



Annual Inserts Industry Report

2018



Contents

Introduction	3
Executive summary	4
Total volume.....	5
Volume by route	6
Trends	8
Conclusion	11
Methodology	12
About the DMA	13
Copyright and disclaimer	14

Introduction

The following report guides you through the state of the UK inserts market, summarising trends in magazines, newspapers and supplements, as well as third-party inserts, with additional insight into annual and quarterly trends.

This year's report features a greater depth of data than previous editions thanks to increased submissions from across the marketing industry.

Inserts are a unique advertising platform for showcasing products and services. They stand out from the medium they are placed in, possess the additional asset of being tactile that is missing from some other media, and can be produced in a variety of sizes allowing brands to construct creative messages tailored to the task at hand.

Inserts often outlive the media they are delivered with because they can be removed from them and kept separately. In some cases, consumers have been known to respond to an insert up to 10 months after they received it.

Although we will undoubtedly continue to see print circulations decline as the consumption of press moves online, inserts face a real opportunity to increase their cut-through via innovation, creative thinking and playing to the strengths of the medium:

- Response - through multiple formats (phone web and coupon) with room for marketing messages as well as a call to action; this is not always the case with other print media
- Regional selection - advertisers are able to target specific locations with part runs and bespoke messaging to maximise campaign performance, aligning with broadcast channels to run low-risk multimedia tests
- Price - media costs for inserts don't tend to increase rapidly, so brands can offer consumers an engaging creative message for a price that won't always be possible with on-the-page ads
- Strategic execution - inserts have the dual benefit of being effective for both brand awareness and direct response, scalable at a relatively low cost.

The channel also enjoys others advantages over its rivals in the media mix. Delivered along with 'host' carrier brands, third-party inserts arrive when the consumer is in a positive mindset, just as they receive their purchased items.

Put yourself in the consumers' shoes: an insert offers a chance to consider a brand's messages in a tactile way, from the comfort of their own home to their morning commute. It's a real, relevant and engaging experience.

In the battle for a share of consumers' wallets, inserts still have a key role to play.

We hope you find this insight report useful.

Ben Briggs

*Deputy Chair of the DMA Print Council
Media Strategy Director, Edit*

Executive summary

Welcome to the DMA annual inserts industry report 2018 from the DMA Print Council, which estimates the volumes of inserts: printed advertisements intended for delivery with other marketing media - usually newspapers, magazines and direct mail.

Our key findings are:

- Total insert volume dropped by 919 million units in 2017 compared to 2016
- The bulk of this decrease came from a drop in newspaper inserts, which fell by 72% over the same period
- Magazine and third-party insert volumes have remained relatively steady

As newspaper inserts decline, and magazine and third-party distributions take a larger share, insert advertising offers an opportunity to take advantage of this route to audience.

Since the General Data Protection Regulation (GDPR) became enforceable in May 2018, a possible shift away from digital will make inserts a more favourable alternative, especially as online retail, subscriptions and auto-replenishment services are increasingly common.

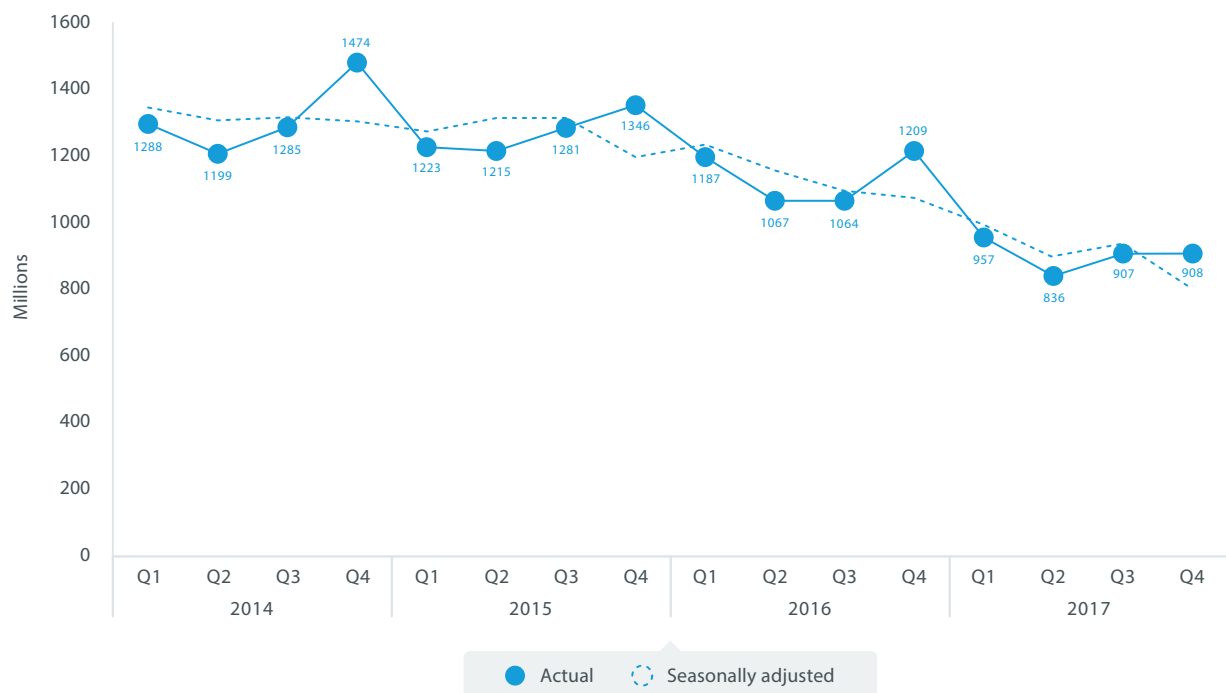
Inserts continue to offer a viable alternative to direct mail. As data protection legislation tightens, they give advertisers the opportunity to reach an audience without handling their personal data.

Total volume

We have tracked total volumes from our respondents since 2014. We recently remodelled the data we used based on greater availability of information. For this reason, the data included in the 2018 report looks different across the tracking period compared to how it appeared in previous reports.

Overall, insert volumes have dropped by a quarter in the past year. This is mostly due to the steep decline in newspaper inserts, which have dropped by 72% over the period. Magazine inserts and third-party inserts have however remained relatively stable, falling by 9% and 9% respectively.

Total volume



Distributed volumes of inserts remain in long-term decline. In 2017, quarterly volumes reduced relative to the corresponding quarters in 2016 by: 230 million in Q1; 231 million in Q2; 157 million in Q3 and 302 million in Q4. This is a comparative total fall of 919 million - or 0.9bn - across the 12 months. The sharpest drop occurred in Q4, predominantly driven by the decline in press.

The decline in volumes can be partly attributed to better segmentation and delivery of campaigns. Advertisers are able to target consumers more efficiently and with better results, reducing the need for large-scale, scattergun approaches.

Meanwhile, digital has impacted on inserts in the same way that it has diverted budgets away from other marketing channels. In some cases this extra digital spend can be justified by the channel's response-based accountability. Where digital is used purely for brand awareness, however, the effect can be less clear, with the amount of time consumers spend interacting with brands through digital channels often confused with actual return on investment.

Volume by route

We also asked respondents to provide data on the distribution method of their inserts. We have compared newspaper, magazines and third-party inserts to track their relative performance.

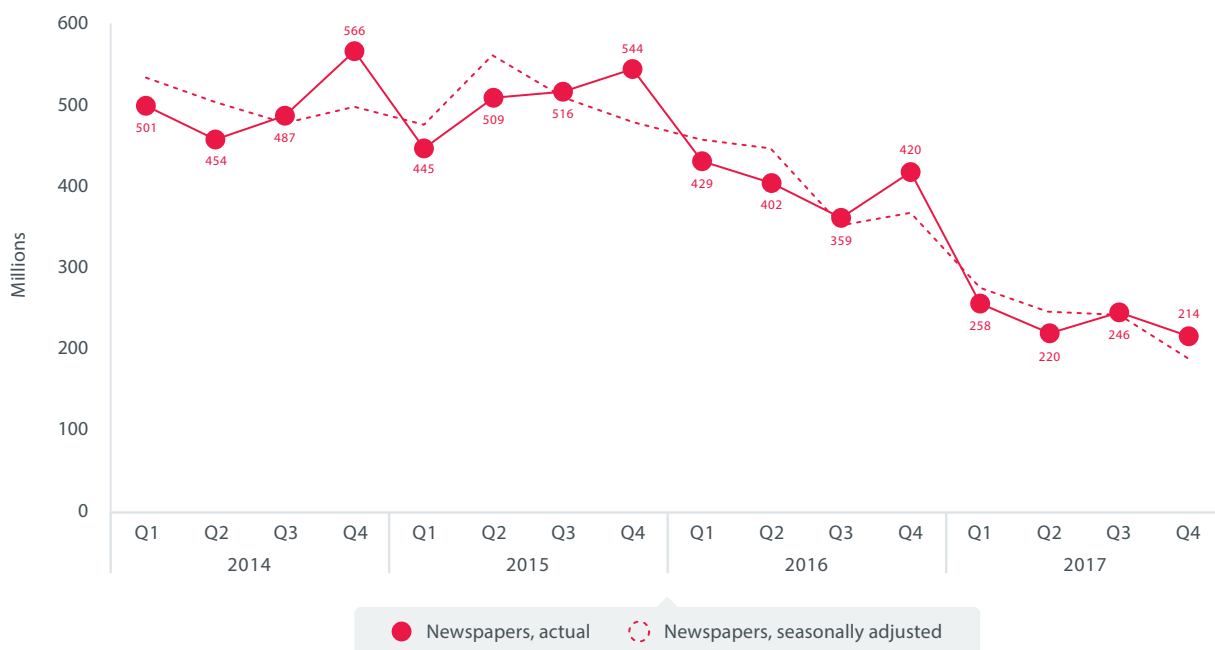
The overall drop in insert volumes comes mostly from a decline in newspaper deliveries, which remain on a sharp downward trajectory. Newspaper volumes continue to drop compared to previous years. Annually, newspaper inserts declined by 673 million units or 72%, compared to 137 million or 9% for magazines and 109 million or 9% for third-party inserts, with Q4 particularly difficult for the latter.

The decline in newspaper inserts has been so sharp that it has slipped behind both magazine and third-party insert volumes for the first time in our tracking study. It's fair to say newspaper volumes are now in permanent decline, due largely to a mass shift towards digital current affairs content. It's unlikely after decades of shrinking sales that the print medium will ever enjoy a renaissance.

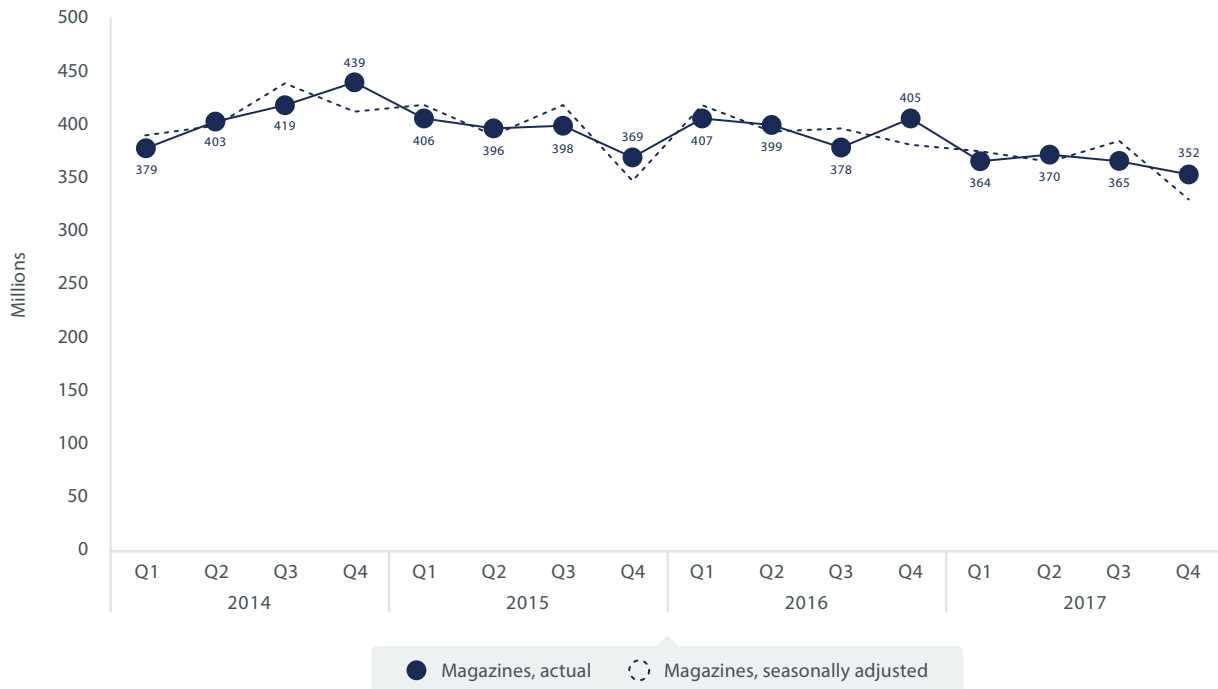
However, it's important to remember that volumes of newspapers sold are still high, standing at more than 12 million per week, so despite declining it remains a popular medium. There's also evidence to suggest that consumers engage much more with a printed product than a digital platform.

Meanwhile, third-party inserts continue to flourish. They have the added benefit of being delivered directly into the homes of consumers who are already receiving something they want: the product they have purchased. This means the insert arrives when the recipient is generally in a positive frame of mind, aiding brand response for the advertiser, which also benefits from the endorsement of the host carrier brand.

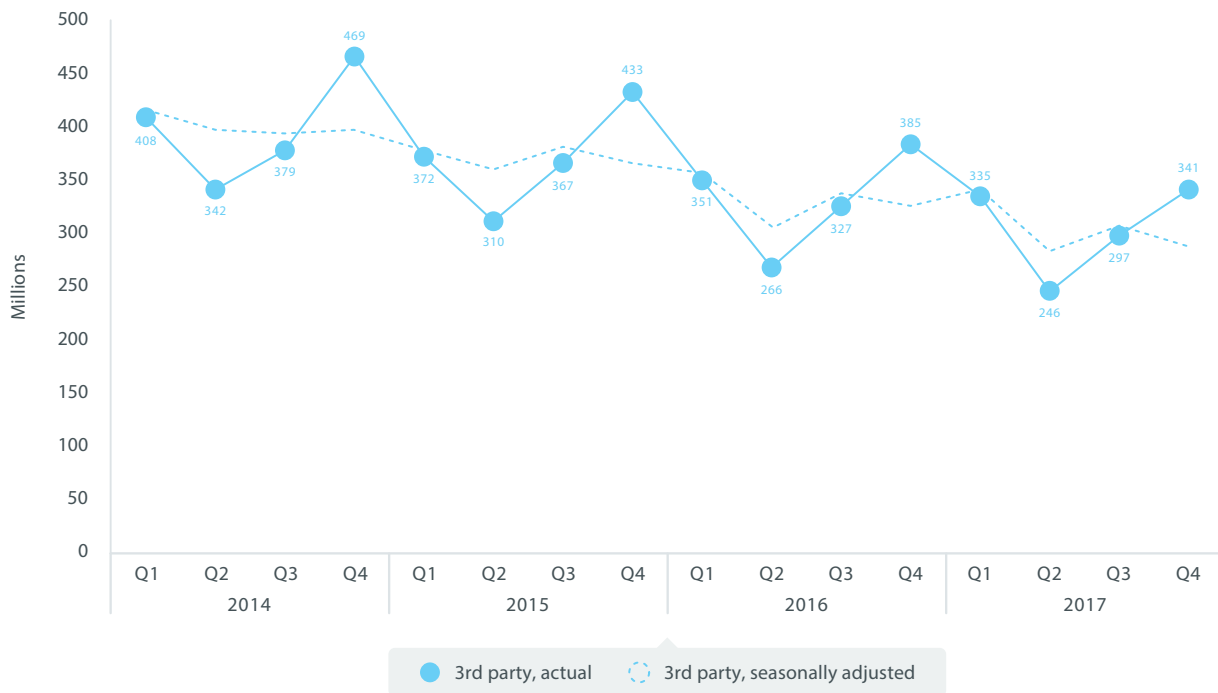
Volume: newspapers



Volume: magazines



Volume: 3rd Party



Trends

Volumes were adjusted for seasonality to reveal underlying growth. This is shown as a percentage of the total from quarter to quarter to give the overall change in trajectory for inserts volumes.

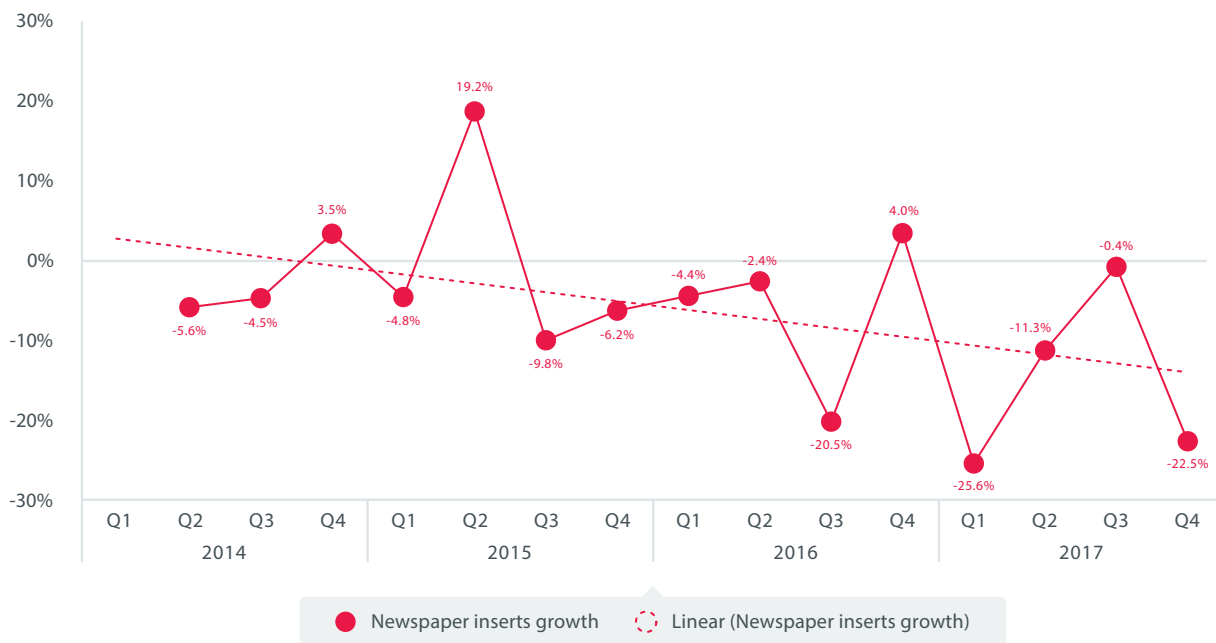
Growth



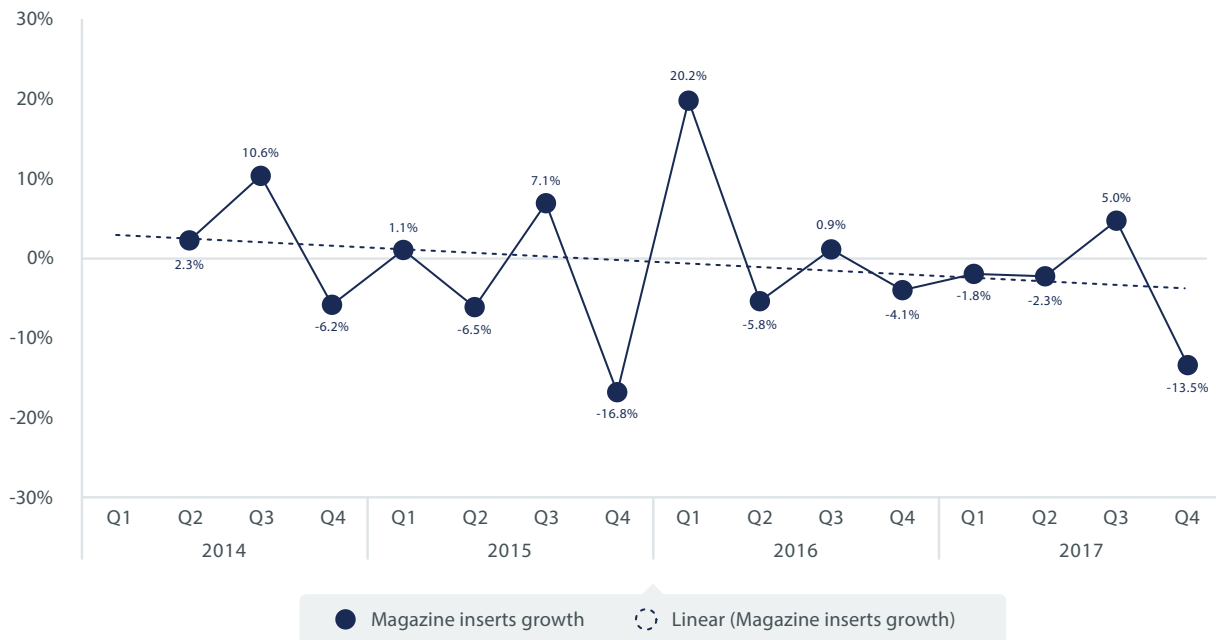
Seasonally adjusted growth trends using data for newspaper, magazine and third-party inserts have been calculated separately.

Newspaper inserts have declined by 6.1% per quarter since 2014. Magazines, meanwhile, have shown a less marked decline, a fall of 0.7% per quarter. Third-party inserts are intermediate with an average decline of 2.2% per quarter.

Growth: newspapers



Growth: magazines



Growth: 3rd party



The surge in e-tailer growth will likely have a galvanising effect on third-party insert volumes which should increase over time.

Overall, growth and decline remain cyclical for third-party inserts. Volumes will always be larger later in the calendar year, following the retail cycle with consumer purchases spiking before Christmas - aided in recent years by earlier pre-Christmas sales and Black Friday.

Conclusion

The continued slide in newspaper inserts remains a concern but is being offset in part by the demand for third-party dispatch. This will benefit further from the growth in e-commerce and brand subscription services. The third-party inserts target audience is already receptive to communications because they arrive with items they have bought and are expecting - something not always true of other addressed media such as direct mail.

Meanwhile, inserts offer advertisers a rival route to digital, where time spent online by consumers can't always be equated with ROI on marketing spend.

A smart segmentation and targeting strategy that allows brands to reach the right people will aid compliance with the GDPR, as campaigns can be run under the banner of legitimate interests.

Inserts give advertisers a way to be targeted and relevant, while respecting privacy and personal data. They have the added benefit of being delivered with publications or items that offer a pre-screening opportunity for the tastes of the recipient. Finally, different formats and scalable campaigns offer an efficient alternative to other print media that don't have the space for a creative message and call to action in the same place.

Methodology

This survey seeks to estimate the volumes of inserts i.e. printed advertisements intended for co-delivery with other marketing media: newspapers, magazines, direct mail, etc. This covers printed advertising material mechanically inserted in to other publications and specifically not advertising space sold within the publications themselves.

Quarterly volume data were provided by anonymous contributors (sections 1 and 2). Analysis was carried out in-house by the DMA Insight team. The sample covers a range of insert advertisers, large and small, operating in the UK. This information was collected between March and April 2018 and the data corresponds to January to December 2017. These data are confidential and only aggregate figures are reported.

Seasonality in the industry was calculated from historical quarterly inserts industry volume data (2011-2016).

The report was written by the DMA Marketing and Insight teams, with input from DMA Print Council Members and the DMA Inserts Research Hub.

About the DMA

A DMA membership will grow your business. Our network of more than 1,000 UK companies is privy to research, free legal advice, political lobbying and industry guidance. Our members connect at regular events that inspire creativity, innovation, responsible marketing and more. Most of them are free.

A DMA membership is a badge of accreditation. We give the industry best-practice guidelines, legal updates and a code that puts the customer at the heart. We represent a data-driven industry that's leading the business sector in creativity and innovation.

One-to-one-to-millions marketing attracts the brightest minds; individuals who will shape the future. By sharing our knowledge, together, we'll make it vibrant.

Published by The Direct Marketing Association (UK) Ltd Copyright © Direct Marketing Association. All rights reserved.

www.dma.org.uk

Copyright and disclaimer

The DMA Insight: Annual Insert Industry Report 2018 is published by The Direct Marketing Association (UK) Ltd Copyright © Direct Marketing Association. All rights reserved. No part of this publication may be reproduced, copied or transmitted in any form or by any means, or stored in a retrieval system of any nature, without the prior permission of the DMA (UK) Ltd except as permitted by the provisions of the Copyright, Designs and Patents Act 1988 and related legislation. Application for permission to reproduce all or part of the Copyright material shall be made to the DMA (UK) Ltd, DMA House, 70 Margaret Street, London, W1W 8SS.

Although the greatest care has been taken in the preparation and compilation of the DMA Insight: Annual Insert Industry Report 2018, no liability or responsibility of any kind (to extent permitted by law), including responsibility for negligence is accepted by the DMA, its servants or agents. All information gathered is believed correct as of June 2018. All corrections should be sent to the DMA for future editions.