

Better connections: **How letterbox advertising** **engages and drives** **purchasing behaviour**

October 2014



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Methodology

How letterbox advertising engages and drives purchasing behaviour is part of Australia Post's *Better connections* research series.

These reports are developed using data from various sources, including the Australia Post Consumer Survey. This survey, conducted each quarter, measures attitudes and behaviour of 2,000 Australians towards different communication channels. Australia Post uses Quality Online Research (QOR) to compose a panel of respondents that best represents the Australian population in terms of age, gender and geographic location.

In October 2014, the Australia Post Consumer Survey looked at how much letterbox advertising participants received and read, including examining responses to letterbox advertising from specific industry sectors. This is based

on recall of what had been received in the letterbox in the previous week. Letterbox advertising includes catalogues, flyers, samples and coupons that do not have the recipient's name or a "To the homeowner" address on them.

Respondents were asked whether they used letterbox advertising to help them make gift purchases, how they would go about getting more information or make a purchase after reading letterbox advertising, and whether they bought something after seeing it in a catalogue or used a coupon they received in the mail.

Letterbox advertising volumes in October 2014 were compared with the same survey conducted in July and November 2012, November 2013 and July 2014 to identify any trends and changes.

Audience segments

Apart from analysing results according to age, gender, location and employment status, the following audience segments were identified within the total sample group:

| | | | |
|---|------------------------------|--|--|
|  | Youth | Under 25 years old. | Many university students or part-time workers. |
|  | Younger professionals | No children. | Household income: \$50,000–\$150,000. |
|  | Younger families | Dual-income household, with children under 10 years. | Household income: \$50,000–\$150,000. |
|  | Older families | Dual-income household, with children over 10 years. | Household income: \$50,000–\$150,000. |
|  | Home duties | Most likely to have young children. | Household income: under \$50,000. |
|  | Older professionals | Over 40 years old. | Household income: \$150,000+. |
|  | Retirees | Over 65 years old. | Household income: under \$50,000. |

Executive summary

Letterbox advertising is a tried-and-trusted way of connecting with an audience and driving enquiries and sales. The findings from the October 2014 consumer survey confirm that letterbox advertising continues to deliver on these promises.

Engagement remains high (over three quarters of people who receive letterbox advertising read it) and letterbox advertising is also effective at influencing people's purchase behaviour – leading recipients to ask for more information about a product or make a purchase.

When it comes to the format of this type of advertising, Australians still prefer to receive catalogues, flyers, samples and coupons in their letterbox, as opposed to online.

Here are 10 key findings from the October 2014 consumer survey that support these insights.

1

Volumes of letterbox advertising increased in October 2014, in line with **seasonal fluctuations**. People received an average of **12.8 items** per week.

2



Over three quarters of Australian households received letterbox advertising, most often from **supermarkets (77%), real estate companies (60%), department stores (55%), hardware outlets (53%), and local restaurants / takeaways (51%)**.

3

77% of people who received letterbox advertising read all or a selection of it. Mail from **supermarkets** was most likely to be read (77%).

4

45% of recipients read letterbox advertising as soon as they received it. A further 43% read it **in the evening**, when relaxing.

5

60% shared letterbox advertising with **another member of the household**.



6

83% of Australians brought letterbox advertising **into the home**.



7



20% read **all** the letterbox advertising they received, while **63%** sorted through it and decided what to read.

8

People who received letterbox advertising and wanted to **get more information** were most likely to visit the company's website (38%) or a retail store (34%).



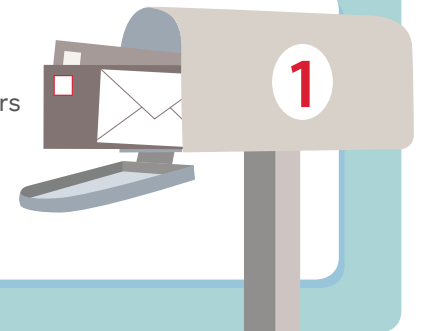
9



56% headed to the company's retail store if they wanted to **make a purchase**, while 20% bought online.

10

45% of Australians preferred to receive catalogues and flyers via **mail**. Only 24% agreed that they would prefer to read them online.



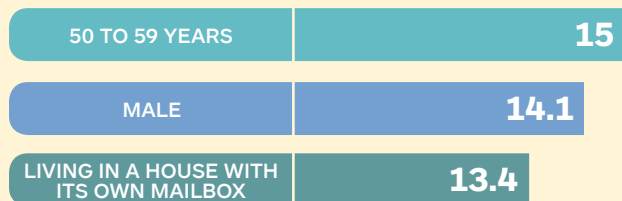
Letterbox advertising volumes

In October 2014, Australians reported receiving an average of **12.8 items** per week of letterbox advertising in the form of catalogues, flyers, brochures, samples and coupons, compared with 8.7 items in July 2014.

The amount of letterbox advertising people receive **fluctuates with the season**, with more letterbox advertising delivered in the lead-up to Christmas.

Who received more letterbox advertising?

While all segments received more letterbox advertising in October 2014 than they did in July 2014, the groups that received above average quantities of letterbox advertising were:



Number of letterbox advertising items respondents recalled receiving in the last week.



An opportunity with youth

Among the segments, **youth were less likely to receive letterbox advertising** (10.3 items per week). While this segment receives less mail generally, the reading and engagement levels remain very high – 69% spent **up to 20 minutes** reading their letterbox advertising, with 44% reading this mail **immediately** (compared with 45% for the average population) and 46% reading it **in the evening**, when relaxing (compared with 43% for the average population). Letterbox advertising presents an opportunity for marketers to connect with this audience via an **uncluttered medium**.

Letterbox advertising

Base: received letterbox advertising
Number of letterbox advertising items respondents recalled receiving in the last week.

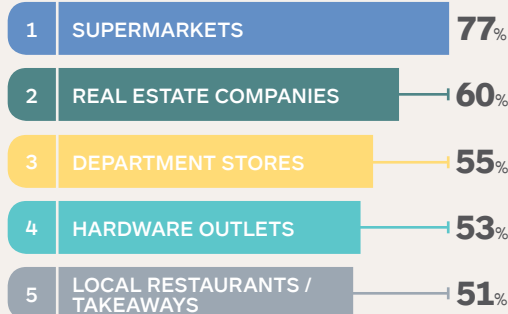
| | Jul 12 (n=1,122) Mean | Nov 12 (n=1,112) Mean | Nov 13 (n=1,091) Mean | Jul 14 (n=2,320) Mean | Oct 14 (n=1,778) Mean |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| TOTAL | 9.5 | 11.1 | 10.7 | 8.7 | 12.8 |
| MALE | 10.4 | 11.0 | 11.3 | 8.9 | 14.1 |
| FEMALE | 8.7 | 11.2 | 10.2 | 8.4 | 11.6 |
| 18 TO 29 YEARS | 6.6 | 8.0 | 8.8 | 5.9 | 10.8 |
| 30 TO 39 YEARS | 10.0 | 9.6 | 9.2 | 8.0 | 10.6 |
| 40 TO 49 YEARS | 10.0 | 14.2 | 11.7 | 9.9 | 12.8 |
| 50 TO 59 YEARS | 10.8 | 13.3 | 12.4 | 9.4 | 15.0 |
| 60 YEARS AND OVER | 10.7 | 11.3 | 11.5 | 9.8 | 13.9 |
| BUSINESS OWNER / OPERATOR | 14.6 | 10.5 | 10.2 | 9.3 | 12.7 |
| METRO | 10.1 | 11.7 | 11.3 | 9.0 | 13.3 |
| REGIONAL | 8.6 | 9.9 | 9.7 | 8.0 | 11.9 |
| HOUSE WITH ITS OWN MAILBOX | - | 11.9 | 11.9 | 9.5 | 13.4 |
| HOUSE WITHOUT A MAILBOX | - | 3.9 | 4.1 | 2.5 | 5.9 |
| FLAT, UNIT OR APARTMENT; MAILBOX BEHIND A SECURE DOOR | - | 6.0 | 5.5 | 4.9 | 12.7 |
| FLAT, UNIT OR APARTMENT; MAILBOX ACCESSIBLE BY ALL | - | 11.7 | 9.3 | 7.3 | 11.1 |

Note: figures highlighted in green indicate a significant increase from July 2014.

Industries that send letterbox advertising

Top 5 industries

People who received letterbox advertising most often received communications from:



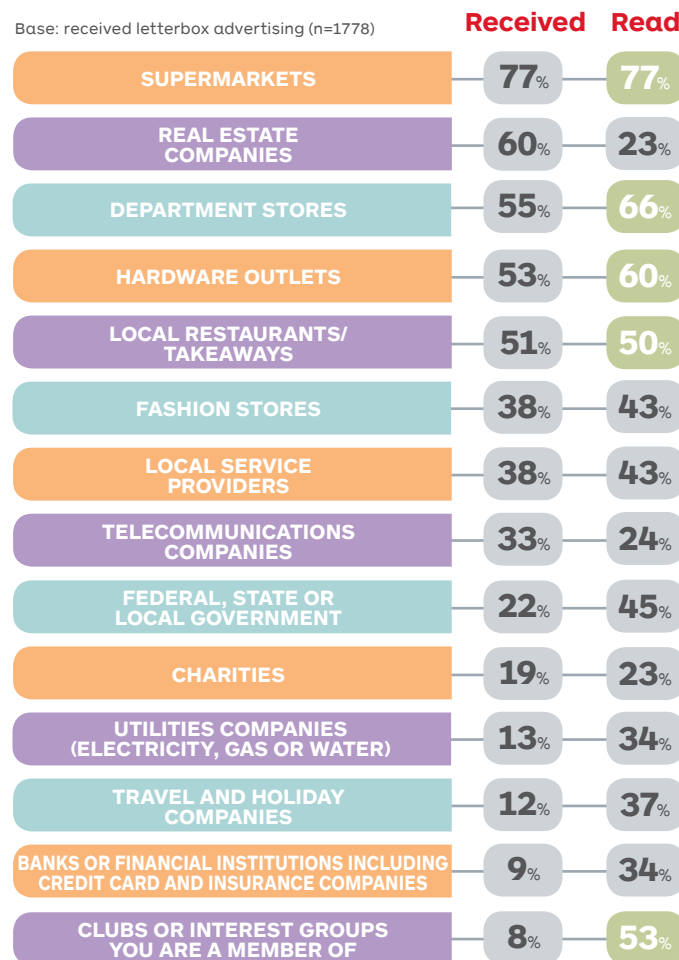
They were least likely to receive letterbox advertising from **clubs or interest groups** of which they are a member (8%), **banks or financial institutions** (9%), **travel / holiday companies** (12%) and **utilities providers** (13%).

Companies or groups in these industries may be predominantly using **addressed mail or other personalised channels** to communicate with existing customers, or for **customer acquisition**.

Although these industries didn't use letterbox advertising as extensively, **over a third of recipients of these communications read them** (53% for clubs, 37% for travel / holiday companies, and 34% for both banks and utilities companies). These reading rates suggest that letterbox advertising not only **earns its place in the multichannel marketing mix**, it may deserve a greater proportion of the advertising spend.

Industry mail received and read

Base: received letterbox advertising (n=1778)



Note: figures highlighted in green indicate more than half those who received the mail read it.

77% of people who received letterbox advertising read all or a selection of it.

Most and least-read letterbox advertising

Four out of the top five most commonly received industry mail types were also the top five most-read messages.

- Mail from **supermarkets** was **most likely to be read** (77%).
- Around two thirds read letterbox advertising from **department stores** (66%) and **hardware outlets** (60%).
- 50% of people who received letterbox advertising from **local restaurants / takeaways** read it.

Letterbox advertising is a very powerful channel for influencing **grocery purchases and fashion purchases**. Catalogues and flyers were considered the **most useful channel** by consumers considering buying new fashion items and when finding out about supermarket specials, in ADMA and Australia Post's *Creating connections that matter: Retail industry insights* (auspost.com.au/creatingconnections_retail).

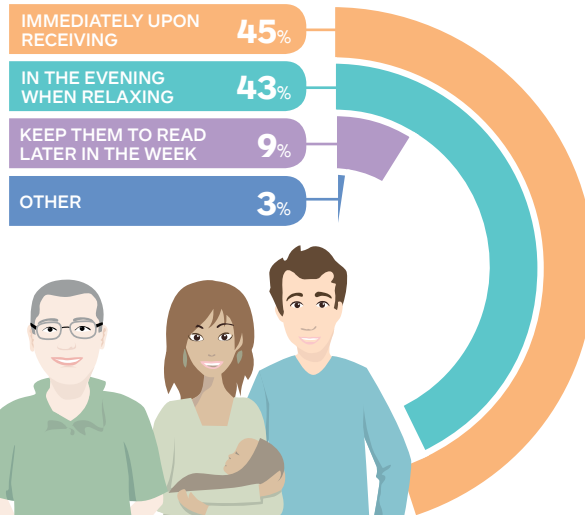
For local businesses such as takeaways and hardware outlets, letterbox advertising is an efficient, cost-effective way of **targeting local residents**, who are the most likely potential customers.



How people interact with letterbox advertising

When do people read letterbox advertising?

While some advertising channels can be viewed as intrusive, **catalogues can be enjoyed by recipients at a time that suits them.** Catalogues were normally read either **as soon as they were received (45%)**, or **in the evening when people were relaxing (43%)**.



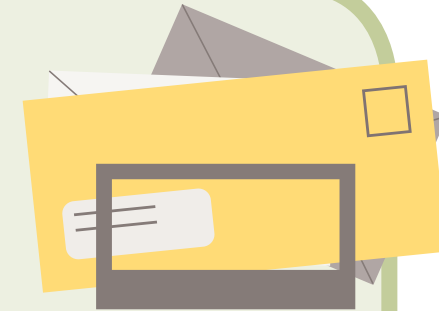
Retirees tended to read them as soon as they were received (57% compared with 45% for the average population), perhaps because they may have more flexible schedules in retirement than during working years. **Younger families** and those **working full time** more often read catalogues in the evening (55% and 51% respectively, compared with 43% for the average population).



75% of Australians spent up to 20 minutes per week reading the unaddressed catalogues, flyers and brochures that they received.

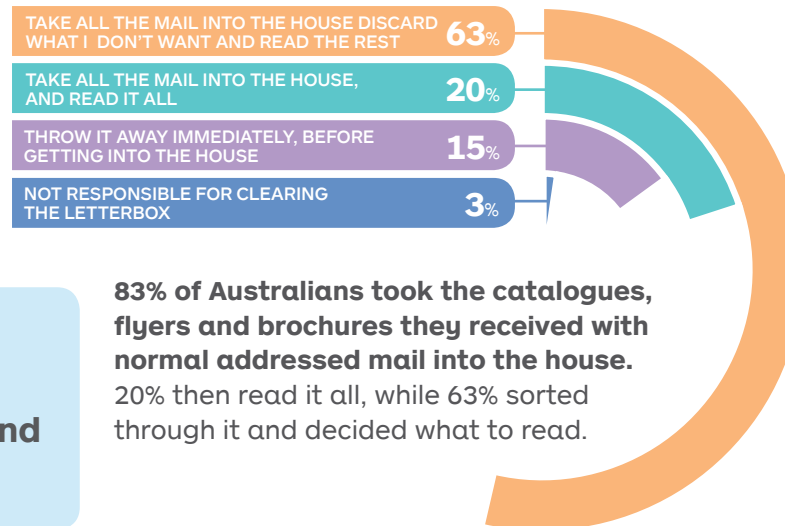
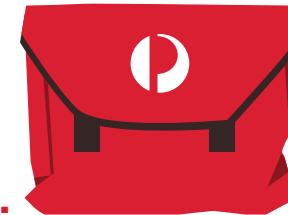
Letterbox advertising has extended reach

60% of Australians reported that other members of their household read the catalogues, flyers and brochures after they had finished reading them.



In **younger families**, 57% reported that one other person read the letterbox advertising (compared with 45% of the average population). The **youth segment** more often reported that either **two or three other people read the mail too** (36%, compared with 15% of the average population).

When delivered with addressed mail, letterbox advertising has high cut-through.

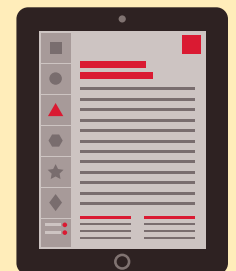


83% of Australians took the catalogues, flyers and brochures they received with normal addressed mail into the house. 20% then read it all, while 63% sorted through it and decided what to read.

Print format comes up trumps

45% of Australians preferred to receive catalogues **via their mailbox.**

Only 24% would prefer to read them online.

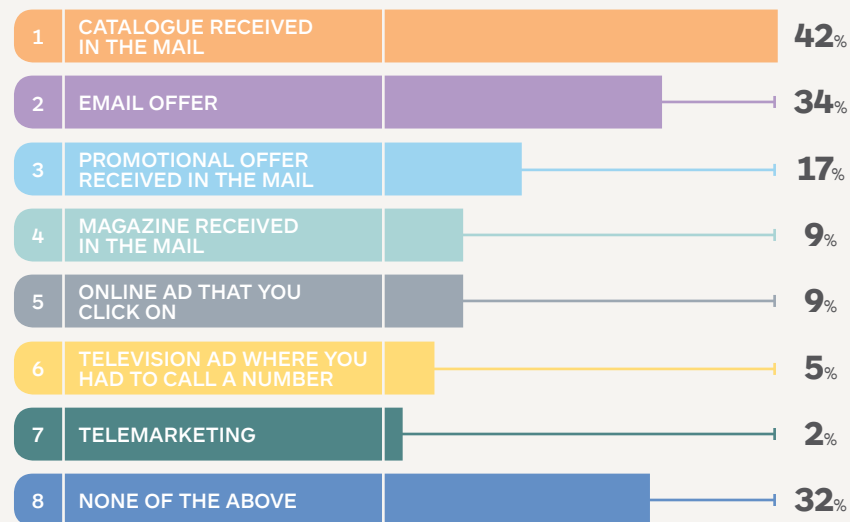


Driving enquiries and sales



Which promotional channels are most likely to lead to a purchase?

Base: all Australians.
People who made a purchase in the last 12 months, after receiving a promotional message on the following channels.



42% of Australians purchased something in the last 12 months after reading a catalogue.
34% of Australians purchased something as a result of an email offer.

When do we consult catalogues?

Catalogues, flyers and brochures are more often used for planning **Christmas** (58%) and **birthday purchases** (40%), compared with other traditional shopping periods such as Easter (29%), Father's Day (30%) and Mother's Day (31%).

61% of Australians agreed that they use catalogues and flyers to **locate and purchase items on special offer.**



Enquiry and shopping channels

After reading a catalogue, flyer or brochure, Australians who **wanted more information** said they would either visit the company's **website** (38%) or visit the company's **retail store** (34%).

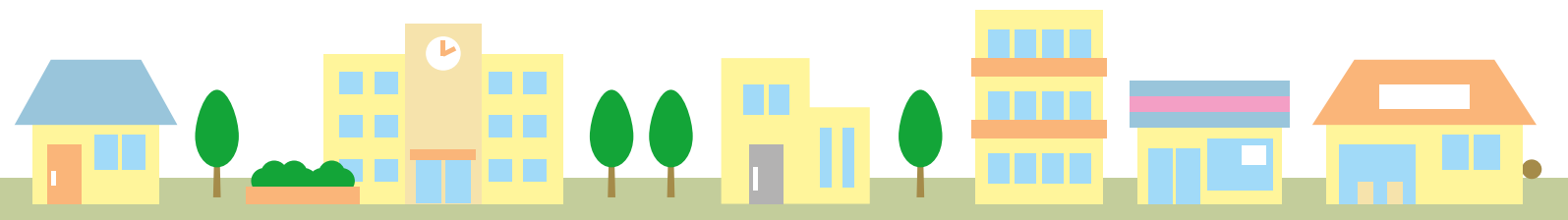
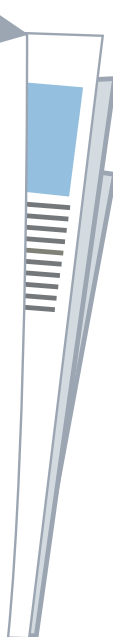
56% of Australians would visit the company's retail store if they wished to make a purchase, while 20% would make a **purchase online**. This suggests that letterbox advertising is an effective way to **drive customers into store or online for purchases.**

Include a coupon

Not only do recipients value and use coupons advertisers send them, coupon redemption is an effective way to measure the success of your letterbox advertising campaign.

One in three Australians used a coupon from a catalogue, flyer or brochure to receive a discount on a purchase in store.

This was more likely to be those **working full time** (38%), **business owners** (41%), **older families** (39%) and **older professionals** (42%).



How letterbox advertising engages and drives purchasing behaviour is part of Australia Post's *Better connections* series. These reports are released on a quarterly basis and are available to download at **auspost.com.au/betterconnections**.

The Association for Data-driven Marketing (ADMA) and Australia Post have also conducted additional research on advertising channel preferences in different industries. To find out more about the advertising channels Australians consider most useful, **download your free copies of these industry-specific reports at: auspost.com.au/creatingconnections**.

