Consumer Magazine Promotions

A survey of industry attitudes & practice

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Report Background & Methodology

Background

As the magazine market becomes increasingly competitive and as consumer purchasing patterns become more volatile, effective consumer promotions assume a much greater significance in publishers' planning. PPA commissioned Wessenden Marketing to research trends in and attitudes towards consumer magazine promotions.

The prime aim of the survey was **not** to conclude which types of promotion were most effective in boosting copy sales. The answer to that question varies from title to title and from promotion to promotion and is dependent on a number of variables such as seasonality and competitive activity. It is also best approached through the analysis of specific sales data relating to an individual title. While some comment is made in this report about the process of modelling promotional effectiveness, that is not the primary focus of this project.

Instead, the aim is to pin down more clearly what people's **attitudes** to certain types of promotion are. Although more and more sales information is becoming available for planning and analysis, how magazines are promoted is still very dependent on subjective opinion. As the retail supply chain consolidates into the hands of fewer organisations, this subjective input can only become more pronounced.

Methodology

Data was collected from a variety of published sources, interviews were undertaken with a number of executives within the supply chain, but the core of the project was a self-completion questionnaire. The sample of the respondents was made up of:

- The publishers of 114 paid-for consumer magazines: all members of PPA.
- Five newstrade distributors.
- Eleven retail multiple groups with 4,094 individual branches.

Management Summary

In 1998, 1.2bn copies of consumer magazines with a retail value of over £1.8bn were sold. For one third of these sales, the consumer made the final decision as to which title they were going to buy inside the shop itself. This fact alone demonstrates why publishers need to focus on both cover design and on promotional expenditure.

Research among PPA members points to consumer magazine publishers spending over £240m per year, or 13% of total copy sales revenue, in attempting to boost copy sales. That promotional spend is heavily biased to below-the-line and value-added activity. Currently, publisher promotional budgets are divided:
- 18% above-the-line advertising (eg. TV, Radio, Magazines, Newspapers)
- 35% below-the-line activity (eg. Direct Mail, In-store promotions, Sampling)
- 47% adding value to the publishing package (eg. Cover mounts, Supplements)

The research shows a number of key points:
- Promotional spend is accelerating. It rose by 9% year on year (1999 on 1998) and is predicted to rise to an 18% growth rate next year.
- There appears to be a trend towards fewer, bigger promotions.
- There is a clear shift into subscription marketing. Even though subscription promotions account for only 18% of total promotional budgets, this represents a 36% rise on 1998 expenditure while retail sales budgets have slipped back by 6% year on year.
- Cover mounts are generally perceived by publishers to be the most effective sales boosting technique, though the whole practice of value-adding raises a number of fundamental issues:
  - Does it create more instability and brand-switching in an already volatile market?
  - Is it used with any sense of long-term strategy by publishers?
  - Does it raise consumers' expectations as to what they feel they should expect from a magazine "package"?
- The report outlines the differences between the perceptions of what retail buyers and publisher sellers think are effective promotions.
- In-store retail promotions are a growing (+27% year on year) area of publishers' budgets, accounting for in the region of £15m per year. These schemes are seen to be very effective by publishers, but they are also perceived to be a costly and an inevitable part of doing business with the retail supply chain. A major and controversial issue is the whole area of retail compliance - are retailers able to fulfil the commitments that they make?
- Retail merchandising is another controversial area where the actual applications of the merchandising call can be very varied. Retailers are looking for more merchandising contact from their supplying wholesaler.

Behind all these specific issues are some fundamental questions:
  - How much of publishers' current promotional activity is mere short-term share-stealing as opposed to expansion of the overall market or building the brand values of the magazine?
  - Now that publishers are more able to assess promotional effectiveness, is the money being spent in the right areas?

SECTION 1
Magazine buying in context:
The consumer perspective

The retail purchase decision

Research commissioned in 1997 by newstrade distributor, Frontline, investigated the way retail purchasing decisions of magazines are made.

Purchase Type	**% of Total Retail Sales (Volume)**
PLANNED PURCHASES (Pre-Store Decision)	**67%**
IMPULSE PURCHASES (In-Store Decision)	**33%**
No intention of buying any magazine, but did so	*14%*
Intended to buy a magazine, but no specific one in mind	*10%*
Added an extra title to core magazine purchase on impulse	*5.5%*
Brand-switched from intended purchase in-store	*3.5%*

(Source: Frontline Magazine Impulse Purchase Study: 1997)

The results show that two thirds of the volume of magazine sales are planned purchases - ie. the decision to make that purchase was determined prior to the consumer entering the shop. However, one third of the volume of magazine sales (and growing) is made as the result of an in-store decision.

What the research also showed is that with the very broad retail availability of magazines, magazine buyers are often visiting retail outlets that sell magazines, but that they do not buy magazines on every visit:

- Magazine buyers visit retailers that stock magazines 15.6 times per month on average.

- Magazine buyers buy magazines 2.3 times per month on average.

This means that consumers are buying magazines only once in every 7 visits to a magazine retailer.

Impulse purchasing factors

Yet what influences the level of impulse purchasing? In order to show how impulse purchasing varies, in the following sections the level of impulse buying has been indexed against the national average of 33%. Indices considerably over 100 indicate a high level of impulse, while those well below 100 indicate a low level.

Impulse purchasing: basic demographics

There is an upmarket bias to impulse purchasing with a clear 20-24 year old peak and a slight female bias. There is no significant regional bias.

Age	Impulse Index
14-19	79
20-24	121
25-44	106
45-64	103
65+	67
Social Class	**Impulse Index**
AB	121
C1	100
C2	91
DE	88
Sex	**Impulse Index**
Male	91
Female	106

(Source: Frontline Magazine Impulse Purchase Study: 1997)

Impulse purchasing: day of week

Saturday and, to a lesser extent, Sunday are key impulse purchase days.

Day of Week	Impulse Index
Mon-Wed	91
Thursday	103
Friday	91
Saturday	118
Sunday	109

(Source: Frontline Magazine Impulse Purchase Study: 1997)

Impulse purchasing: magazine market

Magazine Sector	Impulse Index
Women's Specialist	166
Home & Garden	154
Comics	145
Men's General	139
Women's Monthly	133
Teen & Pop	124
Current Affairs	109
Music & Hi-Fi	103
Motoring	103
Puzzles	100
Computers	100
Women's Weekly	100
Leisure	97
Sport	94
General Interest	88
TV Guides	70

(Source: Frontline Magazine Impulse Purchase Study: 1997)

High impulse sectors are those where a high proportion of purchasing decisions are actually made in-store where factors such as added value (eg. cover mounts, supplements, etc.), cover design and in-store retail promotions are particularly important.

Low impulse sectors tend to be either

(a) high frequency, regular purchases (eg. Women's Weeklies, TV Listings) or

(b) specialist interest (eg. Sport, Leisure).

Impulse purchasing: retail outlet

The research concluded that where the magazine is bought is one of the strongest influences on whether a purchase is impulsive or not. Therefore, the retail profile of a magazine will have a powerful effect on levels of impulse sales. This suggests that impulse buying is "occasion-related": someone who impulse-buys on one occasion may plan their purchase on another.

Retailer / Retailer Type	Impulse Index
Airports	185
Superdrug	139
Woolworths	130
Rail Stations	130
Esso	121
Safeway	118
Asda	115
Independent CTN's	112
Dillons	94
W H Smith	70
Paperchain	70

(Source: Frontline Magazine Impulse Purchase Study: 1997)

- Predictably, transit points, such as airports and rail stations, have high levels of impulse purchasing.
- Recent entrants into magazine retailing, such as Superdrug, Woolworths and Esso, have very high levels of impulse purchasing.
- The major supermarket groups have above average impulse indices, but not significantly higher than independent CTN's, interestingly.
- It is the CTN multiples where planned purchasing is much more prevalent with the impulse index of W H Smith being at a very low 70. These are known and reliable destination shops for magazines in the consumer's mind.

Why people buy

In the Frontline research project, consumers who had just bought a magazine were asked what their main reason was for buying that particular issue. A wide range of reasons were given, but they fell into the following broad categories.

Reason for Purchase	% of Total Respondents
Part of a regular purchasing pattern	41%
Cover / browse-related attractions	33%
Impulse	11%
Price	9%
Added value	4%
Recommended by a friend	1%
Stimulated by an advertisement	1%

(Source: Frontline Magazine Impulse Purchase Study: 1997)

PART OF A REGULAR PURCHASING PATTERN
"I always buy it" is typical of this category. The consumer may still be buying on impulse on this particular occasion, but they are buying a title which they are familiar with and have often bought before: "reminder buying".

COVER / BROWSE-RELATED
A whole range of statements fall under this category: "It caught my eye", "It looked interesting", "The front cover attracted me", "It had an article of interest". All the statements are based on the fact that something specific caught the consumer's interest, either from the cover itself or from a quick flick through the pages. With one third of buyers stating that this prompted their purchase, this clearly underlines the importance of the front cover layout and design.

IMPULSE
"I just wanted to try it". "I wanted a change".

PRICE
"It's good value". "Its cheaper than the other like it".

ADDED VALUE
The presence of a cover mount or supplement. This is a classic area, like price, where consumers often underclaim under research conditions as they do not like to be seen to be influenced by give-aways. This reason is much more important, predictably, among those buyers who had made their decision to buy in-store (44% higher than among those who had decided their purchase before they entered the shop). Also, cover mounting is very high profile within a few, key magazine sectors.

STIMULATED BY AN ADVERTISEMENT
The conscious recall of an advertisement for a specific title accounts for only 1% of purchasing occasions. This is not to dismiss the value of above-the-line advertising, but is mainly a reflection of the way in which advertising works which is often not "top-of-mind".

Why people do not buy

The Frontline research identified two distinct groups:

(1) Those who dip in and out of the shop without looking at the magazine displays. These people are simply not in "magazine buying mode". They are in a hurry. They are in the shop to buy something else. They simply do not want a magazine at the moment. There is clearly very little that anyone can do to alter the consumer's behaviour on such occasions.

(2) Those who come to the magazine displays to browse, but who do not buy. Three reasons emerged most commonly for non-purchasing:

Reasons for Browsing, but not Buying	% of Total Respondents
I only intended to look	24%
I couldn't find the one I wanted	21%
Just to see what's around	20%

(Source: Frontline Magazine Impulse Purchase Study: 1997)

Clearly, browsing the magazine racks is a pleasurable activity in its own right and many consumers do it with no intention of buying a magazine. Yet just over one fifth of readers who do not buy fail to make a purchase because the magazine they want is not on display.

SECTION 2
Magazine buying in context: The publisher perspective

Above-the-line advertising trends

ACNielsen-MEAL estimate that the consumer magazine business spent just under £46m at rate card prices in 1998 promoting its products to the consumer. This figure underestimates the total expenditure of the publishing industry as it only includes "above-the-line" advertising. All the evidence points to publishers shifting promotional expenditure "below-the-line" into added value promotions (eg. cover mounts, supplements, etc) and into in-store promotions (eg. dump bins, hot-spots, two-for-ones, etc). However the table below does provide useful trend data.

PUBLISHERS PROMOTIONAL EXPENDITURE TREND: Current Money

Year	Year on Year % Change in Publishers' Promotional Spend (Current Money)	Spend Index (1987 = 100)
88	+ 38%	138
89	- 20%	110
90	+ 5%	116
91	- 40%	70
92	+ 1%	70
93	+ 21%	85
94	+ 4%	88
95	- 4%	85
96	+ 27%	108
97	- 8%	99
98	+ 5%	104

(Source: ACNielsen-MEAL)

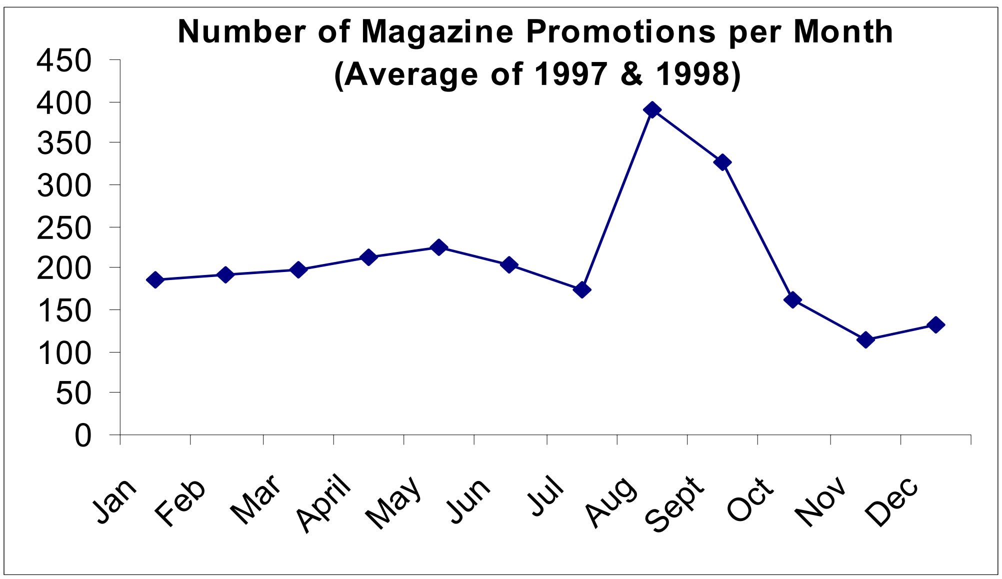
The figures show just how erratic promotional expenditure is from year to year with the spend being influenced by the level of launch activity in the market. For example, the big jump in 1996 was heavily influenced by a number of new weekly launches. There was a very distinct trough in the 1991-1992 period before budgets began to expand once more, but they have only just recovered to the pre-recessionary levels of the mid 1980's.

Newstrade promotional trends

For the purpose of the project, the newstrade promotions which have been sold in to the wholesale multiple head offices were reviewed. This includes the above-the-line activity summarised on the previous page, but also covers cover mounts and below-the-line promotions.

The same basic trend is seen in this data as with the AC Nielsen MEAL data - an explosion of activity in 1996 before settling down in subsequent years. In 1996, 4,340 promotions were sold into the newstrade. In 1997 and 1998, the average number of promotions sold into the newstrade averaged just over 2,500 per year.

The month by month trend for 1997 and 1998 is shown in the graph below which shows the very strong August-September promotional period.



(Source: COMAG promotional database)

Modelling consumer promotions

The major publishers and distributors have invested considerable resource over the last three years in developing models which track the sales effects of different promotions. A typical model contains the following four key inputs:

1. BASE CONSUMER SALE

Identifying the core readers who would have bought the issue anyway irrespective of any promotion. These core readers break down into

- Every issue buyers: the solid, stable base
- Seasonal buyers: those who dip into the magazine during particular times of the year. At a superficial review, these may look like people who have responded to a promotion, but in reality they would have bought anyway. This is a key area for the model to quantify as publishers often over-estimate the effect of their promotions by attributing these seasonal buyers to promotional uplifts.

2. DISTRIBUTION VARIABLES

Identifying those factors that are not related to consumer promotions yet which can have a material effect on the sale of an issue. These include

- Retail penetration: the number of retailers handling an issue can be manipulated by current newstrade systems and can have a material effect on the sales of an issue.
- Retail availability: the length of time that copies are on the shelf can also have a material and measurable effect on sales.
- Wastage levels: increasingly publishers are seeing waste as a promotional cost rather than a supply chain expense. In Wessenden's own models, supply chain wastage is normally put at around 8-10% (this level of wastage is simply part of the retail supply chain process) with any wastage over and above that being a promotional cost (ie. the publisher is making a conscious decision to improve displays and availability through pumping more copies into the retail marketplace).
- Day of sale: the length of time on-sale and the consistency of on-sale can have a material effect on sales volumes. Erratic on-sales and constantly late on-sales will reduce sales.

3. CONSUMER PROMOTIONAL VARIABLES

- Competitor activity: the negative "victim" effect of competitors' promotions are as important and as quantifiable as the publishers' own promotions.
- Own activity: Above-the-line advertising.
- Own activity: Below-the line promotions.
- Own activity: Product added value.

4. STRUCTURAL VARIABLES

- Relative cover price
- Competitive launch activity which can rob a title overnight of a significant part of its core buying audience.

Modelling work of this kind can go a long way to assessing the real effect of promotions, yet the model varies considerably from title to title. As an example, the models of two very different magazines are shown on the following pages.

The graphs chart the net sale trend over a full 12 month period (Jan-Dec), showing how the net sales are divided between four broad categories:

- STEADY BASE: Core buyers who purchase every issue. On both titles this base is declining, as it does on most mature magazines.

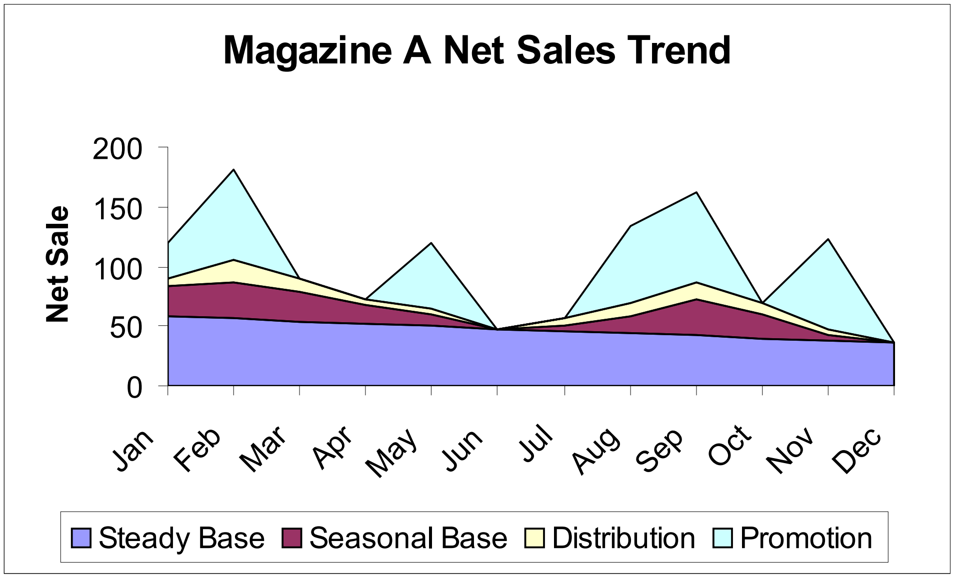
- SEASONAL BASE: Loyal buyers, but those who come into the market during key seasonal periods rather than buying every issue.

These two categories are unaffected by promotions: they would have bought the titles anyway.

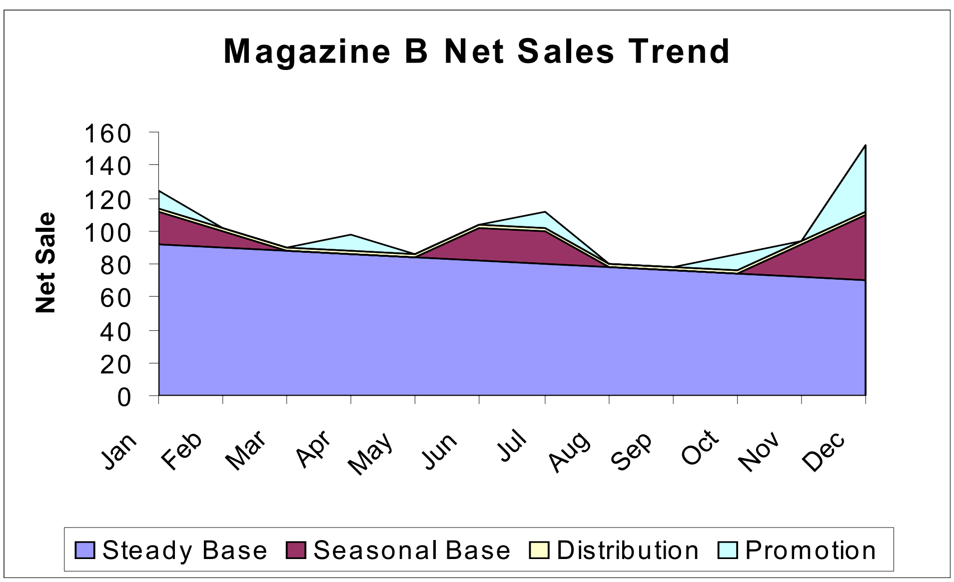
- DISTRIBUTION VARIABLE SALES: additional sales generated by the flexing of distribution factors such as retail penetration, availability, etc.

- PROMOTIONAL SALES: additional sales generated by promotions (eg. advertising, cover mounts, etc)

MAGAZINE A is a very volatile monthly magazine operating in an intensely competitive market where brand-switching is high.



MAGAZINE B is another monthly magazine, but is operating with an older and more stable readership in a market where the title has managed to differentiate itself from the competition and to have established some level of branding.



The sales profiles of the two titles for the full 12 month period are summarised in the table below. The figures show the percentage of the annual sales which are accounted for by each category. In these two examples, the proportion of the annual sales which is actually being added through promotion varies considerably.

Volatile Magazine A has 31% of its annual sales fuelled by promotions. In this case, the promotions centre on cover mounts with some limited, background above-the-line spend.

Steady Magazine B has only 7% of its annual sales generated by promotions. In this case, the promotional budget is a very large, above-the-line spend.

Type of Sale	**MAGAZINE A % of Annual Sales**	**MAGAZINE B % of Annual Sales**
Steady base: every issue buyers	47%	81%
Seasonal base	15%	10%
CORE BUYER TOTAL	**62%**	**91%**
Distribution variable sales	7%	2%
Promotional sales	31%	7%
ADDITIONAL SALE TOTAL	**38%**	**9%**
TOTAL ANNUAL SALES	**100%**	**100%**

Model issues

Modelling exercises such as this demonstrate a number of fundamental and recurring principles about promotions.

RETENTION. In neither of these real examples above is there any retention built into the model. As in most models of this kind on mature magazine products, the assumption is that the effect of the promotion is very short-lived and is mainly about stealing market share from competitors rather than expanding the market. The realistic aim of most promotions is to prompt trial.

THE TREATMENT OF WASTE. In both models, the cost of waste is built in as a promotional expense.

CONSISTENT PUBLISHING. On volatile Magazine A which had an erratic publishing schedule during the year, the effect of late on-sale / limited on-sale had a measurable negative effect on its sales volumes.

DEFINING THE COMPETITION. In creating the model for Magazine A, the definition of "competing titles" became very complex as the magazine repertoire of the target market was very broad and stretched over a number of different magazine categories which the publisher had not previously though of as being competitive.

ISOLATING THE VARIABLES. Both models above, for the purpose of this exercise, exclude the effect of cover price changes. The modelling exercise highlights a common publisher practice that complicates modelling and forecasting, namely that publishers tend to flex all the variables at the same time - eg. trying to mask a cover price increase with a promotion, especially an added-value promotion, in the hope that the consumer will not feel the price rise as sharply.

THE IMPORTANCE OF SEASONALITY. Without going through a rigorous modelling exercise, many publishers will mix seasonal sales in with promotional uplift and therefore overestimate the effectiveness of their promotions as most publishers promote when there is a seasonal rise in sales.

PROMOTIONAL FATIGUE. This is apparent in the long-term trend of Magazine A which has used cover mounts consistently through its life and needed to refresh its whole approach with a new (and more expensive) generation of cover-mounted gifts.

THE REAL EFFECT OF PROMOTIONS. Magazines A and B are two real examples at the extremes of volatility.

- Magazine A is fighting a constant battle for a floating readership and it needs to be promoting constantly.
- By contrast, the publisher of Magazine B concluded that he was spending too much promotional money. The title had always had a large promotional budget, yet the modelling exercise demonstrated that only 7% of the net sale was being affected by the promotions. The conclusion was that the promotions could be scaled down while still producing a similar uplift.

SECTION 3
Consumer Magazine Promotions: Industry Attitudes & Practice

Trends in publishers' promotional budgets

The PPA member survey gathered responses from the publishers of 114 regular frequency, paid-for magazines. For this sample of magazines, promotional expenditure (ie. the total amount of money spent on boosting copy sales) represented an average 13% of the Retail Sales Value of the magazines themselves.

Current 1999 promotional budgets have risen by 9% above the previous year. It is anticipated that this rate of growth will double over the coming 12 months.

Period	Percent Change
Current Year cp Previous Year	+9%
Next Year cp Current Year	+18%

(Source: PPA Consumer Promotions Survey: Publisher Sample)

This accelerating promotional spend supports comments made by publishers and distributors in interview that:

- More and more money was having to be spent to have an effect on the consumer's purchasing patterns. This was particularly the case with launches where the major new products were being supported by very large promotional budgets.

- The retail multiples expect more publisher investment in consumer promotions than in the past, rather than letting publishers rely on their shelfspace as a promotional tool.

- The major publishers seem to be concentrating their budgets on fewer, larger promotions.

- There is a general feeling that more and more promotions are about share-stealing rather than about expanding the market.

All this points to life becoming more expensive for all publishers and more difficult for smaller publishers.

Budget Profile: Retail vs. subs marketing

Subscription marketing already takes up a significant part of publishers' promotional budgets and this share is rising rapidly. There is a definite shift into subscription development with subs budgets rising swiftly while retail budgets are sliding back.

Sales Channel	Percentage of Total Budget in Current Year (Weighted)	Current Year Spend cp Last Year Spend (% Change)
Retail Sales	82%	- 6%
Subscription Sales	18%	+ 36%

(Source: PPA Consumer Promotions Survey: Publisher Sample)

Yet the interviews show that there is a widespread perception that subscription marketing is a more expensive route than retail marketing. Subscription marketing is often being undertaken for more strategic reasons in order to spread the reliance on sales channel more evenly.

While there is increasing focus on subscription marketing, the majority of publishers are still heavily retail biased as the analysis of the research sample below shows:

Bias in Promotional Budget	% of Titles in Research Sample
Retail biased publishers (Retail = 70%+ of budget)	80%
Evenly balanced publishers (Retail = 30-70% of budget)	9%
Subs biased publishers (Retail = <30% of budget)	11%
TOTAL SAMPLE	**100%**

(Source: PPA Consumer Promotions Survey: Publisher Sample)

Budget Profile: Above vs. below-the-line

Publisher respondents were asked how their promotional budgets divided up between three broad classifications

- ABOVE-THE-LINE: mainstream "display" media such as TV, Radio, newspapers, magazines, etc, but also including the Internet.
- BELOW-THE-LINE: direct mail, in-store retail promotions, sampling, etc.
- PRODUCT ADDED VALUE: cover-mounts, supplements, etc.

Type of Promotional Expenditure	Percentage of Total Promotional Budget	Percentage of Sample saying Spend is Rising
Above-the-line expenditure	18%	43%
Below-the-line expenditure	35%	43%
Product added value	47%	70%

(Source: PPA Consumer Promotions Survey: Publisher Sample)

Above-the-line expenditure accounted for only 18% of total promotional budgets.

Below-the-line expenditure is very significant accounting for 35% of budgets. While direct mail is very important to subscription-biased publishers, its usage is also growing among retail-biased publishers. In addition, spending on in-store schemes is increasing at a very fast rate - see IN-STORE RETAIL PROMOTIONS on page 28.

Added-value accounts for by far the largest part of the promotional budget at just under 50% and it is also the area which more publishers see growing in the future than any other area.

Added-value is quite a difficult area to define as at some point what was once a short-term promotion can turn into a permanent feature of the product as has happened with cover-mounted disks in the computer magazine market.

Budget Profile: The purpose of the budget

Publishers were asked to state very approximately what proportion of their promotional activity was aimed at :

(a) short-term tactical increases

as opposed to :

(b) long-term brand-building.

Intended Purpose of the Promotional Budget	Share of Budget
Short-term tactical sales increases	60%
Longer-term branding	40%

(Source: PPA Consumer Promotions Survey: Publisher Sample)

As the impression from some of the research questions and from most of the interviews was that the vast majority of promotional money was based on very short-term share-stealing, it may be that publishers are flattering themselves as to how much of their promotional activity is really devoted to building the long-term brand position of their titles.

Most common promotional techniques

All the publisher respondents were asked which promotional devices they used. The table below shows the percentage of the sample using each technique.

Rank Position	Promotional Technique	Promotional Category	% of Publishers Using
1	In-store retail display promotions	Below-the-Line	88%
2	In-magazine promotions	Product Added Value	76%
3	Direct mail	Below-the-Line	71%
4	National newspapers	Above-the-Line	71%
5	Cover mounts	Product Added Value	65%
6	Price reductions / vouchers / link saves	Below-the-Line	65%
7	Posters	Above-the-Line	65%
8	Magazines	Above-the-Line	65%
9	Banded or bagged supplements	Product Added Value	59%
10	Free copies given away as samples	Below-the-Line	53%
11	Internet and on-line services	Above-the-Line	47%
13	Bound-in supplements	Product Added Value	41%
12	Local radio	Above-the-Line	41%
14	TV	Above-the-Line	29%
15	Regional / local newspapers	Above-the-Line	29%

(Source: PPA Consumer Promotions Survey: Publisher Sample)

- **In-store retail promotions** are by far the most widespread technique, being seen almost as a basic, inevitable cost of doing business with retailers.

- **In-magazine promotions** (eg. competitions, reader offers, prize draws, etc) are a relatively low-cost way of promoting the magazine which can also be undertaken in a way which ties in with the editorial tone of the title.

- **Direct mail** is obviously used heavily by subscription-biased publishers, yet its usage is spreading quickly to retail-biased publishers too as a means of targeting more precisely sections of their identified audience.

- **National newspapers** are a commonly-used, broad-brush approach to developing general awareness. They come at the top of all the above-the-line media in terms of how widespread their usage is. By contrast, **TV** and **regional/local newspapers** are used by only 29% of the sample.

- Interestingly, the **Internet** is now used by 47% of the publisher sample as a sales boosting promotional device.

Changing usage of promotional techniques

The table on the previous page showed which promotional techniques were most widely used by publishers. The table below shows which techniques are coming to be used more regularly. The final column shows the percentage of the publisher sample which stated that their usage of a particular technique was rising.

Rank Position	Promotional Technique	Promotional Category	% of Publishers with Rising Usage
1	Direct mail	Below-the-Line	92%
2	Internet and on-line services	Above-the-Line	88%
3	Banded or bagged supplements	Product Added Value	80%
4	Regional / local newspapers	Above-the-Line	80%
5	TV	Above-the-Line	75%
6	Price reductions / vouchers / link saves	Below-the-Line	64%
7	In-store retail display promotions	Below-the-Line	57%
8	Bound-in supplements	Product Added Value	43%
9	Local radio	Above-the-Line	43%
10	In-magazine promotions	Product Added Value	38%
11	Free copies given away as samples	Below-the-Line	33%
12	Cover mounts	Product Added Value	30%
13	Posters	Above-the-Line	30%
14	National newspapers	Above-the-Line	27%
15	Magazines	Above-the-Line	20%

(Source: PPA Consumer Promotions Survey: Publisher Sample)

- While increased usage of the **Internet** is totally predictable, what is interesting is that **direct mail** actually tops the chart of increased usage. Again, this will be partly a reflection of the increased focus on subscription marketing.

- **Banded and bagged supplements** are on the increase. While more publishers actually use **cover mounts** than supplements, cover mount usage is not expanding as fast as supplements.

- While relatively few publishers use **TV** and **regional newspapers**, for those who do their usage is generally increasing.

- By contrast, **national newspapers** and **magazines** are more widely used, but the amount of usage is only growing very slowly.

The most effective techniques: publishers' perceptions

The publisher sample was asked to give a score from 1-10 for each promotional technique in terms of how effective each was thought to be in boosting copy sales: 1= low effectiveness / 10 = high effectiveness. The final column in the table shows the average "effectiveness score".

Rank	Promotional Technique	Promotional Category	Average Score
1	Cover mounts	Product Added Value	7.5
2	In-store retail display promotions	Below-the-Line	6.9
3	Banded or bagged supplements	Product Added Value	6.7
4	TV	Above-the-Line	6.5
5	Direct mail	Below-the-Line	6.2
6	Price reductions / vouchers / link saves	Below-the-Line	5.9
7	Bound-in supplements	Product Added Value	5.0
8	Magazines	Above-the-Line	4.6
9	In-magazine promotions	Product Added Value	4.4
10	Local radio	Above-the-Line	4.4
11	National newspapers	Above-the-Line	4.3
12	Free copies given away as samples	Below-the-Line	4.2
13	Internet and on-line services	Above-the-Line	4.2
14	Posters	Above-the-Line	4.0
15	Regional / local newspapers	Above-the-Line	3.3

(Source: PPA Consumer Promotions Survey: Publisher Sample)

- **Cover mounts** emerge as being the most powerful device in publishers' eyes.
- **In-store display promotions** are the most widely used promotional technique and they are also seen as being very effective in boosting sales.
- Predictably, **TV** is perceived to be the most powerful above-the-line medium
- **Price-based promotions** receive a solid score, but are not at the top of the publisher list.
- What is significant is the high proportion of product added-value and below-the-line promotions which come high up the effectiveness chart.

The most effective techniques: publishers' versus retailers' perceptions

Both publishers and retail multiple head offices were asked the same question about scoring the effectiveness of each promotional device. The relative rank positions that these two distinct parts of the research sample gave are shown in the table below.

Promotional Technique	Promotional Category	Publisher Ranking	Retailer Ranking
Cover mounts	Product Added Value	1	3
In-store retail display promotions	Below-the-Line	2	1
Banded or bagged supplements	Product Added Value	3	6
TV	Above-the-Line	4	2
Direct mail	Below-the-Line	5	13
Price reductions / vouchers / link saves	Below-the-Line	6	4
Bound-in supplements	Product Added Value	7	7
Magazines	Above-the-Line	8	10
In-magazine promotions	Product Added Value	9	14
Local radio	Above-the-Line	10	11
National newspapers	Above-the-Line	11	9
Free copies given away as samples	Below-the-Line	12	5
Internet and on-line services	Above-the-Line	13	15
Posters	Above-the-Line	14	8
Regional / local newspapers	Above-the-Line	15	12

(Source: PPA Consumer Promotions Survey: Publisher Sample)

- Predictably, the retail multiples placed their own **in-store display schemes** as the most effective promotion. Yet publishers were in broad agreement, putting this at number 2.

- **TV** is a well-loved promotional device among retailers.

- Despite the practical reservations that local retail management have about **cover mounts**, they are perceived by retail multiple head offices to be a powerful device, coming in at number 3 on the retail list as opposed to number 1 on the publisher list.

There are significant differences between publishers and retailers in four areas:
- **Direct mail**. Retailers tend to see this as a subscription generation device and place it much lower in the ranking than do publishers. It is also virtually invisible and unmonitorable so, therefore, does not appear to carry as much weight as other media.
- **Sampling.** As this is an accepted promotion across a wide range of FMCG sectors, retailers clearly feel much more comfortable with this than do publishers.
- **Posters.** Retailers feel much more positive about this medium than do publishers.
- **In-magazine promotions**. Publishers, predictably, are more positive about this than retailers who tend to see this as quite a low key technique.

Cover mounts

Cover mounts are perceived by publishers to be the most powerful weapon in the promotional armoury: a view which is largely supported by the retail multiple head offices.

There are a number of key markets where cover mounts are used extensively. The Frontline research highlights those sectors where the consumer is aware of cover mounts and claims that they are a significant factor in the decision as to which title they buy. These are shown in the table below where the second column contains an index showing the influence that the cover mount has on the purchase decision (100 = the average for the whole magazine industry).

Magazine Sector	Cover Mount Purchase Influence Index
Computer	393
Teenage & Pop	290
Music / Hi-Fi	240
Comics	220
Women's Specialist	211
Men's General Lifestyle	152
Current Affairs	108
Sport / Outdoor	100
MAGAZINE INDUSTRY AVERAGE	***100***
Women's Monthly	83
Home & Garden	81
Leisure	47
Women's Weekly	47
Puzzles	26
TV listings	18
Motoring	16
Adult	0
Adult Humour	0
Trade & Professional	0
Ad Mart	0
Country	0
General Interest	0

(Source: Frontline Magazine Impulse Purchase Study: 1997)

The very power of cover mounts raises a number of fundamental issues.

IMPULSE PURCHASING.

The markets shown above which have very high levels of cover mount purchase influence also have high levels of impulse purchasing. Which came first is a complex question, yet there is a real fear among cover mount publishers that they are encouraging consumer promiscuity and volatile purchasing patterns through their activity.

CONSUMER EXPECTATIONS

Through this kind of promotional activity the publishing business is constantly boosting the consumer's expectations as to what a magazine should deliver. The stickers and tattoos which worked five years ago as effective cover-mounted promotions have now turned into the CD's and inflatable photo frames of today.

ADDED VALUE OR PRODUCT FEATURE?

At some point, as has already happened in sectors such as computer magazines, the short-term, added value promotion is used so often that it becomes part of the permanent publishing package, raising the cost base for the publishers concerned.

COVER MOUNT FATIGUE

The publishing business, like any other, is driven by fads and fashions. This is often reflected in rashes of similar cover mounts appearing. At some stage, the cover mount, however attractive, can lose its appeal in the consumer's eye simply because of its over-use.

RETAIL ISSUES

While cover-mounts are well-liked by the retail head offices due to their proven sales-boosting power, they are much criticised at retail branch level for the practical problems they can create in terms of stacking on the shelves and of being subject to pilferage.

COVER MOUNT STRATEGY

A number of the publisher interviews drew the observation that for such a powerful promotional tool, little strategic thinking seems to go into the usage of cover mounts. This covers such issues as:

- whether a particular cover mount enhances the editorial values of the magazine?
- what is the publisher actually trying to achieve through a cover mount? Is it a one-off brand-switch or is it part of a longer term promotional plan?

In-store retail promotions

As the answers to previous questions have shown, in-store retail schemes are an accepted and valued part of the promotional budget as far as publishers are concerned. They are widely used and thought to be very effective in terms of boosting copy sales. They are also an accepted retailer route to capturing additional margin and because of this they are a sensitive political issue.

The distributor part of the research project suggests that current 1999 spending on in-store promotion schemes is in the region of £15m per year. This represents a 27% increase on 1998.

Yet three issues have become clear from recent publisher experience:

- Firstly, the sales uplift from a retail scheme rarely covers the cost of mounting the scheme.

- Secondly, there is a growing concern that a significant proportion of the apparent sales uplift springs from cannibalising sales from other retail outlets, particularly the independent sector.

- Thirdly, there is the whole issue of branch compliance with retail schemes that have been negotiated at head office.

Distributors' general view of retail multiples' efficiency

The major distributors were asked what their view was of the general efficiency of retail multiples in certain areas with regard to the setting up of an in-store promotion (1 = poor / 10 = excellent).

Area of Promotional Activity	Efficiency Score
Planning the promotion	5.6
Liaison with wholesale regarding order levels	4.0
Retail branch compliance	3.8
Post promotion analysis	2.6

(Source: PPA Consumer Promotions Survey: Distributor Sample)

Distributors clearly feel that retailers are poor at analysing the results of promotions after the event.

What is a bigger issue for the industry is compliance. The distributors gave the retail multiple sector a score of 3.8 out of 10 for compliance. The retailers themselves are much more bullish about their own performance and scored 8.1 out of 10.

Retail multiples' view of the causes of poor follow-through

Yet when things go wrong during a retail promotion, there can clearly be a number of reasons why. The retail multiples were asked what the most common "follow-through" problems were.

Promotional Follow-through Problem	% of Retailers saying Often or Sometimes a Problem
Not enough copies supplied to fulfil the promotion	91%
Promised promotional material does not arrive	45%
Details of the promotion not sent to the branches	36%
Details of the promotion sent too late to the branches	36%
Promised promotional material arrives too late	36%

(Source: PPA Consumer Promotions Survey: Retail Multiple Sample)

A recurring complaint from retailers is that once a promotion is organised, often insufficient quantities of the title are supplied during the promotion.

The retailers were also asked to score their supplying wholesaler and the publisher/distributor in terms of the quality of the follow-through to make a retail promotion work. In retailers' eyes, publishers and distributors fare much better than the wholesaler. Yet this may be largely due to the fact that it is the wholesaler who is left with the task of putting the schemes into practice: a common complaint from wholesalers is that they are often undersupplied, in turn, by publishers / distributors.

Trade Partner	Efficiency Score
Publisher / Distributor	6.2
Wholesaler	4.3

(Source: PPA Consumer Promotions Survey: Retail Multiple Sample)

Distributors' view of compliance during paid-for promotions

The distributor sample was asked to score specific retail multiples or retail types out of ten when it came to the issue of compliance at local branch level during a paid-for promotion.

Retail Multiple / Retail Type	Compliance Score
Airport bookstalls	7.6
Rail station bookstalls	7.2
Tesco	6.4
Asda	6.0
J Sainsbury	6.0
Safeway / Presto	5.2
Somerfield	5.0
W H Smith / John Menzies	4.8
Star News	4.8
T & S	4.6
NFRN outlets	4.6
Martin Retail Group	4.2
Forbuoys	4.2
Petrol station forecourts	4.2
United News	4.0
Woolworths	3.8

(Source: PPA Consumer Promotions Survey: Distributor Sample)

- Airport and rail station promotions are very tightly focused on relatively few, high profile outlets, so compliance is well above average.
- The major supermarket groups generally appear to be ahead of the industry.
- W H Smith / John Menzies top the traditional magazine sellers, but with a fairly mediocre score.
- NFRN outlets, which some distributors use in localised promotions, fare better than some large retail multiple groups.

Retail merchandising

The distributors' view of merchandising

What is clear from the distributor sample is that retail merchandising is viewed very differently from company to company.

One distributor does not use retail merchandising at all as it regards it as uneconomic. Of the four users, three are seeing their usage of merchandising increasing, while the remaining distributor is cutting back.

The applications of merchandising are also equally varied. The most common usage is for compliance checking. This splits into two distinct areas:

- To ensure compliance during paid-for retail promotions.
- To ensure that basic "must stock" lists and planograms are being actioned on ordinary issues in between promotions.

After this prime usage, distributors are then split across the following areas with the respondents being polarised as to whether they "often" or "never" used each applications:

- Placing point of sale material
- Placing copies of magazines in-store
- Giving general display advice to retailers.

One particular application that splits the responding distributors down the centre is collecting retail audit data. Two distributors never use merchandisers for this purpose as they have moved on to using EPoS data for audits. The other two distributors still use merchandisers heavily for this.

Yet what do the recipients of merchandising calls actually think?

The distributors' view of merchandising

The retail multiples are looking for more merchandising contact from their wholesalers, but not much more from publishers / distributors. In interview, the opinion was expressed that retailers prefer the more unbiased approach of the wholesaler rather than the partisan selling of the publisher / distributor.

Level of Retail Merchandising	Not Enough	About Right
Merchandising from publishers / distributors	73%	27%
Merchandising from wholesalers	55%	45%

(Source: PPA Consumer Promotions Survey: Retail Multiple Sample)

The retail multiple sample was then asked to give a score out of 10 for the main applications of merchandising as to how important they felt they were.

Retail Merchandising Activity	Importance Score
To place copies of the magazine	7.1
To check on branch compliance with promotions	6.7
To collect retail audit data	5.9
To adjust retail order levels	5.6
To place point of sale material	5.4
To give general advice (eg, range & space planning)	4.0

(Source: PPA Consumer Promotions Survey: Retail Multiple Sample)

As with the distributor sample, there was a very wide range of opinion as to what the real purpose of merchandising was. For example, those retail groups with point of sale material tightly controlled by head office saw no role for "placing point of sale material". Those multiples also tended not to want "general advice on range and space planning".

Conclusion

What is clear from the research project is that publishers are both investing more money in promotions and assessing more critically the effect of those promotions.

There appears to be a growing awareness that many promotions are based on short-term share stealing rather than on a more long-term or strategic development of the magazine's position within its market. As the magazine business becomes more crowded and competitive, the pressure grows to make such tactical gains at the expense of a direct competitor. The growth of in-store retail schemes is an indication of this trend.

Yet publishers are also seeking a more balanced circulation strategy, with investment in subscription marketing rising much more rapidly than retail sales promotions.

What is also clear from the research is that significant investment is going into enhancing the basic product. Higher paginations and the increased usage of editorial colour, in addition to more promotional enhancements such as cover-mounts and supplements, have helped to create a more attractive end-product for the consumer.

This has had two effects. Firstly, it has helped to fuel the cover price increases which have boosted the value of the magazine market in recent years, but there must be some question as to how far this rapid growth can go. Secondly, it has raised the consumer's expectations as to what they want from the magazine package.