

# The Loyalty Challenge

## How Consumer Magazine Subscriptions Work



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## 1.1 Background

The subscription route to market for consumer magazines is growing. Yet it is doing so against a backdrop of volatile retail sales, which still remain the major purchase channel for magazine buying in the UK.

PPA recently completed a major research project looking at the retail purchasing process: “How Magazines Work at Retail.”

The aim of this project is to understand better how and why consumers use subscriptions as a means of buying magazines:

- To identify what motivates consumers to buy a subscription.
- To track how they use that subscription and how it fits into their overall magazine repertoire.
- To assess why non-subscribers choose not to subscribe.

The overall purpose is to be able to provide the broad context for publishers' own individual subscription marketing activity, both self-subscribing and gift subscribing.

## 1.2 Methodology

Both qualitative and quantitative methodologies were used.

### 1. QUALITITATIVE

The first stage was made up of four focus groups, with 8 consumers in each group, to obtain a cross section of specialist and general consumer magazine readers.

	General Magazine Readers	Specialist Magazine Readers
MALE	Nottingham	St. Albans
FEMALE	Nottingham	St. Albans

All respondents were required to be regular readers/purchasers of consumer magazines (at least three times in the last six months).

In order to obtain a cross-section of the potential audience for magazine subscriptions, it was agreed to produce in each group a mix of:

- Current subscribers
- Recently lapsed subscribers
- Non subscribers / retail buyers

A number of “live” subscription offers were tabled and discussed to stimulate the group discussion.

All the groups were audio-taped & video-taped.

### 2. QUANTITATIVE

CCB Insight’s FastMap online panel was used to present a self-completion questionnaire to a representative sample of the UK population.

- 6,683 responses were received, which were reweighted back to the UK population profile in terms of basic demographics.
- Of these, 22% were not currently magazine buyers and they were filtered out of the remaining questions.
- The profile of the remaining magazine buyers who completed the full questionnaire was as follows:

SAMPLE PROFILE Magazine Buyers	
Subscribers	2,003
Non-subscribers	2,825
TOTAL	4,828

Subscribers, broken down by gender, were asked both the name and the category of their prime subscription so that key responses could be analysed by broad magazine type in the following groupings:

- UNISEX GENERAL: where the gender profile is balanced evenly between men and women: e.g. TV Listings, News & Current Affairs, etc.
- UNISEX SPECIALIST: e.g. Gardening, etc.
- MALE GENERAL: Men’s lifestyle weeklies & monthlies.
- MALE SPECIALIST: e.g. Motoring & Motorcycling, Computing, etc.
- FEMALE GENERAL: e.g. Celebrity, Women’s Lifestyle Glossies, etc.
- FEMALE SPECIALIST: e.g. Homes & Decoration, Parenting, Puzzles, Craft, etc.

## 2. Executive Summary

### The Magazine Purchasing Context

Subscription marketers operate in a challenging environment where modern consumers form a very difficult “moving target” – time-pressured, difficult to define & characterise, less brand loyal and often wanting conflicting things from their lives and their product consumption.

The magazine market straddles a wide range of magazine types, but magazine subscribers tend to be more information-driven than retail buyers and to have a more stable repertoire of titles. Subscribers also exhibit demographic differences from retail buyers, tending to be older and more upmarket consumers with more settled lifestyles. Yet some of these established distinctions are becoming more pronounced. Subscription purchasing has become much stronger among men than women and among the older age groups than among the young.

However, most subscribers (70%) use both the subscription and the retail channels very naturally and comfortably depending on what their requirements are at any particular time.

### The Subscription Process

70% of subscribers buy their magazine from retail before subscribing to it. This “retail phase” lasts for an average of 17.1 months. The average frequency of copies read during the retail phase is 7.5 issues out of 12.

Subscription consumption is rising: the average number of subscriptions held is now 1.9 per person.

Yet the average length of the subscription lifetime is getting shorter, slipping to an average 3.1 years, although this figure varies markedly from title to title.

When the subscription lapses, 45% of subscribers fall back into buying the magazine from retail again.

All this underlines the fact that the retail and subscription channels are increasingly intertwined and are both complementary and competitive at the same time.

### The Characteristics of a Subscription

Both subscribers and non-subscribers see the same characteristics in a subscription, but these factors have different levels of importance in their magazine purchasing processes.

Relative Importance of Key Subscription Characteristics		
Characteristic	Subscribers	Non Subscribers
Uninterrupted supply / Never miss an issue	High	Low
Convenience of not having to go to a shop	High	Low
Price discount below shop prices	High	Very High
Early supply before retail copies	Mid	Mid
Additional benefits / Subscriber club	Mid	Low
Free gift	Low	High
Money back guarantee	Low	High

## Buying a Subscription

The research provides many detailed insights into how, where and why consumers buy subscriptions. Yet in general terms, buying a subscription is seen as being very straightforward if a little boring – a sensible option rather than an exciting one. In the purchase process itself, there is a growing consumer comfort with both direct debit and the internet, although there are pockets of consumer resistance to both.

## The Subscription Experience

To many consumers, subscribing is all about price. This makes the whole process seem very cold and businesslike – a transaction rather than a relationship. It also means that the subscription is in danger of turning into a commodity channel where price is everything rather than there being any added value benefits.

Another linked issue is loyalty. Consumers can clearly see that the best prices are being offered to new customers. Publishing is perceived to run on a business model which is similar to mobile phones or mortgages where consumer loyalty is at best ignored or at worst is penalised.

## The Potential for Subscription Growth

The majority of non-subscribers (64%) have not actively rejected subscribing, but simply need more convincing. In addition, gift subscriptions offer significant growth opportunities, but consumer awareness of them appears to be relatively low and the gifting process could be made to be more of an “event” and to give the recipient more choice and freedom in their title selection.

## Consumer Suggestions

Consumers had a number of suggestions to make subscribing more attractive. These include:

- Cut the price.
- Give more free gifts and incentives.
- Reduce the subscription commitment with shorter terms.
- Increase magazine choice & flexibility during the subscription.
- Reward loyalty
- Make subscribing special and not just about price.
- Increase the reader’s control over the sub once it has started.
- Offer magazine subscription in shops
- Promote gift subscriptions more prominently.

It may not always be practical or economic to give consumers what they want, but they have very clear ideas as to what they want.

## The Publisher Response

The implications of all this for publishers are:

- **Differentiate the core editorial product.** While this is the aim of every publisher, many consumers see little point in committing to one title when there are so many similar products to choose from.
- **Make subscribing more of an event.** Retail buying is more fun, more immediate and offers real choice. There is a need to take the subscription, and particularly the gift subscription, beyond “form filling”.
- **Make being a subscriber special.** When price discounts are stripped away, there has to be something else that makes subscribing different and attractive.
- **Reward loyalty.** The publisher conundrum is that a magazine’s most loyal customers will renew first and will pay most for a subscription. Yet resolving this issue is central to long-term customer retention.
- **Make subscribing less of a commitment.** Shorter terms, pay-as-you-go, sample issues, changing title during the subscription period – these are all on the consumer’s “wish list”. The publishers’ challenge is to let consumers feel in more control without losing control themselves.
- **Develop the gift subscription.** There is clear potential for additional growth in this sector.
- **Develop a stratified offer.** Consumers are becoming less homogenised and more individualistic than ever before. Offers (including price, gifts and payment methods), need to

be adapted for different segments of a magazine’s readership. Yet this means.....

- **Build real and specific consumer insight.** Research and a structured approach to handling and recording all the contact points and transactions that a consumer has with a magazine are essential. True database marketing is expensive, but is the future for the subscription.
- **Take a holistic view of circulation.** Retail and subscription are not hermetically sealed boxes as far as the consumer is concerned. They are equally valid purchase channels which the same consumer will use at different times and for different parts of their magazine repertoire.

*In conclusion, there is the opportunity to turn a subscription from a cold, business transaction into a real relationship, from a “contract” into a “service”. When that happens, then loyalty will flow automatically. That is the real subscription challenge for the industry.*

## Outline Report Structure

### **3.1 The Magazine Purchasing Context**

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#### **3.6 What Non-Subscribers Think of Subscribing**

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#### **3.8 What Consumers Want from a Subscription**

## Detailed Report Structure

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### **3.8 What Consumers Want from a Subscription**

## 3.1 THE MAGAZINE PURCHASING CONTEXT

### 3.1.1 The Broad Consumer Context

The Henley Centre recently provided PPA with an overview of the key consumer trends which provide the background to how people shop and consume in general. The six key issues identified are:

#### 1. Ageing & Ageless

The “greying” of the UK population is well-documented. With the 15-24 age group already in decline, by 2015 35% of the UK population will be 50+. This age group has a very different view of life - moving from possessions to experiences, wanting to make the most of their lives, wanting to make a difference, concerned about their health, concerned about the environment and the state of the world.

#### 2. Optimising Resources

Modern consumers are driven by the value of their time and energy more than anything else and are pulled between STREAMLINING (saving time & energy with fast and fuss-free activity) and ELABORATION (investing time & energy in special experiences, added extras and enjoying the moment).

#### 3. Trading Up & Trading Down

Consumers want both high-end, personalised luxury and bargains from their various shopping experiences.

#### 4. Connected & Creative

Consumers of all ages are becoming more “techno-savvy” and reliant on the web for trusted information and guidance.

#### 5. Ethically Motivated

Though riddled with hypocrisy and double-standards, consumers are driven much more by ethical issues. Yet they still wish to be seen as knowing and practised “consumers”.

#### 6. Increasingly Diverse

Ethnically and attitudinally, consumers are becoming more diverse and more difficult to “pigeonhole”. This also makes their future buying patterns more difficult to predict.

*All these factors combine together to make the modern consumer a very difficult “moving target” – time-pressured, difficult to define & characterise and often wanting conflicting things from their lives and their consumption.*

### 3.1.2 Overall Magazine Consumption

The quantitative project gives some shape to consumers' magazine consumption which echoes much of the recent research undertaken in this area.

How many magazines do you buy in an average month?	
Number of Mags	%
1	16
2	17
3	12
4-6	24
7-10	5
10 plus	4
None	22
<b>TOTAL</b>	<b>100</b>

Base: All Respondents

- 78% of the total sample claim to buy magazines, leaving 22% of non-magazine buyers.
- Among the magazine buyers, the largest segment buys between 4-6 magazines per month.
- Across all magazine buyers, the average number of magazines bought per month is 3.8.

The issue of purchase channel is developed in more detail in section 3.1.6 "Magazine Purchase Channels for Subscribers". Yet the table below demonstrates that magazine buyers who use both retail and subscription as their means of buying magazines are the most prolific magazine consumers. Subscription-only magazine buyers appear to be much more selective and limited in their magazine consumption.

Main Channel for Buying Magazines	Mags per Month
Retail only	3.9
Retail + Subscriptions	4.0
Subscriptions Only	3.0

Base: All Magazine Buyers

### 3.1.3 The Role of Magazines

The focus group discussions underline the wide range of reasons that people have for buying magazines which differ (a) from person to person and (b) from title to title within each person's individual repertoire of magazines.

The findings from the qualitative survey summarise the main drivers.

Thinking about buying magazines, please look at the following statements and indicate how much you agree / disagree with them (Please use the scale where 5 = strongly agree and 1 = strongly disagree)	Score
I buy magazines for information	4.0
I buy magazines to relax	3.7
I buy magazines for entertainment	3.7
I buy magazines as an indulgence or treat	3.2
I buy magazines to keep me up to date with fashion & gossip	2.5

Base: All Magazine Buyers

In the focus groups, the men speak more often of their magazines as being a "source of information" while the women are more likely to speak of magazines as "an indulgence", "a treat" or "a luxury" which are consumed "when I have some me-time."

The next table zooms in specifically on magazine subscribers and shows that subscribers are more serious and information-driven in their magazine purchasing than the average magazine buyer (the "Subs Index" figure indexes the scores for "magazine subscribers" against "all magazine buyers" where comparability between the two groups equals an index of 100).

Thinking about buying magazines, please look at the following statements and indicate how much you agree / disagree with them (Please use the scale where 5 = strongly agree and 1 = strongly disagree)	Subs Score	Subs Index
I buy magazines for information	4.2	106
I buy magazines for entertainment	3.5	96
I buy magazines to relax	3.5	96
I buy magazines as an indulgence or treat	3.0	94
I buy magazines to keep me up to date with fashion & gossip	2.3	91

Base: Magazine Subscribers Only

As the focus groups make clear, this "information" bias with subscribers is due partly to (a) the mentality of the consumers themselves as individuals, but also to (b) the type of magazines which the consumer thinks of as being suitable for subscription, which tend to be those that publish "must-have" information rather than more general "entertainment".

### 3.1.4 The Reading Occasion

What often lies behind the magazine purchase is a very specific “reading occasion”. It is clear from this and other research projects that while consumers may have a very settled repertoire of magazines that they buy from in a regular frequency of purchasing, what often sparks a purchase is some “me time” coming up shortly which they want to fill with a magazine – coffee, relaxing after a shopping trip, a journey, etc.

It is evident that the retail channel is best suited to fulfilling that immediate trigger. Subscriptions are more suited to meeting a less time-related interest in a specific subject.

Yet a number of subscribers in the focus groups also speak about the surprise nature of a magazine subscription:

*“It still always takes me by surprise when the magazine drops through the letterbox. Sometimes I forget that I have subscribed to the magazine. So it’s a treat when it comes unexpectedly.” (Women’s General)*

In the focus groups, subscribers speak more frequently about their intense relationship with their magazine than do the retail buyers:

*“I’m really interested in this area.” (Men’s Specialist)*

*“I read it from cover to cover because I want to get my money’s worth.” (Women’s General)*

*“I keep them rather than throwing them away.” (Women’s Specialist)*

### 3.1.5 The Nature of the Magazine Repertoire

The quantitative survey gives some overall shape as to how people buy magazines, with there being a significant hard core of “habitual purchasers”.

Which of the following statements most accurately describes your magazine purchasing habits?	%
I always buy the same magazine(s) each month	31
I always buy the same magazine(s) each month, but I sometimes buy additional magazines dependent on what grabs my attention	22
I tend to buy the same magazine(s) each month, but I always look to see what other magazines have to offer	32
I don't have any particular magazine(s) that I buy all the time, but tend to pick and choose dependent on what grabs my attention	15
<b>TOTAL</b>	<b>100</b>

*Base: All Magazine Buyers*

The focus group discussions show that most respondents feel that they are less loyal and more impulsive in their magazine buying than they were a few years ago. This is put down to two reasons:

- Exercising choice is seen as being more “adult” – being seen to be a smart and knowing consumer.
- The sheer range of magazines available (and the perceived lack of differentiation between many of them) means that making a commitment to one is often felt to be quite restricting.

THE LOYALTY CHALLENGE: How Consumer Magazine Subscriptions Work

*"I used to buy the same magazines all the time when I was a kid. But that's what you do when you're young isn't it? When you grow up, you become a bit more choosy." (Men's Specialist)*

*"I remember changing from Shoot to Match as a teenager. I felt so guilty! But that was stupid. It wouldn't bother me at all now." (Men's Specialist)*

*"I'm not loyal to any magazine now. I used to buy every issue of FHM. But I've grown up a bit now. I've got a mortgage and I just can't afford to buy magazines without really thinking about it as I used to. And it's not just the money. I don't seem to have the time to read that I used to." (Men's General)*

*"There are just so many magazines now. When I was young there was Woman and Woman's Own and a few glossies like Good Housekeeping. Now there are so many to choose from. Too many. And too many of them are the same. So you tend to pick and choose between them a bit more than you used to." (Women's General)*

*"If you took the covers off, you wouldn't be able to tell the difference. They're all the same." (Men's General)*

*"You tend to go for your regular titles first. For me, that's FHM. Then you look at all the others. You may pick another one based on what's on the cover." (Men's General)*

*"If you have a good magazine for two or three months, you stick with it until you see something else." (Women's Specialist)*

The fact that such a wide range of competing magazines is now available through retailers, is repeatedly stated in the focus groups as an important reason for not subscribing:

*"Why commit to one title when there are so many to choose from?" (Men's General)*

The next table zooms in specifically on magazine subscribers and indexes them against all magazine buyers (where a score of 100 means that subscribers are in line with magazine buyers as a whole).

Which of the following statements most accurately describes your magazine purchasing habits?	Subs %	Subs Index
I always buy the same magazine(s) each month	42	135
I always buy the same magazine(s) each month, but I sometimes buy additional magazines dependent on what grabs my attention	27	123
I tend to buy the same magazine(s) each month, but I always look to see what other magazines have to offer	26	81
I don't have any particular magazine(s) that I buy all the time, but tend to pick and choose dependent on what grabs my attention	5	33
<b>TOTAL</b>	<b>100</b>	

*Base: Magazine Subscribers Only*

As would be expected, subscribers have a much more settled magazine repertoire.

### 3.1.6 Magazine Purchase Channels for Subscribers

It is clear from both the quantitative and qualitative modules that a significant proportion of consumers use both shops and postal subscriptions to satisfy their magazine purchasing requirements.

Just as most retail buyers have a repertoire of **shops** that they buy their magazines from – recent research shows that the average magazine buyer has a range of just under three shops that they regularly buy magazines from (see “How Magazines Work at Retail”) – so most magazine buyers are comfortable with using more than one **channel** to buy their magazines.

This fact is illustrated in the chart in the next column which shows how subscribers buy their magazines.

All this means that retail and subscription are not hermetically sealed boxes as far as the consumer is concerned. Most magazine subscribers use both routes to market very naturally and comfortably depending on what their requirements are at any one time.



The focus groups provide some other, more detailed insights into the retail channel:

**Supermarkets** are the core magazine shop, even for most of the men. These outlets are recognised as not having the fullest possible range, but enough for most purchase occasions. Their key advantage is their sheer convenience and (more for women) that the cost of the magazine “treat” can be lost in the overall food shop.

What is also clear is that the supermarkets are helping to shape the consumer’s perception of (a) what is “mainstream” in terms of magazines and (b) what magazine range is available. That second point raises the whole issue of how more specialist titles have to find more direct and non-retail means, not only of fulfilling copy, but also, more fundamentally, of informing consumers of their very existence.

**WHSmith** remains more of a ‘male’ shop. It is also the ultimate magazine “top-up” shop, but it is simply not visited with the same regularity as the supermarket.

- “You know that you can always get what you want from WHSmith. But unless I make a special trip, I’m not often in the town centre. It’s just such a hassle to park there now.” (Men’s Specialist)

**Specialist newsagents** were touched on in the focus groups. They are generally felt to have more limited magazine ranges than many supermarkets and certainly than WHSmith; they tend not to have attractive displays or the space to browse; they are often not that conveniently located. As for subscriptions hurting their business, there appears to be little sympathy for the plight of the independent news retailer:

- “They don’t need supporting. They can look after themselves.” (Men’s General)
- “Who cares!” (Women’s Specialist)
- “You don’t have the same rapport with a newsagent that you do with an independent butcher or baker where they offer

*some personality or better quality – they add something. Magazines are all the same price and the same quality wherever you go. So what is the newsagent adding?”* (Men’s Specialist)

**Shop Saves.** As a means of buying magazines, shop saves hold no attractions for the focus group consumers:

- “I don’t see why you’d do it unless the magazine you wanted was really, really difficult to get hold of. It’s a hassle. It costs more. So what’s the point?” (Women’s Specialist)

**Home Delivery** is seen as outmoded, inefficient and expensive:

- “I didn’t know you could still get magazines home delivered. I thought that all that had died out!” (Men’s Specialist)
- “I wouldn’t trust our paper boy to deliver any magazines. He’d nick them.” (Women’s General)
- “It’s simply not reliable enough. You can trust the post.” (Women’s Specialist)
- “You pay more for it. So why do it? It’s much cheaper and more efficient to subscribe.” (Men’s General)
- “My kids have their comics delivered with our newspaper. But I’d never thought of using it to have my own magazines delivered. That would work out as being quite expensive if you added it all up.” (Women’s General)

**3.1.7 Subscriber Profiles: Are Subscribers Different?**

The following tables split out those magazine buyers who currently hold a subscription, indexing their profile on all magazine buyers.

**1. Sex**

SEX	Subs Index
Male	138
Female	79

*Base: All Magazine Buyers*

Previous Royal Mail surveys have shown a trend for magazine subscribing to be growing more quickly among men than women – the 1999 RM Omnibus Survey showed that subscription penetration was 25% higher among men than women. This is reinforced by this survey which shows a subscription penetration which is now 38% higher among men (an index of 138 in the table above).

The massive popularity of the women’s weekly sector (which generally has lower subscription levels than the monthly market) is a theme running through the female focus groups and this may be a contributory factor behind the widening gap between men’s and women’s levels of subscribing.

**2. Age**

AGE	Subs Index
16-24	52
25-34	72
35-44	77
45-54	109
55-64	123
65+	186

*Base: All Magazine Buyers*

Age has always been a strong driver behind subscribing, with the older age groups, with more settled lifestyles and interests, being much more likely to subscribe. Comparing the current survey results with previous Royal Mail surveys would suggest that these age differences have become more pronounced in recent years:

- In the 1999 Royal Mail survey, the subscriber index for the 16-24 year old age group was 70: this has dropped to 52 in the current research – a fall of 18 percentage points.
- The subscriber index for the 25-44 age group has slipped by 21 percentage points from 95 to 74.
- Over 45’s have jumped by 29 percentage points from 110 to 139.

### 3. Household Composition

MARITAL STATUS	Subs Index
Single	100
Married	110
Living Together	64
Divorced / Separated	105
Widowed	81
CHILDREN IN HOUSE	
No children	114
Children	79

Base: All Magazine Buyers

The focus group discussions reinforce that:

- “Life events” (e.g. home ownership / marriage / children) make consumers review their finances and leisure spending, often cutting back on discretionary items such as magazines.
- The arrival of children creates as much a time pressure as a financial pressure.

### 4. Measures of Affluence

GROSS HOUSEHOLD INCOME	Subs Index
Under £10,000	72
£10,000-£19,999	100
£20,000- £29,999	111
£30,000-£49,999	102
£50,000+	104
HOME OWNERSHIP	
Owned	121
Privately Rented	68
Council	76
Housing Association	85
Living with Relatives	78

Base: All Magazine Buyers

- Subscribers have slightly higher than average incomes, but not significantly so.
- There is more correlation between subscribing and home ownership – perhaps a stronger indicator of a more settled lifestyle.

## 5. Internet Usage

<b>BOUGHT VIA INTERNET IN LAST 12 MTHS</b>	<b>Subs Index</b>
None - would not consider	60
None - would consider	72
1 occasion	76
2-3 occasions	73
4-5 occasions	106
6+ occasions	112

*Base: All Magazine Buyers*

Magazine subscribers are more likely to have bought goods over the internet.

***In summary, the traditional demographic characteristics associated with subscribing remain. Older, more upmarket consumers with more settled lifestyles and purchasing habits are more likely to subscribe. However, there are two key developments:***

- ***The gap between men and women has widened.***
- ***The younger age groups are lagging behind the subscription growth in the older age groups.***

***Another important trend is the strong correlation between subscribing and Internet usage.***

### 3.2 BEFORE THE SUBSCRIPTION

In the quantitative survey, subscribers were asked to select one magazine that they currently subscribed to and to define what their contact with that magazine was before they subscribed.

#### 3.2.1 Length of Contact before Subscribing

Had you been buying or reading this magazine from a shop before you subscribed?	
Pre-Subscription Contact	%
Yes. For less than 3 months	19
Yes . For 3-12 months	17
Yes. For 1-2 years	11
Yes. For more than 2 years	23
Yes. I used to read someone else's copy.	8
Yes. It was bought for me a gift	3
No. I never read the magazine before subscribing.	19
<b>TOTAL</b>	<b>100</b>

Base: Magazine Subscribers

70% of magazine subscribers had been buying the magazine before subscribing to it. In the focus groups, the feedback supported this view:

- “I’d never subscribe to something that I didn’t know or hadn’t read before.” (Men’s Specialist)
- “You don’t subscribe lightly, so you have to be really sure that you want it. You don’t buy blind.” (Women’s General)
- “The time to subscribe is when you’re already reading a magazine regularly.” (Men’s General)

11% had been reading the magazine before subscribing, but without buying it themselves.

19% had not been reading the magazine at all. This does not mean that they had never physically looked at the magazine before, but that they had not been reading the magazine on a regular basis. This is particularly the case on newly launched magazines.

Of those who had been buying the magazine before subscribing, the average length of time was 17.1 months.

This average pre-subscription buying period varies markedly from sector to sector as the table below shows:

Average Length of Time (Months) that Magazine was Bought before Subscribing	
Magazine Sector	Months
Unisex General	21.5
Men’s General	17.5
Women’s Specialist	17.0
Women’s General	16.4
Unisex Specialist	16.0
Men’s Specialist	15.9
<b>TOTAL</b>	<b>17.1</b>

Base: Magazine Subscribers

**3.2.2 Frequency of Reading or Buying before Subscribing**

Of those who had been buying or reading the magazine before subscribing, the average number of issues read was 7.5 out of 12.

How often did you buy or read this magazine before you actually subscribed to it?	
Frequency of Reading or Buying	%
Almost every issue (at least 3/4)	56
Most issues (at least 1/4)	21
Occasional issues (less than 1/4)	23
<b>TOTAL</b>	<b>100</b>

Base: Magazine Subscribers who had Read the Magazine Before Subscribing

Average Frequency of Reading or Buying (Issues out of 12) before Subscribing	
Magazine Sector	Issues
Men's General	7.9
Women's Specialist	7.7
Men's Specialist	7.7
Women's General	7.4
Unisex General	7.2
Unisex Specialist	7.2
<b>TOTAL</b>	<b>7.5</b>

Base: Magazine Subscribers

*All this data highlights the importance of understanding and manipulating purchasing frequency by channel when marketing magazine subscriptions and calculating their lifetime profitability (see also Section 3.5.3: "What Happens to Lapsed Subscribers").*

### 3.3 THE SUBSCRIPTION PURCHASE

#### 3.3.1 Why Subscribers Subscribe

In the quantitative survey, subscribers were asked to rank a range of factors which influenced their decision to subscribe.

Please rank how important each of the following factors were to you, when deciding to subscribe to this magazine? (Please use the scale where 5 = very important and 1 = not important)

Factor	Score
Never miss an issue	4.1
It's more convenient than going to a shop	4.1
A discount off the shop price	3.8
Free postage	3.5
To get my copy before it's available in the shops	3.2
Additional editorial/subscriber benefits (e.g. Subscriber Club)	2.7
A money back guarantee if I want to cancel.	2.6
A free gift	2.5

Base: Magazine Subscribers

The following pages go into more detail, breaking the scores down by broad magazine genres (which are defined on page 4).....

#### 1. Never Miss an Issue

Factors in the Subscription Purchase		
1. Never Miss an Issue	Score	Index
Unisex Specialist	4.2	102
Men's Specialist	4.2	102
Women's Specialist	4.1	100
<b>AVERAGE</b>	<b>4.1</b>	<b>100</b>
Unisex General	4.0	98
Women's General	3.9	95
Men's General	3.7	90

Base: Magazine Subscribers

The table shows that there is little significant difference between magazine genres with the exception of Men's General subscribers who do not rate this factor as highly as the others.

The focus group discussions suggest that while this is an important factor to subscribers, it is almost a "background" issue – a definition of what a subscription actually is rather than a "front of mind" benefit which would tip people into a purchase.

**2. More Convenient Than Going to a Shop**

Factors in the Subscription Purchase		
2. More Convenient	Score	Index
Unisex General	4.1	100
Men's General	4.1	100
Men's Specialist	4.1	100
<b>AVERAGE</b>	<b>4.1</b>	<b>100</b>
Unisex Specialist	4.0	98
Women's Specialist	4.0	98
Women's General	3.9	95

Base: Magazine Subscribers

As with the previous factor of never missing an issue:

- There is little difference in the scores between the various magazine genres.
- This is seen as more of a background expectation than a front-of-mind benefit.

The focus groups also suggest that this is not such a powerful factor as in the past when a trip to a traditional newsagent was less convenient than incorporating a magazine purchase into the weekly supermarket shop. Also, it is clearly felt that magazines are much more widely available than in the past:

*"I just go down to Asda and most of what I want is there." (Womens General)*

This view is reinforced by the fact that in Royal Mail's 1999 Omnibus Survey, the convenience of subscribing was by far the most important factor to subscribers, way ahead of both price and not missing an issue.

Convenience is still important, but it is not as important as it was.

**3. A Discount Off the Shop Price**

Factors in the Subscription Purchase		
3. Price Discount	Score	Index
Men's General	4.2	111
Women's General	4.1	108
Men's Specialist	4.0	105
Women's Specialist	3.8	100
<b>AVERAGE</b>	<b>3.8</b>	<b>100</b>
Unisex General	3.6	95
Unisex Specialist	3.4	89

Base: Magazine Subscribers

This is one of two factors (the other is free gifts) where there is a very marked difference between the magazine genres.

It is also one of the most complex areas of the focus group discussions, when the "live" subscription offers were discussed. Yet there are some broad themes running through the focus groups:

- While there is a real range of opinion as to what constitutes a "good" subscription discount with some respondents clearly not expecting the discount to be massively below retail price, it is a clear assumption that the whole point of subscribing is that this route is cheaper than buying issue by issue from retail:

*"Subscriptions are cheaper than buying from a shop. That's what they're for. Why else would you do it?" (Men's Specialist)*

*"I think that there ought to be a big discount. It has to be cheaper than the shops. They're having my money upfront,*

*so I really want a discount on that. They're getting interest on my money. So what do I get? It must be a good, good discount." (Men's Specialist)*

- There is a clear awareness that the best subscription prices are being given to new subscribers rather than renewing readers. (see Section 3.4.6: "Issues of Loyalty")
- There is a clear awareness of the very cheap introductory "lock-in" prices that are linked to signing up to direct debit (see Section 3.3.5: "Payment Method") which produces very varied reactions in the consumer.
- The focus groups respondents appear to fall into two broad camps:
  - Those who are very clear and knowledgeable about the retail cover prices and subscription prices of the magazines they buy and who tend to want big discounts in order to subscribe.
  - Those who are very hazy about their magazine prices, but who like the idea of a "deal" on their subscription price, but are not clear what that is or what would tip them into subscribing.
- The discussion of a number of "live" subscription offers caused some confusion in every focus group as to what precisely was on offer. Some respondents go back to 12 month offers as their benchmark as to what the price actually is – they are confused by different terms and particularly direct debit offers and refer to having prices that should be "honest" and "transparent". What is clear is that a number of consumers need promotions that are instantly clear as to what the offer is, as the purchasing process can be very fast indeed.

#### 4. Free Postage

Factors in the Subscription Purchase		
4. Free Postage	Score	Index
Women's General	3.7	106
Men's Specialist	3.6	103
Women's Specialist	3.6	103
Unisex Specialist	3.5	100
<b>AVERAGE</b>	<b>3.5</b>	<b>100</b>
Unisex General	3.4	97
Men's General	3.4	97

*Base: Magazine Subscribers*

In the focus groups, this is assumed to be part of the whole subscription price "deal":

- *"Free postage isn't a benefit! It's a given! It's just part of what a subscription is!" (Women's Specialist)*
- *"If they started to try and make me pay for postage, I'd just tell them to stuff it! That's a real try-on!" (Women's General)*

There is little significant difference between the magazine genres.

**5. Get My Copy Before It Is Available in the Shops**

Factors in the Subscription Purchase		
5. Early Issue	Score	Index
Men's General	3.4	106
Women's General	3.4	106
Men's Specialist	3.3	103
<b>AVERAGE</b>	<b>3.2</b>	<b>100</b>
Unisex Specialist	3.2	100
Women's Specialist	3.2	100
Unisex General	2.7	84

*Base: Magazine Subscribers*

This seems to be more attractive to some of the more general genre readers. However, Unisex General has a particularly low score.

In the focus groups, this is reckoned only to be a major benefit if there is really time-sensitive material in the magazine (e.g. news, classified advertisements or time-limited reader offers).

**6. Additional Editorial / Subscriber Benefits**

Factors in the Subscription Purchase		
6. Subscriber Club	Score	Index
Unisex Specialist	2.9	107
Men's General	2.9	107
Women's General	2.9	107
<b>AVERAGE</b>	<b>2.7</b>	<b>100</b>
Men's Specialist	2.7	100
Women's Specialist	2.7	100
Unisex General	2.2	81

*Base: Magazine Subscribers*

This factor has a relatively low score overall, but this is due in part to the fact that “subscriber club” activity is not offered by all magazines.

Section 3.8 (“What Consumers Want from a Subscription”) shows that “subscriber club” activity is something that a number of consumers would like to see in the subscription offer in order to distinguish it from a retail sale.

As with the “early issue” factor, this has a low score among Unisex General subscribers.

**7. Money-Back Guarantee**

Factors in the Subscription Purchase		
7. Money Back Guarant.	Score	Index
Men's General	2.9	112
Women's Specialist	2.9	112
Men's Specialist	2.7	104
Women's General	2.7	104
<b>AVERAGE</b>	<b>2.6</b>	<b>100</b>
Unisex Specialist	2.6	100
Unisex General	2.3	88

Base: Magazine Subscribers

The focus group discussions show that this facility is not widely recognised as being part of the normal magazine subscription offer.

It is thought to be a good and positive feature, although there is some cynicism as to how easy it would be in practice to exercise the option.

*"I want to be able to cancel my subscription if I wanted to. Can I do that? I suppose I could in theory, but I bet it's difficult. Like I've been trying to cancel my mobile phone for the last three months." (Women's Specialist)*

**8. Free Gift**

Factors in the Subscription Purchase		
8. Free Gift	Score	Index
Men's General	2.9	116
Women's General	2.8	112
Women's Specialist	2.8	112
Men's Specialist	2.6	104
<b>AVERAGE</b>	<b>2.5</b>	<b>100</b>
Unisex Specialist	2.5	100
Unisex General	1.8	72

Base: Magazine Subscribers

This is another factor which has a relatively low overall score partly because it is not universally available across all magazines and all genres.

The table shows that it is the factor which has the biggest range of scores and this whole area divided the focus groups:

- "I always notice gifts, particularly when I am in a shop. I stop to see what they are. So, if you're offered a gift to make you subscribe...yes, then that would make a difference to me. Sometimes they can be worth a lot of money. Especially when you recognise the name. You really know what the gift is worth then." (Women's General)*
- "I'd never subscribe to a magazine just because it had a gift. Most of the gifts are crap anyway. No publisher can afford to spend loads of money on a gift, so I bet that most of them are free anyway. It would be much better if they gave a bigger discount on the price rather than try to throw a gift in." (Men's Specialist)*

Consumers respond strongly to gifts in a very personal way dependent on how relevant they are. Yet behind the very specific and individual reactions, there are a number of themes from the focus groups:

Brand names make a difference to the consumer as they are a known quantity in terms of both (a) quality and (b) value:

*“I would never put any free makeup on my skin unless I knew more about what was actually in it and what quality it was” (Women’s General)*

*“This hair trimming set in FHM was probably made in Bulgaria.” (Men’s General)*

*“If the gift was really specific to my hobby, then I would prefer to go and get a good quality product myself, rather than get a cheap one free.” (Men’s Specialist)*

A number of consumers comment that they would respond better to (a) more broad-based incentives (e.g. M&S vouchers, Airmiles, money-off petrol vouchers) or to (b) the publisher putting the investment back into a cheaper subscription price rather than a gift.

A number of respondents find some of the offers laid out in the promotional material confusing:

*“I’m not sure. Will they actually send me this gift in the post when I subscribe? Or will they send me vouchers to go and buy it? What do I have to do to get this?” (Men’s Specialist)*

*“Oh I see. This price here is for the subscription. I thought that it was for the gift – that it was a special offer, but you had to pay for it. It wasn’t really that clear.” (Women’s General)*

**3.3.2 How Subscribers Subscribe**

In the quantitative survey, magazine subscribers were asked how they subscribed to their current subscription magazine. The source of subscription varies markedly from sector to sector.

How did you become a subscriber to this magazine?							
Subscription Method	Unisex General	Unisex Specialist	Men's General	Men's Specialist	Women's General	Women's Specialist	TOTAL
From an advertisement within the magazine	44	42	50	49	51	39	46
From direct marketing from the publisher (email, phone call, letter)	26	18	22	21	14	19	20
Surfing the internet	3	6	17	11	13	10	9
From a recommendation	10	10	2	7	3	6	7
Received it as a gift from a friend / relation	9	3	5	2	9	15	6
At an event	0	10	0	2	3	2	4
Other, please state	8	11	4	8	7	9	8
<b>TOTAL</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

*Base: Magazine Subscribers*

Most of the 8% who stated "other" sources were unsure as to how they had first subscribed, underlining the fact that the **process** of subscribing is not always a significant or a memorable event for many consumers. Of the remaining "other" responses, 2% had their magazine as part of a subscription to an association or professional body and 1% quoted a range of varied sources from Tesco Clubcard points through to door-to-door salesman.

### 3.3.3 Buying Magazines on the Internet

To what extent do you agree with the following statements with regards to paying for your subscription? (Please use the scale where 5 = strongly agree and 1 = strongly disagree)

I am comfortable buying a subscription on the internet	3.8
It has never occurred to me to buy a subscription on the internet	2.1

Base: Magazine Subscribers

There is clearly widespread usage of and familiarity with the Internet as the strong 3.8 agreement score above (“I am comfortable buying a subscription on the Internet”) shows.

However, the focus groups discussions show that even some practised online supermarket shoppers had not considered buying a magazine online, not because it seemed strange or unnatural, but simply because it had never occurred to them:

*“I use the Internet for everything, but I’d never thought of using it for magazines.” (Women’s General)*

The focus groups respondents would generally go to the publishers’ own sites in order to buy or to find out more about subscribing, as the assumption is that “going direct” is cheaper than dealing with a middleman. There is also greater confidence in getting a guaranteed service from the publisher:

*“I have had a look at one of these subscription shops on the web, but how do you know that you can trust them?” (Men’s Specialist)*

The focus groups suggest that there is generally a low level of consumer awareness about the existence of magazine webshops.

### 3.3.4 Ease of Subscribing

How easy did you find it to subscribe to this magazine?

Ease of Subscribing	%
Very easy	82
Easy	16
Neither easy or difficult	2
Difficult	0
Very difficult	0
<b>TOTAL</b>	<b>100</b>

Base: Magazine Subscribers

There is clearly no sense that subscribing is difficult, but the focus group discussions do suggest that it can be a little boring, particularly where bank mandates have to be completed and demographic data is requested.

**3.3.5 Payment Method**

How did you pay for your subscription to this magazine?	
Payment Method	%
Cash / cheque / postal order	12
Credit / debit card	26
Direct debit - quarterly	25
Direct debit - six monthly	8
Direct debit - annually	25
Other	4
<b>TOTAL</b>	<b>100</b>

Base: Magazine Subscribers

Direct debit (DD) is emerging as a major payment method with the frequency of debit breaking down as 43% quarterly, 14% six-monthly and 43% annually.

The focus groups show that there are two direct debit pricing models out in the broader consumer market:

- Where suppliers charge **more** for a direct debit, because the normal annual payment is being broken down into smaller, more “user-friendly” amounts and the supplier is not getting all their money up-front.
- Where suppliers charge **less** because the supplier is locking people in and hoping that they will forget to cancel. This is seen as the more widespread, but cynical use of DD. This is also seen as the model that is practised by magazine publishers.

These two views are paralleled in two views of magazine subscription DDs:

- “Everything is all about direct debit these days. They want to get you to pay that way. And then they hope you’ll forget and just let it run. I use direct debit to pay my gas and electric, but I wouldn’t use it to pay for a magazine....I just wouldn’t do that.” (Women’s Specialist)
- “Direct debit is easy. You just sign up and forget about it. It’s like getting a free magazine each month. There’s no pain.” (Men’s General)

To what extent do you agree with the following statements with regards to paying for your subscription? (Please use the scale where 5 = strongly agree and 1 = strongly disagree)	
I would expect to pay less for the commitment of paying by direct debit	4.0
Direct Debit is the most convenient - I don't have to worry about carrying on my subscription	3.7
Publishers want you to pay by direct debit because they want you to forget to cancel next year	3.4
I am more comfortable paying by Credit Card / Cheque than by direct debit	2.8
I prefer paying for a subscription with cash	1.9
I would be willing to pay more for the convenience of direct debit	1.8

Base: Magazine Subscribers

Both the quantitative and qualitative research shows that:

- There is a generally high acceptance of the use of DD for magazine subscriptions, but there are significant pockets of resistance.
- Consumers expect to pay significantly less for a magazine subscription via DD and they are being trained to do so by some very heavily discounted deals.

See also Section 3.4.3 “Subscription Terms”.

**3.4 THE SUBSCRIPTION EXPERIENCE**

**3.4.1 Number of Subscriptions Held**

How many magazines do you currently subscribe to which you have bought for yourself?	
No. of Subs	%
1	54
2	26
3	12
4-6	7
7-10	1
10 plus	0
<b>TOTAL</b>	<b>100</b>

*Base: Magazine Subscribers*

The average number of subscriptions held is 1.9. This is almost 20% up on the 1.6 subscription figure recorded in Royal Mail's 1995 Omnibus Survey.

**3.4.2 Subscription Lifetimes**

How long have you been subscribing to this magazine? (Please select one)	
Period	%
1 year or less	29
2 years	25
3 years	15
4 years	8
5 years or more	23
<b>TOTAL</b>	<b>100</b>

*Base: Magazine Subscribers*

The table simply describes how the subscription market works with a block of relatively new subscribers (1-2 years), falling away in the 3-4 year period as many people tire of the subscription and lapse, with a large block of long-term and committed subscribers (5+ years).

The average subscription lifetime is 3.1 years which is down from the 3.4 years seen in Royal Mail's 1998 Omnibus Survey, a drop of 9%. Previous RM surveys had also been tracking a drop in lifetimes. This could be due to a number of factors:

- In the more competitive and volatile marketplace, consumers may be having more subscriptions at any one time, but are holding them for shorter periods.
- As the subscription market grows, so this is reflected in an influx of new entrants at the "front end", in the 1-2 year band.
- The focus groups show that subscribing to a newly launched magazine appeals to many consumers. Publishers often

make very attractive offers at launch. Yet there is also the feeling that consumers are buying into a new and exclusive "club" which many others have not latched on to yet:  
*"It feels special. You are on the inside of something new."*  
 (Women's General)

The subscription lifetimes clearly vary massively from title to title depending on their strength, profile and lifecycle. The table below shows the average lifetimes for the magazine genres.

Average Length of Time Subscribing to Current Magazine (Years)	
Magazine Sector	Years
Unisex General	3.6
Men's Specialist	3.2
Unisex Specialist	3.1
<b>AVERAGE</b>	<b>3.1</b>
Women's Specialist	2.5
Women's General	2.2
Men's General	2.1

Base: Magazine Subscribers

### 3.4.3 Subscription Terms

The question as to what term subscribers had taken out with their subscription caused real confusion in the focus groups when related to direct debit:

- Some think of direct debit as an open-ended and indefinite subscription.
- Others still think of direct debit as a term subscription, but one for which they are paying in instalments.

There is also some confusion as to whether the direct debit is still payment in advance (the most common view) or is payment in arrears.

All this raises some big issues about the psychology of direct debits and how they are sold to the consumer. It also explains why the claimed figure of 25% for direct debit appears low when compared to payment method (Section 3.3.5).

For what period of time did you take out your current subscription?	
Period	%
3 months	6
6 months	5
12 months	55
Longer than 12 months	8
Indefinite (Direct Debit)	25
Don't know	1
<b>TOTAL</b>	<b>100</b>

Base: Magazine Subscribers

Of those who could recall a set term, almost three quarters thought that it was 12 months, which is still the benchmark period.

### 3.4.4 The Basic Subscription Service

Subscribers' view of the service they have received with their subscription is generally very good, with 92% stating that it was "excellent" or "very good".

<b>Thinking of the general quality of the subscription service you have received (speed of postal delivery, magazine not damaged in the post, ease of changing your address details, etc) how would you rate the service you have received?</b>	
<b>Service Rating</b>	<b>%</b>
Excellent	55
Very good	37
Satisfactory	7
Poor	1
<b>TOTAL</b>	<b>100</b>

*Base: Magazine Subscribers*

As the focus groups show, the key element of the service is timely postal delivery which is generally considered to be very good. Unless there are more complicated benefits associated with the subscription, then the basic subscription service is all about delivery of the physical copy.

Quantitative survey respondents were then asked whether the quality of service makes any difference to their likelihood of renewing. As the subscription service is (a) very basic and (b) very good, this did not generate strong feelings with 38% saying that service quality is not a major factor in the decision to renew.

<b>Has the quality of the subscription service you have received made you more or less likely to continue subscribing?</b>	
<b>Impact of Service on Renewals</b>	<b>%</b>
<b>It makes me more likely to continue subscribing</b>	59
<b>It makes me less likely to continue subscribing</b>	3
<b>It really hasn't made a difference either way</b>	38
<b>TOTAL</b>	<b>100</b>

*Base: Magazine Subscribers*

### 3.4.5 The Core Subscription Experience

Which of the following statements do you agree / disagree with? (Please use the scale where 5 = strongly agree and 1 = strongly disagree)

Statement	Score
I am glad I am a subscriber	3.9
The publisher values me as a subscriber	3.3
I get special treatment from the publisher as a subscriber	2.9
Subscribing to a magazine makes me feel part of a special club	2.6
Once they've taken my money the publisher doesn't care about me	2.3

Base: Magazine Subscribers

Subscribers appear to have few regrets about having subscribed and generally feel valued by publishers. However, there are two important provisos:

- There is a muted, but nevertheless very real, undercurrent of cynicism that publishers only value subscribers because of their financial worth and that once the consumer's money has been taken that is all the publisher cares about. This view came through more obviously in the focus group discussions.
- The scores for being made to feel special about being a subscriber receive solid, but lukewarm scores

The overall impression is not that publishers are blatantly “ripping off” consumers through a subscription, but that the whole subscription process is very cold and businesslike. It is a transaction rather than a relationship, with both parties very dispassionately assessing the value of the transaction from both sides and with the whole subscription process generating little emotional warmth or loyalty on the part of the consumer (see Section 3.4.6 “Issues of Loyalty”).

*“I know that subscribing is cheaper than buying it in a shop, so it makes sense...but I think that they ought to make subscribing special like having a free gift or money-off discounts. Or something like a different article. Something that you don't get in a shop copy. Because at the end of the day, if you're subscribing, you want to feel special.” (Women's Specialist)*

The following tables look at the agreement scores to the various statements by magazine genre.

Glad I'm a Subscriber		
Sector	Score	Index
Unisex General	4.0	103
Unisex Specialist	4.0	103
Men's Specialist	4.0	103
<b>AVERAGE</b>	<b>3.9</b>	<b>100</b>
Women's Specialist	3.8	97
Women's General	3.7	95
Men's General	3.6	92

Base: Magazine Subscribers

Generally, specialist magazine subscribers feel more positive about the whole subscription experience than general magazine readers with Men's General having the lowest score.

Publisher Values Me		
Sector	Score	Index
Unisex Specialist	3.4	103
Men's Specialist	3.4	103
Women's Specialist	3.3	100
<b>AVERAGE</b>	<b>3.3</b>	<b>100</b>
Unisex General	3.2	97
Men's General	3.2	97
Women's General	3.2	97

Base: Magazine Subscribers

There are no statistically valid differences between magazine genres.

I Feel Part of a Special Club		
Sector	Score	Index
Unisex Specialist	2.8	112
Women's Specialist	2.8	112
Men's General	2.6	104
Men's Specialist	2.6	104
<b>AVERAGE</b>	<b>2.6</b>	<b>100</b>
Women's General	2.4	96
Unisex General	2.2	88

Base: Magazine Subscribers

Here there is a much wider range of scores, with specialist magazine readers generally feeling much more of an affinity.

I Get Special Treatment		
Sector	Score	Index
Unisex Specialist	3.0	103
Men's General	3.0	103
Men's Specialist	2.9	100
<b>AVERAGE</b>	<b>2.9</b>	<b>100</b>
Women's Specialist	2.9	100
Women's General	2.8	97
Unisex General	2.7	93

Base: Magazine Subscribers

There are few strong differences, though Unisex General stands out as having a relatively low score.

Publisher Doesn't Care about Me		
Sector	Score	Index
Men's General	2.8	122
Women's General	2.5	109
Unisex General	2.4	104
Women's Specialist	2.4	104
<b>AVERAGE</b>	<b>2.3</b>	<b>100</b>
Men's Specialist	2.2	96
Unisex Specialist	2.1	91

Base: Magazine Subscribers

This statement drew the widest range of scores and polarised views. The specialist magazine subscribers feel more valued with the Men's General being the most cynical group.

### 3.4.6 Issues of Loyalty

The focus groups looked at the issue of loyalty from both sides of the subscription relationship.

#### 1. Consumer Loyalty

As has already been noted (see Section 3.1.5: “The Nature of the Magazine Repertoire”), consumers generally seem to feel much less loyal in their relationship with their current magazines than they did in the past. The reasons given are:

- Age. Loyalty is something that children give. Adults are much more knowing and “savvy”. Becoming more detached is part of growing up and being a practised consumer.
- Magazine choice. The existence of (a) many more magazines (b) in many retail outlets makes a loyal commitment to specific titles more difficult to give.

Yet the focus groups quickly turned the whole issue of loyalty back on to the publisher.....

#### 2. Publisher Loyalty

The focus group respondents are very aware of there being two business models out in the consumer market:

- One where suppliers reward loyalty (e.g. Tesco Clubcard, Nectar, no claims bonuses on car insurance)
- One where suppliers ignore or even penalise loyalty in their drive for new customers (e.g. mortgage providers, mobile phone companies, magazine publishers)

Some comments about the attitude of magazine publishers.....

*“They make you a good offer, but then the longer you subscribe, the more the price goes up.” (Women’s Specialist)*

*“They’re not bothered about keeping existing customers happy. They just want to get new readers.” (Women’s General)*

*“All those freebies that they give away to new subscribers. They should give them to existing subscribers. Otherwise you may as well unsubscribe and then rejoin to get the gift.” (Women’s Specialist)*

*“I think that the price should be cheaper for regular subscribers. If you’re two years into a subscription, they should offer you a bigger discount to say thank you, shouldn’t they? It’s like having a no-claims bonus on your car insurance.” (Men’s General)*

*“Why don’t publishers operate some kind of loyalty scheme like other companies do?” (Men’s Specialist)*

*“Unless I’m getting something that’s extra to Joe Bloggs picking it up off the shelf, then subscribing all comes down to price.” (Men’s General)*

*“You feel penalised if they start to put the price up after you’ve been subscribing for a bit. If they did that, I’d tell them to stuff it!” (Women’s General)*

*“I haven’t come across a magazine that’s loyal to its readers.” (Women’s Specialised)*

### 3.5 AFTER THE SUBSCRIPTION

The research project then moved to the end of the subscription term to look at how and why people let their subscriptions lapse.

#### 3.5.1 Renewal Intentions

Do you plan to renew your subscription to this magazine when it is due?	
Renewal Intention	%
Yes. I will definitely renew.	54
Yes. I will probably renew.	25
I haven't decided yet	16
No. I will probably not renew.	3
No. I will definitely not renew.	2
<b>TOTAL</b>	<b>100</b>

Base: Magazine Subscribers

There appears to be a significant hard core of subscribers (54%) who definitely intend to renew, with another 41% who are wavering – 25% “probably” renewing plus 16% who simply have not decided yet.

Few people have consciously decided to stop their subscription. So the real battle is in tipping the waverers, who still retain generally positive views of the magazine, over into renewing.

Yet as the next table shows, renewal intentions vary widely from sector to sector and from magazine to magazine. The Men's Magazine genre stands out as having a low renewal intention. This is consistent with other parts of the survey which shows them to be cynical, price-driven buyers who have the weakest emotional bonds with their magazines and the shortest subscription lifetimes.

Definitely Intending to Renew	
Magazine Sector	%
Unisex Specialist	66
Unisex General	65
Men's Specialist	57
<b>AVERAGE</b>	<b>54</b>
Women's Specialist	44
Women's General	43
Men's General	35

### 3.5.2 Why Subscribers Lapse

If you used to have a subscription, but let it lapse, why did you?	
Reason for Lapsing	%
Could not justify the expense	28
Got tired of the magazine.	24
Not enough time to read every issue.	24
There were no special benefits to being a subscriber	23
I prefer buying it from a shop.	18
Just forgot to resubscribe	10
It was a gift and it ran out	10
I have considered resubscribing, but have not got round to it.	5

Base: Lapsed Magazine Subscribers

The focus groups show that consumers approach their magazine subscriptions in much the same way as they deal with general direct debits – they let them run in the background until something draws their attention to how much they are spending. This can be a major change in circumstance (e.g. a house move, marriage, the birth of children) or just a financial “spring clean”. It is then they become aware of how much they are spending on magazines, both at retail and on subscription.

Price is often a proxy for other less definable reasons, but simple “subscription fatigue” (the same magazine coming with relentless regularity) is what lies behind a significant amount of lapsing. As the next section shows, almost half of lapsed subscribers continue to read the magazine, presumably buying from retail at a reduced frequency.

### 3.5.3 What Happens to Lapsed Subscribers

Lapsing does not necessarily mean the end of the consumer’s relationship with the magazine with 45% still continuing to read it.

A significant 37% drop out of the market completely – an indication of the volatility and short lifetimes of many consumers’ interests.

If you used to have a subscription, but let it lapse, do you still read that magazine?	
Post Lapse Behaviour	%
Yes. I still read the magazine.	45
No. I've stopped reading the magazine, but I read a competitor instead.	18
No. I'm just not interested in those kinds of magazines any longer.	37
<b>TOTAL</b>	<b>100</b>

Base: Lapsed Magazine Subscribers

### 3.6 WHAT NON-SUBSCRIBERS THINK OF SUBSCRIBING

#### 3.6.1 The Potential for Subscriptions

Have you ever considered subscribing to a magazine?	
	%
I have considered subscribing, but decided not to.	36
I have considered subscribing, but simply never got round to it.	23
I have simply never thought about subscribing to a magazine.	41
<b>TOTAL</b>	<b>100</b>

Base: Non-Magazine Subscribers who have Never Subscribed to a Magazine

36% of non-subscribers have actively considered the idea of subscribing, but have consciously rejected it. The remaining 64% must be considered as potential subscribers who either need more pushing to tip over into a purchase or who need educating on the benefits of subscribing.

#### 3.6.2 Why Non-Subscribers do not Subscribe

The focus groups underline the fact that the background to the subscription decision is a market where the consumer's perception is that (a) more magazines are being published than ever before and (b) a good range of magazines is available in many shops.

Why do you not subscribe to a magazine at the moment?	
Reason for Not Subscribing	%
It is a lot to pay in one go. I prefer to pay as I go.	35
I like to look at what I am buying first	33
I don't want every issue	33
I only want a magazine when I know that I have time to read it	30
I enjoy going shopping for magazines instead	27
I like to buy different magazines from month to month	25
Magazines are not consistently good every issue.	23
It is too expensive	18
The post is unreliable.	8
I get my magazines in better condition from a shop.	8
Subscribing is complicated. It's easier to buy it from a shop	7
You cannot subscribe to the kinds of magazine I like to buy	4
I wouldn't know how to get a subscription	1

Base: Non-Magazine Subscribers

The most commonly given reason, as in past Royal Mail Omnibus surveys, is of having to pay for a subscription in one go.

In the female focus groups, it is clear that the growth of the weekly sector is making consumers review their expenditure more intently and making consumers more likely to buy higher priced glossies from issue to issue:

*"I love my weeklies, but they eat into your money without you really noticing. You just buy them week in week out almost out of habit. Monthlies seem much more expensive. They're a bigger purchase. I think more about where I'm going to spend my money there."*  
(Women's General)

Yet there is also recognition that while a magazine subscription per se is not a major item of expenditure, it still feels a significant commitment:

*“In the overall scheme of things, a subscription isn’t actually that much. It’s about the cost of a round of drinks. I’d pay £100 for a decent shirt, so £3 a month isn’t much when you think of it like that. But you don’t think of it like that. It just seems a big commitment.” (Men’s General)*

What is clear from looking at past Royal Mail surveys is how “**freedom issues**” have become more important barriers to subscribing. PPA’s retail research also points to the fact that **browsing** in shops has become more widespread and accepted, especially among men. These issues also dominate the focus group discussions:

*“I don’t like being told what to read. I like to be able to choose. That’s what I don’t like about subscribing. You don’t have a choice.” (Women’s Specialised)*

*“There are so many magazines now and they all seem the same, so I like to look on the cover to see what interests me in this issue. You can also get gifts – some are great, but some are rubbish, so it’s good to be able to choose between them dependent on what’s on the cover.” (Women’s Specialist)*

*“You can be really cheeky in a shop. You can spend 10-15 minutes looking at a title to see if you really want it. Or you just actually read what you want in the shop and then put it back. The problem if you subscribe is that it drops through your letterbox and you have to read it whether you want to or not. You’re stuck with it!” (Men’s General)*

*There’s such a vast selection of magazines now – too many – and they’re all there in the shops. So it seems silly to commit to just*

*one, unless you’ve got a real interest in a subject.” (Women’s General)*

*“Things change don’t they? Magazines can change from month to month. My interests change. There are lots of different things that interest me and I like to be able to choose what interests me in particular at any particular time.” (Men’s Specialist)*

Another issue is “**subscription fatigue**”. Simply not getting round to read every issue can be a disincentive:

*“I don’t read all my subscription copies – perhaps 10 or 11 maximum. So the savings on the subscription must at least be equal to the cost of the issues I haven’t read.” (Men’s Specialist)*

Some negatives cluster around the fact that the “reading occasion” is often sparked by the immediate availability of some “me time” and that being able to buy from retail to meet that availability of time is a strong motivator for a shop sale, especially among women.

Yet what is very important is that potential negatives about the actual subscription service itself (e.g. unreliable delivery, condition of copy, complicated to subscribe, etc) simply do not feature as significant barriers to subscribing.

**3.6.3 What Would Make Non-Subscribers Subscribe**

If you were going to subscribe to a magazine, which of the following would motivate you more to do so?	
Reason to Subscribe	%
A discount off the retail price	61
Free postage	46
Free gift	41
Shorter subscription period (e.g. 3 or 6 months)	35
Money back guarantee	31
Get your copy before it's available in the shops	30
Convenience	26
Additional editorial/subscriber benefits	22
Freedom to change title from time to time	22
Never miss an issue	16
Cannot think of anything	13

*Base: Non-Magazine Subscribers*

**Price** is the major, and predictable, motivator to subscribing. The focus groups underline the fact that the modern consumer is very aware that their loyalty has a value and that they expect something back in return. Less cynically, a price discount makes consumers feel less guilty about unread issues or about the fact that in one month they might actually prefer to read another magazine that they have seen on the newsstands.

**Free postage** appears to be a major incentive, but the focus groups show that this is a “given” and is just part of the whole subscription pricing offering rather than a distinct benefit in its own right.

**Free gifts** are another element of the overall “value” proposition of a subscription.

The top ranking non-value incentive relates to “freedom issues” with 35% stating that they would like to subscribe for a **shorter period** of time and with 31% liking the idea of a **money-back guarantee** if

they did not want to continue with the subscription for whatever reason.

Predictably, the **service benefits** of a subscription are much less appealing to non-subscribers than to subscribers (e.g. early copy, never miss an issue). In fact, “never missing an issue” touches on one of the perceived negatives of subscribing to non-subscribers: *“You have to be really keen to want every issue of a magazine!” (Men’s Specialist)*

**3.6.4 What Subscribers & Non-Subscribers See in a Sub**

Looking at the previous sections of the report, one can compare the relative priority that subscribers and non-subscribers place on the various characteristics of the subscription. This is summarised in the following table:

Relative Importance of Key Subscription Characteristics		
Characteristic	Subscribers	Non Subscribers
Uninterrupted supply / Never miss an issue	High	Low
Convenience of not having to go to a shop	High	Low
Price discount below shop prices	High	Very High
Early supply before retail copies	Mid	Mid
Additional benefits / Subscriber club	Mid	Low
Free gift	Low	High
Money back guarantee	Low	High

The **service features** of the subscription (uninterrupted supply and convenience) are important to subscribers, though the focus groups would suggest that these are more “background” characteristics: definitions of what a subscription actually is rather than “front of mind” benefits which would really convince a consumer to subscribe. For non-subscribers, these features are simply not very important. Indeed, the fact that a subscriber never misses an issue is linked to one of the perceived negatives of a subscription, namely that there is no escape from the relentless delivery of the magazine, issue by issue.

**Price** is very important for both groups, but especially for non-subscribers who see a significant discount as part of their whole rationale for making a commitment that some of them have reservations about.

The **early supply** of subscription copies is a medium driver for both groups.

The existence of **additional subscriber benefits** is very patchy across the whole magazine market which is part of the reason why this is not a more important driver than it actually appears: not many magazines offer benefits in a structured way. Yet both the focus groups and the response to the question in the quantitative question as to what consumers would like from a subscription (see Section 3.8) underline the fact that consumers see that once pure price is stripped out of the equation, then there must be other benefits to subscribing in order to make the channel attractive.

**Free gifts** always produce very varied, specific and polarised responses from consumers, but there is a broad difference between the two groups.

- Subscribers tend to think that they have moved beyond the “bribery” of gifts to a place where they are making more rational decisions based on the editorial of the magazine itself. Gifts are nice (if they are relevant and of good quality) and they would make them feel better about being a subscriber if they were given as loyalty rewards deeper into the subscription or at renewal. However, subscribers tend to see gifts as brazen attempts to woo new readers in at the front end of the subscription.
- For non-subscribers, gifts (again with the important proviso that they are relevant and of good quality) can be very important and attractive and link in with price in the overall “value proposition” of the subscription offer.

A **money-back guarantee** is important to non-subscribers as it touches on one of their major concerns – about being locked in to a subscription when they may discover that they did not actually want to be so committed to a specific title. Subscribers seem much more pragmatic as they feel that they simply would not have subscribed in the first place if they were not sure that they wanted this title on a regular basis.

### 3.7 THE POTENTIAL FOR GIFT SUBSCRIPTIONS

It is clear that gift subscriptions offer the publishing industry the potential for significant extra subscription sales.

#### 3.7.1 How Many Subscribers Give Gift Subscriptions?

Do you currently give or receive a gift subscription?	
Gift Subscription Activity	%
Yes. I have paid for a gift subscription for someone else	19
Yes. I receive a gift subscription paid for by someone else.	5
Yes. I both give and receive a gift subscription.	3
No. None of the above	73
<b>TOTAL</b>	<b>100</b>

Base: Magazine Subscribers

A large 73% of consumers who hold a subscription themselves are not involved in gift subscriptions at all, either giving or receiving. The implication is that there must be significant potential to grow this whole area of the subscription market.

The focus groups show that magazine gifting is a very black and white area – people either already do it and think that it is a great idea or it has simply never occurred to them at all. For this second group, once explained, they too enthused about the idea, but they had lots of questions about how to do it. The level of consumer awareness about this whole area still seems to be quite low.

*“It’s dead easy. My husband really enjoys it.” (Women’s Specialised)*

*“Giving a magazine as a gift. Now that idea has never occurred to me. Is it difficult? I bet it’s especially good for people who are difficult to buy presents for.” (Men’s Specialist)*

Yet some potential downsides were discussed:

- *“It’s quite a nice idea, but it seems a bit cold. A bit impersonal.” (Women’s Specialist)*
- *“I know that my uncle loves classic cars, but I don’t know which specific magazine he likes best and there are quite a few to choose from.” (Men’s General)*
- *“Is it really that exciting to get a magazine? It will just arrive in the post, won’t it, like any other magazine? Or do the magazines send out some kind of gift card or box or something to make it more special, more of an event?” (Men’s Specialist)*
- *“My Aunt gives me She. She’s done it for the last three years or so. It’s a lovely thought and it was great to begin with. But I’m getting a bit bored with it now. I’d like to change it for something else. But how can I tell her without seeming ungrateful or mean?” (Women’s General)*

Making the whole gifting process more of an event and giving the recipient more freedom to choose and control the title selection are important enhancements.

Are gift subscription donors different from self-subscribers (who are profiled on page 17)? Gift subscription donors are 23% more biased to women than self-subscribers. In terms of age, gift sub donors are more heavily skewed to the 35-54 year old age group than self-subscribers.

### 3.7.2 Number of Gift Subscriptions Held

How many subscriptions do you currently pay for as a gift for someone else?	
No. Of Gift Subs	%
1	80
2	14
3	4
4-6	1
7-10	0
10 plus	1
<b>TOTAL</b>	<b>100</b>

Base: Gift Subscription Donors

The average number of gift subscriptions taken out at any one time is 1.4 subs per person. This is the same level as recorded in Royal Mail's 1999 Omnibus Survey.

### 3.7.3 Source of Gift Subscriptions

If you have purchased a gift for someone else, please indicate where you purchased your gift subscription from (Please select one)	
Source of Gift Subscription	%
From an advert or insert in the magazine itself	40
Internet - direct from publishers website	27
Internet - from an online subscription shop (e.g. <a href="http://isubscribe.co.uk">isubscribe.co.uk</a> )	13
Cannot remember	8
Gift Box (e.g. a special pack from a shop like WHSmith)	6
Other	6
<b>TOTAL</b>	<b>100</b>

Base: Gift Subscription Donors

The obvious first place to go to buy a gift subscription is to the magazine itself, either by buying a copy or by going to the magazine website. With 40% going via the Internet (27% publishers' own sites plus 13% online shops), this is becoming a major channel for gifting.

Retail subscriptions, such as the WHSmith "pillow packs", seem to have good consumer awareness, as evidenced by the focus group discussions, but it is not yet a dominant route for the actual gift subscription purchase itself.

### 3.7.4 Renewal Intentions

The impression from the focus group discussions is that the first time a magazine gift is given, it is often a last minute “brainwave”, but that consumers are then unsure what to do at renewal.

When you buy a gift subscription how often do you continue with the gift the following year? (Please select one)	
Renewal Acitivity	%
I always extend the gift the following year	22
I sometimes extend the gift the following year	52
I never extend the gift the following year	26
<b>TOTAL</b>	<b>100</b>

Base: Gift Subscription Donors

Over a quarter of gift donors subscribe in the knowledge that this will be a one-off, “in and out” purchase. The focus groups suggest that there can be several reasons for this:

- The donor does not want to appear boring or unimaginative in repeating the same gift idea repeatedly.
- The donor is not always completely sure that the magazine choice is the right one
- “If they really like it, then they can always get it themselves.” (Men’s Specialist)

### 3.7.5 Future Gift Intentions

41% of self-subscribers and 22% of non-subscriber magazine buyers are likely to give a magazine gift subscription in the future.

These figures show:

- The obvious bias of existing subscribers to give a subscription as a gift.
- The overall potential for magazine gifting.

How likely are you to give a magazine subscription as a gift in the future?		
Gift Intention	Subs %	Non-Subs %
Very likely	10	3
Quite likely	31	19
Not very likely	36	41
Not at all likely	23	37
<b>TOTAL</b>	<b>100</b>	<b>100</b>

Base: All Magazine Buyers

### 3.8 WHAT CONSUMERS WANT FROM A SUBSCRIPTION

At the end of each focus group and at the end of each online questionnaire, the same question was asked:

**“What suggestions do you have for publishers to make subscribing more attractive?”**

#### CUT THE PRICE

The overwhelmingly predominant response is to make subscribing even cheaper than it currently is. When prompted as to how much this price discounting should be, the standard answer is “half price”. This is a predictably round and easy sum to quote, but it is also a reflection of the “buy one get one free” offers available on many consumer goods. In a world of BOGOFs, half-price deals seem to be the starting point for a promotion that will grab the consumer’s attention.

Free postage is seen as just part of the overall subscription price offer. It is not perceived as a benefit in its own right, but as a “given” in the subscription package. For publishers to say that “postage is free” in subscription sale copy is considered to be stating the obvious.

Price transparency: there were several mentions of “honest pricing” and “transparent pricing”, so that the real per-copy price could be seen quickly and readily, without all kinds of different subscription terms being quoted and without confusing introductory offers.

#### GIVE MORE GIFTS

This is the second most often quoted consumer suggestion. Gifts are very much linked to price in the consumer’s mind as being part of the overall “value offer” of the subscription channel. There are some specific suggestions:

- Give broader-based gifts. Gifts can be very specific and, therefore, limited in their appeal. Suggestions include M&S vouchers, Airmiles, money-off petrol vouchers for car magazines.
- Let consumers choose a gift that is relevant to them from a selection.
- Forget the gift and put the funding into deeper price discounts.

“Cut the price” and “give more gifts” are the two dominant suggestions, but there are also a number of other factors:

#### REDUCE THE SUBSCRIPTION COMMITMENT

*“I’d like to be able to pick the length of my subscription, because sometimes twelve months is just too long.”*

*“How about a 3 or 6 month subscription? To see whether you really like the magazine without being locked in.”*

*“I’d like to be able to try lots of magazines free so you could see what they’re like before buying. You get free samples in a supermarket don’t you?”*

*“I want to pay as you go as you buy each issue. I suppose you can do that with direct debit. But is there an easier way?”*

### INCREASE MAGAZINE CHOICE & FLEXIBILITY

*“Why can’t you pay upfront, but choose three or four magazines and you get sent a different one each month?”*

*“Why can’t you pay in one go, but then choose month by month which title you want to have? I suppose you’d have to do that on the Internet somehow.”*

*“Here’s a thought....you could have a plastic card, like a Tesco Clubcard. They’d charge it up with money or points or something - £10, £15, whatever. Then you’d top it up when you ran out. The card would let you buy the magazines you wanted, when you wanted. That’s better than having to have the same one month in month out.”*

*“Can’t you pay for a gift subscription and then let the person choose which magazine they want? Or let them change magazine part way through?”*

### REWARD LOYALTY

This is a repeated theme among existing subscribers in particular.

*“Why can’t they give all their free gifts when you’ve been subscribing for a bit rather than right at the beginning? As a kind of thank you.”*

*“Can they send out the gifts every few months to subscribers only?”*

*“I’d like a gift when I renew rather than see them all going to new subscribers. It would just be a little thank you from the magazine.”*

*“You could collect vouchers or points from each issue and then redeem them. For some kind of cashback. Or gifts. Or more issues free.”*

*“Don’t put up the price to loyal readers when new readers are getting it cheaper.”*

### MAKE SUBSCRIBING SPECIAL

When price and gifts are stripped out, what is actually left in the subscription offer that distinguishes it from retail purchasing?

*“At the end of the day, you want to feel special. You want to get things that ordinary people can’t get.”*

Many suggestions revolve around special editorial for subscribers only:

- Unique covers
- Special supplements
- Special features and articles
- A subscriber newsletter
- New information (e.g. product price updates) on the magazine website

There are also a number of gift & service suggestions, sometimes very specific:

- Out-takes from the Top Gear TV show on DVD
- Special film viewings and reviews on DVD from Empire
- Advance theatre or film tickets
- Special reader days-out / visits
- Etc., etc.

### INCREASE CONTROL OVER THE SUB ONCE IT HAS STARTED

*"I want to stop my subscription when I'm away on holiday."*

*"Sometimes you'd just like a bit of a breather. A bit of a break. I still want the magazine. But just to say STOP for a couple of months, before starting up again. It would make everything seem a bit more fresh."*

*"I think that I'd like 10 issues a year rather than 12. With holidays and time pressures I guess that I only read 10 issues properly anyway."*

*"I'd like the freedom to stop my subscription and get my money back if I wanted to. I suppose that I could do that now in theory, but I bet that it's not easy. Like I've been trying to cancel my mobile phone for the last three months."*

### OFFER MAGAZINE SUBSCRIPTIONS IN SHOPS

*"I'd like to be able to buy a magazine subscription in a shop. That's the time when I'm thinking about magazines. That's the time when I'm in the mood for a magazine. So why not buy one in a shop?"*

While only a handful of consumers suggested this, it does highlight a major issue. So much magazine purchasing is driven by a very specific "reading occasion" when the consumer is "in the mood" for a magazine: **retail** buying satisfies that need. Yet so much **subscription** marketing is aimed at the consumer when they are not in "magazine buying mode." Having a bigger in-store retail presence for magazine subscriptions (e.g. special packs, print directories, electronic directories, etc.) may be highly political, but is very logical.

The idea of subscribing in-store also echoes another repeated theme – of having a choice of magazines to select from after having

browsed beforehand, combining some of the characteristics of a retail sale with those of a subscription.

### PROMOTE GIFT SUBSCRIPTIONS MORE PROMINENTLY

*"I think that giving a magazine as a gift is a really good idea. But how many people actually know about it? Or how to do it?"*

*"Why don't you give the gifts to the people who pay for the subscription rather than the people who get the subscription?"*

There were also a number of suggestions about the editorial product itself:

- *"Cut all the ads!"*
- *"I hate inserts!"*
- *"It would be cool to be able to choose the contents of the next issue."*



**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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