

# MAGAZINES & THE INDEPENDENT RETAILER

## The Retail & Consumer Perspective

(May 2003)



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INDEPENDENT RETAILER**

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## Section 1

### Background Brief

Independent retailers form a massively important route to market for the magazine industry. Yet due to the sheer size of the sector, they are difficult to track and monitor and, historically, they have been under-researched.

The PPA *Selling Magazines* project group commissioned **Brandlab** to assess where the independent retailer currently stands in the marketplace to provide the framework for future plans to develop this sector of retailing. The brief was to question both the retailer, through self-completion questionnaires, and the consumer, through exit interviews outside independent shops.

*Selling Magazines* is an initiative of the Periodical Publishers Association (PPA), dedicated to increasing the sales of magazines through the independent sector. The initiative was created by magazine publishers who recognise the crucial role that independent retailers play in generating sales. Through sharing ideas and best practice, *Selling Magazines* seeks to boost magazine sales in the independent sector.

**Section 2**  
**Management Summary**

## 2. Management Summary

### The independent retailer in context

Independent retailers are critically important to the magazine business. There are currently 35,500 of them handling national newspapers and/or magazines, representing 66% of the total press retailing universe, accounting for 35.5% of total magazine retail sales value (RSV) and 70% of national newspaper RSV.

Yet independent retailers are also under threat. Shop numbers are declining at the rate of 3% per year and their market share of the magazine business is sliding by 5% per year.

Other key facts are:

- The largest section of these outlets is made up of smaller newsagents found in neighbourhood locations.
- The magazine share that they account for varies greatly from sector to sector, from adult titles (66%) down to computing magazines (23%). This emphasises the need for detailed circulation planning by publishers and distributors.
- Shop saves and the regular purchasing habits of the “neighbourhood shop” make the independent retailer the most purposeful and least impulsive of all the major retail types in terms of consumer purchasing patterns.

### The retail perspective

762 independent retailers gave their view of their shops and the magazine product.

- **SHOP SIZE.** The average store size is 795 square feet with an annual turnover of £319,000. Magazines account for 11% of this turnover, placing the category in the number four position behind tobacco, newspapers and confectionery.
- **LOCATION.** The neighbourhood and the village are the two key locations accounting for 73% of outlets. Linked to this “community” consumer offer, 66% of shops offer a home delivery service and 27% have a Post Office. The level of impulse purchasing of magazines varies significantly from outlet to outlet dependent on the shop location.
- **MAGAZINE EXPECTATIONS.** 49% of retailers expect magazine sales to increase over the next year, making it the fifth fastest growing category in their shops and a further 38% anticipate that sales will remain steady. Looking out over a longer three year period, a high 92% felt the space they allocated to magazines would remain the same or increase, 82% thought that the number of magazines stocked would remain the same or increase, but a lower 76% forecast that the profit from magazines as a percentage of their total profit would remain the same or increase.
- **COMPETING CATEGORIES.** Magazine publishers are perceived to lag well behind tobacco and confectionery manufacturers in terms of the support they offer independent retailers in all the key areas – merchandising & range advice, point of sale material, quality of new products and market information. A recurring theme among the retailers is the lack of face-to-face contact with its magazine suppliers: 38% claim

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never to have seen a wholesaler representative and 52% a distributor/publisher representative.

- **MAGAZINE RANGE.** As the independent sector is so large, there is inevitably a very varied approach to magazine range. The average range handled is 283 magazine titles with 21% of independents stocking under 100 titles. Only 35% regard themselves as true, specialist, range retailers for magazines. The rest attempt to offer a good, but edited range for their customers.
- **MANAGING MAGAZINE RANGE & ORDERS.** Only 32% feel that they actively manage their full magazine range and 27% actively manage their orders across all titles. There is clearly great frustration among significant numbers of retailers who try to manage their magazine business more proactively, but who feel that they are prevented from doing so by their supplying wholesaler who often over-rides or ignores their buying decisions.
- **MAGAZINE DISPLAYS.** Half or partial facings of magazines appear to be the norm. 85% of the retailers who receive publisher point of sale material will use it at some stage.
- **COVER MOUNTS.** Under 50% of retailers felt that this promotional device actually increased sales. The “hassle factor” of handling bulky issues clearly overshadows the proven sales benefits in the retailer’s mind.
- **POTENTIAL IMPROVEMENTS.** No single factor dominated the retailers’ view. What they clearly want from the supply chain is a balanced package of better promotions, greater availability of the key titles, greater influence over their order levels, more market information and reduced levels of waste.

### **The consumer perspective**

Extended interviews were conducted with 768 consumers who had just visited an independent retailer.

There is some churn in the shops’ customer base (10% of consumers claimed never to have visited the shop before): this shows that “new blood” is being introduced. Yet the overall impression is of a steady, regular shopping pattern that is very purposeful and focused.

- **SHOPPING DRIVERS.** Magazines drove 8% of the shopping trips as the main reason for visiting the shop: an important factor, but a long way behind newspapers (driving 36% of shopping trips) as a “destination purchase”. Magazines have a very significant element of secondary “add on” purchasing where the shop visit was actually driven by another product, but where a magazine purchase was added on, increasing the basket size and adding to the “shopping experience”. Consumers are clear that they expect to see magazines in these kinds of outlets as they are a fundamental element of the shops’ consumer offer.
- **MAGAZINE CONSUMPTION.** Respondents buy an average of 4.0 magazine issues per month, though there are significant variations by sex (women buy more magazines than men) and age.
- **SHOP REPERTOIRE.** Respondents have an average of three shops that they buy their magazines from. There is a core shop where most purchases are made and satellite shops for less regular purchases. While independents have a solid base of loyal and regular shoppers, they are also used as a top-up shop for magazines by over a third of their customers, suggesting the potential to develop purchasing frequency. Significantly, 25% of consumers who had just visited the shop to buy other products claimed that they never bought their magazines from

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that shop. These customers seemed very set in their ways, but convincing them of the benefits of buying magazines from the independent outlet is essential for the retailer – greater magazine range and more opportunity to browse are two important levers.

- THE MAGAZINE PURCHASING PROCESS. There is a significant element of impulse purchasing in these outlets (around 20% of magazine sales were not planned), yet this figure is lower than for other kinds of outlet and the overall impression is of magazine buying being very focused and purposeful in the independent retailer.
- MAGAZINE RANGE. Two thirds of consumers felt that the range of magazines on display met all or most of their needs. While this is a solid figure, it does point to there being extra potential to meet consumer requirements and to the fact that the independent still has some way to go before being recognised as the specialist outlet for magazines.
- IN-STORE ENVIRONMENT. The independent outlet scores strongly across the key factors of magazine range, ease of locating titles, availability and the help and advice offered by the shop owner. Where the scores do slip is in the area of in-store promotions.
- SUBSCRIPTIONS & HOME DELIVERY.
  - 20% of these consumers also hold a magazine subscription (an average of 1.6 subscriptions).
  - 14% of consumers have a magazine home delivered.
  - There is a significant overlap (52%) between readers who have a postal subscription and a home delivered magazine, suggesting that the mentality behind both is similar.
  - There is relatively low overlap (20%) between consumers who have a newspaper and a magazine

delivered, suggesting the potential for cross promotion to develop this service.

- THE PROFILE OF THE SHOPPER.
  - 61% are female.
  - 37% are single.
  - 40% have children with an average of 2.0 children.
  - 59% are in employment and 20% are retired.
  - There is a fairly even spread by socio demographic group.
  - Only 56% own a car.
  - The average household income is £21,694.

### **Summary**

While the independents are clearly under threat, they have an abiding place in consumer buying habits. Magazines are very much part of these buying habits and are central to what consumers expect to see in these outlets. Yet there is evidence that the independents can develop magazine sales further. For them to do so means not just investing in an important category, but also building up the core values of their shops in the consumer's mind, where range, personal service, a community feel and a real understanding of the products they are selling should set them apart from their competitors.

A defining characteristic of the independents is their very independence. They want to run their own businesses and manage their own magazine ranges and orders when they have the time and the inclination. They have a constant eye on the bottom line and get frustrated when factors conspire to erode their margins. They are personally involved in their businesses and feel strongly about issues, as the forthright verbatim comments show.

Yet behind all their strong opinions, there is also a recognition that they need help in order to manage the complex magazine product

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better than they do. Currently, independent retailers do not feel that they are getting that help from the magazine supply chain. They look at tobacco and confectionery manufacturers, whom they believe provide a much better package of support services than do magazine publishers, distributors and wholesalers. They feel themselves to be at the end of a long and cumbersome supply chain which they believe does not understand, value or support them.

How much of this is perception and how much is reality is a question that the various links in the supply chain would debate. Yet what is clear is that there is a communication gap between the independent retailer and the rest of the industry.

If the independent retailer can do more to develop their magazine sales, then so can publishers and distributors. It is in the interests of everyone concerned to work together to maximise the full potential that these outlets still have to offer.



**Brandlab** is the research company commissioned to run and report on this whole project.

**Brandlab** is a joint venture between Wessenden Marketing and Decipher Publishing Services.

What distinguishes the company is:

- Its focus on the consumer buying decision and the motivations that lie behind the purchase.
- Its usage of mixed methodology to find commonsense solutions to real life problems.

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