

# Why print catalogs are still important in the age of Amazon

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Furniture and home goods retailer Wayfair has been online-only since it was established 13 years ago. It has prided itself on its tech-first approach, investing in augmented reality tech to craft an immersive experience that rivals a designer's visit to the home.

But alongside Wayfair's investment in innovation, it's also putting an ad spend toward something decidedly more analog: the print catalog, which is sent alongside a slew of other direct-mail products including postcards and mini-catalogs.

"The catalog offers an incredible opportunity to deliver a rich, tactile shopping experience to our customers," said Wayfair's head of North America marketing Bob Sherwin. "We send it out to high-value target customers, or people who have moved into certain neighborhoods — it's for targeting prospects as well as existing customers."

As advertising has become increasingly dominated by the Facebook and Google duopoly, it would be easy to write off the print catalog as a relic. Just look at Sears: the once-iconic catalog retailer has finally filed for bankruptcy. But more e-commerce reliant retailers are rolling out catalogs to hook prospects and keep existing customers loyal, including startups like Everlane, Bonobos, Boll & Branch and Greats, as well as more traditional retailers, including JCPenney, Williams-Sonoma and Lafayette 148. Even Amazon is reportedly planning to launch a toy catalog.

## **Combining print pages with customer data**

Armed with a rich roster of information on customer transactions and preferences, retailers are using catalogs and direct-mail products to focus on reaching those who spend more, or are likely to spend more. It also makes for a more intimate and less crowded form of advertising than Facebook, Google or email.

"It sounds kind of counterintuitive that we're finding return on snail mail, but that's how crowded digital has become," said Ryan Babenzien, founder of direct to consumer shoe brand Greats. "[Online has] become so noisy it doesn't have the efficacy that it used to." He adds that since the company started testing direct mail since the holiday season last year, the return is slightly higher than the digital-only return.

Over time, Wayfair has focused its catalog outreach on its most active customers. Wayfair's initial experiment paid off in enhanced site traffic, though Sherwin wouldn't comment on the specifics of the traffic lift. Wayfair sees the catalog as just another physical touchpoint to build the identity of the brand. Its success

with the catalog prompted it to roll out additional offline activations like physical pop-ups, where a selection of catalog merchandise would be featured to give customers a chance to touch and feel the products available on its e-commerce store.

“It’s really about the story of product,” said Greg Portell, lead partner in the global and consumer retail practice of strategy and consulting firm A.T.Kearney. “When you think about the e-commerce customer, there are a breadth of options; what catalogs do is provide the retailer with the opportunity to tell a story and put those products in context.”

But instead of a mass catalog blast to customers and prospects, retailers like Wayfair are using what they know about customers to be more targeted in their approach. Prior to the e-commerce age, retailers relied on less sophisticated ways of tracking the behavior of customers and prospects. With enhanced data-gathering capabilities — including purchases and web-browsing behavior, merchants can take a more focused approach.

“Data-driven outreach is the new sweet spot developed over the last decade,” said Bruce Winder, co-founder and partner at the Retail Advisors Network. “Retailers can now use data from website behavior to target high-value customers.”

### **The loyalty play**

Upscale furniture retailer Mackenzie Childs said print catalogs explain its brand story in a way that can’t be done through its e-commerce store. The company has produced physical catalogs for more than 20 years, and they once drove most of its business; it’s now in the process of building out its direct-to-consumer presence online. Though catalogs drive 60 percent of sales, it’s increasingly angling toward online-only shoppers through an e-commerce makeover it initiated two years ago.

Still, offline catalogs are an important sales driver. Larry Shaw, chief marketing officer at Mackenzie Childs, said e-mails are sent to customers who may have abandoned transactions online, but to drive incremental sales, a physical catalog helps customers get a better visual idea of what the brand represents.

“For things like decor and furniture and other goods with higher price points, it’s a great way to get people interested,” said Shaw. “It’s a great way to show new products in an editorial way.” For Mackenzie Childs, seeing products in room visualizations through a screen can’t replace how they look on the printed page.

It’s not just better visualizations: Customer data is at the core of the company’s catalog strategy. Mackenzie Childs also has two versions of the catalog it sends to customers: one for prospects and one for the most loyal customers. Based on an analysis of customer transactions and web-browsing history, it decides which edition to send along. Customers who spent the most get a special version of the catalog that has double the number of pages compared to the regular version,

and includes a greater assortment of products, along with articles in which design ideas are presented.

“We use the extra pages as a way for people to get inspired and show them different ways to use the products,” Shaw said.

### **Cutting through the clutter**

Despite the advantage of the use of customer data as a tool through which retailers can focus their catalog outreach, measuring conversion, when paired up with digital marketing and traditional channels, can be difficult, according to Portell. But Shaw said conversion rate through catalogs is easy to establish: All the retailer needs to do is match up those who received the catalog with sales data. However, when catalogs are just one of many channels, it can be difficult to attribute which tool was the biggest contributor to a bump in sales, he said. “It’s difficult because of the sheer volume of data you’ve got to act on within four to six weeks; it’s inordinately complex,” he said.

Costco, which has distributed catalogs to its customers for over 20 years, maintains that catalogs are a crucial driver for sales, both online and in its e-commerce stores.

“When we’ve done tests and not mailed things, we’ve seen a huge [downward] impact on sales — the printed piece makes a difference.”

Because of its membership-based model, the retailer has a detailed roster of data on customers. It said it’s working to personalize the types of catalogs and mailouts customers receive. But developing a system to categorize its 80 million members will take time.

“What we struggle with is there’s so much information, what’s important and cutting through the clutter,” said Sandy Torrey, vp of corporate marketing for Costco. “We use member data to figure out who should be members — we’re hoping to change in the next year to be able to use some of that shopping data or search history [for online and direct mail outreach.]”

Despite the lift a catalog can add to a retailer’s digital marketing strategy, simply combining an e-commerce layer to a catalog business alone won’t guarantee success in an increasingly competitive market. Retailers still need to focus on product-market fit and effective pricing to succeed.

“[Catalogs] aren’t a solution; they’re a better way to access a consumer base,” Portell said. “Retailers still need to get at the right price points and the right combinations — a retailer still has to be a good retailer.”