



# One to one engagement of Direct Mail rewards marketers in a tough Fiscal Year

Welcome to our October 2009 edition of mailpixnews, in which we review the latest Direct Mail advertising activity in the fiscal year 2008/09; a 12 months period which was considered one of the toughest business environments in two decades.

In reviewing the impact of the GFC on all sectors of Direct Mail activity over this difficult 12 month period, it is evident that few businesses escaped unscathed from the downturn, albeit that Australia's strong economy, bolstered by Government stimulus packages, was one of the first economies to move into recovery mode in September 2009.

As with other media, the most vulnerable categories in Direct Mail (Financial and Communications) succumbed to the drop in consumer confidence, with additional pressure on Home Loans and a general credit squeeze combining to see overall advertising and promotions impact activity throughout FY 08/09.

However, it wasn't all bad news for Direct Marketers as our MailPix service identified many advertisers who were not just countering the downturn, but literally swimming successfully against the financial tide.

We've identified a select bunch of these and labelled them the "Magnificent Seven" - companies who took it to the market, seeing opportunities to leverage DM's unique accountability and finite targeting advantages.

Also in this issue we review DM activity trends over the fiscal year, including more innovative creative campaigns.

We hope you the insights included in our mailpixnews newsletter of value and relevance to your business.

Peter Cornelius  
Managing Director

**Who's talking to your customers via Direct Mail?**

In a tough business climate your need is even greater to review what your competitors are communicating; and how they are targeting your customers through Direct Mail campaigns. Discover how MailPix can assist your strategic marketing activities by contacting The Nielsen Company: Ian Renshaw (02) 8873 7139 or: [Ian.Renshaw@Nielsen.com](mailto:Ian.Renshaw@Nielsen.com)



**Tougher times have been driving more creative use of mailings...**

With so much competition during the past 12 months for every consumer dollar, MailPix records that eye catching personalised mailings are now more the norm than the exception!





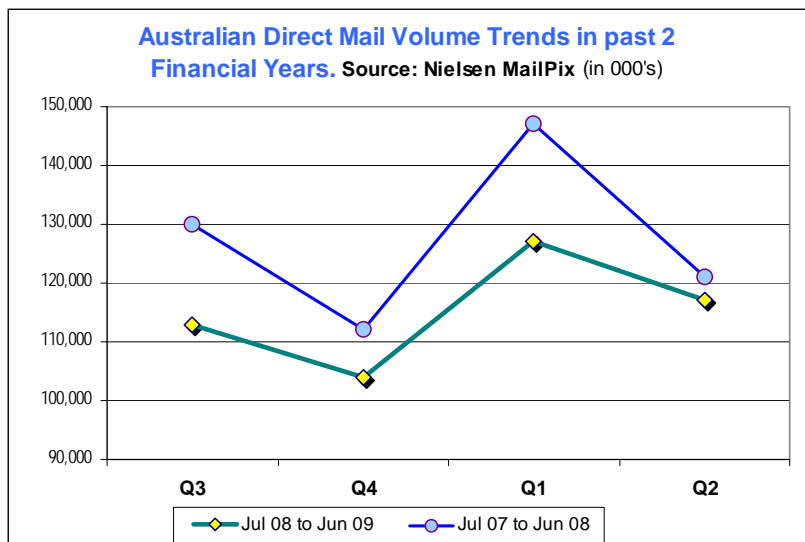
## Quick snapshots of Direct Mail in the 2008/09 Fiscal Year

In what was described by media analysts as the worst advertising downturn in decades, no media sector including Direct Mail was impervious to cutbacks in spending. However, unlike most global markets, our strong economy, combined with Government stimulus packages, helped reinvigorate consumer spending and overall business confidence much sooner than many predicted.

This is reflected in the 12 months results which indicate that, with the exception of the GFC vulnerable categories of Finance (-14% YOY) and Communications (-31.4% YOY), Direct Mail activity finished FY 2008/09 shaken but in relatively sound shape (-9.6% YOY).

Direct Mail Volume Trends in Fiscal Year 2008/09	000's	000's	000's	000's	000's	% Diff
	Q3	Q4	Q1	Q2	Total	YOY
Jul 08 to Jun 09	113000	104000	127000	117000	461000	-9.6%
Jul 07 to Jun 08	130000	112000	147000	121000	510000	

Source: Nielsen MailPix



Top 10 Direct Mail Advertisers (\$000's)	July '08 to Jun '09
Readers Digest	11900
ANZ	10400
Horizon Media	7300
Foxtel	7200
Amex	6500
Telstra	6040
Spotlight Stores	5200
Optus	4900
NAB	4000
Citigroup	3630
<b>Total for Top 10</b>	<b>67070</b>

Source: Nielsen

Australian Direct Mail Top 10 Categories (Volumes 000's)	July '08 to Jun '09	July '07 to Jun '08	% Diff YOY
Finance	117000	136000	-14.0%
Community	61700	59900	3.0%
Retail	57600	56900	1.2%
Media	51100	54000	-5.4%
Insurance	25300	26200	-3.4%
Communications	25300	36900	-31.4%
Government	19400	20100	-3.5%
Utilities	17200	21800	-21.1%
Travel	10100	5900	71.2%
Entertainment	8300	7100	16.9%
<b>Total for Top 10 Categories</b>	<b>393000</b>	<b>424800</b>	<b>-7.5%</b>

Source: Nielsen MailPix

### DID YOU KNOW THAT?

- An estimated \$257 million was spent on consumer mail postage in 2008/09.
- The Top 10 Advertisers spent an est. \$67 million
- The Top 10 Categories spent an est. \$210 million
- The Travel Category increased est. volumes of mail by 71% to 5.8 million

Need to Know More?  
Just Ask Nielsen



# THE MAGNIFICENT SEVEN

## Trail blazers of volume growth in the most challenging of fiscal years...

Quick snapshots on seven marketers that substantially increased their mailer volumes over the past fiscal year - together their activity represented an estimated 54 million mailers.

1) **Cellarmasters +37% YOY lift to 4.1 million mailers**

September and November 2008 were their peak months in mail activity with 700,000 and 950,000 mailers respectively. All mail was Customer Loyalty mail and to gain cut through, also utilised a personalised card with an attractive offer. Several themes including "We've got a wine for every occasion" and "Join the Big Bargain 16 series".



2) **Loyalty Pacific +22% YOY lift to 4.1 million mailers**

promoting Fly Buys Loyalty Cards. Two peak periods of activity: November and December 2008 and May and June 2009, with over 1 million mailers in each month. The majority of mail was Customer Loyalty to card holders with offers of "how to be rewarded" or "how to redeem your points". Also utilised were inserts within Transactional mail offering a "giant gift card giveaway" for Coles, Liquorland and Bi-Lo stores.



3) **David Jones +17% YOY lift to 4.7 million mailers**

Majority of communications were Customer Loyalty mailers. The peak activity months were September and November 2008 and May 2009, with over 600,000 mailers each month. Themes of the communications varied with 50% about the Department Store's special promotions for Mother Day and Xmas, 20% on Gift Vouchers for store shopping, 15% promoting the David Jones / Amex Credit Card and 10% on special offers from the toiletries / cosmetics departments.





4) **Horizon Media +15% YOY to 7.4 million Yellow Envelope mailers**

With Prospecting for new clients campaigns in 5 capital cities and 3 regional areas in NSW, VIC and QLD, the Yellow Envelope appears to have addressed advertisers' needs for targeted mass marketing across the past 12 months. There are up to 30 inserts or printed packages in each envelope and this appeared to be an effective media vehicle during tough economic times.



5) **Readers Digest +13% YOY lift to 16.1 million mailers**

With a mix of Prospecting and Customer Loyalty mail, Readers Digest was very active in November '08 (2 million+ mailers), and in 2009 during February (1.5 million mailers) and May (1.6 million mailers). The mail communications also included offers from The Wine Club and 3 Mobile.



6) **Origin Energy +10% YOY lift to 3.9 million mailers**

Origin uses mail as a key communication point to their clients and prospects, with over 200,000 mailers each month addressing new customers through Inserts within Transactional and Customer Loyalty mail. Key offers included subscriptions to Marie Claire magazine and one month's free electricity. Overall, 80% of mailers were energy offers for gas, 15% for electricity and 5% for solar energy.



7) **Foxtel +8% YOY lift to 13.7 million mailers**

Foxtel remained focused on acquiring new subscribers, with over 95% of their Prospecting mailers addressed to "Dear Resident". Major promotional activity was recorded during the four month period from August to November 2008, with over 1.5 million mailers each month. The key offering was a 12 month plan which provided 15 months

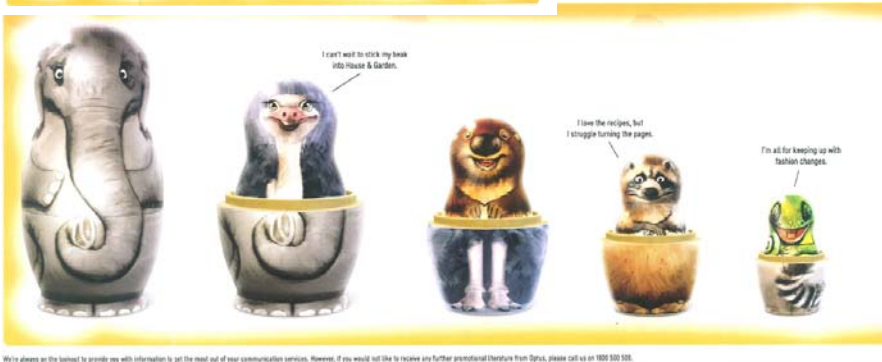
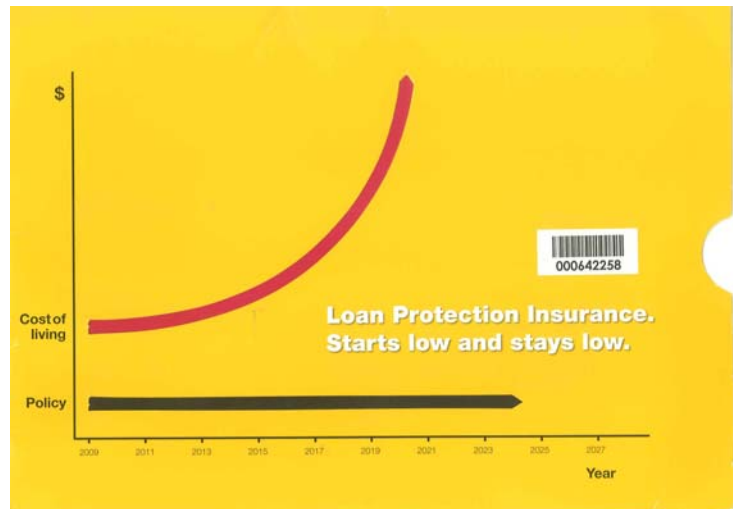




## Creative Snapshots from our MailPix online library ...

### Commonwealth Bank Loan Protection Insurance – “Starts low and Stays low”

An eye catching and very clever use of die cut technology and very clever use of slit cut technology to slit 2 bar lines into the envelope. When the contents are slid out from the right hand edge, the black policy line stays level as it moves across the year axis, while the Cost of Living curve line lifts up and across the chart. An engaging mailer presenting a cleverly communicated offer.



### Optus Customer Retention – Free magazine subscription.

Optus has almost cornered the market on animal extras in their communications. This piece which is a fold out and reveal card featuring talking animals who are all looking forward to receiving a copy of the free magazine which comes with an Optus renewal. Not only can they act and speak, but apparently they can also read! Another fun, yet totally engaging Optus mailer.

## Like to test drive our online library of advertising campaigns?

An easy to access website which will show you where, when and how often your competitors' advertising is appearing.

In addition to Direct Mail our MediaPix creative service includes advertising schedules linked to Television, Newspaper and Magazine campaigns. As a subscriber you can review the frequency and timing of competitors' advertising campaigns, identify new offers and analyse tactical or strategic shifts in their communications activities.

Just ask Nielsen for an obligation free demonstration, and learn about our 2009 Business Stimulus Packages which offer access to any or all of our Media tracking services all with flexible payment plans.

For more details, just ask  
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