

SUPPLEMENTARY



Australasian Catalogue Association

Supplementary Catalogue Industry Report
March 2015



CONTENTS

| | |
|---|----|
| Executive Summary | 03 |
| Audience Reach | 04 |
| Circulation | 05 |
| Media Consumers - Trusted Advisors | 06 |
| Media Consumers - Top Catalogue Readers | 08 |
| Engagement | 09 |
| Acknowledgements | 12 |

EXECUTIVE SUMMARY



Welcome to our Supplementary Catalogue Industry Report March 2015. This report is an update to the data released in last year's Annual Industry Report 2013/14, as we remain steadfast in our commitment to providing you current data and research about the value of catalogue marketing.

While holding stable volumes and audience reach catalogue marketing is recognised as the Media Most Useful for Trusted Advisors. Catalogue marketing further out-performs all other media, ranking first place across Cosmetics and Toiletries, Children's Wear, Groceries and Alcoholic beverages. Second place rankings include Car, Auto-parts and Accessories, Clothing and Fashion, Small electrical appliances, Large kitchen and Laundry appliances, Mobile phone providers, Computer supplies and peripherals, Books, Toys and CD/DVDs.

Targeted campaigns are more critical and on trend for 2015, as we see the industry focus more on the demographics catalogues are reaching. Roy Morgan report the highest consumer segment reading catalogues is 'Leading Lifestyles', high income families, typically owning their own home in the inner suburbs. Interestingly, this consumer group includes sub-categories of 'Savvy Self-Starters', 'Humanitarians', 'Progressive Thinkers', 'Worldly Wise' and 'Successful Bureaucrats'. The research highlights there are important consumer segments to consider when developing your next catalogue marketing campaign.

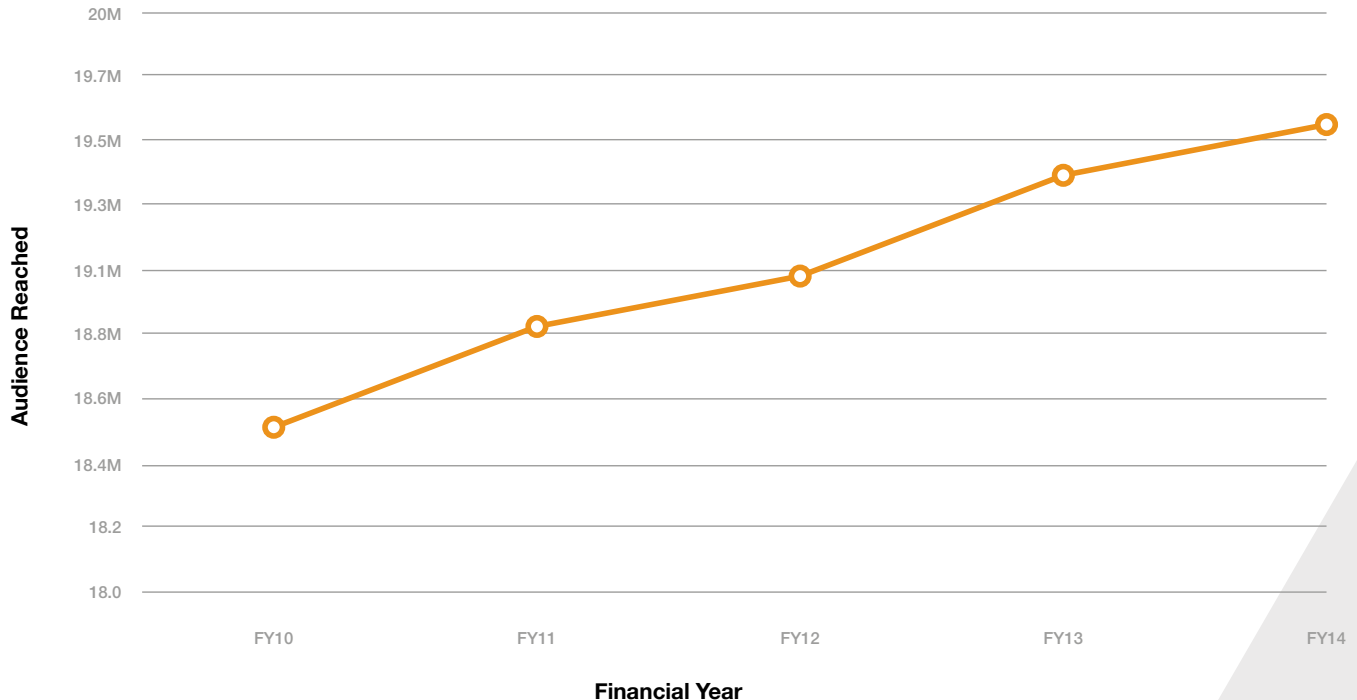
Nielsen have also contributed with research outlining the time Australians spend reading catalogues, revealing a weekly average of 29 minutes. Common behavioral patterns show catalogues are often kept within the home for a week and referred to later. They also initiate action with 89% of Buyers going In-Store from reading catalogues.

Catalogues continue to deliver impressive results, whichever evaluation metrics you apply. Catalogue marketing performs well across Return on Investment, Efficacy, Brand Equity and Readership.

A stylized, handwritten signature in black ink, appearing to read 'Kellie'.

Kellie Northwood
Executive Director
Australasian Catalogue Association

Audience Reach



In FY2014 catalogue Audience Reach was 19.6 million¹ Australians. Refined data and inclusion of Australia Post's exclusive delivery points in 2014 has realised reporting clarification and growth within this important industry metric. Increased housing, population and strong Letterbox and Post Office Box distribution networks have also contributed to the increased Audience Reach across the country.

Whilst each channel has its strength, when compared with other channels Letterbox holds a prominent position.

By comparison, catalogues (19.6M)¹ dominate:

- Television (Free-to-Air) (13.5M)²
- Television (Pay TV) (8M)³
- Magazines (13.8M)⁴
- Commercial radio (9.7M)⁵
- Newspapers (16.2M)⁶

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 cap cities, 5 aggregated markets (i.e. includes Tasmania), 01 January – 31 December 2013, 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), based on consolidated data.

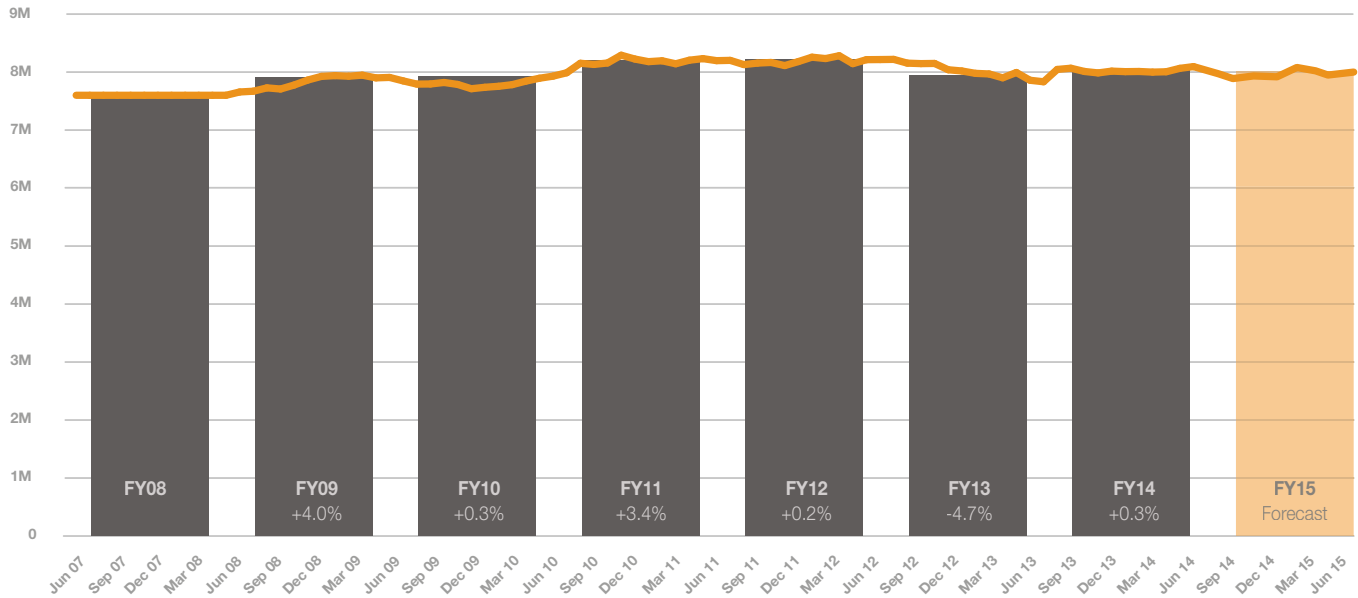
³ ASTRA Subscription Media, 2014 and ABS Population Clock - 8 September 2014 at 03:18:53 PM (Canberra time), the resident population of Australia is projected to be: 23,591,448. Approximately one third is considered the audience reach of PayTV.

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

⁵ Commercial Radio Australia, 2013.

⁶ The Newspaperworks, emma™, 2013–4.

Industry volumes by distribution



Source: Australasian Catalogue Association, 2014.

Catalogue volumes increased by 0.3% over the 2014 fiscal year, with the industry realising stable growth across Australia. Trending data indicates the increase in volumes is mainly due to streamlined data and stronger targeting leading to an increased Return on Marketing Investment (ROMI) for catalogue marketers.

Seasonal catalogues supporting weekly and monthly catalogue distribution was the biggest growth trend of 2013/4. With FY15 forecasting strong trends in content heavy information catalogues such as Style Guides, Cooking Magalogues, Nutritional Guides and more as catalogues move from a strong sales device to now a stronger brand awareness and positioning tool.

Source: Australasian Catalogues Association, 2014.

AUSTRALASIAN CATALOGUE ASSOCIATION (ACA)

The ACA works with three (3) of the largest distributors across Australia, Australia Post, PMP Limited and Salmat. Each month the distribution volumes are supplied by each company in a de-identified manner. The data is collated and analysed against Retail Index Figures, Seasonal Trends, the Australian Dollar, Market Segments 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.asn.au

MEDIA CONSUMERS - TRUSTED ADVISORS

71% of Trusted Advisors in 5 or more categories are catalogue readers.

Media most useful for trusted advisors

| | | | | | |
|-------------------------------|--|------------------------------------|--|----------------------------------|--------------------------------|
| A used motor vehicle | A new motor vehicle | Car / Auto parts & accessories | Real estate | Home improvements or renovations | Home interiors or furnishings |
| Books | Toys | Cosmetics & Toiletries | Clothing & Fashion | Children's wear | Groceries |
| Alcoholic beverages | Computers, Computer supplies / peripherals | Mobile phones / phone providers | Services, such as plumbers, electricians | Employment / Jobs | Entertainment / Movie listings |
| Restaurants | Travel or Accommodation | Large kitchen / Laundry appliances | Small electrical appliances | CDs / DVDs | A home loan / Other loans |
| Finance / Investment products | Insurance | Health, Wellbeing & Fitness | Home entertainment / Electronics | | |

■ Categories ranked 1st in these categories
■ Categories ranked 2nd in these categories

Source: Roy Morgan Research Single Source Australia January 2014 to December 2014.

Catalogues rank 1st and 2nd in 15 of the 28 market segments

Trusted Advisors were asked what is the most useful medium when making purchasing decisions. Catalogues ranked first across 4 categories and second across 11 categories.

48% of Trusted Advisors find catalogues the most useful medium for providing information when purchasing or selecting Groceries, the highest percentage across all categories surveyed.

Alcoholic beverages (42%), Children's wear (39%), and Cosmetics & toiletries (35%) also ranked number one over all other media channels as the most influential media when making purchasing decisions.

Catalogues rank second across Toys, Clothing & Fashion, Car/Auto parts and accessories, Home interiors or furnishings, Home entertainment/Electronics, Computers,

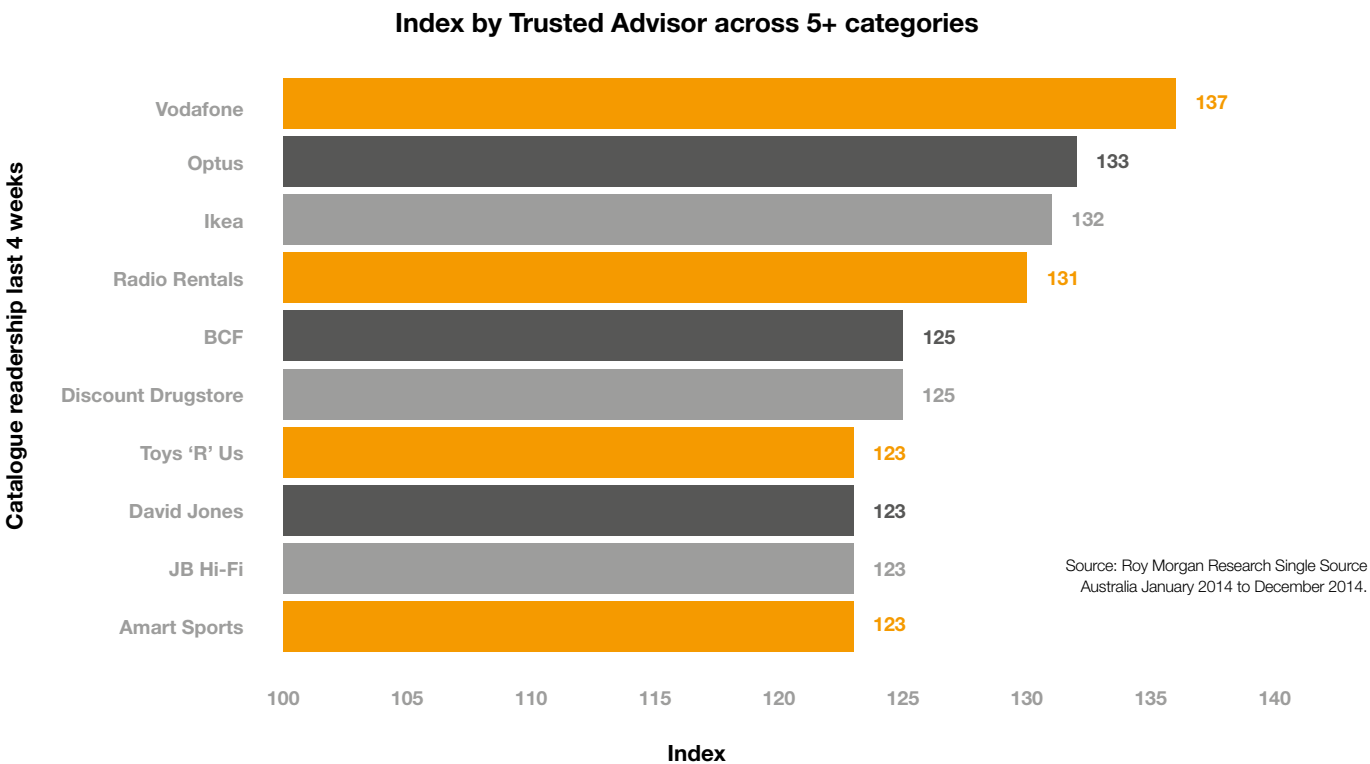
Computer supplies/peripherals, Mobile phones/phone providers, Large kitchen/Laundry appliances, Small electrical appliances, CDs/DVDs and Books demonstrating dominance when developing integrated campaigns to market and partnering with other media channels.

ROY MORGAN

Trusted Advisor categories: Buying a car, Eating out at restaurants, Selecting a new diet, Information on health and nutrition, Information on finance and investments, Planning a holiday or trip, Buying fashion and looking good, Buying skin care and beauty products, Information on home renovations, Decorating ideas for the home, Buying home entertainment or electronics, Buying small electrical appliances, Buying large kitchen and/or laundry appliances, Buying computers or computer equipment, Signing up to an Internet provider, Buying mobile phones, Buying books, Buying new food products, Buying new supermarket (non-food) products, Buying sporting equipment or apparel, Buying CDs or DVDs, Buying computer/console games.

www.roymorgan.com

Top 10 catalogues consumed by Trusted Advisors



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. Any records over 100 (100 = base) is more likely than the average. Therefore Trusted Advisors across 5+ categories (listed in the table above) are 37% times more likely to read the Vodafone catalogue than the average Australian.

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 Vodafone, Optus, Ikea, Radio Rentals, BCF, Discount Drugstore, Toys 'R' Us, David Jones, JB Hi-Fi and Amart Sports deliver highly successful word of mouth and marketing outcomes.

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.

Utilising 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 & product usage, purchase intentions, financial information and leisure activities to obtain fully rounded profiles of Australian consumers.

www.roymorgan.com

MEDIA CONSUMERS - TOP CATALOGUE READERS

Top 5 Catalogue Content by Segment


Helix Personas is Roy Morgan's unique consumer segmentation and data integration tool that combines sophisticated psychographic and behavioural data to classify the Australian population into 56 Personas and 7 Communities. Helix Personas break apart stereotypes across categories and even within them. 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 to determine the who, how, when and why for any brand and channel.

| Books / Stationery | Telecommunications | Clothing | Supermarkets | Toy Stores |
|---|--|--|--|---|
| <u>LEADING LIFESTYLES</u> Worldly & Wise | <u>LEADING LIFESTYLES</u> Savvy Self-starters | <u>LEADING LIFESTYLES</u> Savvy Self-starters | <u>LEADING LIFESTYLES</u> Savvy Self-starters | <u>LEADING LIFESTYLES</u> Successful Bureaucrats |
| <u>LEADING LIFESTYLES</u> Humanitarians | <u>METROTECHS</u> Urban Entertainers | <u>TODAY'S FAMILIES</u> Average Aussie | <u>GETTING BY</u> Urban Optimists | <u>LEADING LIFESTYLES</u> Savvy Self-starters |
| <u>LEADING LIFESTYLES</u> Successful Bureaucrats | <u>GETTING BY</u> Budget Lifestyle | <u>GETTING BY</u> Urban Optimists | <u>GETTING BY</u> Making the Rent | <u>TODAY'S FAMILIES</u> Average Aussie |
| <u>LEADING LIFESTYLES</u> Progressive Thinkers | <u>GETTING BY</u> Making the Rent | <u>GETTING BY</u> Making the Rent | <u>GOLDEN YEARS</u> Frugal Living | <u>GETTING BY</u> Budget Lifestyle |
| <u>GETTING BY</u> Urban Optimists | <u>BATTLERS</u> Rural Families | <u>BATTLERS</u> Real Working Class | <u>BATTLERS</u> Real Working Class | <u>BATTLERS</u> Real Working Class |


■ Leading Lifestyles ■ Getting By ■ Battlers
■ Today's Families ■ Metrotechs ■ Golden Years

Source: Roy Morgan Research Single Source Australia
January 2014 to December 2014.

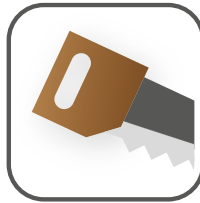
The table above shows the Top 5 Helix Personas, or consumer groups, who are most likely to read catalogues by market segment. The 'Leading Lifestyles' category is the strongest performing category for catalogue readership. Roy Morgan have drilled further to identify the sub-categories within these consumer groups which reveals 53% of 'Savvy Self-Starters' own a home valued between \$500k-\$1M, 48% have a tablet computer in the household and 28% holidayed overseas in last 12 months. This consumer group feature consistently across the market segments as catalogue readers. The second prominent category being 'Getting By', includes young parents or older families with children still at home, outer suburbs and bargain hunters. Within this group is the sub-category of 'Budget Lifestyle' consumers of which 42% shopped at a discount store, 43% recently ordered pizza over the phone and 40% are satisfied with their job.



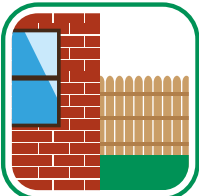
LEADING LIFESTYLES
High income families, typically own their own home in the inner suburbs.



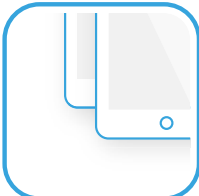
GETTING BY
Young parents or older families with children still at home, outer suburbs, bargain hunters.




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.



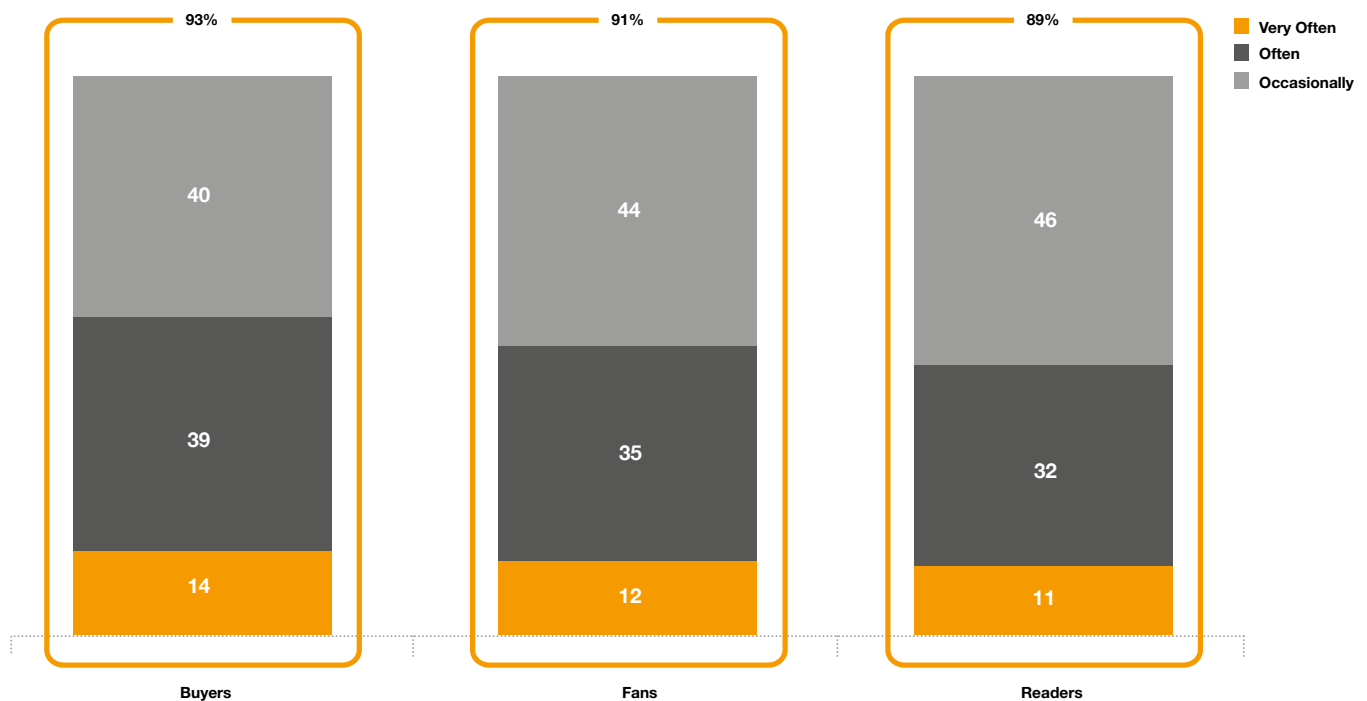
METROTECHS
Young, single, well educated, inner city professionals with high incomes, typically renting apartments. Cultured, connected, clued-in & cashed up.



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.

93% of Buyers go In-Store after reading a catalogue.

Respondents who go 'In-Store' after seeing a printed advertisement.



Source: Nielsen Consumer and Media View, 2014.

Findings

Consumers go into the store after reading catalogues, leaflets or brochures. 93% of Buyers, 91% of Fans and 89% of Readers say they go In-Store often or occasionally from reading a catalogue.

Whether a consumer looking in the market (Buyer), a heavy catalogue consumer (Fan) or general consumer (Reader), catalogue marketing prompts action amongst more than half the consumer group.

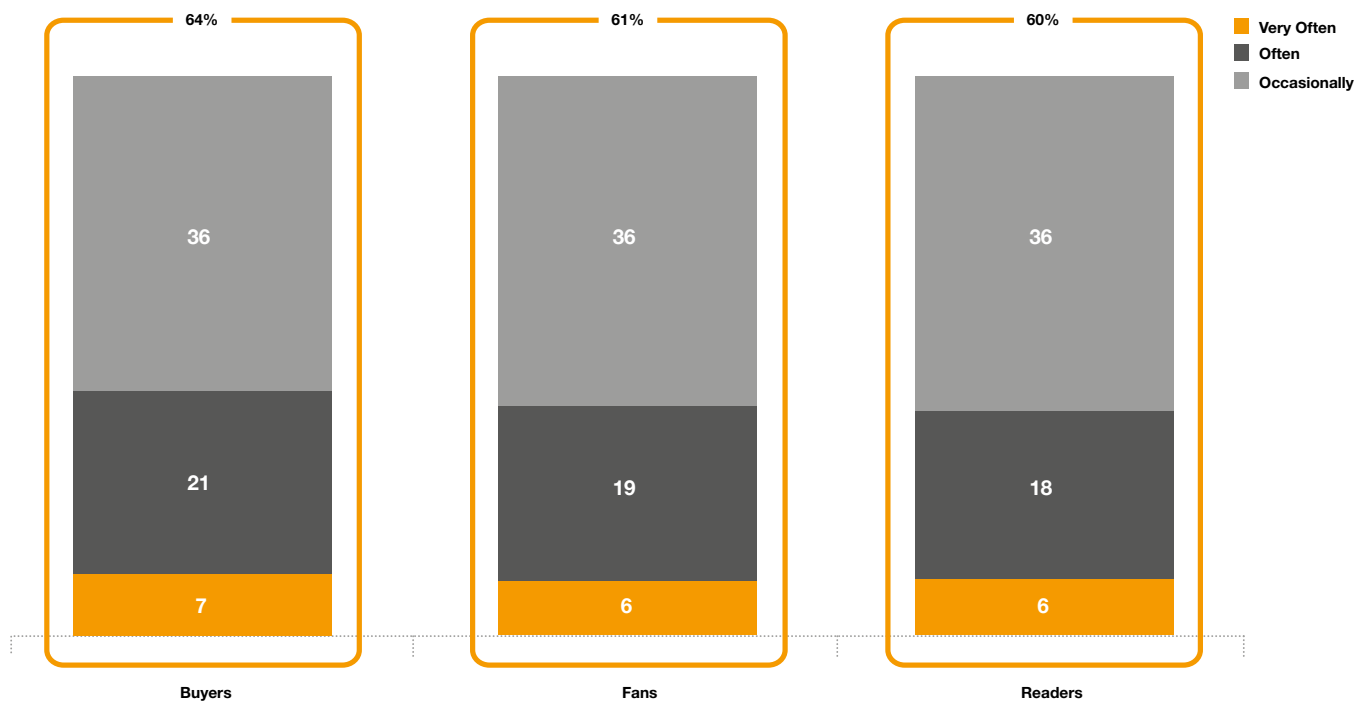
NIELSEN

Nielsen Holdings N.V. (NYSE: NLSN) is a global information and measurement company with leading market positions in marketing and consumer information, television and other media measurement, online intelligence and mobile measurement. Nielsen has a presence in approximately 100 countries, with headquarters in New York, SA, and Diemen, the Netherlands

www.nielsen.com

Australians keep catalogues for future reference, and spend more than 29 minutes a week reading them.

Catalogues, Leaflets or Brochures kept in Australian Homes



Source: Nielsen Consumer and Media View, 2014.

Findings

The strength of relationship between readers and catalogues, leaflets and brochures is demonstrated by how often they are kept in the home and the amount of time people spend reading them.

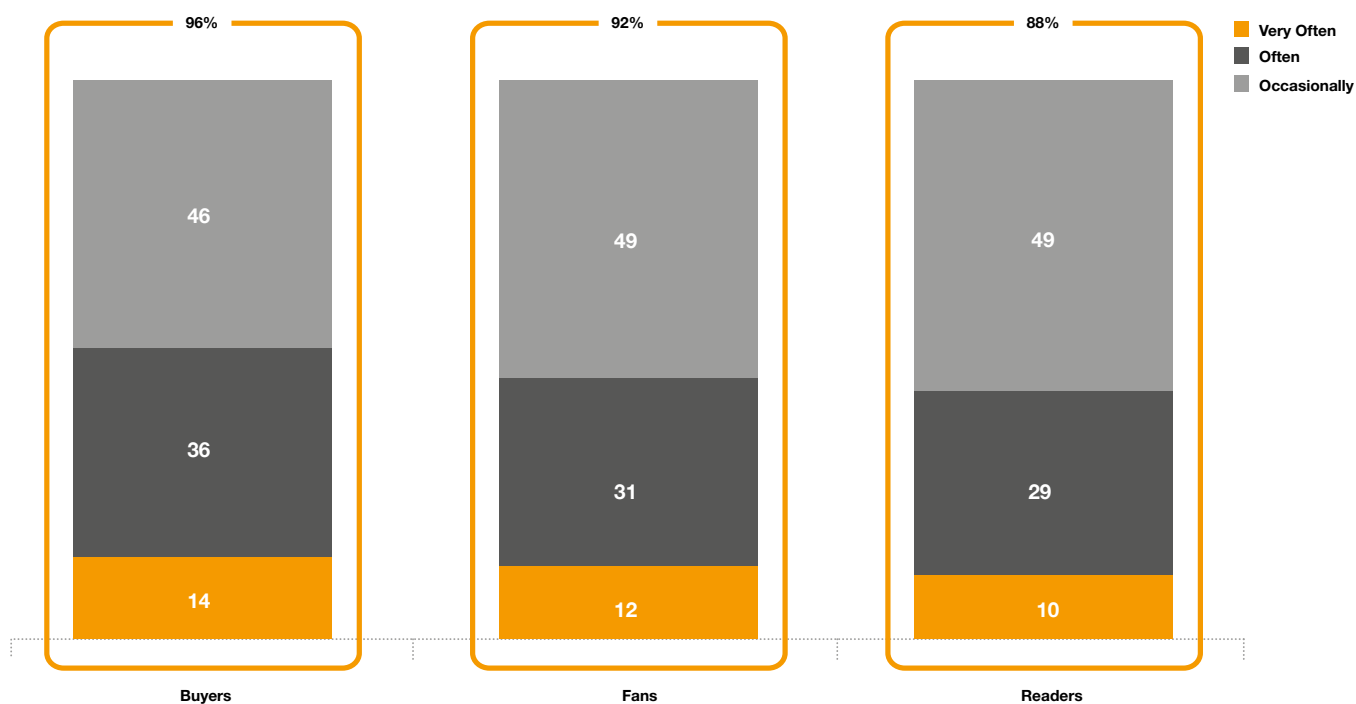
Catalogues, leaflets or brochures are regularly kept in the home. 64% of Buyers, 61% of Fans and 60% of Readers hold on to them at least occasionally.

Of all Australians who have read catalogues, leaflets or brochures in the past four (4) weeks:

- In a typical week those who are Monday to Friday readers spend – on average – more than 29 minutes reading catalogues, leaflets or brochures.
- Saturday readers spend an average of around 23 minutes and Sunday readers 24 minutes with their catalogues, leaflets and brochures.

Receiving and reading catalogues leads to purchases.

Respondents who ‘made a purchase’ after reading a printed advertisement



Source: Nielsen Consumer and Media View, 2014.

Findings

Customers who receive and read catalogues make purchases. Customers who have bought within the last seven days – 96% of Buyers, 92% of Fans and 88% of Readers at least occasionally buy goods or services after seeing them advertised in catalogues, leaflets or brochures.

Buyers reflect buying habits in the Very Often (14%) at the highest reported level with Fans (12%) and Readers (10%) following respectively.

All three reporting categories demonstrate a 25-30% data tier for purchasing from a catalogue often.

ACKNOWLEDGEMENTS

1. ACA Industry Report 2012/13, Australian Catalogue Association, Australia Post, 2013
2. ASTRA, ASTRA Subscription Media, 2014 – Audience Reach, Australia Post, 2014
3. Australasian Catalogue Association, Australia Post, PMP Limited and Salmat, Letterbox Volume Statistics, 2014, Independently commissioned with BDA Market Planning, 2014
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7. Australian Bureau of Statistics, ABS Population Clock – Salmat, 2014
8. Australian Bureau of Statistics, Census Population & Housing 2011, Melcher Media, North Point Press 2013
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16. Roy Morgan Research, How we collect and process Single Source data in Australia, Magazine Publishers Australia, e 2014
17. Roy Morgan Research, FIPP World Trends, Commercial Radio Australia – www.commercialradio.com.au, e 2014
18. Roy Morgan Research, Helix Personas, 2014.

Acknowledgements

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Australian Members

AIW Printing
Australian Paper Web
Australia Post
Cumming Agency & Studios
DIC Australia
Fairfax Media Printing & Distribution
Flint Group
Franklin Web
Hannanprint
InPrint
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Norske Skog
Paragon Design Group
PMP Limited
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