



The Raphel Report

**Observations on marketing,
advertising, sales and
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The Catalog: An Endangered Species

Say it ain't so, Mickey.

I could hardly believe my eyes when I read that the Disney Company announced last month it was eliminating its catalog. Their plans are to focus non-store sales on the web site.

The reasons they gave made sense, at least at first glance. Disney spent \$18 million to send out 30 million catalogs last year, but saw phone orders plummet 45 percent. At the same time the number of customers who responded to e-mail and other on-line messages exploded.

But hold on, Disney. Does it really make sense to abandon print catalogs entirely? Just because phone call sales are dropping doesn't mean that print catalogs don't serve an important service.

We've all noticed that the catalog has become a portal to the retailer's web site. Donald Libey, in his recent article for DM New Outlook, "Is It Time for the Catalog to Become the Webalog?" discussed how the catalog is becoming a driver of web purchases. He envisions a catalog that "steers, drives, points, refers, solicits..." but "doesn't sell." The selling, he proposes, will come from the online catalog on the Internet.

My conclusion: the catalog, as we have come to know and love it, is an endangered species. It will have to change in the Internet age.

Now, I speak not only as a marketing professional, but also as a seasoned catalog shopper. I outfitted my young children primarily from the pages of Hanna Andersson in the late 1980s. When we moved to Vermont (scenic, but not exactly shopping mecca) I was forced to pursue my catalog shopping strategy even more vigorously, just to find the kind of products I was able to buy *in situ* when we lived in suburban New Jersey.

Then came the Internet. The fledgling efforts of companies who sold their merchandise on the web were usually disappointing, but within the last two years, I have been able to actually purchase on the web without needing a to speak with a live person to complete the transaction. Web sites have really improved — it's easier to find what you're looking for and the sites work more smoothly. The just-published WebAward Internet Standards Assessment Report adds some statistical clout to my casual observations. According to the report, retail and shopping web sites are "strong in design, content,

interactivity, copywriting and ease of use.” The report cites L.L. Bean as the best catalog site for 2005, and Nike ID as the 2005 best retail site.

Online retail sales are the fastest growing shopping channel – Forrester Research predicts a 14 percent annual growth rate through 2010. Catalog sales are decreasing for most companies, especially the ones that have physical stores and a strong web site as well. There is no doubt that catalogs will have to change. Some of the more savvy companies have added content to their catalogs. For example, Williams-Sonoma regularly includes recipes in its catalogs. Naturally, the recipes include one of their products they are selling on the same page. It’s clever – a little bit of *Martha Stewart Living* right in the Williams-Sonoma catalog! Is this now being called a magalog? A catazine? I don’t know – but it works.

Another company that has figured out how to use its printed pages is Bliss, a beauty products retailer. Its catalog educates the reader on the many ways to combat aging skin, cellulite, sagging body parts – subjects I’m sorry to admit I find interesting. The catalog doesn’t show every item Bliss sells – not by a long shot. It’s a skinny catalog, and it’s getting even slimmer. But its clever, stylized copy sends me right to the Bliss website when I want to send a gift or treat myself. Their web site has specially-priced sale items and the full range of their product offerings. The little catalog is an old-fashioned teaser.

And then we come back to the subject of Disney, without a catalog. Without those splashy, colorful drawings of Mickey and Friends, reminding me every month just how darned cute their stuff is? They are gambling that their customers don’t need the catalog knocking on the door to say, “Time to buy something!” Maybe they’re right – they certainly have plenty of physical stores in every mall across the land. And they have their own TV channel, movies and a zillion other reminders of Disney around every corner. But their strategy to take the money they spent to mail catalogs last year and give it to the web folks to promote web sales may be a bit premature.

Mark Rein, senior manager of Capgemini, says that eliminating the catalog because catalog sales have slipped is a big mistake. Customers have developed cross-channel purchasing behavior, which means that customers want to shop in all the possible venues – catalogs, Internet and physical stores – and then they will choose the venue in which to place the purchase. Sometimes it’s the store, to avoid shipping charges. Other times it’s the web, once they have done all their homework and know the exact product. And there are still those Neanderthals who want to phone the catalog call center and know that a live person has been involved in the order, maybe answering a question or two along the way. Rein says that one thing customers really want is to know that if they see a product in one place, they can buy it, for the same price, in any of that retailer’s other locations – web, catalog or physical store.

So here is what we think is in store for the catalog:

- smaller, 16 - 32 page mini-catalogs with a sampling of product offerings (a “teaser” catalog)
- “magalogs” with lots of editorial content to go along with the edited product

offerings

- periodic direct mailers, such as oversized postcards, brochures or letters to established customers, basing the offers on the customers' individual sales experience from the web sales

Maybe some of each, depending on the sophistication and the pocketbook of the company.

I don't think the print catalog will be gone any time soon, at least for most catalog retailers. Like its hard-copy cousin, the newspaper, it may be taking some licks from its online counterpart, but for most people, it is still much easier to read printed pages than a computer screen. And the photographic quality is better, too.

But there may be some effect on catalog production from the many eco-minded folks who argue that printed catalogs contribute to the world's growing waste problem. For many years, most people who receive catalogs have complained about getting multiple copies of the same catalog. Even I don't need all three identical Garnet Hill catalogs that arrived in my mailbox the other day. My recycling bin overflows.

One thing is sure: The Internet will be increasingly more important to retailers in the foreseeable future, as it becomes the preferred channel for purchasing for many customers. And the catalog will morph into a new version of itself, and for some retailers, may just disappear.