

SUBSCRIPTION MARKETING 2001

Meeting the Consumer Challenge



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Section 1

Background Brief

There is a general trend towards more home shopping activity whether by traditional direct mail techniques or via the Internet.

The recent controversy over the structure of the retail supply chain has also highlighted how vulnerable many magazine publishers are by relying so heavily on the retail route to market.

Against this background, what do we actually know about consumer magazine subscribers and what motivates them to buy?

PPA and Royal Mail agreed to commission Wessenden Marketing to produce this report which aims to provide publishers with the basic framework to plan their own marketing activity and to prompt publishers to investigate consumer subscription motivation more thoroughly through research into their own specific markets.

The report has gathered data from two distinct sources:

- (1) Desk research across a wide range of past, mainly quantitative, research projects that are in the public domain (e.g. NRS, TGI, QRS) or were privately commissioned (e.g. Royal Mail's own Magazine Subscriptions Omnibus surveys).
- (2) Specially commissioned focus group work through *Brandlab*.

Section 2
Management Summary

2. Management Summary

All the indications point to there being considerably more potential among magazine consumers for subscription sales. While 20% of UK adults have a magazine subscription, 50% of UK adults have actually shopped from home and this penetration figure is growing quickly.

General home shopping is seen by consumers as complementary to retail shopping rather than as a replacement and attitudes towards magazine subscribing are similar. Modern consumers are more demanding, wanting a variety of shopping methods to choose from to reflect their moods and requirements at any one particular time. In an increasingly time pressured society, home shopping offers convenience and time saving benefits. It is also associated with cheaper prices in the consumer's mind.

Magazine subscriptions account for over 11% of the average issue volume sales of consumer magazines and this share figure has been growing over the last few years. Yet the share held by subscriptions varies significantly from sector to sector, dependent on such factors as magazine frequency and cover price.

Historically, magazine subscribers have always been significantly older and more upmarket than retail buyers, reflecting the more settled lifestyles associated with the subscription commitment. Yet as subscription penetration grows, the subscription consumer is becoming younger and more downmarket with a growing bias to males.

As subscription penetration grows, publishers are moving outside the primary, core market for subscriptions into the volatile mainstream, making subscription marketing much more challenging than ever before.

For many consumers, particularly the young, subscriptions are still perceived as being a major commitment:

- The physical steps to taking out a subscription are often seen as being long and cumbersome.
- The length of time that the consumer is locked into a subscription does not appeal to many.
- Consumers expect to be rewarded for their loyalty if they renew.
- Retail buying is still seen as an "event" and subscribing, both self-subscribing and gift subscriptions, lacks the excitement of retail purchasing.

The report concludes with a number of publisher action points:

- Differentiate the editorial product in an increasingly overcrowded magazine market.
- Make subscribing easy.
- Make subscribing more of an event.
- Make subscribing less of a commitment.
- Develop gift subscriptions.
- Reward loyalty.
- Develop a clear pricing strategy.
- Make subscription marketing more differentiated by segment.
- Improve back-end fulfilment.
- Learn more about the reader.

UK consumers are very comfortable with the concept of home shopping, but they demand more choice, better customer service and more clearly articulated benefits than ever before. They are also more fickle, demanding and cynical. The successful subscription marketers will be those who identify what the consumer wants and who satisfy those wants in ways that still generate sufficient revenue and margin.

To ignore consumer wants, however difficult and demanding they may be, is simply not an option.