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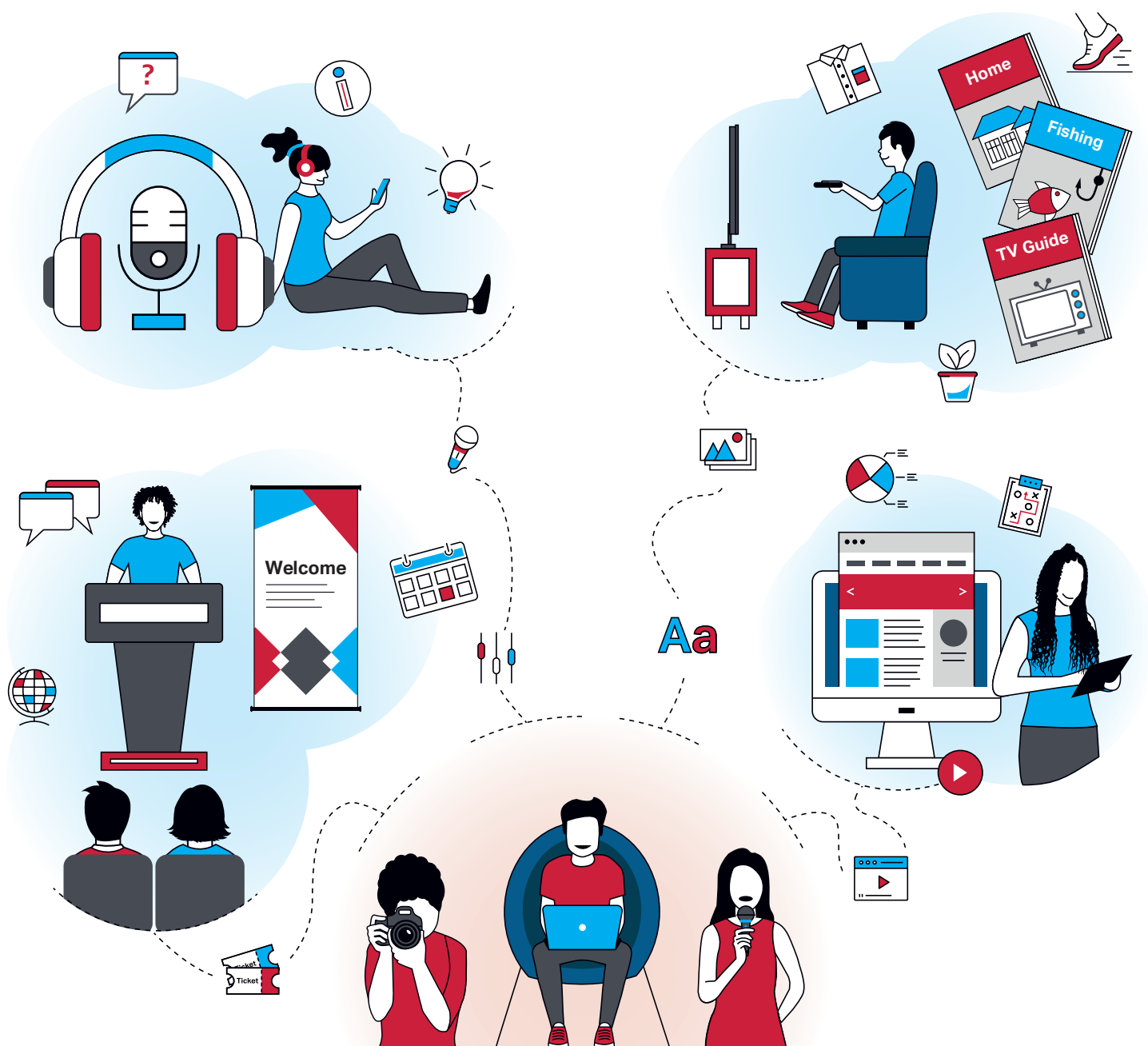
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PPA Sector Report 2021

Produced by

VENDIGITAL[®]



Foreword by the PPA

The PPA was delighted to partner with Vendigital to produce this industry insight report, supported by Publishers Licensing Services, for the first time capturing in one place the scale, impact and reach our Sector represents.

The UK consumer magazine and business media Sector represents a rich and diverse group of media brands, serving communities of interest with specialist, trusted, curated content. At the heart of the industry are brands who have a deep engagement with their audiences, speaking to consumers passions, hobbies and interests, as well as supporting individuals and businesses to do their jobs better.

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Increasingly content is delivered to readers across a myriad of platforms, with Publishers taking advantage of technology to engage readers in new ways. Whether in the form of words on a page, text on screen, powerful databases providing business intelligence, live events or audio, trusted content is at the heart of everything we do.

In the report we discuss the changing nature of publishing and the factors influencing those trends, with 75% of publishers operating across five or more platforms. It explores best practice and case studies demonstrating how these brand extensions are unlocking new revenue sources that compliment traditional newsstand sales, advertising and subscriptions.

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Analysis confirms the huge contribution our Sector makes to UK PLC, with £3.74bn of Gross Value Added in 2019, and the industry supporting 55,700 jobs across the supply chain. The economic benefit generated through business media brands who support activity and growth in the sectors they serve is even greater, greasing the wheels of the economy and providing business intelligence that underpins company strategies.

Consumer magazine media educates, informs, and entertains millions of readers every month, reaching 83% of UK adults; while a thriving children's market introduces younger readers to literacy, supporting learning and development from pre-school to young adult.

Wherever this content is accessed, the report highlights the deep levels of trust and engagement audiences have, in both the business-to-business and consumer markets. Our Sector is differentiated and bound together by content created by trained editors and professional publishing companies, all of whom are continuing a tradition in magazine journalism that has been built up over 300 years.



Owen Meredith
CEO, PPA

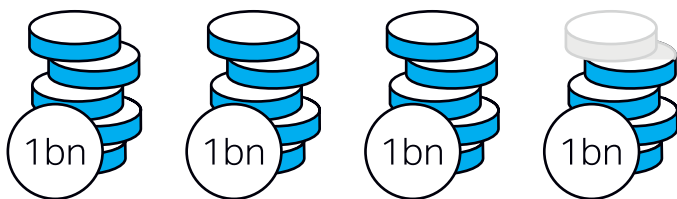
Executive Summary

The PPA is proud to represent a diverse Sector of organisations, from global enterprises to small, owner-run businesses; from those targeted at consumers to those that are business-focussed; from the publishing arms of not-for-profit organisations to publicly listed commercial companies; and from publishers based on a printed magazine product to those increasingly operating in a digital, multi-media world.

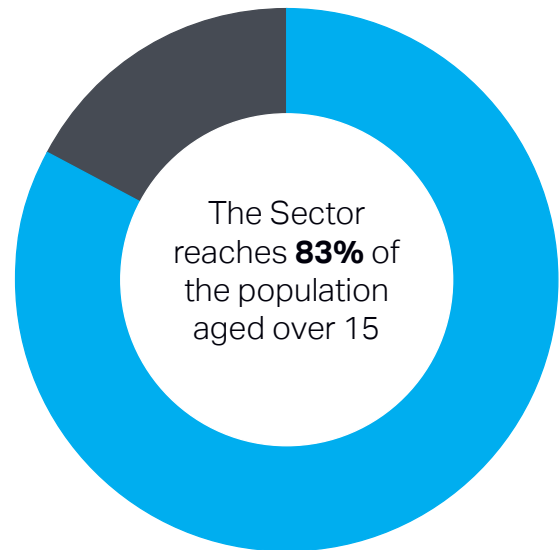
This broad church of organisations has one important thing in common, the creation and curation of specialist content to attract, engage and inform audiences.

The Sector as represented by the PPA and which is the focus of this report, contributed an estimated £3.74 billion of Gross Value Added (GVA) to the UK economy in 2019 and directly supported 55,700 jobs, either within Publishers themselves, up and down the supply chain or in the wider economy. The Sector is part of the thriving UK creative industries, representing 35% of UK Publishing and contributing an estimated £519m of net inflow to UK PLC through exports to the world (in 2019 there were 73 million magazines sold in export markets).

The PPA is historically synonymous with magazines but today its Membership is made up of multi-platform media businesses. The platform on which audiences are engaged may still be a printed magazine – 93% of Members still publish a printed magazine - but may just as commonly be virtually via any connected device – 75% operate across five or more platforms, including events, mobile and video.



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Across these platforms, each month the Sector reaches an estimated 44.3 million consumers in the UK, accounting for 83% of the population aged over 15. For the age group 25-64, covering the core of the working age population of 33.7 million people, penetration is 88%.

Despite the growth in digital in recent years, print still has a huge presence, with an estimated 700 million consumer products and over 50 million B2B products being distributed in 2019, equivalent to 1,400 every minute. Those products are distributed and sold through approximately 45,000 retailers across the UK, supporting an estimated 6,400 jobs in that supply chain.

There are over 150 different subcategories of B2C magazine categories, the majority of which are niche - over 2,700 magazines sell less than 30,000 copies per month on subjects such as investments, military history, jewellery, and air modelling. Similarly, business media brands fall into 39 industry categories, from retail, agriculture, and medicine to shipping containers, packaging, and ventilation systems, serving sectors that together drive 82% of UK economic output.

It is in these areas of specialist content categories that the Sector is differentiated, providing quality, trusted content on specific subjects that an audience is passionate about and that perhaps would not be available elsewhere.

In serving content to these communities of interest, Publishers are also providing an opportunity for advertisers to connect directly with that audience in a deep and engaging way. In 2019, 1,493 advertisers spent over half of their media budget within this Sector and 916 only advertised within this Sector. There is clearly a significant minority of advertisers who rely on this Sector giving them access to their target market.

Covid has clearly been a challenge to the Sector and advertising and circulation data for 2020 suggests year-on-year reductions of 29% and 15%, respectively. However, initial data suggests that the Sector has demonstrated resilience in the face of these headwinds, with the net impact more like 10% and hopes of a recovery through 2021. Drops in advertising and newsstand revenue have been mitigated by increases elsewhere, most likely in subscriptions, other direct consumer revenue and alternative commercial channels (sponsorships, marketing services, etc.).

Covid has clearly been a challenge, but the Sector has shown resilience with drops in advertising and newsstand revenue mitigated by increases in subscriptions, other direct consumer revenue and alternative commercial channels.

This reflects a general, strategic shift within the Sector towards more audience-derived revenues and more engagement-driven revenues. The latter (engagement-driven) is a more recent development, relying as it does on technological advancements to allow direct delivery of content to audiences (the internet, mobile, etc.) and more sophisticated data collection and manipulation capabilities. Underpinning this are trends around content, engagement, commercial models, and systems, all of which are enabling Publishers to nurture much longer-term relationships with customers to drive lifetime value.

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No less important for the Sector are moves towards a more sustainable future with greater diversity and inclusion. Supported by the PPA, the sustainability drive is focussing on three pillars: reduced use of plastics, recycled paper waste, and carbon neutrality. Great strides have been made, with 100% of magazine paper now coming from sustainable sources, 100% paper waste recycled, and over 50% of subscription or covermount wrapping no longer using fossil-fuel-based materials. But more needs to be done and more is being done by PPA Members, with 70% having produced greenhouse gas inventories, 40% have defined or preparing emissions reductions targets, and 30% are already involved in carbon offsetting schemes.

The PPA recently conducted its first ever industry-wide, diversity and inclusion survey, with input from 5,786 people working across 44 PPA member companies. The survey tracked gender, ethnicity, nationality, sexual orientation, socioeconomic background, disability, and mental health. The output of the report shines a light on where the Sector needs to focus to improve diversity and inclusion, and provides a baseline against which to measure progress in the future, with many initiatives now underway across the sector.

This Sector is notable in its breadth - the number of people engaged, quantity of topics covered, and impact on the UK economy - but is ultimately successful because of its depth - the level of expertise on specialist subjects, the depth of trust and relationships with audiences, and the level of opportunity for commercial partners.