



MCM OUTLOOK

CATALOG

Catalogs Settle Into a New Role

BY DANIELA FORTE

Catalogs are alive and well for retailers in both the business-to-consumer and business-to-business sectors today. While it may no longer be thought of as a selling channel by many, it is still considered an excellent marketing tool for merchants.

According to the MCM Outlook 2014 survey, the ecommerce website is the top channel through which merchants market (90%) with social media (87.2%) and email (83%) following. Although catalogs may have dropped as a marketing tool, 51.7% of retailers said they still use the catalog to market their brands.

Here are some of the key findings from the MCM Outlook 2014 survey, which was fielded by Multichannel Merchant from Feb. 10 through March 10, 2014 and drew 470 respondents who identified themselves as merchants.

The Changing Role of the Catalog

Merchants are still using catalogs to sell products. However, their role has changed from transactional to sales tool. On a scale of 1 to 10, with 10 being the most important, merchant respondents said that using catalogs as mobile traffic drivers and customer retention tools were the most important activities (both scored an 8.25). At 7.85, web traffic driver was a close third.

Although the destination has changed, Duff Stokes, director of catalog marketing for Ross-Simons, said the vehicle remains the same. “While the catalog is one of the biggest drivers of traffic to the website, it looks substantially the same as it did seven years ago,” Stokes said.

Stokes said the company is making the catalog an ecommerce traffic driver by using messaging on every spread to encourage a web visit.

According to Gina Valentino, president of Hemisphere Marketing, LLC, the print catalog has always been an ecommerce traffic driver. The number one customer request for a pure play is “do you have a catalog.”

Valentino said that unless a company has very limited breadth of product where direct mail would be more appropriate, acquiring customers with a catalog increases response rates, average order value and a great likelihood of repurchasing within 12-months.

“Catalog mailers with a variety of merchandise categories often create a catalog of bestsellers, which is used as a very efficient prospecting tool,” said Valentino.

Prospecting

More than three-quarters of merchant respondents said catalogs were the top choice for the method of prospecting they will use in the next 12 months (77.7%).

Catalog was the most popular answer, followed by Facebook (68%), email (66%),

Twitter (42.7%) and Pinterest (40.8%).

“Prospecting during your strongest season is the best time to acquire new customers,” said Valentino.

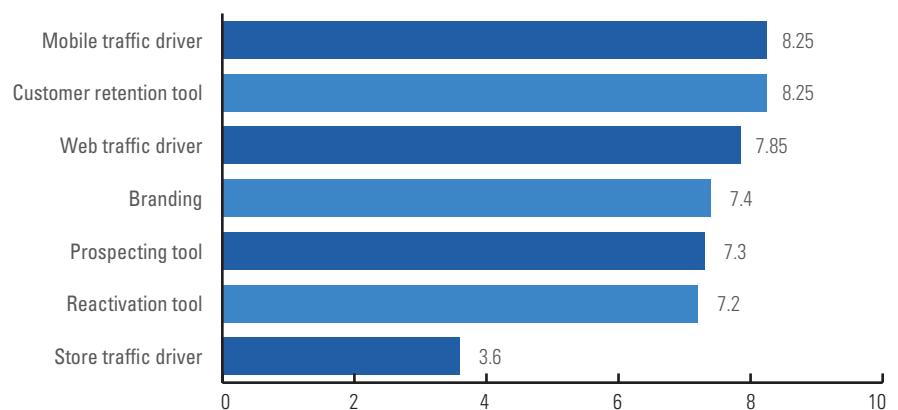
Bill LaPierre, vice president of Datamann, said most catalogers are still relying on their print catalog for 80% to 90% of their incrementally new customers.

“Some will spend money on PPC and retargeting, but large quantities of new customers are not there,” said LaPierre. “Social media has proven to be a bust for prospecting for the average catalog. There are exceptions, but on average, it is still the co-ops delivering new customers.”

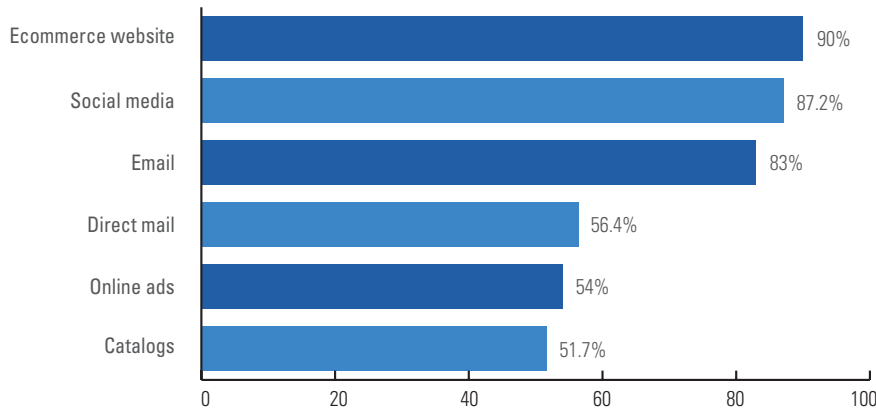
LaPierre also said, “[Catalog mailers] have found that email prospecting does not work unless you can get the cost down to \$0.10/name, and the only way to do that is to commit to prospecting to over 5 million names and there just are not enough good email names for that.”

Stokes said his company is planning catalog mailings, online advertising, paid search, shopping sites, social media and

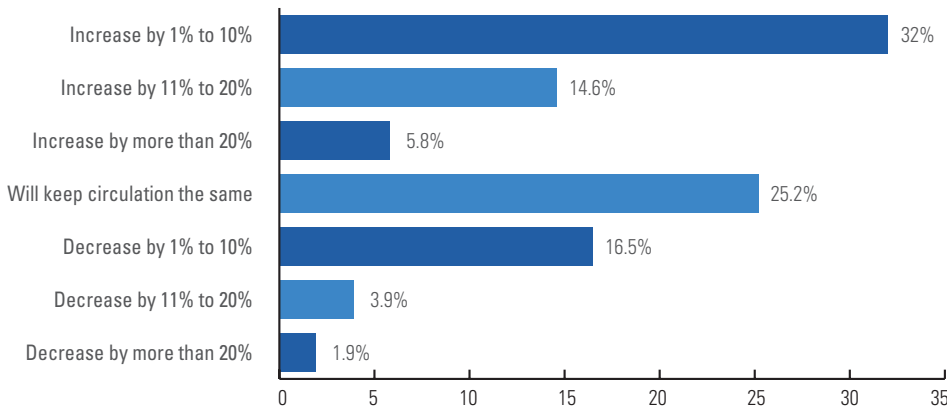
In addition to selling products, what is the purpose of your print catalog today? Please rate the importance of each of the following on a scale of 1-10, with 10 being most important.



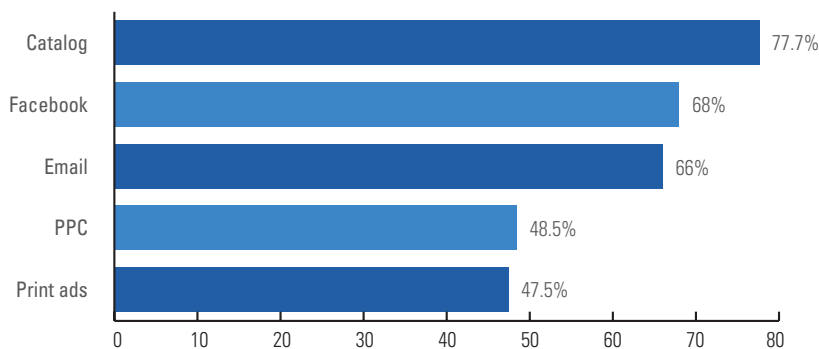
Please indicate all the channels through which your company markets. (Select all that apply)



How much do you plan to increase or decrease your catalog circulation in 2014?



What methods of prospecting will you use during the next 12 months? (Select all that apply)



affiliates as methods of prospecting in the next 12 months.

Page Counts Stabilizing

In the past 10 years, merchants have decreased the size of their catalog as a way to save on mailing costs. But the drop in page counts seems to be leveling off: More than half (55.3%) of MCM Outlook 2014 merchant respondents said their page count stayed the same, while 23.3% said it increased and 20.4% said they decreased catalog page count.

Chris Smith, vice president of e-commerce and catalog for Jockey International, Inc., said Jockey is in the midst of changing its catalog creative and production at this moment, based on some testing the company has been doing over the past 12 months.

“We are pulling back from the slim-jim format and moving to more of a flat with an upgrade in paper stock,” said Smith.

Valentino said page counts have varied between increasing and decreasing, but there remains a close eye on the 3.3 ounces maximum weight from the post office to keep postage optimized.

“Paper testing has been around for the 20 years I’ve been in cataloging, and all that time, I have never seen increasing paper stock or making the paper more of a tactile experience a behavioral bonanza for the customer,” said Valentino.

Stokes said Ross-Simons has circulated about the same number of catalogs and pages as it did in the prior seven months.

The trim size of a catalog has stayed the same for merchants, according to 85.4% of MCM Outlook 2014 merchant respondents. Paper stock and weight of the catalog has stayed the same (71.8%) while 4.9% said they have increased and 22.3% said they decreased the size.

Susan Landay, president of Trainers Warehouse and Office Oxygen, said Trainers Warehouse has changed its approach to covers, including background images behind its model. It also launched a new brand last year, Office Oxygen, by mailing a catalog with the goal of breathing new

life into the workplace.

“Our sales more than doubled when we launched the first catalog,” said Landay.

While Office Oxygen launched as a web-only retailer, experience told the company that catalogs still help in building awareness of the company and driving people to the web to make purchases.

Circulation Is Rising

MCM Outlook 2014 respondents said they increased circulation (36.9%) while 33% kept their circulation the same and 30.1% decreased circulation.

“Circulation is definitely going up,” said Valentino. “Catalogers learned from the 2001 dot bomb recession that when you stop mailing, customers stop buying.”

Valentino said catalogers were cautious in 2008 and 2009 with the poor economic conditions, but they did not stop. Ever since then, circulation has steadily been seeing an upward trend.

LaPierre said in general most catalogers have not made many changes.

“Page counts have gone down a little, but circulation and frequency remain flat or have even increased,” he said.

LaPierre said, however, that some catalogers are testing significant changes to make their catalog more efficient and competitive in an online world.

He said that those catalogers that did well in 2012 and 2013 are almost all increasing circulation in 2014, if viable names are available.

“I am not aware of any catalog that is cutting circulation that had a strong year last year,” said LaPierre.

In the MCM Outlook 2013 survey, 48.5% of respondents said they planned to increase circulation, 26.3% planned to decrease it and 25.2% said no changes would be made. The MCM Outlook 2014 results show that 32% plan to increase circulation between 1% to 10%, 25.2% plan to keep circulation the same, 14.6% plan to increase circulation between 11% to 20% and 5.8% plan to increase circulation by more than 20%.

Smith said Jockey International has in-

creased its catalog circulation by 20% in 2014. Landay said her company has increased circulation about 5% to 7% in 2014.

Frequency of catalog distribution has stayed the same for the majority of respondents (58.3%), while 22.3% said they decreased the frequency of their catalogs and 19.4% increased the frequency.

Valentino said she has been seeing that catalog mailings are augmented with direct mail campaigns.

Is the Catalog Effective?

When retailers were asked how they track their catalogs’ effectiveness, a little over 66% said key code capture, just over 60% said the match back program, While 19.2% of retailers said they did not have a formal program and 7.7% said they use allocation agreements.

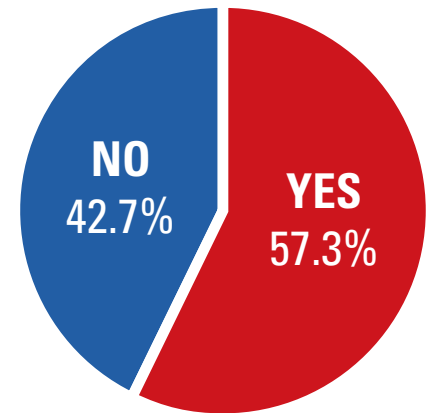
“Most catalogers will rely on straight match back to measure response,” said LaPierre. “I’d say less than half of catalogers have conducted a hold-out test to measure the incremental response from mailing a catalog versus not mailing one.”

He added, however, that most catalogers are able to include emails and PPC-generated orders in their match back activity, thus allowing them to see how those methods interact with mailed catalogs.

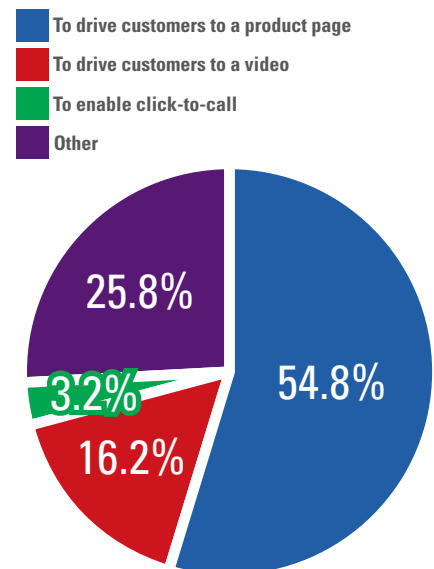
Valentino said most evaluate performance by each catalog mailing (drop) and then analyze the season with a match back.

“Some catalogers that have multiple media campaigns will perform an ROI by customer,” said Valentino. “Doing so allows them to have visibility to customer financial performance—and the data remains channel agnostic—eliminating the

Are you using QR codes in your catalogs?



If yes, what are you using QR codes for?



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argument of ‘who gets credit for the sale.’”

Smith said his company uses match back sales and performance against control groups to look at incremental lift.

Landay said her company uses a match back program.

Other Print Formats

Catalogs aren’t the only print format merchants will be using in the next 12 months; respondents also said postcards are the top choice (54.8%) followed by fliers (43.3%), solo mailers (35.6%) and direct mail (34.6%).

Valentino said direct mail, prompting a decision to buy a single product online, is an excellent marketing tool. However, selling off the page remains the most productive way to acquire and retain customers.

“In the beginning there was a notion that a company could stop mailing catalogs and customers would magically wake up the in morning and shop online—revenues would be the same and increase,” said Valentino. “This was not the case at all.”

Valentino said retailers know that customers need prompting, and a customer

placing the order online needs a tool. The other evolution is the notion that companies need “to give credit” to the catalog, or email, or banner ad, or mobile or the postcard...it’s all those touch points that help change behavior.

“About 80% of our orders come in through the site and about 20% through the phone,” said Smith.

Smith said Jockey is using its catalog to create an interest and expose consumers to the full assortment on the web. More than half the sales from any book are items not featured in the book.

QR Codes

When it came to whether retailers were using QR codes in their catalog, 56.8%

of MCM Outlook 2014 merchant respondents said they are.

Stokes said his company uses them to get consumers to the mobile site.

MCM Outlook 2014 merchant respondents said QR codes drive customers to a product page (56.7%), while 20.2% said QR codes drive customers to a video and 8.7% said QR codes enable click-to-call.

Valentino said most catalogers are using QR codes to redirect consumers to an online video to better showcase a product or service.

“Of course, it was an added bonus when the USPS provided a discount for those that put a QR code on the back cover,” said Valentino.

In contrast, LaPierre said that none of his clients uses them and he has seen them appear in only a handful of catalogs even though the USPS offered a discount for their inclusion.

“They were a short-lived gimmick,” said LaPierre.

Going Digital

Aside from print catalogs, catalogers are

doing digital editions as well, according to 57.3% of MCM Outlook 2014 merchant respondents. Sixty-one percent of retailers said the digital catalogs were self-hosted on their website.

LaPierre said digital catalogs cost practically nothing. Catalog printers can create them with the catalog’s print files for less than \$25/page.

“Those companies that still bother to create them and host them on their sites find that digital catalogs are not that effective,” LaPierre said “Digital catalogs simply make the catalog owners feel as if they are competing in an online world, but they do nothing for sales.”

Valentino said catalogers make digital catalog editions available on websites when consumers click on catalog request.

“Some catalogers only offer a PDF of the catalog and some have a fully functioning, zoom in, share on social media, one click order digital catalog,” said Valentino.

When it comes to building traffic with a digital catalog, Valentino said most B2B catalogers say they like it online because it can help customers more easily when both are looking online at the same page/same item.

“I’ve only heard of one cataloger that said it found that the digital catalog contributed to incremental revenues,” said Valentino. “Just like any marketing effort, each cataloger must decide what works and what doesn’t.”

Smith said traffic from Jockey’s digital catalog is steady, particularly when integrated with an email campaign.

Stokes said the benefit of the digital catalog for Ross-Simons is that it can be browsed and is clickable; it is efficient for the customer when working with the contact center.

When it comes to traffic, however, it remains a relatively small part of Ross-Simons’s marketing contribution.

Landay said their catalogs have links, but they don’t drive sales and its digital catalogs reach international customers and other customers who want to see it before the catalog arrives at their office. ■