

# The Single Subscription View

Sponsored by



November 10<sup>th</sup> 2010



# 20.0%

Actively purchased  
UK ABC sales volumes  
(consumer magazines)

# The UK ABC Subs Market

| <b>18 Publishers with Total UK Subs of 80,000+</b> | <b>Publisher</b> | <b>UK Subs</b> |
|--|------------------|----------------|
|  | BBC Worldwide    | 837,000        |
|  | Nat Mags         | 837,000        |
|  | IPC              | 722,000        |
|  | Saga             | 622,000        |
|  | Bauer Consumer   | 607,000        |
|  | Readers Digest   | 353,000        |
|  | Dennis           | 337,000        |
|  | Conde Nast       | 318,000        |
|  | Future           | 293,000        |
|  | National Geog    | 270,000        |
|  | Newhall          | 245,000        |
|  | Haymarket        | 178,000        |
|  | Hachette         | 155,000        |
|  | Economist        | 126,000        |
|  | Time             | 103,000        |
|  | Archant          | 102,000        |
|  | Pressdram        | 99,000         |
| Incisive   | 96,000           |                |
| <b>Sub Total</b>                                   | <b>6,300,000</b> |                |

## The Top 18 Subs Publishers

- Files sizes of 80,000 +
- Total ABC subs market = 7.2m subs
- Top 18 publishers = 88% of total

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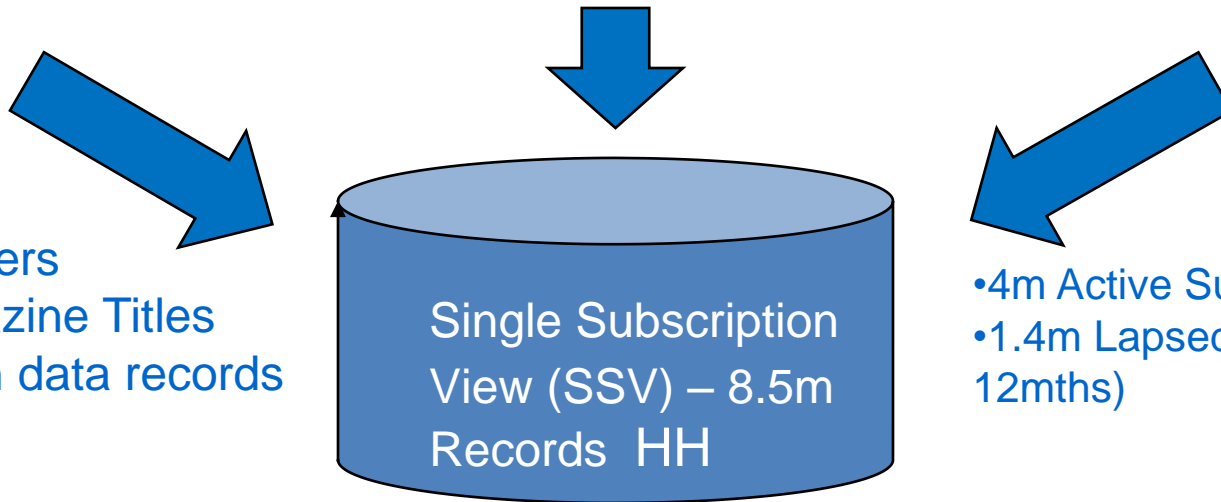
## The 9 Project Publishers

- 4.3m active UK subs
- 60% of total UK ABC subs market
- £126m value (consumer prices)  
*So, total market = over £210m*
- Present in 2.9m households (12%)
- 1.38 subs per household
- 74% of households with 1 sub  
*Remaining 26% have 2.4 subs*

# Project Outline

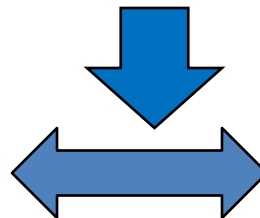


# Project Outline

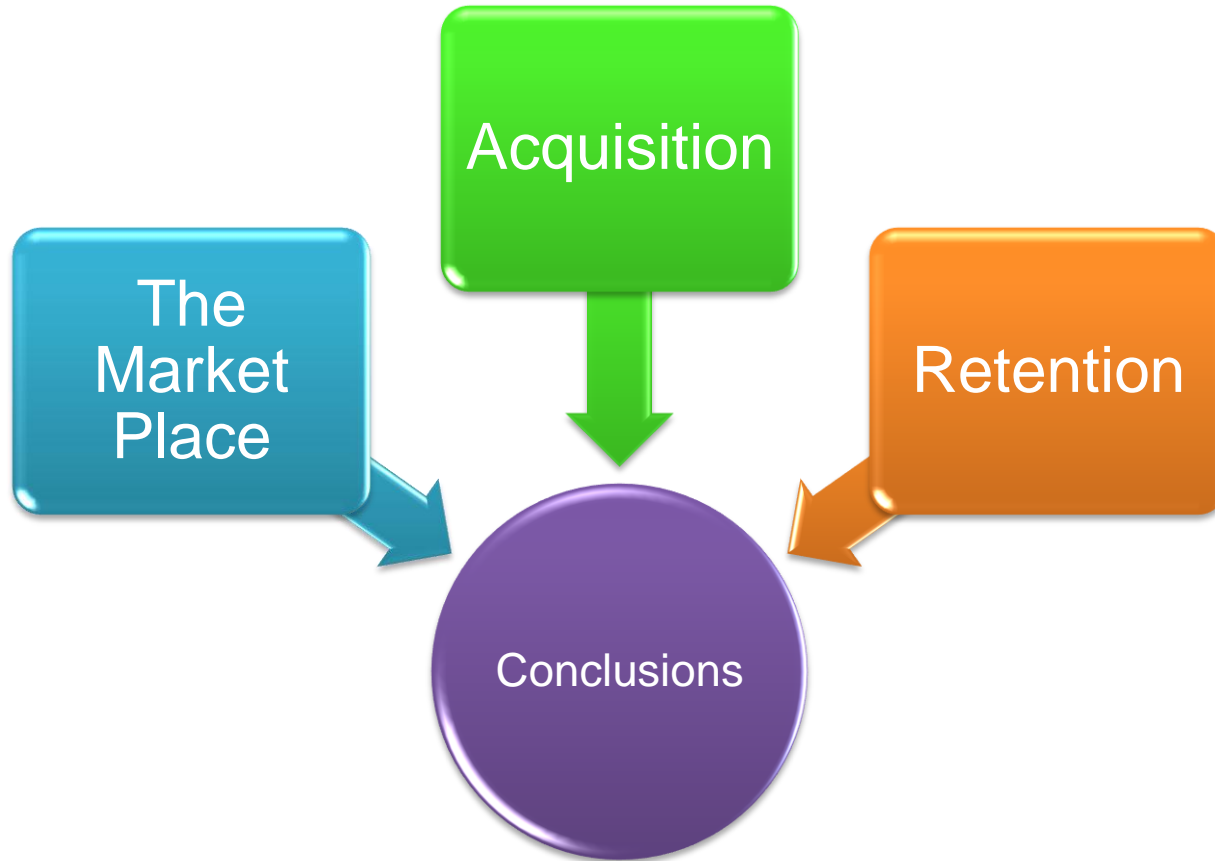


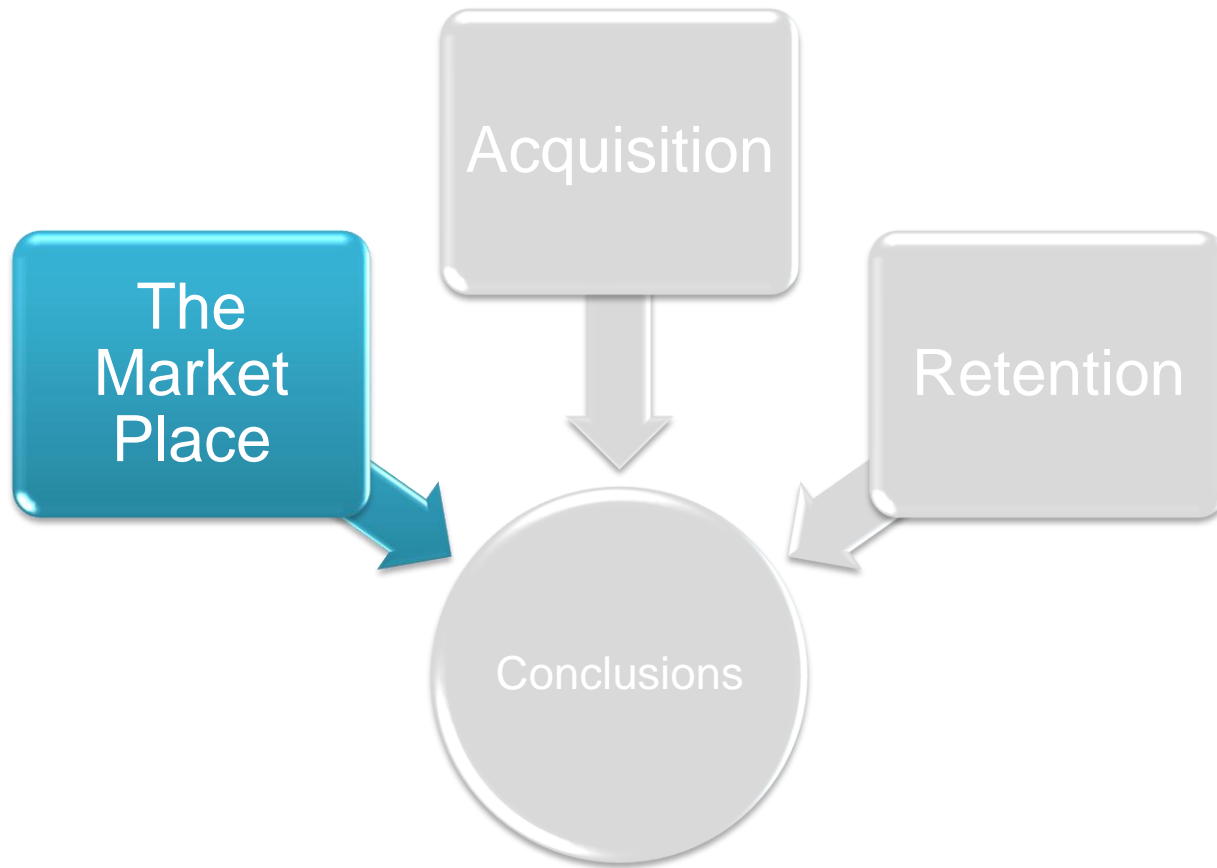
- 9 publishers
- 196 Magazine Titles
- 30 million data records

- 4m Active Subscriptions
- 1.4m Lapsed subs (Last 12mths)



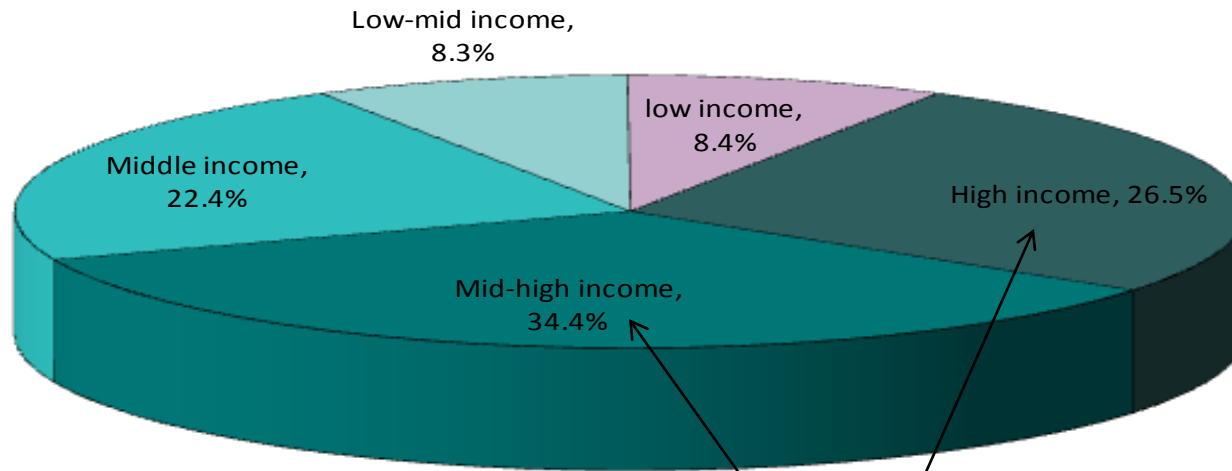
# The Analysis





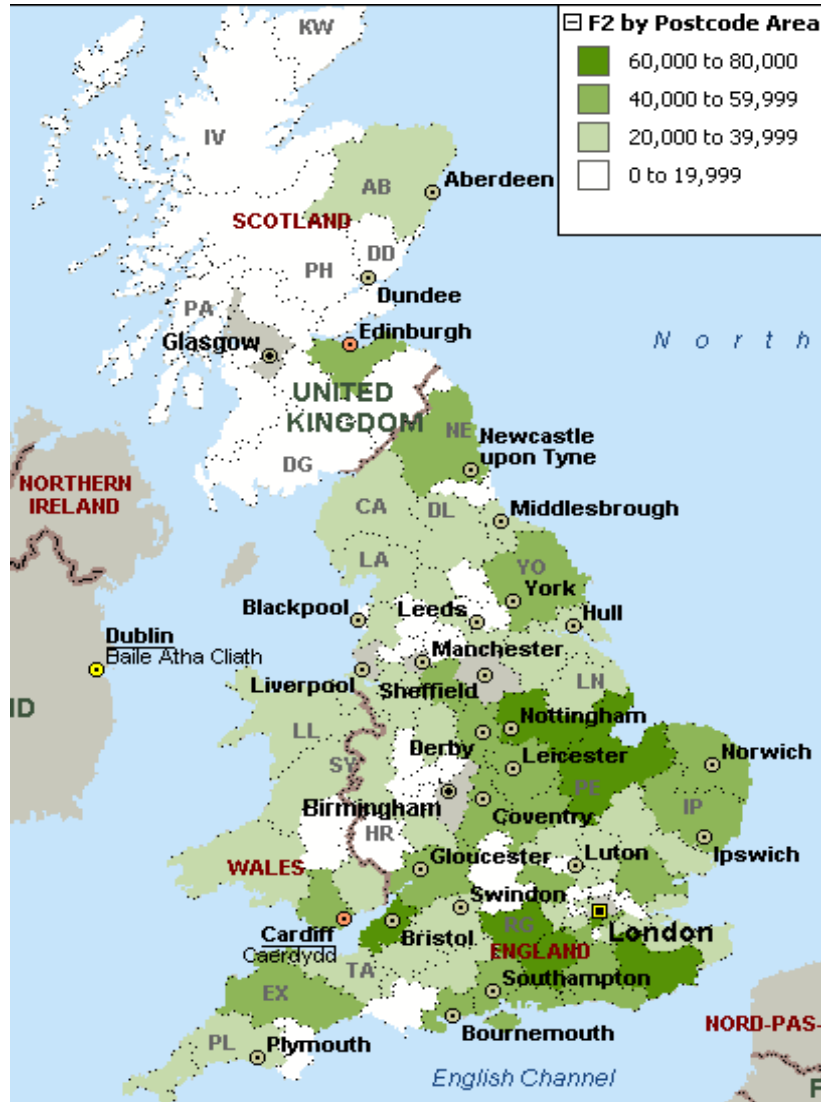
# Subscriber Profiles

## Affluence Percentages



60% of Subscribers coming from mid to high incomes

# Total Subs by Postcode Area



| Top 5 Postal Areas     |                          |
|------------------------|--------------------------|
| Postcode Area          | No. Active Subscriptions |
| SW (South West London) | 74,320                   |
| GU (Guildford)         | 73,094                   |
| RG (Reading)           | 70,239                   |
| BS (Bristol)           | 63,478                   |
| NG (Nottingham)        | 62,388                   |

# 2009 Subscription Bucket

Size of the subs  
bucket 31/12/08  
**3.2m**

Size of the subs  
bucket 31/12/09  
**3.5m**

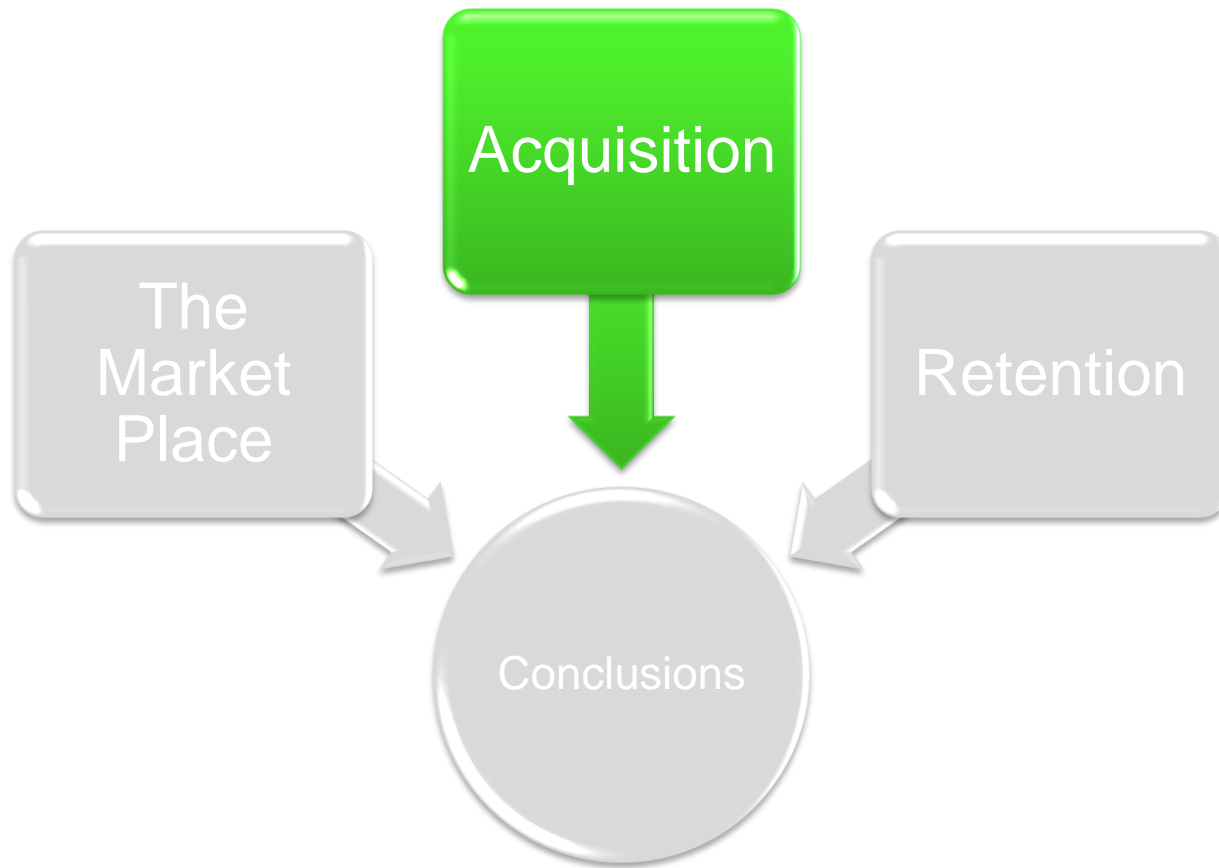
Net New  
Subscriptions  
2009



New Subscriptions  
Acquired in 2009  
**1.4m**

Subscriptions  
Lapsed in 2009  
**1.1m**

**287,310**

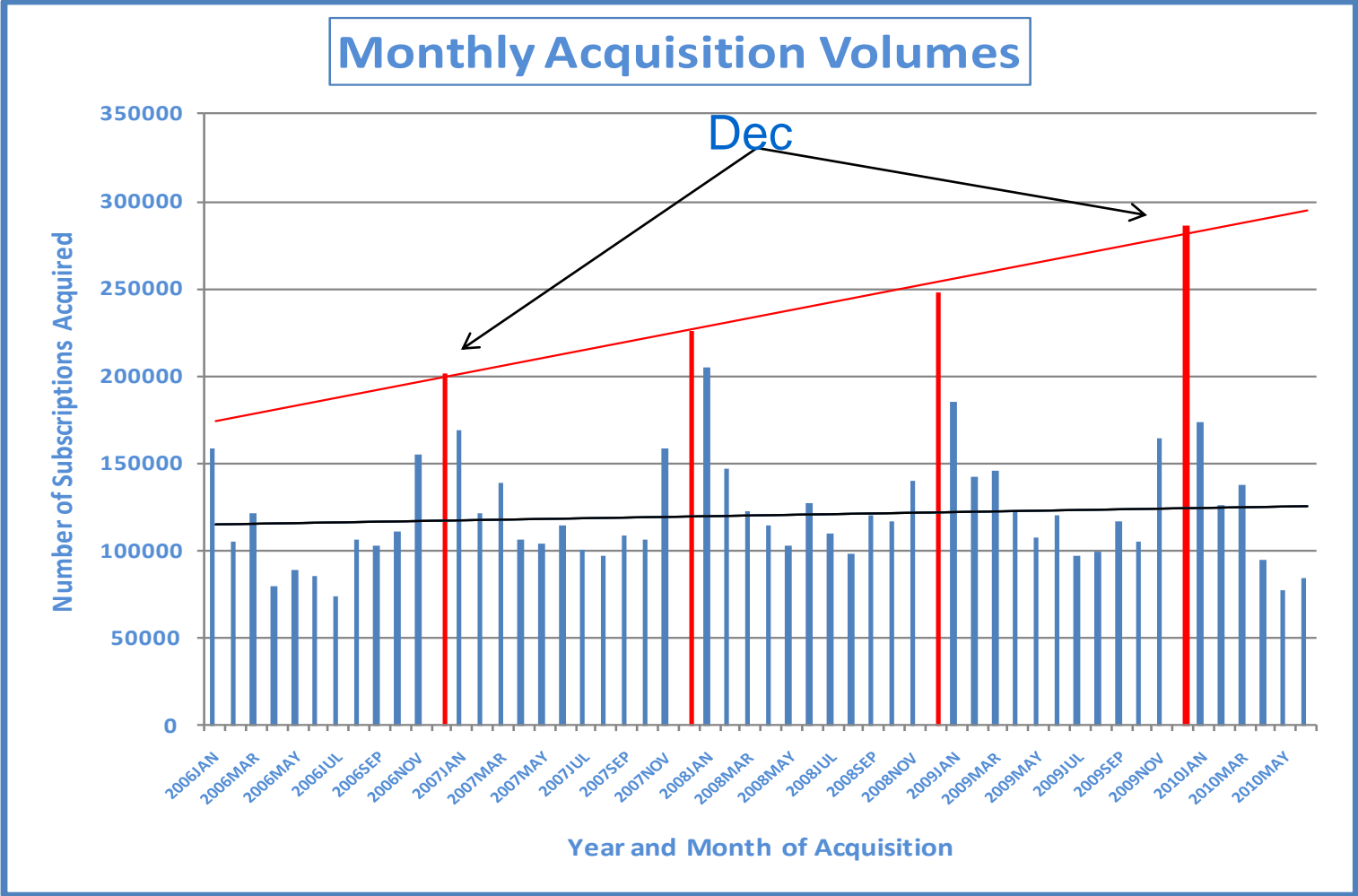


# Annual Acquisition Volumes

|      | Total new subscriptions | yoy change |
|------|-------------------------|------------|
| 2006 | 1,386,909               |            |
| 2007 | 1,550,624               | 12%        |
| 2008 | 1,652,466               | 7%         |
| 2009 | 1,691,696               | 2%         |

- Strong, but beginning to plateau out
- Early signs 2010 is slowing
- It all depends on Christmas.....

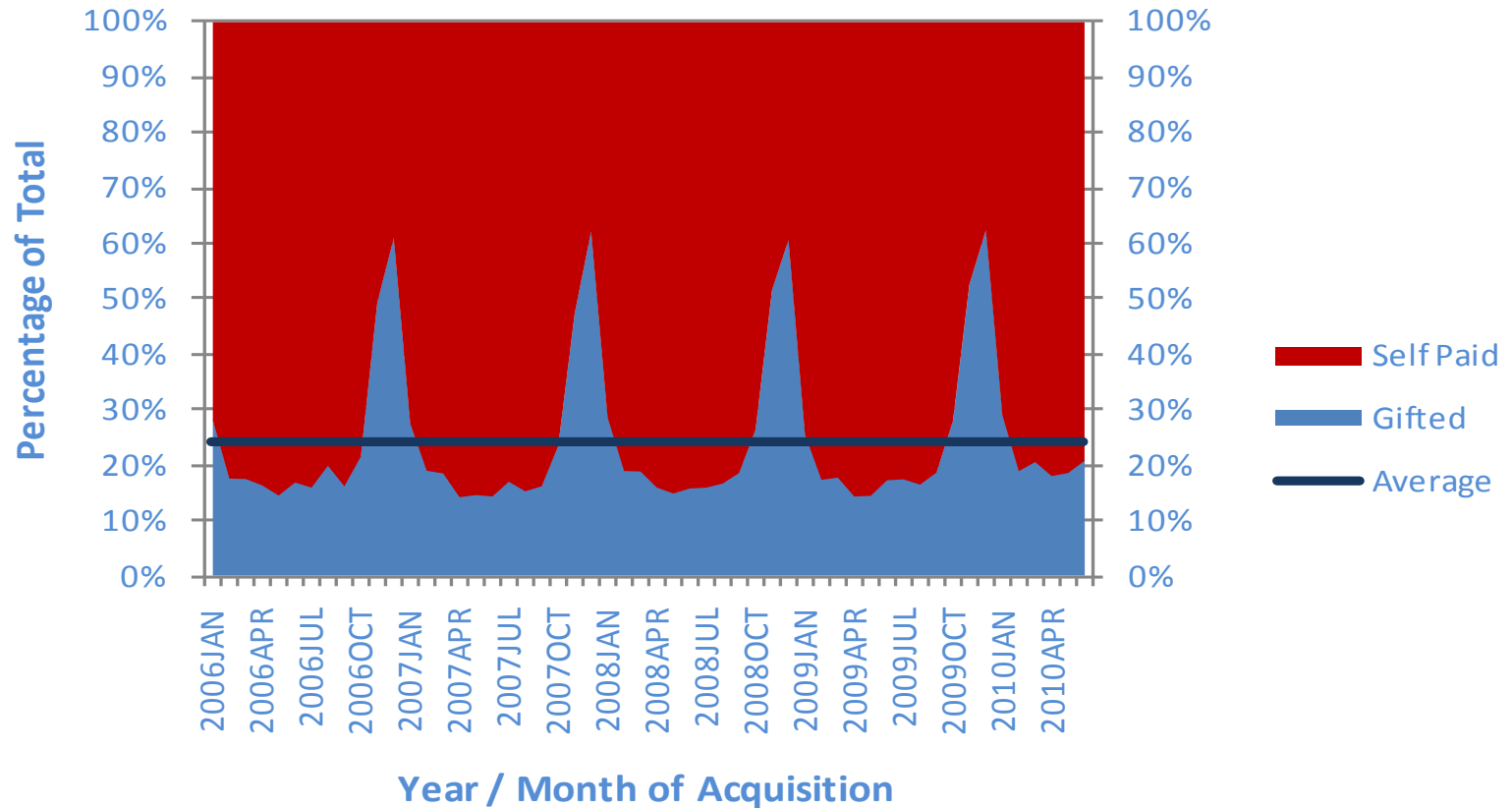
# Monthly Acquisition Volumes



1 in 6 new subs acquired in Dec

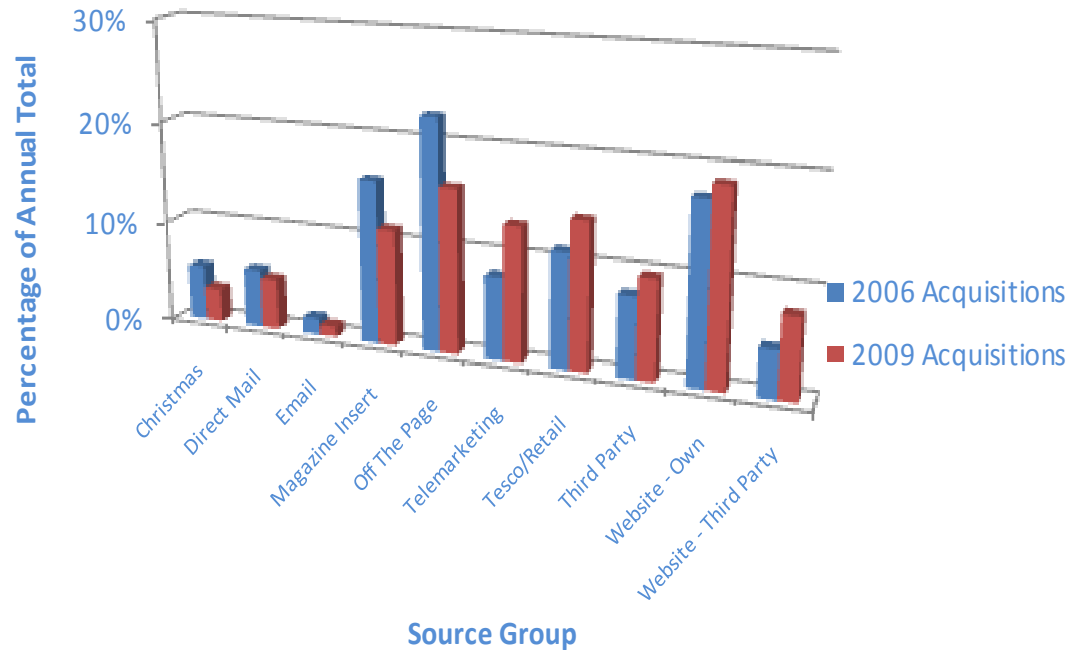
# Monthly Acquisition Profiles

## Acquisitions by Subscriber Type



# Source Group – Changes in Acquisitions

Comparison of Source Group - 2006 vs 2009



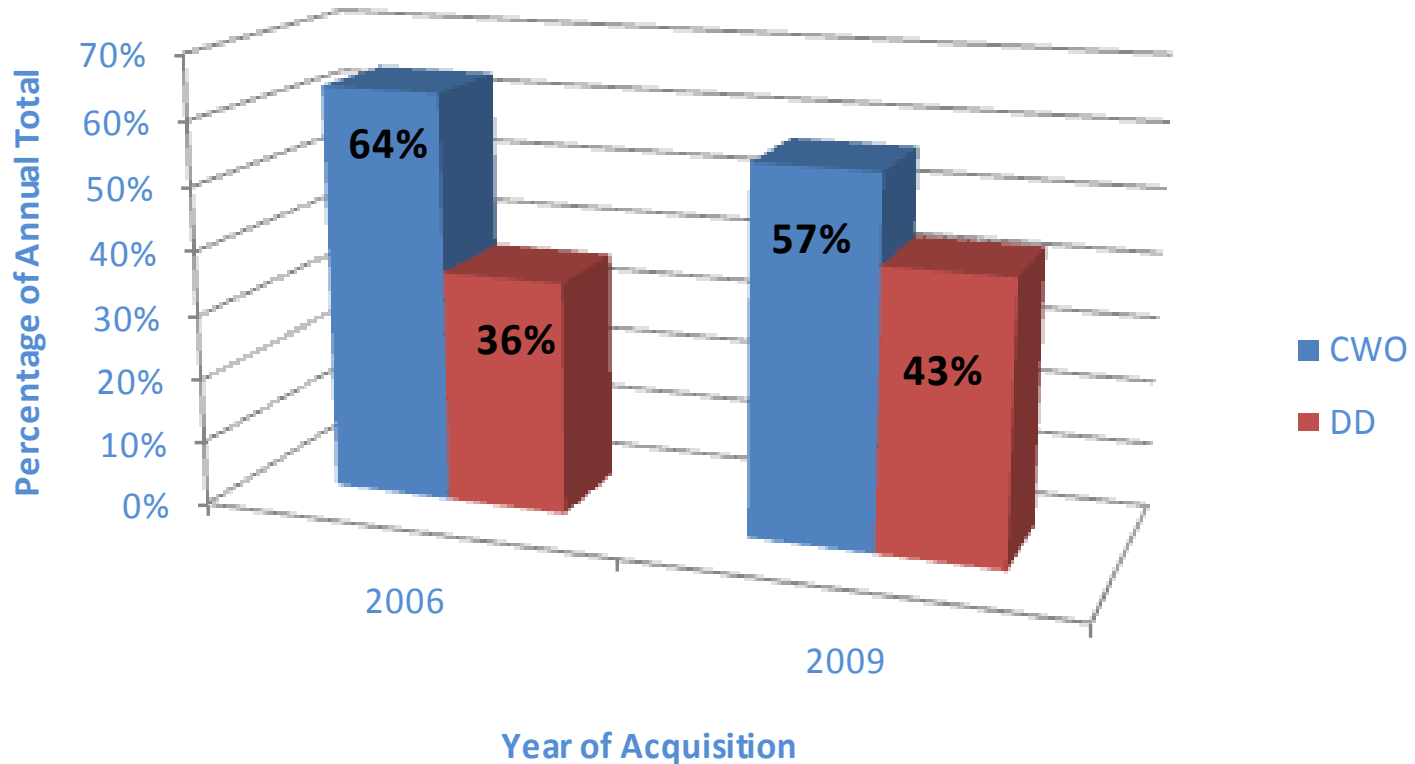
Decreased

|                       | 2009 | % Change 2006-2009 |
|-----------------------|------|--------------------|
| Christmas             | 3%   | -28%               |
| Direct Mail           | 5%   | 3%                 |
| Email                 | 1%   | -25%               |
| Magazine Insert       | 11%  | -17%               |
| Off The Page          | 16%  | -16%               |
| Telemarketing         | 13%  | 90%                |
| Tesco/Retail          | 14%  | 51%                |
| Third Party           | 10%  | 45%                |
| Website - Own         | 19%  | 27%                |
| Website - Third Party | 8%   | 101%               |

Increased

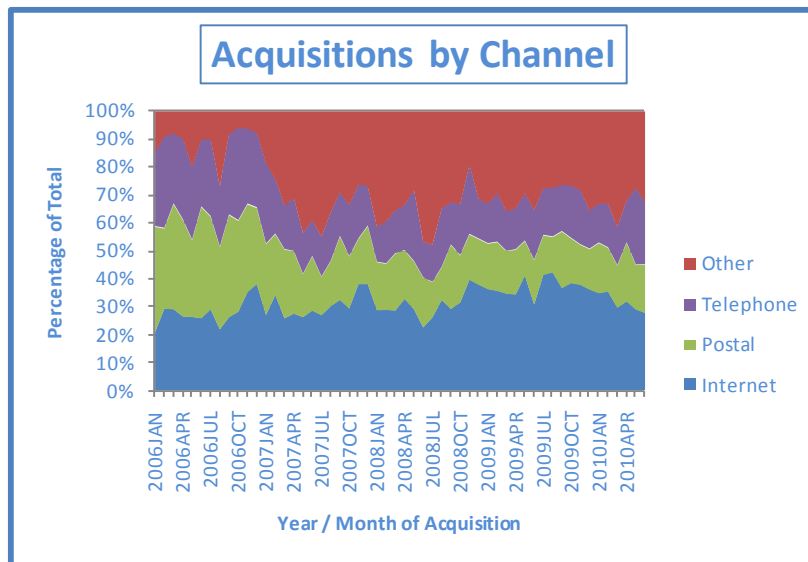
# Changes in Payment Type

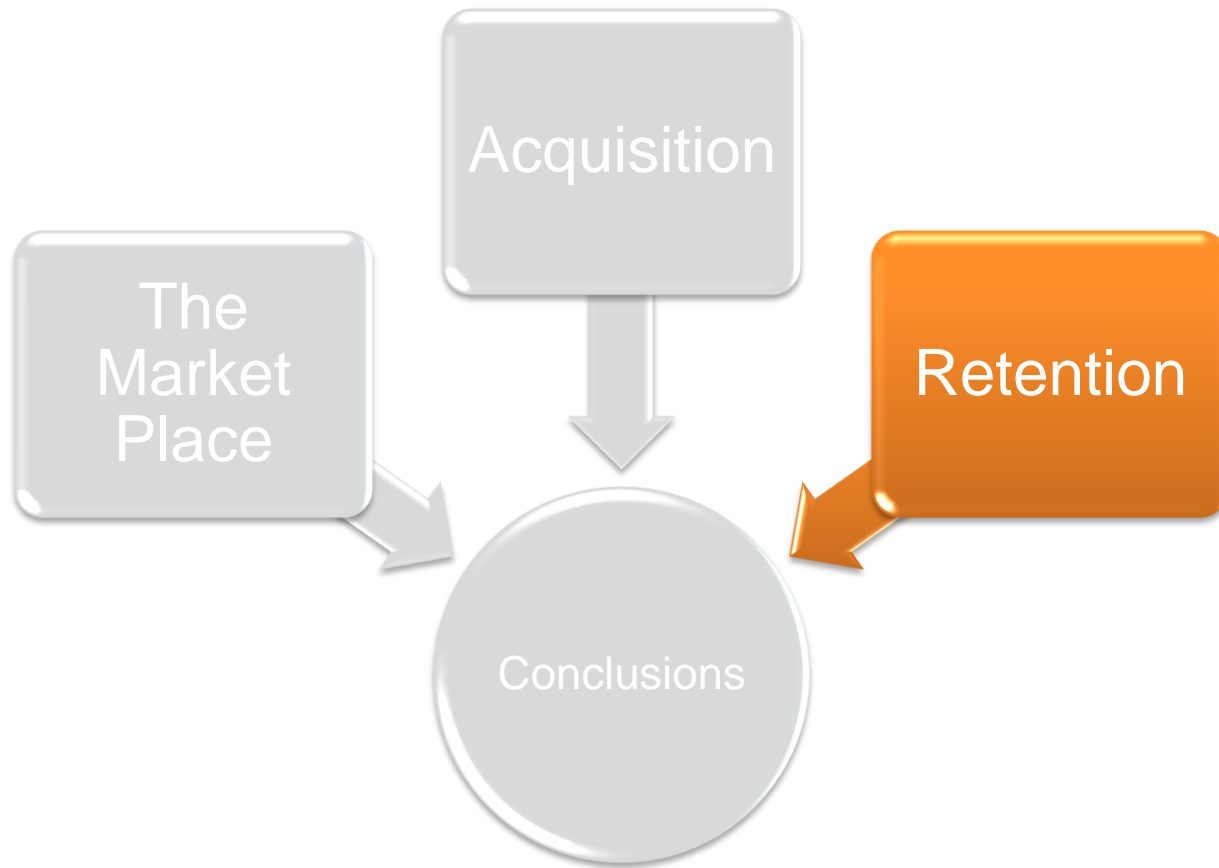
## Comparison of Payment Type Proportions 2006 vs 2009



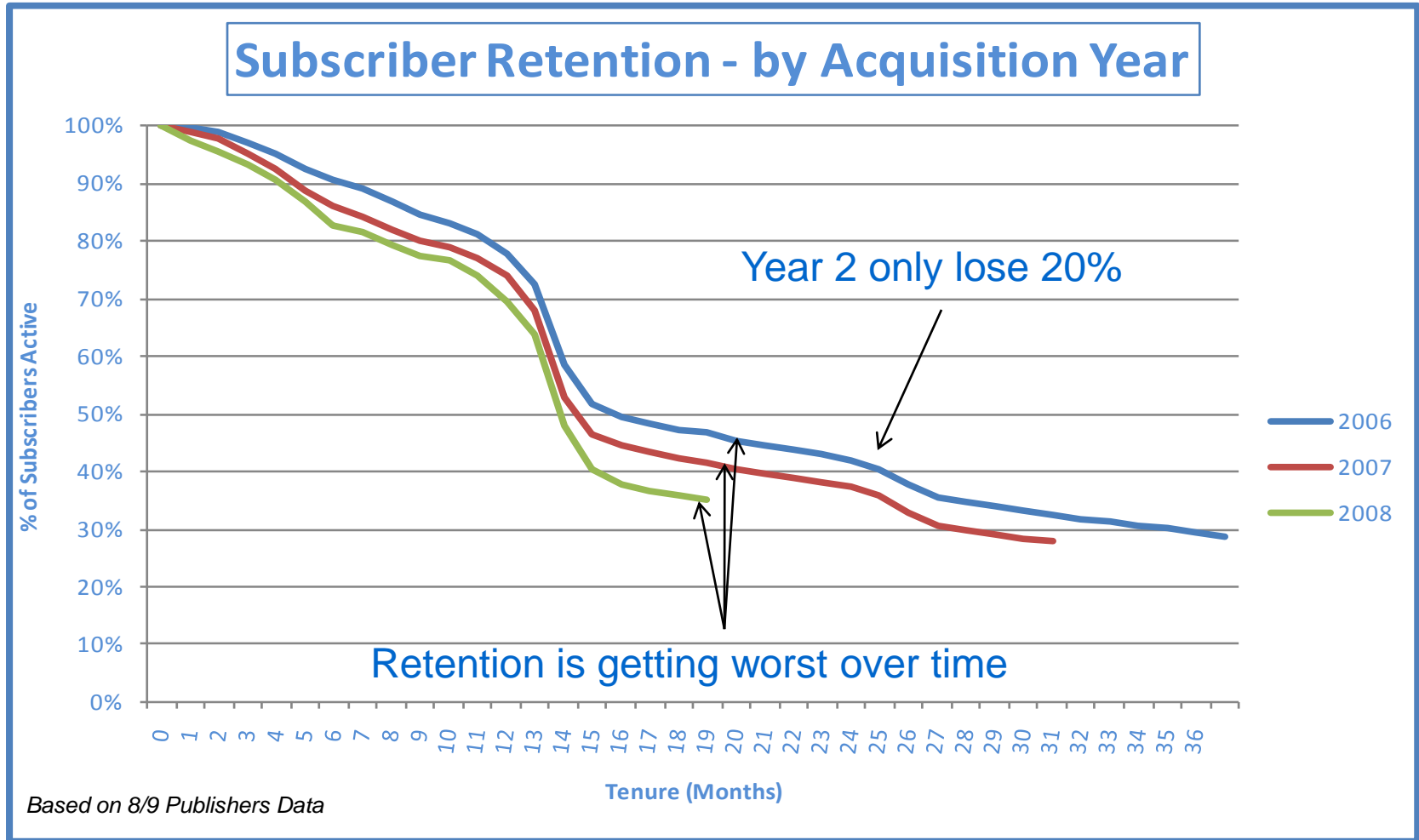
# Acquisitions by Response Channel

|                    | 2009 | % Change 2006-2009 |
|--------------------|------|--------------------|
| <b>Internet</b>    | 37%  | 55%                |
| <b>Postal</b>      | 16%  | -43%               |
| <b>Telephone</b>   | 16%  | -28%               |
| <b>Email/Other</b> | 32%  | 248%               |



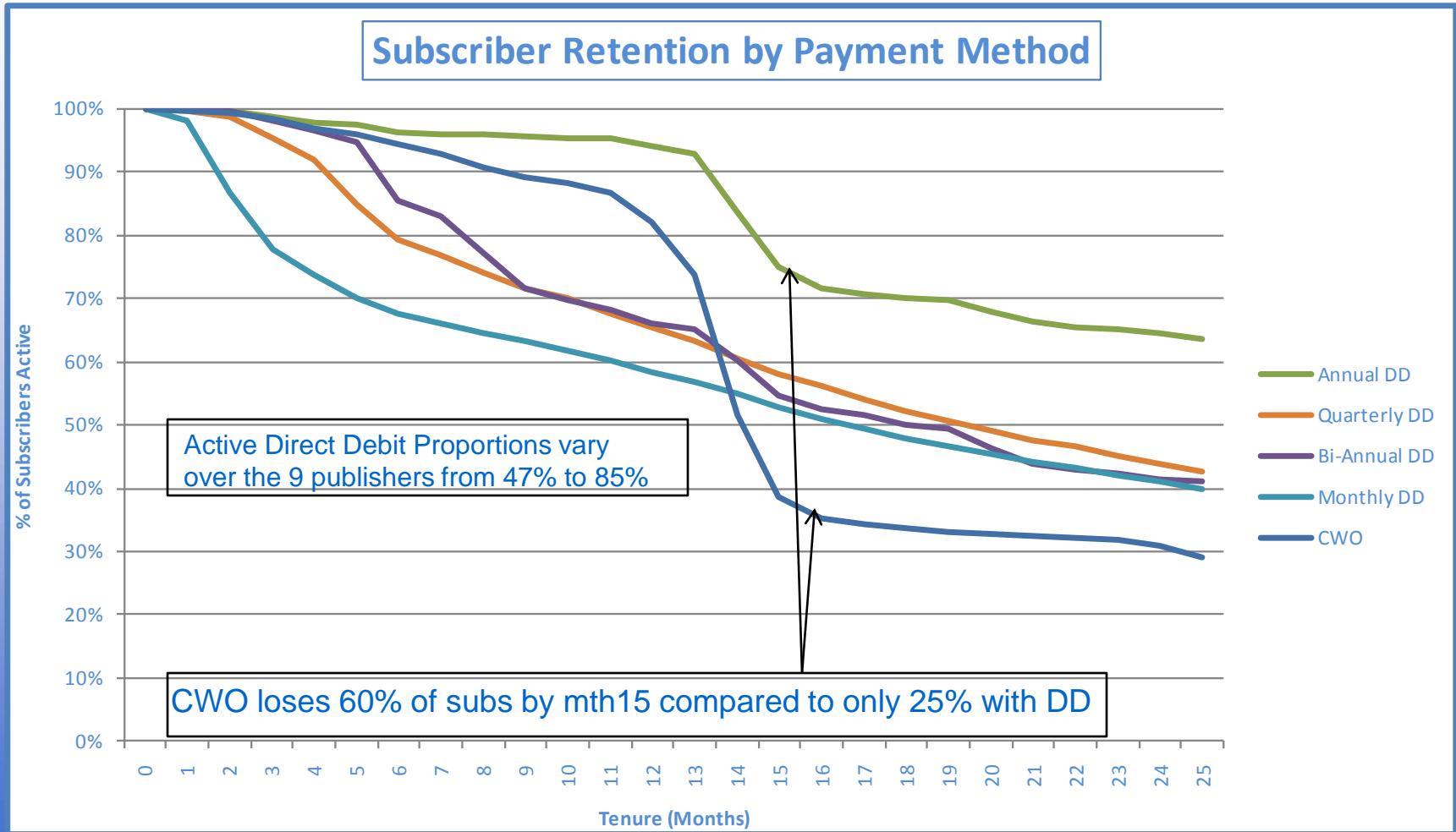


# Churn by Acquisition Year

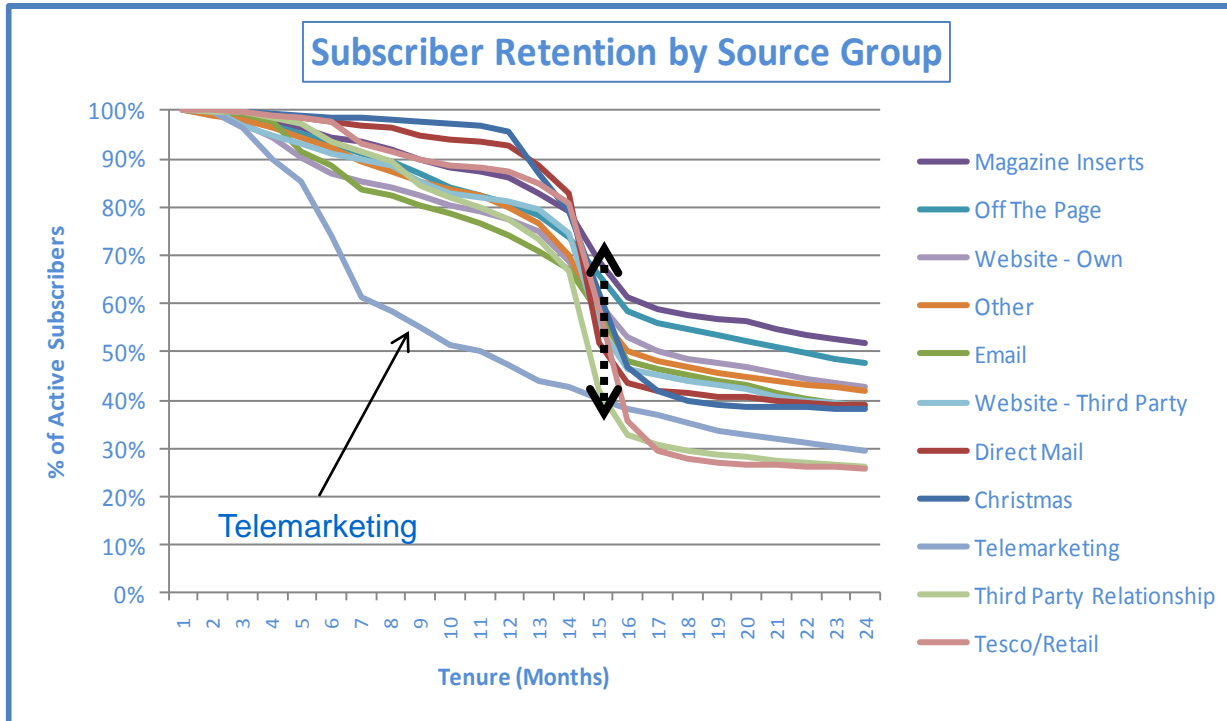


**On average, 46% of all new subscribers are lost by month 13**

# Churn by Payment Method



# Customer Churn by Source



|                          | % Remaining at 15 Months |
|--------------------------|--------------------------|
| Magazine Inserts         | 59%                      |
| Off The Page             | 56%                      |
| Website - Own            | 50%                      |
| Other                    | 48%                      |
| Email                    | 47%                      |
| Website - Third Party    | 45%                      |
| Direct Mail              | 42%                      |
| Christmas                | 42%                      |
| Telemarketing            | 37%                      |
| Third Party Relationship | 31%                      |
| Tesco/Retail             | 30%                      |

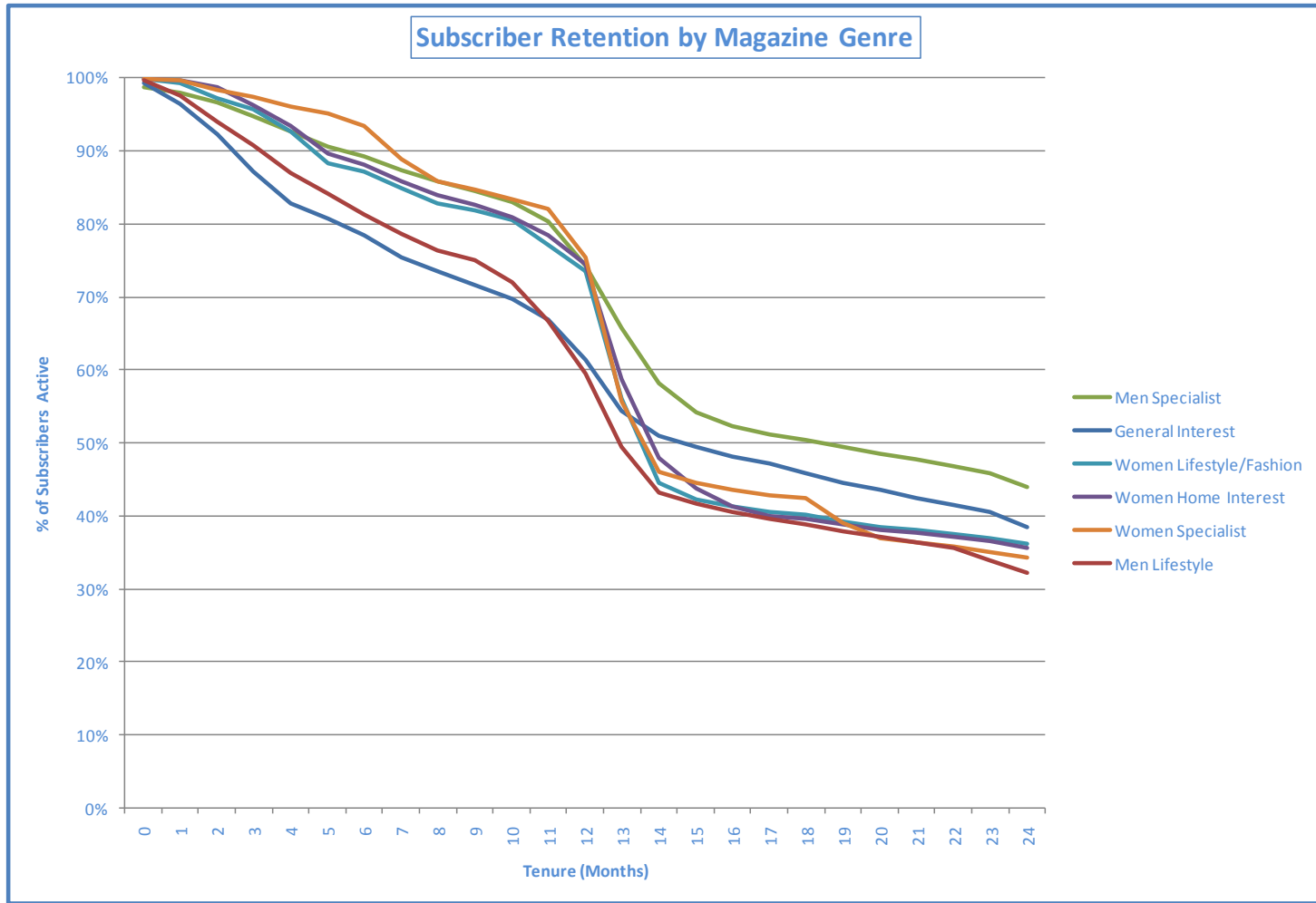
Warm Channels

Best of the cold

Worst of the cold

\*Based on 8/9 Publishers Data

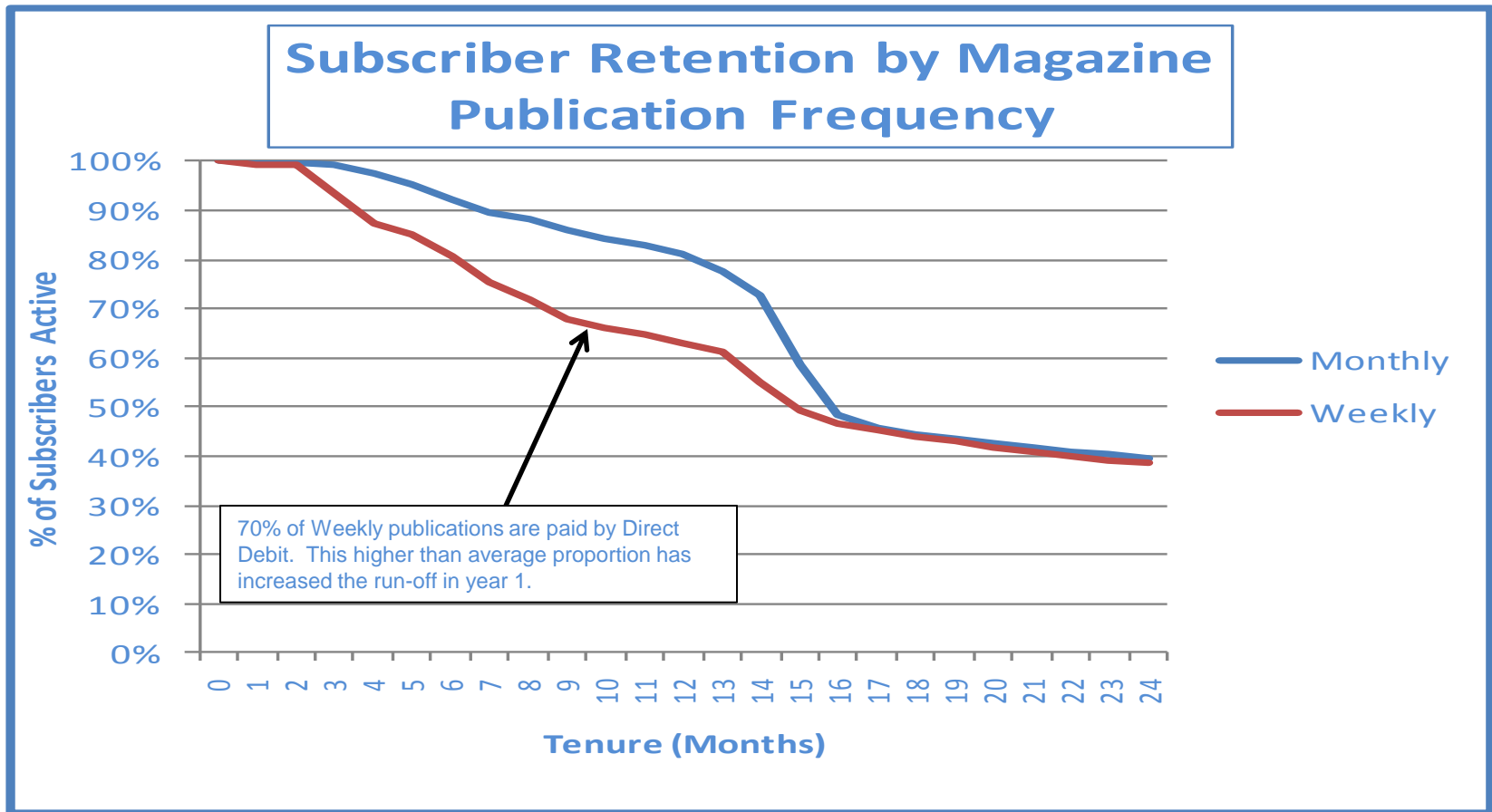
# Churn by Genre



# Churn by Personix Code



# Churn by Publication Frequency



# Churn by Publisher

| Publisher | % Subscribers Remaining at 15 Months |
|-----------|--------------------------------------|
| A         | 38%                                  |
| B         | 45%                                  |
| C         | 47%                                  |
| D         | 49%                                  |
| E         | 49%                                  |
| F         | 52%                                  |
| G         | 52%                                  |
| H         | 63%                                  |

# What Influences Churn

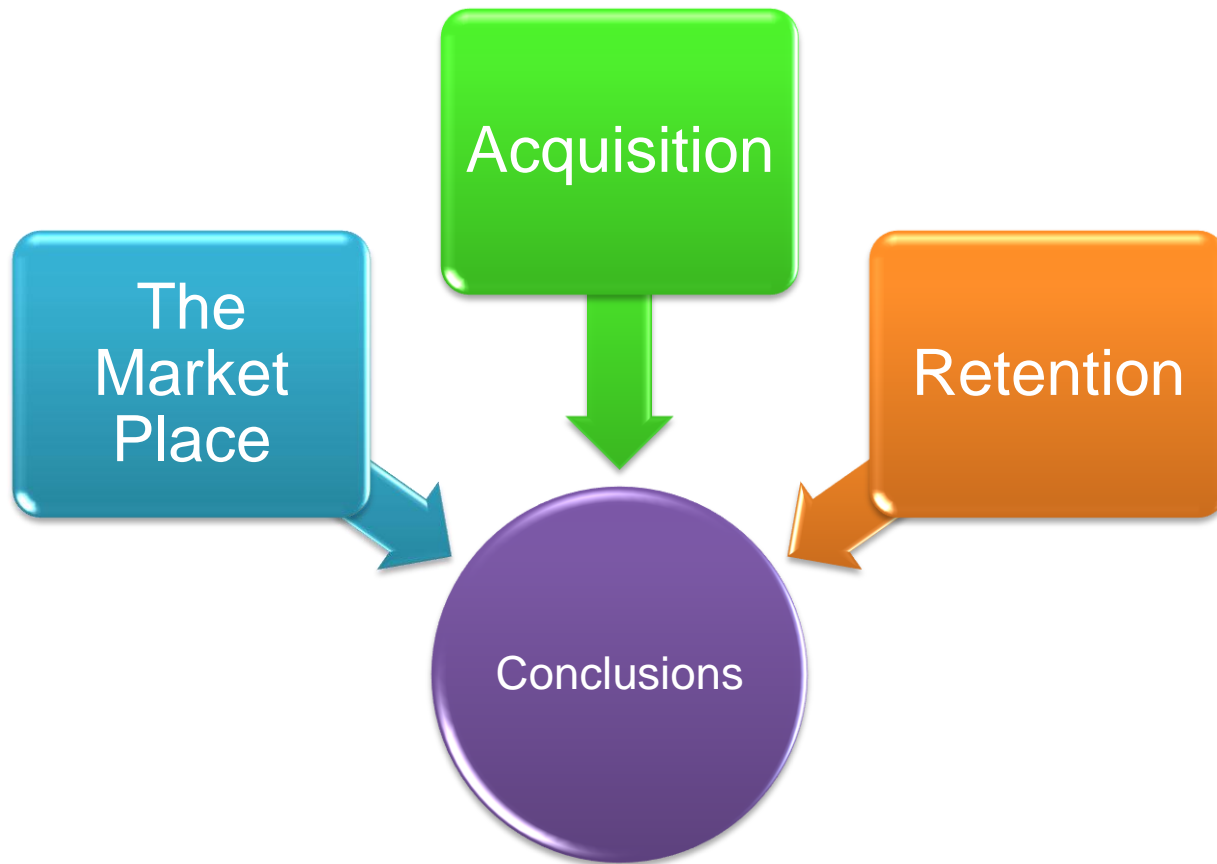
Tenure is the biggest indicator of Subscription Churn

## Subs Remaining at 15 Months

|                          | High | Low | High/Low Range |
|--------------------------|------|-----|----------------|
| Publisher                | 63%  | 38% | 25%            |
| Payment Method           | 75%  | 39% | 36%            |
| Acquisition Source       | 59%  | 30% | 29%            |
| Frequency of Publication | 68%  | 50% | 18%            |
| Magazine Genre           | 54%  | 43% | 11%            |
| Demographics             | 50%  | 40% | 10%            |

Other drivers will include:

- Starting Price Point
- Renewal Price Point
- Self Paid or Gifted
- Acquisition strategies X for X
- Macro Factors



# Considerations

- Understand the LTV of different acquisition channels
  - Trade off between Response Vs Tenure
  - Chasing volume or value
  - Why are warm channels not being used more
- Customer Management
  - How is your subs base made up
  - What is driving your subs churn
- How do you plug that leaky bucket
  - What strategies to implement
  - Importance to focus on Year 1 subscribers
- How do you manage the dependence on Christmas
- How do you manage the DD Soap Bubble

# Strategic Conclusions

- Subscriptions are not as stable + consistent as we think
- Relatively low household penetration of subs
- Low levels of multiple subs purchasing
- Strong (but slowing) growth in acquisition numbers....
- .....but high (and increasing) churn rates
- The impact of payment method.....
  - *How + when to convert into DD*
  - *DD frequency*
  - *Managing the DD subscriber contacts*
- Understanding + manipulating the key variables
- **What next?.....Benefits of cooperation**