

# MAGAZINES AS BRANDS

BRANDING SOLUTIONS FOR TOMORROW'S PUBLISHER



in association with:

Wessenden Marketing

and

First Magazine Marketing

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**PPA**

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### **PPA: IMPORTANT NOTE**

The commentary and views expressed in this report are those of the researchers, and do not necessarily reflect those of PPA.

## 1. EXECUTIVE SUMMARY

This document contains the key strategic issues arising from a research project investigating UK consumer magazines as brands. The objective of the research was to provide an insight into the brand potential of consumer magazines.

The research was carried out in conjunction with the PPA as a basis for discussions among its members on the subject of branding and brand extensions. This comes at a time when an increasing number of publishers are launching branding ventures of various scopes and successes. It also follows the recent decision of the MPA in the USA to set up a branding committee for its members to debate the issues related to magazine brands.

The research was undertaken by Blakes Marketing Practice, a London-based international company specialising in the marketing of services and competitive customer care, in conjunction with Wessenden Marketing, the publishing consultancy, and First Magazine Marketing, the magazine research specialist.

Evidence from the research shows that UK consumer magazine publishers are no longer creating and marketing a single product, but providing a package of products and services which their readers have come to expect. Using the same name to market the various elements of the package does not, in itself, make the magazine a brand or the publisher a brand marketer.

A definition of a brand and a brand evaluation model for magazines were arrived at through the research exercise. Both highlight the importance of functionality, awareness, personality and values as the four bases of a strong brand.

A clear message from the research is that not all magazines are strong brands, from the consumer viewpoint. Magazines become brands in the eyes of the consumer, the research suggests, when the four branding indicators applied to the magazine are balanced.

As they decide to turn their titles into brands, consumer publishers have to plan to face new challenges. For instance, brand publishers will be competing not only with other publishers and other media but with other brand owners as well. Publishers will also have to learn totally new businesses as they increase the range of manifestations that their magazine takes through brand extensions.

Opportunities and threats will increase commensurately for those publishers who want to, and can, enter the "brand business". This document provides a list of issues that publishers should consider when moving from a product to a brand proposition.

## 2. RESEARCH METHODOLOGY

The research plan for this project included three major stages.

### 2.1 RESEARCH OF PUBLISHED SOURCES

As a first step, a wide range of published documents, obtained from the major business libraries in the UK and various trade organisations, were reviewed to provide insights into the strategic branding issues facing consumer publishers. These included published research surveys undertaken by industry specialists, articles and interviews from the specialised press. A comprehensive list of those sources is appended to this report.

The information was used as a basis for constructing the publishing experts' interviews, in order to avoid asking questions about issues already resolved in other studies and to maximise the use of precious time.

### 2.2 FACE-TO-FACE INTERVIEWS WITH PUBLISHING EXECUTIVES

A total of sixteen organisations participated in the research, through face-to-face interviews, using a semi-structured questionnaire. These took place from August 1997 through to April 1998. The following table lists the participating companies.

<b>Organisation</b>	<b>Sector</b>
Audit Bureau of Circulation	Trade Association
BBC Worldwide UK	Consumer Publisher
BEAP	Consumer Publisher
Dennis Publishing	Consumer Publisher
Emap Metro	Consumer Publisher
Emap Readerlink	Business Publisher
Future Publishing	Consumer Publisher
Gruner + Jahr UK	Consumer Publisher
Haymarket Customer Magazines	Consumer Publisher
Landor Associates	Branding Consultancy
National Magazine Company	Consumer Publisher
Periodical Publishers Association	Trade Association
Redan Company	Consumer Publisher
River Publishing	Contract Publisher
Rodale Press Ltd	Consumer Publisher
VNU (Management Innovations)	Business / Consumer Publisher

The sample of respondents comprised primarily consumer magazine publishers, across a variety of segments (puzzle, children's comics, men and fashion to name but a few). A number of business publishers, "contract" publishers, non-publishing brand experts and trade

associations were also included to provide a different perspective on the issue of magazine brands.

If you were part of the panel, we would like to take this opportunity to thank you again for your contribution to this strategic exercise, providing a unique insight into magazine brands and their extensions.

### 2.3 CONSUMER FOCUS GROUPS

In order to test whether the standard definition of a brand could usefully be applied to a magazine, pilot focus groups were arranged to gauge the consumer's reactions to a specific set of titles. The motoring magazine market was selected as it offers a very wide range of publication types and price points, is intensely competitive and is a sector where publishers are making attempts to brand and to launch brand extensions, including other media such as the Internet.

#### The research was designed:

- To gain an understanding of the magazine reading needs of the target market and how those needs are being fulfilled by existing titles in two groups:
  1. Buying & Selling Magazines: *Exchange & Mart; Auto Trader*.
  2. General Motoring Magazines: *Car; What Car?; BBC Top Gear; (Autocar; Auto Express)*.
  
- To explore the relationship between readers and publications in order to answer the following questions:
  1. Do magazines exist as brands?
  2. If they do, does this apply to all magazines or only some?
  3. If only some, which ones and why?
  4. Is magazine branding simply a question of awareness or some other quality(ies)?
  5. Is it impossible for some magazines to achieve brand status?
  6. Can magazines suffer as well as benefit from brand extension?
  
- To create a working model of what constitutes a magazine brand.

**Topics to be developed were:**

- Explore likes and dislikes of different titles. Which titles are read and for what reasons.
- Establish buying habits: frequency of purchase; where titles are bought.
- Identify respondents' initial reactions to the target titles, exploring positive and negative characteristics of each.
- Explore perception of promotional activity for each title.
- Attempt to gain an understanding of the characteristics which contribute to brand identity in magazines, and explore the brand strengths of each title.
- Explore the respondents' attitudes to brand extensions - a) in general; b) when applied to the target titles.

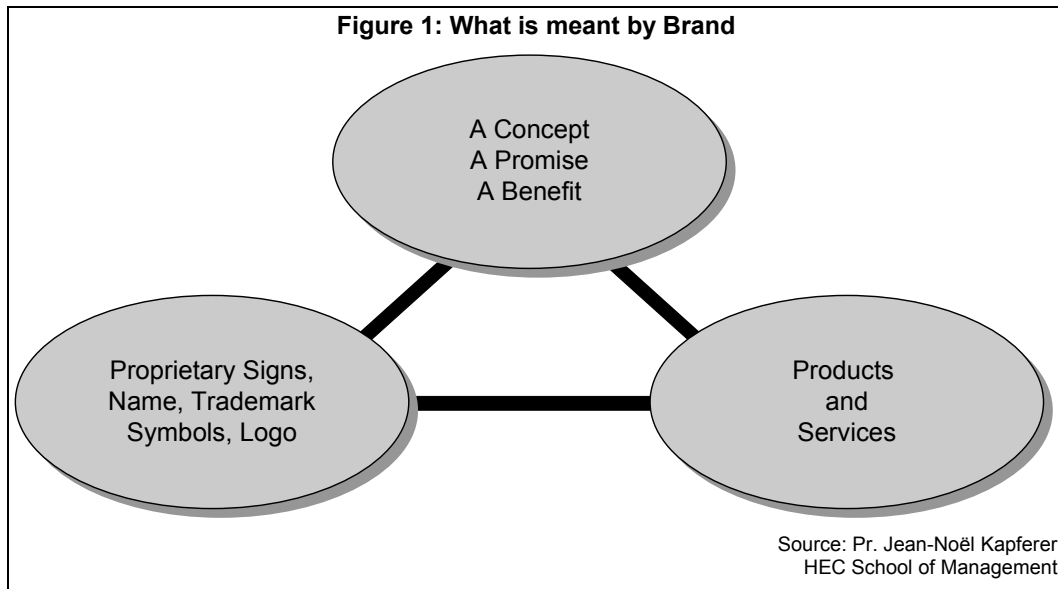
Two focus groups were carried out on the evening of March 5 at ABC Research Studios, Beckenham, by First Magazine Marketing, the magazine research specialist. Respondents were recruited in advance and the criteria were: readers of a variety of the target titles; no demographic restrictions. In total 12 respondents were interviewed, 6 in each session.

Some verbatim quotes have been included to give the reader access to the actual comments made.

### 3. MARKET BACKGROUND AND THE PUBLISHER'S VIEW OF BRANDING

#### 3.1 WHAT IS A BRAND?

The definitions of the term “brand” are legion. This is because the concept of brand covers three distinct areas, as indicated in figure 1 below.



However a good, practical working definition is that “a product or service becomes a brand when customers and non-customers have an emotional relationship with or perception of the product or service based on differentiation, relevance, knowledge and esteem”.

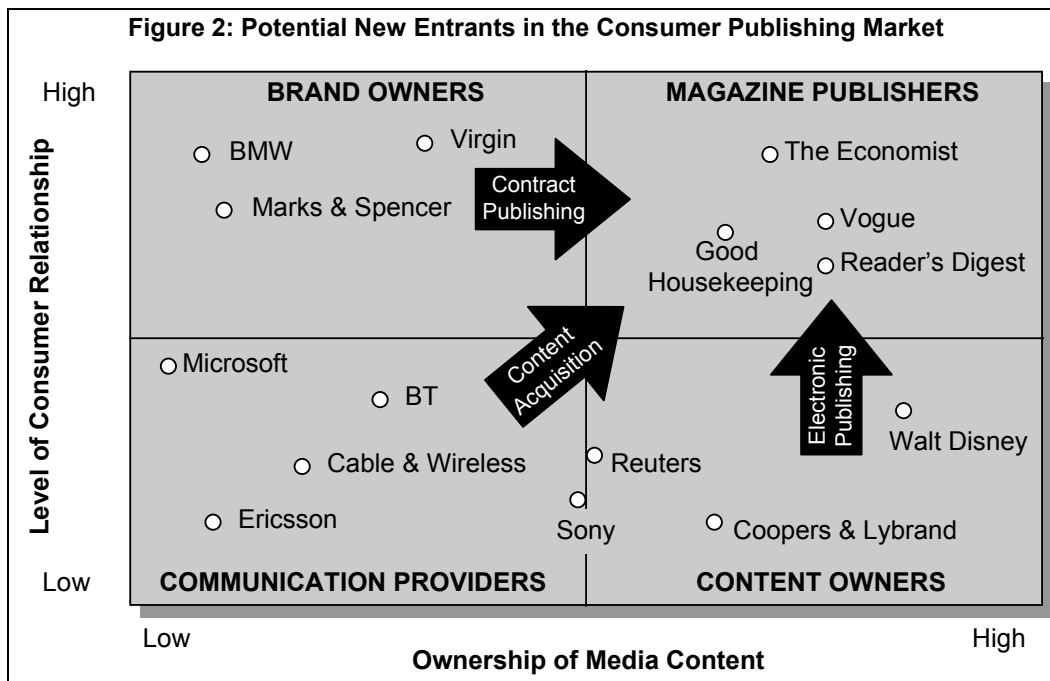
The definition makes the fundamental point that what turns a product into a brand is a set of emotional links or “consumer promises” that differentiate it from the competition and which go beyond the mere functionality that a product offers.

#### 3.2 BRANDING: THE DRIVING FORCE BEHIND THE BUOYANT MAGAZINE INDUSTRY

Brand expert Walter Landor once said that “*products are made in the factory but brands are created in the minds of the consumers*”. As a tool to establish a relationship of trust with a wide range of consumers, magazines are uniquely positioned. Recent Key Note market reports reported (1996 and 1997) that magazines are treated by their consumers as “essential products” and that the market is characterised by a loyal readership. A number of research projects have established the high level of penetration of consumer magazines in the UK

population. The National Readership Survey shows that more than 80% of adults read a consumer magazine, whilst IPC has demonstrated that nearly 50% of UK adults read a specialist title.

Consumer magazines are in a unique competitive position because they score highly on two critical dimensions: they enjoy a very powerful link with the consumers and own a large amount of marketable media content (see figure 2).



Awakening to the attraction of this position, other organisations, whose strengths lie in one of these dimensions only (consumer relationship or content) are considering - and for some of them implementing - an entry into the publishing field to reinforce their current situation.

These new entrants are using three generic tactics:

- Brand owners, with a well-established consumer relationship but little media content, are using **contract publishing** to strengthen the emotional link with the users of their products and services (e.g. Marks & Spencer).
- Content owners, sitting on vast reserves of information and entertainment materials, are choosing **electronic publishing** as the favourite tool to increase their intimacy with consumers (e.g. Coopers & Lybrand).
- Communications providers, who own or manufacture transmission devices and networks, have **acquired content** in an attempt to get closer to the consumer (e.g. Sony).

As a result of limited barriers to entry and the prospect of a rapid return on investment (one publisher mentioned that a newly launched magazine could break-even within three issues),

the market has become increasingly competitive as a whole. Publishing is therefore increasingly fragmented, and there is evidence that consumers are becoming more sophisticated about - or confused by - the range of options on offer.

The key mechanism that publishers should consider to retain existing customers and to attract new ones is their brands and how they are communicated and stretched in new areas.

### 3.3 MARKET DEFINITION: WHAT BUSINESS DO PUBLISHERS THINK THEY ARE IN ?

Not surprisingly, most publishers interrogated see themselves as players in the publishing market. As a result, they define their core business as “*publishing magazines*” or “*selling copies*”. “*Our core business*” said one respondent “*is selling more magazines*”. This is a fairly tactical, but often effective (at least in the short term), vision of the activity.

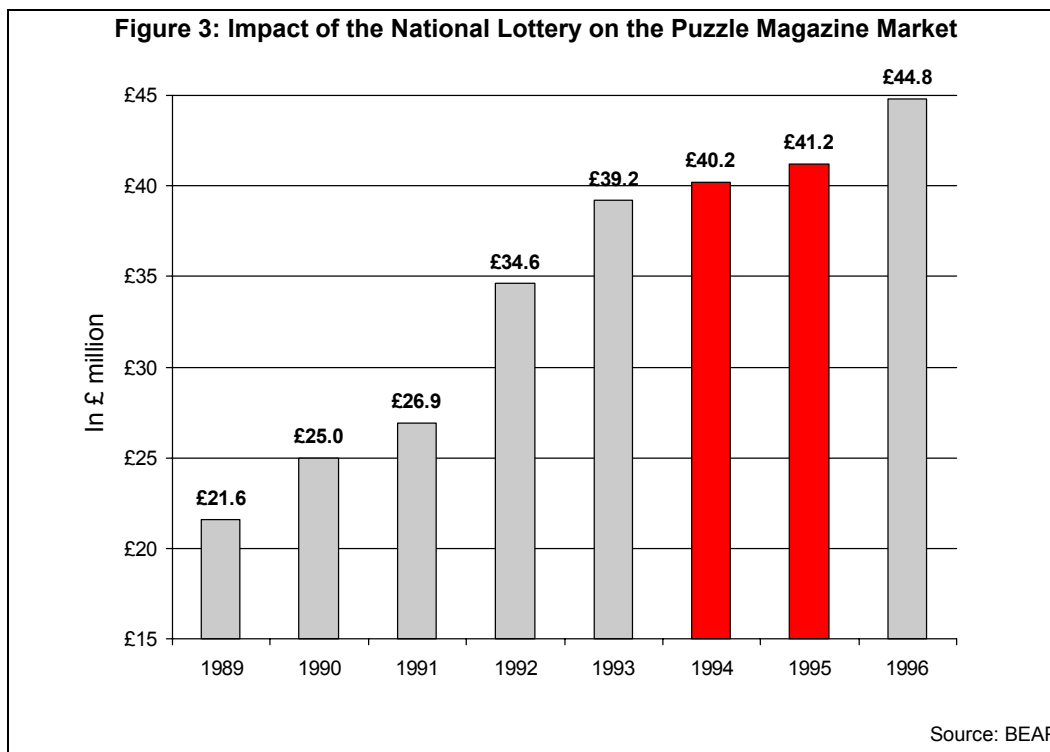
A small number of publishers believe that they are in the business of providing **entertainment**, an approach which is more evidently based on consumers’ needs. Some publishers, particularly business publishers but not exclusively, clearly state that their business is **information** provision.

A third category of publishers sees themselves as brand owners and brand managers. “*We are in the branded magazine business*” said one managing director interviewed. These are usually the larger publishing houses with a wide portfolio, spanning across consumer and business markets.

The market definition impacts directly on whom publishers believe their competitors to be:

- Other magazines in the same segment of the magazine market (e.g. car, fashion, children, music): this is perhaps the most obvious competitive arena where magazine publishers see themselves fighting against other magazine publishers.
- Other magazine/print media: publishers see competition coming from other traditional print media. For instance, a woman’s weekly publisher considers its indirect competition to be made up of daily newspapers where a rise in the importance of women’s sections, enticing readers away from traditional magazines, is noticeable.
- Other media: this is particularly true when looking at non-circulation revenue, as an increasingly fragmented media scene offers advertisers the possibility to access very targeted consumer segments.
- Leisure activities: as reading is a leisure activity, certain publishers state that they compete against other leisure activities to which their readers may decide to allocate their spare time (e.g. going out, dancing).

- Disposable income: a limited number of publishers target the disposable income of their customer base and aim to increase their “share of wallet”. As a result, the introduction of the National Lottery for instance is perceived as a competitive threat, which re-directs some of that disposable income away from magazine purchase. For example, and as figure 3 below illustrates, the puzzle magazine market remained virtually static in 1995, after the introduction of the Lottery in 1994.



### 3.4 MAGAZINES AS BRANDS: HOW DO PUBLISHERS TELL ?

Magazine publishers who believe their magazines to be brands usually publish a large portfolio. Publishers in this category use three key indicators to support their view of magazines as brands:

- the (sometimes very high) **consumer awareness** that some of their magazines enjoy (Reader’s Digest, The Economist). Respondents readily accepted that not all the magazines in their portfolio are brands. “*Some of our magazines are brands because they are very well-known, but others are just not there yet*” said one publisher.
- the **international** stature of their magazines: For many publishers, recognition of brand status with a magazine had a lot to do with international editions. A consistent package, across different countries and continents, was not necessarily the objective of this international branding strategy but rather a similar style and feel of the magazine,

appealing to similar readers (e.g. Elle and Men's Health in 27 and 6 countries respectively).

- the existence of other manifestations (in the form of products and services) carrying the name of the magazines in question. These manifestations are usually termed **brand extensions**.

The brand definition proposed above (see section 3.1) suggests that these three indicators, although useful, are not sufficient to declare a magazine to be a strong brand. As one publisher put it: *"I think we tend to believe that too many magazines are brands when they are not and we are kidding ourselves"*. This echoes a quote by John Mack Carter, President of Hearst Magazine Enterprises, published in a recent article: *"I find I can hardly say the word brand because it grates my teeth"*.

Similarly, brand experts outside the publishing industry challenge the view that magazines are brands, with the exception of a very few (e.g. Vogue, The Economist). *"If a brand is a promise"* remarked one brand expert *"then I am not sure that magazines promise anything (...) this is perhaps because a magazine is saying too many things, has too many voices compared with fmcg brands who only deliver one message"*.

Additionally, there is little evidence of brand loyalty in a number of magazine segments (e.g. computing, children). Publishers are aware of the concept of the reader repertoire of publications but express concern at the ease with which readers appear to desert them for another magazine. This switching is related to the level of impulse purchase. It is undoubtedly linked to the proliferation of magazines, even in specialised niches.

But more importantly, brand switching also indicates a certain failure to achieve real differentiation on the part of those magazines suffering from reader fickleness. Bearing this in mind, it was recognised by certain respondents that magazines in particular segments (children, buying and selling for instance) could become a commodity, propped up in the short term by a succession of tactical promotions. Cover-mounts were a frequently quoted example of such promotions, along with price cuts, which tend to be less and less effective the more they are used.

### 3.5 CURRENT BRANDING STRATEGIES AT WORK

Most publishers interviewed undertake two distinct strategies, aimed at the two key audiences they pursue, consumers and advertisers. To the consumer, the brand is usually the magazine name (e.g. Take a Break not Bauer Publishing), which has direct visibility. To the advertiser and the business community at large, the brand is usually the corporate name or a specific division of the publishing company (e.g. Emap or Emap Metro, not FHM). The one exception which was mentioned by a number of interviewees is that of the BBC, which is a consumer brand in its own right. This was felt to help the Corporation in new possible ventures: *“Everybody knows what the Beeb stands for, so consumers expect to find the same attributes of quality in everything they do, like magazines, and therefore will buy”*. Other respondents highlighted the limits that this imposed on the brand extensions: *“The BBC can only launch products which are tasteful - and they can't be seen to be too commercially-minded either”*.

Corporate branding for business-to-business makes sense, but some interviewees commented that publishers could benefit from publicising the corporate brand to consumers as well: *“This way, publishers who use a lifetime model could transfer their readers more easily from one magazine to the next as the consumer grows older”*. Good examples of such publishers include Emap and Hachette in France. In the UK for instance, a female reader may follow an EMAP path which takes her from Horse & Pony at 10, to Just 17 in her teens to Elle in her early twenties, to Mother & Baby, on to Elle Decoration and finishes with Yours in her fifties.

In parallel with this dual branding, evidence supports the view that a three-tier branding system, based on geography, is also in place for magazines.

- Some magazines are considered to be **international brands**. This would include publications such as Cosmopolitan, National Geographic, The Economist and Reader's Digest.
- At country level, certain magazines are **national brands** (such as Radio Times, Good Housekeeping) in that they have nation-wide awareness, outside their readership. National brands also appear to be relevant to most of the population.
- Finally, those magazines which have not achieved national status can be qualified as **sub-brands**. These are mostly specialist interest publications whose awareness and relevance is limited to their readership.

### 3.6 WHY STRETCH THE BRAND: ROLE AND PURPOSE OF BRAND EXTENSIONS

Publishers generally agree that two things drive them to extend their brand: the pursuit of profit and the reinforcement of the original product proposition and its values. In the word of one respondent, *“when we examine a new development, we need it to develop the brand as well as a strong commercial benefit”*. Others were less definitive: *“We only just break-even with our conferences, but it does so much for our profile - unfortunately you can’t really measure that.”*

Indeed one reason why a number of extensions have failed is because of the emphasis put on profitability. One publisher said: *“All this talk about synergy with the values of the magazine is not credible: people do it for the money and it’s quite easy when all you have to do is sell the name, sit back and cash in the royalties”*.

Three models are adopted by publishers to stretch their magazine brands.

- One consists of **selling the rights** to the title name, for a particular application, such as a video or a suntan lotion. The skills required from the publisher in this scenario are the selection of an appropriate partner and the management of this relationship. Partners in this case will typically be unbranded good manufacturers who need to be educated into the value of branding.
- A second approach can be likened to a form of **cross-endorsement**. Typically, a magazine publisher creates a new product - usually a magazine or booklet - which is marketed together with another product from a branded fmcg manufacturer. The key success factor is in choosing the right partner, with broadly similar values, and in being confident that the magazine will attract consumers to the other product.
- The third way to stretch the brand is by doing it **in-house**. This has been widely applied to the creation of brand extensions in other media, such as the Internet or the television. The two skills required from publishers choosing this route is that of buying-in the appropriate expertise and the control of internal activities which have quite different dynamics from magazine publishing and can become a distraction.

To ensure that FHM retains its values, Emap Metro launched in the autumn of 1997 a Brand Trust. This is a team whose role it is to ascertain if a proposed brand extension is in line with the core values of the magazine and should therefore be approved for launch. *“It’s a kind of gate-keeping system ...the Brand Trust sits there saying ‘it’s not right for the magazine so we don’t do it”*. Another publisher has formalised the evaluation of suggested branding initiatives. Readers are recruited to carry out brand mapping exercise, which has enabled the company to identify the factors influencing brand extensions.

The most frequently mentioned brand extensions are: Internet sites, books and specials, exhibitions and readers' clubs. But the research revealed an almost endless list. Cosmopolitan, which is expected to generate over £2m this year from its brand extensions, is now present in the following markets:

<b>Table 2: Product Extensions of Cosmopolitan Magazine</b>	
<ul style="list-style-type: none"> <li>• Stationery</li> <li>• Hosiery</li> <li>• Lingerie</li> <li>• Swimwear</li> </ul>	<ul style="list-style-type: none"> <li>• Bags</li> <li>• Footwear</li> <li>• Watches</li> <li>• Eyewear</li> </ul>

On top of all this, there are plans for Cosmo food and drink products and television programmes.

Apart from the issue of a product failing to deliver the values promised by the magazine, one clear danger in this raft of activities is the risk of overlap with advertisers' products. This is the overriding reason why women's magazines have refrained from launching cosmetics, as this would alienate some of their key advertisers and jeopardise a substantial amount of their revenues.

### **3.7 SO, WHO'S THE BRAND ?**

Another issue is just starting to become visible to publishers' management teams. It is the question of how to make the values of the magazine visible to the readers. It is generally accepted that, unconsciously, all the employees of a particular magazine embody the personality of the magazine. It is increasingly necessary to convert this into explicit management guidelines.

For a long time, this issue has been addressed by using the public persona of the editor. The editor of many magazines is seen as a key asset. Similar to Richard Branson's role as the manifestation of the Virgin values, editors embody the brand values of the magazine they edit. Terry Mansfield relates a conversation he had with Martha Stewart: "*I am no longer a person, Terry, I'm a brand*" she exclaimed.

As one industry observer put it, "*one question is whether the editor can become the brand - and if that happens, what damage could be caused when the editor changes*". There is no doubt that there is a strong power of association between the editor and the readers. This is a way for the readers to take control over the publication. As their readers' interests evolve, the editor modifies the magazine to suit them.

The other marketing advantage that editors have is their tangibility, which is often reinforced by their presence at events (such as exhibitions and parties) sponsored by their magazines. This reinforces further the personal rapport between readers and magazines.

However, it is increasingly becoming clear that, as publishers enter new product and service areas, where employees are more likely to enter into contact with readers, the brand values have to be adequately represented at all levels of the organisation. One particular division of Emap is working on an internal brand implementation process involving all employees in the communication of their magazine brand to their environment.

This has been kept, voluntarily, very practical and includes the following steps:

<b>Table 3: A model for implementing the Brand internally</b>	
a.	Establish brand values
b.	Internal and external communication
c.	Careful investment in brand development
d.	Control the growth
e.	Manage brand extensions
Source: Emap	

In other publishing companies, such as Rodale and Reader's Digest, the whole ethics of the business have been stated explicitly and formalised through a high-profile internal investment programme (apparent in initiatives such as the various health equipment and activities at Rodale' Headquarters in the States).

The impulse, however, ought to come from the top. In many publishing companies, the top management team comes from the editorial or the advertising sales sides. In the words of one respondent "*this makes for great content, both written and visual, and explains the short-term focus, but there are few brand marketers in the business*". In fact, some interviewees have remarked that not all concerned in the industry knew what a brand was. Some commented that the "brand" hype affecting the industry today could just be a fad, not unlike the "fmcg" fad of a few years ago.

## 3.8 OUTSIDE THE SQUARE

### 3.8.1 The opportunity from new media

If publishing is about effective delivery of content, then the traditional print format is probably under threat. Many publishers report retail wastage factors of up to 45% and an over-reliance on news stand distribution, notably compared with US or continental European levels. These two points, wastage and retail dependence, are linked, the latter generating the former.

New media, particularly the on-line delivery of content, offer three opportunities.

- The first one, similar to the benefit of subscriptions, is wastage-reduction.
- The second one is true, real-time interactivity with the readers. This immediate contact with readers, to be properly leveraged, requires a major culture change - and one which other manufacturers and brand owners have to face up to.
- The third one is the possibility for on-line publishers to turn themselves into “search engines”. An on-line magazine site could be directing the readers towards the sources of information that they are looking for, with the implicit guarantee of lifestyle fit that the magazine would bring.

As the on-line market continues to offer more and more choice, a critical success factor in new media presence is undoubtedly brand image. In fact, a number of publishers believe that the brand is the answer to the new media threat.

Many publishers, however, continue to undervalue those benefits either by not involving themselves with new media or by treating it as a not-for-profit showcase, similar to the free distribution of copies at exhibitions. The fact that so many publishers continue to offer the content of their magazines on the Internet for free is an alarming sign that they could be giving the future away.

Another common mistake among publishers is the lack of adaptation of their printed content to an electronic format. As one marketer remarked “*in the same way as you don't use the sound track of your TV ad to broadcast on radio, the printed word needs to be adapted to the cyberworld*”. In spite of the fact that both reading habits and readers are different on the Internet, there is plenty of evidence of straight “copy-and-paste” on many magazine web sites.

There is evidence however, that branding is increasingly the key to the Internet. In their traditional role of bringing together people with a common interest, publishers have provided a function which is now that of search engines on the Internet. There would therefore be a clear benefit for publishers to leverage their brand and their core competence as “search engines” in the electronic world.

### 3.8.2 The lesson from customer magazines

Publishers have succeeded in achieving strong reader relationships and in owning valuable content. The next challenge is brand development, which is why the arrival of non-publishing brand owners in the magazine market could prove an interesting development.

An increasing number of manufacturers, retailers and other brand owners are becoming publishers, usually via the contracting of a specialist publishing agency. These contract publications enjoy the benefits of a pre-existing brand and established consumer rapport. What many argue that they are usually missing is adequate content. Publishers who operate on the basis of a license agreement with brand owners appear to behave particularly tactically, aiming to increase sales revenues. The magazine, in this case, is a consumer conduit conveying the values of a pre-existing non-magazine brand. The publisher has no control over the brand and its manifestations and only limited freedom in terms of the content of the magazine itself. Yet, the business model appears to be very profitable, with remarkably short timescales for return on investment (as short as three issues), given that advertising revenues are usually limited.

There is evidence to suggest that many publishers do not perceive contract publishing as a real challenge. Some traditional publishers clearly look down on:

- the quality of some customer magazines which is believed to be inferior;
- their usually more restricted distribution coverage, limited for instance to a chain of retail stores;
- their value as some are given away free and therefore are said to have less value in the eyes of the consumer.

Clearly, customer magazines are primarily aimed at existing customers of the brand in question and attempt to improve the rate of customer retention. It is possible however that, in the longer term, contract publishing could attack both the advertising revenue and the copy sales revenue of established publishers.

The brand owners who launch these contract publications are often large advertisers in their own right who will direct some of their advertising budget towards their own magazines. Although advertising budgets have been increasing over the past four years with the effect that there has not been any strict trade-off between customer magazines and traditional magazines, there is the distinct possibility that budgets may be restricted.

As brand owners and retailers fine-tune their customer databases and as they increase their advertising sales capability, other advertisers will be attracted by a medium which is more precisely targeted than traditional magazines. As an example, the contract magazine for one of the leading supermarket chains has attracted so far £3 million in advertising revenue which would otherwise have gone to “traditional” magazines.

It is possible to imagine that readers will establish a rapport with the customer magazine brand, which could perhaps be an even stronger one than they have with traditional magazines, and advertisers using contract magazines can leverage that positive brand association to their benefit. “*To me*” said one brand expert, “*contract magazines pose the same challenge to traditional magazines as own-label goods posed to manufacturers’ labels about ten years ago*”.

As far as the readers are concerned, they may decide to allocate their reading time away from their traditional read and towards free contract magazines. This would lead to circulation decline. In the case of not-for-free contract magazines (e.g. Sainsbury), this reallocation of time is accompanied by a reallocation of money.

Some publishers have reacted to this threat by entering the contract publishing market, either directly (e.g. Dennis Publishing) or indirectly (e.g. Conde Nast’s joint venture with Forward Publishing). Interestingly, contract publishing companies are increasingly employing individuals with a strong marketing (and even branding) expertise as their publishers.

### **3.8.3 The lesson from business publishing**

Business publishers, by contrast to consumer publishers, appear to be much clearer as to what business they are in: the effective provision of information. Business publishers are increasingly focusing on media neutrality. As a result, their key driver is content, which is usually perishable. “*Content is king*” said one interviewee and this has led business publishers to concentrate on fast, reliable and relatively waste-free delivery channels. Hence the use of subscriptions and new media to accelerate and streamline the provision of the information to the readers. The parallel development of other activities, such as exhibitions, off-line directories or market research means that magazines, although very often the origin of those companies’ business, are becoming almost “incidental” in the overall mix of those organisations.

Business publishers also describe themselves as “*hosts*”, bringing together buyers and sellers in an industry. Their role has grown by exploiting gaps open in the information supply chain as traditional intermediaries have disappeared.

Arguably, business publishers have a better understanding of their reader base than consumer publishers do. This advantage derives from the use of relationship marketing tools, such as the Internet and direct mail. This makes business publishers say that one of their key assets is their reader database, built on their controlled circulation. It is interesting to note that this close and detailed understanding of the readers is associated with a higher dependence on advertising revenues (typically 80% of the total revenue vs. approximately 50% for consumer publishers).

The other key success factor is market knowledge, which constitutes the only real barrier to entry that can be used to bar new players intending to penetrate the market. This is becoming increasingly critical, as larger publishing houses concentrate their activities in certain markets that they intend to dominate. This source of competitive advantage is clearly applicable to consumer publishers, with perhaps less control than business publishers enjoy.

Some business publishers seem to be more likely to generate profitable electronic publishing, which is in contrast with the average consumer publishers' approach. New media are considered strategically as a content-driven revenue stream and positioned accordingly. Typically, users have to subscribe to electronic media services, ensuring a regular income flow. Additionally, business publishers have committed larger investments to electronic media.

Business publishers appear to run a two-level branding strategy. An umbrella brand, usually the name of the publisher, conveys the corporate presence. At the level of a specific sector, a sub-brand is created and strongly communicated to the target audience, including both sellers and buyers. This has been found to be particularly effective in reassuring advertisers (the sellers) of the power to deliver the right group of industry buyers.

### 3.9 SUMMARY OF THE PUBLISHER'S VIEW OF BRANDING

The research exercise has shown that most publishers think that **their** magazine is a brand.

However:

- They usually think their competitors' titles are not.
- They often exhibit a short term sales focus.
- They rarely have a strategy for brand extensions.
- They rarely have an internal plan to "live" the brand internally.

New competitive pressures that new entrants and new technologies put on the consumer publishing market mean that brand is becoming an important issue for publishers, who currently enjoy a privileged relationship with their readers. A systematic approach to magazine brands is therefore suggested in the next section of this report.

## 4. BUILDING A MAGAZINE BRAND MODEL

### 4.1 MAGAZINES AS BRANDS

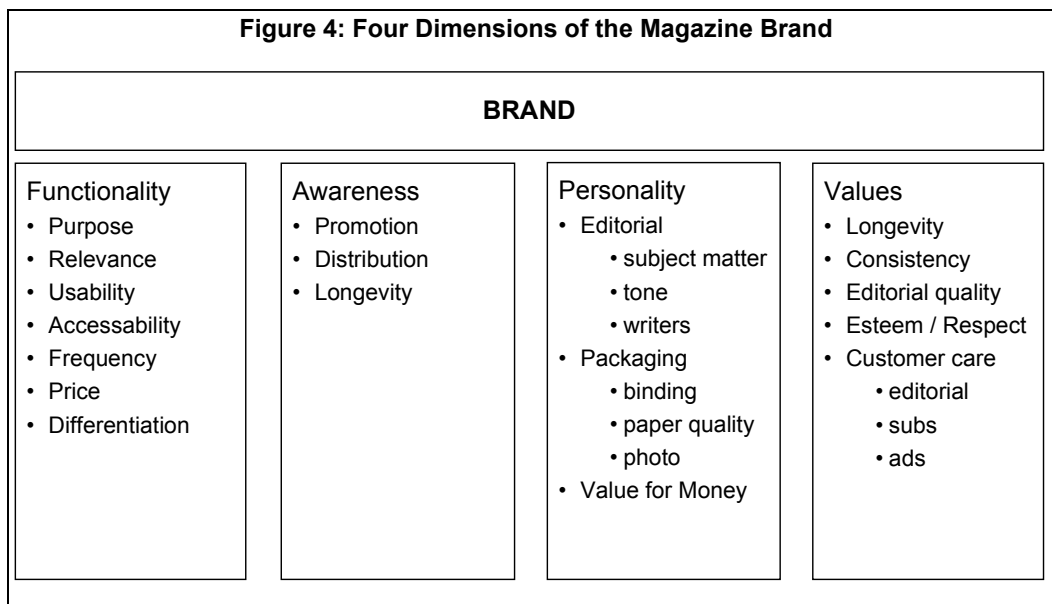
The publisher interviews that formed the basis of Section 3 of this report made clear that most publishers now refer to their magazine titles as “brands” even though there is some debate as to whether the term can truly be applied to all magazines or not. Sometimes all a publisher is saying by using the term is that their title is well known rather than that it exhibits the qualities normally associated with a true brand.

This section looks at whether classical FMCG brand terminology and evaluation techniques can be applied to magazines in order to build up a model of magazine branding.

This part of the research was designed to capture the magazine reading needs of the target market and to explore the relationship between readers and publications. As described in section 2.3 above, this was achieved through two focus groups concentrating on the motoring magazine market. The focus groups took place in March and included a total of twelve readers of a variety of car magazines.

### 4.2 THE FOUR KEY BRAND CHARACTERISTICS

The consumers’ comments about the brand dimensions of a magazine fell into four distinct areas which have been summarised in figure 4 below.



#### **4.2.1 Functionality: the basic service which the magazine supplies to the consumer**

This is made up of a number of characteristics:

- the editorial purpose, ranging from the provision of hard data through to a “lifestyle” editorial approach.
- the usefulness and relevance of this purpose to the consumer.
- ease of use and efficiency in relation to the magazine’s purpose.
- ease of access. This ranges from how easy the magazine is to buy (retail availability, subscription offers) or to access (available in an on-line form), through to how well customer service queries (non availability, late postal delivery, etc) are handled.
- frequency.
- price.
- differentiation from competitors.

#### **4.2.2 Awareness: just how well-known is the publication**

This is shaped by:

- above the line consumer promotion.
- below-the-line in-store promotion and pure retail availability.
- PR.
- the simple longevity of a publication.

#### **4.2.3 Personality: the complex image which a magazine presents**

This is based on:

- the editorial subject matter and tone.
- the “packaging” of the editorial (production values, binding, paper quality, usage of colour, the balance of photos to text, the number of pages).
- the perceived value-for-money of the total package.

#### **4.2.4 Values: the added assurance of implicit authority & trustworthiness**

This is founded on:

- the publication’s longevity.
- the consistency of the editorial.
- the quality of the editorial and esteem in which it is held.
- the quality of all the customer contacts with the publication, from subscription queries through to reader offers through to the placing of classified advertisements. This contact

can also sometimes extend to the experience which the consumer had with advertisers in the publication.

The research suggested that the brand strength of a publication is dependent on the relative proportions of these characteristics, with strong brands demonstrating high levels of **Personality** and **Values**. **Awareness** is an essential pre-requisite of a strong brand but only from a functional perspective; Awareness in isolation adds no value to the brand, although the manner and content of creating Awareness (i.e. types of promotion) can influence the brand.

#### 4.3 RESEARCH FINDINGS

##### 4.3.1 Buying & Selling Magazines: Exchange & Mart and Auto Trader

Both titles were perceived as being very high on Functionality and Awareness, but very low on Personality and Values. E&M was the best known title, and unlike Auto Trader it was sometimes bought for browsing rather than simple utility. It was perceived as having been around the longest, and therefore had something of a pedigree. However:

*“E&M has the longest pedigree but that doesn’t mean anything except it’s been around longer.”*

The value of buying and selling titles was solely dependent on their functionality. Differentiation was dependent on nothing more than different degrees of utility. Factors that contributed to purchasing decisions were: regionality; product range; photos; number of ads.

*“You buy these magazines because you’re looking for something.”*

*“E&M is more national; Auto Trader has got more local editions so you don’t have to travel so far.”*

*“Auto Trader is only for cars; E&M sells lots of different things.”*

*“Auto Trader has photos so you can see what the cars look like.”*

There was a strong awareness of E&M’s recent cover pricing policy. Sales increased dramatically when cover price was halved, suggesting these titles are more commodities rather than value-adding brands. Most respondents agreed that if either title were not available in a newsagent they would be inclined to buy a similar, competing title if available

rather than look elsewhere. The advertisements in these titles were seen to stand alone; no extra value was appended to these advertisements by the title they appeared in.

Most respondents were aware of E&M's radio ads; a number were aware of Auto Trader's sponsorship of the British Touring Car Championship - but in neither case were these seen as adding any values or personality to the product. They simply raised awareness.

#### **4.3.2 General Motoring Titles: Car, What Car?, BBC Top Gear**

There was a clear distinction between these and the Buying & Selling titles. They were seen to be high in Values and Personality, moderate in Awareness (higher for BBC Top Gear) and low in Functionality (higher for What Car?). Top Gear and Car magazine in particular were viewed as publications to be enjoyed rather than merely 'used', and had high Personality ratings. What Car? was low on Personality but high on Values and moderate on Functionality.

*"Top Gear and Car magazine are a 'read' - you can sit back and enjoy them. E&M and Auto Trader are like a dictionary - something you just use when you need them."*

*"I read them (Top Gear, Car) cover to cover - not in one hit but over a week or so. You just chuck out E&M when you've finished with it."*

The strong links between the Top Gear TV programme and the magazine were recognised and valued: *"I like the programme - the magazine mirrors the programme."*

Reading pleasure in this sector comes from a diversity of elements: news, pictures, writing style, presented in a pleasurable way. There was clearly considerable brand loyalty in this sector, evidenced by repeat purchase.

#### **4.3.3 Branding and Brand Extensions**

Apart from the BBC, there was no awareness of the publishing companies behind the various titles. The only other publisher mentioned was IPC - who publish none of the target titles. Apart from a suggestion of some nostalgia-induced regret there appeared to be no active resistance to the principle of brand extensions. They were simply accepted as part of the modern commercial environment.

*"It's just shrewd business sense."*

*"Everyone does it these days, you just get used to it."*

There was a clear link between the Values attributed to products and the credibility of any brand extensions.

*“You put a certain amount of trust in some magazines so you expect them to be careful that anything else they do doesn’t betray that trust.”*

*“It’s about image; without the image you don’t get the money. There’s a direct link.”*

*“You might wear a Ferrari or BMW jacket, but not a Daewoo one!”*

It was clear that the general motoring titles had more to gain - and more to lose - through brand extensions than had the buying and selling titles, as it was the values vested in those titles that made brand extending a worthwhile and potentially profitable exercise.

While it was accepted that publishers would use the goodwill vested in their magazines to generate new revenue streams, it was also recognised that an image could be tarnished by poor value brand extensions. Thus it was assumed that publishers would be careful not to take that risk by offering poor products or services.

*“The more prestigious magazines have more to lose, so you’re going to trust them more.”*

*“What Car’s like a consumer magazine, so if they came up with something of poor quality the magazine would suffer.”*

*“Top Gear is all about presentation and slickness so you would expect those things from anything offered by the magazine, like a holiday.”*

The buying and selling titles were clearly seen as being little more than vehicles for their advertising content, providing a facility rather than existing as a valued brand. This role as ‘middle man’ came over quite clearly:

*“You would expect What Car? insurance to be top quality - and premium cost. If E&M offered insurance they would just be middle men.”*

Respondents were asked to consider what kind of holidays would be offered, if each of the target titles offered reader holidays.

*“E&M would be in a caravan somewhere!”*

Respondents were asked to envisage each magazine taking its readers on a trip to the Motor Show, and were asked to imagine what each reader group would be doing in the coach en route. There was a clear differentiation between the expectations for each magazine:

*“Top Gear would be on the Heineken and Hofmeister, watching a BBC video.”*

*“Autocar would be opening the wine.”*

*“The Exchange & Mart readers would be pushing their coach up the hard shoulder!”*

*“The E&M lot would be having a packed lunch.”*

*“You would expect the Top Gear trip to be the best fun and the best quality.”*

Respondents were then asked which magazine they would buy car care products from if each magazine had its own range of products. Opinions were divided more or less equally between Top Gear and What Car?.

*“Because of the BBC name you would trust them [Top Gear].”*

*“What Car? is about testing and evaluating things so you would expect their reputation to carry into other products.”*

Rather unexpectedly, many respondents thought that the advertising content in the more upmarket magazines was vetted by the publishers, whereas that in the buying & selling titles was not. The inference was that advertising in the upmarket titles was of greater value to the reader.

#### **4.3.4 General issues**

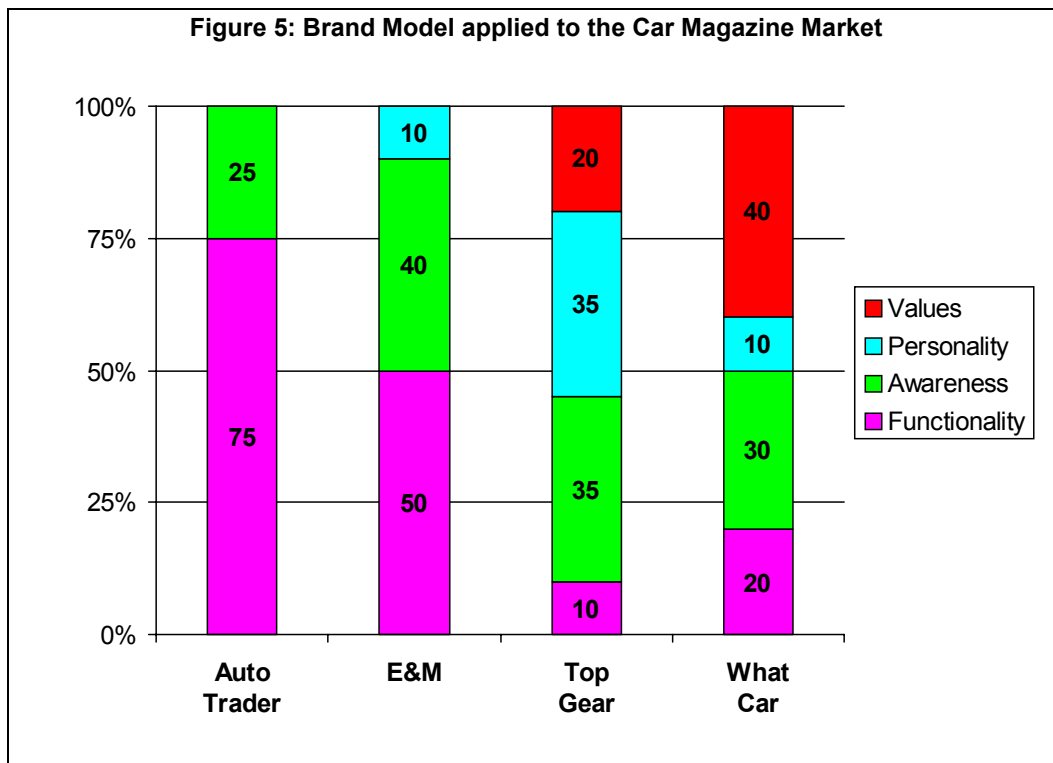
It was clear from both groups that the readers of these magazines were all practised consumers, cynical about and aware of brand extensions and of what publishers were trying to do with brand extensions – i.e. take more money out of the consumer’s pocket.

Another factor which came through very strongly was the clear general awareness of price – if unable to name the specific price of individual titles, each respondent was aware of the general price band into which each type of title fell. The respondents also seemed to be aware that magazine cover prices had risen significantly in recent years. While this did not feed through into questioning the value-for-money of the publications reviewed, it did make respondents much more aware of making conscious decisions about their publication choices:

“£2.30 is a lot of money to pay for a magazine month in, month out. With magazines at that price, I tend to choose each month which magazine I buy dependent on what is in each one.”

#### 4.4 A BRAND MODEL FOR THE MOTORING MARKET

In order to give more shape to the subjective and qualitative feedback from the focus groups, the interviewees gave scores for each of the four publications which the discussions zoomed in on (Auto Trader, Exchange & Mart, What Car and Top Gear) next to each of the four, key brand characteristics. The chart below shows the results, where the brand profile of each title totals 100%, but is made up of differing proportions of the four characteristics.



##### 4.4.1 Auto Trader

Auto Trader has good **Awareness** in the minds of the respondents, more as a result of its PR activity (sponsorship of the British Touring Car Championship) and broad retail availability than any above-the-line promotion.

The magazine has very high perceived **Functionality**. Its regional editions, photographs, range of cars and clear focus on cars made it a very powerful alternative to Exchange & Mart if the consumer is in the market for a car.

Respondents found it impossible to give the magazine any kind of **Personality** at all. When asked to imagine an Auto Trader reader trip to the Motor Show, respondents were unable to visualise this at all.

As with Exchange & Mart, Auto Trader is perceived as a pure middleman, a marketplace for buying and selling which was completely neutral – no additional credence is put on the cars featured because they appeared in this publication as opposed to any other. As such it has no **Values** to impart to any brand extensions. The Internet service the title offers was seen in exactly the same light: if this service was appreciated it was for its pure Functionality and ease of use, not because it benefited from any authority or trustworthiness from the parent magazine.

#### 4.4.2 Exchange & Mart

Exchange & Mart had a higher perceived **Awareness** than Auto Trader in the minds of the respondents: the radio advertisements could be recalled in great detail.

In terms of **Functionality**, Exchange & Mart's strength and weakness is its broad coverage, both geographically and in terms of its range of products and services. It is a strength in that people will often buy it for a general browse, but when they are "in the market" for a car, Auto Trader is much more powerful and focused as a useful buying tool.

Surprisingly, Exchange & Mart has quite a strong, though not entirely favourable, **Personality**. It is clearly held in a great deal of affection, partly because of its longevity ("everyone's bought it at some stage"). When asked to visualise the reader's trip to the Motor Show, respondents spoke of the editorial team wearing flat caps and offering them coffee from a thermos and sandwiches from a lunchbox. The journey would be in a coach that would probably break down or in a car towing a caravan. The strength of Exchange & Mart's personality underlines the point that strong brand characteristics need not always be positive. Again, as with Auto Trader, there were no perceived **Values** which would be transferred on to any associated products or services.

#### 4.4.3 What Car?

The perceived **Functionality** of What Car? was, predictably, much lower than for the buying & selling titles.

The **Awareness** of the title was good without being exceptional.

Respondents found it difficult to give the magazine a strong sense of **Personality** – solid, but uninspiring.

Of all the titles reviewed, What Car? emerged with by far the strongest sense of **Values**. Due to its consumerist stand any brand extensions would be regarded with a great deal of trust – at a premium cost, but of top quality. Yet respondents thoughts went instinctively to motoring-

related products and services (e.g. motor insurance, car care products) rather than broader lifestyle areas.

#### 4.4.4 Top Gear

As an enjoyable, “lifestyle” read rather than the carrier of hard data, Top Gear is the title which emerged with the lowest **Functionality** score.

**Awareness** was high, predictably, due to its TV links.

Top Gear had by far the strongest **Personality** with the respondents choosing this title as their favourite for the readers’ day out to the Motor Show – a fun day out with lots to drink seemed a neat summary.

In terms of **Values**, Top Gear had a solid score. When quizzing respondents about possible brand extensions, most would be assured of the high quality of any goods or services offered, but felt that they would be very expensive. The brand assurance came more from the BBC rather than from the magazine itself: in the case of Top Gear, BBC is the brand and the magazine is the brand extension. This fact translated into a willingness among the respondents to try a wider range of brand extensions (e.g. wine, holidays) from Top Gear than from What Car? which were all very clearly motor-related.

#### 4.5 THE IMPLICATIONS OF THE BRAND MODEL

The focus group work outlined above was not intended as a thorough assessment of the motoring market – more groups would be required in order to provide a more robust sample size. It was intended, however, as a pilot project to test the validity of (a) brand assessment questions used in other fmcg markets and of (b) the basic four characteristic model which could be applied to magazines. In both respects, the project could be regarded as a success.

The implications of a systematic brand assessment model has far reaching implications in that it offers insights into a number of fundamental issues:

- A more detailed and structured overview of the positioning a magazine has within a competitive media market and what brand characteristics the consumer perceives. This will form a more concrete basis for refining the publishing package (e.g. price, production values, pagination, etc.)
- An assessment of the effect that non-publishing issues have on the brand characteristics (e.g. the effect of customer service on reader offers, subscriptions, classified ads, etc.)
- A clearer view as to what brand extensions are possible from a core magazine and what the possible dangers of extensions might be as well as the advantages.
- A more detailed perspective on whether launch or acquisition is the best route into a market dependent on the brand strengths that the existing titles have.
- A brand assessment also allows a publisher to have a clearer view as to the true financial value of their title(s) in a sale situation.

## 5. STRATEGIC ISSUES AND BRANDING SOLUTIONS

### 5.1 WHAT BUSINESS IS THE ORGANISATION IN?

The whole issue of looking at magazines as brands raises a number of fundamental questions about the whole publishing business. The research shows that magazine publishers segment themselves into three categories:

- Magazine manufacturer
- Entertainment / information provider
- Brand manager

Each view of the publishing business has clearly different implications as to what a magazine actually is. This affects the whole way in which the title should be run and managed.

- **The “manufacturer”** will be concerned with the mechanics of producing a product, meeting cost and time specifications and focusing on the volume of copy sales. Success will be measured on those operational indicators of production cost and unit sales, whilst the content of the title, or indeed its name, will be a secondary priority. If sales contract, the decision may be taken, perhaps more easily than in the other two categories of publishers, to cease the title and to start a new one. In the word of one respondent, manufacturers see magazines as highly “*disposable*”.
- **Providers of information or entertainment** perceive their role more like a “*host*”, bringing a community of interests to a community of readers. They are more likely to be concerned with the efficiency of delivery, in terms of speed and accuracy, of their content. As a result, they will be investigating innovative ways to bring their content with maximum authenticity, precision and rapidity to their customers, for instance by using new media.
- **The brand manager** aims to make readers participate in a holistic brand experience, which involves as many relevant manifestations of the brand as is commercially viable. Their focus is therefore to identify how the brand can be extended to transform the readers of the magazine into consumers of the brand. Magazine brand managers require creativity allied with strong commercial sense, together with the desire to enter new business territories, on their own or in partnership with others.

Even limited to the car market, the research shows that not all titles exhibit the four characteristics in the model presented in section 4 and that they are not all strong brands. But does it matter?

Many magazines, published by “manufacturers” for instance, do not meet the brand definition but are nonetheless successful. Most publishers also operate a dual branding strategy, with one name (usually the magazine title) for the consumer and another (the name of the

publishing company) for the news trade, the advertising agencies and the advertisers. What really matters is that publishers identify if their titles are brands and take the marketing and management decisions appropriate to the status of their titles.

## **5.2 WHY BRAND?**

Depending on what business they see themselves in, publishers have two objectives when deciding to brand.

### **5.2.1 Strategic defence against competing magazines and other media**

Brand owners and content owners are displacing the centre of gravity of the market and could damage the current strength of traditional publishers. Publishers may therefore decide that the traditional business model ("selling copies") needs broadening out to improve the chances of success in a new competitive environment. Branding is the key mechanism to protect the publication against competitive inroads. Brand publishers must be prepared to police ruthlessly the usage of their brands, resorting to legal battles to ward off unauthorised brand manifestation when necessary.

### **5.2.2 Additional profit streams**

Publishers can aim for this objective independently from the first one. Yet, the research suggests that for the brand strategy to be successful in the long run, the pursuit of profit should be orchestrated in tandem with a clear strategic brand direction. This is because the single focus on profit usually leads the organisation to compromise its brand values. This in turn can lead to the commercial failure of the new manifestations of the brand which can in turn damage the core brand.

## **5.3 WHAT IS THE AIM OF THE BRAND EXTENSION?**

It is important that publishers are clear about their priority when it comes to why they wish to stretch their magazine brand. Two objectives can be pursued:

- **To enlarge the customer pool for the main magazine:** this has been traditionally the consumer publishing business model, aiming to increase circulation and readership figures.
- **To build revenue yields from the existing customer base:** by marketing a package of products and services under the banner of the magazine brand. In this scenario, brand

extension is about turning a Cosmopolitan or an FHM reader into a Cosmopolitan or FHM consumer.

The strategies and economics are quite different for the two routes. One priority that publishers should keep in mind is the introduction of monitoring systems to measure the progress down the two routes.

A publisher aiming to increase the yield of a finite customer base should consider, for instance, establishing an integrated database of those customers. This will keep track of just how many brand extensions a particular customer buys and will provide opportunities for cross-selling initiatives.

#### **5.4 MONITORING THE BRAND**

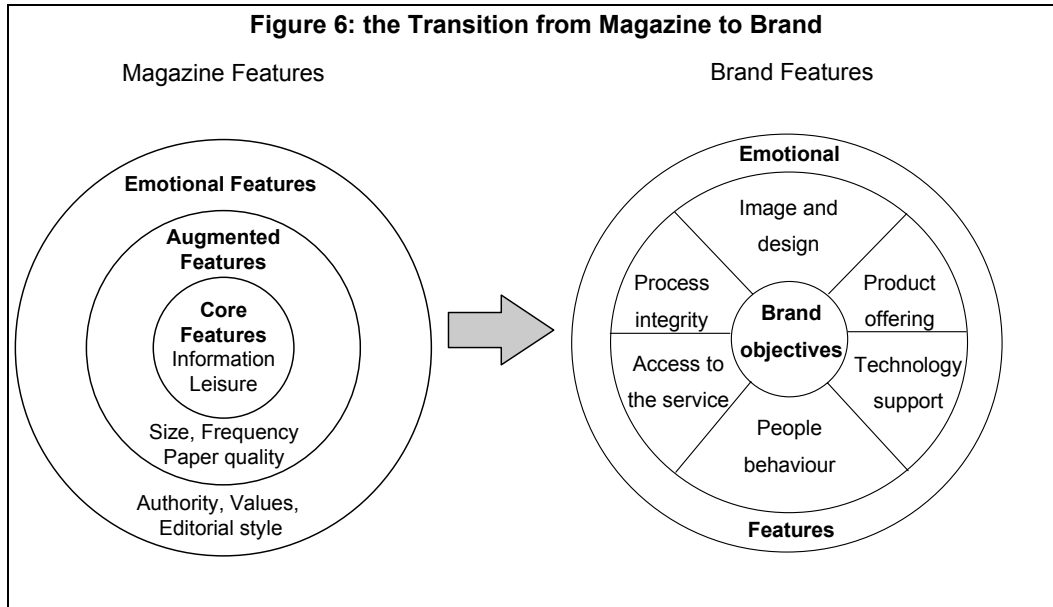
Each brand extension has the potential to alter the characteristics of the core brand. How this is being monitored is a critical dimension of the brand publishing business. The research suggests that publishers should use two complementary tools:

- **Customer contact:** regular research with brand customers should be undertaken to indicate if existing and planned brand extensions fulfil the brand promise. Extensions which, in the customer's eyes add nothing to the core brand proposition, or worse, damage it, should be re-considered.
- **Monitoring finances:** a common feature of brand extensions is that their costs are fudged with the existing business operations. This is because extensions rarely warrant a specific P&L, being typically small at their launch relative to the core magazine. It is important that the publisher is able to assess accurately the profitability of each brand extension and targets are set. This will highlight success and failures and eventually facilitate investment decisions.

#### **5.5 WHO MANAGES THE BRAND?**

Extending the brand means that the publishing company will be entering one or a series of new territories, which are all new businesses where the publisher is launching products and services. Extensive brand stretching will put existing management under strain, both in terms of their experience of these new businesses being set up and in terms of their ability to manage the brand characteristics across different operations.

Figure 6 below uses the technique of features analysis to compare the traditional magazine business (left) to the brand business (right).



Whilst a magazine is a powerful, but relatively simple assembly of features, a brand has a more complex series of features which ought to be planned and managed by the brand publisher. The magazine itself is only a part of the overall brand proposition, which becomes much more reliant on people behaviour, technology and image.

Stretching a magazine to the web, for instance, poses a wide range of questions, which are linked to the new complexity of the brand features. Should the web site content be the same as the magazine? If not, how do we make the site feel consistent with the magazine? How often should the web site be updated? How and how fast will we answer e-mail queries from the cyber-readers? Do we charge for access? What is the benchmark to measure the success of the site? And the list goes on.

To respond to this new challenge, a number of publishers have structured (or are structuring) their organisation to deliver the brand and its values to the consumers. Roughly, two models have been adopted.

- Some publishing companies have given brand responsibilities to one team. This includes all the media, products and services where the magazine title is being established (e.g. Internet, books, exhibitions). Each team focuses on only one across all its applications.

- Other publishers have chosen the opposite approach where a team of brand specialists assists the editorial team in exploring new domains where the magazine name could be used. The brand team can typically work with six different editorial teams.

However they are organised, the focus of these branding teams is to deliver an output to the consumer. It is also essential to plan the branding internally. In this context, the key focus will be to establish the brand values and pass them on to the whole team, including editorial, sales and production. It will be just as essential to think about how to preserve the brand values in spite of the change of people, as publishing companies are notorious for their employee turn-over.

## 5.6 WHICH BRAND TO USE?

For multi-title publishers with a mixed portfolio there is sometimes an issue as to whether existing titles should be brought under an umbrella brand. Detailed research is required to establish which brands are the strongest in the consumer's mind. This is often different from the publisher's perspective.

Table 4 below summarises in a simple check-list the stages necessary to identify the appropriate brand and to implement a robust strategy, turning a magazine into a brand.

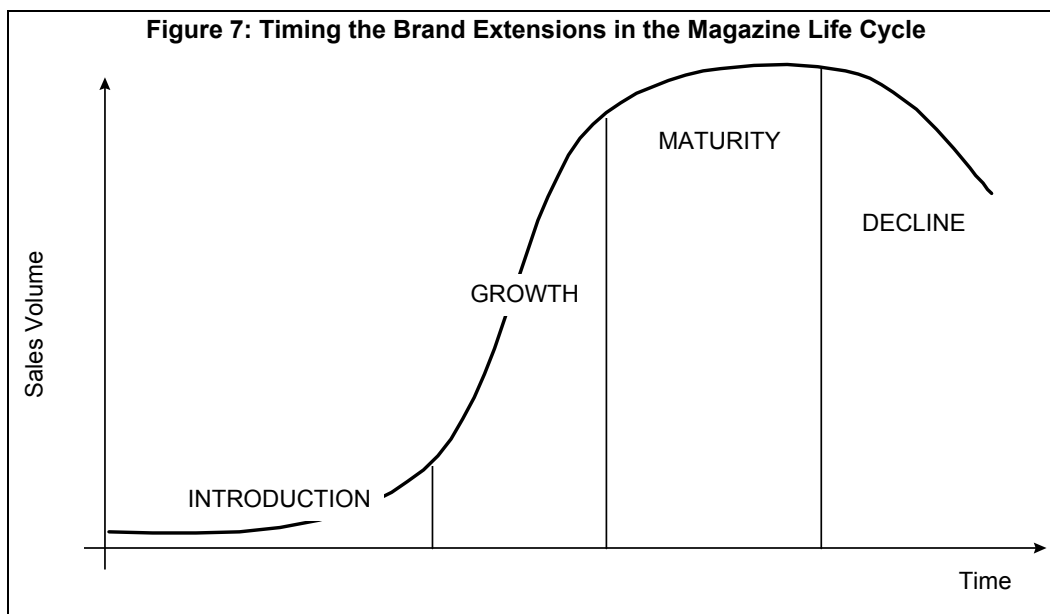
**Table 4: Publisher's Check-List to turn a Magazine into a Brand**

- Decide strategic positioning
- Determine the corporate culture which has emerged
- Establish the current brand values which can be used in the market
- Determine desired brand values
- Develop a strategy for external creative execution
- Develop a strategy for internal creative execution
- Test thoroughly
- Present to the board as a long term investment strategy
- Introduce measurement tools to monitor brand extension activity in terms of:
  - financial pay-back
  - effect of the core brand values
- Be ruthless in managing execution

## 5.7 WHEN TO EXTEND THE BRAND?

The research has revealed that most publishers launch brand extensions at the maturity phase of their magazine life cycle. This is due to the relationship between brand and longevity: it is easier to stretch a magazine into other areas once its sales are well established and its values understood. Additionally, revenues generated by the magazine tend to plateau during this phase and publishers find it necessary to grow sales through new means.

However, as illustrated in figure 7 below, publishers can choose alternative timings for the launch of new brand extensions.



Whilst it is possible to envisage brand extensions which appear at the introduction or decline stages of the life cycle, experience from other industries suggest that brands are being extended earlier on in the cycle, during the growth period. This is because the brand is perceived at that stage to be healthy, both by customers and by other manufacturers who may become suppliers or partner in branding ventures.

Whichever stage is chosen by the publisher, it will dictate a specific marketing strategy. The customers targeted in the introduction phase (early adopters) are usually different from those in the decline phase (laggards). These segments will react to distinct promotional activities, be reached through dissimilar distribution channels and differ in the price they are prepared to pay.

Finally, the publisher must recognise the different impact that the brand extensions will have on the core product. An Internet site launched as an extension of a recent magazine may

become more successful than the magazine and overshadow it. Alternatively, a range of new services spun-off from a declining publication may help revitalise it.

## 5.8 MANAGING CUSTOMER CONTACT

This is a massive area which many publishers underestimate. Yet it is clear that extending the magazine brand involves much more customer contact. Often, publishers entrust the delivery of their brand to third parties which are accused of delivering poor customer care. Retailers, distributors, printers and subscription bureaux have a direct responsibility in bringing the magazine brand to the end-consumer. In that sense, they contribute to the reader's experience of the brand but do not always succeed in creating a positive experience.

### 5.8.1 Subscriptions

A number of publishers report good success in growing subscriptions simply because they have tried to push it. Even though most publishers are aware of the advantages of a high subscription base, few seem to have a clear strategy to make inroads in that field. Those who have describe it as very successful and profitable: *"In a sense, the ideal reader base would be to only have subscribers"* said one respondent. Marketing experts, outside the publishing industry, suggest that this could be a major point. *"Were publishers to transfer energy into subscriptions from all that fuss about the front page - which is really point of sale - profit and loyalty per customer should increase"*.

Another concern expressed by some publishers is the level of service quality that is provided by subscription bureaux in the UK. The strategic implication of this customer care issue is only partially recognised. It is however very clear that consumers' experience of the magazine is affected, usually negatively, by the way in which the bureau treats them. Publishers report hearing about such problems only by accident and usually at the very end of a process of mishandling and frustration generated by their bureaux.

There is an opportunity for subscription bureaux to differentiate on the basis of service quality. One suggestion was the pro-active inclusion in the bureau's reporting to the publisher the level of incoming and resolved reader queries or complaints. The research also revealed that consumer expectations in that field are not shaped by the service provided by bureaux. The benchmark that subscription operators now have to aim for is that set by professional call centres, such as First Direct, British Airways or American Express.

### 5.8.2 News-stand distribution

A similar customer care issue is surfacing in the area of news-stand distribution, both at retailer and distributor levels.

The UK has one of the densest network of press retailers in Europe (almost 1 for every 1,200 inhabitants vs. 1 for 1,600 in France for instance). But this quantity is not seen to deliver quality. In fact, the majority of press retailers are considered to offer limited access to readers. Lack of space dedicated to the press, leading to over-crowded in-store shelves, is usually blamed.

Another issue, mentioned by fewer respondents but which is very much in evidence when comparing the operation methods of UK press retailers with those of their European counterparts, is the poor management of the magazines, in stock and in store. Positioning magazines differently in the shop depending on their shelf age, a regular feature of continental press retailing, is still alien to most retailers in the UK. Re-ordering processes are also reported to be unsatisfactory, leading to unnecessary sell-outs.

This is clearly a generalisation and some retail chains provide a striking contrast to this description. According to our panel, quality press retailers remain the exception. The uncertainty over the strategic focus of WH Smith, the traditional press shop in the UK, does nothing to reverse this perception.

At the distribution level and following recent consolidation, differentiation between magazine distributors is fading. Publishers therefore have a reduced choice of (and therefore power over) distributors, when they are not tied in to an in-house distribution system.

Due to margin pressure, the service to publisher clients is perceived to be declining. There is also some evidence that publishers' expectations of what distribution services they should get has slowly increased. There would appear to be a need for distributors, particularly independent ones, to catch up with these increasing expectations and offer a truly value-adding proposition to the publishers.

As a result, there is an opportunity for these organisations to differentiate on the basis of service quality, so that they can truly contribute to the delivery of the magazine brand values.

## 5.9 CONCLUSIONS

Not all successful magazines meet the definition of what a brand is. All this demonstrates is that being a “brand” is not the be-all and end-all of magazine publishing. Yet for every magazine publisher, understanding both the disciplines of branding and how the consumer perceives your publication is absolutely essential.

Magazines are powerful and complex products; they are also under threat from all kinds of media developments which are emerging around them. Branding disciplines are the only way ahead in a business which can only become faster-moving and more competitive.

## 6. ABOUT THE REPORT AUTHORS

### 6.1 BLAKES MARKETING PRACTICE

Blakes Marketing Practice is a unique international company which specialises in the marketing of services and competitive customer care. The company is built on the belief that marketing is a profession. All our marketers therefore have practical experience as well as appropriate qualifications. We do not regard ourselves as consultants, trainers or academics. We are practising marketers who are able to make profit for service companies.

- Blakes core competence is:
  - *“the development of marketing concepts and their practical application to service industries”*
- Customers describe us as:
  - *world leading*                      - *excellent*                      - *friendly*
  - *reliable*                                - *experienced*                - *fun*
- Our two key values are:
  - *professional*
  - *human*

#### WHAT WE DO:

- **Market Services:** *specify, set up and run programmes which induce customers to pay for services*
- **Create marketing strategy and undertake planning for services:** *undertake thorough research and analysis, determine strategy and write detailed, practical plans which prioritise what to do*
- **Design new services:** *creating ideas and using state of the art techniques to turn them into viable service propositions which appeal to target customers*
- **Skill transfer:** *establishing the procedures, skills and technologies to build the appropriate service marketing capability inside a client company and managing them if required*
- **Engineering change:** *creating all the elements necessary to help organisations change from a product to a service proposition*

#### **Blakes Marketing Practice**

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## 6.2 WESSENDEN MARKETING

Wessenden Marketing was established in 1992 and is a specialist print media consultancy operating in four areas:

- **Project management:** short term management assignments within publishing, media and distribution organisations, often including direct line and budget responsibility for the duration of the contract. From the creation of promotional plans and material to the setting up of in-house divisions. From one day “health checks” through to several months re-engineering projects.
- **Ad hoc research and consultancy:** from customer research through to satisfaction surveys, using telephone, face-to-face, mail and focus group techniques. Market entry reports and feasibility studies. Strategy reviews and market positioning studies. Portfolio management including acquisitions and disposals.
- **Newsletter and report publishing:** newsletters and reports analysing trends and developments in the media business. Currently in print:
  - Circulation Briefing: a monthly newsletter for senior executives involved in the circulation sales of newspapers and magazines, whether retail or subscriptions. UK cost £295 for 10 issues.
  - Circulation Review: a bi-annual review of magazine circulations. UK cost £95 per issue.
  - PPA Report: Magazine Retailing towards 2000 (February 1996). A survey of the changing face of magazine sales.
  - PPA Report: So that's where the budget went (May 1995). Newstrade attitudes towards magazine promotions.
  - PPA Report: The UK magazine subscription market (1994 & 1997). A tracking survey of publishers' attitudes and practice.
  - PPA Report: Subscriber Demographics (1996). A review of the research evidence as to how subscribers differ from retail buyers.
- **Seminars and Workshops:** events have been run for a number of organisations from industry seminars through to in-house training sessions, from facilitating through to full seminar organisation and promotion. Sessions run over the last year covered issues such as general retail trends, magazine retail sales, magazine subscription marketing, magazine advertising sales, consumer research, digital media update, benchmarking and selling overseas.

Clients include major companies in publishing, fulfilment, distribution, wholesaling, retailing, direct marketing and merchant banking in the UK, USA, France, Belgium, Norway and Australia.

**Wessenden Marketing** - Littleworth House – Tuesley Lane – Godalming – Surrey – GU7 1SJ  
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### **6.3 FIRST MAGAZINE MARKETING**

*First Magazine Marketing* was established in 1992 by Seymour International, the UK subsidiary of Hachette Distribution Services, to provide a range of specialised services for publishers. These services include market research; reader research, workshops and seminars, editorial services and publishing consultancy.

*First Magazine Marketing* now operates as an independent provider of marketing and publishing services for the media , with an emphasis on reader research and research-based marketing.

**First Magazine Marketing**

Little Meadow - Mile Oak Road - Brenchley - Kent - TN12 6NE

Tel: 01892 838 688 - Fax: 01892 838 664 - e-mail: [fmnm@globalnet.co.uk](mailto:fmnm@globalnet.co.uk)

## APPENDIX: KEY SOURCES OF INFORMATION

The following reports were examined to provide background to the research:

- Magazines in the 1990s, Henley Centre, May 1992
- New Opportunities for Publishers in the Information Services Market, Consulting Trust, January 1993
- The European Media Industry, Financial Times Management Report, 1994
- Scanner 1994-95, 6<sup>th</sup> Edition, Interdeco, 1995
- La Marque: Force et Contraintes, Interdeco, 1995
- Magazines and New Media, Pira International, May 1995
- Magazines into 2000, Henley Centre, May 1995
- Magazines and Active Readers, PPA, May 1995
- Key Note Market Report - Men's Magazines, 1<sup>st</sup> Edition, 1996
- Profiting from Tomorrow's Customers, Vista, 1996
- Magazine Retailing: Towards 2000, Wessenden Marketing, February 1996
- Subscriber Demographics, Wessenden Marketing, May 1996
- Media Convergence and the Business Press, PPA, May 1996
- Key Note Market Report - Consumer Magazines, 9<sup>th</sup> Edition, 1997
- Proof of Performance, Taylor Nelson, May 1997
- UK Magazines on the World Wide Web, Hypermedia, May 1997
- How Magazine Advertising Works, PPA, May 1997

Additionally, some key, regularly published magazines and newsletters were also used to obtain further topical insight into the industry. They included:

<b>Newspapers</b>	<b>Magazines</b>	<b>Newsletters</b>
Financial Times	Media Week Marketing Marketing Week	Magazine News Magazine World Circulation Review

The web sites of PPA and the Advertising Association, as well as a number of magazine sites were also used for this research. The addresses visited included among others:

<ul style="list-style-type: none"> <li>• <a href="http://www.abc.co.uk">www.abc.co.uk</a></li> <li>• <a href="http://www.adassoc.org.uk">www.adassoc.org.uk</a></li> <li>• <a href="http://www.bbc.co.uk">www.bbc.co.uk</a></li> </ul>	<ul style="list-style-type: none"> <li>• <a href="http://www.condenet.com">www.condenet.com</a></li> <li>• <a href="http://www.erack.com">www.erack.com</a></li> <li>• <a href="http://www.ipc.co.uk">www.ipc.co.uk</a></li> </ul>	<ul style="list-style-type: none"> <li>• <a href="http://www.menshealth.com">www.menshealth.com</a></li> <li>• <a href="http://www.ppa.co.uk">www.ppa.co.uk</a></li> </ul>
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