALL FOR CATALOGUES

AD RECALL AT NEED RECOGNITION



Key Findings

It takes a typical buyer 3 months to go from need recognition to making the purchase. Frequency is king during this period.

On the Path to Purchase journey, 27% were in the market for a TV, 26% for a Fridge or Freezer, 24% Washing machine, 7% Dishwasher, 5% Vacuum Cleaner, 5% Air conditioner and 4% Other. Of this buying group, 43% of Buyers were looking to upgrade to a new model, 30% highlighted their current model is breaking down and 22% needed a bigger model.

At this point in the path to purchase 9 in 10 were open to persuasion with only 11% of Buyers having a favourite brand or model in mind.

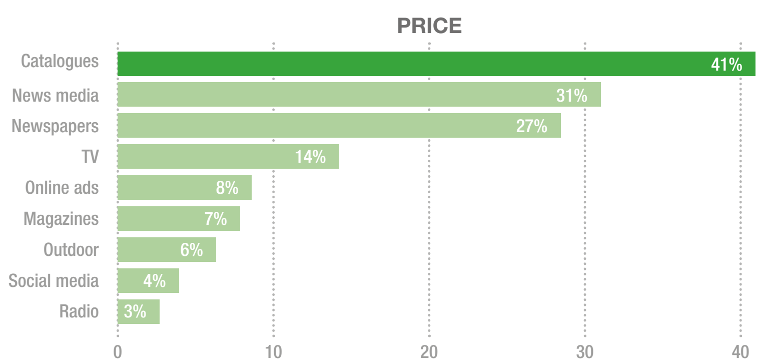
At this NEED RECOGNITION phase where Buyer's are open to persuasion, 41% recalled advertisements within catalogues.

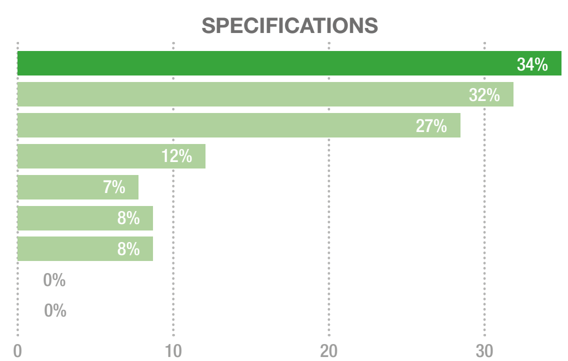
Phase Two:
Researching Options

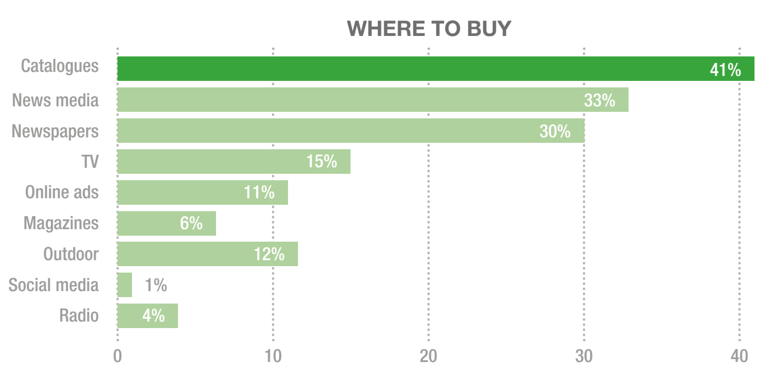
Phase two on this purchasing journey is the researching options, this is where the Buyer is collecting information and seeking advice. Buyers are keen to assess value based on Price (58%), Specifications (49%), Where to Buy (44%), Inspiration (28%), Recommendations (26%) and Reviews (25%).

Within Paid Media this information is most commonly found in catalogues with 41% for Price, 34% for Specifications and 41% for Where to Buy.

WHERE I FIND INFORMATION I WANT...







Inspirations, Recommendations and Reviews see catalogues ranked 2nd and 3rd with News Medias performing well in these sections.

The most influential media during the research phase for Paid Media is catalogues.

EMMA

emma (Enhanced Media Metrics Australia) is Australia's cross-platform audience insights survey. The measurement survey has been developed for The Readership Works by independent research company Ipsos MediaCT, global leaders in local audience measurement. Ipsos conducts national audience surveys and is the official measurement system in over 40 countries including the UK, Italy and France.

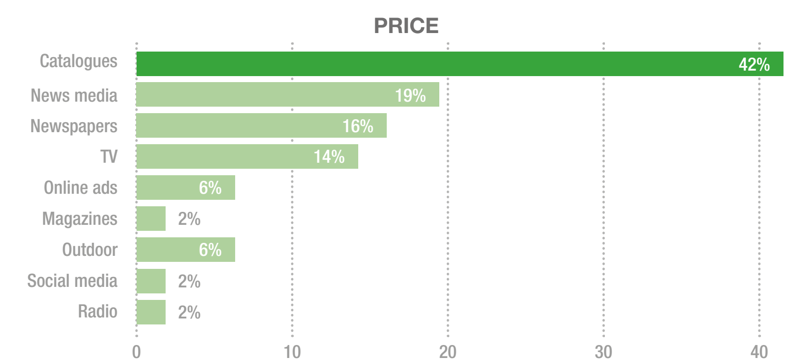
www.emma.com.au

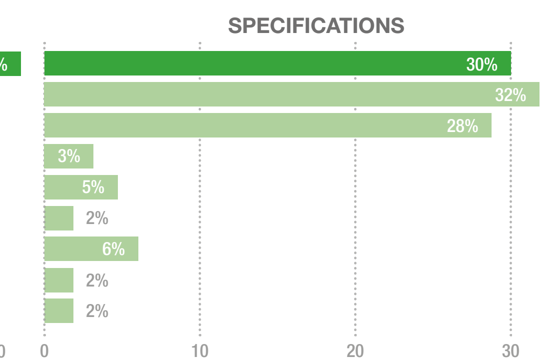
Sources:
1. Advance Creative Benchmarking report.
Research conducted online by Ipsos Media CT, May 2015.
2. NewsMediaWorks Call to Action, July 2015.

Phase Three:
Forming a Shortlist

On average, need recognition and researching options are completed after eight (8) weeks, with phase 3 moving the buyer to 'forming of a shortlist' – they have now narrowed down their choices. At this stage more than half of the Buyers have a favoured brand in mind and 32% have a shortlist of potential brands. At this stage Buyers want more details around price and product specifications and the research found they look to catalogues to find this information.

WHERE I FIND INFORMATION I WANT...





Catalogues are the most influential paid media when forming a shortlist at 31%, second is News media at 27% and Newspapers third at 23%. TV drops to fourth at 9%.

EMMA

emma (Enhanced Media Metrics Australia) is Australia's cross-platform audience insights survey. The measurement survey has been developed for The Readership Works by independent research company Ipsos MediaCT, global leaders in local audience measurement. Ipsos conducts national audience surveys and is the official measurement system in over 40 countries including the UK, Italy and France.

www.emma.com.au

As we draw to the conclusion of the twelve (12) week purchasing process, the Buyer is now about to make a purchase of an electrical item. 75% of Buyers made their final selection based on Price, 52% based on Reputation, 37% because of an attractive guarantee and 29% on brand experience.

At this point in the purchase the value of Retail In-Store service is critical with 64% of Buyers visiting a Retail Store in their final decision making process. Paid Media's influence window has concluded at this point, whilst still having some impact for reference.

Catalogues hold 1st or 2nd most influential position across the entire path to purchase for electrical appliances. A key element in the growing Electrical sector investing in catalogues for their marketing campaigns.

ACA Industry Report

Media Most Useful

	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	19%	13%	5%	21%	6%	4%	4%
Magazines	2%	4%	3%	3%	14%	16%	6%
Catalogues	2%	5%	16%	4%	11%	20%	26%
Radio	1%	1%	1%	1%	1%	1%	1%
Television	2%	7%	2%	2%	7%	6%	5%
Internet	63%	58%	50%	58%	42%	38%	44%
Yellow Pages	1%	1%	6%	1%	5%	2%	1%

	Large kitchen laundry appliances	Small electrical appliances	CDs/DVDs	Books	Toys	Cosmetics & Toiletries	Clothing & Fashion
Newspapers	3%	3%	3%	5%	2%	2%	2%
Magazines	4%	3%	3%	4%	3%	9%	11%
Catalogues	28%	33%	24%	21%	36%	34%	34%
Radio	1%	1%	3%	1%	0%	0%	0%
Television	4%	4%	4%	3%	4%	4%	4%
Internet	44%	41%	44%	47%	35%	30%	33%
Yellow Pages	1%	1%	1%	1%	1%	0%	0%

Source: Roy Morgan Single Source (Australia), October 2015 – September 2016. 1st 2nd 3rd

Growth sectors in Automotive, Finance and Insurance will be of interest to watch in 2017/18 periods as these channels push consumer behaviour and engagement.

Catalogues rank 1st, 2nd and 3rd in sixteen (16) categories across twenty-eight (28) sectors in the media most useful when making a purchasing decision.

Performing strongest in Grocery, Alcoholic Beverages, Children's Wear, Toys, Clothing & Fashion and Cosmetics & Toiletries with number one ranking most useful and second or third in Automotive, Electrical, Homewares and Property sectors.

Media Most Useful

	Children's Wear	Groceries	Alcoholic Beverages	A Home Loan or Other Loans	Finance/Investment Products	Insurance	Computers, Computer Supplies/ Peripherals
Newspapers	2%	5%	6%	7%	8%	5%	3%
Magazines	6%	2%	2%	2%	2%	2%	3%
Catalogues	38%	50%	43%	2%	2%	2%	18%
Radio	0%	1%	1%	2%	1%	2%	1%
Television	4%	4%	4%	7%	5%	8%	3%
Internet	29%	23%	25%	58%	57%	60%	54%
Yellow Pages	0%	0%	1%	2%	2%	3%	3%

	Mobile Phones/ Phone Providers	Services, such as Plumbers, Electricians	Employment/Jobs	Entertainment/ Movie Listings	Restaurants	Travel or Accommodation	Health, Wellbeing & Fitness
Newspapers	3%	11%	24%	21%	11%	8%	8%
Magazines	2%	1%	1%	2%	3%	5%	15%
Catalogues	16%	2%	1%	2%	2%	3%	4%
Radio	1%	1%	1%	1%	2%	1%	2%
Television	5%	2%	2%	4%	3%	4%	5%
Internet	55%	41%	55%	54%	55%	66%	50%
Yellow Pages	3%	26%	1%	1%	9%	2%	3%

Source: Roy Morgan Single Source (Australia), October 2015 – September 2016. 1st 2nd 3rd

Digital channels work hardest with catalogues, often seeing first and second partnerships as both channels push and pull dialogue between each other.

ROY MORGAN

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

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

www.roymorgan.com.au

Sustainability

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

CATALOGUES REACH FAR & WIDE

MELBOURNE | AUSTRALIA

Paper Production

THE FACTS ABOUT PAPER PRODUCTION IN AUSTRALIA

Contrary to popular thinking, going paperless or using less paper does not save trees.

- Most of Australia's wood (83.4%) is harvested from planted forests. [1]
- A majority (76%) of these planted forests are privately owned.[2]
- In Australia, 2.0 million hectares of industrial planted forests were available for commercial wood production in 2010–11, an increase from 1.8 million hectares in 2005–06.[3]
- When people use less paper and other forest products, forest owners tend to plant less trees and invest less time and money in sustainable forest management.
- Paper production and consumption helps prevent these private forests from being sold and lost to non-forest use eg. agriculture or infrastructure development.
- The single biggest direct cause of tropical deforestation is conversion to crop land and pasture, mainly for subsistence.[4]
- Planted forests are essential for the transition to the green economy. Well-managed planted forests are a vital element in the global forestry mix .[5]
- Planted forests accounted for 171 million tonnes of the forest carbon stock in 2010.[6]

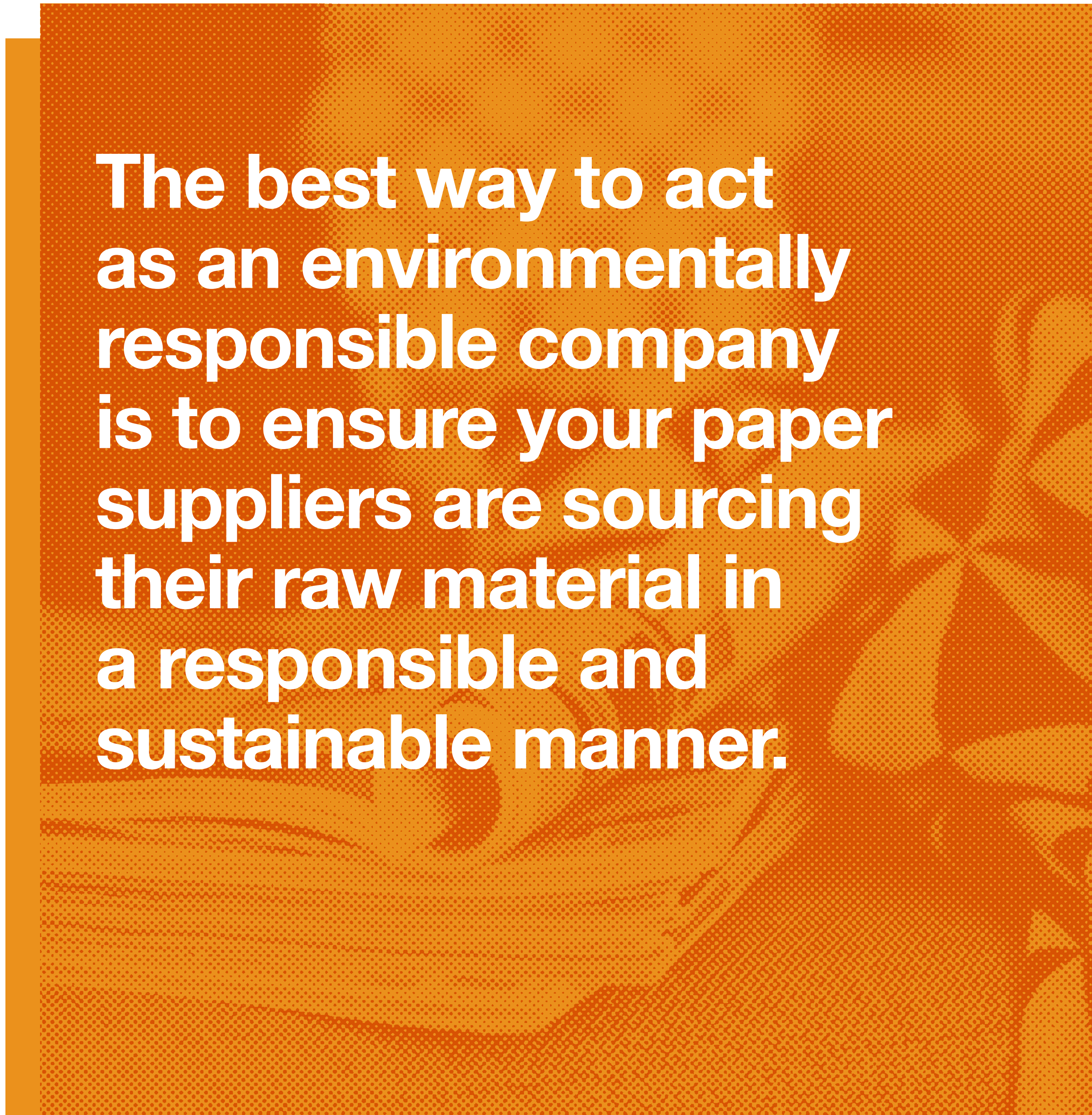
The benefits of preserving and generating forest land over using land for infrastructure or agriculture include:

- — Prevention of soil erosion
- — Improved water quality – fighting salinity
- — Providing habitat for native birds and wildlife
- — Reducing the use of fertiliser and chemicals

Using less paper has nothing to do with harvesting less trees. Despite the past five (5) years showing decline in paper use, key forest regions in Australia are harvesting more trees to produce many different products, with paper pulp now going to landfill.

- The volume of logs harvested from planted forests increased by 8.6% from 18.6 million cubic metres in 2006–07 to 20.2 million metres in 2010–11. 6 Even if there is less virgin fibre consumption for paper – trees are still being harvested for use within the timber industry and what was once used for paper pulp is going to landfill.
- Whilst it seems logical to assume going paperless equals less trees, this is not supported. In fact, studies show that in general "the global regions with the highest levels of industrial timber harvest and forest products output are also the regions with the lowest rates of deforestation.[7]
- Harvesting trees from native forests in Australia is NOT for the pulp and paper industry but for the timber industry to build homes, commercial buildings and general consumption products. [8]
- Currently there are around 10.6 million hectares of native and planted forests certified in Australia. This consists of 10.1 million hectares certified under the Australian Forest Certification Scheme (AFCS) and 900,000 hectares under the Forest Stewardship Council (FSC). [9]

MORE THAN HALF OF ALL FIBRE USED IN AUSTRALIA TO MAKE PAPER NOW COMES FROM RECYCLED MATERIAL. AUSTRALIA IS ONE OF THE LEADING COUNTRIES IN THE USE OF RECOVERED PAPER FOR PAPER PRODUCTION. [9]



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Acknowledgements

Special thanks to all the contributors to this report and to those companies providing additional research, resources, manufacture and expertise.

Special thanks to the ACA Board and Executive Committee Members for their ongoing support and contribution:

- Australia Post
- DIC Australia
- Fairfax Media
- Flint Group
- Franklin WEB (an IVE business)
- Inkwise
- IVE Group
- Kirby International
- Norske Skog
- PMP Limited
- PMP Limited NZ
- Reach Media
- Salmat
- Sappi Trading Australia
- Stora Enso
- UPM-Kymmene
- Webstar (NZ)

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PMP Limited

Australasian Catalogue Association
Suite 6, 151 Barkly Avenue, Burnley VIC 3121
T: +613 9421 2206 | catalogue.asn.au