



# Third party inserts industry report 2012

July 2013 edition

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# Introduction

The DMA Inserts Council has been monitoring insert sales volumes across the newspaper and magazine publishing groups for a number of years. This data is collected from the vast majority of the media owners in these sectors. The data collated and reported on by the DMA Inserts Council is an excellent barometer of the changing market conditions and trends.

Third-party inserts offer advertisers the opportunity to reach other companies' customers at the fraction of the cost of other traditional direct marketing channels. The inserts are placed alongside existing customer communication, for example catalogues, customer letters, statement mailings or product dispatch.

The DMA is delighted to publish in-depth data into the condition of the UK's third-party inserts market. As this is our second report we are able to give much greater insight into market trends, we have also developed the survey so that participants are able to complete more detailed questions. Due to these changes we are now able to generate data on the types and scale of each distribution mechanic, distribution type and even average rates.

Thanks to those sales houses who participated in survey and the individuals at the DMA who collated the data.

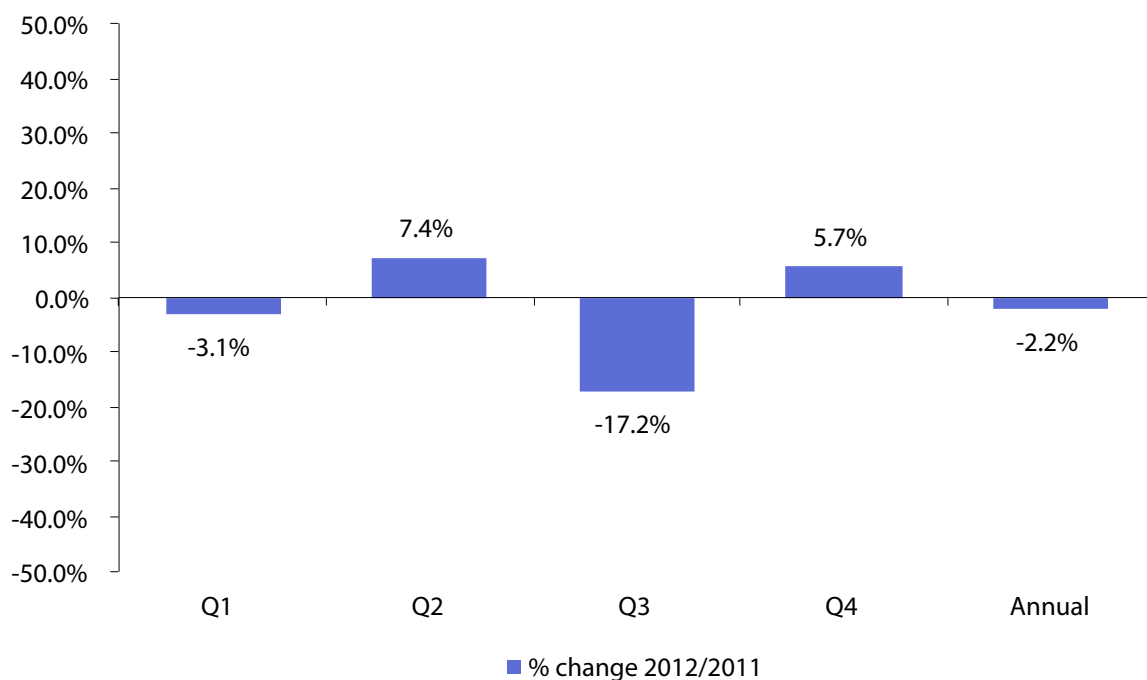
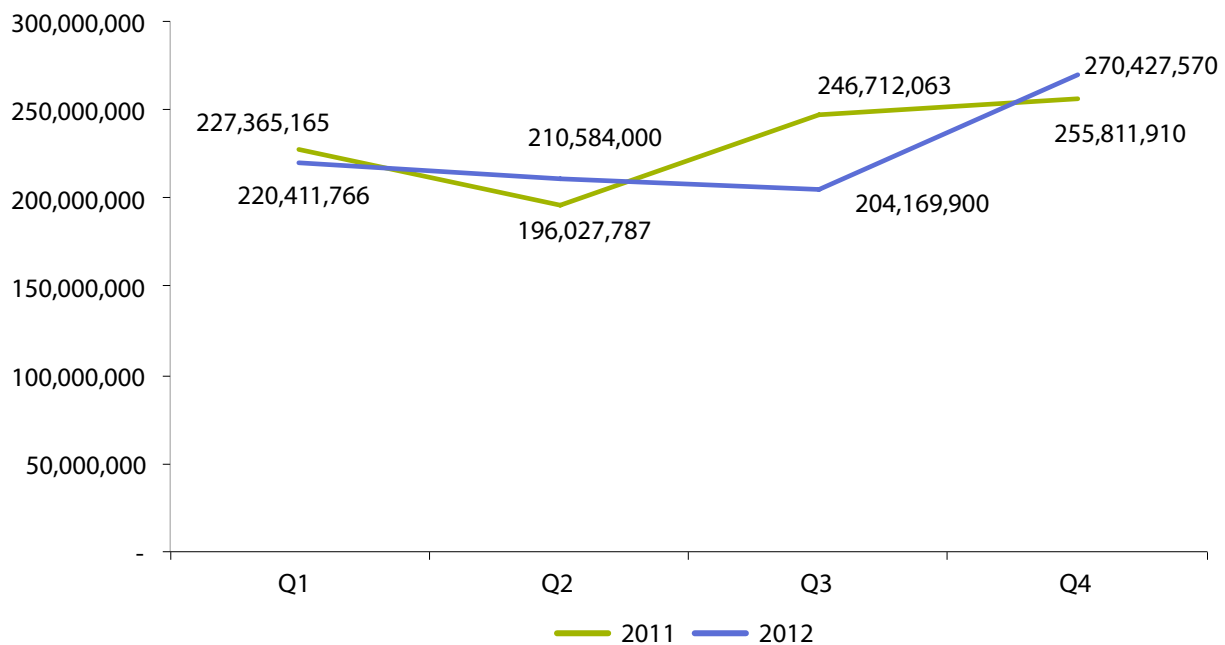
**James Bartys**  
**Sales Director, TRT Media Sales**  
**Member, Inserts Council, DMA**

# Findings

## 1.1 Trends in volume

2012 saw very mixed performance across the market with each quarter telling a contrasting story to the next. After a poor start in Q1, with year-on-year total volume declining 3.1%, performance bounced back greatly in Q2 with year-on-year data showing a big increase of 7.4%.

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



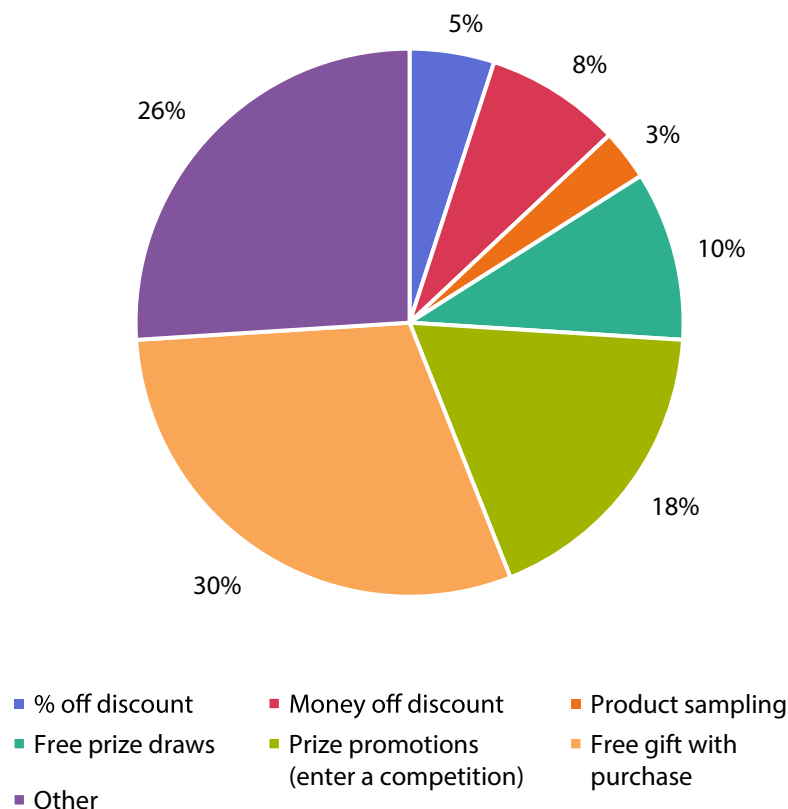
In Q3 volumes declined by a massive 17.2%, compared to the same period for the previous year, this seems to be directly impacted by two key events.

1. End of Low Value Consignment Relief (LVCR): This effectively stopped large volumes of products being shipped from the Channel Islands into the UK by players such as Play.com, Indigo Starfish and several others. Technically, LVCR ended at the end of March 2012, but major companies still shipped volume until stock had been cleared.
2. Olympics and Paralympics: Many larger insert advertisers reduced volumes over this period as the country was gripped by this once-in-a-lifetime event.

2012 finished down by 2.2% versus 2011, with some major gains being made in Q4. It was the biggest quarter of the year and saw volumes jump from 255 million to 270 million. As in 2011, the pre-Christmas push for sales by mail order, online and multi-channel retailers drove the numbers, making it the biggest quarter since the first report was published.

While it is disappointing to register a small decline in 2012 of 2.2%, in the context of two major events, it is pleasing to see that the UK third-party insert market still distributes over 900 million inserts annually and represents around 20% of all the inserts distributed in the UK.

### 1.2 Type of insert offer

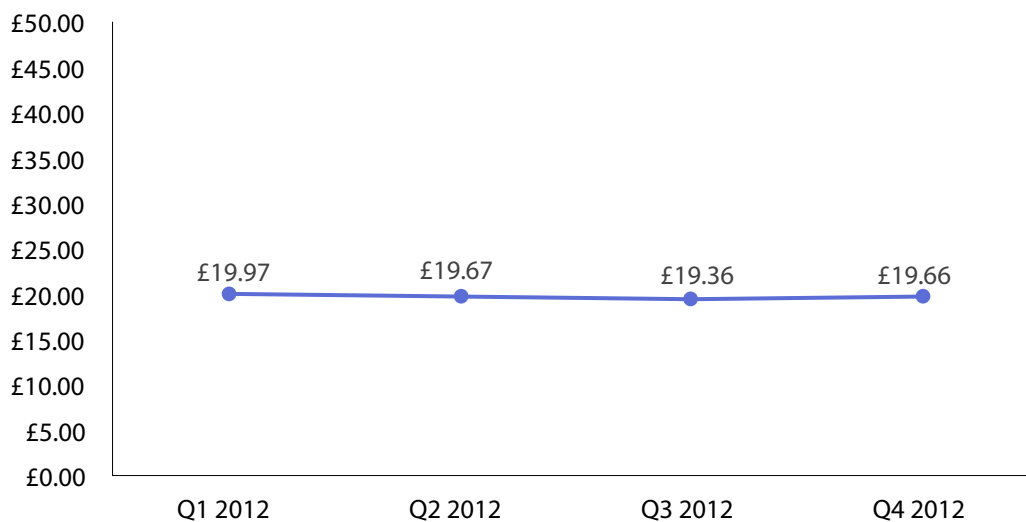
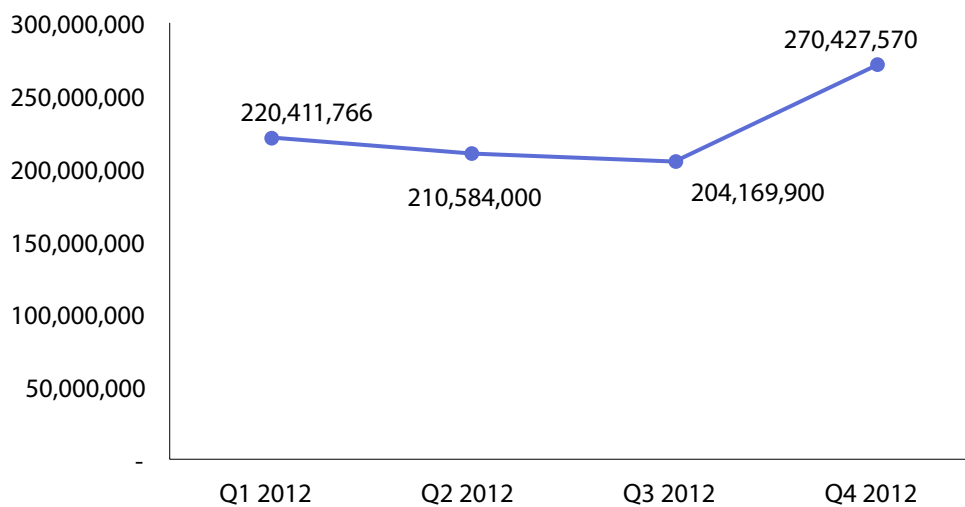


Due to the direct response requirement for the majority of third-party inserts, the above chart shows that a large proportion of monitored inserts offer an incentive to act. 43% of all inserts carried an incentive – the most popular offerings were free gifts, money off or a % off discount.

The other major type of inserts are competition related, with 28% of total volume being for free prize draws and competition entry.

The other defined group is product sampling, but this only amounted to 3% of all volume.

### 1.3 Sales rates

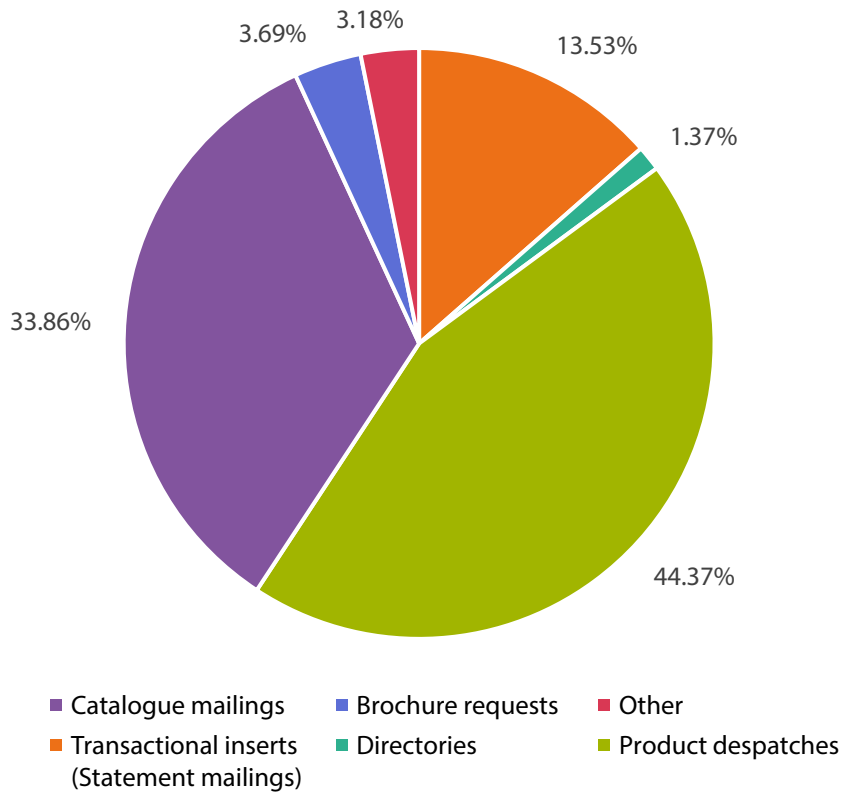


	Q1 2012	Q2 2012	Q3 2012	Q4 2012
<b>CPT</b>	£19.97	£19.67	£19.36	£19.66

The overall average cost per thousand (CPT) by quarter has fallen from £19.97 in Q1 to £19.66 in Q4 with the average CPT fluctuating in line with demand. In Q3, where volume dropped significantly, prices were reduced to maximise sell through at the expense of yield. Average rates dropped to a low of £19.36 CPT in Q3, a decline of 3.05% from Q1.

Rates popped back up to £19.66 in Q4, a rise of 1.54% from the Q3 low, but still ended the year with the Q4 rate and average rate for the year down from the start of the year. This is the first report that collected average rate data so it is not possible to compare this to previous years in order to provide insight into how the quarterly rates have fluctuated in previous years. As insert volumes were down by approximately 2% for the year it is likely, as per Q3, that rates became more competitive as sales houses tried to retain their market share at the expense of yield.

### 1.4 Types of third party distributions



The majority of the market is dominated by two main channels – product despatch inserts (44.37%) and catalogue mailings (33.86%). Other distribution types, such as transactional inserts also take a significant proportion of volume (13.53%).

It will be interesting to see significant changes over time when the next report is published with 2013 data. For instance, will catalogue mailings and transactional volumes become less significant, as many businesses look to go paperless?



# Methodology

This is the second report commissioned for the third-party inserts market. All the data collected is confidential and only aggregate figures are reported. The data was collected between February and May 2013. The figures were for January to December 2012, the charts and tables reflect these figures. The respondents submitted their responses via an online survey. The survey contained questions around type of inserts, volume of inserts, average CPT, response rates and sectors. The sample consisted of companies involved in the third-party inserts market 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 research department. Members of the DMA Inserts Council provided the commentary.



# 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](http://www.dma.org.uk) regularly to keep up to date with all our services.





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