

Selling the Subscription List

John Beale

Paper presented to the one-day seminar entitled "Squeezing More out of Journals without Milking the Market", organised by the Serials Publishers Executive of the Publishers Association, London, 24 March 1988.

When I was asked to speak on this subject, I knew that this might well produce some of the strongest feelings of the day. You are all highly motivated people, striving to increase market share in an area where each and every subscription is hard to come by. Having successfully achieved a sale, why should you allow anyone else to have the knowledge that here is a person or organisation willing and able to buy? Why not protect that knowledge and keep it to yourself?

In this paper, I should like to indicate that the situation is somewhat more complex than that; that by adopting a protectionist policy, you may be doing yourself and the industry a disservice. From having established a positive motivation for making available your list, I should then like to indicate the ways in which you can minimise the risks and maximise the benefits.

Reasons

Why should you make your list widely available? Well, if you do not, you are not only limiting the marketing opportunity for others, but by adopting a narrow approach, restricting your own chances too. It is surely better that you all have a chance of accessing the widest possible range of buyers. Your own buyers are certainly your strongest selling assets, but other people's buyers will be your next best bet. And we all need those next best bets if we are to have a chance of expanding our market share.

You may worry about over-mailing as a result of releasing your lists on the market, but experience shows that frequent mailings increase customer awareness and sensitise the market to buying opportunities. Of course, as a direct mail recipient, you may throw away the blandishments of the double glazing and financial services industries in exasperation, but if say, you are a biochemist and new information arrives on a biochemistry journal, you are highly likely to view that as an important piece of professional information. The fact that you may receive several

pieces of information is not a turnoff; it merely sharpens the critical faculties and leads to well informed purchasing decisions. As a journal publisher, you will have to work hard in presenting your information effectively; but if you have the right product, well presented, you have everything to gain.

Let us now consider the gains in more detail, whilst examining the pitfalls and proposing some solutions.

Renting not selling

The paper is called **Selling the Subscription List**. I would prefer to talk about renting. You make your list available to another organisation on payment of a fee for one-time use only. You will own the list as your property and control it; you can minimise the risks of misuse and maximise the benefits to be had from renting out the list as a source of renewal income. One of your best protections is to seed the list with your own return address to monitor use; and you can ask to see sample mailing pieces prior to accepting an order.

List size

Your subscription list is certainly a valuable commodity, not only in marketing terms, but also in revenue earning potential. The income you can gain depends of course on the size of the list. If you have a large number of relatively small specialist lists, you may well wish to band them into broader subject ranges. You will not make much with individual subscriber lists of less than a 1,000 each but if they are banded into selections of 5,000 plus the potential is greater. This makes sense in marketing terms as well as enhancing your revenue opportunities. Conversely, if you wish to make available special selections, you can gear your response forms to provide sufficient information to allow for selection charges, for example based on value of purchases, professional title, payment method, income and age of subscriber. These extra selection charges will make small list runs more profitable.

John Beale is Marketing Director: Publishers Services, at IBIS Information Services Ltd.

List profile

The profile of the list will affect its usage and earning potential. We had a list once of chocolate manufacturers in Italy. It did not sell much. But most of your lists will be a lot more saleable than that. There is a considerable halo effect extending beyond the narrow subject range of each subscriber list, giving it mailing value well beyond the apparent. The subscriber to a journal of production management may be a good prospect for books or journals on topics in the personnel, financial or technical fields. He may well be considered a good prospect too by equipment manufacturers or finance houses offering capital leasing. There are good revenue opportunities through renting out to a wide profile and these peripheral opportunities, needless to say offer no "head to head" competitive threat.

Controls

I suggested earlier an open attitude to renting out your lists, but that is not to say that some controls are not prudent. You will probably wish to trade off your earning power against certain companies or kinds of business which you find unacceptable in the light of your market positioning. No-one would suggest that you rent your subscriber list to another company to mail on a journal title precisely lined up in "head to head" competition, so you can impose a veto in such cases. Likewise you may wish to veto double glazing or timeshare companies as being somewhat dubious in their business practices. One of the simplest ways to handle this is to maintain an open market philosophy, whilst retaining the right to accept or refuse business subject to sight of a mailing piece.

Pricing

A further modifying factor on the value you can obtain from your subscription list is of course the price charged. In general and certainly for the more specialised lists, I recommend a fairly aggressive pricing policy. If you have selections which no-one else can offer, you have the strength to make them stick. Conversely, of course, if you are offering broader mailing opportunities which are widely available, you will have to be much more sensitive to the pricing of your competitors. Typically, prices of lists currently on the market will be in the range of £65 - £150 per 1,000 names. Additional selection charges can be levied at £5 per selection per 1,000.

List management

If size and profile of list, limitations imposed on use and price charged affect your revenue potential, so, crucially, does the way that you manage and market your lists.

(i) In-House

Firstly of course, you have the option of managing your list in-house. Before you choose that route, you should consider whether you have the capability to handle the business successfully. Of course your revenue goes straight to the bottom line, and you have no commission to pay out, but you will have to have adequate access to your computer facility to run counts and orders in 48 hours; you will need someone to market the list, profile the orders, check mailing samples, enforce vetos, order the lists and ensure that payments are received. This is a considerable investment in office personnel. There are three other opportunities; use of a List Manager, a List Broker, or a co-operative scheme like the IBIS Bookbuyers Masterfile. The distinction between List Manager and List Brokers is the difference between a pro-active and re-active arrangement.

(ii) List Manager

The List Manager, as his name suggests, takes active steps to assist in profiling, pricing and marketing. He will often hold the list for you on his computer, taking away the problems of running the lists when ordered. He will implement vetos and controls as required. If he is good, he will think internationally and not just U.K. The cost of list management will vary according to the breadth of service offered, but is typically in the range 30 - 50% commission on list rental. If you have your list managed, and your List manager is reliable, you have have little more to do than bank the income, less his share.

(iii) List Broker

With the List Broker, the situation is different. The List Broker is usually little more than a middle man who takes an order from the customer, passes it to you or your computer bureau for fulfillment and takes a commission in the range 10 - 20%. A broker will usually not be involved in the creative, marketing or control issues. This minimal service may suit you well if you have good in-house backup; the commission fees are by no means punitive.

(iv) IBIS Bookbuyers Masterfile

There is the third option of the IBIS Bookbuyers Masterfile. Though IBIS has termed it a Bookbuyers Masterfile for simplicity's sake, it actually does contain journal subscribers' names and addresses. Journals publishers are inputting into the scheme and appropriate selections are available by subject and country. The advantage of the IBIS Bookbuyers Masterfile to the industry is that it provides a one-stop, combined and deduplicated marketing resource. Previously

book and journal publishers had to search around for lists, often compromising with a partial market coverage, or buying many separate lists which inevitably meant much duplication and wastage. By combining lists from many successful companies, we hope that the IBIS Bookbuyers Masterfile will become the single most powerful marketing resource for the industry. Participating publishers supply a computer tape, with coding structure, to be integrated into the Masterfile. The names are then deduplicated and selections made available from the total. As an inputting publisher, you can obtain up to 50% of the rental fee. As a high quality deduplicated list, this is £62.50. per thousand on the normal £125 per thousand rental fee. Participation in the IBIS Bookbuyers Masterfile is not necessarily on an exclusive basis. You may still wish to retain the right to rent your lists separately, in which case sales through the Masterfile will be incremental.

Customers

Having selected your list management orientation, who then are your customers? There are three major categories. Firstly, direct competitors; you may wish to veto some in this category, though those who are in the same field but with different titles, may be acceptable to you for rentals. Then there are related businesses or organisations, for example, equipment suppliers, finance houses, publishers of scientific books, specialised conferences. In the third category will

be organisations seeking customers with high status or disposable income, regardless of professional role. Amongst these may be credit card companies, travel organisations (airlines and hotels), charities, insurance companies, wine clubs, car manufacturers and so on. Some of these mailers may approach you to endorse their products, e.g. as a subscriber to X we are pleased to bring you an exclusive offer from Y. This can work very well for specialist offers that will be of genuine interest to your subscribers (e.g. travel companies specialising in accommodation suitable for field trips). Endorsements provide an income not only from list rental, but often bring a commission on sales volume.

Summary

In summary, therefore, publishers have many opportunities to target lists and obtain rental income on a renewal basis. Well managed, your lists will enhance your income and also improve your marketing capability through the feedback you obtain from additional mailings. Through the industry as a whole, enhanced rental opportunities encourage a wider mailing response, resulting in enriched mailing lists for all and more rental revenues. Incremental value can be obtained in increasing customer awareness and sensitising the market to buying opportunities. There are sound marketing reasons for making your lists available as well as financial ones, and I commend it to you.