DIALOGUE MARKETING REPORT /16

Austria's advertising market at a glance +++ Which advertising channels are winning, which are losing +++ Preferred advertising tools of the various sectors +++ Focus on medium-sized enterprises +++ How marketing directors envisage future trends +++

Post

How much do Austrian businesses spend on advertising and marketing activities? What tools do they use? How will spending evolve in the future? These are three key questions that market research institute marketmind looked into in a representative survey commissioned by Austrian Post.

500 marketing and advertising directors from businesses with more than ten staff members were surveyed. Disproportionalities in respect of size of business that arose during the survey were balanced out in the analysis by a weighting based on the number of staff members according to their share of the statistical population. Similarly, sectors were also weighted according to share of the statistical population.

The survey was conducted in the form of computer-assisted telephone interviews (CATI) during the period January/February 2016.

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EDITORIAL

DEAR BUSINESS PARTNER,

I am pleased to present what is now already the third Dialogue Marketing Report.

Dialogue Marketing Report 2016 has been given a new design. The new structure aims to give you an overview of developments in the Austrian advertising market and in the various sectors even faster.

Despite a sluggish economy, 2015 saw Austrian businesses invest some 2.3 per cent more in advertising than they did in 2014. The 6.5 billion spent on advertising recorded for 2015 is the total expenditure, i.e. the cost of creation, production, and placement.

Contrary to its own expectations, the corporate sector invested more in traditional advertising channels – predominantly TV – in 2015. As in recent years, acceptance of the growing importance of dialogue marketing – the need to address customers personally – stands in contrast to this in 2016, too. It remains to be seen how budgets for 2016 will actually develop in this area of conflict.

The trend toward wanting to integrate analogue and digital advertising channels in the dialogue with the customer continues. Marketing managers have expressed this more than ever before for 2016.

I would like to give a special mention to the 2017 Direct Mail Award. More on this audience award can be found in the information at the end of the report.

Walter Hitziger

To boldly invest and seek the right mix is both the strategy and challenge of Austria's advertisers. Our study clearly demonstrates this. Boldly, because the corporate sector has increased its advertising expenditure despite a weak economic climate. And it becomes clear they are seeking the right media mix when we consider the shifts, which in some instances are significant, between individual tools. On top of that, the number of decision makers expecting the various advertising channels to continue integrating is increasing considerably.

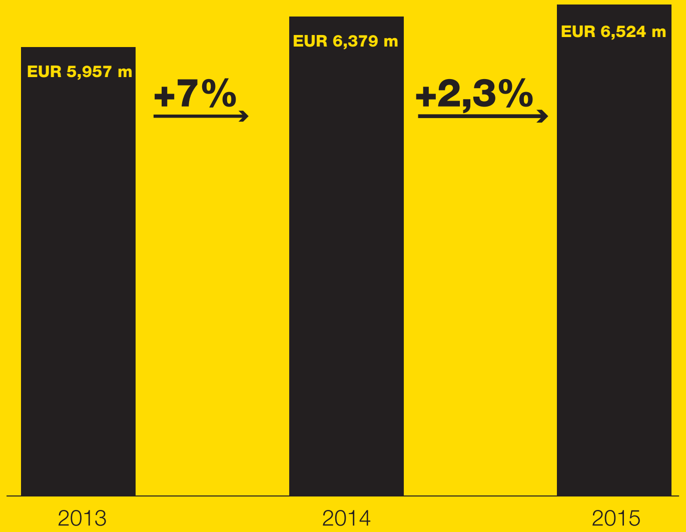
Striking is the chasm between desire and reality. For example, the advertising and marketing directors surveyed predicted that spending on online tools will increase significantly, while it is more likely to fall in the case of traditional tools. In truth, traditional tools are the main beneficiaries when it comes to spending, however. Consequently, a desire to capitalise on the online hype is apparent but implementation is proving difficult. Sometimes there is a lack of appropriate tools, other times a lack of the necessary budget.

The following pages deliver a compact overview of the main findings. Separate chapters will then examine the characteristics of the most important sectors and uptake of the various advertising channels based on size of business. In the case of the latter, the focus is on medium-sized enterprises (50-249 staff members). Other focal points of the Dialogue Marketing Report are the perspective of consumers and the expected development of each advertising channel.

+100%

of the corporate sector is discovering social media and the number of firms that advertise on such platforms has doubled since 2013. In all, only one in five businesses makes use of social media, however.

DESPITE THE WEAK ECONOMIC SITUATION, 2015 HAS SEEN ANOTHER – ALBEIT NOT AS DYNAMIC AS IN THE PREVIOUS YEAR – INCREASE IN ADVERTISING EXPENDITURE (TOTAL EXPENDITURE ON CREATION, PRODUCTION, PLACEMENT, AND DISTRIBUTION).



INVESTMENTS IN SPONSORSHIP AND PRINTED CUSTOMER JOURNALS RECORDED THE BIGGEST DROPS.

TWO OUT OF THREE BUSINESSES BELIEVE DIALOGUE WITH THE CUSTOMER IS GROWING IN IMPORTANCE. AND HALF THE DECISION MAKERS ARE CONVINCED THAT ADDRESSING CUSTOMERS PERSONALLY BY NAME IS BECOMING MORE RELEVANT.

1st surprise:

Contrary to predictions, traditional advertising channels like print advertisements and TV commercials have grown markedly. Overall expenditure on traditional advertising rose by 7 per cent and on online marketing by 'only' 4.2 per cent.

ADVERTISING IS BECOMING INCREASINGLY COMPLEX AND REQUIRES MORE PLANNING. ALTHOUGH THE ADVERTISING AND MARKETING ACTIVITIES OF 45 PER CENT OF THE CORPORATE SECTOR ARE STILL ONLY EVENT-DRIVEN, THE NUMBER OF THOSE THAT DRAW UP A TOTAL BUDGET FOR ALL ACTIVITIES, 48 PER CENT, EXCEEDS THAT FIGURE FOR THE FIRST TIME EVER.

2nd surprise:

Although mobile marketing is one of the favourites of marketing managers and increases are expected in the future, spending on this advertising tool is stagnating.

DESPITE SHIFTS IN THE DIRECTION OF THE INTERNET, TWO OUT OF THREE EURO ALLOCATED TO DIALOGUE MARKETING IS STILL INVESTED IN PRINT.

Print	2014	EUR 1,105 m	
	2015	EUR 1,059 m	-4%
Online	2014	EUR 518 m	
	2015	EUR 540 m	+4%

AS IN PAST YEARS, ADVERTISING AND MARKETING MANAGERS FROM AUSTRIAN BUSINESSES EXPECT ONLINE DIALOGUE MARKETING TO ENJOY THE STRONGEST GROWTH IN ADVERTISING EXPENDITURE, WHERE HERE SIGNIFICANTLY MORE DECISION MAKERS BELIEVE THE VARIOUS ONLINE CHANNELS WILL SEE MORE INTEGRATION. BY CONTRAST, DROPS ARE EXPECTED IN TRADITIONAL ADVERTISING AND PRINT DIALOGUE MARKETING. HOWEVER, THE OPPOSITE HAS HAPPENED OF LATE.

3rd surprise:

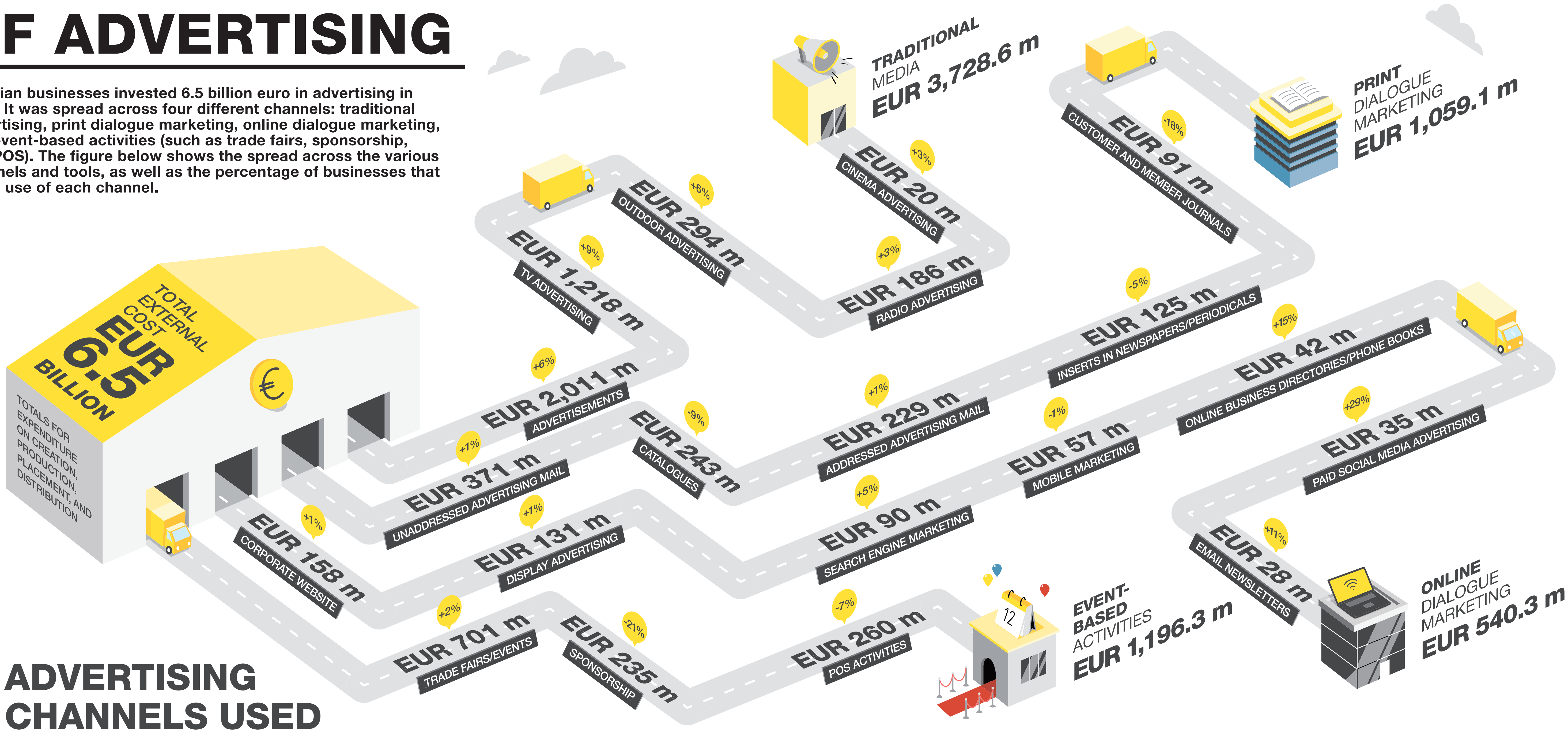
Despite how easy measuring is using Google Analytics and other tools, fewer businesses evaluate their online dialogue marketing.

2014	51%
2015	61%

Percentage of businesses that do not evaluate.

THE PATHWAYS OF ADVERTISING

Austrian businesses invested 6.5 billion euro in advertising in 2015. It was spread across four different channels: traditional advertising, print dialogue marketing, online dialogue marketing, and event-based activities (such as trade fairs, sponsorship, and POS). The figure below shows the spread across the various channels and tools, as well as the percentage of businesses that make use of each channel.



ADVERTISING CHANNELS USED

ONLINE DIALOGUE MARKETING

- OWN WEBSITE **94%**
- ONLINE BUSINESS DIRECTORIES/PHONE BOOKS **49%**
- EMAIL NEWSLETTER **39%**
- SEARCH ENGINE MARKETING **34%**
- DISPLAY-ADVERTISING **15%**
- PAID SOCIAL MEDIA ADVERTISING **20%**
- MOBILE MARKETING **9%**

PRINT DIALOGUE MARKETING

- ADDRESSED ADVERTISING MAIL **34%**
- INSERTS IN NEWS-PAPERS/PERIODICALS **19%**
- CUSTOMER AND MEMBER JOURNALS **19%**
- CATALOGUES **18%**
- UNADDRESSED ADVERTISING MAIL **18%**

TRADITIONAL MEDIA

- ADVERTISEMENTS IN NEWSPAPERS/PERIODICALS **71%**
- OUTDOOR ADVERTISING **35%**
- RADIO ADVERTISING **9%**
- TV ADVERTISING **6%**
- CINEMA ADVERTISING **4%**

EVENT-BASED ACTIVITIES

- SPONSORSHIP **66%**
- TRADE FAIRS/EVENTS **47%**
- POS ACTIVITIES **11%**

Percentage of advertising channel users
- Significantly higher uptake than 2014
- Significantly lower uptake than 2014

ADVERTISING ECONOMY BEATS ECONOMIC SITUATION

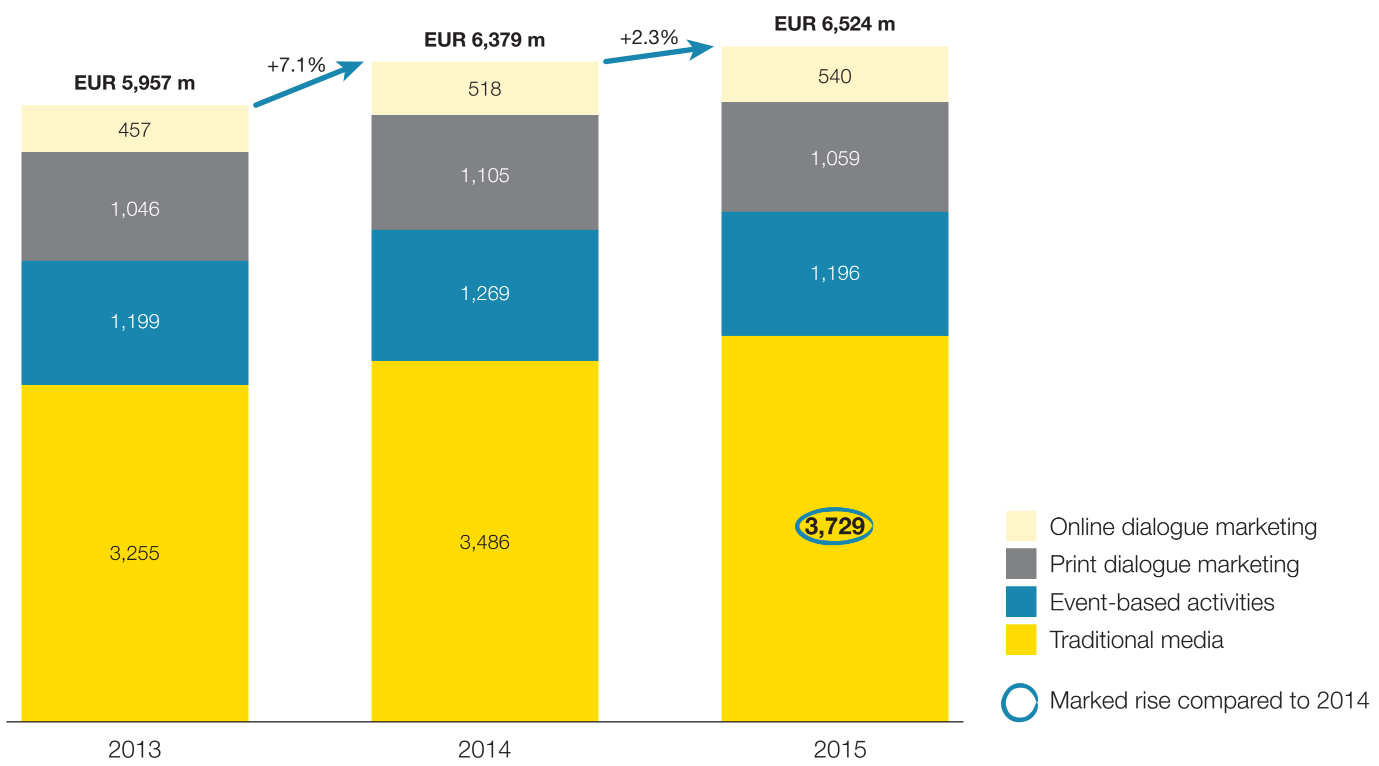
- **Advertising investments rose by 2.3 per cent to 6.5 billion euro in 2015**
- **The increase in traditional advertising beats the growth in online dialogue marketing**

In spite of all the cautious economic forecasts, the advertising market made further gains in 2015, too. Overall, Austrian businesses invested more than 6.5 billion euro in advertising – an increase of 2.3 per cent. The momentum is losing steam, however. Growth in 2014 was still an impressive 7 per cent.

Viewed positively, it can still be said that spending on traditional advertising channels in 2015 was 14 per cent higher than the level of 2013. Unlike other studies, total spending not only includes the number of placements, but also the production costs, i.e. the corporate sector's actual total expenditure. In addition to more than half of all advertising investment being allocated to traditional channels, they also saw – against all expectations – the greatest growth. The corporate sector spent more than 7 per cent on traditional advertising. Accordingly and against expectations, the increase in traditional advertising was even higher than online dialogue marketing. 4.2 per cent more was invested in this segment. By contrast, event-based activities and print dialogue marketing fell moderately and dropped back to the level of 2013.

EXPENDITURE ON ADVERTISING BY AUSTRIAN BUSINESSES

Spending on creation, production, and placement per advertising channel.



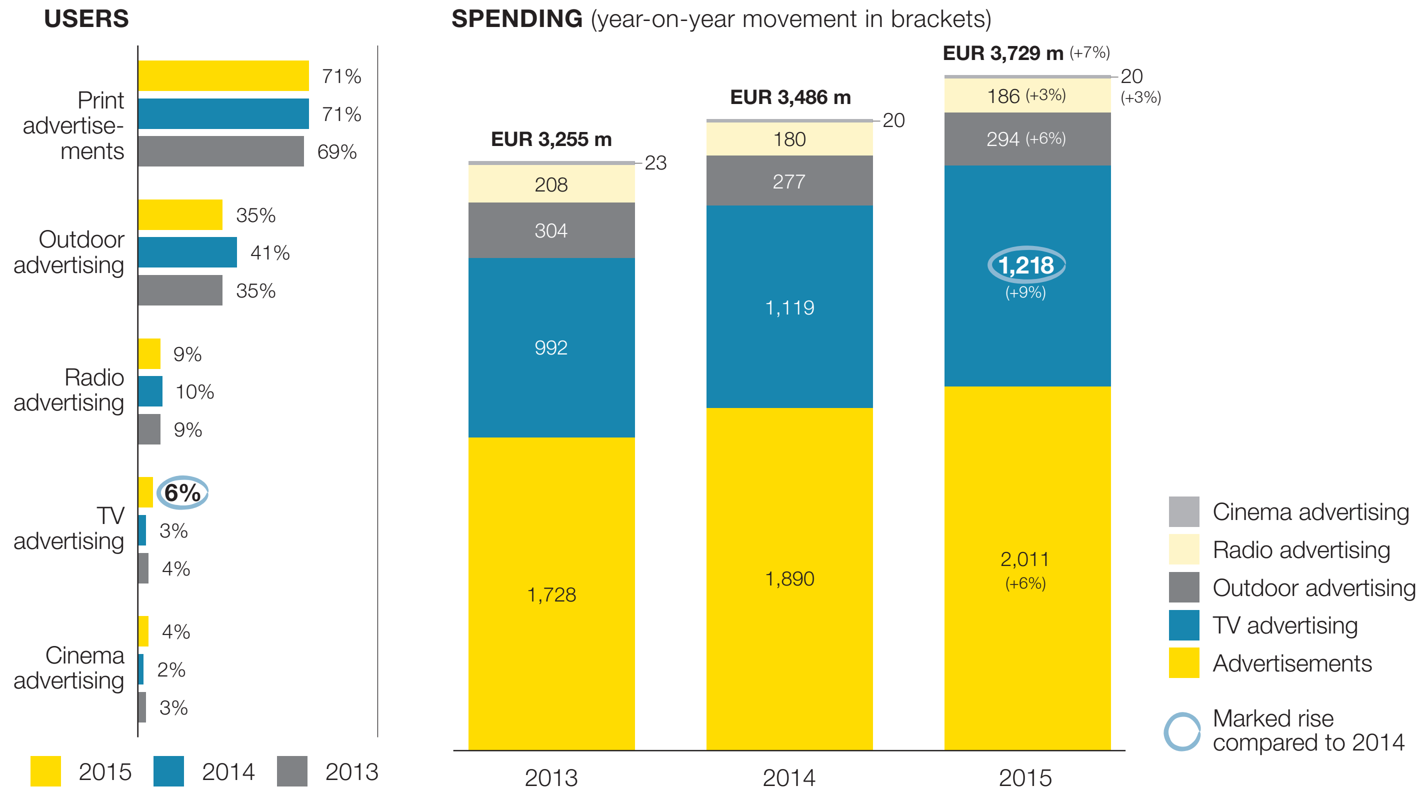
TRADITIONAL ADVERTISING: USERS STABLE, MORE SPENDING

- **An increase of 7 per cent means that traditional advertising enjoyed stronger growth than every other channel**
- **More investment in print advertisements and outdoor advertising, too**

We all know there's no tonic like reading your own obituary. That is also true of traditional advertising. At 7 per cent, the rise in spending on traditional advertising channels was greater than on all other segments in 2015. And that is in spite of the fact that nearly every fifth advertising director expected to see spending drop in this area. Contrary to their own intentions, it is apparent that there is a strong desire to draw on familiar advertising media. Spending on TV advertising saw a pronounced rise (+9 per cent) and the number of users as much as doubled. It is evident that businesses that have thus far avoided TV advertising for reasons of cost are now attracted to the screen by offers of private broadcasters. This development is also reflected in the corporate sector's average expenditure on TV advertising. It fell from 816,000 euro in 2013 to 500,000 euro last year. This figure includes both production and placement costs. Against expectations, spending on print advertisements also grew by 6 per cent. The number of users remained the same but the corporate sector's average expenditure on print advertising rose year-on-year from 67,000 to 72,000 euro. By contrast, the number of businesses that rely on outdoor advertising fell. Those who do have confidence in this tool are convinced and use it more rigorously than in the previous year, however. As a result, investment in outdoor advertising also rose by 6 per cent.

TRADITIONAL ADVERTISING: NUMBER OF USERS AND SPENDING

Percentage of the corporate sector that uses traditional advertising channels. Development of spending over time.



COMPACT: SUMMARY OF AUSTRIA'S ADVERTISING MARKET

PRINT DIALOGUE MARKETING: FLYERS WIN, CATALOGUES LOSE

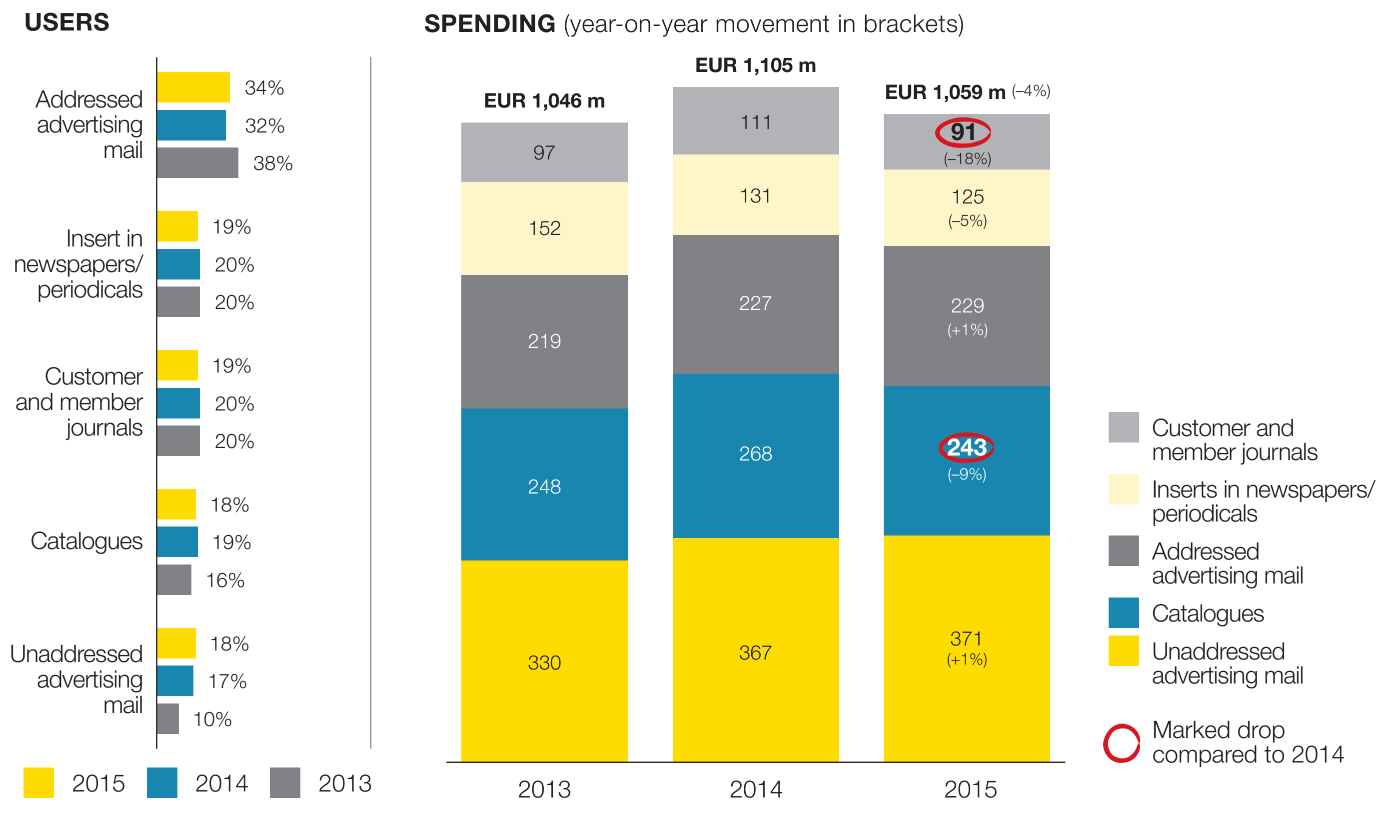
- **Spending on addressed and unaddressed advertising mail is rising steadily**
- **Customer journals and catalogues are losing out**

The development of the various print dialogue marketing channels shows clearly that viewed over the years, only addressed and unaddressed advertising mail are enjoying steady growth. Since 2013, addressed advertising mail has seen an increase of 4.5 per cent; it was as much as 12 per cent in the case of unaddressed. And that is starting from a high level because more than one-third of total spending on print dialogue marketing was allocated to unaddressed advertising mail. It is evident that addressing consumers comprehensively is gaining in importance. Almost every fifth business surveyed uses this form of advertising. Addressed advertising mail is used even more frequently but with fewer funds allocated. Every third business surveyed opts for this channel. It is targeted though not as frequently: Average spending per business stands at 16,800 euro. At 52,000 euro, unaddressed advertising mail is three times that amount due to generally regular use.

Spending on customer and member journals, as well as – contrary to forecasts – catalogues dropped significantly (18 per cent and 9 per cent respectively). The corporate sector also made savings on inserts in periodicals.

USERS AND SPENDING ON PRINT DIALOGUE MARKETING

Percentage of the corporate sector that used print dialogue marketing and the development of spending per channel.



ONLINE DIALOGUE MARKETING: IMPRESSIVE INCREASE IN SOCIAL MEDIA ADVERTISING

- **Every fifth business uses paid social media advertising**
- **Despite an ever increasing number of smartphones, spending on mobile marketing is stagnating**

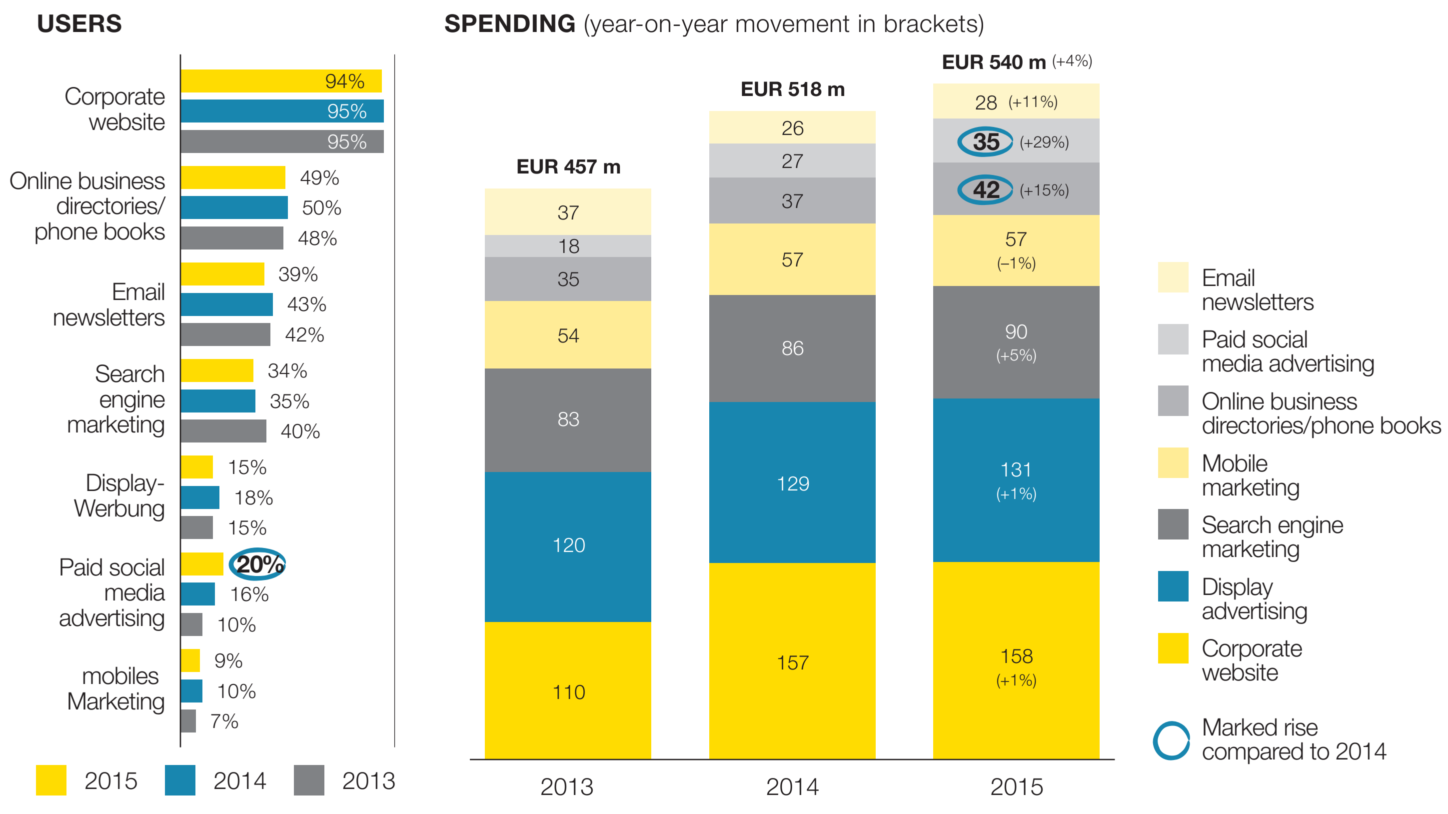
Facebook, Twitter et al. pass on their regards. Expenditure on paid social media advertising increased by almost 30 per cent last year. No other channel has recorded – albeit starting from a low level – such a rate of increase. Since 2013, the number of businesses that use this advertising channel has doubled from 10 to 20 per cent.

In all, spending on online dialogue marketing has increased by 4 per cent. However, despite all the euphoria surrounding the Internet, expenditure of 540 million euro indicates online is still the tailender of the advertising segments. In particular, investment in corporate websites, the largest cost driver in online dialogue marketing, appears to be exhausted and after the huge increase in 2014 is now stagnating.

Given the huge increase in smartphones, it comes as quite a surprise that spending on mobile marketing is stagnating. It seems clear that convincing concepts are still lacking here. Marketers intend to invest heavily in this area, however.

USERS AND SPENDING ON ONLINE DIALOGUE MARKETING

Percentage of the corporate sector that uses online dialogue marketing and the development of spending per channel.



MODERATE DECELERATION IN PROMOTIONAL ACTIVITIES

- **More spending on trade fairs**
- **Sponsorship remains popular but less is more**

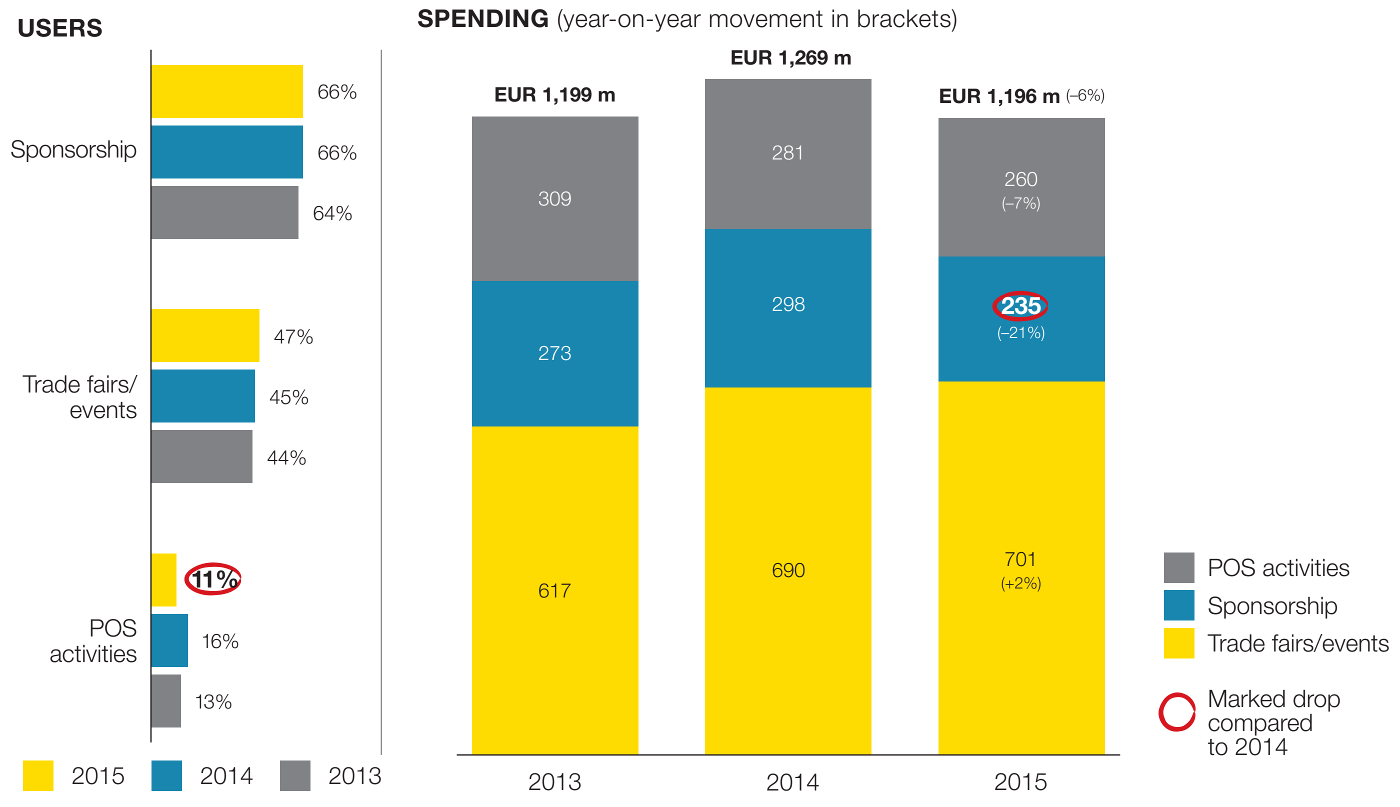
Overall, spending on trade fairs, POS, and sponsorship totalling nearly 1.2 billion euro (production plus distribution costs) indicates this is the advertising channel with the second highest expenditure after traditional advertising. The trends differ, however. While spending on events and trade fairs has risen moderately, the corporate sector has spent less overall on POS activities. A trend that has persisted since 2013. Traditionally very strong in this segment, the retail sector has remained relatively immune from this drop.

Even though the number of users is stable, the drop in sponsorship expenditure stands at an immense 21 per cent.

Two out of three businesses still use this channel. One possible explanation for this is that although the local sports club or volunteer fire service still enjoys receiving support, there is a noticeable reluctance at big events and corresponding invitations, not least due to the strict compliance regulations. Before problems arise, it is preferable to save money.

USERS AND EXPENDITURE ON EVENT-BASED ACTIVITIES

Percentage of the corporate sector that uses trade fairs/sponsorship/POS and the development of spending per channel.



TOOL CHECK: THE FAVOURITES AND THE FALLERS

- **Based on a low starting point, online tools have seen growth**
- **Sponsorship is undermined by compliance regulations**

Even though the rates of increase are remarkable in percentage terms, online activities still lag behind traditional advertising tools by quite some distance in absolute figures. For example, the increase of 29 per cent in the case of paid social media advertising amounts to a total of 8 million euro. By contrast, the increase of 6 percent in the case of print advertisements is 121 million euro. Although spending on online dialogue marketing, which includes the top three tools in the ranking, has seen overall growth of 4 per cent, in absolute figures the online segment does not even account for 10 per cent of overall advertising expenditure, in spite of the general furore.

Sponsorship activities saw immense drops. In all likelihood, this is mainly due to the strict compliance regulations and concerns big events with correspondingly costly invitations, as the number of firms that rely on sponsorship remains unchanged overall. Contrary to the forecasts of advertisers, catalogues are another advertising media that have seen cuts.

THE WINNERS

Advertising tools that have seen a rise in spending in 2015 (in per cent).

MORE INVESTED	
Paid social media advertising	+ 29%
Online business directories	+ 15%
Email newsletters	+ 11%
TV advertising	+ 9%
Print advertisements	+ 6%
Outdoor advertising	+ 6%

THE LOSERS

Advertising tools that have seen a drop in spending in 2015 (in per cent).

LESS INVESTED	
Sponsorship	- 21%
Customer journals	- 18%
Catalogues	- 9%
POS activities	- 7%
Inserts in newspapers/periodicals	- 5%

BUDGETS FOR TRADITIONAL TOOLS ARE ON THE RISE

- **Expenditure on TV commercials is falling markedly**
- **The various firms are spending more on print advertisements**

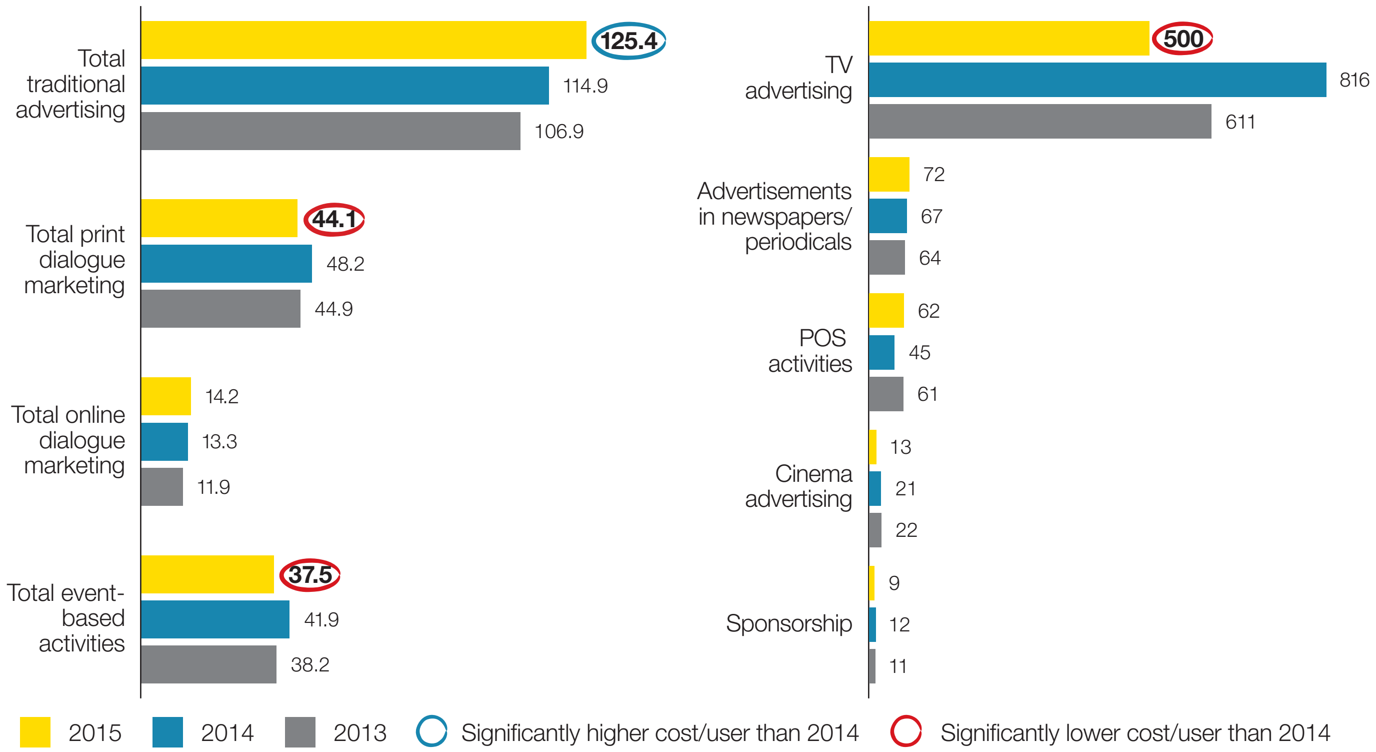
Due to a combination of lower budget but more users, the average amount many businesses spend on specific advertising channels has fallen. This applies especially to TV commercials (from 816,000 to 500,000 euro) and cinema advertising (from 21,000 to 13,000 euro). At the same time, many smaller businesses have now discovered TV, however.

Consequently, the number of businesses that use these advertising channels has increased considerably, resulting in an overall increase in total spending.

Individual advertisers have spent more money on average, especially on traditional tools like print advertisements and radio. Even though many smaller enterprises have put this tool back into the tool box, expenditure on POS activities has also seen significant growth. The corporate sector's average spending on sponsorship has dropped from 12,000 to 9,000 euro.

AVERAGE SPENDING PER CHANNEL AND USER

The biggest movement in specific channels are shown in the chart to the right (figures in thousands of euro).



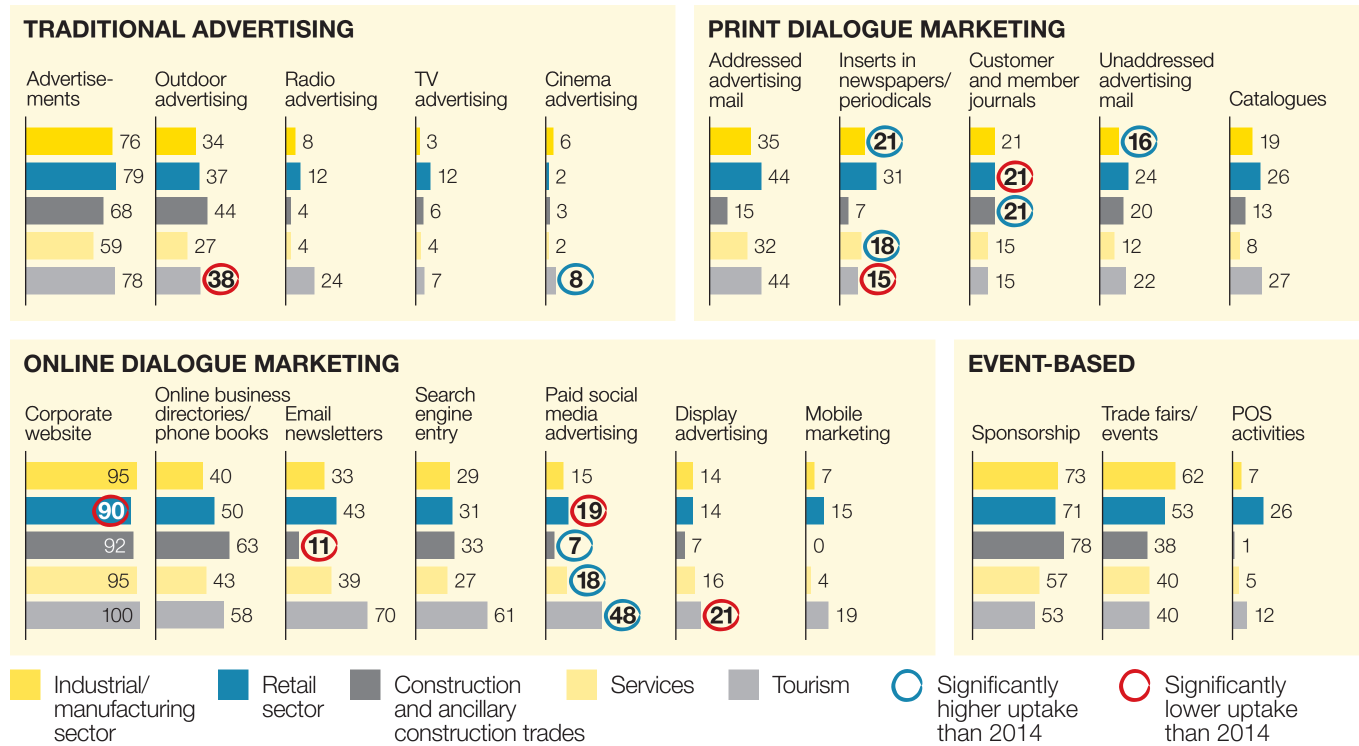
ADVERTISING FAVOURITES OF THE VARIOUS SECTORS

- **Travel operators and service providers are pushing on with social media advertising**
- **The construction sector is shifting from online to print**

On the question of which advertising tools are being used, there are significant shifts within the various sectors. On one hand, this may be due to economy measures, on the other hand, the corporate sector appears to be addressing a positive or negative response more quickly. The most striking changes: In the **retail sector,** still the most important advertiser overall, the number of enterprises that publish customer journals or invest in paid social media advertising has practically halved. By contrast, it is precisely social media advertising that **travel operators** are pushing ahead with. They are also making more use of cinema advertising. Moreover, no other sector makes more use of radio advertising. Many hoteliers have moved away from outdoor advertising, newspaper inserts, and traditional banner advertising on the Internet, however. **Service providers** also rely heavily on paid social media advertising, where the number of businesses has doubled. The trend is clearly pointing upward when it comes to the use of inserts in periodicals and newspapers, too. The **industrial and manufacturing sector** has now discovered unaddressed advertising mail and newspaper inserts – the number of enterprises that use these tools has almost tripled or doubled, respectively. In the **construction sector** there seems to be a change of tendency from rather brief email newsletters to detailed customer journals. The number of firms using online newsletters has more than halved; by contrast, the number of those using customer journals has quadrupled.

NUMBER OF ENTERPRISES (IN PER CENT) USING EACH ADVERTISING CHANNEL

76 per cent of industrial enterprises make use of advertisements. The number of travel operators using outdoor advertising has dropped from 57 to 38 per cent.



LOYALTY CARD AND CATALOGUE 'SEDUCE' CUSTOMERS INTO BUYING ONLINE

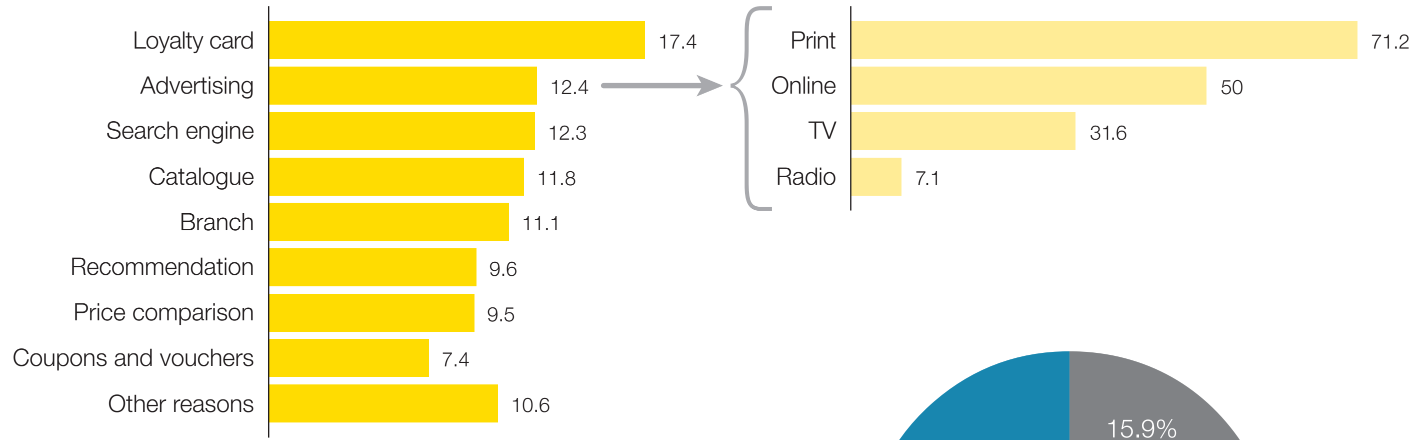
- **Loyalty cards are the best form of encouragement to shop online**
- **The mix of online and offline media leads to success**

E-commerce is becoming more and more important in the retail sector, in particular. But how do consumers find their way to the online store? A study on the factors for success in e-commerce conducted by ECC Köln, for which 1,800 online shoppers were surveyed, answers this question. Loyalty cards are the most important factor when it comes to stimulating purchases in an online store. One interesting detail is that more than half the customers prefer a physical loyalty card as compared to a digital one on a smartphone; in the case of women, it is as much as nearly three-quarters.

The percentage of online shoppers finding their way to a digital store via advertising, search engines or corporate catalogues is more or less equal. If we make a more detailed analysis of the use of advertising to address customers, then we find that print media like flyers rank higher than advertisements/inserts in newspapers and periodicals in the first two places. In the case of online tools, newsletter subscriptions and banner advertisements encourage consumers to shop online more than anything else.

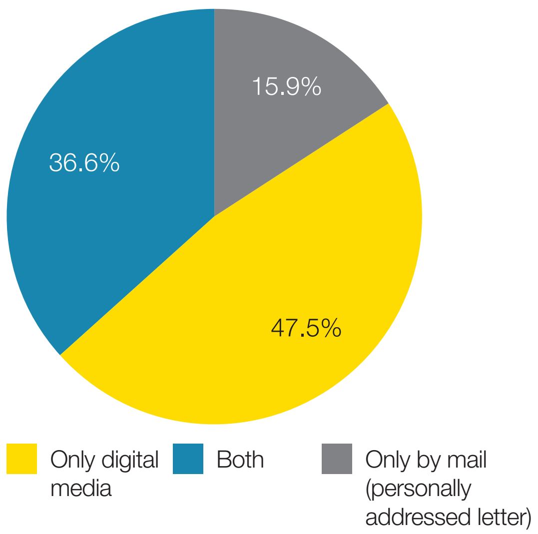
PATHWAYS TO THE ONLINE STORE

How customers become aware of online stores.



COMMUNICATION IN CUSTOMER CLUBS

Consumers like to be informed about benefits through...



Source: ECC Köln, Study on the factors for success in e-commerce – Austria's leading online stores in 2016

DECLINING INTEREST IN EVALUATION

- **Only every third business evaluates online advertising and flyers**
- **Hit rates and page impressions are gaining in importance in online evaluation**

Quite surprising is that an ever decreasing number of businesses make use of evaluation methods as an aid when searching for the right media mix. Only one in three businesses measures the success of unaddressed advertising mail, i.e. flyers and brochures. Medium-sized enterprises are the least interested in measuring performance; large enterprises measure the most.

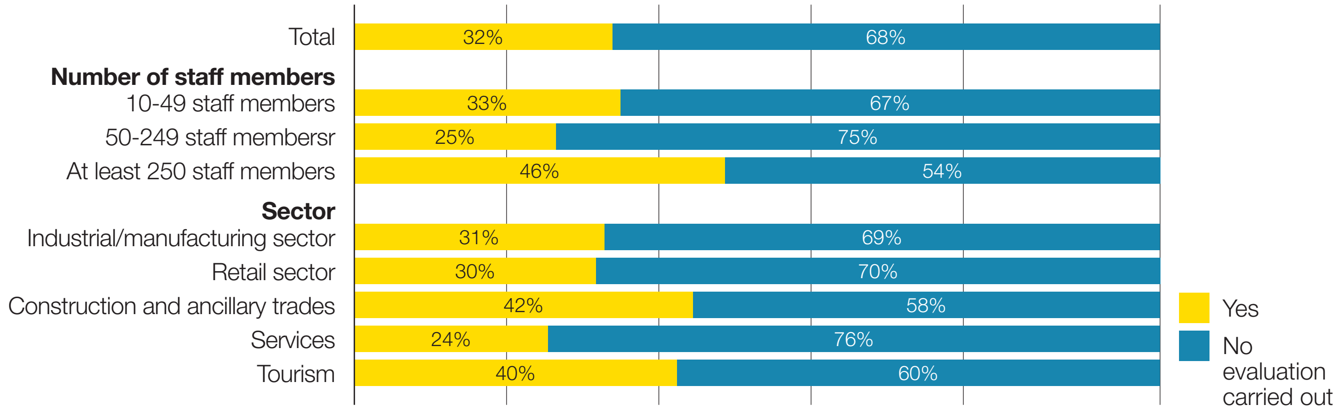
Interest in evaluation is significantly higher when a target group is defined more precisely and addressed more directly. For example, at least six out of ten firms pay attention to response rates, possible improvements in revenue or voucher redemption rates (incidentally, the three most popular benchmarks) when it comes to addressed advertising mail. The number of businesses that does not evaluate is on the rise, however.

Even more surprising is that the need to measure performance is also low when it comes to the use of online tools for addressing the customer. And measuring feedback here is actually easier than with print dialogue marketing. Nevertheless, six in ten companies do not evaluate at all, and this is a rising trend. Where they do, Google analysis tools, the number of Facebook fans (although Facebook is not a significant as it once was), as well as hit rates and page impressions are the key indicators.

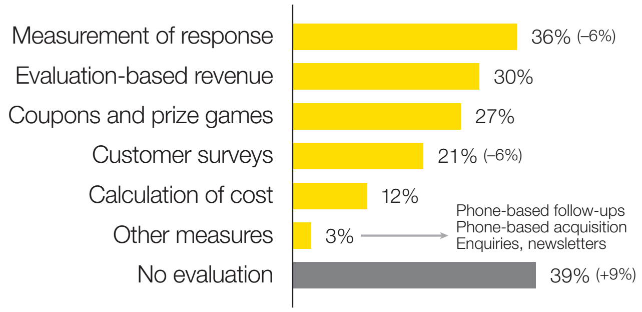
NUMBER OF BUSINESSES AND THE SECTORS THAT EVALUATE ADVERTISING

Percentage of the corporate sector that evaluates and the resources it prefers.

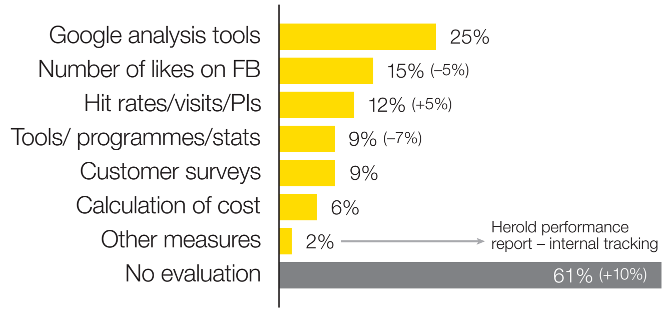
EVALUATION OF UNADDRESSED ADVERTISING MAIL



EVALUATION OF ADDRESSED MAIL



EVALUATION OF ONLINE DIALOGUE MARKETING



IN A WORD
KERSTIN NEUMAYER/MERKUR

"PERSONAL EXCHANGE WITH CUSTOMERS IS BECOMING INCREASINGLY IMPORTANT"

From the traditional flyer through to the discount voucher sent to the smartphone when the customer is directly in front of the shelf: "Different target groups want to be addressed in different ways," says Kerstin Neumayer, board member of the MERKUR hypermarket chain. "A balanced media mix is crucial and will remain so in the future."

MAG KERSTIN NEUMAYER
is a board member of the REWE Group's MERKUR hypermarkets. MERKUR operates some 130 stores visited by more than 1.3 million customers every week in Austria.

The REWE Group and its sales lines MERKUR, BILLA, and BIPA have a reputation for focusing on loyalty cards and an associated customer loyalty programme across all brands. What role does this direct customer dialogue play in your overall media mix?
KERSTIN NEUMAYER: Direct dialogue with customers plays an extremely important role because it makes it possible to address them personally. Personalisation is still a megatrend that we want to continue to satisfy by means of our customer loyalty programme. This is a very clear aspiration of MERKUR.

In physical dialogue, you focus on the flyer and on direct mail. What importance does MERKUR place on these forms of advertising now and for the future?
NEUMAYER: Both physical and digital media have their place. We reach a large part of our customers most effectively directly at the POS or through traditional advertising activities, like flyers. That is not likely to change in the foreseeable future. Having said that, we also consider the digital shift and innovations in new technical opportunities for addressing customers – because that is something customers are looking for, too. We must not forget here that different target groups want to be addressed in different ways – a balanced media mix is crucial and will remain so in the future.

What digital media are you using in your customer loyalty programme?
NEUMAYER: Friends of MERKUR can make use of their customer benefits not only locally in some 130 MERKUR stores, but also digitally – through the Friends login area on www.merkurmarkt.at, for example. This gives an overview of current offers – vouchers are available, shopping lists can be compiled and data managed. We also offer a special MERKUR app for accessing specific vouchers, current flyers, a GPS-based location search feature, and much more. The app also enables customers to always have the Friends of MERKUR loyalty card at hand in electronic form. It has also been possible to notify MERKUR customers about current offers once or twice a week over a free WhatsApp service for about the past six months – we plan to steadily expand this service and to also send information about exclusive prize games or recipe tips through the messenger service in the future.

MERKUR offers the loyalty card both physically and digitally. What form of loyalty card is preferred by MERKUR's customers?
NEUMAYER: The traditional Friends of MERKUR loyalty card in credit card format continues to be the most popular and widely used form of loyalty card – its simple and familiar handling wins through. Having said that, we are also seeing a steady rise in the use of our MERKUR app.

How do you think the relationship between traditional advertising and dialogue advertising will change in the future?
NEUMAYER: Personal exchange with customers will become more and more important. It will evolve into increased online communication, in particular. Our customers would like to be addressed personally and want this to happen on different channels and platforms. Services like notifications on WhatsApp are enjoying ever greater popularity.

Every market player promotes online grocery shopping heavily. How do you think this will develop in the future?
NEUMAYER: Online shopping has been a trend for years and will increasingly become an integral part of the grocery trade in the future. All in all, it is about linking online commerce with the high street store, i.e. multi-channelling. Throughout the REWE Group, we view online commerce as a great opportunity to address new target groups – especially working people – with an innovative service, and above all to make their often highly stressful day-to-day life easier.

Part and parcel of online shopping is the issue of same day delivery. Do you think it will be accepted by a large share of the market – especially if it comes at a cost?
NEUMAYER: The demand for options to shop online has been rising for years – and this trend has now arrived at grocery shopping. In this context, appropriate refrigeration and preserving the freshness of the ordered food will have absolute priority both on the part of the customer and the grocery trade – same day delivery is a must and will definitely be called for.

What digital shifts can we look forward to at the POS in the future? Where do you see the major trends for the retail sector?
NEUMAYER: Increasing digitisation and the move toward personalisation will be omnipresent here, too. We place great importance on keeping our finger on the pulse, which is why we consistently test and arrange for our customers to evaluate new features. The so-called beacon technology is currently being tested in some of the MERKUR stores. After downloading the mobile pocket loyalty card app, customers receive location-based notifications on their smartphone. Among other things, this makes it possible to send appropriate discount vouchers for a product at the precise moment that a customer is at the corresponding shelf in a MERKUR store. Customer feedback has been extremely positive, which is why a further roll-out is already planned. The level of use shows that the innovative Blue Code non-cash payment option on the Apple Watch is already popular, as are the recently introduced self-service checkouts – the introduction of more self-service checkouts is already underway.

The marketing directors of Austrian businesses know that it is all about the mix – and seek the right one for their sector. Consequently, an extremely varied picture emerges from sector to sector with regard to the uptake of and spending on each advertising tool. And as the study shows, this is by no means set in stone but subject to constant shifts.

Some focus on customer journals, while others are now moving away from them. Some are pushing ahead with personally addressed advertising mail, while others are focusing on target groups that are of particular interest to them – like homeowners, for example. If we analyse each sector's uptake of and spending on the various advertising tools, an extremely varied picture, with at times opposing developments, emerges. It shows that the corporate sector is in a continuous process of improving the media mix. It is clear that the retail sector (two-thirds of the total expenditure) is by far the largest advertiser, followed by service providers and the industrial sector. By contrast, enterprises from the construction sector tend to be more cautious and account for only 3 per cent of total advertising expenditure. And one thread that passes through all sectors is that large businesses are investing more in advertising.

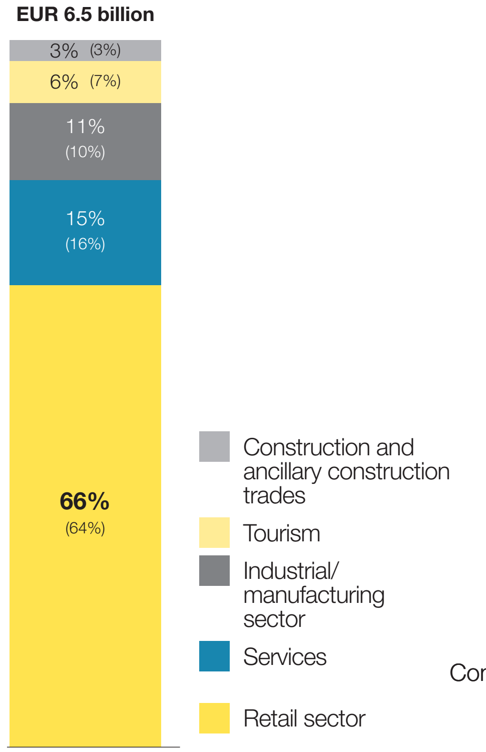
ADVERTISING EXPENDITURE: DIFFERENCES IN HOW THE VARIOUS SECTORS ACT

Although already the strongest advertiser (2 in 3 euro spent on advertising comes from the coffers of the retail sector), the retail sector has increased its spending by 4.2 per cent. Based on spending, the retail sector also dominates most of the advertising channels.

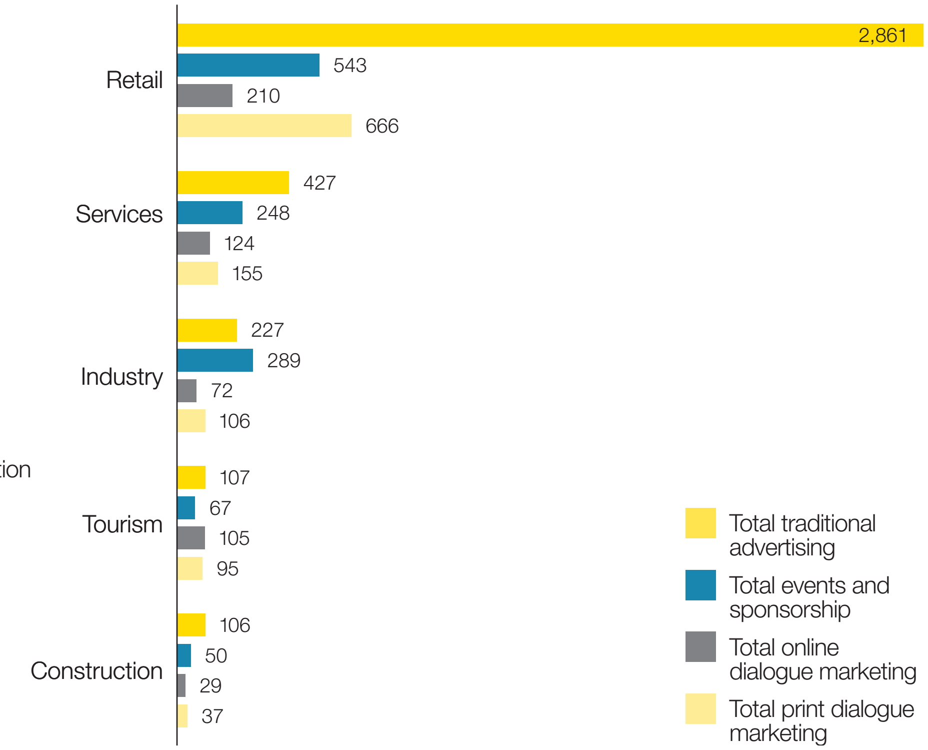
The relevance of online stores or online distribution is varied across the corporate sector. Looking at all sectors, every seventh business in Austria has its own online store. The retail sector and travel operators focus far more strongly on online shopping and reservations – approximately every fourth business uses this distribution channel. Overall, there are very different developments between sectors when it comes to the uptake of the various tools. This suggests that with regard to the right media mix, the corporate sector is constantly testing and optimising. For example, the industrial sector invests much more in newspaper inserts, the retail sector much less. The industrial sector invests more in customer journals, the retail sector less. And while the industrial sector is slowing down its sponsorship activities, it is precisely here that service providers are now speeding up. Moreover, service providers are focusing on partially addressed advertising mail optimised for specific target groups, such as homeowners, when it comes to customer dialogue. By contrast, travel operators are pushing ahead with addressing customers by name.

THE AMOUNT EACH SECTOR INVESTS IN THE VARIOUS CHANNELS

Each sector's share of total advertising expenditure as a percentage (last year's figures in brackets).



Expenditure per channel in millions of euro broken down by sector.



RETAIL PREFERS ADVERTISEMENTS AND TV COMMERCIALS

Traditional advertising: The retail sector continues to use this advertising channel heavily. Nearly 8 in 10 euro invested in traditional advertising overall comes from the retail sector. In the case of TV advertising, it is as much as 9 in 10 euro. At over 1.5 billion euro, print advertisements account for the largest share in this segment.

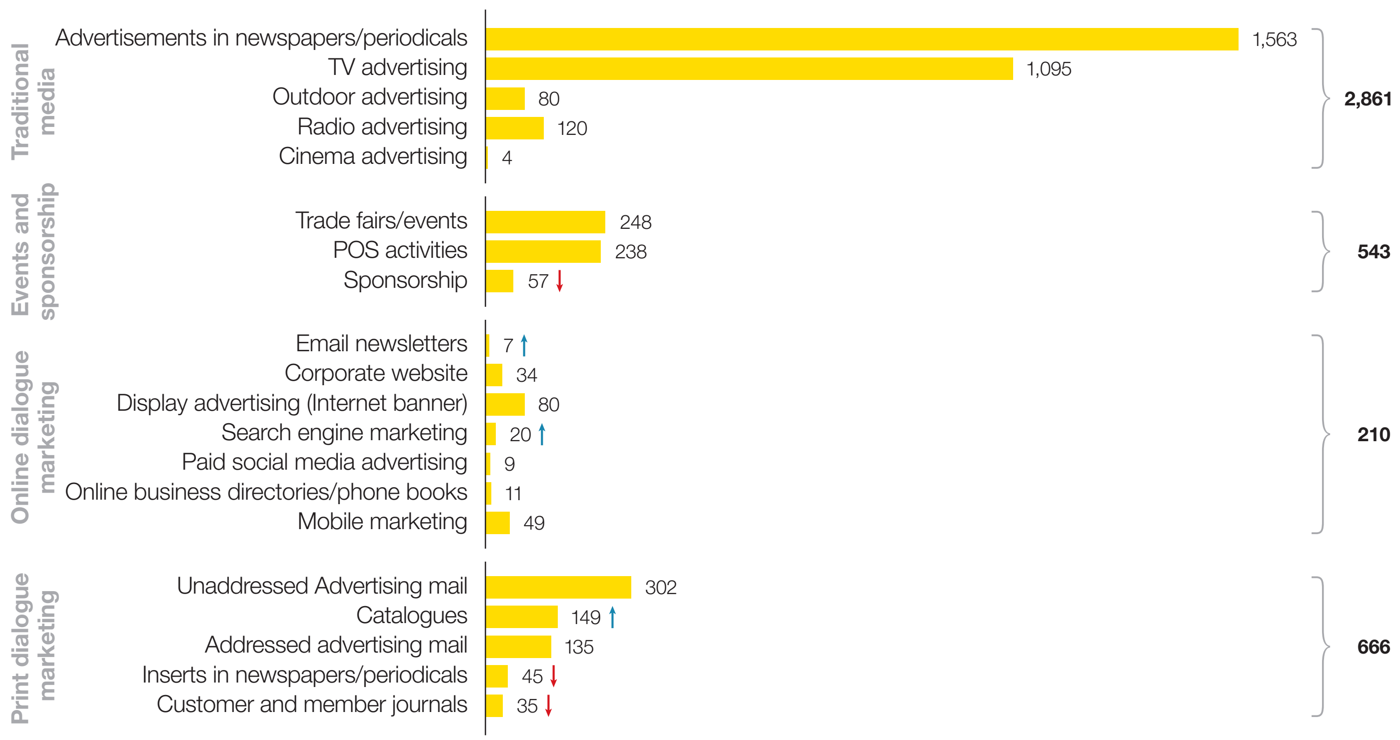
POS and events: After traditional and print dialogue marketing, spending of 543 million euro means that this is the third most important channel, but on a downward trend. In particular, spending on sponsorship has been reduced.

Online dialogue: Although the retail sector has increased its spending on this channel, at 210 million euro it only accounts for 5 per cent of the sector's overall advertising expenditure. Traditional display advertising on the Internet accounts for the biggest item, followed by mobile marketing.

Print dialogue: Unaddressed advertising mail is the most important tool in the print segment when it comes to addressing customers directly. The retail sector accounts for 81 per cent of the total spending of 371 million euro on this tool. Spending on catalogues was increased significantly. By contrast, the sector reduced its activities in the area of customer journals and inserts in periodicals.

THE AMOUNT INVESTED IN EACH ADVERTISING CHANNEL BY THE RETAIL SECTOR

The retail sector's total expenditure on each advertising channel in 2015 (in millions of euro).



Increased spending over last year is marked with a blue arrow, decreased with a red arrow.

SECTOR REPORT:
HOW DIFFERENT SECTORS ADVERTISE

A SPECIAL CATALOGUE FOR EACH CUSTOMER

No one-size-fits-all offer, but rather a range of catalogues tailored specifically to the customer is how mail-order fashion house Peter Hahn managed to increase response and profit contribution.

The starting point
Peter Hahn is a successful mail-order fashion house in the high-end segment. Customers are addressed using catalogues, an online store, and high street stores in ten countries. An autumn catalogue has an important position in the marketing mix. The aim was to increase the order rate, sales, and profit contribution by optimising this catalogue.

The solution
Using a detailed, customer-specific range scoring based on earlier purchases, four different catalogue packages were compiled optimised for target group. In each case, the packages consisted of a main catalogue and various special catalogues.

The result
This personal and selective form of address produced the necessary relevance for customers. It was also reflected in the figures. The response rate increased by 21 per cent (from 31 to 37 per cent) and the gross margin from 28 to 31 per cent.

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SECTOR REPORT:
HOW DIFFERENT SECTORS ADVERTISE

THE INDUSTRIAL SECTOR RELIES ON TRADE FAIRS AND PRINTED MEDIA

Traditional advertising: An increase of more than 5 per cent means that the industrial and manufacturing sector has increased its overall spending on advertising above average. In particular, traditional advertising has benefited from this. Spending on print advertisements, by far the most important channel, has continued to increase. More was invested in outdoor advertising, too, albeit starting from a low level. One fact that does stand out when comparing sectors is that industry and commerce are ceasing to co-operate with advertising and specialised agencies more than any other. For example, the number of businesses that carry out all their promotional and marketing activities in-house has nearly doubled.

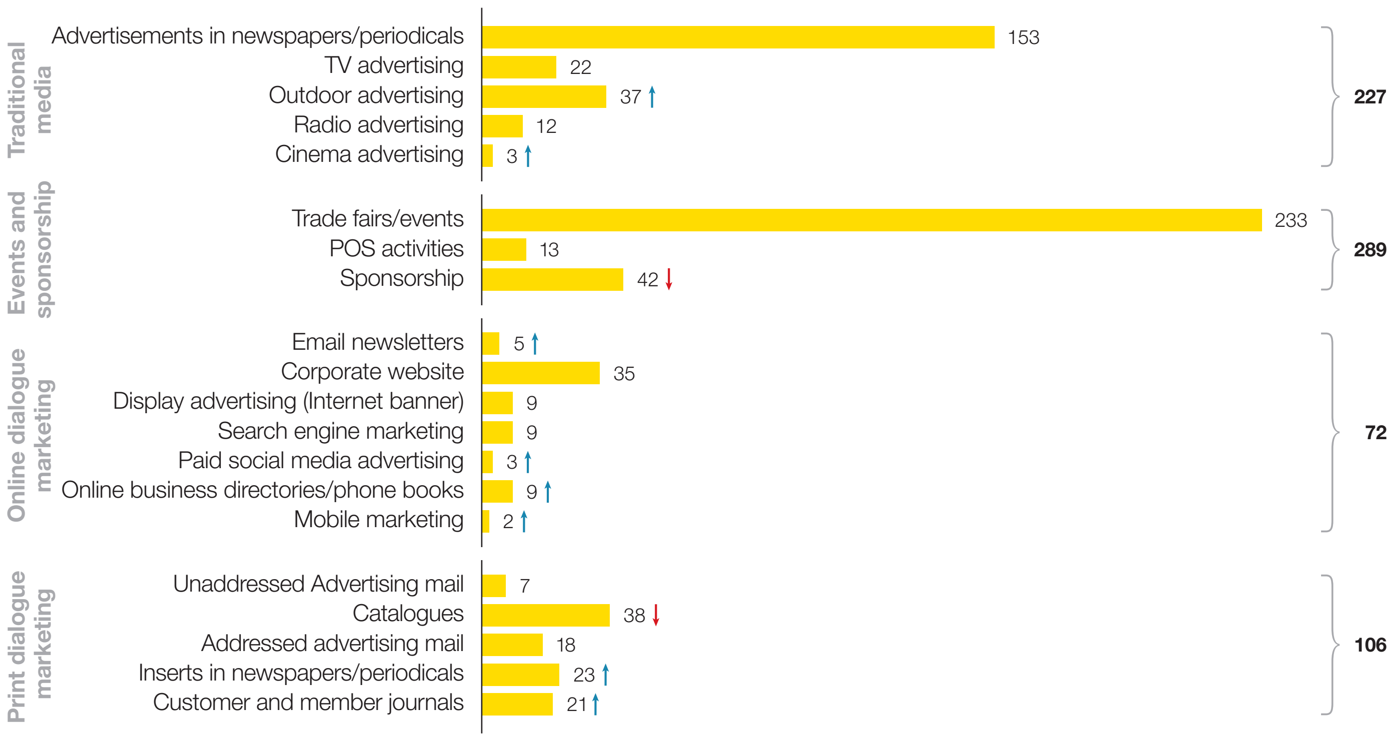
Sponsorship/events: The industrial sector is at the top of the list when it comes to trade fairs. Appearing at trade fares and similar events accounts for one-third of the sector's total spending of 693 million euro. Corresponding expenditure was even increased further. By contrast, sponsorship experienced heavy cuts.

Online dialogue: Although spending on this form of customer communication was increased by almost 20 per cent, a sector comparison reveals that online sees little use from industry and commerce overall. At 72 million euro, online dialogue marketing accounts for only 10 per cent of total expenditure. At 35 million euro, the sector's most important tool is still the corporate website.

Print dialogue: The sector has restructured significantly here. Although at 38 million euro, catalogues are still the most important printed advertising tool, spending has been reduced significantly. On the other hand, investment in customer journals and inserts in periodicals has increased. The number of enterprises that use these channels has almost doubled.

THE AMOUNT INVESTED IN EACH ADVERTISING CHANNEL BY THE INDUSTRIAL SECTOR

The industrial sector's total expenditure per advertising channel in 2015 (in millions of euro).



Increased spending over last year is marked with a blue arrow, decreased with a red arrow.

NO ONE-SIZE-FITS-ALL APPROACH HERE

Bosch gained valuable real-time data on the uptake of the various advertising channels from the launch campaign for its new robotic lawn mower.

The starting point

Robert Bosch AG planned to directly address highly educated amateur gardeners with above average income and their own garden for the launch campaign for its new Indego Connect 1200 robotic lawn mower. In addition to promoting the product directly within the target group, the aim was also to support the selling activities of the retail sector. Internally, importance was also placed on measuring each of the media channels so as to optimise future communication.

The solution

The idea of a 'surprising' prize game (in contrast to almost every other prize game, non-winners were also addressed) was developed for the advertising media used: partially addressed direct mail, email newsletters, social media, banner on specialist sites, and a dedicated landing page. The non-winners were given an incentive, which was to be redeemed upon the purchase of an Indego Connect 1200. Using the Austrian Post's lead management platform, it was also possible to analyse in real-time when and over which channel specific leads were generated – findings that were immediately incorporated into subsequent newsletter communication.

The result

Thanks to the lead management platform, Robert Bosch AG gained valuable real-time data on the response to the various advertising channels. For example, the response levels ranged from 0.1 to 7.8 per cent and the conversion rate (click to lead) fluctuated between 0.2 and an impressive 36.3 per cent. Accordingly, the cost per lead ranged from 0.68 to 540 euro!

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AS REGARDS SPENDING, TRAVEL OPERATORS ARE PUTTING THEIR FOOT ON THE BRAKE

Traditional advertising: Traditional advertising accounts for nearly one-third of the total advertising expenditure of travel operators. Despite reduced budgets, the most important channels are still print advertisements and outdoor advertising. Radio advertising has become more popular within the sector.

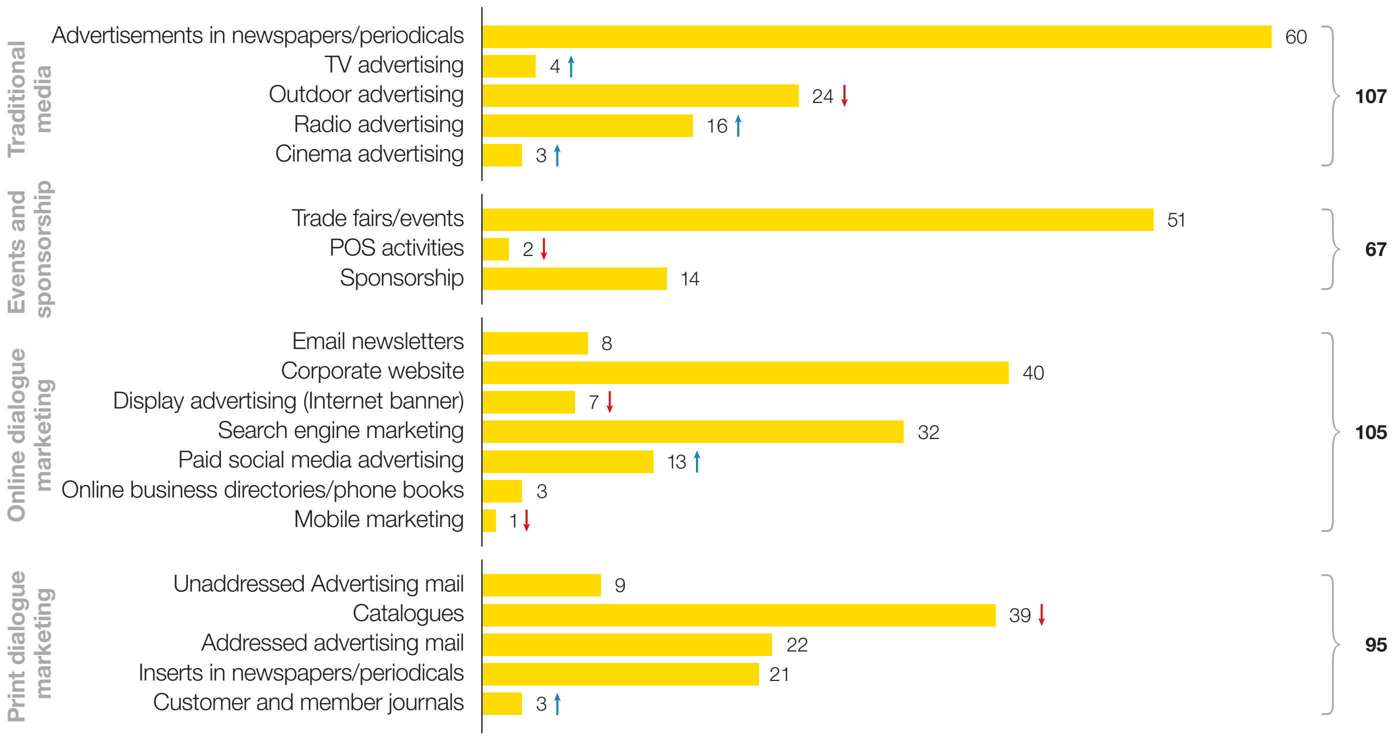
Sponsorship and events: Trade fairs, where travel operators most recently spent 51 million euro (which is less than in the previous year, however), remain an important means of presentation for the sector.

Online dialogue: This is one of the surprises of the study. Of all people, hoteliers and tourism managers, most recently with especially high increases in the advertising budget, are slowing down in the online segment. Investment in search engine marketing, email newsletters, and banner advertising was reduced, for example. More money was allocated to paid social media advertising.

Print dialogue: Travel operators recorded growth in addressed and unaddressed advertising mail but a significant reduction in catalogues. Overall, travel operators are more convinced than all other sectors that there will be a significant increase in dialogue marketing. The number of tourism managers surveyed who believe dialogue marketing is increasing in importance has more than doubled.

THE AMOUNT INVESTED IN EACH ADVERTISING CHANNEL BY TRAVEL OPERATORS

Total expenditure per advertising channel by travel operators in 2015 (in millions of euro).



Increased spending over last year is marked with a blue arrow, decreased with a red arrow.

STRAIGHT TO SUCCESS WITH GOLD & PLATINUM, CLASSIC & SILVER

Thanks to a successful combination of printed mail, special website, and event, the Accor chain of hotels was able to convert almost 33 per cent of its best customers into newsletter subscribers.

The starting point
The Accor Group is one of the world's leading hotel operators. Le Club AccorHotels is a free bonus programme that offers its members the opportunity to collect bonus points for future hotel stays, as well as services like travel planning. Using a cross-media, direct approach, the aim was to encourage those club members who had yet to subscribe to the newsletter to sign up for it.

The solution
The target group was sent personalised direct mail (letter with flyer) with an invitation to order the newsletter coupled with the opportunity to win a holiday. In addition, a dedicated website was set up for the prize game and a re-targeting campaign conducted on Facebook. On top of that, frequent users were invited to an event in Sofitel Vienna Stephansdom. The invitation mail was optimised by a strikingly elegant dark blue envelope, as well as a photo in the envelope window to attract maximum attention.

The result
While the response rate in similar advertising campaigns is usually between 0.5 and 2 per cent, Accor's optimised cross-media campaign reached values of between 2.7 per cent (in the case of classic and silver customers) and an incredible 29 per cent in the case of the main target group (gold and platinum customers). In figures, this means that the response rate for classic and silver members increased by 50 per cent. In the case of the best customers, it was an incredible 200 per cent.

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THE SERVICE SECTOR IS THE BIGGEST SPONSOR

Traditional advertising: Investments of 427 million euro mean that the service sector has the second highest expenditure in this area, albeit with a somewhat downward trend. Newspaper advertisements and outdoor advertising are the largest single items.

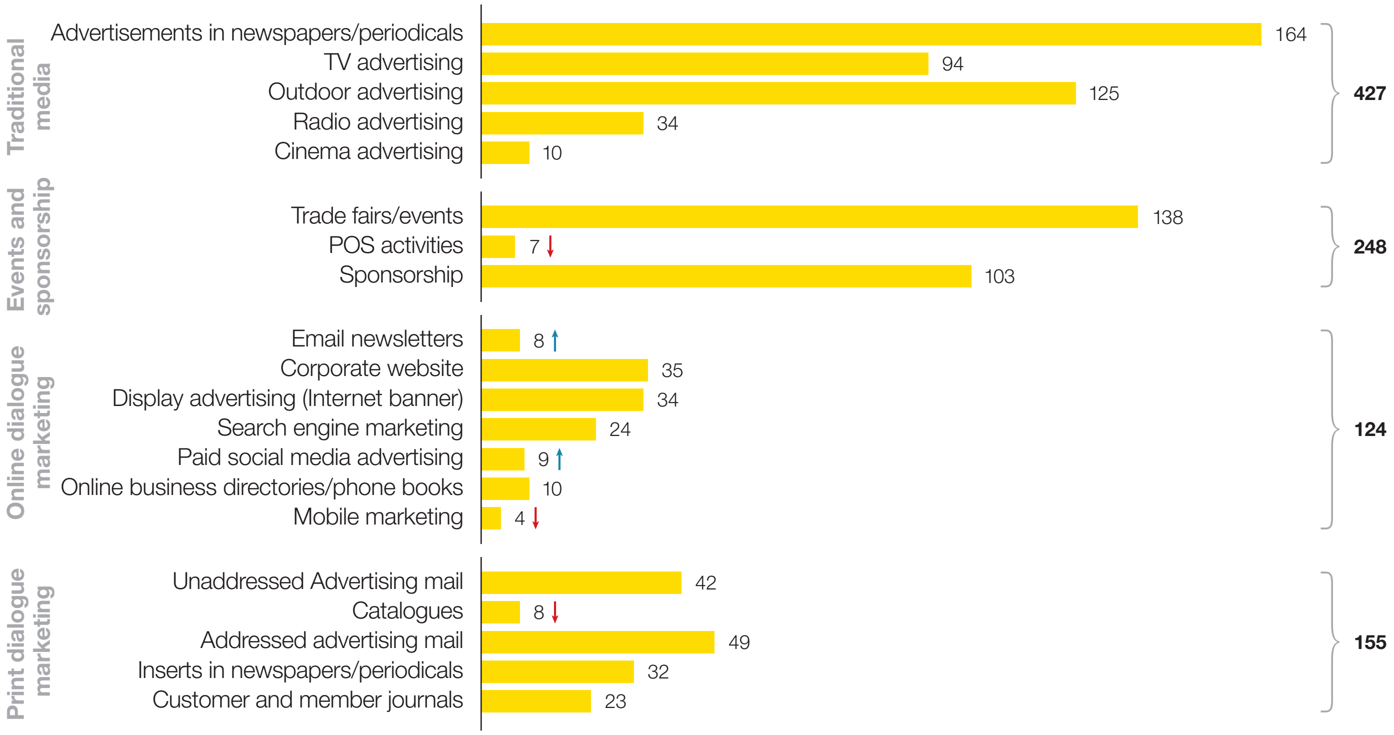
POS and events: Expenditure of 138 million euro indicates that trade fairs and events play a crucial role in this sector's media mix, and this figure looks set to increase. Service providers only spend more on print advertisements. Sponsorship is also a highly relevant channel: Austrian businesses spend a total of 235 million euro on sponsorship – 103 million comes from service providers alone.

Online dialogue: In the online segment, service providers invest more on the corporate website and banner advertising on the Internet than anything else. Looking ahead, service providers believe that the importance of the Internet and email will grow. However, only every fifth respondent from this sector expects spending on online dialogue marketing to rise.

Print dialogue: If we look at share of corporate sector, service providers use address services to communicate selectively with their customers or prospective customers like no other. Addressed and unaddressed advertising mail account for nearly two-thirds of the expenditure on print dialogue marketing. There was also an increase in the expenditure on and number of service providers using inserts in newspapers and periodicals.

THE AMOUNT INVESTED IN EACH ADVERTISING CHANNEL BY SERVICE PROVIDERS

The service sector's total expenditure on each advertising channel in 2015 (in millions of euro).



Increased spending over last year is marked with a blue arrow, decreased with a red arrow.

WHEN FLYERS LEARN STAGE-BY-STAGE

Five stages with approximately 2.2 million flyers – optimised by geomarketing data – brought telecom provider Hutchison Drei 2.5 times more sales than comparable campaigns.

The starting point
Telecom provider Hutchison Drei is expanding the LTE network for stationary Internet on a region-by-region basis in Austria. The aim is to introduce and promote the service selectively by region when it becomes available.

The solution
Based on precise geomarketing data, the Drei service was introduced to the particular region in five stages with a total run of some 2.2 million flyers. This was implemented in a 'learning' campaign in which responses and feedback to the various offers were taken into account immediately in the next stage and the advertising mail optimised accordingly. Overall, 87 variations thus emerged with different offers appropriate to the target group.

The result
To evaluate the result properly, a parallel campaign that was neither based on region nor differentiated was conducted. The comparison is clear. On average, the non-regional campaign yielded an increase in sales of 115 per cent. In the case of the campaign optimised by geomarketing data, the average increase in sales was 291 per cent.

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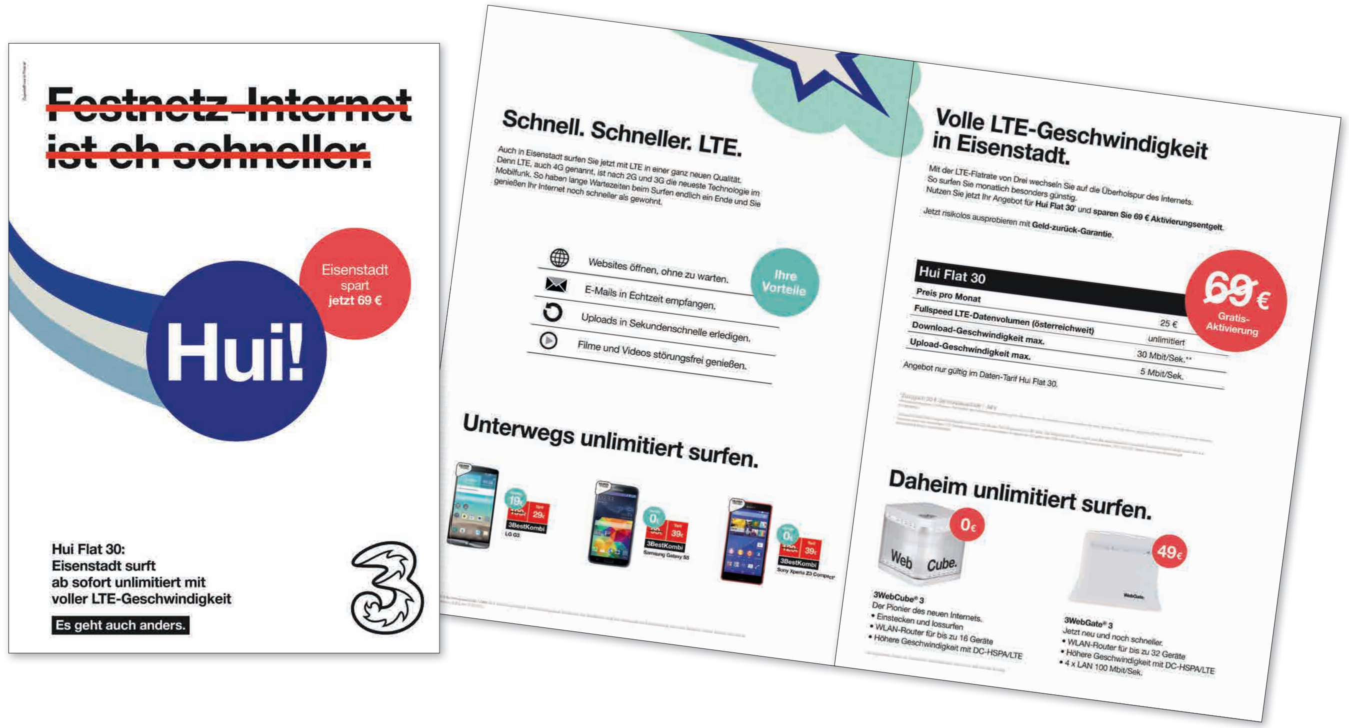


Credits: Hutchison Drei, dialogschmiede, AV Astoria, DMVÖ, Österreichische Post AG

SECTOR REPORT:
HOW DIFFERENT SECTORS ADVERTISE

CONSTRUCTION LIKES ADVERTISEMENTS AND SAVES ON TRADE FAIRS

Traditional advertising: The construction sector has increased its advertising investments significantly. Traditional advertising, especially print advertisements and outdoor advertising, has been the main beneficiary of this. The construction sector moves in the opposite direction in another area. While most sectors have started to carry out more of their advertising activities in-house again, the construction sector is increasingly engaging advertising and specialist agencies.

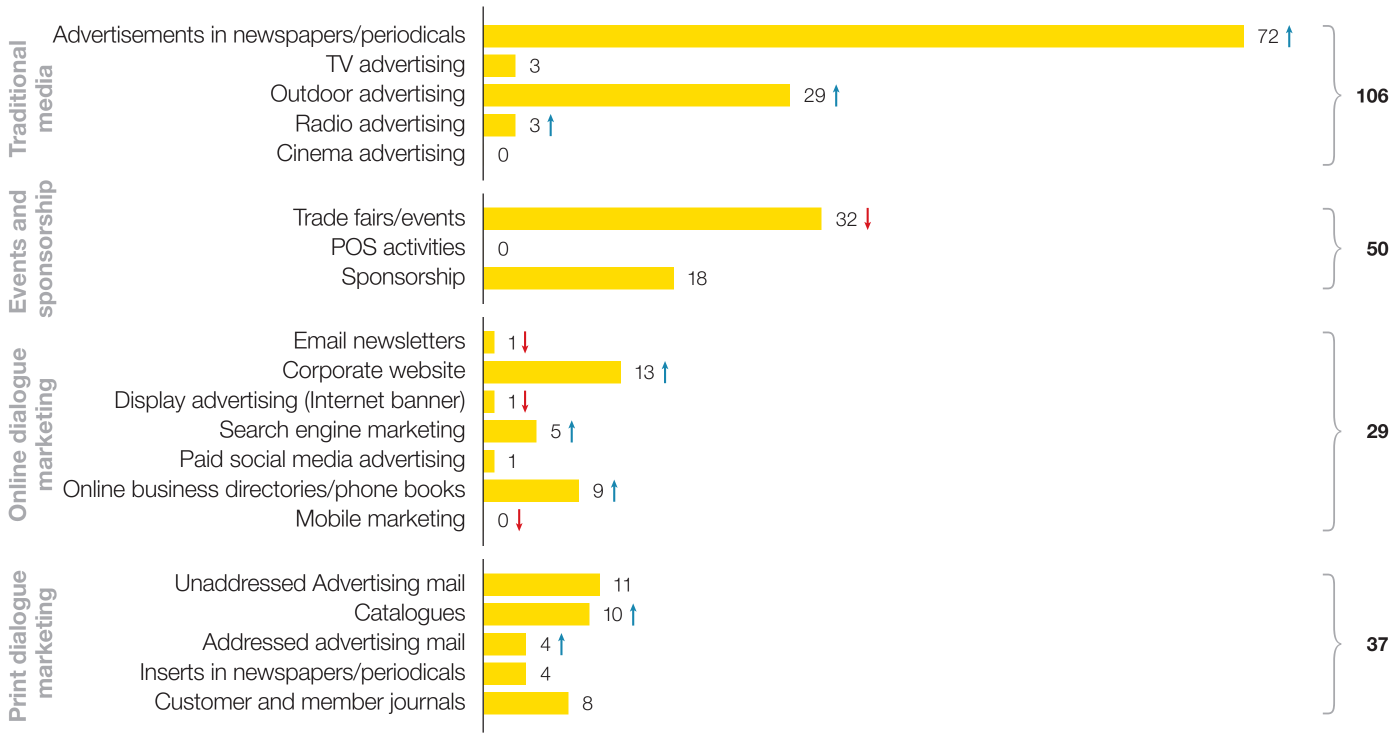
Sponsorship and events: Expenditure of 32 million euro indicates that trade fairs and events are the construction sector's second most important marketing channel; however, corresponding budgets have seen considerable cuts.

Online dialogue: This sector has now discovered online marketing – spending on corporate websites, entries in online directories and search engines has increased. This is no coincidence, as the advertising and marketing directors from the construction sector who were surveyed expect more growth in the online dialogue marketing segment. One in three anticipates increased spending.

Print dialogue: The sector moves against the trend here, too. While expenditure on catalogues has fallen overall, construction firms have expanded this channel significantly. Customer journals are also attracting more attention. The number of users has increased significantly – with only a moderate increase in spending, however.

THE AMOUNT INVESTED IN EACH ADVERTISING CHANNEL BY THE CONSTRUCTION SECTOR

The construction sector's total expenditure on each advertising channel in 2015 (in millions of euro).



Increased spending over last year is marked with a blue arrow, decreased with a red arrow.

RECORD SALES THANKS TO GEOMARKETING

Roser Design targets higher income homeowners. Its targeted approach beyond the traditional catchment area yielded the highest sales in the firm's history.

The starting point
The Burgenland-based Roser Design specialises in conservatories, roofing, and shading systems. The aim was to implement a targeted marketing campaign to expand the customer base beyond Eisenstadt and the surrounding area.

The solution
Target groups for addressing by means of advertising mail were defined in co-operation with Austrian Post. The focus was higher income residents of one and two-family homes. Using geomarketing and partially addressed advertising mail, they were informed about the range of services and current offers of the business. To expand the customer base geographically, different regions throughout north and east Burgenland up to the Danube border were serviced in monthly intervals.

The result
Using geomarketing data to selectively address the defined target groups in varying regions was tremendously effective. During the campaign, Roser Design's incoming orders were far higher than average, resulting in the highest sales since it was founded.

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SME REPORT: SMALL, MEDIUM,
LARGE – AND HOW THEY ADVERTISE

They have different markets and different resources. Small, medium or large – depending on the size of the business, Austria's enterprises pursue different strategies for addressing customers. Even though medium-sized enterprises are generally cutting their advertising investments, customer dialogue plays a dominant role for them on the whole.

They have their own advertising strategies and move against the trend. While large and small enterprises are steadily increasing their advertising investments, Austria's medium-sized enterprises are reducing their advertising expenditure. In particular, sponsorship and trade fair budgets have been cut. Although trade fair appearances remain an important tool in the marketing mix, it appears that less elaborate stands should also meet the objective.

The most important advertising tools for medium-sized enterprises are the corporate website, print advertisements, and – despite cuts in this area – sponsorship. Customer dialogue plays a central role for medium-sized enterprises and one out of two uses addressed advertising mail, for example. Neither small nor large enterprises have as many users. And with regard to expenditure on catalogues, medium-sized enterprises account for 50 per cent.

One fact that does stand out is that the interest Austrian businesses have in measuring success is generally low – and it is even lower in the case of medium-sized enterprises. For example, only one in four businesses analyse response rates, possible improvements in revenue or voucher redemption rates (incidentally, the three most popular benchmarks).

MEDIUM-SIZED ENTERPRISES ARE CUTTING THEIR ADVERTISING EXPENDITURE

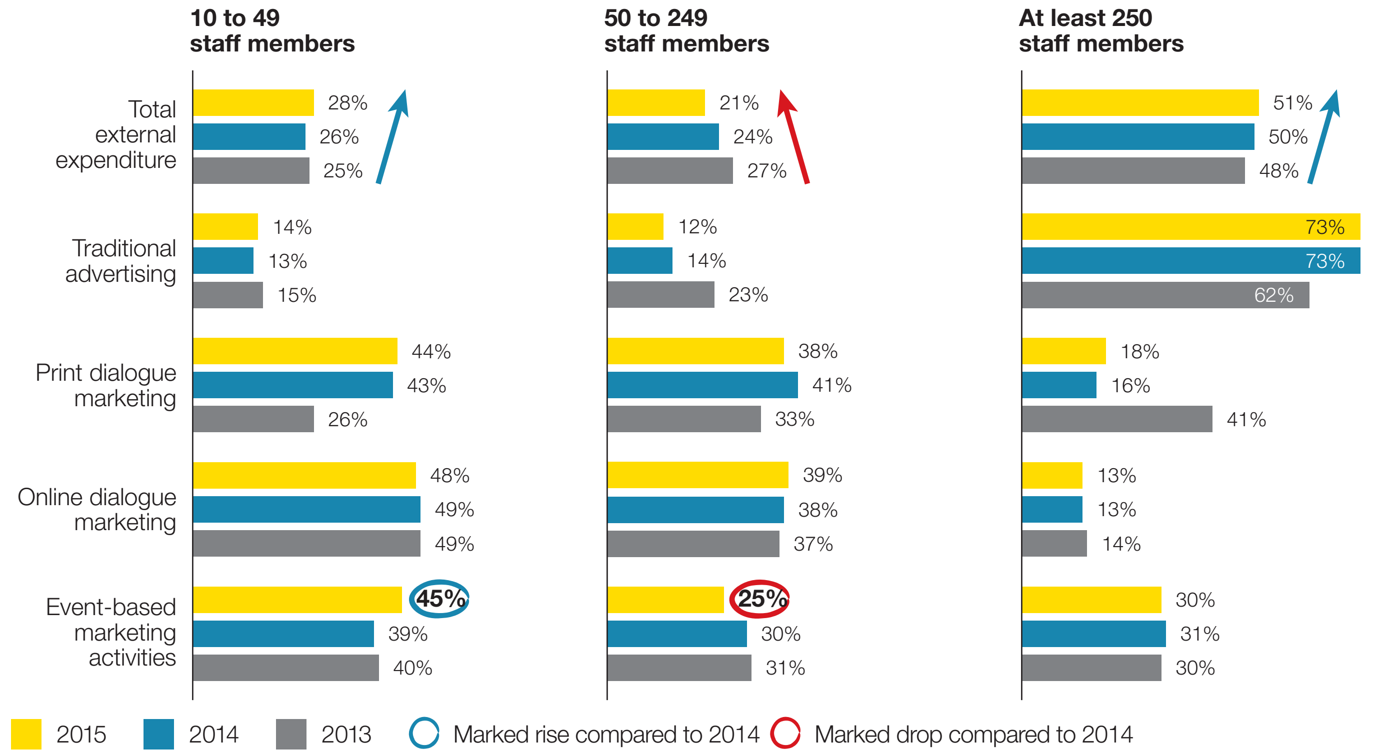
- **While small and large are on the rise, the expenditure of medium-sized enterprises is falling**
- **Companies that do use mobile marketing and banner advertising do so extensively**

Declining tendency – is what can be said about the advertising expenditure of medium-sized enterprises (50-249 staff members), which makes them an exception in a comparison by size of business. While small (10-49 staff members) and large (at least 250 staff members) enterprises have steadily expanded their advertising investments over the years, the share of medium-sized enterprises in total advertising expenditure has dropped from 27 to 21 per cent. In sum, 1.37 billion euro. However, we are referring to total advertising expenditure here, i.e. the cost of creation, production, placement, and distribution.

What is striking is that those medium-sized enterprises that use banner advertising on the Internet and mobile marketing do so extensively. For although not even one in three medium-sized enterprises use banner advertising on the Internet, they account for two-thirds of the expenditure incurred for it. The relations in mobile marketing are even more remarkable. Although only every tenth medium-sized enterprise uses this channel to address customers, businesses of this category account for 80 per cent of spending on mobile marketing. When it is used, much is invested in radio advertising, too. Expenditure on outdoor advertising has also increased appreciably.

SHARE IN EXPENDITURE PER CHANNEL BY SIZE OF ENTERPRISE

The share of medium-sized enterprises (50-249 staff members) in advertising expenditure is falling, especially in relation to event-based marketing activities. 38 per cent of the advertising expenditure on print dialogue marketing is made by businesses with 50-249 employees.



HOW MEDIUM-SIZED ENTERPRISES USE THE ADVERTISING CHANNELS

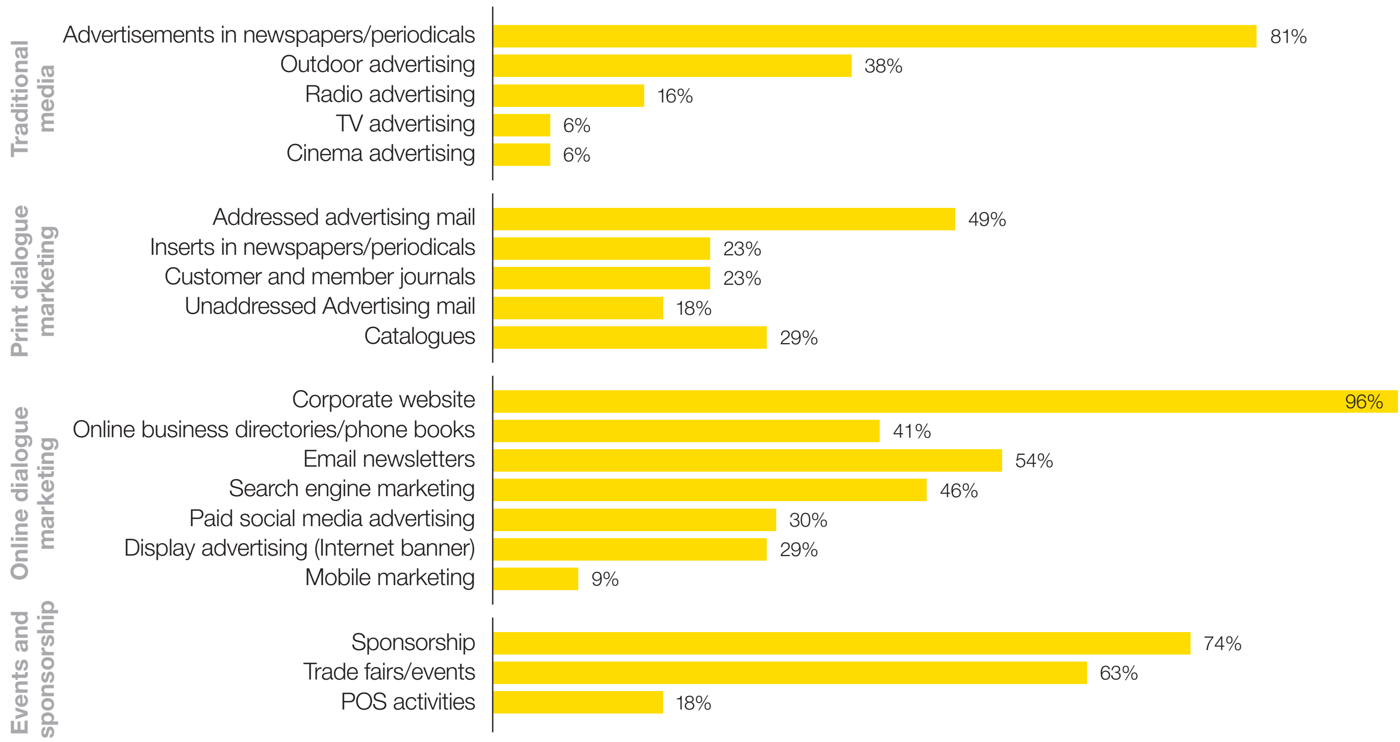
- **Website and print advertisements are the most popular advertising channels among medium-sized enterprises**
- **Three in four medium-sized enterprises carry out sponsorship**

Overall, medium-sized enterprises prove relatively consistent in their choice of advertising tools. Besides the corporate website, which virtually every business has, print advertisements are the most popular form of advertising. Eight in ten medium-sized enterprises use this tool. Here, trade publications are the most important medium for advertisements. They are followed by regional media and, by some distance, daily newspapers. Sponsorship and trade fair appearances are also popular. Moreover, every second business uses email newsletters and addressed advertising mail – more than small and large enterprises use these tools.

Small enterprises have made major changes in direction with regard to the choice of advertising media. Due to a wider offering of private broadcasters, the number of small enterprises using TV advertising has tripled from 2 to 6 per cent. Conversely, POS activities have been scaled back significantly.

NUMBER OF MEDIUM-SIZED ENTERPRISES USING EACH ADVERTISING CHANNEL

96 per cent of medium-sized enterprises have a website; only 6 per cent use TV and cinema (users in %).



THE AVERAGE AMOUNT ENTERPRISES SPEND ON ADVERTISING CHANNELS

- **Medium-sized enterprises spend more on addressing customers online per firm**
- **Less money spent on sponsorship and elaborate trade fair stands**

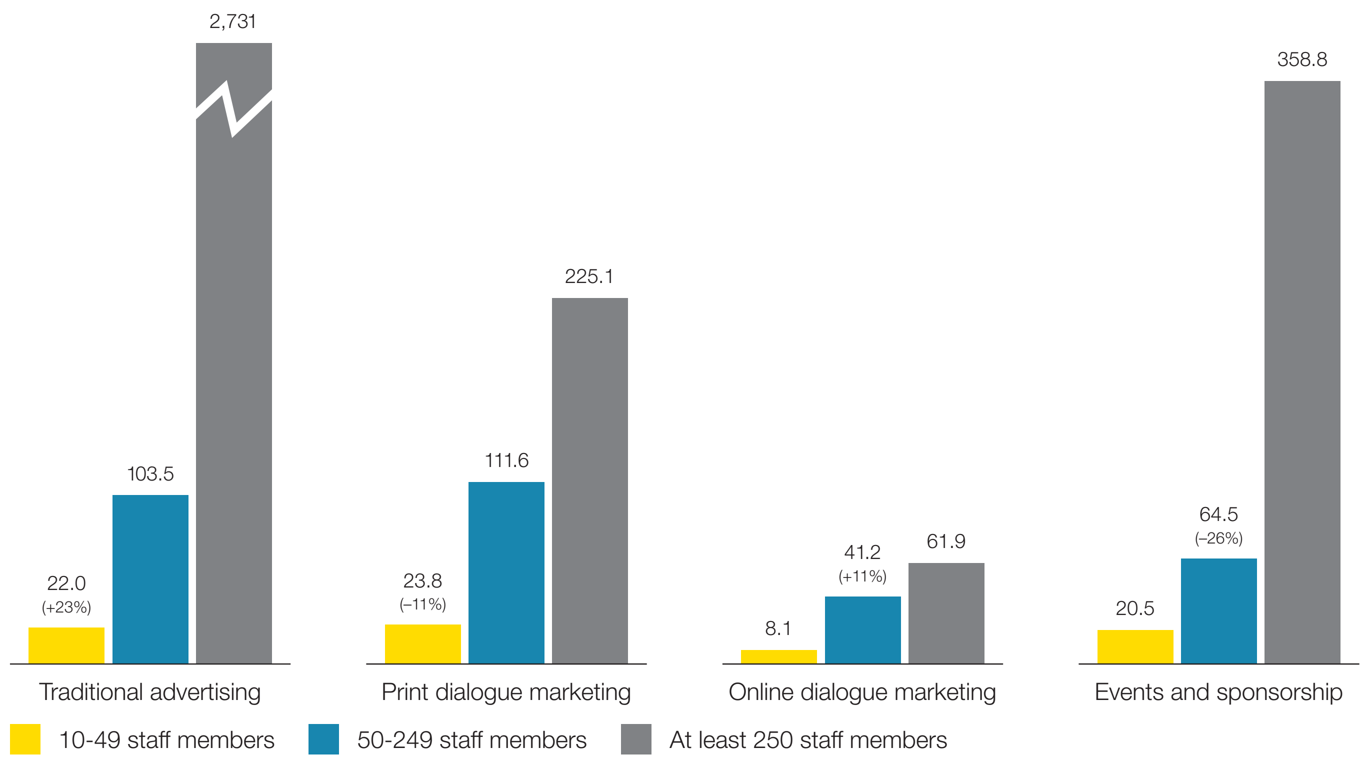
Although medium-sized enterprises have reduced their total advertising expenditure moderately, the average expenditure on traditional advertising remains stable. This advertising channel is still the domain of large businesses, which spend 2.7 million euro on average for a large spread across TV, print, and radio.

The trend toward investing more in online tools still prevails. At a roughly constant number of users, the average expenditure on online dialogue marketing has risen to 41,200 euro per medium-size enterprise, representing an increase of 11 per cent. By contrast, small enterprises have increased spending only marginally in this segment and large businesses have even reduced it moderately per user.

Managers have made significant adjustments to their advertising and marketing budget for trade fairs, POS, and sponsorship. Overall, medium-sized enterprises have cut their budget for this channel by a quarter to 64,500 euro per business on average. This concerns sponsorship, in particular, but also trade fair appearances.

SPENDING PER USER AND CHANNEL BY SIZE OF ENTERPRISE

Figures in thousands of euro; numbers in brackets represent major changes over the previous year in per cent.



Letter box, TV, smartphone, email – many paths lead to the consumer, but which one is the most effective? It should come as no surprise that it is difficult to give a straight answer, but there are clear indications of preference and tendency in terms of the favoured approach. Inasmuch, the replies of the consumer also mirror the invested advertising budget.

And what does the consumer have to say? We will look into this question on the following pages. It is about the acceptance of and attention given to flyers and brochures, about preferred forms of delivery, and the effect direct mail can have. The various consumer surveys that underlie the findings are a form of mirror for the strategies of the marketing and advertising directors who were surveyed to provide a foundation for the Dialogue Marketing Report. Among other things, it is evident that print is an essential component of a successful campaign. For example, attention and the initiation of specific acts is higher with printed mail than email. On the other hand, mail sent digitally is less expensive and faster. And online services in the form of platforms on the Internet or apps that can be used to access brochures and flyers will be of huge significance in the future. More than 75 per cent of the consumers surveyed are convinced of their increasing importance.

CONSUMER REPORT: FROM THE PERSPECTIVE OF THE CUSTOMER

DIRECT MAIL IS INDISPENSABLE IN EVERY CAMPAIGN

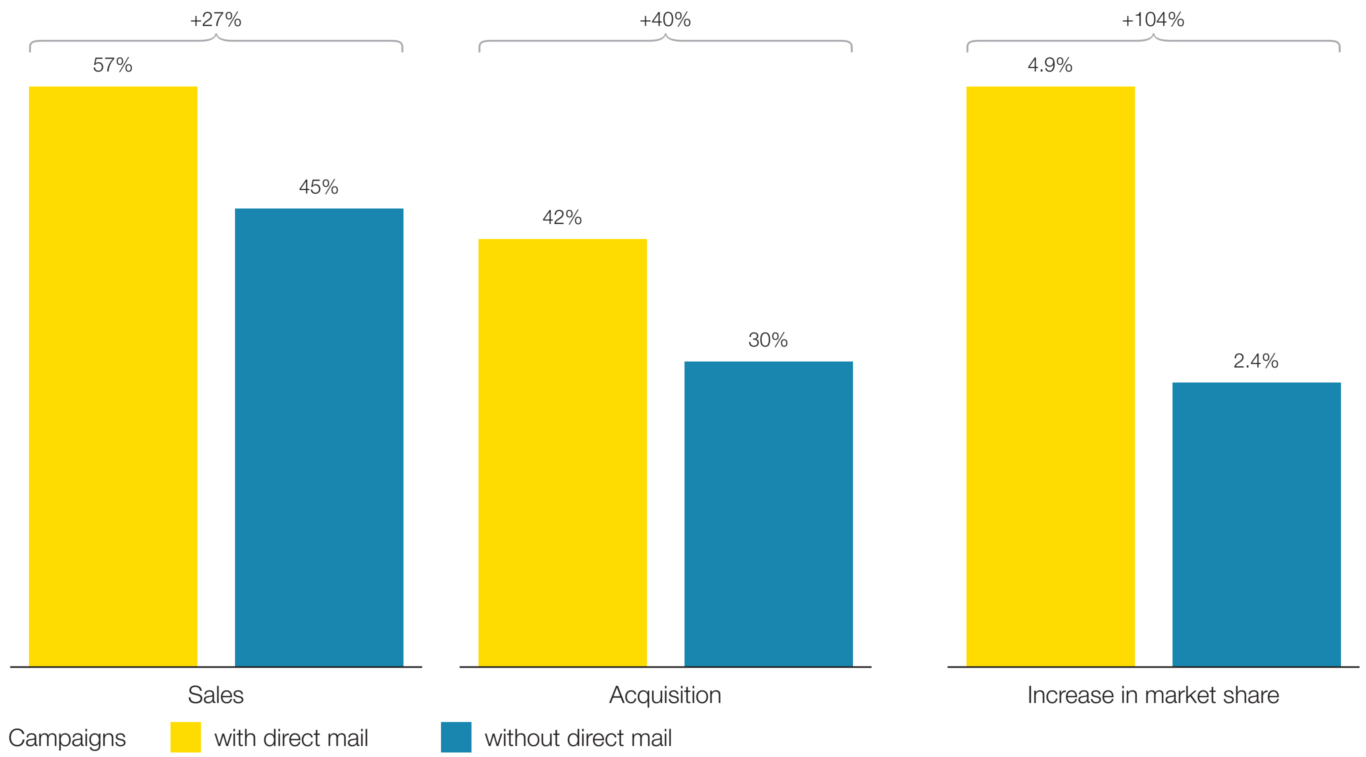
- **High attention factor with direct mail**
- **Addressed advertising mail increases the success of campaigns significantly**

There is no way around direct mail for anyone who wants to attract attention. This is not conjecture but can be demonstrated through facts. For example, 84 per cent of the recipients read direct mail[1]. 75 per cent of the respondents take more than five minutes to actually read the mail. Consumers are especially interested in information about offers and promotions (66 per cent), as well as in vouchers (52 per cent)[2].

A study of Britain's Royal Mail proves the importance of direct mail in cross-media campaigns. Advertising campaigns supported by direct mail increased sales by 57 per cent; without the support of mail, the sales increase yielded was 45 per cent. As regards increasing market share, the difference between users of mail and non-users was as much as 104 per cent[3].

HOW DIRECT MAIL INCREASES CAMPAIGN SUCCESS

The effect of support by mail on sales and market share.



Source: 1 Direct Marketing Report 2012/2013, DMVÖ, 2 MAKAM Research Directmail, June 2015, 3 Royal Mail, Marketreseach 2014, It's all about Mail and Email.

CONSUMER REPORT: FROM THE PERSPECTIVE OF THE CUSTOMER

HOW CONSUMERS GATHER INFORMATION

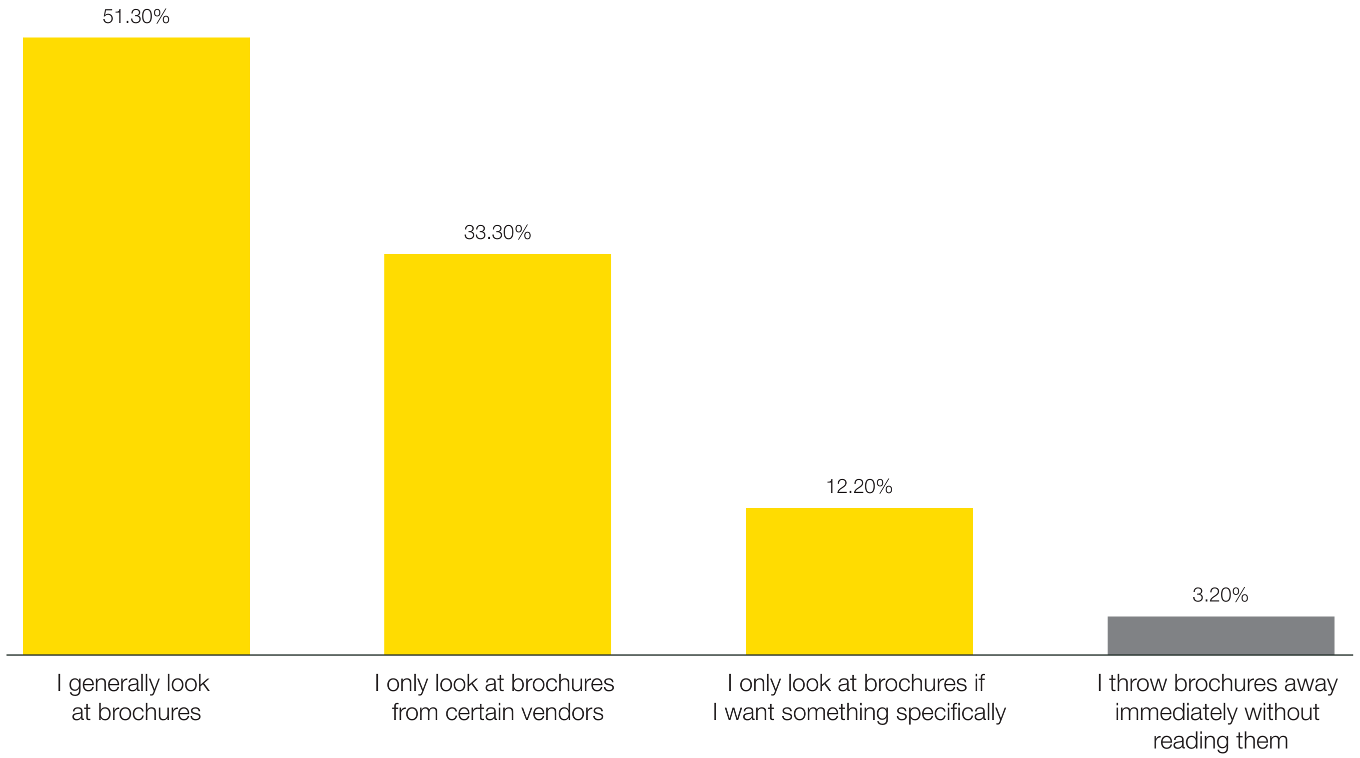
- **97 per cent of consumers use flyers for information**
- **Higher uptake of offers in direct mail**

Flyers are still a key tool for communicating with customers. Only three in 100 consumers throw them away unread. More than 50 per cent generally look at flyers, another 33 per cent differentiate by certain vendors. An online survey carried out by marketagent.com on behalf of Austrian Post revealed the above. More than 1,000 Austrians aged between 14 and 59 were surveyed using an online questionnaire, meaning we are talking about a group that actively uses the Web.

Some eight out of ten Austrian consumers regularly receive (at least once a month) direct mail. A study by MAKAM Research[2] indicates that if it was possible to choose, nearly 50 percent would take personally addressed advertising mail rather than digital. This meets with the motives of the corporate sector, for advertising mail sent via the postal service is read and used more often than that sent by email. And not just read – the content of personally addressed advertising mail is rated more interesting than that sent by email.

UPTAKE OF FLYERS

Flyers occupy the top spot in every category.



Source: Multiclient study, marketagent.com, July 2015, 2 MAKAM Research Directmail, June 2015

FLYERS ARE THE KEY SOURCE OF INFORMATION

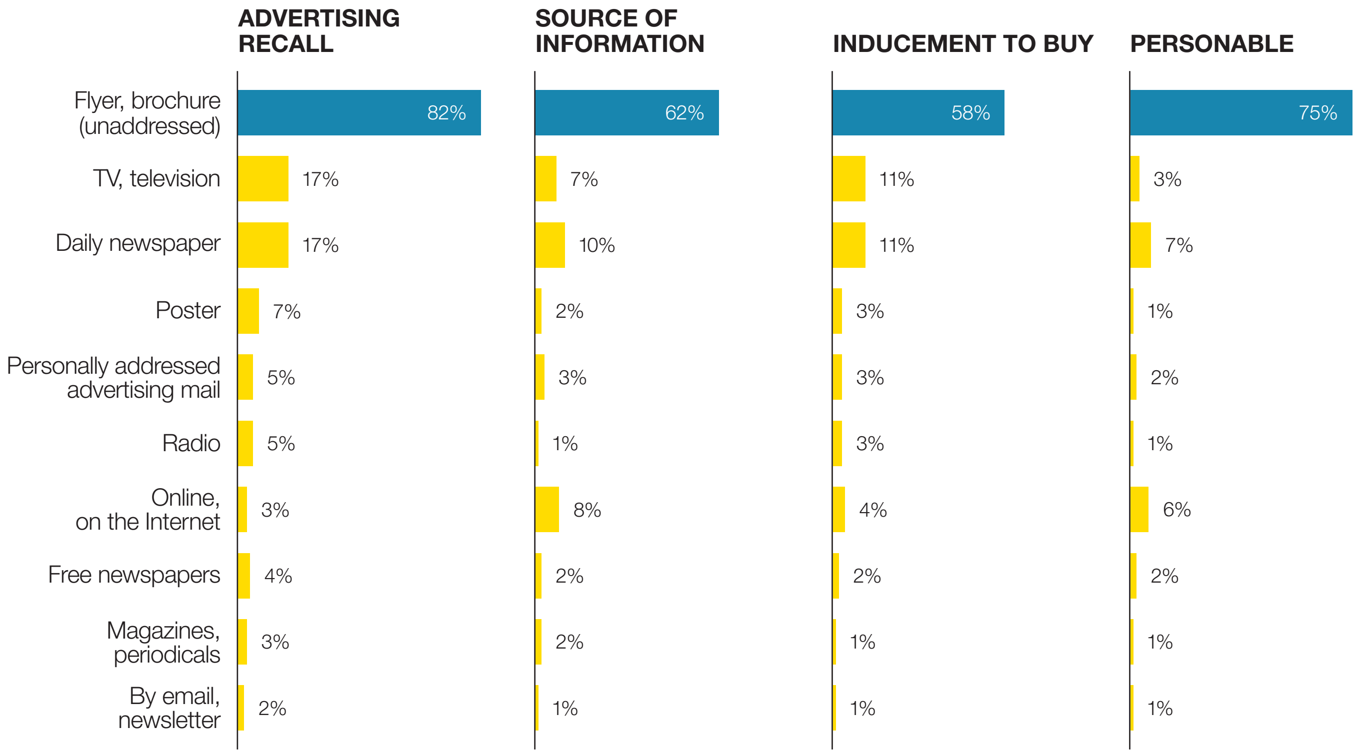
- **Two in three consumers prefer delivery to the letter box**
- **82 per cent advertising recall for flyers**

The Gallup Branchenmonitor demonstrates the importance of flyers in the buying decision of consumers using the grocery retail trade as an example. This indicates that the advertising recall rate of flyers is 82 per cent – TV commercials do not even achieve a fifth of that figure. The flyer also leaves the Internet far in its wake when used as a source of information. Record highs are also seen in the categories 'inducement to buy' and 'personable'. Email newsletters have virtually no role in customer communication. Other detailed sector reports can be found on www.post.at under Market Research/Studies.

Another study by marketagent.com shows that delivery to the letter box is by far the most popular way to receive brochures and flyers. Two out of three respondents prefer delivery to their own letter box. Brochures inserted in daily newspapers or magazines follow in second place by some distance.

THE IMPORTANCE OF FLYERS TO THE GROCERY TRADE

Highest advertising recall, highest inducement to buy, more personable than anything else: flyers top the list in every respect.



Source: Gallup Branchenmonitor (grocery retail trade), April 2015

FLYER APPS ARE GAINING IN SIGNIFICANCE

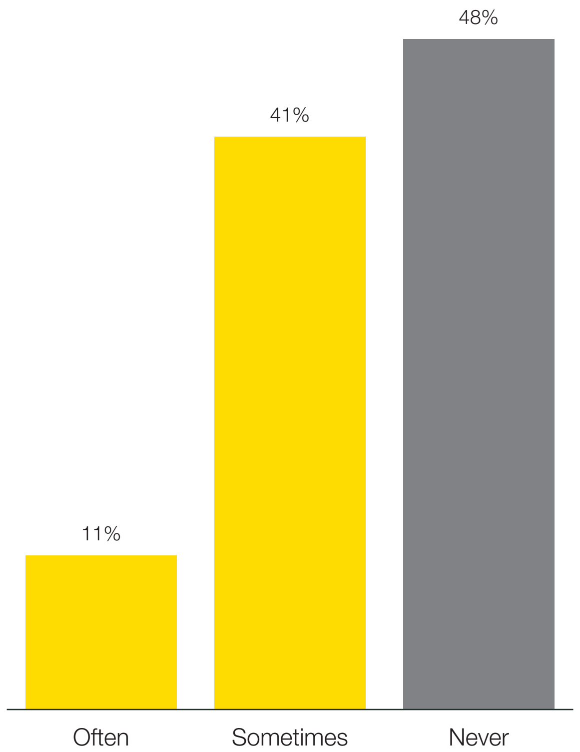
- **Every second consumer uses brochure apps and platforms**
- **The significance of flyers is increasing, especially online**

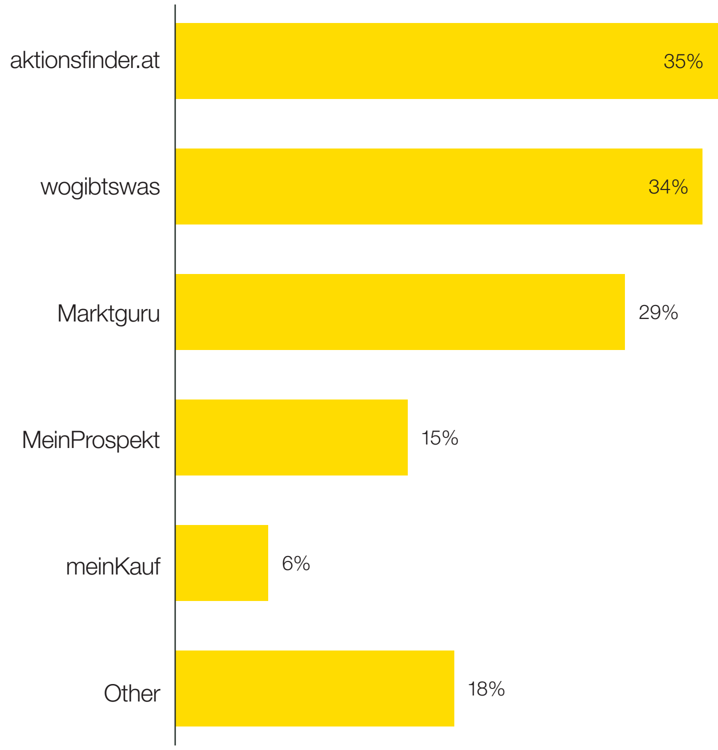
50/50 is what can be said about the use of platforms on the Internet and apps used to access flyers online. About half the respondents surveyed by marketagent.com make use of such offers. aktionsfinder.at and wogibtswas.at are the favourites. Price comparisons and information on current special offers are the central reasons consumers have for doing this. On top of that, two-thirds make targeted searches for specific products. Anyone seeking greater personalisation only wants to look at certain promotions (discount minus XX per cent) or gather information on certain offers of selected dealers.

The consumers surveyed are convinced that information via printed flyers will remain important in the future. Two-thirds expect the importance of brochures in the letter box or as a newspaper insert to remain the same or even increase. As regards electronic services like platforms on the Internet or apps, at least 75 per cent are convinced their importance will increase!

UPTAKE OF ONLINE PLATFORMS AND APPS FOR FLYERS

52 per cent of consumers use services via which flyers and brochures can be accessed.





Source: Flugblatt-App, marketagent.com, January 2015

CONSUMER REPORT: FROM THE
PERSPECTIVE OF THE CUSTOMER

CONSUMERS ARE KEEN ON SAMPLES

- **85 per cent are interested in samples**
- **Those who distribute samples are rated customer-orientated**

The number is clear: 85 per cent of the consumers surveyed find samples very or somewhat interesting; only two out of 100 respondents have no interest in them at all. Enthusiasts of the sample like the fact that they can try out products, form their own opinion, and do so in their own time at home. Accordingly, the most popular way to receive samples is when they are addressed personally according to specific areas of interest and generally delivered to the letter box – after distribution directly in the supermarket.

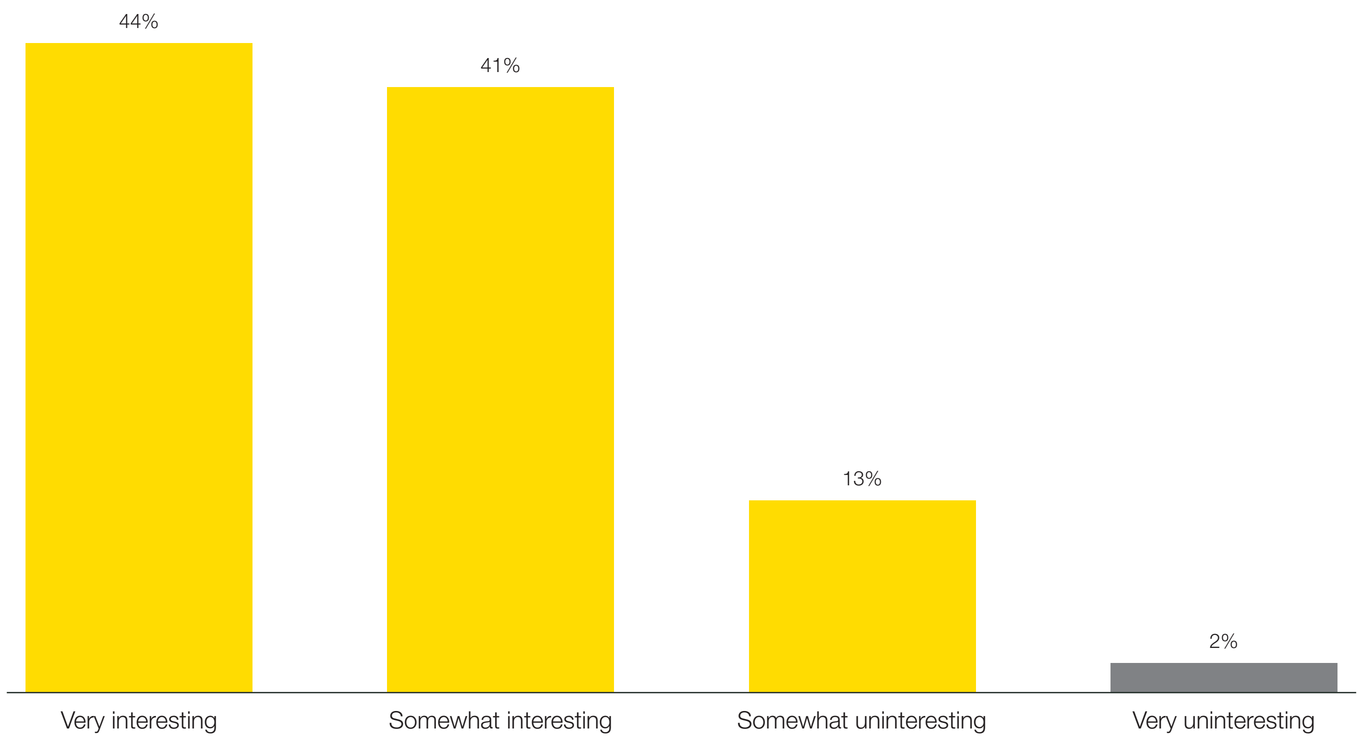
Consumers are especially interested in toiletry, perfume, and hair care samples. Confectionery and cleaning products are also included in the top five high-interest items. This form of advertising is (from the perspective of consumers) especially interesting for businesses looking to launch new brands or new versions of existing products. Of interest to marketers are the attributes that connect consumers with a business that distributes samples. Ranked top of the list is 'customer-orientated' (according to more than half) followed by 'appeals to me' and 'personable'.

Only 8 per cent think samples are intrusive. 90 per cent would be willing to take part in an online survey about the tested product and every third would even provide personal data.

CONSUMER INTEREST IN SAMPLES

85 per cent of consumers think samples are very or somewhat interesting.

Source: Sampling study, marketagent.com, December 2015

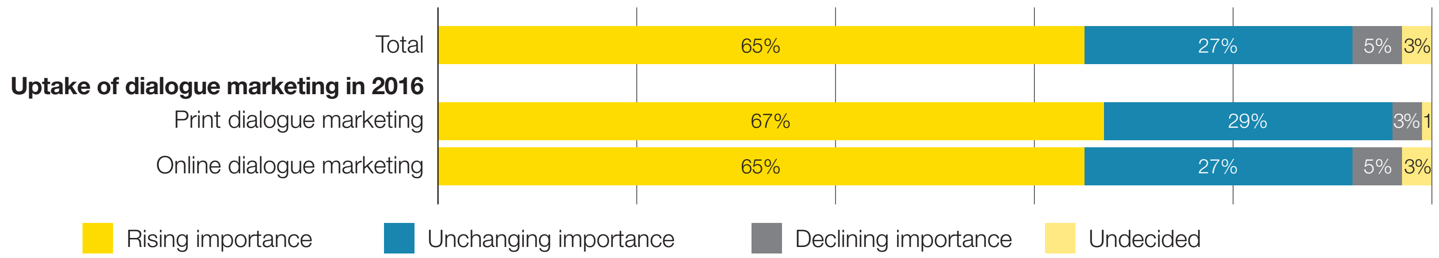


Desire and reality, expectations and disillusions: On the question as to the future development of each advertising channel, it is evident that although clear trends are visible, they do not always materialise – another fact demonstrated by the Dialogue Marketing Report. At any rate, the favourite for this year is clearly online.

How will spending develop this year? This is another central question of the study. The trend is certainly clear. Online channels will continue to gain in importance and traditional advertising media are on the decline. Having said that, they were also expectations for last year that did not materialise. One possible explanation for this is that although online is trendy, its practical implementation does not satisfy all expectations (or there is still a lack of effective tools). That the trend toward customer dialogue is set to continue is perfectly clear. Two out of three businesses expect the importance of dialogue marketing to increase. At the same time, the combined effect of the existing tools is vital. 20 per cent of the advertising and marketing directors surveyed – the highest number since the survey began in 2014 – are convinced that rather than single channels like the Internet, direct mail, or text message to mobile phone, it is precisely the integration of all channels that will gain in importance. This position is also reflected in the assessment of the future development of print and online dialogue marketing. There is no one or the other here, either. It was stated that both channels are of increasing importance.

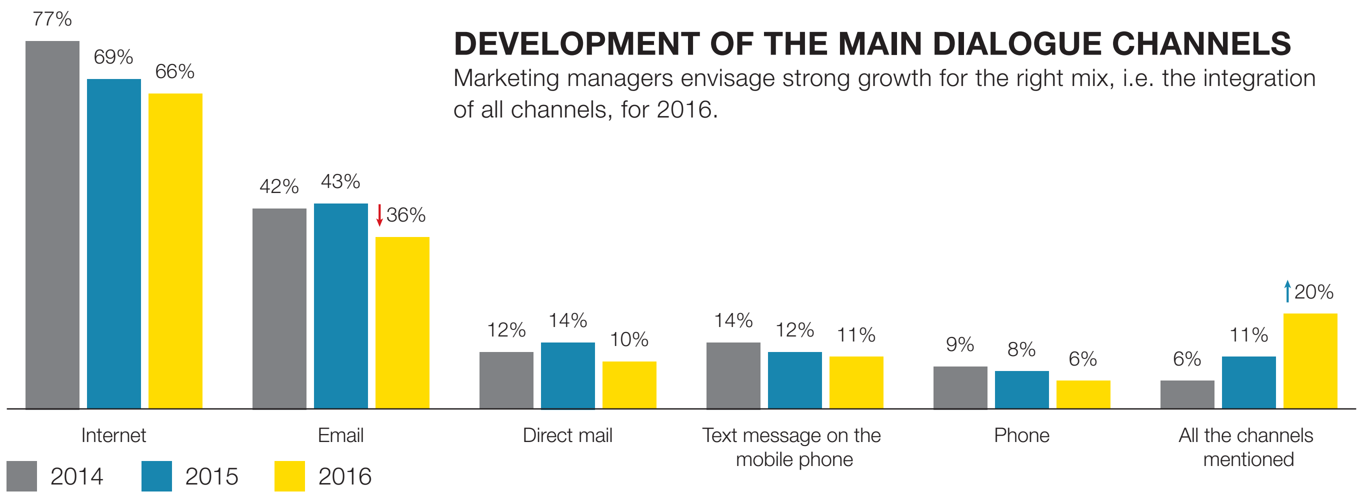
FUTURE IMPORTANCE OF DIALOGUE MARKETING

Two out of three decision makers expect an increase in dialogue marketing – considerably more than in 2015.



DEVELOPMENT OF THE MAIN DIALOGUE CHANNELS

Marketing managers envisage strong growth for the right mix, i.e. the integration of all channels, for 2016.



WHAT THE PLAYERS EXPECT FOR TOMORROW

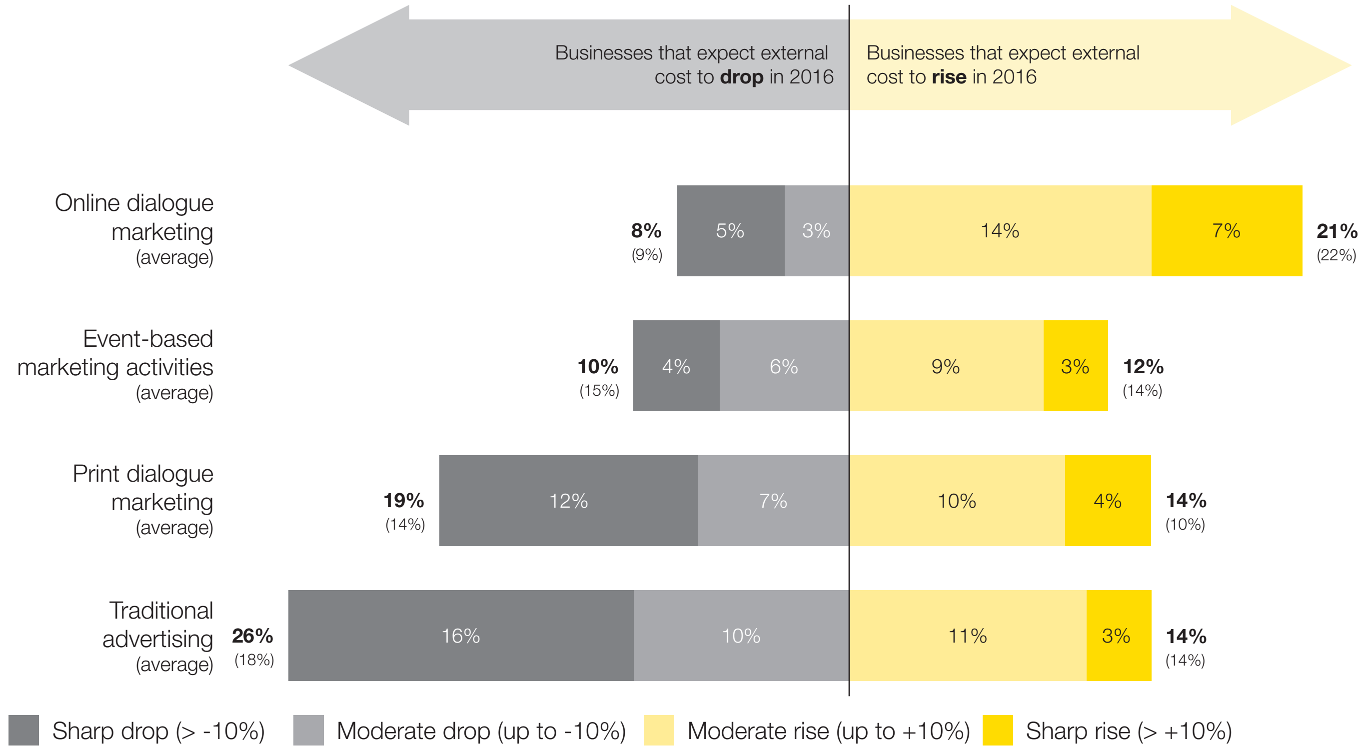
- **More spending on online, less on traditional tools**
- **Two out of three respondents believe dialogue marketing is growing in significance**

Online dialogue marketing is on the advance and traditional advertising on the decline. At least that is how advertising and marketing managers from Austrian businesses assess the development of advertising expenditure in the coming months. However, traditional advertising was expected to decline last year – and quite the opposite occurred. Spending on traditional advertising channels increased by 7 per cent; on online it was only by 4.2 per cent.

Quite surprising is that although spending on sponsorship, POS, and trade fair activities was among the losers until recently, mainly due to sharply declining sponsorship investments, this area is now expected to see a moderate increase. The survey shows quite clearly that the importance of dialogue marketing is increasing. Two out of three marketing and advertising managers are convinced that it is becoming increasingly important to address customers directly. Compared to the last survey, this represents a significant increase. This advertising strategy is becoming hugely important for the industrial sector and travel operators, in particular.

WHAT THE ADVERTISING DIRECTORS EXPECT FOR TOMORROW

21 per cent of the respondents expect spending on online to increase and only 8 per cent expect it to decrease (previous year's figures in brackets).

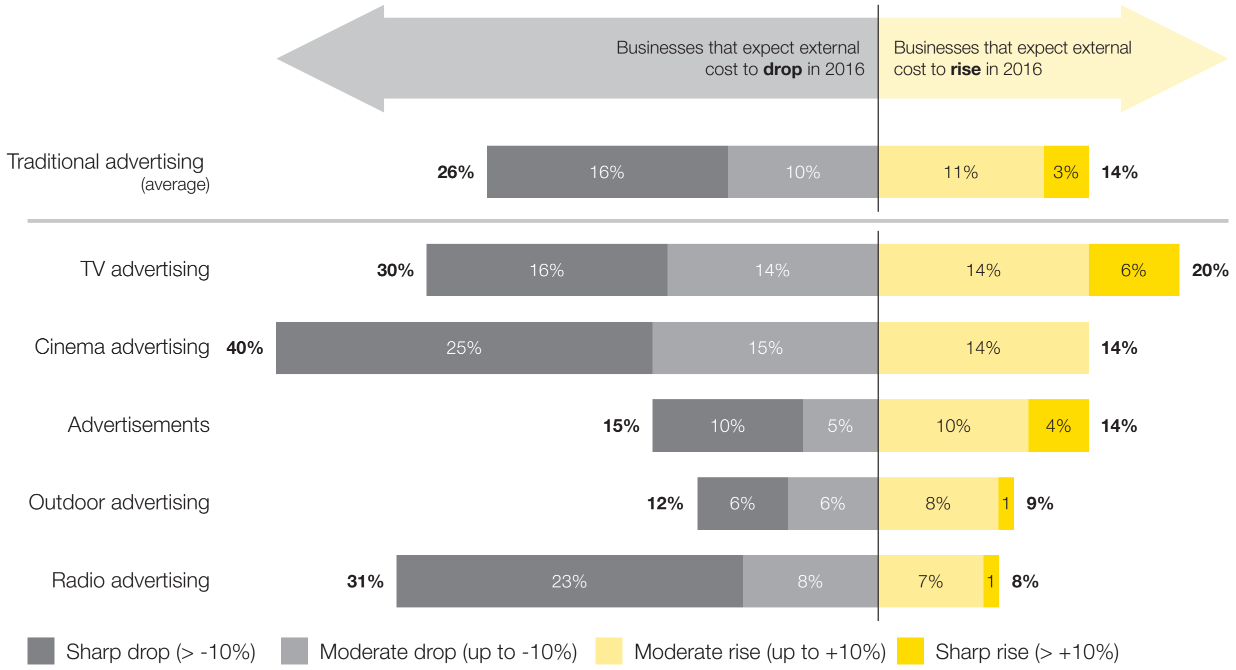


TV ADVERTISING POLARISES, TRADE FAIRS INCREASE

- Weak outlook for cinema and radio advertising
- Growing interest in trade fairs

EXPECTED DEVELOPMENT OF TRADITIONAL ADVERTISING CHANNELS

Overall, 26 per cent of the corporate sector expect a decline in traditional advertising; 14 per cent an increase.

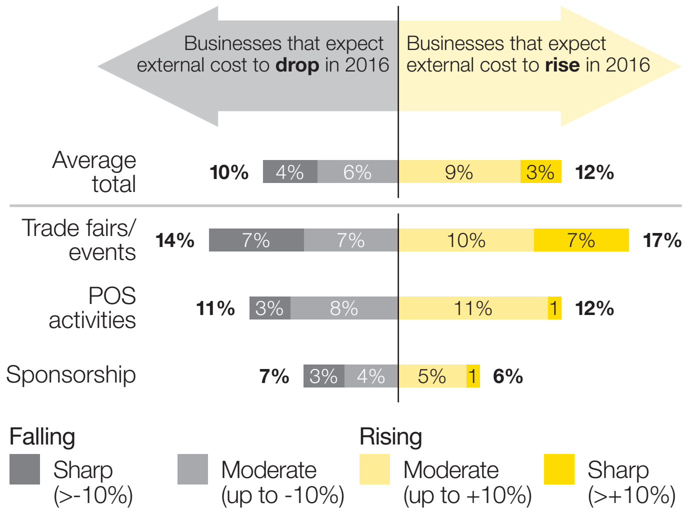


One of the winners of the current study, TV advertising, divides advertising managers. While 20 per cent expect higher spending in this segment (more than in all other traditional advertising channels), 30 per cent reckon with a reduction in spending. Only the lesser important cinema advertising shares such a huge difference in expectations. Overall, a decrease in spending on traditional advertising is expected. The main reasons for this are modified media strategies and cuts in the budget. In particular, industry, commerce, and travel operators are looking to slow down in this area. By contrast, those who do intend to invest more in traditional advertising do so to display a stronger overall presence on the market. They include the construction sector and service providers, in particular.

Spending on sponsorship and POS activities is assessed as relatively stable. Expected additions and reductions in spending are broadly balanced. Trade fairs are gaining in importance – similar to last year, a slight increase in spending is expected.

TRADE FAIR, POS, AND SPONSORSHIP EXPECTATIONS

Advertising managers anticipate more investment in trade fairs and events.

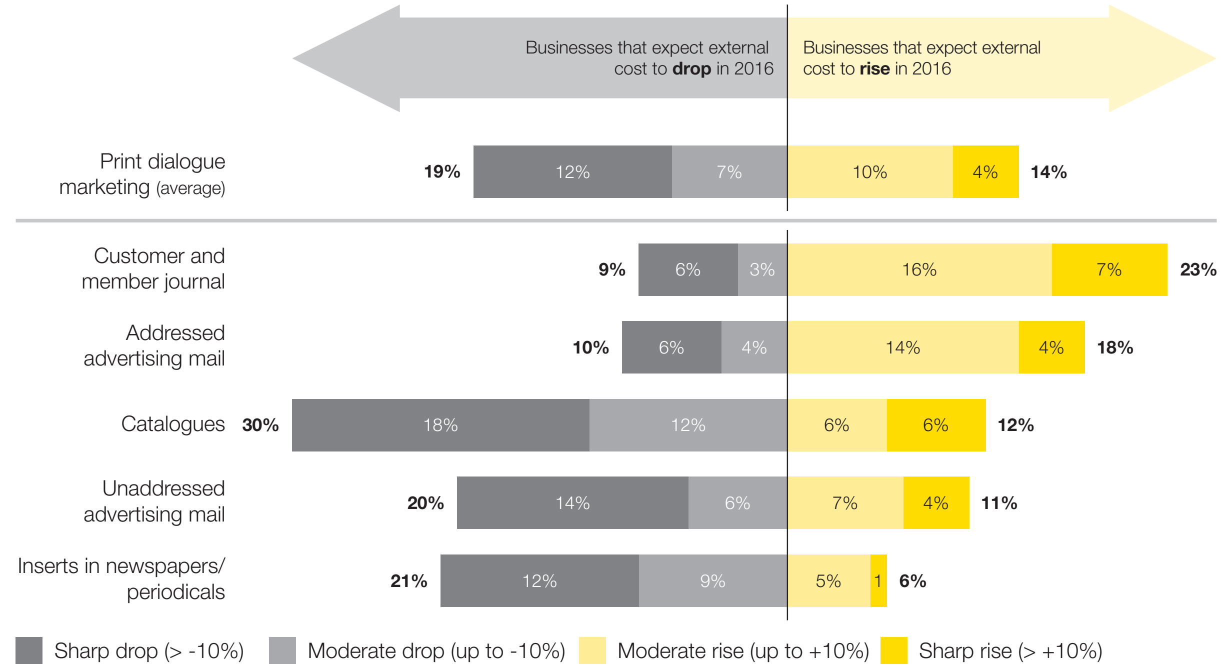


DIGITAL DIALOGUE IS CATCHING UP, PRINT INCONCLUSIVE

- Mobile marketing should continue race to catch up
- Addressed advertising mail increasingly popular

EXPECTED DEVELOPMENT OF PRINT DIALOGUE MARKETING

The corporate sector expects higher expenditure on customer journals and reductions in catalogues.

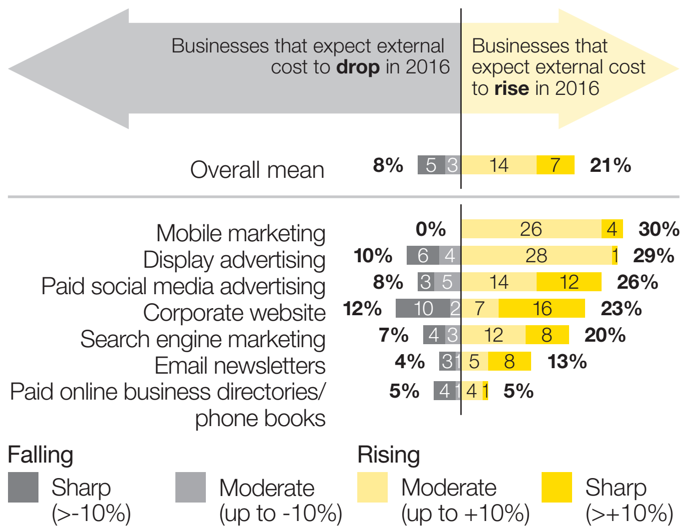


Overall, respondents expect a slight drop in spending on print. In particular, the decrease in newspaper inserts and catalogues is expected to continue. Catalogues are victims of their own success because the most common justification for the reduction is that enough were printed last time to cover several years. Anyone who relies on print does so precisely because of the difference to the online channel, notably: "to send something tangible that can be picked up and felt" or that is: "not simply closed with a click". Those arguments also explain the anticipated increases in customer and member journals.

Online dialogue marketing should also be among tomorrow's winners when it comes to spending. Every fifth respondent expects higher spending than in the previous year, especially on mobile marketing and banners on the Internet. At the same time, the corporate website proves to be an eternal work in process. Two-thirds of the respondents justify the higher online spending with a new website or one that is being modified.

HOW ONLINE DIALOGUE MARKETING IS DEVELOPING

Online activities remain a clear growth segment. The need for mobile marketing to catch up is great.



EXPERT DIALOGUE
TRENDS IN ADVERTISING

"BRAND WIZARDRY HAS NEVER BEEN ACHIEVED OVER DIGITAL CHANNELS ALONE"

A conversation with two experts … Advertisers Alfred Koblinger and Manfred Berger talk about the opposing trends personalisation and affiliation, brand wizardry, and why relationships – including personal – fail because of communication.

Communication media are becoming more diverse and society increasingly heterogeneous. What developments can we expect in the future when it comes to addressing customers?
MANFRED BERGER: There is a trend toward personalising products, brands, and messages. This is a basic issue that stretches from industry across our society as a whole. Yet we still try to classify consumers with models, for example with 'Sinus-Milieus' as 'Performers', 'Hedonists', etc. Against the background of personalisation, we have to ask ourselves whether this is not obsolete.

What is the alternative? A business cannot stand in the middle of the street and greet everybody individually.
ALFRED KOBLINGER: Although it is about personalisation, it is evident that people still have a great need to belong somewhere. This is actually a countertrend. It is why everybody wears Abercrombie & Fitch – they are expressing that they belong to a particular 'interest group'.

How can advertising respond to that?
BERGER: To achieve a certain 'brand wizardry', the address needs to be as broad and passionate as possible. And nobody has found a way to achieve that through digital channels.

KOBLINGER: This brand wizardry is difficult to achieve through digital channels. Other things work well there in place of that, such as activation, interaction, or establishing dialogue using measures that are surprising and arouse curiosity.

BERGER: But digital communication needs a certain degree of caution. We are in a relatively intimate area when it comes to a consumer's mobile phone, one that has much to do with trust, and advertising is looked on as a much greater disturbance than with the newspaper. The corporate sector has seemed unable to get closer to people in recent years.

KOBLINGER: Indeed, we also receive much less personally addressed mail than we used to. And when we do, it normally contains the word 'invoice'. On the other hand, this is also an opportunity. If someone is really important to me, then the letter becomes a very important medium again for reaching someone personally. And to convey appreciation.

BERGER: But the reality is different. Email marketing, in particular, could really give us the opportunity to advertise cost effectively and personally. Yet all the customers of an insurance company get the same newsletter, for example, even though the data needed for differentiation were already present.

Is this a question of budget, effort, concept ...?
BERGER: Above all, it is a question of resources. And it is an unfortunate observation that marketing is shifted more and more to the side line of a business by controllers and financial directors.

KOBLINGER: On top of that, we are also obstructed somewhat by the Austrian mentality of wanting to achieve success with minimal effort. Why should I go to all this trouble if it can also be done easily?

Marketing expert Dr Manfred Berger was CEO of the agencies FCB Retail and Draftfcb. He founded the brand think-tank Neusicht in 2011.

Dr Alfred Koblinger has been a pioneer and expert in direct marketing for 30 years. He founded PKP in 1991 and has been CEO of BBDO Holding in Austria since 2000.

So consumers want to be addressed personally but many businesses do not make the effort.
KOBLINGER: Well, customers would certainly never say: "I would like to receive a personal message." They want perfect service that is tailored specifically to their needs as far as possible. It is a pity that most marketers still begin with their offering: "I've got something great, come and buy it," as it were. Right now, the importance of a personal and passionate address can be seen at banks.

Is it not only possible to address young people online?
KOBLINGER: I reject that, even though it is something I constantly hear, too. We also support start-ups with great offers, but with little understanding of marketing. Given the objective, 400,000 downloads in a year, their idea of simply entering communities with a product was not very effective. Despite all reservations, we created three fiercely impudent TV commercials. The result was 250,000 downloads within the space of less than six months! Accordingly, youngsters do still watch television but the attention they give it is different.

BERGER: If you do not build a basic image, a basic awareness, through the traditional channels, then the funniest YouTube ad won't help.

So how do good customer ties look?
KOBLINGER: 'Customer ties' is most definitely the wrong term, as the implication is that I am tying you down. It is much more about a relationship, and this is a two-way process. And about positive online and offline brand experiences that enrich this relationship over and over again.

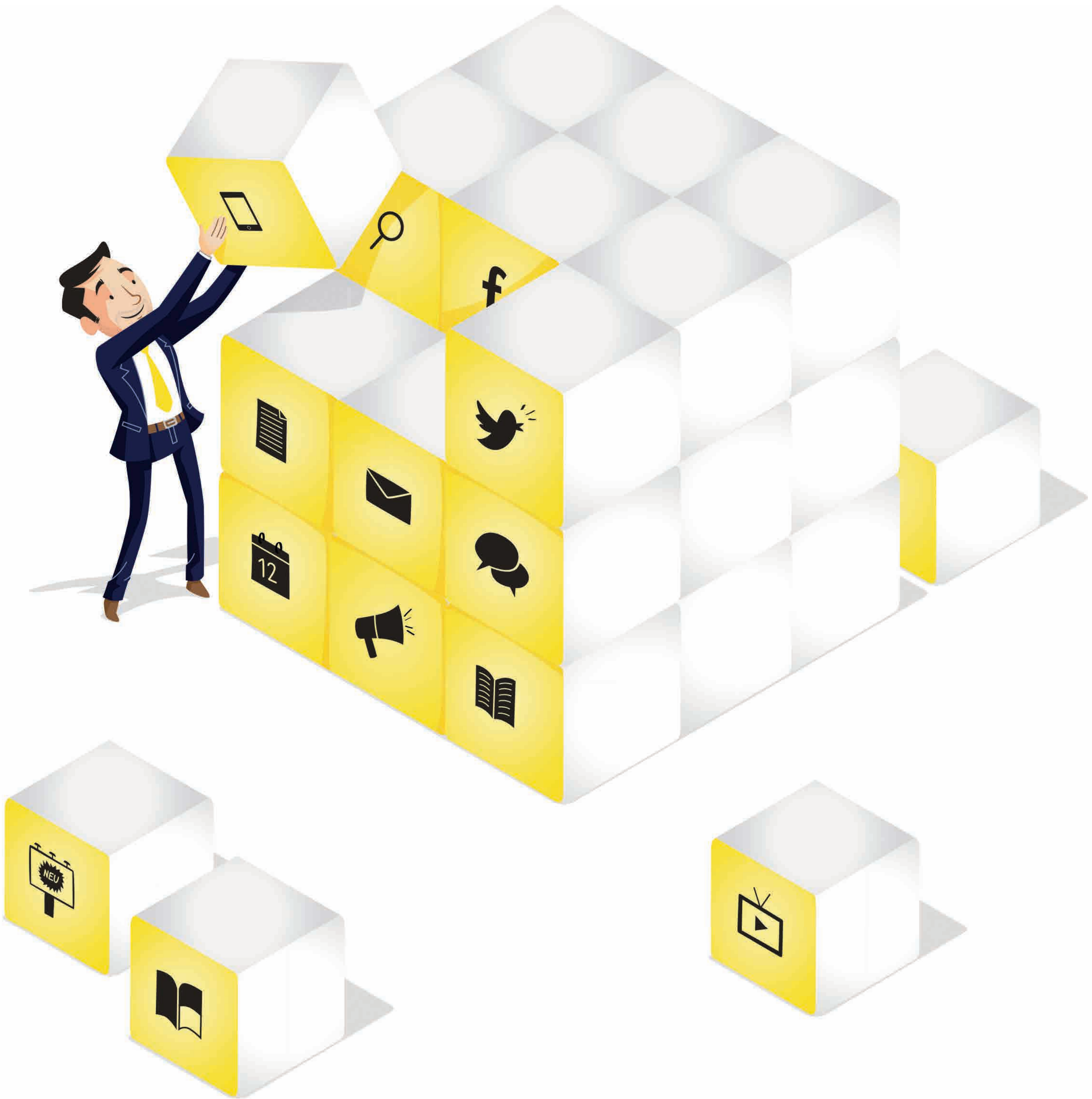
BERGER: Ultimately, it is about giving customers a unique way to access my brand, regardless of where they are. If the brand experience is strong, then the relationship will be, too.

KOBLINGER: Most relationships, including personal, fail because of communication. If a brand stops communicating, then you can feel it.

BERGER: It is about creativity, about unique communication with consumers. Without these factors, relationship management will never work in the future, either.

KOBLINGER: I should add: about unique and personal communication.

SEEKING THE MAGIC CUBE FOR THE PERFECT MEDIA MIX



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