



H1 2013 Inserts and third-party inserts industry report

January 2014 edition





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Introduction

Welcome to the DMA's first ever combined *Inserts industry report*. This is the first time anyone has measured the combined number of *media* and *third-party* inserts placed in the UK.

The DMA now measures inserts placed into newspapers, newspaper supplements, magazines, catalogues, statement mailings, product dispatch, directories, brochure requests and customer letters. This is an exciting list of opportunities that shows the ever-diversifying world of inserts.

So what does this growing list of opportunities mean to the industry?

Most obviously there are a plethora of opportunities for marketers to choose between. Test campaigns include not only a wide range of titles, but also a wide range of distribution methods. Targeting within insert campaigns is tighter than ever before.

There is an explosion of creativity that can be seen in the interesting formats and creative being used. Gone are the days when everything is A5, 2pp (single sheet) – today we have super-sized inserts, backing boards, bound-ins, tip ons, multi-page catalogues and even video in print.

Finally brands are increasingly using their insert capacity to do swap deals with each other (an area not covered here).

The industry is in a time of change. Some big, core advertisers reduced spend in Q1 & Q2 2013; this is shown in the year-on-year volume drop in this report. However there are lots of new advertisers testing (and importantly rolling out with) insert campaigns. While test campaigns are never as big as established spenders, these campaigns are important to the long-term growth of the channel.

Plus technology, for a long time a foe of the inserts industry, is fuelling a lot of the good news. Ecommerce is a massive success sector in 2013 with online grocery, furniture, clothing and wine companies seeing major growth. Plus offline to mobile technology is a growing and increasingly important part of many campaigns, making inserts an integral part of the modern marketing mix.

So, while at face value the first half of 2013 shows decline, there is enough positive news coming out of the industry to be bullish about the future of inserts.

You can find out more information on planning insert campaigns, including insert targeting, in the *Inserts best practice guidelines* on the DMA website, where you can also find historic insert monitors and details of upcoming events.

Plus keep an eye open for the *Consumer attitudes to inserts research* which will be launched in the early part of 2014 on the DMA website.

Parry Jones
 Director, *The Insert House*
 Member, *DMA Inserts Council*

James Bartys
 Sales director, *trt media sales and itransact*
 Member, *DMA Inserts Council*

1. Quarterly trends in inserts

Q1 and Q2 2013 were down vs 2012 figures (down 11% and 19% respectively).

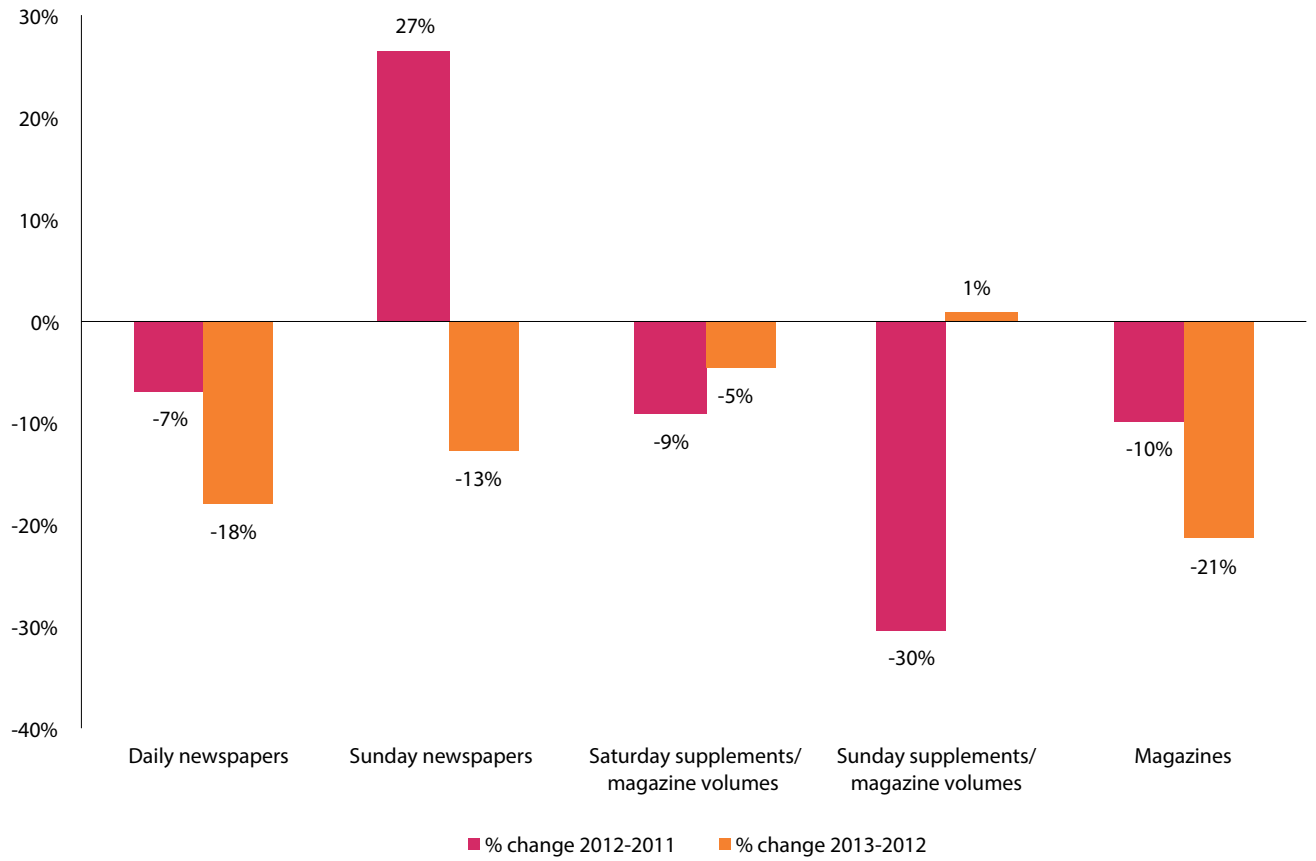
It would be interesting to see what trends look like in Q3 and Q4, whether they experience a year-on-year (YOY) uplift or not. There is certainly strong evidence to suggest that consumers are making Christmas purchasing decisions much later in the year than ever before, with more trust in the ability of mail order and online business to deliver presents ordered in December. With no Olympics or major football championships in 2013 the first half of 2013 saw decline in the volumes of inserts.

ABC data (Jan – June 2013) notes that the national press circulation (dailies and Sunday) is down 7.63% in total. The dailies market is down by 8.19% and the Sunday market by 6.99% from H1 2012. This only reflects the press market and their respective supplements and not the magazine market but it does highlight the possible reason why inserts circulation in H1 2013 has decreased from 2012.

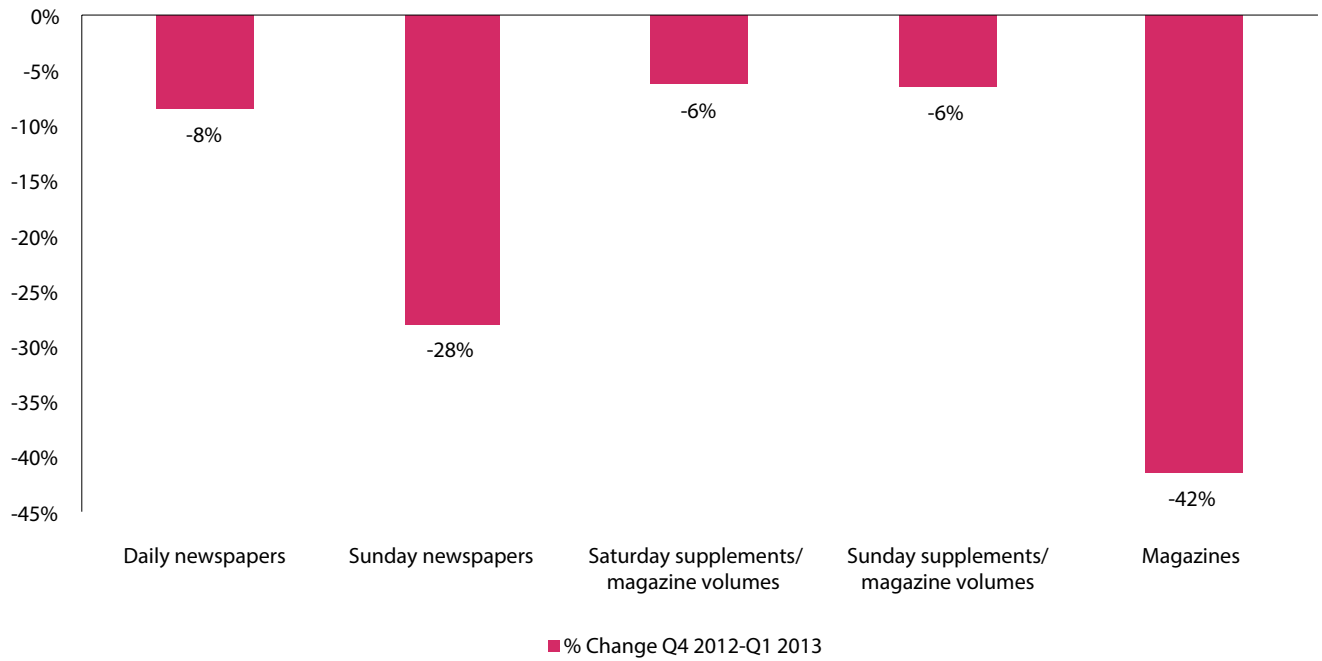
Q1 2013

DMA Inserts trends Q1 2013			
Publications	2011	2012	2013
Daily newspapers	172,799,000	160,860,000	131,981,415
Sunday newspapers	26,690,000	33,768,000	29,470,808
Saturday supplements/magazine volumes	417,883,036	379,544,000	362,131,358
Sunday supplements/magazine volumes	302,150,985	210,404,126	212,041,924
Magazines	439,956,409	396,913,900	312,147,899
Total	1,359,479,430	1,181,490,026	1,047,773,404

DMA Inserts trends Q1 2013	% change 2012-2011	% change 2013-2012
Daily newspapers	-7%	-18%
Sunday newspapers	27%	-13%
Saturday supplements/magazine volumes	-9%	-5%
Sunday supplements/magazine volumes	-30%	1%
Magazines	-10%	-21%
Total	-13%	-11%



Q4 2012 to Q1 2013 % change			
Publications	Q1 2013	Q4 2012	% change Q4 2012-Q1 2013
Daily newspapers	131,981,415	144,186,861	-8%
Sunday newspapers	29,470,808	40,915,879	-28%
Saturday supplements/magazine volumes	362,131,358	386,528,896	-6%
Sunday supplements/magazine volumes	212,041,924	226,758,609	-6%
Magazines	312,147,899	533,753,736	-42%
Total	1,047,773,404	1,332,143,981	-21%



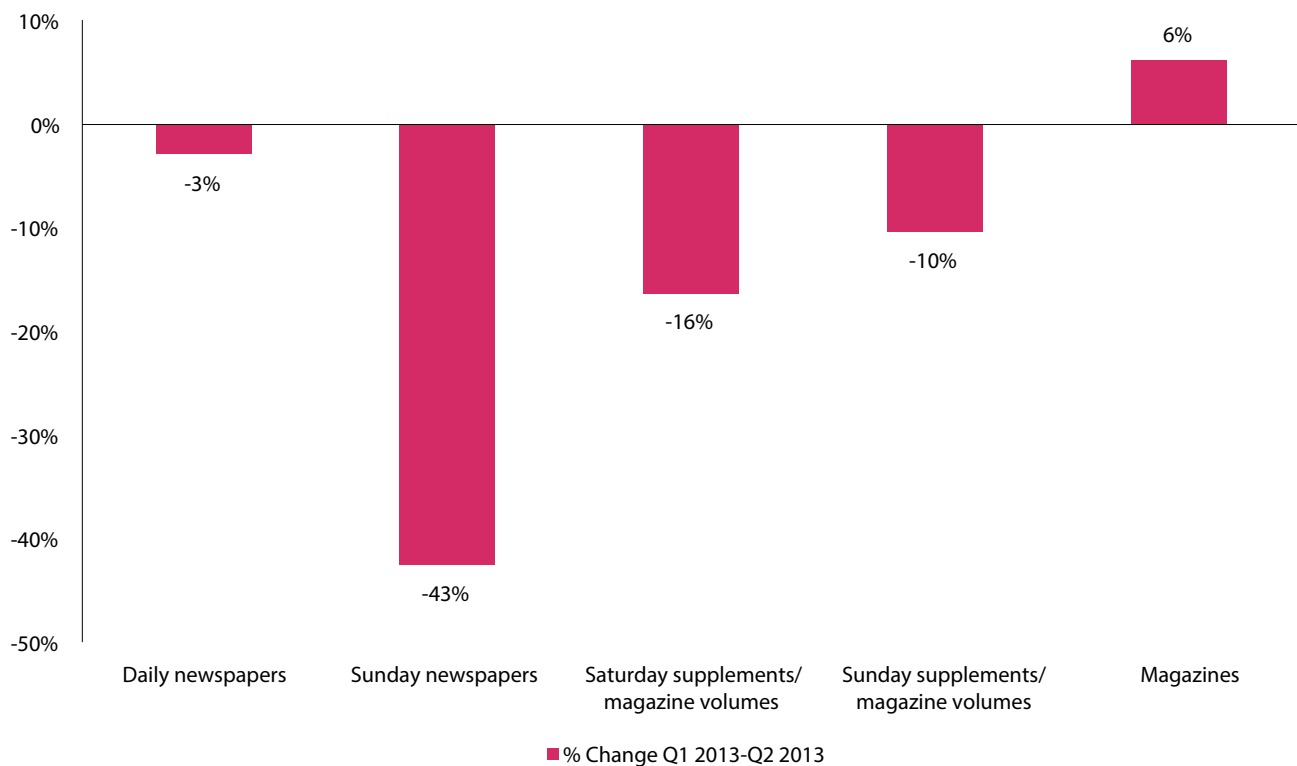
Q2 2013

DMA Inserts trends Q2 2013			
Publications	2011	2012	2013
Daily newspapers	157,068,000	149,963,000	127,961,741
Sunday newspapers	23,356,000	20,056,000	16,941,063
Saturday supplements/ magazine volumes	381,534,889	340,383,863	302,950,172
Sunday supplements/magazine volumes	267,187,049	210,327,595	189,820,967
Magazines	573,272,592	471,463,853	331,232,898
Total	1,402,418,530	1,192,194,311	968,906,841

DMA inserts trends Q2 2013	% change 2012-2011	% change 2013-2012
Daily newspapers	-5%	-15%
Sunday newspapers	-14%	-16%
Saturday supplements/magazine volumes	-11%	-11%
Sunday supplements/magazine volumes	-21%	-10%
Magazines	-18%	-30%
Total	-15%	-19%



Q1 2013 to Q2 2013 % change			
Publications	Q2 2013	Q1 2013	% Change Q1 2013-Q2 2013
Daily newspapers	127,961,741	131,981,415	-3%
Sunday newspapers	16,941,063	29,470,808	-43%
Saturday supplements / magazine volumes	302,950,172	362,131,358	-16%
Sunday supplements/magazine volumes	189,820,967	212,041,924	-10%
Magazines	331,232,898	312,147,899	6%
Total	968,906,841	1,047,773,404	-8%



1.1 Trends in inserts across sectors

We are not able to determine trends across different sectors for the industry at large but we have attempted to explain a few trends with the help of figures submitted by our respondents. The following comments and data by our DMA Inserts Council member, John Stevens (Director, Amra Direct) illustrates the reasons for the highs and lows across the different sectors.

Ranked by Volume	Category / Sector analysis (H1 2013 vs H1 2012 YOY)	% Difference YOY	% of total volume
1	Telecoms, broadband & media	-22%	28%
2	Retail	-26%	22%
3	Insurance	-25%	15%
4	Home shopping	27%	8%
5	Fashion & clothing	-41%	5%
6	Scratchcards & bingo	-42%	4%
7	Utilities	-60%	3%
8	Household & furniture	227%	3%
9	Food & drink	49%	3%
10	Travel & tourism	-59%	2%
11	Health & wellbeing	-47%	2%
12	Automotive	-43%	1%
13	Other	53%	1%
14	Education	-10%	1%
15	Property	-84%	0%
16	Charity	-56%	0%
17	Government	313%	0%
18	Gardening & outdoor	92%	0%
19	Betting	-90%	0%
20	Publishing	-60%	0%
21	Mail Order collectables	-69%	0%
22	Art & exhibitions	-100%	0%
23	Beauty & cosmetics	-100%	0%
24	Finance	-100%	0%
25	Jewellery	-100%	0%

The telecoms and media sector continues to dominate the market, along with retail, despite Virgin reducing its investment year on year. The investment from Sky remains strong in what is a very competitive sector.

Retail is down this year as we have seen some of the major supermarkets like Tesco and Morrisons move out of the inserts market; other retailers like Argos have increased their investment in the medium as the inserts are driving sales and store footfall.

Household and furniture has seen a significant increase this year as the sector is utilising inserts to portray its product range, reach readers in a timely manner and support existing display activity.

The insurance war between AXA and LV has calmed down in 2013, which has seen the volume decline year on year in the insurance sector. There are other clients active in this sector but not to the scale of the big two: AXA and LV.

Home shopping has seen a rise in 2013 as the response rates are improving and the clients are seeing a strong return on investment from inserts compared to other mediums.

The decline of fashion and clothing is merely down to two large clients cutting back on their insert usage as they invest in TV and display activity.

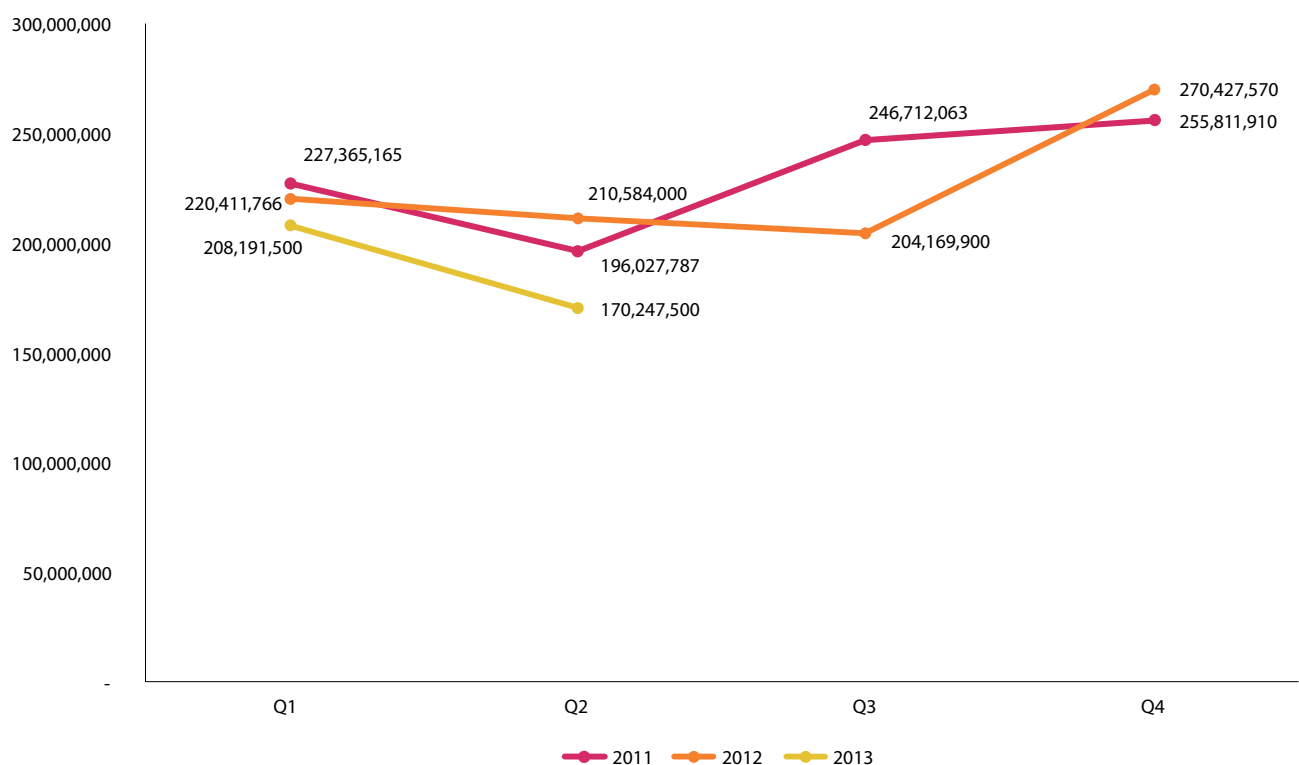
According to James Brook from Mail Newspapers: "Insert activity in the first six months of 2013 was buoyed by solid investment from the entertainment sector and also the more traditional travel campaigns across January to March. The retail supermarket sector expanded its content offers with insurance/banking content along with a number of new entrants to the market from high street retailers (both high street and online only examples)."

2. Quarterly trends in third-party inserts

The DMA is delighted to publish in-depth data into the condition of the UK's third-party inserts market. Now into the third year of data analysis we are able to gain much greater insight into the short and longer term market trends. The survey also continues to evolve, with participants asked to include much greater detail on not only trends in volume, rates and distribution mechanic, but also advertiser sectors and the types of offers they run.

2.1 Trends in third-party inserts volume

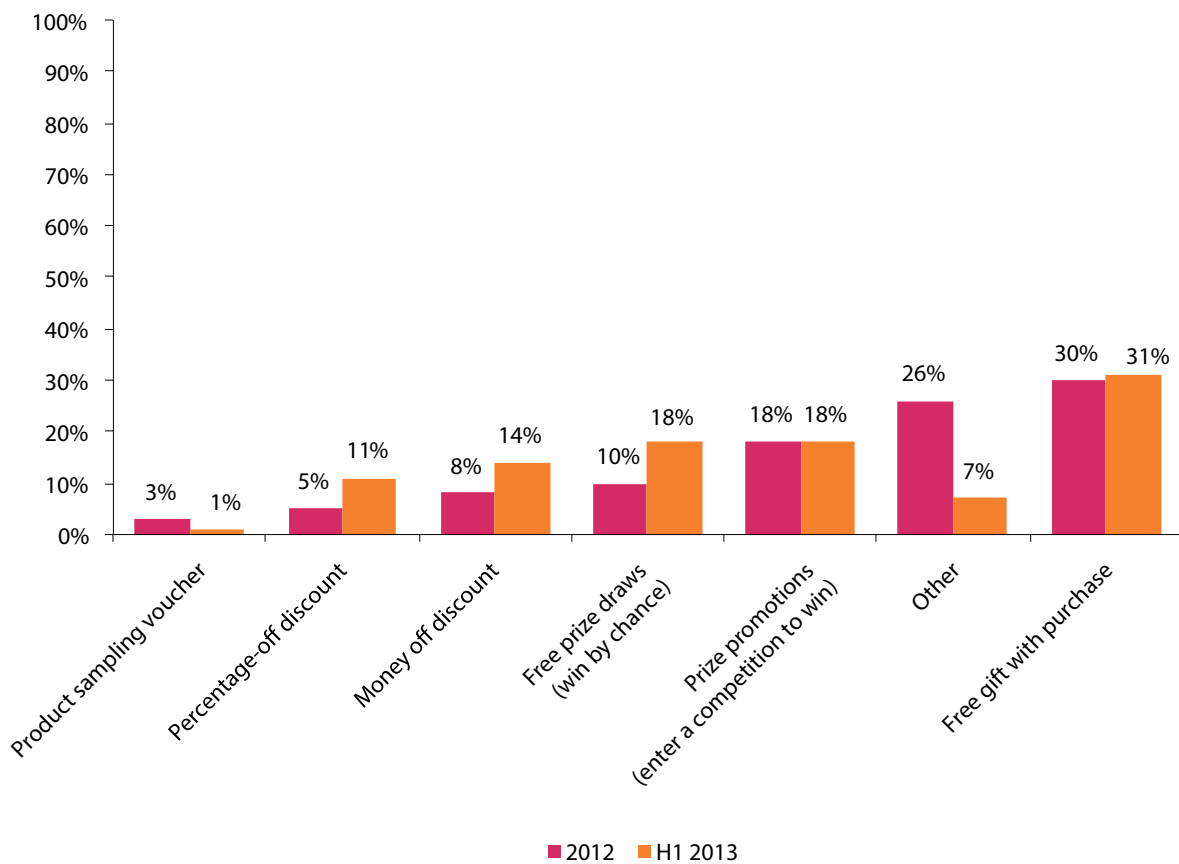
	Q1	Q2	Q3	Q4	Annual
2011	227,365,165	196,027,787	246,712,063	255,811,910	925,916,925
2012	220,411,766	210,584,000	204,169,900	270,427,570	905,593,236
2013	208,191,500	170,247,500			
% change 2012/2011	-3.1%	7.4%	-17.2%	5.7%	-2.2%
% change 2013/2012	-5.5%	-19.2%			



2013 started with a 5.5% reduction in volumes sold into the market into Q1 – 208 million inserts were sold in 2013 compared to 220 million in 2012. While disappointing this was predicted and followed previous years' insert sales trends.

Q2 saw volumes decline much faster than market trends, dipping 19.2% from 210 million inserts sold in 2012 to 170 million in Q2 2013. This rapid reduction is of some concern given the backdrop of the Q2 Bellwether report indicating that marketing spend rose at its fastest rate for six years. As inserts are a lagging media and often planned many months in advance we expected to see these increased budgets and marketers' confidence reflected in vastly improved insert sales numbers in the second half of 2013.

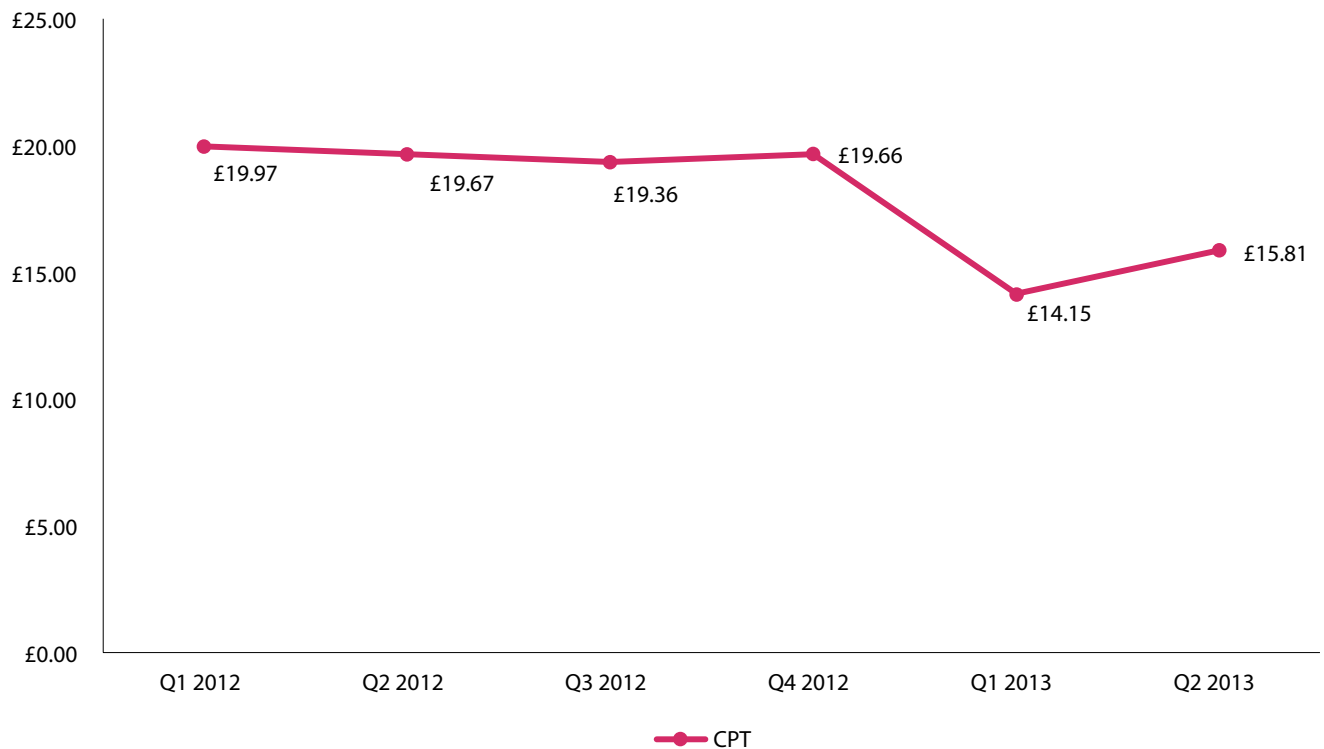
2.2 Type of third-party insert offer



There have been significant increases in percentage-off and money-off insert campaigns as advertisers try and incentivise consumers with added value to encourage spend. Many heavy users of inserts such as food, drinks and groceries, online retail, mail order, fashion, and gaming all use heavily incentivised offers to drive sales.

The other offer type that increased its market share is free prize draws. New advertisers within this sector continue to enter the market with inserts driving online offerings, as well as established advertisers evolving their online response mechanics.

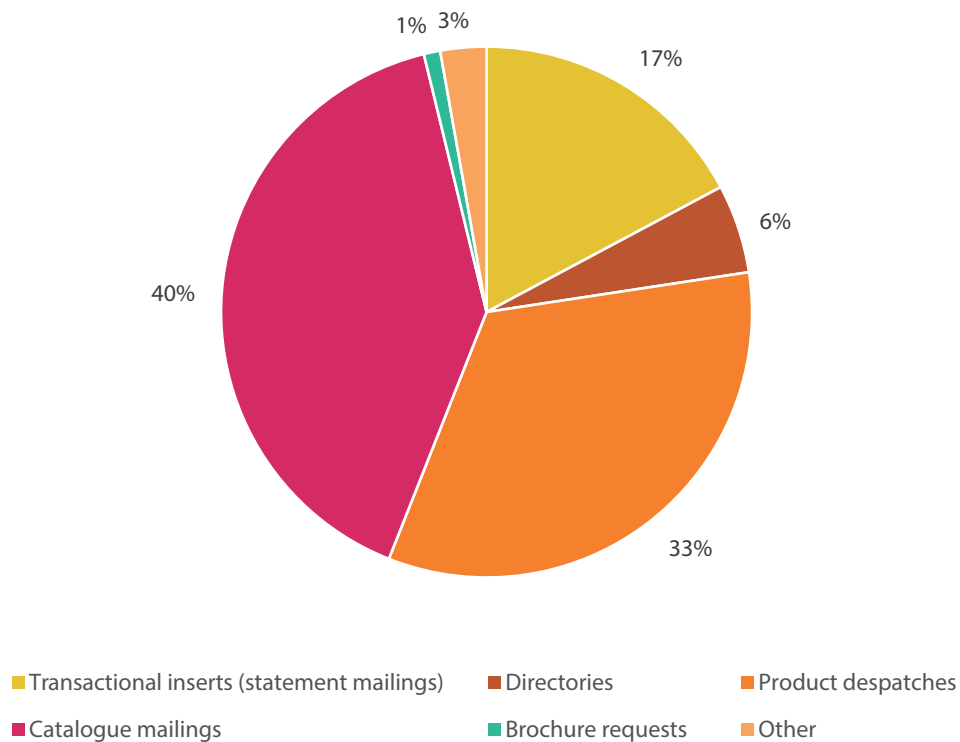
2.3 Third-party sales rates



The overall average cost per thousand (CPT) has fallen significantly over the first two quarters of 2013. Q1 average rates fell 29.1% from £19.97 to £14.15, with the picture improving slightly in Q2, as rates rebounded on Q1 levels by 7.3% to £15.81. However, Q2's average rates were still down on 2012 by over 19% from £19.67.


These rate reductions are directly linked to there being much less demand in the market in the first half of 2013, with rates being reduced by media owners to maximise market share. In addition, much more heavily discounted short-term space will have been available to advertisers. Again, as Bellwethers suggests we should see improved confidence for the last two quarters of 2013 which should deliver increased sales levels and improved average sale rates.

2.4 Types of third-party distribution



The majority of the market is still dominated by two main channels – product dispatch inserts (33%) and catalogue mailings (40%). These ratios changed from 2012 with product dispatch losing over 10% of its share and catalogue mailings gaining approximately 7%. This indicates that product dispatch, historically a high priced distribution type, has been impacted most by less volume sold in the market. This data, coupled with the average rate data, indicates that advertisers are opting for catalogue mailings and transactional inserts that attract lower rates.

2.5 Trends in third-party inserts across sectors

Art & exhibitions	0	0.000%	0%		
Government	0	0.000%	0%		
Property	0	0.000%	0%		
Education	1	0.617%	20%		
Consumer electricals	1	0.617%	20%		
FMCG	1	0.617%	20%		
IT & technology	1	0.617%	20%		
Jewellery	1	0.617%	20%		
Other (please list below)	1	0.617%	20%		
Automotive	2	1.235%	40%		
Gardening & outdoor	3	1.852%	60%		
Mobility	3	1.852%	60%		
Utilities	3	1.852%	60%		
Beauty & cosmetics	4	2.469%	80%		
Betting	4	2.469%	80%		
Games, books & toys	4	2.469%	80%		
Fashion & clothing	4	2.469%	80%		
Food, drinks & groceries	4	2.469%	80%		
Health & wellbeing	4	2.469%	80%		
Home shopping, DIY & furniture	4	2.469%	80%		
Insurance	4	2.469%	80%		
Publishing	4	2.469%	80%		
Telecoms, broadband & media	4	2.469%	80%		
Travel & tourism	4	2.469%	80%		
Charity	5	3.086%	100%		
Financial services	5	3.086%	100%		
Mail order	5	3.086%	100%		
Online retail	5	3.086%	100%		High insert users

This is the first year we have collated this data and, in future reports, we will be able to show how the importance of inserts within each sector's marketing mix varies over time.

It is interesting to note that inserts are vitally important for online retailers, proving that a huge amount of online activity is driven by offline marketing, especially third-party inserts.



Methodology

The data was collected at the end of Q1 and Q2 2013 by surveying the UK inserts and third-party inserts market. This report has charts and tables for Q1 and Q2 2013.

All the data collected is confidential and only aggregate figures are reported. The data was collected between July and October 2013. The figures cover data for January to June 2013. The sample consists of companies involved in inserts marketing in the UK. However, the figures are not representative of the total industry as they represent only a proportion of the market.

The data was collected and analysed in-house by the DMA's researcher. Members of the DMA Inserts Council contributed to the commentary.

The DMA Inserts Council provides information and support via research and industry figures. The council produces a quarterly inserts industry report that shows the total number of inserts that have been placed in a selection of markets (magazines, weekend papers etc).



Appendix

Consumer perceptions of inserts 2006

<http://dma.org.uk/toolkit/consumer-perceptions-inserts-2006>

Insert response and the internet 2009

<http://dma.org.uk/toolkit/insert-response-and-internet-2009>

Inserts -top tips for environmental best practice

<http://www.dma.org.uk/toolkit/inserts-top-tips-environmental-best-practice>

Third-party inserts best practice guidelines

<http://www.dma.org.uk/toolkit/thirdparty-inserts-best-practice-guidelines>

Inserts best practice guidelines

<http://www.dma.org.uk/toolkit/inserts-best-practice-guidelines>

How much response goes online?

<http://www.dma.org.uk/toolkit/how-much-response-goes-online>

Inserts industry report Q3 & Q4 2011

<http://www.dma.org.uk/toolkit/annual-inserts-industry-report-2011>

Third-party inserts report 2011

<http://dma.org.uk/toolkit/thirdparty-inserts-industry-report-2011>

Third-party inserts report 2012

<http://dma.org.uk/toolkit/thirdparty-inserts-industry-report-2012>

Inserts industry report 2012

<http://dma.org.uk/toolkit/inserts-industry-report-2012>

About the DMA

The Direct Marketing Association (DMA) is Europe's largest professional body representing the direct marketing industry. With a large in-house team of specialists offering everything from free legal advice and government lobbying on direct marketing issues to research papers and best practice, it is always at the forefront of developments in the industry.

The DMA protects the direct marketing industry and consumers. It promotes the highest standards through self-regulation and lobbies against over-regulation. The DM Code of Practice sits at the heart of everything we do – and all members are required to adhere to it. It sets out the industry's standards of ethical conduct and best practice.

Our 16 DMA Councils cover the whole marketing spectrum – from the digital world of social media and mobile marketing to the 'real' world channels of door drops and inserts. The Councils are made up of DMA members and regularly produce best practice and how to guides for our members.

We also have a packed calendar of conferences, workshops and discussions on the latest topics and best practice, and 80% of them are free for members and their staff.

As the industry moves on so do we, which is why we've recently launched a number of new services for our members – a VAT helpline, a Social Media Helpdesk and an IP Protection Service.

Visit www.dma.org.uk regularly to keep up to date with all our services.





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