



MCM OUTLOOK

CATALOGS

The State of the Catalog is Healthy

BY DANIELA FORTE

Much like 2014, catalogs are very much alive for several merchants. Today merchants are using catalogs for a myriad of reasons that range from establishing their brand awareness to driving consumers to the web to sell products.

“Catalogs are alive and kicking, any stories that are focused on the death of catalogs are incredibly pre-mature,” said Henry Coleman, head of marketing for Hammacher Schlemmer. “There is no question in my mind that the physical printed catalog is an incredibly dynamic vehicle for product discovery.”

However, 53.7% of respondents of the MCM Outlook 2015 survey said they use catalog as a channel to market their products. This was beneath several other channels including ecommerce website (89.7%), email (88%) social media (84%) and online ads (61%). The number of re-

tailers using catalogs to market their products is slightly up from 51.7% in 2014.

An average of 8.05% of respondents of the survey each said they use catalogs as a mobile traffic driver and as a customer retention tool.



Jennifer Heim, retention marketing manager for Silver Star Brands, said catalogs are very important to the business, however the company watches who it targets and makes sure they are making the right choices when it comes to direct mail.

“We want to watch what we are spending so if we can have the opportunity to shift those dollars to other marketing channels, we want to do that,” said Heim. “Postage costs so much, so you want to make sure you are making the right decisions.”

For outdoor furniture retailer, Thos. Baker, LLC., about half of its business revenue is generated directly from catalog activity.

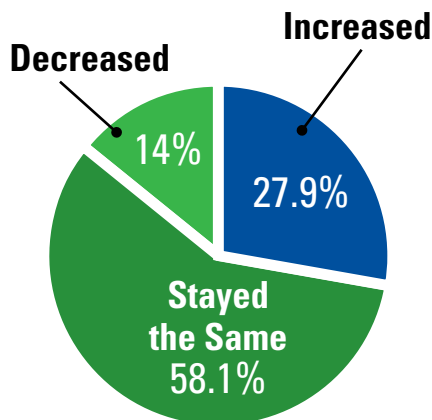


“Once a customer becomes a customer, they receive our catalogs and catalog revenue continues to be a consistent piece of the puzzle. It is an important driver of our revenue in a way that may not be for other online retailers,” said John Baker, founder and CEO of Thos. Baker.

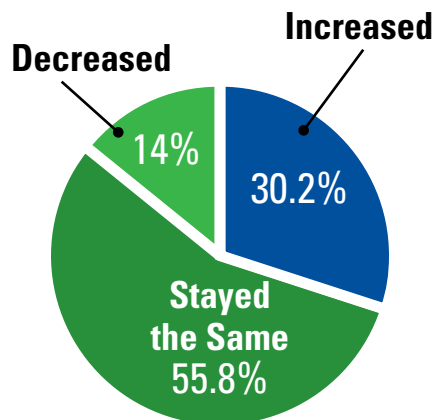
In March, JCPenney launched its new home catalog that helped the company reconnect its lapsed customers and accelerate growth of its online business. The reaction the company received from the catalog has JCPenney making plans to release a second home catalog this fall.

How did your catalog creative or production change in the past 12 months?

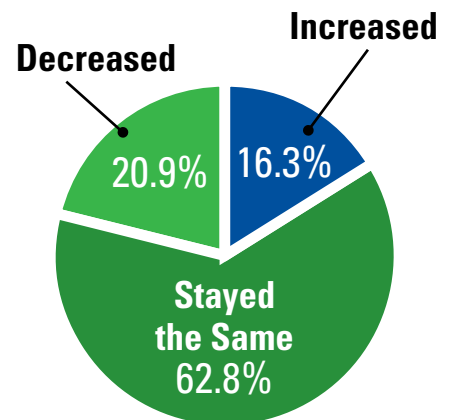
Page Count of my Catalogs:



Circulation of my Catalogs:



Frequency of my Catalogs:



Mike Ullman, CEO of JCPenney, said in an earnings call in May that the company was very pleased with its home catalog. "It's incremental. We sent 88% of them

to lapsed customers, so the fact is that we got such a great response from a customer that we wanted to come back, but they didn't have an invitation until we got the

Z Gallerie Creates Social Buzz with Its Catalog

Home furnisher Z Gallerie found an innovative way to marry its catalog with user-generated content on social media, according to a case study.

Z Gallerie worked with Curalate to design, track and measure a tightly integrated user-generated content campaign that would extend the reach of their spring and summer catalogs to their social and digital fans.

The home furnisher created an integrated user-generated-content campaign that leveraged organic excitement on Instagram to drive brand awareness, social visibility and catalog subscriptions through the spring and summer.

The company saw a 24% increase in average weekly user-generated-submissions, an increase of 10,000 Instagram followers, 99,000 Instagram interactions, 5.6 million potential Instagram impressions and a 24% increase in new catalog sign-ups.

"Customers become even more invested in our brand when they see us engage and appreciate their content," said Loren Mattia, Z Gallerie's social media specialist.

Z Gallerie began the process with its 2014 fall/winter catalog, which provided a tangible way for consumers to discover products and experience the brand. Based on that success, it was continued with the spring/summer catalog.

"The holidays are a crucial time for us, because it's all about sharing moments in the comforts of home," said Mattia. "To release our catalog around the holidays was a calculated decision to keep our brand top of mind as our customers readied their homes for an influx of guests and celebrations."

The strategy Z Gallerie used created social buzz. Upon receiving the catalog, fans took to Instagram to broadcast their enthusiasm to followers and friends.

"We were finding that many of our customers on social media were sharing their excitement for our premier catalog on Instagram, which extended brand awareness in a very organic way," said Mattia.

Z Gallerie was able to surface customers' photos and measure influence with the help of Curalate. "Our team especially loved how, when customers posted catalog photos, their followers joined in and talked about how they loved our brand too," Mattia said. "Some even asked where they could get the catalog."

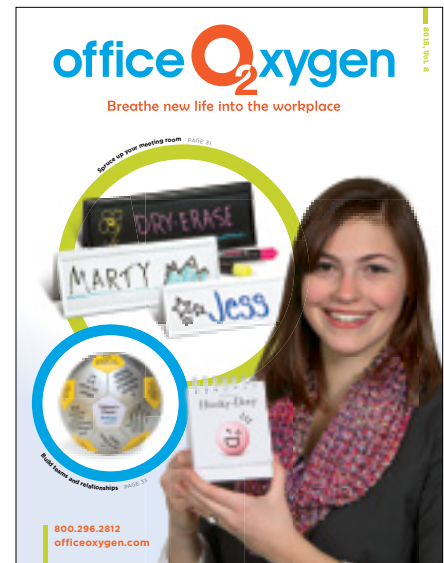
Z Gallerie found ways to connect the online and offline channels for its March 2015 catalog to make a bigger impact.

Each spring catalog also features a bright banner with an explicit call to action, inviting customers to show their #PagesofStyle by sharing a photo on Instagram.

Z Gallerie is also promoting the #PagesofStyle campaign on its homepage, driving awareness among visitors that land on the site directly. The brand built a contest landing page to serve as a hub, housing entry instructions, terms and conditions, a link to a sign-up form and a video teasing the catalog from cover to cover. Z Gallerie will also select fan imagery to share across its social channels, including Twitter, Facebook and Instagram.

For their fall/winter catalog Z Gallerie drove users directly from Instagram to an online submission form, where they could sign up to receive the in-home catalog. During the initial timeframe, Z Gallerie found the conversion rates were nearly eight times higher for Instagram-referred traffic as compared to Facebook.

Z Gallerie decided to use Instagram as a primary driver of traffic throughout spring and summer. To extend the support and initiative even further, it offered six Instagram influencers exclusive early access to the spring catalog. Each was mailed with personal instructions on how to get involved with the contest. Influencers were chosen because they either partnered with the brand previously, or were identified as a highly engaged fan on Instagram.



Susan Landay of Trainer's Warehouse and Office Oxygen, said their Office Oxygen catalog circulation is going up 50%.

catalog," said Ullman.

While JCPenney has plans to bring the catalog back again this fall, JCPenney will not be going back to the thousand page several times a year book, due to the paper and postage and the way people are shopping today.

Ullman said one advantage with the catalog is you can show more images and let the customer use the catalog as a guide to shopping online. That's what JCPenney learned.

"We think it's going to pay off not only in terms of getting the customer back to us online, but also might encourage them to come into the store," said Ullman.

Late last year, Hammacher Schlemmer unveiled an augmented reality catalog. After downloading the Hammacher Schlemmer app for iPad, users can simply scan specifically marked catalog pages to overlay a three-dimensional image of a product that literally jumps off the page.

Users can zoom in and out, spin the item at 360 degrees, play videos and access information such as user manuals and customer reviews with just one touch. Items can be purchased directly from the app.

According to the MCM Outlook 2015



John Baker of Thos. Baker said he thinks catalog circulation will be up 15% in 2015.

survey respondents, 59.5% said they produce digital catalogs while 40.5% said they don't.

The Methods of Prospecting

When it comes to the methods of prospecting in the next 12 months, merchant respondents said email is their top choice at 69%. Catalog is tied between Facebook ads and Facebook at 50%.

For Thos. Baker, LLC., a lot of their catalog mailing is prospecting. Baker said the company profiles its customer base and are looking for prospects that are consistent with its existing customer base.

"Our customer base really enjoys the print medium as opposed to only being online, most of them are multichannel, that will make them go online and explore the brand more fully," said Baker.



Susan Landay, president of Trainer's Warehouse and Office Oxygen said they use both rented lists and co-op lists.

"For both our lists, it's a narrow niche. There are people within training and HR that renting specific lists can be pretty pin-

OverstockArt.com Goes Digital with its Catalog

OverstockArt.com has launched its 2015 summer art catalog. The new online catalog showcases a line of hand-painted fine art productions and is the latest addition to the retailer's multiple online resources, according to a press release.

"Our mission at overstockArt.com is to make shopping for art a rich and fun experience. We achieve this by removing all the doubts from the buying process and enriching shoppers with a great shopping experience and ultimately a magnificent piece of art for their space," said David Sasson, CEO of overstockArt.com.

Sasson said using a digital catalog gives the company the opportunity to create more seasonal versions without the expense and waste of creating print versions. "It also allows our catalog to be more current and up-to-date with our selection, so customers can see new products as soon as we start carrying them."

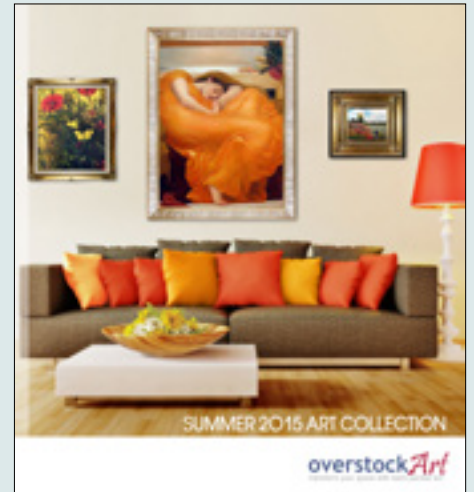
The catalog is designed for online and mobile use and is highly interactive, allowing users to zoom in and out on the art, view product descriptions, and see more images by clicking the "orange plus" link on each painting. The full-color catalog has links to all products featured in the print version, and the mobile version turns into an easy-to-use flip book.

It features more than 500 oil paintings divided into art collections, canvas prints and an upcoming

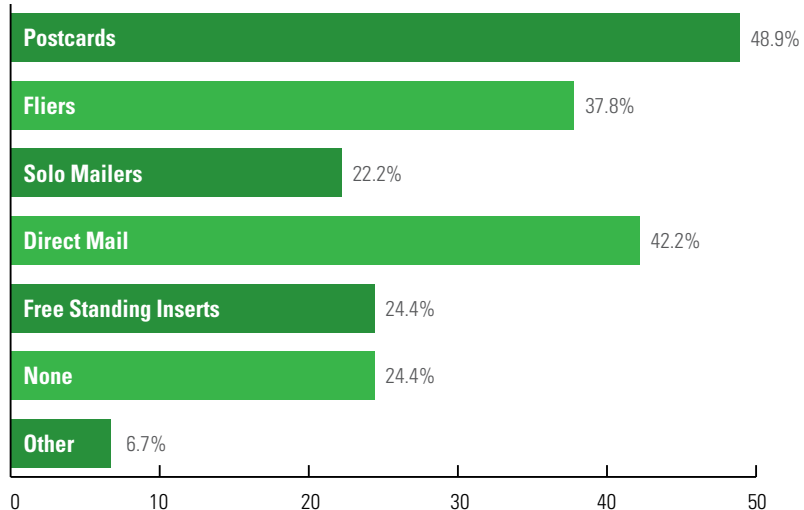
"Artist Become" collection, as well as a selection of museum-quality frames. It can be viewed via desktop, tablet and mobile and in the home décor section of Catalogs.com.

OverstockArt.com has invested heavily in mobile apps to help customers visualize the art on their wall prior to the purchase.

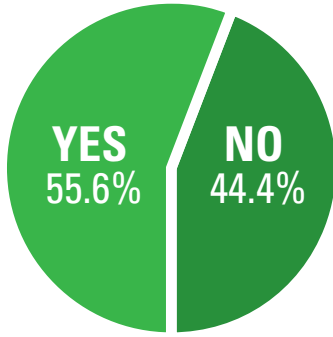
David Sasson of overstockArt.com said using the digital catalog gives the company the opportunity to create more seasonal versions without the expense and waste of creating printed versions.



What print formats (other than catalogs) have you used to cut costs in the past 12 months?



Do you have a formal program to track your catalog's effectiveness?



pointed for us, but the co-ops do a pretty good job because they're modeled on your house list of buyers, said Landay.

Heim said right now for prospecting, they use co-op data bases, and rent and exchange names.

"For acquisition on the digital side, we do retargeting and banner ads, PLAS to get digital acquisitions," said Heim. "That has definitely been an initiative for us to grow new customers digitally over time."

Coleman said for his company, it is using co-op databases and list rentals, list exchange and all of its digital efforts from Google search to marketplaces and social media.

Creative and Production Stays the Same for Merchants

When it comes to the creative and production process of the catalog, in the last 12 months, a lot of it has pretty much stayed the same.

MCM Outlook 2015 survey respondents said circulation has stayed the same (55.8%) while 30.2% said it has increased in the last 12 months and 14% said they have seen a decrease in their catalog circulation.

Heim said for Silver Star Brands, it is a mix between some of their brands. In some of their mature brands, they are definitely in the efficiency mode.

"We have brands targeted for growth

and year-over-year we are increasing catalog circulation," said Heim.

Baker said he thinks catalog circulation will be up 15% in 2015. The company doesn't plan a significant increase overall.

"We have grown 20% to 25% with catalog circulation in the last three years. We have reached the point where our connection with our core customer and prospect is helpful and inspirational without being annoying or overstaying our welcome," said Baker.

Baker added that seven years ago, they started at 70% to 100% a year, it slowed in 2011-12, and the company is progressing at lower rates.

"We are at a good number of catalogs now for our current marketing plan to scale," said Baker.

Landay said that while Office Oxygen is going up 50%, Trainer's Warehouse is remaining flat possibly going down 1 to 2%.

"Our first initial printing for the new brand, we only did 100,000 catalogs. We started small so we could learn about the business and see if the catalog was going to work; if people seem to be responding to the brand and what products they were liking and what products were drawing their attention," said Landay.

The survey revealed that page counts have stayed the same (58.1%) while 27.9% said they will increase page counts and 14% said they have decreased their page counts.

For Thos. Baker, their creative process hasn't changed a lot in the last several years.

"We focus on being efficient in the production of our catalogs. At the beginning of each season, we have a pre-season catalog, we have our major source book, then we have an inspiration book that addresses more décor and accessories and outdoor living," said Baker. "As we move into the summer we have sale/ promotional catalogs and preparation for off-season."

Frequency of the catalog stayed the same for 62.8% of merchants while 16.3% said they increased frequency and 20.9% have decreased frequency, according to

the survey.

Other Print Formats

Catalogs aren't the only print format merchants are using in the next 12 months. Respondents also said postcards (48.2%) are the top choice, followed by direct mail (42.2%) and fliers (37.8%).

Heim said Silver Star Brands does postcards for one of its brands, which ended up being a little more savings.

"Postage is 40% to 50% of cost, it really comes to that postage and we're challenged for some postage increase this year," said Heim.

Heim said they do postcards to save money and it is more of a drive to the website. The company also does smaller trim sized catalogs that target specialized categories.

"We really play with trim size for Christmas and our candy shop," said Heim. "We have postcards that go on that bulk rate, we do send out letters to the customers, a simple letter also saves us on postage too."

Is the Catalog Effective?

When retailers were asked whether they had a formal program to track their catalog's effectiveness, 55.6% of respondents said yes while 44.4% said they did not.

Baker said they are very disciplined about reviewing catalog results, using a match back program. Every week the company has sales analyzed to see if it was because of a catalog mailing.

"We track exhaustively and regularly which of our customers received catalogs and which ones they received recently," said Baker.

Landay said for Trainer's Warehouse and Office Oxygen, they use a match back program, where they look at the match back quarterly and go back every month and tweak their mail plan and set out further in advance.

"Part of it is your buyers don't purchase immediately, there is always going to be a lag time," said Landay. ■