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Reader's Digest (Australia) Pty Limited
Submission
to the

House of Representatives Committee on
Legal and Constitutional Affairs

Concerning its inquiry into the
Privacy Amendment (Private Sector) Bill 2000

15 May 2000

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1.0 Reader's Digest Credentials

- 1.1 The Reader's Digest Association is a diversified media corporation that produces books, magazines videos, music and other products and carries out its business in all parts of the world. Its flagship publication, *Reader's Digest*, is the world's most widely read magazine, reaching nearly 100 million readers each month. Here in Australia it is one of the top selling monthly magazines in circulation and has been published in Australia for the past 54 years.
- 1.2 As one of the world's largest direct mail marketer's, Reader's Digest annually sells more than 20 million General Books in 33 countries and 14 languages. These books encompass the areas of do-it-yourself, self-help, reference, medical, travel, cooking, history, religion and geography. In addition more than 16 million Condensed Book volumes of recent fiction and non-fiction, and about 8 million series books, are sold.
- 1.3 As well as our books, we sell more than 10 million CD and cassette music collections from classical to rock 'n' roll, and 5 million video cassettes.
- 1.4 Our annual worldwide revenues exceed US\$2.5 billion.
- 1.5 On the local front we are a major player in the direct marketing industry. Our information shows that one in 15 Australian households has responded to one of our mailings in the past 12 months.
- 1.6 For Reader's Digest to be able to achieve these volumes, - it is for us to know what our customers like to purchase and to maintain the excellent relationship we have with these customers - we place a great deal of emphasis on being able to communicate freely with both customers and the population in general. This way we can maintain our customer base and expand it by introducing new products.
- 1.7 More than 95 per cent of our business is obtained through using the written word and visual images, to communicate directly through the mail on a one-to-one basis with our customers or prospective customers. This particular business practice is called Direct Mail, one of the mediums of Direct Marketing.

2.0 The Direct Marketing Scenario

- 5.2 Direct Marketing is today the fastest growing sector of retail trade, and an important part of businesses selling to individual consumers and other businesses. Successful direct marketer's recognise that respect for the customer is both a commercial and moral imperative. Unlike store generated retail trading, direct marketing is able to measure consumer satisfaction.
- 2.2 Direct marketing is a relatively new term to describe an old practice of pin-pointing potential customers on the basis of knowledge about their tastes, needs and circumstances, then selectively reaching out to them to offer appropriate goods or services or information.
- 2.3 As a business practice that develops and adds value to relationships with customers and prospects, direct marketing is used in five basic ways to:
- Sell goods and services (mail order)
 - Build store traffic (retailers)
 - Generate leads (financial services)
 - Solicit donations (charities/activist organisations)
 - Disseminate ideas, soliciting support (political organisations)
- 2.4 As with all successful commercial activity, direct marketing is customer-driven - a response to customer wants, not an imposition of sellers' desires. Direct marketer's regard it as imperative to understand their markets and to have sensitivity to changing customer needs and perceptions. The collection of relevant data is vital for these ends.
- 2.5 Direct marketing practice has created new supporting industries. At their centre are the specialist suppliers - direct marketing agencies, list brokers, database operators, letter shops - drawing on support from printers, computer bureaux, stationery manufacturers, postal services, etc. The ripple effect on employment is incalculable, but substantial since it spreads into organisations which use and rely on direct marketing, such as banks, insurance firms, airlines, publishers, etc.
- 5.2 Today there are many fields of activity which are difficult to imagine outside the direct marketing context: book clubs, the selling of magazine subscriptions and newsletters, the promotion of home study and in-home entertainment, consumer magazines, and the promotion of causes. All these different branches of the tree of knowledge would wither without the sustaining energy of direct marketing and the use of mailing lists.

- 5.2 Perhaps the greatest contribution of direct marketing lies in attracting innovators who derive their inspiration from listening to consumers and tailoring their approach to them. Direct marketing is not therefore just a beneficial economic activity but a spur to innovation, change and progress. It penetrates into activities that have traditionally not been distinguished by personal marketing: financial services, fashion, real estate, travel, the automotive industry, consciousness-raising.
- 2.8 Political and charitable fundraising has changed out of all recognition in the hands of marketer's who have performed a service to democratisation by balancing the power of the big donors with the recruitment of large numbers of smaller contributors. Direct marketing is for all these reasons of major importance in the domestic and international marketplace.
- 2.9 It is not too much to claim that direct marketing, in the modern world, performs a key role both in its own right and by priming the pump that irrigates large areas of the economy.
- 2.10 Direct Marketing is especially important for consumers who do not live in the immediate vicinity of major metropolitan areas, the aged or those who may have physical or health disabilities which make shopping and travel difficult. There are also many people in today's society who find that time constraints restrict their ability to shop personally.

3.0 The Consumer

- 3.1 There is a need to focus on the requirements of the consumer. Consumer confidence is critical to the success and growth of the Direct Marketing process. And consumer acceptance of this process is demonstrated by its expansion. A key component of growth has been to exceed consumer expectations in customer service and customer relations, and respecting your customer and prospective customer.
- 3.2 To be successful in business today a company is dependent on repeat business. That is especially true in Direct Marketing. You cannot be successful over the long haul with a one time hit.

4.0 In support of the Australian Direct Marketing Association (ADMA)

- 4.1 As a long standing member of ADMA we support their views, initiatives and comments contained in their Submission. We also support their efforts in promoting the views of their members and the direct marketing industry in general and keeping an open constructive dialogue with all interested parties.

5.0 In support of the Legislation

- 5.1 Reader's Digest was able to contribute from its experience in operating in many jurisdictions that have Privacy regimes in the development of the National Principles for Fair Handling of Personal Information.
- 5.2 Reader's Digest supports the Federal Government's approach to "Light Touch" legislation which provides for national uniform standards. It is on this basis that we have been able to build a successful business over many years with just under one million active customers in the Australian marketplace.
- 5.3 The writer was a member of the Attorney General Core Consultative Group involved in the development of the legislation representing the Major Mail Users of Australia. (MMUA) Major Mail Users would represent a large percentage of companies that store, generate and process vast amounts of data in the Australian marketplace. Its members include, American Express, AMP Services, ANZ Bank, Australian Print Group, Bankprint, BT Funds Management, Optus, CCH, Centerlink, Commonwealth Bank, Doubleday, Health Insurance Commission, IMP, John Fairfax Group, Medical Benefits Fund, NRMA, National Australia Bank, Perpetual Registrars, Roads and Traffic Authority of NSW, State Mail Service, Telstra, Time life, Westpac and all major mail processing organisations.
- 5.4 Having been involved in the development and operation of the New Zealand legislation the phased in approach of the application of the National Principles that is outlined in the legislation is the most sensible approach that can be adopted and minimises the cost on all businesses. Suggestions that the phased in approach not be adopted due to the fact that organisations will amass data is totally unfounded based on the New Zealand experience.
- 5.5 We therefore support the Bill as presented.

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