CUSTOMER PUBLISHING INDUSTRY GROWS TO VALUE OF £904 MILLION

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The latest market intelligence on the customer publishing industry from Mintel, commissioned by the APA (http://www.apa.co.uk) (Association of Publishing Agencies (http://www.apa.co.uk)) and sponsored by DHL, reveals that the communication channel has experienced impressive growth in the face of a tough economic climate for media and marketing.

The report reveals that since the last study three years ago the customer publishing (http://www.apa.co.uk) industry has grown to a value of £904million. The research also shows that despite the economic slow down, is expected to reach £1.1 billion by 2012, which will represent a predicted growth of 15% in the next four years with the effects of the recession factored in.

TOUGH TIMES AHEAD IN 2009

The latest Bellwether Report shows that marketing budgets for 2009 have been slashed. Main media advertising which includes TV and radio have been hardest hit, yet internet advertising, which enjoyed strong double-digit growth in recent years, has been cut by a record amount. The Mintel report shows that to counteract the gloomy forecast the customer publishing (http://www.apa.co.uk) industry is evolving and innovating to promote resilience during the downturn, but fundamentally be in a strong position for growth when the economy picks up.

“We (a customer publishing agency) will be running lean, acting fast, being clever, and working hard to expand the market, reaching into new sectors and developing new, creative solutions” Mintel Research 2008 – The Customer Publishing (http://www.apa.co.uk) Industry

Whilst print remains the main format for within customer publishing accounting for 75 per cent of the total (including magazines, catalogues and direct mail), this figure has fallen significantly since the last study when it made up 90 per cent of the total.

In comparison, digital activity encompassing web design, e-CRM, e-zines, mobile applications and podcasts has grown by 15 per cent in three years creating the perception within customer publishing (http://www.apa.co.uk) that digital is becoming a major revenue stream for the industry moving further into the recession with clients moving towards greater interactivity and seek stronger engagement with their customers.

“There are obviously issues over marketing spend which will impact the customer publishing industry. However clients are realising that the editorialisation of message and the genuine building of community through a customer publishing environment is more effective than other channels, meaning that with good editorial ideas and brand understanding the industry should continue to grow” Mintel Research 2008 – The Customer Publishing (http://www.apa.co.uk) Industry

MAIN SOURCES OF GROWTH AND NEW BUSINESS

The growth of the customer publishing industry over the last three years is attributed to a number of factors including an increased client understanding of the medium's capabilities and the flexible nature of the channel which enable a depth of engagement unrivalled by other marketing tools.

New clients represent just over half (51 per cent) of the industry highlighting the success of APA (http://www.apa.co.uk) initiatives to grow the medium such as its free new business consultancy, APA (http://www.apa.co.uk) ASK, which has generated over £50 million incremental revenue since its inception in 2007.

Supporting the growth in new business within customer publishing, the number of pitches increased by 60 per cent since the last report and the number of pitches per agency rose from five to eleven in the same period. As a result of increased business, the average number of employees per customer publishing agency has increased from 66 to 74 employees.

The four major areas for growth over the last two years as ranked by customer publishers were found to be:

1. New client spend on printed publications
2. Higher spend by existing clients on printed publications
3. Higher spend by existing clients on digital work
4. New client spend on digital work

However, higher spend by existing clients on digital work rises up the ranks to take second place as an expected main source of growth for the next two years, whilst higher spend on existing publications drops to number six.

Whilst spend on digital is expected to increase and be a major revenue driver customer publishers also predict an emerging trend for segmentation and more carefully targeted initiatives, which will see an increase in new projects, both print and digital, with lower circulations in order to deliver more relevant messages to specific market segments.

“We want the magazine to become more targeted in future and this maybe better achieved by having a number of different publications” Mintel Research 2008 – The Customer Publishing Industry

Additionally, bolstering the customer publishing (http://www.apa.co.uk) industry is its reduced reliance on the advertising-funded model. Whilst carefully chosen advertising can add to a customer publishing experience a shift in focus has meant that in 2004 39 per cent of customer publishing turnover was derived from advertising, but this has now fallen to 19 per cent, equating to just £49 million.

“We (Music Equipment Manufacturer Client) used to carry third party advertising - we don't do this any more we just focus on our own products” Mintel Research 2008 – The Customer Publishing (http://www.apa.co.uk) Industry

MARKET SEGMENTATION

Retail and distribution accounts for the largest segment within customer publishing comprising of 32 per cent of printed titles and 44 per cent of online editorial content. This sector has also experienced the most growth, with the proportion of retailing and distribution print titles more than doubling since the last Mintel report, when it only accounted for 15% of the titles.

Other sectors to experience growth include utilities, public sector and telecoms with a 4 per cent rise and charities which have seen a 1 per cent increase since the last report.

CUSTOMER PUBLISHING KEY FACTS

Distribution: The post remains the prevalent method of distribution for customer magazines, with over a third being mailed to customers, whilst in-store pick up accounts for 10 per cent of customer titles.

Circulation: The average circulation of a printed title is 321,000 whilst average digital circulation of emails and e-zines is 304,540 and the average unique user total for web based editorialised content is 505,911

Frequency: The most popular frequency for a customer magazine is quarterly. The most popular frequency for sending out an email or e-zine is monthly. The most popular frequency for updating content is daily

Pagination: The average number of pages for a printed customer title is 36
International: 13 per cent of titles have an international distribution and international revenue accounts for 6 per cent of the industry.

Julia Hutchison, COO, APA (http://www.apa.co.uk) comments:
“This latest report represents a positive marker for everyone involved in the customer publishing industry in the face of the current climate. Whilst the overall media outlook is gloomy, the huge growth that our industry has experienced since the last industry research has placed the medium in a very strong position.

This robust future is due to the consistent demonstration of ownership of editorialisation of brand by customer publishers and the growth of digital in the medium is testament to the channel holistic nature of customer publishing. This research underlines the continued recognition by big brands of the unrivalled value of customer publishing in building long-lasting customer relationships.

The biggest weapon customer publishing has is the support and value placed on it by its clients and the fact that it is one of the most effective and measurable tools available to marketers. Be it a website, magazine or podcast brands are learning to maximise the potential of their customer communications through innovative customer publishing.”

Keith Maple, Marketing Director, DHL adds:

“We are extremely proud to sponsor this research which shows just how effectively customer publishing is delivering on client’s objectives to engage consumers more deeply. These figures show that the medium is increasingly recognised as the leader in delivering editorialised content and this reputation looks set to carry the industry through the gloomy prospects for 2009 and beyond.

Customer publishing is the perfect vehicle for brands to relay complex messages directly to consumers. Titles, particularly those that are posted, allow targeting and personalisation possibilities which develop longer term relationships, something which is harder to achieve in with other media such as TV and radio."

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